SUMMARY NOTE
DATED 18 MAY 2015

This Summary Note is issued in accordance with the provisions of Chapter 4 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of the 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014.

Issue of €12,000,000 4.5% Unsecured Bonds 2025

of a nominal value of €100 per Bond issued at par by

izola Bank

Izola Bank p.l.c.

(a public limited liability company registered under the laws of Malta with registration number C 16343)

ISIN:- MT0000531211

Legal Counsel

CAMILLERI PREZIOSI ADVOCATES

Sponsor, Manager & Registrar

CHARTS WEALTH MANAGEMENT • CORPORATE BROKING

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

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APPROVED BY THE DIRECTORS

Andrew Mifsud
on behalf of

Magdalena De Roeck, Caroline Van Marcke,
Joseph Caruana, Francis X. Gouder, Charles Hertogs, Guido Mizzi, Patrick H. Van Leynseele

IMPORTANT INFORMATION

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION IN RELATION TO IZOLA BANK P.L.C. (THE "**ISSUER**"), ITS BUSINESS AND THE SECURITIES BEING ISSUED IN TERMS OF THE PROSPECTUS. THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH: (A) THE COMPANIES ACT, (CAP. 386 OF THE LAWS OF MALTA) AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS (AS AMENDED BY COMMISSION DELEGATED REGULATION (EU) NO. 486/2012 OF 30 MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4 JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30 APRIL 2013 AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7 MARCH 2014); AND (B) THE RULES AND REGULATIONS APPLICABLE TO THE ADMISSION OF SECURITIES ON THE OFFICIAL LIST.

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IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY AND THE MALTA STOCK EXCHANGE, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES. APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE APPROVAL OF THE PROSPECTUS AND FOR THE ADMISSION OF THE ISSUER'S BONDS ON A REGULATED MARKET. APPLICATION HAS ALSO BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST. **A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES ISSUED BY THE ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.**

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THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE WITH RESPECT TO THE BOND ISSUE, YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISER LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

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

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 HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.

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

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1– E.7). This Summary Note contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

In this Summary Note the following words and expressions shall bear the following meanings except where the context otherwise requires:

Act	the Companies Act (Cap. 386 of the Laws of Malta);
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to any of the Authorised Financial Intermediaries;
Application Form	the form of application of subscription for Bonds, a specimen of which is contained in Annex II of the Securities Note;
Authorised Financial Intermediaries	the licensed stockbrokers listed in Annex I of the Securities Note;
Bond(s)	the €12,000,000 unsecured bonds of a face value of €100 per bond bearing interest at the rate of 4.5% per annum and redeemable on the Redemption Date at their nominal value;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Issue Price	the price of €100 per Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
CSD	the Central Securities Depository of the Malta Stock Exchange, having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Cut-Off Date	close of business on 18 May 2015;
Directors or **Board**	the board of directors of the Issuer is composed of: Magdalena De Roeck, Caroline Van Marcke, Joseph Caruana, Francis X. Gouder, Charles Hertogs, Guido Mizzi and Patrick H. Van Leynseele;
Euro or **€**	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
Existing Noteholder	a holder of Maturing Notes as at the Cut-Off Date;

Group	the Van Marcke group of companies, the ultimate group holding company of which is VMKG PLLC, a company registered in Belgium with company number 0447.152.677;
Interest Payment Date	30 June of each year between and including each of the years 2016 and the year 2025, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next day that is a Business Day;
Intermediaries' Offer	the Issuer may enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of Bonds on 12 June 2015;
Issue Date	expected on 30 June 2015;
Issuer or **Bank**	Izola Bank p.l.c., a public limited liability company registered under the Laws of Malta with company registration number C 16343 and having its registered office at 53/58, East Street, Valletta VLT 1251, Malta;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules of the Listing Authority;
Maturing Note Transfer	the subscription for Bonds by an Existing Noteholder settled, after submitting the appropriate pre-printed Application Form (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Maturing Notes held by such Existing Noteholder as at the Cut-Off Date;
Maturing Notes	the 5.35% secured notes 2015 (ISIN MT0000531203) redeemable on 30 June 2015, amounting as at the date of the Prospectus to €9,000,000, issued by the Issuer pursuant to a prospectus dated 10 June 2010;
MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Placement Agreement	the Issuer has entered into conditional placement agreements with Authorised Financial Intermediaries whereby a maximum amount of €3 million in value of Bonds has been made available for subscription on 12 June 2015;
Prospectus	collectively, the Registration Document, the Securities Note and this Summary Note;
Prospectus Directive	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 and amending Directive 2001/34/EC, as may be amended from time to time;
Redemption Date	30 June 2025;
Redemption Value	the nominal value of each Bond (€100 per Bond);
Registration Document	the Registration document issued by the Issuer dated 18 May 2015, forming part of the Prospectus;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014;
Securities Note	the securities note issued by the Issuer dated 18 May 2015, forming part of the Prospectus;
Sponsor	Charts Investment Management Service Limited, an authorised financial intermediary licensed by the MFSA and a Member of the MSE;
Summary Note	this summary note issued by the Issuer dated 18 May 2015, forming part of the Prospectus;
Terms and Conditions	the terms and conditions of the Bond Issue, a summary of which is included in Element E.3.

SECTION A INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

i. This summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this document. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;

ii. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and

iii. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities.

A.2 **Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries.**

Prospective investors are hereby informed that:

i. for the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

  a. in respect of Bonds subscribed for through Authorised Financial Intermediaries in terms of the Placement Agreement and during the Intermediaries' Offer;

  b. to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta;

  c. to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

ii. **in the event of a resale or placement of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall be responsible to provide information to investors on the terms and conditions of the resale or placement at the time such is made.**

SECTION B ISSUER

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

B.2 The Issuer was registered in Malta on 8 June 1994 and is a public limited liability company. The Issuer is domiciled in Malta.

B.4b The Issuer is licensed by the MFSA under the Banking Act (Cap. 371 of the Laws of Malta), as a credit institution and is authorised to carry out the business of banking.

Despite the challenging environment characterised by low interest rates and geo-political turmoil, the Issuer continued to perform well in all its core operations in 2014.

The rate of inflation in the euro area remained at very low levels and averaged below 1%. This rate reflected itself in the low interest environment that major global economies continued to experience during 2014. Several measures were taken by the European Central Bank to address this situation, amongst which were the introduction of targeted longer-term refinancing operations aimed at improving bank lending to the euro area non-financial private sector, the reduction of the main refinancing rate to a new record low of 0.05% as well as an expanded asset purchase programme.

Notwithstanding the constant decline in market interest rates experienced during 2014, the Issuer managed to maintain its net interest margin in line with 2013 levels. This was achieved through increased loan and investment activity. Increased commissions generated by factoring activity also contributed positively to the Issuer's growth in profitability in 2014. On the factoring business side, there has, to date, been no evidence of any deterioration in credit quality and there were no significant material losses reported for 2015.

The Issuer's conservative funding and liquidity policies effectively mean that the Issuer does not rely on the short-term inter-bank or commercial paper market for funding the loan book. Nor does the Issuer engage in proprietary trading. Hence, the Issuer was, and remains, in a strong liquid position and at no time has it been forced to dispose of any assets in its portfolio of holdings to meet its liabilities.

The Issuer's credit risk is to a large extent contained, as 76% of the loan book is cash secured by amounts owed to customers. The Directors consider that trading conditions for the Issuer throughout 2015 will remain largely in line with those experienced in 2014.

The Directors look forward to further developing the factoring and credit business, both to Belgian corporate and personal customers. The factoring business has registered steady growth since its introduction in 2003. The Directors consider that there exists plenty of scope to carry on expanding this area of activity in the coming years. The existing vigilant controls will be kept in place. As at 31 December 2014, the Issuer's largest exposure to a single factoring debtor amounted to €525,147 which represented 2.33% of the total advances portfolio.

The current credit approval and monitoring structures have helped to ensure very good credit quality of factoring debtors and minimise losses for the Issuer. In fact out of a total amount of €134,392,599 of invoices factored during 2014, the Bank only incurred bad debts amounting to €39,814 pertaining to two debtors.

B.5 The Issuer is 50% owned by IBL I Limited and 50% owned by IBL T Limited. Both IBL I Limited and IBL T Limited are Maltese registered companies. IBL I Limited and IBL T Limited are in turn owned by Van Marcke Trading Group S.A., the main holding company of the Group.

The Group, whose head office is located in Kortrijk, Belgium, operates 142 outlets in Belgium, France, the Netherlands, USA, Switzerland and Luxembourg, though the bulk of its operations are concentrated in Belgium. Its activities are diverse; the Group primarily sells sanitary ware, heating systems, kitchens and eco-friendly solutions for heating and water. The Group is also involved in packaging and transportation.

As at 31 December 2014 the Group's total assets amounted to €260,000,000 with a consolidated turnover of €410,000,000 (un-audited). The average number of persons employed by the Group in 2014 stood at 1,358.

B.9 Not Applicable: the Registration Document forming part of the Prospectus does not contain any profit forecasts or estimates.

B.10 Not Applicable: the audit reports on the audited financial statements for each of the years ended 31 December 2012 to 2014 do not contain any material qualifications.

B.12 The historical financial information for the three financial years ended 31 December 2012 to 2014 as audited by KPMG is set out in the annual statutory financial statements of the Issuer. Such audited financial statements are available on the Issuer's website www.izolabank.com.

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

There were no significant changes to the financial or trading position of the Issuer since 31 December 2014, being the end of the financial period to which the last audited financial statements relate.

Extracts of the historical financial information referred to above are set out below:

Izola Bank p.l.c.
Summarised Income Statement

for the year ended 31 December

	2014 (€'000)	2013 (€'000)	2012 (€'000)
Net interest income	2,005	1,729	1,866
Net fee and commission income	2,735	2,234	1,715
Net trading exchange gains and other operating income	412	377	145
Operating income	**5,152**	**4,340**	**3,726**
Depreciation and amortisation	(188)	(177)	(223)
Impairment allowances	(62)	(164)	(171)
Personnel and other expenses	(1,375)	(1,157)	(924)
Profit before tax	**3,527**	**2,842**	**2,408**
Taxation	(1,229)	(988)	(839)
Profit after tax	**2,298**	**1,854**	**1,569**
Other comprehensive income, net of taxation	1,716	47	634
Total comprehensive income for the year	**4,014**	**1,901**	**2,203**

Izola Bank p.l.c.
Summarised Balance Sheet

as at 31 December

	2014 (€'000)	2013 (€'000)	2012 (€'000)
ASSETS			
Balances with Central Bank of Malta and cash	1,006	3,662	1,305
Investments	71,080	53,260	44,460
Loans and advances to banks	16,977	17,271	10,837
Factored receivables	21,293	21,343	16,082
Other loans and advances to customers	33,017	19,706	18,688
Property and equipment	2,495	2,349	2,377
Intangible and other assets	2,503	1,901	1,665
Total assets	**148,371**	**119,492**	**95,414**
EQUITY AND LIABILITIES			
Liabilities			
Balances with Central Bank of Malta	20,000	15,500	9,500
Amounts owed to customers	90,853	70,864	54,612
Debt securities issued	8,970	8,910	8,852
Deferred tax liabilities	1,322	398	357
Current tax payable	766	1,147	930
Accruals and deferred income	1,520	1,194	1,160
Total liabilities	**123,431**	**98,013**	**75,411**
Equity			
Total equity	**24,940**	**21,479**	**20,003**
Total liabilities and equity	**148,371**	**119,492**	**95,414**

Review of Performance

During the year ended 31 December 2014, the Bank generated a profit before tax of €3,527,401 up 24% on 2013. Profit after tax was €2,298,200, an increase of 24% over the previous year.

For the financial year ended 31 December 2014, net interest income increased by 16% (2014: €2.01 million; 2013: €1.73 million) whilst net fee and commission income registered a 22% increase compared to the previous year (2014: €2.74 million; 2013: €2.23 million).

Administrative expenses increased by 8% in the financial year ended 31 December 2014. The Bank's Cost-to-Income ratio stood at a healthy 31.5% (2013: 34.5%).

Total assets increased by 24% to €148,370,669 in the financial year ended 31 December 2014 whereas total liabilities rose from €98,012,284 to €123,430,226 – an increase of 26%. Shareholders' equity in the financial year ended 31 December 2014 amounted to €24,940,443 compared with €21,479,257 in 2013.

Capital adequacy and liquidity ratios

As at 31 December 2014, the Capital Adequacy Ratio of 49% and Liquidity Ratio of 148% were both well above the requirements of the EU Credit Requirements Directive (CRD IV).

Additional impairment allowances taken in 2014 stood at €61,860 when compared to €163,643 taken in the previous year. The current credit approval and monitoring structures have been critical in enhancing the credit quality of factoring debtors and minimising losses. This has resulted in bad debts of €39,814 during financial year ended 31 December 2014 out of a total amount of €134,392,599 of net invoices factored in the same year.

B.13 Not Applicable: the Issuer is not aware of any recent events which are to a material extent relevant to the evaluation of its solvency.

B.14 The Issuer is wholly owned by the Van Marcke private group of companies. One of the Issuer's main activities comprises the acceptance of customers' funds on current, savings and term deposit accounts in Euro and other major currencies and the provision of advances by way of short and medium term loans and subscription to private bond issues. In this regard, the Group is the Issuer's principal customer. The Issuer is also heavily involved in providing cash management services to the Group. These services, including balance reporting, zero balancing, sweep accounts and SWIFT and SEPA transfers, are delivered through highly computer automated straight through processing operations.

As a result of the business operations of the Issuer, the Bank is largely dependent on the Group for its ongoing business operations and future business expansion.

B.15 The Issuer is licensed by the MFSA under the Banking Act (Cap. 371 of the Laws of Malta), as a credit institution and is authorised to carry out the business of banking.

The principal activities of the Issuer comprise the following:

- The receipt and acceptance of customers' money on deposit in current, savings and term accounts which may be denominated in Euro and other major currencies
- The provision of advances to business customers by way of short and longer term loans and subscription to private bond issues
- Consumer lending
- Money transmission services via SWIFT
- Factoring services
- Debit and Credit card issuance
- Internet banking services
- Cash and treasury management services

B.16 The Bank's issued ordinary shares are equally held by IBL I Limited and IBL T Limited, which are 100% indirect subsidiaries of VMKG PLLC (the ultimate parent company of the Group). Accordingly, VMKG PLLC has the indirect control of the Issuer.

B.17 Not Applicable: The Issuer has not sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.

SECTION C SECURITIES

C.1 The Issuer shall issue an aggregate of €12,000,000 in Bonds having a face value of €100 per bond, subject to a minimum holding of €1,000 in Bonds. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading the Bonds will have the following ISIN number MT0000531211. The Bonds shall bear interest at the rate of 4.5% per annum and shall be repayable in full upon maturity unless they are previously re-purchased and cancelled.

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

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

C.8 Investors wishing to participate in the Bonds will be able to do so by duly executing an Application Form in relation to the Bonds. Execution of the Application Form will entitle such Bondholder to:

(i) the payment of capital;

(ii) the payment of interest;

(iii) ranking with respect to other indebtedness of the Issuer in accordance with the status of the Bonds, as follows:

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. As at the date of the Prospectus, the Issuer does not have any subordinated indebtedness. The Bonds will rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec;

(iv) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and

(v) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

C.9 The Bonds shall bear interest from and including 30 June 2015 at the rate of 4.5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 30 June 2016 (covering the period 30 June 2015 to 29 June 2016). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 4.5%.

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

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

C.11 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 18 May 2015. Application has been made to the MSE for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List. The Bonds are expected to be admitted to the MSE with effect from 30 June 2015 and trading is expected to commence on 1 July 2015.

SECTION D RISKS

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

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

The risk factors set out below are a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary. Investors are therefore urged to consult their own financial or other professional advisers with respect to the suitability of investing in the Bonds. The following is a summary of the principal risks:

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

(i) Strategic and Business Risk
The Issuer principally provides banking services to the Group and to customers of the Group, including but not limited to, the provision of cash management services, factoring and advances and acceptance of funds on current, savings and term deposit accounts. The Issuer is largely dependent on the Group for its ongoing business operations and future business expansion. Consequently, any adverse changes to the Group's operating results, financial position and business prospects could adversely affect the Issuer's business and the results of its operations.

(ii) Credit Risk
Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in the Issuer's business. As at 31 December 2014, the Issuer held specific impairment provisions in respect of approximately 1.6% of the principal amount of its factored receivables. Adverse changes in the credit quality of the Issuer's borrowers and counterparties or a general deterioration in European or global economic conditions, or arising from systemic risks in the financial systems, could affect the recoverability and value of the Issuer's assets and require an increase in the provision for impairment losses and other provisions.

(iii) Concentration Risk
Concentration risk denotes the risk arising from an uneven distribution of counterparties in a credit or any other business relationship or from a concentration in business sectors or geographical regions which is capable of generating losses large enough to jeopardise the Issuer's solvency. The Issuer currently factors Group debtors on a non-recourse basis. The debtors are currently drawn from the Belgian property, building and construction and related services sector. Accordingly, the Issuer is currently exposed to the said business sectors and geographical region. The said concentration risk may, if the business sectors involved are the subject of adverse conditions or a negative trend, have a negative impact on the financial performance of the Issuer.

(iv) Liquidity Risk
Liquidity risk is the risk that the Issuer will encounter difficulty in raising funds to meet financial commitments. This may result from a number of causes, including the Issuer's inability to realise financial assets in a timely manner at close to fair value or to obtain adequate funding which could have a material adverse affect on the financial performance of the Issuer.

(v) Interest Rate Risk
Interest rate risk arises from the extent that interest-earning assets and liabilities mature or re-price at different times. Such a mismatch, if it occurs, may have a negative impact on the financial performance of the Issuer.

(vi) **Operational Risk**

Operational risk covers the risk of losses arising from inadequate or failed internal processes and systems, the inability to retain key personnel, and unforeseen external events. The impact of such losses on the Issuer may be substantial. The Issuer has implemented risk controls and loss mitigation measures, and allocated considerable resources to business continuity planning, staff training and to developing efficient procedures and systems. As a result the Issuer can provide reasonable, but not absolute assurance, that such procedures will be effective in controlling each of the operational risks faced by the Issuer. The occurrence of any operational risk event due to failure of the Issuer's system of internal controls could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects and could also materially adversely affect its reputation. Operational risk specific to the Issuer's IT systems is described below.

(vii) **Risks relating to Information Technology**

The Issuer depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of the Issuer's business and operating data. The proper functioning of the Issuer's financial control, risk management, credit analysis and reporting, accounting, customer service and other information technology systems are critical to the Issuer's business and ability to compete effectively. The Issuer's business activities would be materially disrupted if there were a partial or complete failure of any of these information technology systems. Any failure or delay in recording or processing the Issuer's transaction data could subject it to claims for losses and regulatory fines and penalties.

(viii) **External Risk**

The Issuer's overall performance and results may also be adversely affected by external factors beyond the Issuer's control. These include changes in economic conditions, business cycles, volatility in financial markets and increased competitive pressure in the financial services sector. Negative changes in overall local and international economic conditions, inflation, consumer and business spending, recession, unemployment, limited credit availability and such other factors which are beyond the Issuer's control, may also negatively affect the performance of the Group.

(ix) **Reputational Risk**

Reputational risk is the risk that negative publicity regarding the Issuer's and/or the Group's business practices, whether true or not, will cause a decline in the customer base, costly litigation or revenue reductions. Negative publicity can result from the Issuer's actual or alleged conduct in any number of activities, including lending practices, corporate governance, and actions taken by government regulators in response to those activities.

(x) **Regulatory Matters**

The Issuer is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. These controls include laws and regulations promulgated by the MFSA, which is the regulatory body for banks. In addition, the Issuer may ultimately be subject to regulation at the level of the European Central Bank.

The Issuer is also required to comply with applicable know your customer, anti-money laundering and counter-terrorism financing laws and regulations. To the extent that the Issuer fails or is perceived to fail to comply with these and other applicable laws and regulations, its reputation could be materially damaged, with consequent adverse effects on its business, financial condition, results of operations and prospects.

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

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

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

(i) The existence of an orderly and liquid market for the Bonds depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.

(ii) Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

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

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

(v) The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any.

(vi) In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders. The provisions relating to meetings of Bondholders permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

(vii) The Terms and Conditions of this Bond Issue are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

(viii) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No. 1093/2010 and (EU) No. 648/2012, of the European Parliament and of the Council (known as the Bank Recovery and Resolution Directive and hereinafter referred to as the "BRRD") entered into force on 2 July 2014. Member States had until 31 December 2014 to adopt and publish laws, regulations and administrative provisions necessary to comply with the BRRD, prior to adopting such measures from 1 January 2015. As at the date hereof, the BRRD has not been transposed into Maltese law.

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

The BRRD achieves this end by requiring the appointment of a resolution authority (the "Resolution Authority") that is empowered to intervene using a number of resolution tools in the event that the following requirements are satisfied cumulatively (an "Intervention Event"): (a) a bank is failing or likely to fail; (b) there is no reasonable prospect that alternative private sector measures would prevent the failure of a bank; and (c) a resolution action is in the public interest.

The Issuer is not in a position to declare, with any degree of certainty, what course of action may be adopted by the Resolution Authority in the event that an Intervention Event were to arise with respect to the Issuer, as, at the date hereof, none of the conditions prescribed in (a) to (c) above subsist.

SECTION E OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €11,800,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

(i) a maximum amount of €9,000,000 will be used by the Issuer for the purpose of purchasing Maturing Notes from Existing Noteholders, for cancellation, by way of Maturing Note Transfer, and for the purpose of redeeming any Maturing Notes remaining in issue as at the 30 June 2015, being the redemption date of the Maturing Notes in terms of the prospectus dated 10 June 2010 (as at the date of the Prospectus the total value of Maturing Notes in issue stands at €9,000,000); and

(ii) the remaining €2,800,000 balance of the net Bond Issue proceeds will be used by the Issuer to meet part of its general financial requirements.

In the event that the Issuer does not receive subscriptions for the full €12,000,000 in Bonds, the Issuer will proceed with the listing of the amount of Bonds subscribed for, and it shall firstly apply the net proceeds received for the purpose mentioned in (i) above. In the event that the subscriptions received do not exceed the amount specified in (i) above, the Issuer will complete the redemption of any remaining Maturing Notes through own funds on 30 June 2015, being the redemption date of the Maturing Notes in terms of the prospectus dated 10 June 2010.

E.3 The Bonds are open for subscription as follows:

(i) Holders of Maturing Notes may apply for Bonds and settle the consideration due by the transfer to the Issuer of all or part of the Maturing Notes held by such Applicant as at the Cut-Off Date by submitting an Application Form.
(ii) Authorised Financial Intermediaries shall subscribe for Bonds, either for their own account or on behalf of clients, in terms of the Placement Agreement and during the Intermediaries' Offer.

Existing Noteholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by completing a pre-printed Application Form indicating that the consideration for the Bonds applied for shall be settled by way of transfer to the Issuer of all or part of the Maturing Notes held as at the Cut-Off Date in an amount equivalent to the par value of the Bonds applied for, subject to a minimum application of €1,000 ("**Maturing Note Transfer**").

Existing Noteholders electing to subscribe for Bonds through the transfer to the Issuer of all or part of the Maturing Notes held by them as at the Cut-Off Date shall be allocated Bonds for the corresponding nominal value of Maturing Notes transferred to the Issuer. The transfer of Maturing Notes to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Notes to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

The Issuer shall allocate the Bonds on the basis of the following policy and order of priority:

(i) Up to an aggregate amount of €9,000,000 shall be allocated to Existing Noteholders applying for Bonds by way of Maturing Note Transfer subject to a minimum application of €1,000;

(ii) An aggregate amount of €3,000,000 shall be allocated to Authorised Financial Intermediaries pursuant to conditional Placement Agreements;

(iii) In the event that following the allocation made pursuant to paragraph (i) above there shall remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries through an Intermediaries' Offer.

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

1. General

Each Bond forms part of a duly authorised issue of 4.5% Unsecured Bonds 2025 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €12 million.

2. Form, Denomination and Title

The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. The Bonds will be issued without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €1,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €1,000 to each underlying client. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided in clause 8 of this Element E.3.

3. Interest

The Bonds shall bear interest from and including 30 June 2015 at the rate of 4.5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 30 June 2016 (covering the period 30 June 2015 to 29 June 2016). Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next day that is a Business Day.

4. Status of the Notes and Negative Pledge

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any.

5. Payments

Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time. Such payment shall be effected within seven (7) days of the Redemption Date.

Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time. Such payment shall be effected within seven (7) days of the Interest Payment Date.

6. Redemption and Purchase

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 30 June 2025. Subject to the provisions of this paragraph, the Issuer may at any time purchase Bonds in the open market or otherwise at any price and any purchase by tender shall be made available to all Bondholders alike. All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

7. Acceleration

The Bonds shall become immediately due and repayable, at their principal amount together with accrued interest, in an acceleration event. Subject to agreed exceptions, materiality qualifications, reservations of law and grace periods, an acceleration event shall occur if: (i) the Issuer fails to pay any interest on any Bond when due; or (ii) the Issuer is in breach of any material obligation contained in the terms and conditions of the Bonds; or (iii) the Issuer is *inter alia* dissolved, liquidated or bankrupt; or (iv) the Issuer stops or suspends payments, or announces to do so, to all or any class of its debts or ceases or threatens to cease to carry on its business or a substantial part thereof; or (v) the Issuer is unable to pay its debts; or (vi) a judgment by a court is made against the Issuer for the payment in excess of €1,250,000; or (vii) any default occurs relating to any financial indebtedness of the Issuer in excess of €1,250,000.

8. Transferability of the Bonds

The Bonds are freely transferable and, once admitted to the Official List shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time. All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer. The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the due date for any payment of interest on the Bonds.

9. Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue.

10. Meetings of Participation Bondholders

The provisions of the Prospectus may be amended with the approval of the Bondholders at a meeting called for that purpose by the Issuer.

11. Governing Law and Jurisdiction

The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Act. From their inception the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

E.4 Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which includes Charts Investment Management Service Limited), and any fees payable in connection with the Bond Issue to Charts Investment Management Service Limited as Sponsor, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

E.7 Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €200,000.

TIME-TABLE

1.	Application Forms mailed to holders of Maturing Notes as at the Cut-Off Date	22 May 2015
2.	Closing date for applications to be received from holders of Maturing Notes as at the Cut-Off Date	5 June 2015
3.	Private Placement date	12 June 2015
4.	Intermediaries’ Offer	12 June 2015
5.	Announcement of basis of acceptance	17 June 2015
6.	Refunds of unallocated monies	19 June 2015
7.	Expected dispatch of allotment advices	30 June 2015
8	Commencement of interest on the Bonds	30 June 2015
9.	Expected date of admission of the securities to listing	30 June 2015
10.	Expected date of commencement of trading in the securities	1 July 2015

The Intermediaries’ Offer shall not be undertaken in the event of full subscription by holders of Maturing Notes.