

**Securities Note
dated 30 October 2017**

This document is a Securities Note 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, as amended (the "Prospectus Regulation"). This Securities Note is issued pursuant to the requirements of Listing Rule 4.14 of the Listing Rules and contains information about the New Shares being issued by Bank of Valletta p.l.c. pursuant to a Rights Issue. Application has been made for the admission to listing and trading of the New Shares on the Official List of the MSE. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about Bank of Valletta p.l.c. and all other documents incorporated by reference herein.

Rights Issue of

**1 New Share for every 4 Existing Shares at an Offer Price of
€1.43 per New Share**

in

BANK OF VALLETTA P.L.C.

(a public limited liability company registered under the laws of Malta with company registration number C 2833)

and in the event that any Rights to subscribe for New Shares are not taken up by Eligible Participants they shall be allocated to: (i) Existing Shareholders that have accepted their Proportionate Entitlement in full and applied for Lapsed Rights; (ii) Employees; and (iii) to the general public in Malta through an Intermediaries Offer, in this order of preference

ISIN: MT0000020116

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

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

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

APPROVED BY THE BOARD OF DIRECTORS



Taddeo Scerri

*Signing in his capacity as Chairman and Director of the Issuer and
as a duly appointed agent of all the other Directors of the Issuer.*

Legal Counsel

Joint Sponsors

Manager & Registrar

CAMILLERI PREZIOSI
ADVOCATES

 **RIZZO FARRUGIA**
YOUR INVESTMENT CONSULTANTS

 **Jesmond Mizzi**
FINANCIAL ADVISORS

BOV
Bank of Valletta

IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON A RIGHTS ISSUE TO EXISTING SHAREHOLDERS OF THE BANK AND ON THE OFFER OF LAPSED RIGHTS AND IS DRAWN UP IN COMPLIANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE PROSPECTUS REGULATION.

THE BANK IS OFFERING THE NEW SHARES ON A PRE-EMPTIVE BASIS TO EXISTING SHAREHOLDERS AND IS HEREBY ISSUING NIL PAID RIGHTS IN A RATIO OF ONE (1) RIGHT FOR EVERY FOUR (4) SHARES HELD BY EXISTING SHAREHOLDERS. EACH RIGHT SHALL ENTITLE EXISTING SHAREHOLDERS OR THEIR ASSIGNEES TO SUBSCRIBE FOR ONE (1) NEW SHARE IN THE BANK FOR EACH RIGHT ALLOCATED AT AN OFFER PRICE OF €1.43.

THE RIGHTS ARE RENOUNCEABLE AND ASSIGNABLE BY EXISTING SHAREHOLDERS BY INSTRUMENT IN WRITING USING THE APPLICABLE FORMS WHICH WILL BE MAILED BY THE ISSUER TO EXISTING SHAREHOLDERS. NO MARKET WILL BE MADE IN THE RIGHTS ON THE MSE. ACCORDINGLY, THE RIGHTS CANNOT BE TRADED AS A SEPARATE FINANCIAL INSTRUMENT ON THE MSE.

RIGHTS WHICH ARE NOT SUBSCRIBED TO BY ELIGIBLE PARTICIPANTS SHALL CONSTITUTE LAPSED RIGHTS AND WILL BE ALLOCATED TO: (I) EXISTING SHAREHOLDERS WHICH HAVE ACCEPTED THEIR PROPORTIONATE ENTITLEMENT IN FULL AND APPLIED FOR LAPSED RIGHTS; (II) EMPLOYEES; AND (III) THE GENERAL PUBLIC THROUGH AN INTERMEDIARIES OFFER, IN THIS ORDER OF PREFERENCE, AND SUBJECT TO SCALING DOWN IN ACCORDANCE WITH SECTION 9.4 OF THIS SECURITIES NOTE.

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

NONE OF THE ADVISERS OR ANY PERSON MENTIONED IN THIS PROSPECTUS, OTHER THAN THE ISSUER AND ITS DIRECTORS, ARE RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS OR ANY SUPPLEMENT THEREOF OR ANY DOCUMENTS INCORPORATED BY REFERENCE, AND ACCORDINGLY, TO THE EXTENT PERMITTED BY THE LAWS OF ANY RELEVANT JURISDICTION, NONE OF THESE PERSONS ACCEPTS ANY RESPONSIBILITY AS TO THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN ANY OF THESE DOCUMENTS.

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

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT AND (I) ANY EXISTING SHAREHOLDER TO WHOM THIS OFFER AND A FORM OF ACCEPTANCE, AUTHORITY AND ELECTION IS ADDRESSED; (II) ANY PERSON WISHING TO SUBSCRIBE FOR ANY NEW SHARES PURSUANT TO AN ASSIGNMENT OF RIGHTS FROM AN EXISTING SHAREHOLDER; (III) EMPLOYEES SUBSCRIBING TO NEW SHARES BY WAY OF ACQUISITION OF LAPSED RIGHTS; AND (IV) ANY PERSON SUBSCRIBING TO NEW SHARES BY WAY OF ACQUISITION OF LAPSED RIGHTS THROUGH THE INTERMEDIARIES OFFER, TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION.

EXISTING SHAREHOLDERS WISHING TO ACCEPT ALL OF THE RIGHTS ALLOCATED TO THEM AND SUBSCRIBE FOR LAPSED RIGHTS OR, OTHERWISE OPTING TO ACCEPT PART AND/OR ASSIGN PART OR ALL OF THEIR RIGHTS, SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF ACCEPTING SUCH ALLOCATION OR OF ASSIGNING THEIR RIGHTS TO THIRD PARTIES TO SUBSCRIBE FOR NEW SHARES AS WELL AS ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND FISCAL OBLIGATIONS

IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE AND THE COUNTRIES OF THE NATIONALITY, RESIDENCE OR DOMICILE OF THOSE PERSONS IN WHOSE FAVOUR THEY MAY ASSIGN THEIR RIGHTS FOR THE SUBSCRIPTION OF NEW SHARES.

IN ADDITION: (I) ASSIGNEES OF THE RIGHTS AGREEING TO SUBSCRIBE FOR NEW SHARES THROUGH AN ASSIGNMENT FROM AN EXISTING SHAREHOLDER; (II) EMPLOYEES APPLYING TO SUBSCRIBE FOR NEW SHARES; AND (III) APPLICANTS APPLYING TO SUBSCRIBE FOR NEW SHARES THROUGH THE INTERMEDIARIES OFFER, SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS TO SUBSCRIBE FOR NEW SHARES AS WELL AS ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND FISCAL OBLIGATIONS IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE RIGHTS ISSUE AND THE OFFER OF LAPSED RIGHTS IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE BANK THAT WOULD PERMIT A PUBLIC OFFERING OF THE NEW SHARES 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 ON A REGULATED MARKET OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3(2) OF SAID DIRECTIVE, THE NEW SHARES CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN THE SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE BANK OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE SAID DIRECTIVE.

THE RIGHTS AND THE NEW SHARES HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933, AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, 1933. FURTHERMORE, THE BANK WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940, AS AMENDED, AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MSE IN SATISFACTION OF THE MSE BYE LAWS, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT. APPLICATION HAS ALSO BEEN MADE TO THE LISTING AUTHORITY AND THE MSE FOR THE NEW SHARES TO BE ADMITTED TO THE OFFICIAL LIST OF THE MSE.

UNLESS OTHERWISE STATED IN THIS DOCUMENT, THE CONTENTS OF THE BANK’S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE BANK’S WEBSITE, DO NOT FORM PART OF THIS DOCUMENT. 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 NEW SHARES.

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

THE VALUE OF INVESTMENTS CAN RISE OR FALL 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 ADVISER BEFORE DECIDING TO MAKE AN INVESTMENT IN THE NEW SHARES. THIS DOCUMENT, THE FAAEs, APPLICATION FORMS AND ALL AGREEMENTS, ACCEPTANCES AND

CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA, AND ANY PERSON ACQUIRING ANY NEW SHARES PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE ISSUER TO BRING ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THE RIGHTS ISSUE, THE OFFER OF LAPSED RIGHTS OR ANY AGREEMENT RESULTING HEREFROM OR THE PROSPECTUS AS A WHOLE IN ANY OTHER COMPETENT JURISDICTION.

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

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

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1. DEFINITIONS

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

Applicant	means a person who is either an: (i) Employee; or (ii) an investor that applies to subscribe to Lapsed Rights (in the case of (ii), in terms of the Intermediaries Offer) and who lodge an Application Form to subscribe for Lapsed Rights;
Application	means the completion and lodgement of an Application Form by an Applicant to subscribe for Lapsed Rights being lodged by either an Employee (<i>Application Form 'A'</i>) or any other investor subscribing to Lapsed Rights through the Intermediaries Offer (<i>Application Form 'B'</i>);
Application Form	means the form of application for subscription of Lapsed Rights by Employees (<i>Application Form 'A'</i>) or other investors subscribing to Lapsed Rights through the Intermediaries Offer (<i>Application Form 'B'</i>), specimens of which are contained in Annex 3 to this Prospectus;
Articles	the Articles of Association of the Bank as currently applicable or as may, from time to time, be in force;
Assignee/s	a person/s that benefit/s from the assignment of Rights in accordance with the terms of this Securities Note;
Assigned Entitlement	the Rights assigned to Assignees by Existing Shareholders pursuant to sections 6.5.2 (c) and 6.5.2 (d) of the Securities Note;
Authorised Financial Intermediaries	the financial intermediaries as listed in Annex 1 of this Prospectus through which FAAEs and Application Forms may be accepted;
Bank Recovery and Resolution Regulations	the Recovery and Resolution Regulations (Subsidiary Legislation 330.09 of the laws of Malta) implementing Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms;
Bank or Issuer	Bank of Valletta p.l.c. a company registered under the laws of Malta with company registration number C 2833 and having its registered office at 58, Zachary Street, Valletta;
CSD	the Central Securities Depository of the MSE established pursuant to article 24 of the Financial Markets Act (Cap. 345 of the laws of Malta), and situated at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Eligible Participants	means: <ul style="list-style-type: none"> (i) Existing Shareholders; and (ii) Assignees; as applicable;
Employees	employees appearing on the payroll of the Issuer or either of the Subsidiaries as at 26 October 2017 and includes directors sitting on the board of directors of any of the Subsidiaries (which however do not also sit on the Issuer's Board);
Excluded Territory	each of the United States of America, Canada, Australia, Japan, the Republic of South Africa and any other jurisdiction (whether in the EU or otherwise) where the extension into or availability of the Offer would breach any applicable law;

Existing Shareholders	the Bank's shareholders appearing on the Register of Members as at the Record Date and that, on such date, hold Shares that would provide them with a Proportionate Entitlement of not less than one (1) Right;
Form of Acceptance, Authority and Election or FAAE	the application form, a sample of which is set out in Annex 2 of this Prospectus, addressed to Existing Shareholders by the Bank setting out the Rights allocated to them and pursuant to which, Existing Shareholders shall be entitled to, and may bind themselves to, accept, in whole or in part, their Proportionate Entitlement and/or apply for any Lapsed Rights or otherwise renounce to their rights in favour of Assignees;
Group	the Issuer and its Subsidiaries;
Intermediaries Offer	the offer to be made to Authorised Financial Intermediaries either for their own account or for the account of underlying customers with respect to any Lapsed Rights not subscribed to by Eligible Participants and Employees;
Lapsed Rights	any Rights which Existing Shareholders fail to accept or otherwise assign by the Rights Issue Closing Date; and which shall become available for allocation at the Offer Price to: (i) Existing Shareholders who accept their Proportionate Entitlement in full; (ii) Employees; and (iii) Authorised Financial Intermediaries, in this order of preference and in accordance with section 9.4 of this Securities Note;
Manager and Registrar or Registrar	Bank of Valletta p.l.c. a company registered under the laws of Malta with company registration number C 2833 and having its registered office at 58, Zachary Street, Valletta;
Major Shareholders	collectively the Government of Malta and UniCredit;
New Ordinary Shares or New Shares	the new ordinary shares to form part of the issued share capital of the Bank of a nominal value of €1.00 per Share to be issued pursuant to the exercise of Rights at the Offer Price by Eligible Participants, Employees and Authorised Financial Intermediaries (for their own account or for the account of their underlying clients), as the case may be.
Offer	the offer of the Rights to Existing Shareholders; and the offer of Lapsed Rights to: (i) Existing Shareholders that accept their Proportionate Entitlement in full; (ii) Employees; and (iii) Authorised Financial Intermediaries pursuant to the Intermediaries Offer, in this order of preference;
Offer Period	the period between and including 08.30 hours on 8 November 2017 and 14.00 hours on 6 December 2017 during which: <ul style="list-style-type: none"> (i) A FAAE may be accepted by Eligible Participants; (ii) Existing Shareholders that have taken up their Proportionate Entitlement in full, may apply for any Lapsed Rights; (iii) Employees may lodge their Application to apply for any Lapsed Rights not taken up by Existing Shareholders pursuant to (ii) above; and (iv) Authorised Financial Intermediaries may, through an Intermediaries Offer, subscribe to any Lapsed Rights not taken up by Existing Shareholders and Employees pursuant to (ii) and (iii) above;
Offer Price	the price of €1.43 per New Share, consisting of a discount of 27.47% to TERP and a premium of €0.43 over nominal value of the Ordinary Shares;
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye Laws;
Ordinary Shares	the ordinary shares of a nominal value of €1.00 each share in the share capital of the Bank;
Overseas Shareholders	Existing Shareholders whose registered address on the Register of Members is in a country other than Malta;

Pre-Allocation Agreement	the conditional pre-allocation agreement entered into between the Issuer and the Government of Malta pursuant to which the Government of Malta has, amongst others, undertaken to exercise the Rights allocated to it, pursuant to the Rights Issue, in full and to subscribe for its entitlement of New Shares subject to the admission of the New Shares on the Official List;
Proportionate Entitlement	the entitlement of each Existing Shareholder to Rights in a ratio of 1 Right for every 4 Shares held by such Existing Shareholder as registered against the Shareholder's name in the Register of Members as at the Record Date;
Prospectus	this Securities Note together with the Registration Document and the Summary Note, all dated 30 October 2017 issued in connection with the Rights Issue;
Record Date	close of business of 26 October 2017 being the trading session of 24 October 2017;
Register of Members	the list of shareholders of the Issuer maintained and held by the CSD;
Registration Advice	means the notification sent by the CSD in the event of sales and/or purchases of financial instruments on the MSE;
Registration Document	the registration document dated 30 October 2017 forming part of the Prospectus;
Rights	the right to: (i) Subscribe to the Proportionate Entitlement subject to cleared payment of the Offer Price; or (ii) Assign the Proportionate Entitlement, which right shall be allocated to Existing Shareholders in nil paid form;
Rights Issue	the proposed allocation of Rights to Existing Shareholders as described in this Prospectus;
Rights Issue Closing Date	14.00 hours on 6 December 2017, following which all rights under the Rights Issue shall lapse and shall no longer be capable of acceptance by Eligible Participants;
Securities Note	this securities note dated 30 October 2017 forming part of the Prospectus;
Shareholders	the persons registered in the Issuer's Register of Members as holding shares in the Bank from time to time;
Shares	collectively, all the issued share capital of the Bank as at the date of this Prospectus including the New Shares;
Sponsors	collectively, Rizzo Farrugia & Co. (Stockbrokers) Limited and Jesmond Mizzi Financial Advisors Limited;
Subscription Agreements	the conditional subscription agreements entered into for the purposes of the Intermediaries Offer between the Issuer and the Authorised Financial Intermediaries pursuant to which the Authorised Financial Intermediaries bind themselves to subscribe to, and the Issuer binds itself to allocate, an amount of Lapsed Rights, for their own account or on behalf of their underlying clients;
Subsidiaries	each of the subsidiaries of the Bank as defined and identified in the Registration Document;
Summary Note	the summary note dated 30 October 2017 forming part of the Prospectus;
Terms and Conditions	the terms and conditions of application relating to the New Shares as the same are contained in this Securities Note; and
TERP	means the theoretical ex-rights price which, based on the assumption that all the New Shares of the Issuer are taken up by the Eligible Participants, is the Share price that should prevail in the market once the New Shares are issued.

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

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

2. PERSONS RESPONSIBLE

The Issuer and all of the Directors, whose names appear in section 12.1.1 of the Registration Document, accept responsibility for the information contained in this Securities Note. To the best of the knowledge and belief of the Directors (who have all taken reasonable care to ensure such is the case), the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly. They have been advised and assisted in the drafting and compilation of the Prospectus by the persons mentioned under the heading *Statutory Auditors and Advisers* found in section 4 of the Registration Document.

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

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

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or Sponsors. The Issuer does not accept responsibility for any information not contained in this Prospectus.

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

3. RISK FACTORS

3.1 GENERAL

AN INVESTMENT IN THE NEW SHARES INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL ADVISER AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE DECIDING TO INVEST IN THE NEW SHARES.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE DIRECTORS NOR THE ISSUER ARE IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

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

THIS SECURITIES NOTE IS NOT INTENDED TO CONSTITUTE, AND SHOULD NOT BE CONSTRUED AS CONSTITUTING, A RECOMMENDATION BY THE BANK OR OF THE ADVISERS AS LISTED IN SECTION 4.3 OF THE REGISTRATION DOCUMENT OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES TO PURCHASE THE NEW SHARES. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.

THE RISK FACTORS MENTIONED IN THIS SECURITIES NOTE SHOULD BE READ IN CONJUNCTION WITH ALL OF THE RISK FACTORS INCLUDED IN THE REGISTRATION DOCUMENT WHICH SETS OUT RISK FACTORS THAT MAY HAVE AN IMPACT OR EFFECT ON THE ISSUER AND ITS BUSINESS. PROSPECTIVE INVESTORS ARE URGED TO READ CAREFULLY THE RISK FACTORS CONTAINED BOTH IN THIS SECURITIES NOTE AND THE REGISTRATION DOCUMENT BEFORE COMMITTING TO SUBSCRIBE FOR ANY NEW SHARES OR OTHERWISE ACCEPTING THE RIGHTS ISSUE.

FORWARD-LOOKING STATEMENTS AND FINANCIAL FORECASTS

The Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or the Directors concerning, amongst other things, the Issuer’s strategy and business plans, results of operations, financial condition, liquidity, prospects, dividend pay-out approach, the markets in which it operates and general market conditions.

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

In addition, the financial forecasts which are being presented in the Prospectus may differ materially from the actual financial statements, once issued. Accordingly, there is no guarantee that the figures as forecasted in the statements of profit and loss for the 3-month period ending 31 December 2017 as well as the statements of financial position as at 31 December 2017, will materialise.

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

3.2 RISK FACTORS RELATING TO THE OFFER

3.2.1 Orderly and Liquid Market

The existence of an orderly and liquid market for the Shares, including the New Shares, depends on a number of factors, many of which are beyond the Bank’s control, including but not limited to, the presence of willing buyers and sellers of the Shares at any given time and the general economic conditions in the market in which the Shares are traded, namely the Official List. Accordingly, there can be no assurance that an active secondary market for the New Shares will develop or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Shares at all.

3.2.2 Volatility in Prices of the Shares

Following the completion of the Offer and the allocation of the New Shares, the price at which the Shares will be traded, as well as the volume of trades, may fluctuate. There can be no guarantee of the price which may be realised by investors in the New Shares. Movements in the price of the Shares are influenced by a multitude of factors, some of which may be specific to the Bank, its proposed operations and ability to implement its intended strategies. It is also possible that the Bank's results of operations or its business outlook may fall short of expectations, in which case the price of the Shares could be negatively affected. In addition, limited trading in the Shares could increase the price volatility of the Shares and may limit the ability of investors to trade the New Shares in the amount, at the price and at the time desired.

3.2.3 Requirement for Further Funding

The Rights being offered to Existing Shareholders pursuant to the Rights Issue in virtue of this Securities Note, form part of the Issuer's capital plan. In accordance with the capital plan, the Issuer intends to raise its share capital by approximately €150,000,000. In the event that the Bank is not successful in raising this capital, its capital base and its ability to sustain further growth within the parameters of the new regulatory framework, will be significantly curtailed. This could have a significant impact on its overall business, as well as its operational and financial results. The failure to improve the capital base will also have an adverse impact on the Issuer's ability to sustain its current dividend pay-out approach and will entail that the Issuer's ability to proceed with the payment of dividends to Shareholders, will also be severely curtailed, if not altogether prohibited, until the new capital requirements are met to the satisfaction of the ECB.

3.2.4 Revocation/Discontinuation of Listing

Even after the New Shares are admitted to trading on the Official List, the Bank must remain in compliance with certain requirements. The Listing Authority has the authority to suspend trading of the Shares if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or of the integrity or reputation of the markets. Furthermore, the Listing Authority may discontinue the listing of the Shares if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the Shares are no longer possible, or upon the request of the Issuer or the MSE. Any such trading suspensions or listing revocations / discontinuations described above, could have a material adverse effect on the liquidity and value of the Shares.

3.2.5 Value of Investment in the Shares

The value of an investment in the Shares can rise or fall, and past performance of the Shares is not necessarily indicative of future performance.

3.2.6 Suitability

All Existing Shareholders are already exposed to an investment in the Shares. However, the acceptance of the Rights Issue and the consequent subscription of part or all of the Proportionate Entitlement will increase the exposure of Existing Shareholders to the Bank and its future performance. Any additional exposure to the Shares may not be suitable for every Existing Shareholder. Accordingly, Existing Shareholders are urged to consult a licensed stockbroker or an investment adviser licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of a further investment in the Shares before making an investment decision to accept their Proportionate Entitlement under the Rights Issue and any additional New Shares they may subscribe for. In addition, an investment in the New Shares may not be suitable for all investors, including Assignees as well as Employees and other investors subscribing to New Shares pursuant to the Intermediaries Offer. Accordingly, any person seeking to invest in the New Shares is urged to refer to the Prospectus and consult a licensed stockbroker or an investment adviser licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in the New Shares before making an investment decision.

An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the New Shares and the inherent risks associated with the Bank's business. In the event that an investor in the New Shares does not seek professional advice and/or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her risk profile and circumstances.

3.2.7 Dividends

The extent of any dividend distribution by the Bank will depend upon, amongst other factors, the ability of the Bank to improve its current capital base, the profit for the year, the Directors' view on the prevailing market outlook, any debt servicing requirements, the cash flows of the Bank, working capital requirements, the Board's view on future investments, and the requirements of the Act. The Bank's approach to dividend pay-outs is described in the section entitled *Dividend Pay-Out Approach* found in section 22 of the Registration Document should be read and construed accordingly.

3.2.8 Shareholder Currency of Reference

A Shareholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the New Shares (i.e. the Euro) and the Shareholder's currency of reference, if different.

3.2.9 Dilution Risk

The rights of the Existing Shareholders to subscribe for the New Shares, excluding the share fractional amount, ensure that each Existing Shareholder exercising its subscription rights under the Rights Issue will continue to hold its original, nearly unchanged percentage share in the share capital of the Bank. If an Existing Shareholder does not exercise the subscription rights granted under the Rights Issue, his/her percentage shareholding in the Issuer will decline and his/her voting rights will be diluted. This dilution will be proportional to the percentage by which the share capital of the Issuer is increased and to the extent by which the Existing Shareholder does not participate in the Rights Issue.

3.2.10 Resolution Mechanisms for Credit Institutions

Investment in the New Shares involves the risk of the loss of the capital invested in the event that the Issuer becomes subject to insolvency proceedings or finds itself failing or at risk of failure which involves the application of resolution tools, including the bail-in tool.

In this regard, the BRRD Regulations, provide for the application of resolution tools by the Resolution Committee to credit institutions at risk of failure, as an alternative to liquidation proceedings. These resolution tools include, also combined with one another: (i) the sale of business tool, which involves the sale of all or part of the business of the institution; (ii) the bridge institution tool, which concerns the establishment of a new institution which continues to provide essential services to clients; (iii) the asset separation tool, which concerns the separation of the unimpaired assets of the failing institution from those which are deteriorated or impaired; and (iv) the bail-in tool, through which the liabilities of the failing organisation are written down and/or converted with consequent losses for the Shareholders and for some categories of Issuer's creditors (including unsubordinated bondholders).

The power to write down or convert capital instruments may also be exercised pursuant to the BRRD Regulations. A write down may result in the reduction (including to zero) of the nominal value of shares, the dilution of shareholders' shareholding (and voting rights) in a failing bank, or the outright cancellation of the shares. Further, the Resolution Committee is empowered by the BRRD Regulations to take control of a credit institution under resolution and exercise all the rights and powers conferred upon shareholders, other owners and the board of directors of the institution under resolution.

The exercise by the Resolution Committee of any of these powers may have a material effect on the business and prospects of the Issuer. In addition, any bail-in of capital instruments will mean that Shareholders might have some or all of their shareholdings diluted or cancelled without any compensation therefor.

4. KEY INFORMATION

4.1 WORKING CAPITAL STATEMENT

The Directors, after reasonable inquiry, are of the opinion that the working capital available to the Group is sufficient for the Group's present business requirements for a period of at least 12 months from the date of the Securities Note.

4.2 CAPITALISATION AND INDEBTEDNESS

The capitalisation and indebtedness of the Group as at 30 September 2017 is summarised below:

4.2.1 Capitalisation		September 2017	September 2017
		€'000	€'000
Total Current Debt			9,970,342
Guaranteed	Amounts guaranteed under the Deposit Guarantee Scheme ("DGS") as per EU Directive 2014/49	5,062,998	
Secured	Nil	-	
Unguaranteed	Total deposits net of covered deposits for DGS purposes	4,907,344	
Total Non-Current Debt (excluding current portion of long-term debt)			616,222
Guaranteed	Amounts guaranteed under the Deposit Guarantee Scheme ("DGS") as per EU Directive 2014/49	147,508	
Secured	Nil	-	
Unguaranteed	Total deposits net of covered deposits for DGS purposes	468,714	
Shareholders' equity:			
Share capital			420,000
Legal reserve			988
Other reserves			31,011
Total equity			451,999
4.2.2 Indebtedness			
Cash			46,126
Treasury bills			14,011
Deposits with banks			3,112,632
Trading securities			-
Liquidity			3,172,769

Current Financial Receivable	25,741
Current Bank debt	9,970,342
Current portion of non-current debt	1,561,667
Other current financial debt	-
Current Financial Debt	11,532,009
Net Current Financial Indebtedness	8,333,499
Non-current Bank loans	289,231
Bonds issued	231,591
Other non-current loans	95,400
Non-Current Financial Indebtedness	616,222
Net Financial Indebtedness	8,949,721

4.2.3 Commitments and Contingent Liabilities

The Issuer regularly enters into irrevocable lending commitments as well as contingent liabilities consisting of financial and performance guarantees, standby letters of credit and indemnity agreements on behalf of its customers (brief details of which for the period ended 30 September 2017 are set out below). Under these contracts, the Issuer is required to perform under an obligation agreement or to make payments to the beneficiary based on a third party's failure to meet its obligations.

	September 2017
	€'000
Irrevocable lending commitments	1,533,878
Contingent liabilities	360,313

4.3 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFER

The Issuer is an Authorised Financial Intermediary in respect of the Offer. However, as the Issuer of the New Shares, it has an interest in the Offer. In this respect, the Issuer will not be providing investment advice in relation to subscriptions for New Shares, however may entertain applications for subscriptions for New Shares on an execution only basis. In this respect, investors are strongly encouraged to seek independent and professional advice prior to participating in the Offer.

Save for the Sponsors' entitlement to fees payable in connection with the Offer, so far as the Issuer is aware, no person involved in the Offer has any other interest that is material to the Offer.

4.4 REASONS FOR THE OFFER AND USE OF PROCEEDS

The main purpose of the proceeds from the Offer, expected to amount to approximately €150,000,000, is to further strengthen the Issuer's Common Equity Tier 1 ("CET1") such that the Issuer will be in a better position to meet the level of capital buffers required under the relevant European banking regulations.

The Issuer is classified as an Other Systemically Important Institution ("O-SII") by the Regulatory Authorities. Accordingly, although the Issuer is adequately capitalised, as an O-SII, the Bank is considered as an institution whose failure would have a significant impact on domestic financial stability and therefore is required, under the relevant European banking regulations, to maintain capital buffers over and above those required of banks that are not considered as O-SII. These capital buffers are the capital conservation buffer, the countercyclical buffer, the O-SII buffer and the systemic risk buffer (together referred to as the "O-SII Capital Buffers"). The O-SII Capital Buffers are a measure calculated to absorb higher levels of losses from operations and are ultimately aimed to strengthen the resilience of the Group as the need for capital continues to grow. The requirement for these capital buffers entered into force as from January 2016, with full application expected by January 2019.

The proceeds from the Offer will also be used for the Issuer's general funding purposes. The expenses of the Offer shall be borne by the Issuer and not deducted from the proceeds of the Offer.

5. INFORMATION ABOUT THE OFFER AND THE NEW SHARES

This section 5 of the Securities Note provides brief information on the Offer and the New Shares.

5.1 OFFER STATISTICS

The Offer	An amount of 105,000,000 New Ordinary Shares to be offered on a pre-emptive basis to Existing Shareholders and the offer of Lapsed Rights to: (i) Existing Shareholders that accepted their Proportionate Entitlement in full and apply to acquire Lapsed Rights; (ii) Employees; and (iii) the general public <i>via</i> an Intermediaries Offer.
Amount of Rights Issued and Resultant Capital Increase	The Issuer has issued and allocated 105,000,000 Rights to Existing Shareholders. The Rights have been issued and allocated on the basis of the ratio of 1 Right for every 4 Shares held by Existing Shareholders on the Record Date. Each Right entitles the Eligible Participant to acquire one (1) New Share at a price of €1.43 per New Share. Through the Offer, and assuming the take up in full of all New Shares, the number of issued Shares in the Bank will increase from 420,000,000 to 525,000,000. The New Shares constitute an increase of 25% in the issued Share capital of the Bank.
Assignment of the Rights	<p>An Existing Shareholder is entitled to renounce all or part of the Rights allocated by the Issuer in favour of any third party under such terms and conditions as may be agreed between the parties. The Rights shall not be separately listed or traded on the MSE and may only be assigned by completing the appropriate section of the FAAE B – Split/Assign form and by submitting the form to any of the Authorised Financial Intermediaries.</p> <p>The right to assign the Rights only pertains to Existing Shareholders. The right to assign the Rights is not available to: (i) Existing Shareholders who accept their Proportionate Entitlement in full; (ii) Employees; or (iii) Authorised Financial Intermediaries with respect to, and to the extent of, the Lapsed Rights so acquired.</p> <p>Notwithstanding point (iii), nothing shall prevent Authorised Financial Intermediaries from subscribing to New Shares for the account of underlying clients, including retail and/or non-retail investors in Malta.</p>
Class of Shares	The New Shares form part of the only class of Ordinary Shares in issue in the Bank and shall accordingly have the same rights and entitlements as all other Ordinary Shares currently in issue in the Bank.
Offer Price	The price of €1.43 per New Share, consisting of a discount of 27.47% to TERP and a premium of €0.43 over nominal value. In calculating the TERP, the Issuer has taken into account the trade weighted average price of the Issuer's Shares over a three-month period from 18 July 2017 to 17 October 2017.
Legislation under which the Shares will be created	The New Shares will be created in terms of the Act.
Registered Form	The New Shares will be issued in fully registered and dematerialised book-entry form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD or in such other form as may be determined from time to time by applicable law, the requirements of the MSE or the Bank.
Currency of New Shares	Euro (€)

ISIN	MT0000020116
Lapsed Rights	The remaining rights to New Ordinary Shares not validly accepted or validly assigned and paid for by the Rights Issue Closing Date by Eligible Participants.
Plan of Distribution	<p>The New Shares are open for subscription by:</p> <ul style="list-style-type: none"> (i) Existing Shareholders up to their Proportionate Entitlement; (ii) Assignees up to the Assigned Entitlement in their favour; (iii) Existing Shareholders that have accepted their Proportionate Entitlement in full and applied for Lapsed Rights; (iv) Employees subscribing to New Shares with respect to any Lapsed Rights not subscribed to by Existing Shareholders pursuant to (iii) above; (v) Authorised Financial Intermediaries, either for their own account or for the account of underlying clients, to the extent that the Lapsed Rights have not been subscribed in full pursuant to (iii) and (iv) above; <p>in this order of preference.</p> <p>Lapsed Rights shall be subject to scaling down by the Issuer in accordance with section 9.4 of this Securities Note.</p>
Listing	Application has been made for the New Shares to be admitted to listing on the Official List and for trading to commence thereafter. The Offer is subject to the admissibility to listing of the New Shares on the MSE. Admission to listing of the New Shares on the Official List is expected on 9 January 2018.
Dispatch by mail of FAAEs to Existing Shareholders	Expected 7 November 2017.
Rights Issue Closing Date	14.00 hours on 6 December 2017, following which all Rights under the Rights Issue shall lapse and shall no longer be capable of acceptance by Eligible Participants after which point the Rights may be allocated in accordance with the plan of distribution set out above.
Offer Period	<p>The period between and including 08.30 hours on 8 November 2017 and 14.00 hours on 6 December 2017 during which:</p> <ul style="list-style-type: none"> (i) A FAAE may be accepted by Eligible Participants; (ii) Existing Shareholders that have taken up their Proportionate Entitlement in full, may apply for any Lapsed Rights; (iii) Employees may lodge their Application to apply for any Lapsed Rights not taken up by Existing Shareholders pursuant to (ii) above; and (iv) Authorised Financial Intermediaries may subscribe for any Lapsed Rights not taken up by Existing Shareholders and Employees through an Intermediaries Offer pursuant to (ii) and (iii) above.
Target Market	Principally, retail and non-retail investors in Malta.

5.2 RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHED TO THE SHARES

The New Shares form part of the only class of Ordinary Shares in issue in the Bank and shall accordingly have the same rights and entitlements as all other Ordinary Shares currently in issue in the Bank. The New Shares shall be classified as a CET1 instrument for the purposes of article 28 of the CRR and the following are highlights of the rights attaching to the New Shares:

5.2.1 Classification

The Issuer's share capital may be increased by issuing new shares within the limit of its authorised share capital. At the date of this Prospectus, the Issuer has an authorised share capital of €1,000,000,000. Through a resolution taken at an extraordinary general meeting held on the 27 July 2017, the Board of Directors was authorised to increase the Issuer's issued share capital up to a total of €580,000,000, through the issue of new shares.

For the purposes of the Act, applicable insolvency laws, as well as the applicable accounting framework, the New Shares, once issued, will be regarded as equity capital subscribed by the Shareholders.

5.2.2 Dividends

The New Shares shall carry the right to participate in any distribution of dividend declared by the Issuer *pari passu* with any other Ordinary Shares.

The Issuer can only make a distribution to the holders of the New Shares from distributable reserves. This means that distribution can only happen if, at the time, the amount of the net assets of the Issuer is not less than the aggregate of its called-up share capital and undistributable reserves, and if (and to the extent that) the distribution does not reduce the amount of those assets to less than that aggregate. The dividend distribution essentially depends on the self-financing requirements of the Issuer, the return expected by the Shareholders as well as applicable prudential requirements. The Directors may, before recommending any dividend, set aside out of the profits of the Issuer available for distribution any such sum, as they deem proper, as a reserve or reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Issuer may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Issuer or be invested in such investments (other than Shares of the Issuer) as the Directors may from time to time deem fit. The Directors may also, without placing the same to reserve, carry forward any profits which they think prudent not to distribute.

The distribution of dividends could, in future and irrespective of the presence of distributable profits pursuant to its statutory financial statements, be excluded or limited by the need to comply with the capital requirements laid down by the legal and/or regulatory rules applicable to the Issuer or imposed by the Supervisory Authorities as prescribed by the applicable prudential regulations. The Issuer adopts an approach to dividend pay-outs that is based on conservative and prudent assumptions and that allows it to fulfil its current and prospective capital adequacy conditions, which are consistent with the combination of risks assumed and which are suitable for facilitating alignment to the prudential requirements established by the CRD IV and by the CRR, as well as guaranteeing the coverage of the internal capital levels calculated under the scope of the SREP. Without prejudice to the foregoing, the conditions governing the New Shares do not include a cap or other additional restrictions on the maximum level of distribution.

5.2.3 Voting Rights

Each New Share issued shall be entitled to one vote at general meetings of Shareholders.

5.2.4 Capital Distributions

The New Shares shall carry the right for the holders thereof to participate in any distribution of capital made whether in the context of a winding up or otherwise, *pari passu* with all other holders of Ordinary Shares of the Issuer.

The BRRD Regulations, provide that the New Shares, together with all other instruments of the Issuer classified as CET1 instruments, absorb the first and proportionately greatest share of losses as they occur. Further, in line with national law requirements, the New Shares and all other Ordinary Shares of the Issuer, rank below all other claims in the event of insolvency or liquidation of the Issuer. All holders of Ordinary Shares, including the New Shares, shall rank *pari passu* upon any distribution of assets in a winding up and shall be entitled to a claim on the residual assets of the Issuer, which, in the event of its liquidation and after the payment of all senior claims, is proportionate to the amount of Ordinary Shares issued and is not fixed or subject to a cap.

5.2.5 Financial Statements Disclosures

As stated in sections 5.2.2 and 5.2.4 above, the New Shares shall rank *pari passu* with all other holders of Ordinary Shares of the Issuer and, therefore, for financial statement disclosure purposes, the nominal value of the New Shares shall be included as called-up share capital in the statement of financial position of the Issuer together with the existing equity share capital of the Issuer.

5.2.6 Transferability and Restrictions

The New Shares are freely transferable and once admitted to the Official List shall be transferable in accordance with the applicable rules and regulations thereof.

5.2.7 Pre-Emption

In accordance with article 88 of the Companies Act and article 8.1 of the Articles, should any shares in the Bank be proposed for allotment for consideration in cash, such shares must be offered on a pre-emptive basis to the existing holders of shares in proportion to the respective share capital held by each of them immediately prior to any new issue of shares.

A copy of any offer of subscription on a pre-emptive basis indicating the period within which this right must be exercised must be delivered to the Registry of Companies for registration. This right of pre-emption must be exercised in accordance with the terms and conditions set out in the Articles of the Bank and the said right may be assigned in favour of third parties.

This right of pre-emption may be withdrawn by an extraordinary resolution of the general meeting of Shareholders, in which case, the Directors will be required to present to that general meeting a written report indicating the reasons for restriction/withdrawal of the said right and justifying the issue price.

5.2.8 Mandatory Takeover Bids, Squeeze-Out and Sell-Out Rules

Chapter 11 of the Listing Rules, implementing the relevant provisions of *Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004*, regulates the acquisition by a person or persons, acting in concert, of the control of a company and provides specific rules on takeover bids and the squeeze-out and sell-out mechanisms. The Shareholders of the Bank may be protected by the said Listing Rules in the event that the Bank is the subject of a takeover bid (as defined therein). The Listing Rules may be viewed on the official website of the Listing Authority: <https://www.mfsa.com.mt/>

5.2.9 Other

The New Shares are not redeemable or convertible into any other form of security. The nominal value of the New Shares shall not be reduced or repaid, except in the event of the liquidation of the Issuer, and/or in the case of discretionary repurchases of the New Shares or other discretionary means of reducing capital, where the Issuer has received the prior permission of the Supervisory Authorities in accordance with article 77 of the CRR.

The New Shares are neither secured nor subject to a guarantee that enhances the seniority of the claim. Further, the New Shares are not subject to any arrangement, contractual or otherwise, that enhances the seniority of claims under the New Shares in insolvency or liquidation.

5.3 AUTHORISATIONS

The Offer has been authorised by the Board of Directors through a resolution dated 22 August 2017 following a resolution by the Shareholders at an extraordinary general meeting to increase the authorised share capital of the Bank and to authorise the Directors to issue further shares in the Bank for another five-year term to expire in June 2022. The Listing Authority authorised the New Shares as eligible to listing on the MSE pursuant to the Listing Rules by virtue of a letter dated 30 October 2017.

5.4 ALLOTMENT

It is expected that allotment letters will be dispatched to Existing Shareholders, Assignees, Employees and, with respect to the Intermediaries Offer, to Authorised Financial Intermediaries for their own account or for the account of underlying customers, by the 8 January 2018.

6. RIGHTS ISSUE

6.1 TERMS AND CONDITIONS APPLICABLE TO THE RIGHTS ISSUE

The following Terms and Conditions should be read and construed as one with the *General Terms and Conditions of the Offer* contained in section 9 of this Securities Note.

6.1.1 All Existing Shareholders are entitled to 1 Right for every 4 Shares held on the Record Date and are subject to rounding down in line with the convention set out in section 6.1.2 below.

6.1.2 In the event that upon calculation of the Proportionate Entitlement an Existing Shareholder shall become entitled to a fractional entitlement of a Right, such fractional entitlement shall be rounded down to the nearest whole Right. If upon calculation of the Proportionate Entitlement, an Existing Shareholder is entitled to less than one (1) New Share, then such Existing Shareholder shall not be eligible to participate in the Rights Issue.

6.1.3 Existing Shareholders will be entitled to subscribe for New Shares at a ratio of 1 New Share for every Right issued to them.

6.1.4 Each Existing Shareholder shall be entitled to accept the Proportionate Entitlement and to subscribe for an equivalent number of New Shares in fully paid New Shares by paying the Offer Price for each New Share which the Existing Shareholder applies to subscribe for. Any Rights which are not validly accepted or validly assigned and paid for by the Rights Issue Closing Date, shall lapse and shall be available to: (i) Existing Shareholders who would have accepted their Proportionate Entitlement in full and applied for Lapsed Rights; (ii) Employees (if there shall remain Lapsed Rights for allocation following (i) above); and (iii) the general public in Malta through an Intermediaries Offer (if there shall remain Lapsed Rights for allocation following (i) and (ii) above), in this order of preference.

6.1.5 The Rights Issue contemplates the right of Existing Shareholders to accept the Rights allocated to them, on a nil paid basis, by the Bank and to exercise those Rights and subscribe for New Shares (in part or in full); or to renounce to their Rights (in part or in full) in favour of third parties, on the basis and on the Terms and Conditions as set out in this Securities Note.

6.1.6 All Existing Shareholders registered as at the Record Date and whose shareholding as at that date will entitle such Existing Shareholder to subscribe to at least one (1) New Share by virtue of the exercise of Rights, shall receive, by mail from the Issuer, FAAEs setting out their Proportionate Entitlement of Rights that entitle them to subscribe for an equivalent number of New Shares.

- 6.1.7** Existing Shareholders may apply for Lapsed Rights in accordance with the provisions of section 6.5.2(b) below.
- 6.1.8** Any Rights which are neither accepted nor validly assigned by Existing Shareholders shall result in Lapsed Rights, which Lapsed Rights shall be first made available to meet the demand of Existing Shareholders that have accepted their Proportionate Entitlement in full and applied for Lapsed Rights; and subsequently to meet the demand by Employees in accordance with the provisions of section 7 below; and, finally, to the general public in Malta through an Intermediaries Offer in accordance with the provisions of section 8 below.
- 6.1.9** The Government of Malta, being one of the Major Shareholders, shall not be required to submit a FAAE. *In lieu* thereof, it will be required to enter into a conditional Pre-Allocation Agreement with the Issuer pursuant to which it has bound itself in advance to participate in the Rights Issue, at the level of its Proportionate Entitlement. A brief description of the terms of the Pre-Allocation Agreement is set out below.

6.2 DISPATCH OF DOCUMENTATION TO EXISTING SHAREHOLDERS

FAAEs and the related instructions sheet will be dispatched by mail to Existing Shareholders at their registered addresses appearing on the Register of Members and, for all Existing Shareholders residing in Malta, it shall be deemed to have been served at the expiration of two (2) calendar days after dispatch.

6.3 FORMS OF ACCEPTANCE, AUTHORITY AND ELECTION

Forms of Acceptance, Authority and Election will be dispatched by mail to Existing Shareholders.

In the case of FAAEs issued to joint Existing Shareholders, reference to the Existing Shareholder in this Securities Note is a reference to each Existing Shareholder, and liability thereof is joint and several. Joint FAAEs are to be signed by all parties.

Eligible Participants shall return the Forms of Acceptance, Authority and Election to any of the Authorised Financial Intermediaries by not later than the Rights Issue Closing Date.

The FAAEs set out the number of New Shares which constitute the Existing Shareholders' Proportionate Entitlement. The FAAEs also set out instructions as to various options available to Existing Shareholders namely:

- a) To accept the Rights in full and accordingly subscribe for the Proportionate Entitlement in full (FAAE A - ALL); or
- b) Having accepted the Proportionate Entitlement in full, may additionally commit to subscribe for Lapsed Rights (FAAE A - ALL); or
- c) To accept the Rights in part and accordingly subscribe for the Proportionate Entitlement only in part (FAAE B - Split/Assign); or
- d) To accept the Rights in part and assign part of the Proportionate Entitlement in favour of a third party/ies (FAAE B - Split/Assign); or
- e) To renounce in full to the Proportionate Entitlement and assign part or all of the Proportionate Entitlement in favour of a third party/ies (FAAE B - Split/Assign).

The FAAEs, once duly completed, executed and lodged with an Authorised Financial Intermediary by the Eligible Participant, shall constitute a binding contract between the Issuer and the Eligible Participant, whereby the Eligible Participant shall be bound to subscribe for and acquire the number of New Shares forming part of the Rights Issue as are indicated in the FAAE and to effect payment therefor.

Any Rights which are not subscribed to by Eligible Participants by the Rights Issue Closing Date shall constitute Lapsed Rights and shall be available for subscription as set out in sections 6.6 below.

6.4 MAJOR SHAREHOLDERS

6.4.1 Pre-Allocation Agreement with the Government of Malta

The Issuer has entered into a conditional Pre-Allocation Agreement with the Government of Malta pursuant to which the Government of Malta has agreed to take up its Proportionate Entitlement, subject to the satisfaction of certain conditions including that: (i) the Listing Authority or the MSE shall not have indicated that it will not admit the New Shares to the Official List (subject to the provisional allocation of the New Shares pending effective listing thereof in accordance with the provisions of article 101 of the Act); and (ii) there shall not have been, since the date of the Prospectus, any material adverse change, or any event or development involving a potential material adverse change in the condition (financial or other), earnings, business, net worth, results of operations or properties of the Issuer. The Government of Malta, through the Pre-Allocation Agreement, has also agreed to take up its Proportionate Entitlement at a price which is no less or more favourable than the Offer Price.

In the Pre-Allocation Agreement the Government of Malta has reserved the right to apply, by written notice to the Issuer, for Lapsed Rights. If it exercises such right it will do so by way of a separate written notice to the Issuer.

6.4.2 UniCredit

UniCredit has indicated (in writing) to the Issuer that it will not take up its Proportionate Entitlement, however, UniCredit reserved its right to assign its Rights, in whole or in part.

6.5 ACTION REQUIRED BY AN EXISTING SHAREHOLDER TO SUBSCRIBE TO THE NEW SHARES

6.5.1 General

Each Form of Acceptance, Authority and Election will, apart from personal details of Existing Shareholders, set out:

- (i) The number of Shares held as at the Record Date on which an Existing Shareholder's entitlement to New Shares has been based; and
- (ii) The number of Rights allocated to an Existing Shareholder rounded down to the nearest whole Right (refer to section 6.1.2 above) representing the Proportionate Entitlement of each Existing Shareholder with respect to New Shares; and
- (iii) Instructions regarding acceptances, splitting, assignments, payments, and applications for Lapsed Rights by Existing Shareholders.

The minimum number of New Ordinary Shares that an Eligible Participant may subscribe for is one (1). Each Existing Shareholder will receive two FAAEs: *FAAE A – ALL* and *FAAE B – Split/Assign*. An Existing Shareholder must select the FAAE to be completed in accordance with whether such Existing Shareholder:

- (i) Wishes to accept the Proportionate Entitlement in full (see section 6.5.2(a)) by completing *FAAE A – ALL*; or
- (ii) Having accepted their Proportionate Entitlement in full, also wishes to apply for Lapsed Rights (see section 6.5.2(b)) by completing *FAAE A – ALL*; or
- (iii) Wishes to: (a) accept the Proportionate Entitlement in part; or (b) accept the Proportionate Entitlement in part and assign part or the remaining of the Proportionate Entitlement (see section 6.5.2 (c)) by completing *FAAE B – Split/Assign*; or
- (iv) Wishes to renounce to the Proportionate Entitlement but wishes to assign part or all of the Proportionate Entitlement (see section 6.5.2(d)) by completing *FAAE B – Split/Assign*.

6.5.2 Procedure for Acceptance and Payment by Existing Shareholders & Assignees

Existing Shareholders wishing to participate in the Rights Issue shall be required to submit a FAAE validly completed and accompanied by the respective payment for the New Shares subscribed for, to any Authorised Financial Intermediary.

a) Existing Shareholders who wish to accept their Proportionate Entitlement in full

Existing Shareholders who wish to take up all of the Proportionate Entitlement need only verify that the information contained in Panels I and II (A) of the *FAAE A – ALL* is correct and complete by signing the *FAAE*.

Duly completed and signed *FAAEs* by the Existing Shareholder/s must be delivered, against payment, to any of the Authorised Financial Intermediaries by the Rights Issue Closing Date. In the event that a cheque accompanying a *FAAE* is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative *FAAE*.

b) Existing Shareholders wishing to apply for Lapsed Rights

Existing Shareholders accepting their Proportionate Entitlement in full may also indicate in Panel II (B) of the *FAAE A – ALL* any Lapsed Rights which they wish to subscribe to and shall also complete Panel II (C). **Only Existing Shareholders accepting their Proportionate Entitlement in full shall be eligible to apply for Lapsed Rights.**

Duly completed and signed *FAAEs* by the Existing Shareholder/s must be delivered, against payment, to any of the Authorised Financial Intermediaries by the Rights Issue Closing Date. In the event that a cheque accompanying a *FAAE* is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative *FAAE*.

c) Existing Shareholders who wish to: (i) accept the Proportionate Entitlement in part; or (ii) accept their Proportionate Entitlement in part and assign part or the remaining of their Proportionate Entitlement

Existing Shareholders who wish to take up only part, but not all, of their Proportionate Entitlement should complete the *FAAE B – Split/Assign*: Panel II (A) by indicating the number of New Shares they wish to acquire and Panel II (C) indicating the number of New Shares not taken up.

Alternatively, an Existing Shareholder wishing to accept the Proportionate Entitlement in part and assign part or the remaining part of the Proportionate Entitlement to third parties, should complete the *FAAE B – Split/Assign*: Panel II (A) by indicating the number of New Shares they wish to acquire, Panel II (B) indicating the number of Rights to subscribe for New Shares they wish to assign to third parties and Panel II (C) indicating the number of New Shares not taken up, if any. The details of the Assignee/s shall be inserted in Panel III.

Duly completed and signed *FAAEs* by both the Existing Shareholder/s and the Assignee/s (if any) must be delivered, against payment, to any of the Authorised Financial Intermediaries by the Rights Issue Closing Date. In the event that a cheque accompanying a *FAAE* is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative *FAAE*.

d) Existing Shareholders who do not take up their Proportionate Entitlement but wish to assign part or all of their Proportionate Entitlement

Existing Shareholders who do not wish to take up their Proportionate Entitlement but wish to assign part or all of their Proportionate Entitlement to a third party or third parties should complete the *FAAE B – Split/Assign*: Panel II (B) indicating the number of Rights to subscribe for New Shares they wish to assign to third parties and Panel II (C) indicating the number of New Shares not taken up, if any. The details of the Assignee/s shall be inserted in Panel III.

Duly completed and signed *FAAEs* by both the Existing Shareholder/s and the Assignee/s must be delivered, against payment, to any of the Authorised Financial Intermediaries by the Rights Issue Closing Date. In the event that a cheque accompanying a *FAAE* is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative *FAAE*.

e) Discretion of Issuer

The Issuer reserves the right to refuse to register any renunciation of the Rights by an Existing Shareholder in favour of an Assignee/s in respect of which the Issuer believes such renunciation may violate applicable legal or regulatory requirements including (without limitation) any renunciation in the name of an Assignee/s with an address outside Malta.

f) *Payment*

All payments must be made in Euro.

g) *Issuer's discretion as to the validity of acceptances*

If any of the Authorised Financial Intermediaries do not deliver the Forms of Acceptance, Authority and Election together with proof of payment of cleared funds to the Registrar by the Rights Issue Closing Date, those Eligible Participants who would have submitted the FAAE through the said Authorised Financial Intermediary/ies to subscribe for New Shares, will be deemed to have been declined. Accordingly, the Rights of an Existing Shareholder shall be regarded by the Issuer as Lapsed Rights and the FAAE will be treated in accordance with the provisions detailed in section 6.6 below. The Issuer may, with the agreement of the Registrar, but shall not be obliged, to treat as valid Forms of Acceptance, Authority and Election accompanied by proof of payment received later than the Rights Issue Closing Date.

6.6 SUBSCRIPTION TO LAPSED RIGHTS

In the event that Eligible Participants fail to exercise their Rights by lodging a complete and valid FAAE by the Rights Issue Closing Date, in accordance with the procedure for acceptance and payment of Rights laid down in section 6.5.2 of this Securities Note, then that Proportionate Entitlement (or the part which is not exercised or assigned, as applicable) of the particular Existing Shareholder/s will be deemed to have been renounced, at which point the Rights will be regarded by the Issuer as Lapsed Rights.

Lapsed Rights shall be allocated as follows:

- (i) To Existing Shareholders who, having accepted their Proportionate Entitlement in full, and who would have indicated their willingness to acquire Lapsed Rights as detailed in section 6.5.2(b) above;
- (ii) To Employees who would have applied for the acquisition of Lapsed Rights as further set out in section 7 below;
- (iii) To Authorised Financial Intermediaries who would have committed to acquire Lapsed Rights for their own account or on behalf of their underlying clients pursuant to the Intermediaries Offer as further set out in section 8 below.

in this order of preference and in accordance with section 9.4 below.

7. EMPLOYEES OFFER

Terms and Conditions applicable to Employees subscribing to New Shares

The following Terms and Conditions should be read and construed as one with the *General Terms and Conditions of the Offer* contained in section 9 of this Securities Note.

- 7.1** In the event that a balance of Lapsed Rights remains unallocated following the allocation of: (i) the Proportionate Entitlements to Eligible Participants; and (ii) any Lapsed Rights allocated to Existing Shareholders which have accepted their Proportionate Entitlement in full and have indicated their willingness to subscribe to Lapsed Rights; then such balance of Lapsed Rights will be offered for subscription to Employees.
- 7.2** Employees may apply for Lapsed Rights representing New Shares by completing *Application Form 'A'* which will be pre-printed and mailed by the Issuer to each Employee.
- 7.3** All Applications for the acquisition of New Shares by Employees must be made during the Offer Period.

- 7.4** The minimum subscription amount that Employees may subscribe for is 1,000 New Shares and in multiples of 100 New Shares thereafter.
- 7.5** Duly completed and signed Application Forms by Employees must be delivered, against payment, to any of the Authorised Financial Intermediaries during the Offer Period. Payments must be made in Euro. In the event that a cheque accompanying an Application Form is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative Application Form.
- 7.6** In the event that subscriptions for New Shares exceed the number of Lapsed Rights available under the Employees Offer, the Issuer shall allocate New Shares in accordance with the allocation policy described in section 9.4 of this Securities Note.

8. INTERMEDIARIES OFFER

Terms and Conditions applicable to investors subscribing to New Shares through the Intermediaries Offer

The following Terms and Conditions should be read and construed as one with the *General Terms and Conditions of the Offer* contained in section 9 of this Securities Note.

- 8.1** In the event that a balance of Lapsed Rights remains unallocated following the allocation of: (i) the Proportionate Entitlements to Eligible Participants; (ii) any Lapsed Rights allocated to Existing Shareholders which have accepted their Proportionate Entitlement in full and have indicated their willingness to subscribe to Lapsed Rights; and (iii) Lapsed Rights allocated to Employees, then the remaining balance of such Lapsed Rights will be offered for subscription to Authorised Financial Intermediaries through an Intermediaries Offer.
- 8.2** In this regard, the Issuer may enter into conditional Subscription Agreements with Authorised Financial Intermediaries, whereby the Issuer will be conditionally bound to allocate, and each of the said Authorised Financial Intermediaries will be conditionally bound to subscribe for, New Shares for their own account or for the account of their underlying clients (which clients may be both retail and non-retail clients).
- 8.3** Authorised Financial Intermediaries will be obliged to pay the Issuer (acting through the Registrar) all subscription proceeds in respect of the conditional Subscription Agreements in cleared funds by the closing of the Offer Period.
- 8.4** Investors may apply for Lapsed Rights and subscribe for New Shares under the Intermediaries Offer by completing *Application Form 'B'* which may be obtained from any of the Authorised Financial Intermediaries as listed in Annex 1.
- 8.5** In the case of joint Applications, reference to the Applicant in this Securities Note is a reference to each Applicant, and liability therefor is joint and several. Joint Applications are to be signed by all Applicants.
- 8.6** All Applications for the acquisition of New Shares must be made during the Offer Period.
- 8.7** The minimum subscription amount that Applicants may subscribe for is 1,000 New Shares and in multiples of 100 New Shares thereafter.

- 8.8** Duly completed and signed Application Forms by Applicants must be delivered, against payment, to any of the Authorised Financial Intermediaries during the Offer Period. Payments must be made in Euro. In the event that a cheque accompanying an Application Form is not honoured on its first presentation, the Registrar reserves the right to invalidate the relative Application Form.
- 8.9** In the event that subscriptions for New Shares exceed the number of Lapsed Rights available under the Intermediaries Offer, the Issuer shall allocate New Shares in accordance with the allocation policy described in section 9.4 of this Securities Note.
- 8.10** The Subscription Agreements shall be conditional, amongst other things, on the existence of a balance of Lapsed Rights remaining unallocated (as set out in 8.1 above) and the admissibility to listing of the New Shares on the MSE.

9. GENERAL TERMS AND CONDITIONS OF THE OFFER

9.1 GENERAL

The contract created by the acceptance by an Eligible Participant/s or Applicant/s of a FAAE or an Application, respectively, shall be subject to the Terms and Conditions set out below and elsewhere in this Securities Note, and in the respective FAAE or Application Form.

Eligible Participants and Applicants may lodge their FAAEs or Application Forms, respectively, with any Authorised Financial Intermediary during the Offer Period.

9.2 RIGHT TO REJECT

Subject to all other Terms and Conditions set out in this Prospectus, the Issuer, through the Registrar, reserves the right to reject in whole or in part any FAAE or any Application (including multiple or suspected multiple Applications) and any cheques and/or bank drafts for payment, upon receipt. The right is also reserved to refuse any FAAE or Application which, in the opinion of the Issuer and/or the Registrar, is not properly completed in all respects with the FAAE's or Application Form's instructions, or is not accompanied by the required documents and/or payment. Only original Application Forms and FAAEs will be accepted and photocopies/facsimile/scanned copies will not be accepted.

If any Application Form or FAAE is rejected by the Issuer or the Registrar, the payment monies will be returned by means of direct credit to the Applicant's or Eligible Participant's IBAN quoted on the Application Form or FAAE, respectively, without interest.

Any expenses or charges connected with such return of monies shall be borne by the respective Applicant or Eligible Participant. The Issuer and the Registrar are not liable for any charges, loss or delay in transmission of funds.

9.3 RIGHT TO REVOKE THE OFFER

Subject to all other Terms and Conditions set out in this Prospectus, the Issuer reserves the right to revoke the Offer at any time before the closing of the Offer Period.

The circumstances in which such revocation might occur are expected to be exceptional, for example, in the case of an extraordinary injection of capital not connected to this Offer or where a significant change in market conditions occurs.

In the event of a revocation of the Offer, the payment monies will be returned by means of a direct credit to the Applicant's or Eligible Participant's IBAN quoted on the Application Form or FAAE, respectively, without interest. The Issuer and the Registrar are not liable for any charges, loss or delay in transmission of funds.

9.4 ALLOCATION POLICY

The Issuer shall allocate the New Shares on the basis of the following policy:

- (i) It shall first satisfy in full the exercise by all Existing Shareholders of their Rights and in the case of Assignees, of the Assigned Entitlement;
- (ii) In the event that following the allocations made pursuant to (i) above there shall still remain unallocated New Shares, the Issuer shall then allocate such unallocated New Shares to those Existing Shareholders who would have indicated their wish to acquire Lapsed Rights. Where subscriptions for Lapsed Rights are greater than the number of unallocated New Shares available for allocation, then each application for Lapsed Rights shall be scaled down in accordance with the allocation policy as determined by the Issuer;
- (iii) Where, following the allocations made to Eligible Applicants in terms of (i) and (ii) above there still remain Lapsed Rights, the Issuer will satisfy applications made by Employees. Where subscriptions for Lapsed Rights are greater than the number of unallocated New Shares available for allocation, then each application for Lapsed Rights shall be scaled down in accordance with the allocation policy as determined by the Issuer;
- (iv) In the event that following the allocations made pursuant to sections (i), (ii) and (iii) above, there shall still remain Lapsed Rights, the Issuer shall allocate such remaining New Shares to Authorised Financial Intermediaries who would have submitted a Subscription Agreement to acquire Lapsed Rights as detailed in section 8 above and shall be allocated in accordance with the allocation policy as determined by the Issuer, acting in its capacity as Registrar.

9.5 EXPECTED TIMETABLE

1. FAAE mailed to Existing Shareholders	Tuesday, 7 November 2017
2. Commencement of Offer Period	Wednesday, 8 November 2017
3. Closing of Offer Period	Wednesday, 6 December 2017
4. Announcement of basis of acceptance	Friday, 29 December 2017
5. Refunds of unallocated monies (if any)	Friday, 29 December 2017
6. Dispatch of allotment letters	Monday, 8 January 2018
7. Expected date of admission of the New Shares to listing	Tuesday, 9 January 2018
8. Expected date of commencement of trading in the New Shares	Wednesday, 10 January 2018

9.6 BODY CORPORATES/BODIES OF PERSONS

In the case of an Applicant or an Eligible Participant, being a body corporate/body of persons, the Application Form or FAAE (as the case may be) must be signed by a person/s authorised to sign and bind such Applicant or Eligible Participant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such Applicants or Eligible Participants is or are in fact so authorised.

9.7 MINORS

Applications or FAAEs in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a public registry birth certificate of the minor in whose name and for whose benefit the Application Form or FAAE is submitted, provided that a birth certificate is not required if the minor already holds securities which are listed on the MSE. Any New Shares allocated pursuant to such an Application or FAAE shall be registered in the name of the minor as the holder of the New Shares, with dividends payable to the parents/legal guardian/s signing the Application Form or FAAE until such time as the minor attains the age of eighteen (18) years, following which all dividends shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.

9.8 RESULTS OF THE OFFER

The Issuer shall determine and announce (by way of a company announcement) the results of the offer, including the basis of acceptance of all FAAEs and Applications and the allocation policy to be adopted, by latest 29 December 2017.

9.9 OTHER TERMS AND CONDITIONS

The following are additional Terms and Conditions applicable to the Offer:

9.9.1 No person receiving or downloading a copy of the Prospectus or any part thereof, or an Application Form or a FAAE in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event, use such Application Form or FAAE, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form or FAAE could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to invest in the New Shares to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issues, transfer or other taxes required to be paid in such territory.

9.9.2 For the purposes of the *Prevention of Money Laundering and Funding of Terrorism Regulations 2008* and as subsequently amended, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information they hold about clients, pursuant to sections 1.2(d) and 2.4 of the *Member's Code of Conduct*, appended as *Appendix 3.6* in *Chapter 3* of the *MSE Bye Laws*, irrespective of whether the Authorised Financial Intermediaries are MSE members or not. Furthermore, such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 440 of the laws of Malta) for the purposes, and within the terms, of the MSE's Data Protection Policy as published from time to time.

9.10 OVERSEAS SHAREHOLDERS

THE BELOW IS INTENDED AS A GENERAL GUIDE ONLY AND ANY PERSON WHO IS IN DOUBT AS TO HIS/HER POSITION SHOULD CONSULT HIS/HER INDEPENDENT PROFESSIONAL ADVISER WITHOUT DELAY.

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

No person downloading a copy of this document and/or a Form of Acceptance, Authority and Election and/or an Application Form in any territory other than Malta, may treat the same as constituting an invitation or offer to him/her, nor should he/she in any event deal with the Form of Acceptance, Authority and Election and/or Application Form (as the case may be) unless, in the relevant territory, such an invitation or Offer could lawfully be made to him/her or the Form of Acceptance, Authority and Election and/or Application Form (as the case may be) could lawfully be used or dealt with without contravention of any legal or regulatory requirements.

Having considered the circumstances, the Issuer has formed the view (due to the onerous requirements involved in the registration of this Prospectus in any territory other than Malta and/or compliance with the relevant legal

or regulatory requirements) not to send FAAEs to Overseas Shareholders, except where *inter alia* in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.

10. REPRESENTATIONS AND WARRANTIES BY ELIGIBLE PARTICIPANTS AND APPLICANTS

By completing and delivering the FAAE or Application Form (as the case may be), each Eligible Participant or Applicant (as the case may be):

- 10.1 Agrees to have had the opportunity to read the Prospectus and to have had notice of all information and representations concerning the Issuer and the issue of the New Shares contained therein;
- 10.2 Confirms that in completing the FAAE or the Application Form (as the case may be), no reliance was placed on any information or representation in relation to the Issuer or the issue of the New Shares other than those contained in the Prospectus and accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- 10.3 Agrees to provide the Authorised Financial Intermediary, Registrar and/or the Issuer, (as the case may be), any information which they may request in connection with the FAAE or Application Form (as the case may be);
- 10.4 Warrants, in connection with the FAAE or Application Form (as the case may be), to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the FAAE or Application Form (as the case may be), and that he/she has not taken any action which will or may result in the Issuer (including when acting in its capacity as Registrar) acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the New Shares or the FAAE or the Application Form (as the case may be);
- 10.5 Warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- 10.6 Represents that the he/she/it is not a U.S. person (as such term is defined in Regulation “S” under the Securities Act of 1933 of the United States of America, as amended, the “**Securities Act**”) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- 10.7 Acknowledges that the New Shares have not been and will not be registered under the Securities Act and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person;
- 10.8 Warrants that if he/she/it submits a Form of Acceptance, Authority and Election he/she is not a citizen, resident or domicile of an Excluded Territory;
- 10.9 Agrees that all documents in connection with the issue of the New Shares will be mailed at his/her/its own risk and may be sent at the address (or, in the case of joint FAAEs or joint Applications, the address of the first named person) as set out in the FAAE or Application Form (as the case may be);

- 10.10** Warrants that he/she/it is aware that, for the purposes of the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and all subsidiary legislation issued thereunder, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients acquiring the New Shares as is mentioned in sections 1.2(d) and 2.4 of the *Member's Code of Conduct* appended as *Appendix 3.6 to Chapter 3 of the MSE Bye Laws*. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time;
- 10.11** Irrevocably agrees to subscribe, and pay the consideration for, the number of New Shares specified in the FAAE or Application Form, as the case may be, (or any smaller number for which the FAAE or Application Form is accepted) at the Offer Price subject to the provisions of the Prospectus, these Terms and Conditions, the FAAE or Application Form and the Memorandum and Articles;
- 10.12** Authorises the Registrar and the Directors to include the Assignee's or Applicant's name, or in the case of joint FAAEs or joint Applications, the first-named Assignee or Applicant, in the Register of Members (in respect of the New Shares so allocated);
- 10.13** Warrants to have read and understood the contents of the Prospectus and to have had full opportunity to take such advice from an independent financial adviser of choice as considered appropriate before investing in the New Shares;
- 10.14** Warrants that the payment for the New Shares will be honoured on first presentation and agree that, if such payment is not so honoured:
- (i) The Eligible Participant or Applicant, as the case may be, will not be entitled to receive a Registration Advice or to be registered in the Register of Members or to enjoy or receive any rights in respect of such New Shares, unless and until a payment in cleared funds is made for such New Shares and such payment is accepted by the Registrar (which acceptance shall be made at the Registrar's absolute discretion and on the basis that the Eligible Participant or Applicant, as the case may be, indemnifies the Issuer, including in its capacity as Registrar, against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of such remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Registrar of such late payment in respect of such New Shares);
 - (ii) The Issuer may, without prejudice to other rights, treat the agreement to allocate such New Shares as void and may allocate such New Shares to another Eligible Participant/s or Applicant/s, in which case the former Eligible Participant or Applicant will not be entitled to any refund or payment in respect of such New Shares (other than return of such late payment);
- 10.15** Agrees that the Registration Advice and other documents and any monies returnable may be retained pending clearance of remittance and any verification of identity as required in terms of the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder and that such monies will not bear interest;
- 10.16** Agrees that all FAAEs or Applications, acceptances of FAAEs or Applications and contracts resulting therefrom will be governed by, and construed in accordance with Maltese law and that the Eligible Participant or Applicant shall submit to the jurisdiction of the Maltese Courts and agree that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such FAAEs or Applications, acceptances of FAAEs or Applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- 10.17** Warrants that, if the FAAE or Application is signed on behalf of another person or on behalf of a body corporate/body of persons, the person signing the FAAE or Application Form has due authority to do so and

such person or body corporate/body of persons, will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions and undertakes to submit any power of attorney or corporate authority or a copy thereof duly certified by a lawyer or notary public, if so required by the Registrar;

- 10.18** Agrees that, having had the opportunity to read the Prospectus, the Eligible Participant or the Applicant shall be deemed to have had notice of all information and representations concerning the Issuer and the Offer contained therein;
- 10.19** Confirms that in lodging a FAAE or an Application (as the case may be), the Eligible Participant or the Applicant (as the case may be) is not relying on any information or representation in relation to the Issuer or the Offer other than those contained in the Prospectus and accordingly agrees that no person responsible solely or jointly for the FAAE or Application, or any part thereof, will have any liability for any such other information or representation;
- 10.20** Confirms that the restriction contained in paragraph 10.6 above and the warning in paragraph 10.25 below have been reviewed and complied with;
- 10.21** Warrants that s/he is not under the age of 18 years or, if the FAAE or Application is lodged in the name and for the benefit of a minor, warrant that the person/s lodging such FAAE or Application (as the case may be) are the parents or legal guardian/s of the minor;
- 10.22** Agrees that such FAAE or Application Form (as the case may be) is addressed to the Issuer and that, in respect of those New Shares for which your FAAE or Application (as the case may be) has been accepted, the Eligible Participant or Applicant shall receive a Registration Advice confirming such acceptance;
- 10.23** Confirms that in the case of joint Assignee/s or joint Applicant/s, as the case may be, the first-named Assignee or Applicant, as the case may be, shall be deemed to be the holder of the Shares;
- 10.24** Agrees to provide the Registrar with any information which the Registrar may request in connection with the FAAE or Application/s;
- 10.25** Agrees that each of the Sponsors will not treat an Eligible Participant or an Applicant as their customer by virtue of such Eligible Participant or Applicant making an application for New Shares or by virtue of such FAAE or Application to purchase New Shares being accepted and they will not owe the Eligible Participant or the Applicant any duties or responsibilities concerning the Offer Price of the Shares or their suitability thereof;
- 10.26** Warrants that, in connection with the FAAE or Application (as the case may be), the Eligible Participant or the Applicant (as the case may be) has observed all applicable laws, obtained any requisite governmental or other consents, and has not taken any action which will or may result in the Issuer (including in its capacity as Registrar) acting in breach of the regulatory or legal requirements of any territory in connection with the FAAE or the Application; and
- 10.27** Acknowledges that any New Shares which may be allotted to Eligible Participants or to Applicants (as the case may be) will be recorded by the CSD in the MSE account number quoted on the FAAE or the Application Form (as the case may be) even if the details of the Eligible Participant or Applicant (as the case may be), as held by the MSE, differ from any or all of the details appearing on the FAAE or Application Form (as the case may be).

11. REGISTRATION, REPLACEMENT, TRANSFER AND EXCHANGE

- 11.1** The Register of Members will be kept by the Issuer at the CSD, wherein there will be entered the names and addresses of the holders of the Shares (including the New Shares). A copy of such register will, at reasonable times during business hours, be open for inspection at the registered office of the Issuer for the purpose of inspecting information held on their respective account.
- 11.2** The New Shares shall be maintained in book-entry form in an electronic register maintained on behalf of the Issuer at the CSD. The New Shares shall accordingly be evidenced by a book-entry in the Register of Members held by the CSD. Statements of holdings and/or Registration Advices issued by the CSD will be regulated in terms of the e-portfolio service offering of the CSD. To this extent, the Shareholders are expected to liaise directly with the CSD on this matter.
- 11.3** New Shares may be transferred only in whole in accordance with the rules and procedures applicable from time to time in respect of the Official List.
- 11.4** Any person becoming entitled to the Shares in consequence of the death or bankruptcy of a Shareholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the MSE, elect either to be registered himself/herself as Shareholder or to have another person nominated by him/her to be registered as the transferee thereof. If the person so becoming entitled elects to be registered himself/herself, he/she shall deliver or send to the Issuer a notice in writing signed by him/her stating that he/she so elects. If he/she elects to have another person registered he/she shall testify his/her election by executing to that person a transfer of those Shares.
- 11.5** All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Shares and to any applicable laws and regulations.
- 11.6** The cost and expenses of affecting any exchange or registration of transfer or transmission except for the expenses of delivery other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Shareholder.
- 11.7** Upon submission of an Application Form or FAAE, the Eligible Participants or Applicants (as the case may be) who opt to subscribe for the online e-portfolio by ticking the appropriate box on the Application Form or FAAE (as the case may be) will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Shareholder's statement of holdings evidencing entitlement to Shares held in the Register of Members and Registration Advices evidencing movements in such Register of Members, will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/> Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>

12. LISTING AND TRADING OF THE NEW SHARES

Application has been made for the New Shares to be admitted to the Official List. The New Shares are expected to be admitted to the Official List on 9 January 2018 and trading is expected to commence with effect from 10 January 2018.

13. EXPENSES OF THE OFFER

The selling commissions and legal, publicity, printing, Sponsors, and other miscellaneous fees and expenses in connection with the Offer are estimated not to exceed €1.06 million and will be borne by the Issuer. Listing fees amounting to €143,000 will also be borne by the Issuer.

14. TAXATION

Prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation and implications which may be applicable to them in respect of the Shares, including their acquisition, holding, disposal as well as any income or gains derived therefrom or made on their disposal. The following information of the anticipated tax treatment applicable to investors is applicable only in so far as taxation in Malta is concerned and in so far as the investors do not deal in Shares in the course of their normal trading activities. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation as known to the Issuer at the date of this Prospectus. Investors are reminded that tax law and practice and their interpretation, as well as the levels of tax, may change from time to time.

This information is being given solely as a general guide. The precise implications for investors will depend, on their particular individual circumstances, and thus professional advice in this respect should be sought accordingly.

14.1 TAXATION STATUS OF THE ISSUER

The Issuer, being a company incorporated and resident for tax purposes in Malta, is subject to income tax in Malta on a worldwide basis. The Issuer is subject to income tax at the standard rate of 35 per cent. Certain capital gains as specified in Maltese tax law are also subject to tax, however, the applicable tax rate and the method with which the tax is calculated may vary depending on the asset being transferred.

14.2 TAX ON DIVIDENDS

Maltese income tax legislation operates a full imputation system. This means that profits are first taxed in the hands of the company, however, when distributed to shareholders, the dividend will carry an imputation credit of the tax paid by the company on the profits so distributed. A shareholder is normally entitled to claim a refund of the difference between the tax payable on the grossed-up dividend and the tax paid by the company distributing the dividend but in some cases the amount of refund may be limited depending on the status and level of income of the recipient.

Dividends distributed to individual shareholders resident in Malta, from untaxed profits are subject to 15 per cent withholding tax which may be treated as a final tax at the option of the recipient shareholders. Such withholding tax may also apply to distributions made to non-resident persons in specific circumstances including when the non-Maltese resident shareholder is owned and controlled directly, or indirectly, by an individual who is ordinarily resident and domiciled in Malta. Accordingly, the Issuer will withhold this 15 per cent tax from the amount of the dividend and will remit same to the Commissioner for Revenue.

All other dividends distributed to Shareholders are not subject to any further tax in Malta, whether by way of withholding or otherwise.

14.3 TAX ON CAPITAL GAINS

In accordance with current legislation, for as long as the Shares remain listed on the MSE, no income tax on capital gains is payable in Malta on any transfer of these Shares.

14.4 DUTY ON DOCUMENTS AND TRANSFERS

In accordance with current legislation, for as long as the Shares remain listed on the MSE, no duty on documents and transfers is payable in Malta on any transfer of these Shares.

THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THE PROSPECTUS. PROSPECTIVE INVESTORS ARE CAUTIONED THAT TAX LAW AND PRACTICE AND THE LEVELS OF TAX RELATING TO THE ISSUER AND ITS SHAREHOLDERS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE INVESTORS ARE THEREFORE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF THE SHARES, AS WELL AS DIVIDEND PAYMENTS MADE BY THE ISSUER. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO INVESTORS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

15. DILUTION

The implementation of the capital increase through the Offer will result in the issued share capital of the Bank increasing by 25% provided the Offer is taken up in full.

Existing Shareholders who accept their Proportionate Entitlement in full will suffer no dilution to their interests in the Bank. However, Existing Shareholders who do not take up any of their Rights to subscribe for the New Shares will suffer an immediate dilution of 20% in their interests in the Bank if the Offer is taken up in full.

ANNEX 1 – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	25603000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	22751732
Calamatta Cuschieri & Co Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara	25688130
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	21224106
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Financial Planning Services Ltd	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421	21344244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	21220002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta' Xbiex XBX 1403	21342342
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	21322872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	23265696
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	25581806
Mediterranean Bank plc	The Centre, Tigné Point, Sliema TPO 0001	25574400
Mercieca Financial Investment Services Ltd	Mercieca, John F. Kennedy Square, Victoria, Gozo VCT 2580	21553892
MFSP Financial Management Ltd	220, Immaculate Conception Street, Msida MSD 1838	21332200
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2550	21554492

MZ Investment Services Ltd	61, St Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	22583000

ANNEX 2 – FORMS OF ACCEPTANCE, AUTHORITY AND ELECTION

BOV Bank of Valletta

FAAE A - ALL

Rights Issue of 1 New Share for every 4 Existing Shares at an Offer Price of €1.43 per New Share

FORM OF ACCEPTANCE, AUTHORITY AND ELECTION (“FAAE”) - A

Your Rights to the New Shares of Bank of Valletta p.l.c. are as follows:

I	Existing Shareholder/s:	MSE Account Number:
		I.D. Card Number:
		Shareholding as at 26 October 2017 (<i>Record Date</i>)
	Proportionate Entitlement to New Shares <i>(Fractional share Rights are rounded down to the nearest whole share)</i>	

By signing this **FAAE A** and returning it to an Authorised Financial Intermediary by 6 December 2017 at 14:00 hours, you will be confirming your election to take up **ALL** your Rights.

<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO <small>(mobile number mandatory for e-portfolio registration)</small>	Mobile No:
---	------------

II I/We accept to purchase and acquire **ALL** of my/our Proportionate Entitlement to New Shares:

A	PROPORTIONATE ENTITLEMENT TO NEW SHARES	AMOUNT PAYABLE <small>(€1.43 per New Share)</small>

Furthermore, I/we accept to purchase and acquire Lapsed Rights, if available, in addition to my/our Proportionate Entitlement to New Shares:

B	NUMBER OF LAPSED RIGHTS <small>(in figures)</small>	NUMBER OF LAPSED RIGHTS <small>(in words)</small>	AMOUNT PAYABLE <small>(€ 1.43 per New Share)</small>
			€

Mandatory if Panel B has been completed - Total Number of New Shares (Box A + Box B)

C	TOTAL NUMBER OF NEW SHARES <small>(in figures)</small>	TOTAL NUMBER OF NEW SHARES <small>(in words)</small>	TOTAL AMOUNT PAYABLE <small>(€ 1.43 per New Share)</small>
			€

D	DIVIDEND & REFUND MANDATE	
	Bank	IBAN

I/We hereby declare that I/we have fully understood the instructions for the completion of this FAAE and am/are making this FAAE solely on the basis of the Prospectus dated 30 October 2017, and subject to the Terms & Conditions contained therein which I/we fully accept.

Signature/s of Existing Shareholder/s

Date

(Parent/s or legal guardian/s is/are to sign if Existing Shareholder is a minor)
(All parties are to sign in the case of joint Existing Shareholders)
(Authorised representatives to sign in the case of a body corporate / body of persons)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER				
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Rights Issue of 1 New Share for every 4 Existing Shares at an Offer Price of €1.43 per New Share
FORM OF ACCEPTANCE, AUTHORITY AND ELECTION ("FAAE") - B

Your Rights to the New Shares of Bank of Valletta p.l.c. are as follows:

I Existing Shareholder/s:	MSE Account Number:
	I.D. Card Number:
	Shareholding as at 26 October 2017 (<i>Record Date</i>)
Proportionate Entitlement to New Shares <i>(Fractional share Rights are rounded down to the nearest whole share)</i>	

By completing the relevant boxes, signing this **FAAE B** and returning it to an Authorised Financial Intermediary by 6 December 2017 at 14:00 hours, you confirm your election to: (i) take up only **PART** and **ASSIGN** or **LAPSE** the remaining part of your Rights to the New Shares; or (ii) **ASSIGN ALL** of your Rights; or (iii) **ASSIGN PART** and **LAPSE** the remaining Rights, as applicable.

<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number mandatory for e-portfolio registration)	Mobile No:
--	------------

II I/We accept to purchase and acquire **PART** of my/our Proportionate Entitlement to New Shares:

A* PARTIAL TAKE UP (<i>where applicable</i>)		
NUMBER OF NEW SHARES <i>(in figures)</i>	NUMBER OF NEW SHARES <i>(in words)</i>	AMOUNT PAYABLE <i>(€1.43 per New Share)</i>
		€
DIVIDEND & REFUND MANDATE		
Bank	IBAN	

I/we accept to assign **ALL** or **PART OF** the Rights as follows:

B* ASSIGN (<i>where applicable</i>)		
NUMBER OF NEW SHARES <i>(in figures)</i>	NUMBER OF NEW SHARES <i>(in words)</i>	AMOUNT PAYABLE <i>(€1.43 per New Share)</i>
		€

C* BALANCE OF NEW SHARES NOT TAKEN UP (<i>if any</i>)	
<i>(in figures)</i>	<i>(in words)</i>

** The total number of New Shares as added up in Panels A, B & C above, needs to be equal to the Proportionate Entitlement to New Shares as pre-printed in Panel I above.*

I/We hereby declare that I/we have fully understood the instructions for the completion of this FAAE and am/are making this FAAE solely on the basis of the Prospectus dated 30 October 2017, and subject to the Terms & Conditions contained therein which I/we fully accept.

Signature/s of Existing Shareholder/s _____
Date
(Parent/s or legal guardian/s is/are to sign if Existing Shareholder is a minor)
(All parties are to sign in the case of joint Existing Shareholders)
(Authorised representatives to sign in the case of a body corporate / body of persons)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP 	AUTHORISED FINANCIAL INTERMEDIARY'S CODE <table style="margin: auto;"> <tr> <td style="width: 20px; height: 20px; border: 1px solid black;"></td> <td style="width: 20px; height: 20px; border: 1px solid black;"></td> <td style="width: 20px; height: 20px; border: 1px solid black;"></td> <td style="width: 20px; height: 20px; border: 1px solid black;"></td> </tr> </table>					APPLICATION NUMBER

FAAE B - SPLIT / ASSIGN (continuation)

Declaration by assignee/s

I/We have irrevocably agreed to acquire a portion of the Rights of the Existing Shareholder/s to the New Shares as detailed below:

III DECLARATION OF ASSIGNEE/S			
1. Title (Mr/Mrs/Ms/...)	Full Name & Surname / Registered Name		
Address (including post code)			
MSE A/C No. (if applicable)	ID Card/Passport/Co Reg No.	Tel. No.	<input type="checkbox"/> Non-Resident <input type="checkbox"/> Minor <input type="checkbox"/> Body Corporate / Body of Persons
TOTAL NUMBER OF NEW SHARES <i>(in figures)</i>	TOTAL NUMBER OF NEW SHARES <i>(in words)</i>	AMOUNT PAYABLE <i>(€1.43 per New Share)</i> €	
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO <small>(mobile number mandatory for e-portfolio registration)</small>			Mobile No:
DIVIDEND & REFUND MANDATE <small>(completion of this field is mandatory)</small>			
Bank	IBAN		

DECLARATION OF ASSIGNEE/S			
2. Title (Mr/Mrs/Ms/...)	Full Name & Surname / Registered Name		
Address (including post code)			
MSE A/C No. (if applicable)	ID Card/Passport/Co Reg No.	Tel. No.	<input type="checkbox"/> Non-Resident <input type="checkbox"/> Minor <input type="checkbox"/> Body Corporate / Body of Persons
TOTAL NUMBER OF NEW SHARES <i>(in figures)</i>	TOTAL NUMBER OF NEW SHARES <i>(in words)</i>	AMOUNT PAYABLE <i>(€1.43 per New Share)</i> €	
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO <small>(mobile number mandatory for e-portfolio registration)</small>			Mobile No:
DIVIDEND & REFUND MANDATE <small>(completion of this field is mandatory)</small>			
Bank	IBAN		

IV MINOR'S PARENTS/LEGAL GUARDIANS		
1. Title (Mr/Mrs/Ms/...)	Full Name & Surname	ID Card/Passport Number
2. Title (Mr/Mrs/Ms/...)	Full Name & Surname	ID Card/Passport Number

I/We hereby declare that I/we have fully understood the instructions for the completion of this FA AE and am/are making this FA AE solely on the basis of the Prospectus, and subject to the Terms & Conditions contained therein which I/we fully accept.

Signature/s of Assignee/s

*(Parent/s or legal guardian/s is/are to sign if Assignee is a minor)
(All parties are to sign in the case of joint Assignees)
(Authorised representatives to sign in the case of a body corporate / body of persons)*

Date

**ADDENDUM TO
FAAE B
SPLIT / ASSIGN**

DETAILS OF ORIGINAL FAAE B	
Name of Existing Shareholder/s	
I.D. Card / Passport No.	
Application No.	

Declaration by assignee/s

I/We have irrevocably agreed to acquire a portion of the Rights of the Existing Shareholder/s to the New Shares as detailed below:

V DECLARATION OF ASSIGNEE/S			
1. Title (Mr/Mrs/Ms/...)		Full Name & Surname / Registered Name	
Address (including post code)			
MSE A/C No. (if applicable)	ID Card/Passport/Co Reg No.	Tel. No.	<input type="checkbox"/> Non-Resident <input type="checkbox"/> Minor <input type="checkbox"/> Body Corporate / Body of Persons
TOTAL NO. OF NEW SHARES (in figures)	TOTAL NUMBER OF NEW SHARES (in words)		AMOUNT PAYABLE (€1.43 per New Share) €
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number mandatory for e-portfolio registration)			Mobile No:
DIVIDEND & REFUND MANDATE (completion of this field is mandatory)			
Bank		IBAN	
DECLARATION OF ASSIGNEE/S			
2. Title (Mr/Mrs/Ms/...)		Full Name & Surname / Registered Name	
Address (including post code)			
MSE A/C No. (if applicable)	ID Card/Passport/Co Reg No.	Tel. No.	<input type="checkbox"/> Non-Resident <input type="checkbox"/> Minor <input type="checkbox"/> Body Corporate / Body of Persons
TOTAL NO. OF NEW SHARES (in figures)	TOTAL NUMBER OF NEW SHARES (in words)		AMOUNT PAYABLE (€1.43 per New Share) €
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO (mobile number mandatory for e-portfolio registration)			Mobile No:
DIVIDEND & REFUND MANDATE (completion of this field is mandatory)			
Bank		IBAN	
VI MINOR'S PARENTS/LEGAL GUARDIANS			
1. Title (Mr/Mrs/Ms/...)		Full Name & Surname	ID Card/Passport Number
2. Title (Mr/Mrs/Ms/...)		Full Name & Surname	ID Card/Passport Number

I/We hereby declare that I/we have fully understood the instructions for the completion of this FAAE and am/are making this FAAE solely on the basis of the Prospectus dated 30 October 2017, and subject to the Terms & Conditions contained therein which I/we fully accept.

Signature/s of Assignee/s

Signature/s of Existing Shareholder/s

Date

(Parent/s or legal guardian/s is/are to sign if Assignee is a minor)

(All parties are to sign in the case of joint Assignees)

(Authorised representatives to sign in the case of a body corporate / body of persons)

INSTRUCTIONS SHEET

RIGHTS ISSUE OF 105,000,000 NEW SHARES AT AN OFFER PRICE OF €1.43 PER NEW SHARE

Instructions for completion

FORM OF ACCEPTANCE, AUTHORITY AND ELECTION (“FAAE”)

IMPORTANT: READ THE FOLLOWING INSTRUCTIONS CAREFULLY
BEFORE COMPLETING THE RELEVANT FAAE

1. The following is to be read in conjunction with the Prospectus dated 30 October 2017 (the “**Prospectus**”). Unless otherwise defined herein, the capitalised terms used in the FAAE have the same meaning as that assigned to them in the Prospectus.
2. There are two (2) FAAEs:
 - a. ‘**FAAE A – ALL**’ is to be completed by the Existing Shareholder/s wishing to **TAKE UP ALL** of his/her entitlement with the option to apply for Lapsed Rights;
 - b. ‘**FAAE B- SPLIT / ASSIGN**’ is to be completed by the Existing Shareholders wishing to: (i) take up only **PART** and **ASSIGN** or **LAPSE** the remaining part of his/her Rights to the New Shares; or (ii) **ASSIGN ALL** of the Rights; or (iii) **ASSIGN PART** and **LAPSE** the remaining Rights to New Shares;
3. The FAAE is to be completed in **BLOCK LETTERS**.
4. The relevant FAAE/s must be accompanied by payment **IN CLEARED FUNDS AND NET OF BANK TRANSFER CHARGES** for the amount in Euro of the New Shares subscribed for. Payment may be made by cheque, SWIFT or account transfer and shall be made to the Authorised Financial Intermediary as per instructions received by Eligible Participants.
5. Existing Shareholders shall receive any dividends payable to them by the Issuer directly in a bank account as pre-printed in Panel IID of FAAE A and Panel IIA of FAAE B as applicable (such bank account represents the dividend mandate as held by the Issuer in the Register of Members as at the Cut-Off Date). Assignees shall receive any dividends payable to them by the Issuer directly in a bank account held locally in Euro and which is to be inserted by Assignees in the ‘Dividend & Refund Mandate’ found in Panel III of FAAE B.
6. FAAEs may be accepted by Authorised Financial Intermediaries between and including 08:30 hours on 8 November 2017 and 14:00 hours on 6 December 2017 (the “**Offer Period**”). The Issuer, through the Registrar, may reject any FAAE/s:
 - a. received after the Offer Period closes; and/or
 - b. for which funds are still uncleared after the Offer Period closes; and/or
 - c. which is/are in breach of the Terms and Conditions as defined and set out in the Prospectus.

Eligible Participants are to ensure that payment for the exercise of Rights reach the respective Authorised Financial Intermediary **NET OF BANK CHARGES**.

7. Each FAAE has been pre-printed with details of Existing Shareholders/s appearing on the Issuer’s Register of Members as at the Record Date.
8. With respect to **FAAE A – ALL**, Existing Shareholders wishing to take up their Proportionate Entitlement in full need only sign and submit the FAAE A to an Authorised Financial Intermediary. Where Existing Shareholders opt to take up their Proportionate Entitlement in full and wish to subscribe for any Lapsed Rights, Panels IIB and IIC need to be completed.

- 9 With respect to **FAAE B – SPLIT / ASSIGN**, Existing Shareholders wishing to accept their Proportionate Entitlement in part need to complete Panel IIA and IIC. Where an Existing Shareholder wishes to assign part or all of his Proportionate Entitlement, Panel IIB needs also to be completed and details of the Assignee/s need to be inserted in Panel III.
- 10 Non-resident Assignee/s must indicate their passport number in Panel III of **FAAE B – SPLIT / ASSIGN** as applicable and tick the appropriate box accordingly.
- 11 In the case of an Existing Shareholder or an Assignee who is a minor, the respective FAAE shall be signed by the parents or the legal guardian/s as applicable. A Public Registry birth certificate must be provided only where an Assignee is a minor and does not hold securities listed on the MSE. The relative box in Panel III of **FAAE B – SPLIT / ASSIGN** shall be marked accordingly and details of the parents or legal guardian/s shall be inserted in Panel IV.
- 12 In the case where an Eligible Participant is a body corporate, the respective FAAE must be signed by the duly authorised representatives indicating the capacity in which they are signing and shall bind that body corporate. Where an Assignee/s under FAAE B is a body corporate, the exact registered name and registration number are to be inserted in Panel III and the appropriate box ticked accordingly.
- 13 ASSIGNEES WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL III OF FAAE B - SPLIT / ASSIGN. ASSIGNEES ARE HEREBY NOTIFIED THAT ANY SHARES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE FAAE B – SPLIT / ASSIGN. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE ASSIGNEE TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.**
- 14 Where an Existing Shareholder wishes to assign Rights to more than two Assignees, an addendum (in the form of a continuation sheet of **FAAE B – SPLIT / ASSIGN**) shall be supplied by the Registrar through the Authorised Financial Intermediary and this needs to be also signed by the Existing Shareholder/s and Assignee/s as applicable.
- 15 Completed FAAEs are to be delivered to any Authorised Financial Intermediary listed in Annex 1 of the Prospectus. Remittances by post are made at the risk of the Existing Shareholder/s and or Assignee/s. The Issuer and the Registrar disclaim all responsibility for any such remittance not received by the Rights Issue Closing Period.
- 16 Should any FAAE be lost or destroyed or otherwise defaced and/or invalidated, the Existing Shareholder/s shall contact the Registrar through any Authorised Financial Intermediary who will provide a duplicate of the FAAE to be used in such instance.
- 17 By completing and delivering an FAAE each Existing Shareholder/s and Assignee/s acknowledges that:
 - a. the Authorised Financial Intermediary, Registrar and/or the Issuer may process the personal data in the FAAE in accordance with the Data Protection Act (Cap. 440 of the laws of Malta);
 - b. the Authorised Financial Intermediary, Registrar and/or the Issuer may process such personal data for all purposes necessary for and related to the Rights Issue;
 - c. they have the right to request access to and rectification of the personal data relating to him/her, as processed by the Authorised Financial Intermediary, Registrar and/or the Issuer. Any such request must be signed by the Existing Shareholder/s and/or Assigned/s and made in writing to the CSD at the Malta Stock Exchange; and
 - d. all terms and conditions of the Prospectus, including but not limited to the undertakings, representations and warranties contained therein, have been read and understood.

The value of investments may increase as well as decrease and past performance is not an indication of future performance. Prospective investors are urged to read the Prospectus with particular reference to the sections entitled “Risk Factors” as contained in the Prospectus. Prospective Investors should seek independent financial advice before deciding to invest in the New Shares.

Notes on how to complete this Application Form and other information

Capitalised terms not used herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus dated 30 October 2017 (the "Prospectus"). The following notes are to be read in conjunction with the Prospectus regulating the Offer.

1. This Application is governed by the Terms and Conditions of Application contained in the Securities Note dated 30 October 2017 forming part of the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS.
3. **In the case of an Application by more than one person, full details of the joint applicant/s including I.D. Card Number/s, must be given in Panel B. The person whose name appears in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the New Shares (vide note 4 below) and said registered holder must therefore be the Employee. Dividends, if any, will be paid by direct credit to the bank account (which must be a Euro denominated bank account held with a local bank) bearing an IBAN (which must be a valid one) indicated by the Applicant in Panel D, or to such other bank account indicated by the Shareholder/s to the MSE.**
4. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL A. APPLICANTS ARE TO NOTE THAT ANY NEW SHARES ALLOTTED TO THEM WILL BE RECORDED BY THE MSE IN THE MSE ACCOUNT QUOTED IN THIS APPLICATION FORM EVEN IF THE DETAILS OF THE APPLICANT, AS HELD BY THE CSD, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE AFFECTED.**

Upon submission of an Application Form, Shareholders who opt to have an online e-portfolio facility (by marking the relative box in Panel A), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Shareholder's statement of holdings evidencing entitlement to Shares held in the Register of Members and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>
5. Applications must be for a minimum of 1,000 New Shares and thereafter in multiples of 100 New Shares.
6. Applications must be accompanied by the relevant subscription monies in Euro, corresponding to the number of Lapsed Rights applied for.
7. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex 1 of the Prospectus during normal office hours by not later than 14:00 hours on 6 December 2017. Applications received after this date will not be accepted. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing of the subscription lists.
8. If any Application is not accepted or is accepted for fewer New Shares than those applied for, the monies or the balance of the amount paid but not allocated as the case may be, will be returned by direct credit into the bank account as indicated in Panel D.
9. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions as contained in the Prospectus.
10. By completing and delivering an Application Form you, as the Applicant/s, acknowledge that:
 - a. the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the laws of Malta);
 - b. the Issuer may process such personal data for all purposes necessary for and related to the New Shares applied for; and
 - c. you have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the CSD. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments may increase as well as decrease and past performance is not an indication of future performance. Prospective investors are urged to read the Prospectus with particular reference to the sections entitled "Risk Factors" as contained in the Prospectus. Prospective Investors should seek independent financial advice before deciding to invest in the new shares.

Notes on how to complete this Application Form and other information

Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus dated 30 October 2017 (the "Prospectus"). The following notes are to be read in conjunction with the Prospectus regulating the Offer.

1. This Application is governed by the Terms and Conditions of the Offer contained in the Securities Note dated 30 October 2017 forming part of the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS and Applicants are to insert full personal details in Panel B.
3. In the case of an Application by more than one person full details of all individuals, including I.D. Card Numbers, must be given in Panels B and C. **The person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the New Shares (vide note 7 below). Dividends, if any, will be paid by direct credit to the bank account (which must be a Euro denominated bank account held with a local bank) bearing the IBAN (which must be a valid one) indicated by the Applicant in Panel F, or to such other bank account indicated by the Shareholder/s to the MSE.**
4. Applicants who are non-resident in Malta for tax purposes must indicate their passport number in Panel B and the relative box in Panel A must also be marked appropriately.
5. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a public registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted (the birth certificate is not required if the minor already holds securities which are listed on the MSE). The relative box in Panel A must also be marked appropriately. Any New Shares allocated pursuant to such an Application shall be registered in the name of the minor as Shareholder, with dividends (if any) payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which any dividends shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. In the case that the Issuer has not been notified in writing that the minor has attained eighteen (18) years of age, any dividends will continue to be paid by the Issuer to the parents or legal guardian/s of the minor.
6. In the case of a body corporate, the name of the entity (exactly as registered with the Registry of Companies) and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives of the body corporate/body of persons indicating the capacity in which he/she/they are signing. The relative box in Panel A must also be marked appropriately.
7. **APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY NEW SHARES ALLOTTED TO THEM WILL BE RECORDED BY THE MSE IN THE MSE ACCOUNT QUOTED IN THIS APPLICATION FORM EVEN IF THE DETAILS OF THE APPLICANT, AS HELD BY THE CSD, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE AFFECTED.**

Upon submission of an Application Form, Shareholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Shareholder's statement of holdings evidencing entitlement to Shares held in the Register of Members and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further detail on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>
8. Applications must be for a minimum of 1,000 New Shares and thereafter in multiples of 100 New Shares.
9. Applications must be accompanied by the relevant subscription amount in Euro, corresponding to the number of Lapsed Rights applied for. In the event that the cheque accompanying an Application Form to be made payable to 'The Registrar - Bank of Valletta p.l.c.' is not honoured on the first presentation, the Issuer, the Registrar and any Authorised Financial Intermediary reserve the right to invalidate the relative Application.
10. Authorised Financial Intermediaries are to submit completed Application Forms representing the total amount allocated in terms of the subscription agreement with respect to the Intermediaries Offer as mentioned in Section 8 of the Securities Note by latest 14:00 hours on 6 December 2017.
11. In terms of the Subscription Agreement with respect to the Intermediaries Offer, an Authorised Financial Intermediary may, at its sole discretion, not accept an Application or accept an Application for fewer New Shares than those applied for.
12. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Offer as contained in the Prospectus.
13. By completing and delivering an Application Form you, as the Applicant/s acknowledge that:
 - a. the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the laws of Malta);
 - b. the Issuer may process such personal data for all purposes necessary for and related to the New Shares applied for; and
 - c. you have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the CSD. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments may increase as well as decrease and past performance is not an indication of future performance. Prospective investors are urged to read the Prospectus with particular reference to the sections entitled "Risk Factors" as contained in the Prospectus. Prospective Investors should seek independent financial advice before deciding to invest in the new shares.



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The Directors
Bank of Valletta p.l.c.
58, Zachary Street
Valletta, VLT 1130
Malta

25 October 2017

Dear Sirs,

Accountant's Report on the Prospective Financial Information of Bank of Valletta p.l.c.

We report on the prospective financial information of Bank of Valletta p.l.c., which cover the three-month period 1 October 2017 to 31 December 2017 (hereinafter referred to as the "Prospective Financial Information" or the "Forecasts"). The Prospective Financial Information has been approved by the Bank on 19 October 2017 and is set out in section 10.2 of Bank of Valletta p.l.c.'s Registration Document under the columns marked as 'Forecast' in the 'Statements of Profit or Loss' and in the 'Statements of Financial Position'. The Registration Document is expected to be issued in November 2017.

Director's Responsibility

It is the Director's responsibility to prepare the Prospective Financial Information, together with the material assumptions on which they are based, in accordance with the requirements of Commission Regulation (EC) No 809/2004 of 29 April 2004, as subsequently amended.

Accountants' Responsibility

It is our responsibility to provide the opinion required by Annex IV item 9.2 of EU Regulation EC809/2004.

Since the Prospective Financial Information and the assumptions on which they are based relate to the future they may be affected by unforeseen events. The variation between forecast and actual results may be material. We are not required to express, nor do we express, any opinion on the possibility of achievement of the results set out in the Prospective Financial Information or on the underlying assumptions.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not



Bank of Valletta p.l.c.

Accountant's Report on the Prospective Financial Information of Bank of Valletta p.l.c.
25 October 2017

assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report.

Work performed

We have carried out our work in accordance with ISAE 3000, "Assurance Engagement other than Audits or Reviews of Historical Financial Information".

Our work included an evaluation of the procedures undertaken by the Directors in compiling the Prospective Financial Information, and the consistency of the Prospective Financial Information with the accounting policies of Bank of Valletta p.l.c.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Prospective Financial Information has been properly compiled on the basis of the underlying stated assumptions set out under the section entitled 'Introduction to the Forecasts' in section 10.2 of the above mentioned Registration Document.

Opinion

In our opinion:

- a) The Prospective Financial Information of Bank of Valletta p.l.c. for the three month period 1 October 2017 to 31 December 2017 has been properly compiled on the basis of the underlying stated assumptions; and
- b) The basis of accounting is consistent with the accounting policies of Bank of Valletta p.l.c.

Without qualifying our opinion, we draw attention to the fact that the Prospective Financial Information is not intended to, and does not, provide all the information and disclosures necessary and does not purport to give a true and fair value of the results of the operations and the financial position of Bank of Valletta p.l.c. in accordance with International Financial Reporting Standards as adopted by the EU.

This opinion is solely intended to be relied upon by you for the purposes of the Registration Document, which Registration Document is expected to be issued in November 2017. Readers are cautioned that the Prospective Financial Information may not be appropriate for purposes other than that described above.

Yours sincerely

David Caruana (Partner) for and on behalf of

KPMG

Certified Public Accountants