Summary Note
dated 3 June 2019

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

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

BANK OF VALLETTA P.L.C.

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

ISIN: MT0000021353

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

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

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

APPROVED BY THE BOARD OF DIRECTORS

Alfred Lupi

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

Legal Counsel: CAMILLERI PREZIOSI ADVOCATES

Joint Sponsors: CURMI & PARTNERS; Jesmond Mizzi FINANCIAL ADVISORS

Manager & Registrar: BOV Bank of Valletta

IMPORTANT INFORMATION

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

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

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A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT. APPLICATION HAS BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE.

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

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

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

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

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

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

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

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

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

SECTION A INTRODUCTION AND WARNINGS

A.1 Prospective investors are hereby warned that:

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

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

SECTION B ISSUER

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

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

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

Global and Local Economic Outlook

The economic deterioration experienced in the fourth quarter of 2018 in major economies has spilled into the first quarter of 2019. Although idiosyncratic factors (new fuel emission standards in Germany, natural disasters in Japan) weighed on activity in large economies, these developments occurred against a backdrop of weakening financial market sentiment, trade policy uncertainty and tariff hikes, a deterioration in manufacturing confidence, and concerns about China's outlook. Although robust labour markets and resilient domestic demand have partially offset this weakness, the IMF[1] is anticipating global growth to decline to 3.3% in 2019 before picking up slightly to 3.6% in 2020. This pick up is mainly supported by growth in China and India and stabilisation in a few big emerging market economies such as Argentina and Turkey.

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

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

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

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

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

Capital overview

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

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

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

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

Capital instruments

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

Recent and forthcoming capital issuances

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

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

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

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

Distribution of dividends

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

Strategic initiatives of the Bank

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

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

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

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

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

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

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

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

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

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

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

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

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

Litigation provisioning

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

Improving cyber resilience

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

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

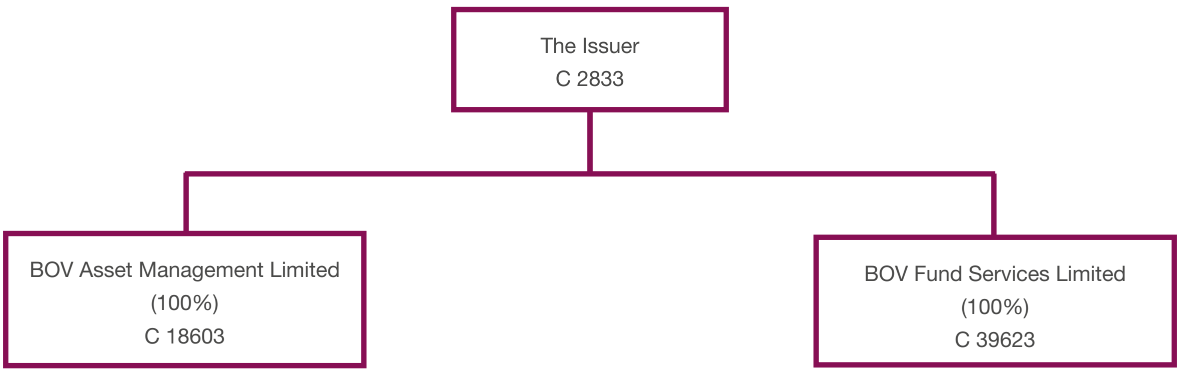
The strengthening of its cyber-security programme includes a commitment by the Board to enhance its oversight with the establishment of an information technology oversight committee to be chaired by an independent non-executive director. Said committee will assist the Board in fulfilling its oversight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

Regulatory framework

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

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

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



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

B.10 Not Applicable: the audit reports on the Issuer's consolidated audited financial statements for the financial years ended 31 December 2017 and 31 December 2018 do not contain any qualification.

B.12 The following table depicts key financial information extracted from the audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2018. The Issuer's audited consolidated annual financial statements are incorporated by reference in, and form part of, the Prospectus.

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

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

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

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

B.14 Not Applicable: The Issuer is the parent company of the Group and is the sole direct shareholder of the Subsidiaries. The financial position of the Issuer is not dependent on the financial position of other entities within the Group.

B.15 The Issuer is a commercial bank, operating, together with its Subsidiaries, predominantly in Malta. The Group offers banking, financial and investment services and connected activities within the domestic Maltese market. The principal activities of the Group comprise the following:

i. The receipt and acceptance of customers' monies for deposit in current, savings and term accounts which may be denominated in Euro and other major currencies (deposit taking activities);
ii. The provision of finance through loans and advances, trade finance facilities and other credit products to customers; and
iii. The provision of investment services including stockbroking, advisory and discretionary portfolio management services.

The Issuer, together with its Subsidiaries, also provides a number of other services including: (i) bancassurance; (ii) corporate advisory; (iii) fund management and discretionary management; and (iv) fund administration.

B.16 To the extent known by the Issuer, direct or indirect control of the Issuer is not vested in any one single entity or person. As at the date of the Prospectus, the Issuer is not aware of any arrangements, the operation of which may, at a subsequent date, result in a change of control of the Issuer.

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

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

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

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

SECTION C SECURITIES

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

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

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

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

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

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

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

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

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

SECTION D RISKS

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

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

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

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

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

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

i. Credit Risk: This risk relates to the possibility of the Issuer's contractual counterparties not fulfilling their payment obligations with the Issuer.

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

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

iv. Interest Rate Risk: Fluctuations in interest rates may affect the Issuer's net interest margin, but may also impact its results and profitability. Furthermore, the persistence of exceptionally low and negative interest rates for a further prolonged period may have an adverse impact on the Issuer's financial performance and condition.

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

vi. Information Technology Risk: This refers to the risk of the occurrence of a partial or complete failure of any of the Bank's information technology systems or communication networks, which may have a detrimental effect on the Issuer's business and its ability to compete effectively.

vii. Cyber-security Risk: This relates to the risk of cyber-attacks, data theft or other unauthorised use of data, error, bugs, malfunctions, inadequate maintenance service levels, or other malicious interference with or disruptions to the Group's operating systems, including its I.T. systems and other technological arrangements.

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

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

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

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

i. Orderly and Liquid Market: An orderly and liquid market for the Bonds depends, amongst others, on the presence of willing buyers and sellers of the Bonds. The Issuer cannot guarantee that such a liquid market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Bondholders will be able to sell the Bonds at or above the Bond Issue Price or at all.

ii. Unsecured and Subordinated status: The Bonds are unsecured and subordinated to the claims of all holders of senior indebtedness.

iii. BRRD: The BRRD provides the Resolution Authorities established in terms thereof, with a set of tools to intervene early and quickly in the affairs of an unsound or failing bank, so as to ensure the continuity of the bank's critical financial and economic functions, whilst minimising the impact of a bank's failure on the economy and financial system. The extent to which the Bonds may become subject to a bail-in in terms of the BRRD will depend on a number of factors, and it will be difficult to predict when, if at all, a bail-in will occur particularly since, as at the date of this Prospectus, none of the conditions set out in the BRRD which may give rise to a bail-in, subsist within the Issuer. In the event that the Issuer becomes subject to a bail-in, the principal amount of the Bonds including any accrued but unpaid interest may be: (i) partially or fully lost in the case of a write-down to absorb the Issuer's losses; or (ii) if a conversion takes place, their investment in the Bonds may be partially or fully converted into Tier 1 capital to recapitalise the Issuer.

iv. Limited recourse: By purchasing the Bonds, the Bondholder agrees to waive his right of enforcement against the Issuer in the case of non-performance of the Issuer's obligations under the Bonds, including the non-payment of interest and principal. The only remedy available to the Bondholder in the event of a default by the Issuer shall be the petitioning for the winding up of the Issuer, which shall constitute an Acceleration Event.

v. Specific Nature of the Bonds: In view that the Bonds shall be issued at a fixed interest rate, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect their market value.

vi. Early Redemption: Given that the Issuer has the option to redeem the Bonds on any of the Early Redemption Dates, together with any unpaid interest until the time of redemption, such an optional redemption feature may have a negative impact on the market value of the Bonds.

vii. Value of the Bonds: The value of the Bonds may increase or decrease and past performance is not necessarily indicative of future performance.

viii. Suitability: The Bonds are complex financial instruments. An investment in the Bonds may not be suitable for all recipients of the Prospectus and prospective investors are urged to consult an independent investment adviser as to the suitability or otherwise of an investment in the Bonds before making an investment decision.

ix. Minimum Application and Holding: The minimum application and holding of €25,000 with respect to the Bonds may affect the ability of Bondholders to sell the Bonds on the secondary market.

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

SECTION E OFFER

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

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

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

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

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

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

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

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

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

1. Registration, Form, Denomination and Title

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

2. Interest

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

3. Status of the Bonds

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

4. Payments

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

5. Redemption or Early Redemption

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

6. Acceleration Event

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

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

7. Transferability of the Bonds

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

8. Register of Bondholders

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

9. Further Issues

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

10. Meetings of Bondholders

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

11. Governing Law and Jurisdiction

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

E.4 Save for the Sponsors' entitlement to fees payable in connection with the Bond Issue, and their involvement in the Bond Issue as Authorised Financial Intermediaries, so far as the Issuer is aware no person involved in the Issue has an interest material to the Issue.

E.7 Professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €400,000. There is no particular order of priority with respect to such expenses.

TIME-TABLE

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

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

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