

Final Terms dated 10 November 2015

BOV

Bank of Valletta

**Subordinated Debt Issuance Programme
ISIN: MT0000021320**

**Series No: 2/2015
Tranche No: 1**

**Subordinated Debt Issuance Programme of a maximum of €150,000,000
Issued by: Bank of Valletta p.l.c. (the “Issuer”)**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 16 October 2015 which was approved by the Listing Authority in Malta on the 16 October 2015 and the Supplement to the Prospectus dated and approved by the Listing Authority on 9 November 2015, which together constitute a base prospectus for the purposes of the Prospectus Directive.

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5(4) of the Prospectus Directive and must be read in conjunction with such Prospectus as so supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus as supplemented.

The Prospectus and the Supplement to the Prospectus are available for viewing at the office of the Issuer and on the websites of: (a) the Listing Authority during a period of twelve months from the date of approval of the Prospectus; and (b) the Issuer (www.bov.com) and copies may be obtained free of charge from the registered office of the Issuer (58, Zachary Street, Valletta, VLT 1130, Malta).

The Notes are complex financial instruments and may not be suitable for all types of retail investors. A potential investor should not invest in the Notes unless: (i) He/She has the necessary knowledge and experience to understand the risks relating to this type of financial instrument; (ii) The Notes meet the investment objectives of the potential investor; and (iii) Such potential investor is able to bear the investment and financial risks which result from investment in these Notes.

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| 1. | Issuer | Bank of Valletta p.l.c. |
| 2. | Series Number | 2 |
| 3. | Tranche Number | 1 |
| 4. | Specified Currency/ies | Euro (€) |
| 5. | Aggregate nominal amount: (i) Series (ii) Tranche | The aggregate nominal amount of Notes to be offered for subscription will be of a maximum of €75,000,000, which figure constitutes the maximum amount of Notes to be offered under any one or a combination of these Final Terms and Series 1, Tranche 1 (hereinafter “Series 1/2015, Tranche 1”). |
| 6. | (i) Issue Price of Tranche (ii) Net proceeds | (i) €100 (ii) A maximum of €75,000,000 which will emanate from Notes to be issued under any one or a combination of these Final Terms and Series 1/2015, Tranche 1. |
| 7. | Specified Denomination | €100 |
| 8. | (i) Issue Date (ii) Interest Commencement Date | (i) 14 December 2015 (ii) Issue Date |
| 9. | Maturity Date | 8 August 2030 |
| 10. | Redemption Value | Redemption at par |
| 11. | Register Cut-Off Date | Fifteen (15) days prior to the Interest Payment Date |
| 12. | Dates of the corporate authorisations for issuance of the Notes | Resolutions of the Board of Directors dated 24 July 2015, 8 October 2015 and 30 October 2015. |

INTEREST

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| 13. | Rate of Interest | 3.50 per cent per annum payable semi-annually in arrears |
| 14. | Interest Payment Date/s | 8 February and 8 August in each year up to and including the Maturity Date |

GENERAL PROVISIONS

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| 15. | Taxation | As per “ <i>Taxation</i> ” section of the Prospectus |
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PURPOSE OF FINAL TERMS

These Final Terms comprise the Final Terms required for the offer for subscription, issue and admission to trading on the Official List of the MSE of the Notes described herein pursuant to the Subordinated Debt Issuance Programme of the Issuer dated 16 October 2015 as supplemented on the 9 November 2015.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of Bank of Valletta p.l.c.

Duly represented by:

A handwritten signature in black ink, appearing to read 'J C White', written in a cursive style.

John Cassar White

(signing in his capacity as Chairman and Director of the Issuer and as a duly appointed agent of all the other Directors of the Issuer)

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING AND LISTING

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| (i) Listing | MSE |
| (ii) Admission to trading | Application has been made for the Notes to be admitted to trading on or around the 22 December 2015 and for trading thereon to commence with effect from or around the 23 December 2015. |
| (iii) Previous admission to trading | Not applicable |
| (iv) Estimate of total expenses related to admission to trading | Approximately €95,000 in respect of Notes issued under any one or a combination of these Final Terms and Series 1/2015, Tranche 1. Such expenses will be borne by the Issuer. |

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Except for the Sponsors' entitlement to fees payable in connection with the said offer, the Issuer is not aware of any interest that is material to the offer.

3. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Not applicable.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

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| (i) Reasons for the offer | The Notes will constitute an integral part of the Issuer's capital plan. Consequently, the proceeds from the offer of Notes will be used to further strengthen the Issuer's tier 2 capital requirements as required by European banking regulations. The net proceeds from the issue of the Notes will also be used by the Issuer to meet part of its general financing requirements. |
| (ii) Estimated net proceeds | A maximum of €75,000,000 which will emanate from Notes to be issued under any one or a combination of these Final Terms and Series 1/2015, Tranche 1. Proceeds will be used for the reasons specified in " <i>(i) Reasons for the offer</i> " above. |
| (iii) Estimated total expenses | Estimated total expenses in respect of the aggregate maximum amount of €75,000,000 to be offered under these Final Terms and under Series 1/2015, Tranche 1 will amount to approximately €600,000 and will be borne by the Issuer. The approximate breakdown of such expenses is as follows: <i>MSE and MFSA fees - €95,000; Legal & Sponsors' fees - €75,000; Commissions to AFIs €395,000; Printing & Advertising - €35,000.</i> |
| (iv) Conditions to which the offer is subject | The offer will be conditional upon the listing of the Notes on the Official List. |

5. YIELD

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| (i) Indication of Yield | 3.50% |
| (ii) Method of calculating the Yield | Yield will be calculated on the basis of the interest per annum, the Issue Price and the Redemption Value of the Notes at the Maturity Date. |

6. OPERATIONAL INFORMATION

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| (i) ISIN code | MT0000021320 |
| (ii) Delivery | Delivery against payment |
| (iii) Name/s and address/es of paying agent/s (if any) | Not applicable |

7. DISTRIBUTION

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| (i) Method of distribution – Public offer | <p>Application forms will be available through any of the Authorised Financial Intermediaries from 13 November 2015. Application forms will not be available through the Issuer.</p> <p>Applications for the subscription of Notes by Preferred Applicants may be made by no later than 30 November 2015.</p> <p>Applications for subscription of Notes by the general public may be made during the period from 2 December 2015 until 4 December 2015. In the case of over-subscription, the Issuer reserves the right to close the offer of Notes prior to the 4 December 2015.</p> |
| (ii) Other conditions for use of the Prospectus by the Authorised Financial Intermediary/ies | Not applicable |
| (iii) Coordinator/s of global offer | Not applicable |
| (iv) Coordinator/s of single parts of the offer | Not applicable |
| (v) Placing agent/s | Not applicable |
| (vi) Depositary agent/s | Not applicable |
| (vii) Underwriting | Not applicable |
| (viii) Intermediaries giving firm commitment to act as intermediaries in secondary market providing liquidity through bid and offer rates | Not applicable |

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| (ix) Selling commission | 0.75% of the nominal amount of Notes allocated to Applicants | |
| (x) Reservation of Tranche in the event that the offer is made in the markets of two or more countries | Not applicable | |
| (xi) Expected timetable | Application forms available from Authorised Financial Intermediaries | 13 November 2015 |
| | Closing date for submission of application forms by Preferred Applicants (as defined in section 8(i) below) | 30 November 2015 |
| | Opening of subscription lists in respect of the general public offer | 2 December 2015 |
| | Closing of subscription lists in respect of the general public offer | 4 December 2015 |
| | Announcement of basis of acceptance | 14 December 2015 |
| | Issue Date/Interest Commencement Date | 14 December 2015 |
| | Refunds of unallocated monies | 21 December 2015 |
| | Dispatch of allotment advices | 21 December 2015 |
| | Date of listing on the MSE | 22 December 2015 |
| | Date of commencement of trading on MSE | 23 December 2015 |
| | In the event that the general public offer closes before 4 December 2015 due to over-subscription, the remaining events set out above (including the Issue Date of the Notes) shall be anticipated in the same chronological order. | |
| (xii) Credit rating | Not applicable | |

8. ADDITIONAL INFORMATION

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| (i) Reservation of a Tranche, or part thereof, in favour of specific retail and/or non-retail investors or categories of either | <p>Up to 53.33% equivalent to €40,000,000 (the “Reserved Amount”) of the maximum aggregate nominal amount of Notes to be offered under any one or a combination of these Final Terms and Series 1/2015, Tranche 1 will be reserved in favour of the Issuer's shareholders, Directors and staff (collectively, the “Preferred Applicants”). Applications for the subscription of Notes by Preferred Applicants may be accepted by no later than 16.00 hours on 30 November 2015.</p> <p>In order to be eligible as a Preferred Applicant:</p> <ul style="list-style-type: none"> a) Shareholders must appear on the register of members on 21 October 2015 (which date reflects trades executed in the Issuer's shares up until close of trading on the MSE on 19 October 2015); b) Staff must appear on the payroll of the Issuer or any Subsidiary thereof on 21 October 2015; and c) A Director must have formed part of the Board as at the end of the Issuer's financial year ended 30 September 2015. <p>Any portion of the Reserved Amount not taken up by Preferred Applicants will be available for allocation to the general public, without priority or preference.</p> <p>Unsatisfied amounts of applications by Preferred Applicants, if any, will automatically be considered for allocation purposes with the applications submitted by the general public, without priority or preference.</p> |
| (ii) Time period, including any possible amendments, during which the offer will be open | <p>The offer for the subscription of Notes by the general public will open from 2 December 2015 until 4 December 2015. The Issuer reserves the right to close the offer of Notes before the 4 December 2015 in the event of over-subscription.</p> |
| (iii) Arrangements for publication of final size of issue/offer | <p>By way of a company announcement to be issued by the Issuer.</p> |
| (iv) Description of the application process | <p>Applications for the subscription of Notes may be made through any of the Authorised Financial Intermediaries, excluding the Issuer, in accordance with the conditions prescribed in Section 7 (i) above.</p> |
| (v) Details of the minimum/maximum amount of application (whether in numbers of securities or aggregate amount to invest) | <p>The minimum subscription amount shall be €5,000 per Applicant during the Offer Period.</p> |

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| (vi) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants | <p>The Issuer may refuse or reduce subscriptions in any of the following events:</p> <p>a) In the event of over-subscription of the offer; and /or</p> <p>b) In the event that the allocation policy of the Issuer so determines.</p> <p>Prospective investors should note that if the aggregate nominal amount of Notes applied for under these Final Terms and under Series 1/2015, Tranche 1 is in excess of €75,000,000, then the Issuer shall scale down each application under Series 1/2015, Tranche 1 to the minimum subscription amount of €25,000 per application (“Scaling Down”) and shall scale down each application under these Final Terms to such amount (per application) as may be determined by the Issuer provided that such minimum amount does not fall below the Issue Price. Where notwithstanding Scaling Down, the aggregate face value of Notes applied for under these Final Terms and under Series 1/2015, Tranche 1 remains in excess of €75,000,000, a ballot shall be held in respect of applications made under Series 1/2015, Tranche 1. Pursuant to such ballot, only the drawn applications shall be allocated a complement in Notes under Series 1/2015, Tranche 1 of €25,000.</p> <p>There is therefore the possibility that not all Applicants seeking to subscribe for Notes under Series 1/2015, Tranche 1 will be allocated Notes.</p> <p>If an application is not accepted or is accepted for a lesser amount than is applied for, the full amount or the excess amount (as applicable) will be returned by the Issuer without interest by direct credit to the Applicant’s bank account as indicated in the application form. The Issuer shall not be responsible for any loss or delay in transmission.</p> |
| (vii) Method and time limits for paying up the securities and for delivery of the securities | <p>Payment must be made in Euro in cleared funds to ‘The Registrar – BOV Notes Issue 2015’. The Notes will be issued on the Issue Date.</p> |
| (viii) Full description of the manner and date in which results of the offer are to be made public | <p>The results of the offer shall be communicated by way of a company announcement issued by the Bank on the Issue Date.</p> |
| (ix) Procedure for the exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised | <p>Not applicable</p> |
| (x) Indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure | <p>Not applicable</p> |
| (xi) Amount of any expenses and taxes specifically charged to the subscriber | <p>Not applicable</p> |
| (xii) Process for notification to Applicants of the amount of Notes allotted and indication whether dealing may begin before notification is made | <p>Applicants shall be notified of the amount of Notes allotted to them by way of a letter from the Registrar expected to be mailed on the 21 December 2015. Dealing may not commence: (i) before the notification is dispatched by the Issuer; and (ii) before listing of the Notes on the Official List.</p> |

ANNEX I – ISSUE SPECIFIC SUMMARY

This summary (“**Summary**”) is made up of disclosure requirements known as elements. These elements are numbered in sections A – E (A.1 – E.7).

This Summary contains all the elements required to be included in a summary for this type of financial instrument 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 financial instrument 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 after the words 'not applicable'.

| Section A – Introduction & Warnings | | |
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| A.1 | Introduction & Warnings | <p>This Summary should be read as an introduction to the Prospectus. Any decision to invest in the Notes should be based on consideration of the Prospectus, any Reference Documents and these Final Terms.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff might, under the national legislation of the relevant Member State of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>No civil liability shall attach to any responsible person solely on the basis of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</p> |
| A.2 | Consent by the Issuer to the use of prospectus in subsequent resale or final placement of securities, indication of offer period and conditions to consent for subsequent resale or final placement, and warning | Not applicable. There will be no subsequent resale or final placement of Notes and accordingly no such consent is required. |
| Section B – Issuer | | |
| B.1 | Legal & commercial name of Issuer | Bank of Valletta p.l.c. |
| B.2 | Domicile and legal form of the Issuer, legislation under which the Issuer operates and country of incorporation of the Issuer | The Issuer is a public limited liability company registered in Malta in terms of the Companies Act (Cap. 386, laws of Malta). |

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| B.4(b) | Known trends affecting the Issuer and industries in which the Issuer operates | <p>As at the date of these Final Terms, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's business for at least up to the end of the current financial year save as may arise from changes in the laws and regulations applicable to the Issuer and changes in the economy and the financial markets in general.</p> <p>Global and Local Economic Outlook</p> <p>From a global perspective, markets have been characterised by political tension and record low interest rates. Although the Issuer is not directly exposed to conflict regions, volatility in the financial markets could impact its proprietary investment portfolio. Interest rates are expected to remain low and this could impact the Issuer's net interest margin. Despite subdued global economic growth, the Maltese economy is registering higher growth rates when compared to its Eurozone peers and this is considered positive for the Issuer which is dependent on the local economy.</p> <p>Regulatory Reforms</p> <p>Regulatory reforms in response to weaknesses in the global financial sector have had, and are expected to continue to have, a substantial impact on financial institutions, including the Issuer. The reforms that have been or may be adopted include, amongst others, more stringent capital and liquidity requirements, recovery and resolution measures (including the creation of a resolution fund) and the creation of new and strengthened regulatory bodies.</p> <p>Financial Performance of the Issuer</p> <p>Despite operating in a challenging environment, the Issuer continued to perform well in all areas of its operations. Balance sheet growth was sustained and the Issuer continued to register positive increases in all areas of commission and fee income generating business.</p> <p>Strategic Priorities of the Issuer</p> <p>The Issuer's strategic priority is to safeguard the stability and sustainability of the Bank as Malta's largest financial institution, for the long-term. The Issuer has, during FY 2015, embarked on a reform of its governance structures to assist it in achieving this end. Other major reforms include the restructuring of the credit function and IT developments. Human resources, processes and data management are also strategic objectives of the Issuer.</p> |
| B.5 | Description of the group and the Issuer's position within the group | The Issuer is the parent company of the BOV Group comprising Valletta Fund Management Limited (C18603), BOV Investments Limited (C38876) and Valletta Fund Services Limited (C39623). |
| B.9 | Profit forecast or estimate | Not applicable. The Issuer has chosen not to include a profit forecast or estimate. |

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| B.10 | Nature of any qualifications in audit report on historical financial information | Not applicable. The audit report on the historical financial information of the Issuer contains no such qualifications. | | | | |
| B.12 | <p>Selected historical key financial information. No material adverse change and no significant change statements:</p> <p>The following table depicts key financial information extracted from the audited consolidated annual financial statements of the BOV Group for the financial years ended 30 September 2015, 30 September 2014 and 30 September 2013 and unaudited consolidated interim financial statements of the BOV Group for the six months ended 31 March 2015 and 31 March 2014.</p> | | | | | |
| | 30 September 2015 | 31 March 2015 | 30 September 2014 | 31 March 2014 | 30 September 2013 | |
| Authorised share capital (ordinary shares of €1.00 each) ('000) | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | |
| Ordinary shares in issue of €1.00 each ('000) | 360,000 | 360,000 | 330,000 | 330,000 | 300,000 | |
| Total assets (€'000) | 9,901,962 | 9,042,441 | 8,296,791 | 7,734,102 | 7,257,958 | |
| Total liabilities (€'000) | 9,231,773 | 8,401,521 | 7,682,322 | 7,148,690 | 6,680,953 | |
| Total equity (€'000) | 670,189 | 640,920 | 614,469 | 585,412 | 577,005 | |
| Common Equity Tier 1 ratio (CRD IV basis for 30 September 2015, 31 March 2015 and 30 September 2014 and CRD III basis for 31 March 2014 and 30 September 2013) | 11.3% | 11.8% | 11.7% | 11.3% | 11.7% | |
| | <p>There has been no material adverse change in the prospects of the Issuer since 30 September 2015 (date of the Issuer's last published audited financial statements).</p> <p>There has been no significant change in the financial or trading position of the Issuer subsequent to the period covered by the historical financial information.</p> | | | | | |
| B.13 | Recent events particular to the Issuer which are materially relevant to the evaluation of Issuer's solvency | Not applicable. There are no recent events particular to the Issuer which are materially relevant to the evaluation of the Issuer's solvency. | | | | |

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|---------------------|---|--|---------------------|--------|------------------|--------|
| B.14 | Dependency of the Issuer on other entities within the group | Not applicable. The financial position of the Issuer is not dependent on the financial position of other entities within the BOV Group. | | | | |
| B.15 | Description of the Issuer's principal activities | <p>The Issuer provides a wide range of banking and other financial services. The principal activities of the Issuer comprise the following:</p> <ul style="list-style-type: none"> 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; and ii. The provision of advances to a wide array of customers, ranging from the private individual, businesses and industries. Advances include short-term and longer-term loans and overdrafts. <p>The Issuer also provides a number of other services including: (i) trade finance services; (ii) stockbroking, advisory and discretionary portfolio management services; (iii) bancassurance and wealth management services; (iv) investment banking, including underwriting, manager and registrar services for capital market transactions in the domestic market; (v) trustee and custody services; and (vi) other services, including 24-hour internet banking service, issue of major credit cards, night safe facilities, automated teller machines, foreign exchange transactions, outward and inward payment transfers.</p> | | | | |
| B.16 | Description of whether the Issuer is directly or indirectly owned or controlled and by whom and nature of such control | <p>As at the date of the Prospectus, the following shareholders hold in excess of 5% of the share capital of the Issuer:</p> <table data-bbox="692 1055 1474 1122"> <tr> <td>Government of Malta</td> <td style="text-align: right;">25.23%</td> </tr> <tr> <td>UniCredit S.p.A.</td> <td style="text-align: right;">14.55%</td> </tr> </table> <p>Neither of the said major shareholders, alone, controls the Issuer.</p> | Government of Malta | 25.23% | UniCredit S.p.A. | 14.55% |
| Government of Malta | 25.23% | | | | | |
| UniCredit S.p.A. | 14.55% | | | | | |
| B.17 | Credit ratings assigned to the Issuer or its debt securities | <p>The Issuer is currently rated by Fitch Ratings ("Fitch"). The Issuer's long-term credit rating assigned by Fitch is BBB+ with a stable outlook.</p> <p>The Notes will not be rated.</p> | | | | |

Section C – Securities

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| C.1 | Type and class of securities being offered and/or admitted to trading including any security identification number | The Notes are Euro (€) denominated with a fixed interest rate of 3.50 per cent, due 8 August 2030 | |
| | | <i>Series:</i> | 2 |
| | | <i>Tranche:</i> | 1 |
| | | <i>Aggregate nominal amount:</i> | The aggregate nominal amount of Notes to be offered for subscription will be of a maximum of €75,000,000, which figure constitutes the maximum amount of Notes that may be issued under any one or a combination of these Final Terms and Series 1/2015, Tranche 1. |
| | | <i>ISIN code:</i> | MT0000021320 |
| | | <i>Issue Price:</i> | €100 |
| | | <i>Specified Denomination:</i> | €100 |
| C.2 | Currency | The currency of the Notes is Euro (€). | |
| C.5 | Description of restrictions on free transferability | There are no restrictions on the free transferability of the Notes. | |
| C.8 | Description of rights attached to the securities and limitations to those rights; ranking of the securities | <p>Rights: There are no special rights attached to the Notes other than the right of the Note Holders to payment of capital and interest and in accordance with the below described ranking.</p> <p>Ranking: The Notes are debt obligations of the Issuer and constitute the Issuer's subordinated and unsecured obligations and shall at all times rank pari passu, without any priority or preference among themselves and with other subordinated debt. Thus the Notes rank after other outstanding, unsubordinated and unsecured obligations of the Issuer, present and future</p> | |
| C.9 | Interest/Redemption/ Representative | <i>Rate of Interest:</i> | 3.50% |
| | | <i>Interest Commencement Date:</i> | Issue Date |
| | | <i>Maturity Date:</i> | 8 August 2030 |
| | | <i>Yield:</i> | 3.50% |
| C.10 | Explanation of any derivative component in the interest payment | Not applicable. There will be no derivative component in the interest payment. | |

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| C.11 | Listing and admission to trading | Application has been made for the Notes issued under the Programme to be listed on the Official List of the MSE and admitted to trading on the Regulated Market of the MSE. The Notes are expected to be listed on 22 December 2015 and trading is expected to commence on 23 December 2015. |
| Section D – Risks | | |
| D.2 | Key information on the key risks that are specific to the Issuer | <p>The Issuer is engaged in the business of banking and other financial services. As a result, 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 Notes issued under the Programme:</p> <p>Credit Risk: This risk relates to the current or prospective risk arising from an obligor's failure to meet a commitment that it has entered into and agreed with the Issuer. Credit risk arises primarily from the Issuer's lending activities.</p> <p>Liquidity Risk: This is the risk that the Issuer will encounter difficulty in raising funds to meet its financial commitments. The Issuer is exposed to daily calls on its available cash resources from overnight deposits, current and call deposits, maturing term deposits, loan drawdowns, guarantees and margin calls.</p> <p>Operational Risk: This is the risk of loss arising from inadequate or failed internal processes, people and systems or from unforeseen external events.</p> <p>Concentration Risk: This risk arises from: (i) an uneven distribution of exposures (or loans) to its borrowers referred to as <i>name concentration risk</i>; or (ii) an uneven distribution of exposures to particular sectors, industries, products or regions referred to as <i>sectoral concentration risk</i>. Due to the fact that the Issuer operates mainly in the Maltese market, the latter being a relatively small market when compared to other larger markets, exposes the Issuer to higher levels of concentration risk.</p> <p>Bail-in: In the context of a <i>bail-in</i>, the Notes may be written down or converted to common equity tier 1 capital instruments (such as ordinary shares) of the Issuer before any non-subordinated liabilities of the Issuer are affected by such measures.</p> |

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| D.3 | Key information on the key risks that are specific to the securities | <p>The following are the key risks associated with an investment in the Notes:</p> <p>Orderly and Liquid Market: A liquid market depends, amongst others, on the presence of willing buyers and sellers. The Issuer cannot guarantee that such a liquid market will develop for the Notes and that the Note Holders will be able to sell the Notes at or above the Issue Price.</p> <p>Ranking: The Notes are unsecured and subordinated to the claims of all holders of senior indebtedness.</p> <p>Limited Recourse: By purchasing the Notes, the Note Holder agrees to waive his right of enforcement against the Issuer in the case of non-performance of the Issuer's obligations under the Notes, including the non-payment of interest and principal. The only remedy available to the Note Holder 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.</p> <p>Specific Nature of the Notes: In view that the Notes will bear a fixed interest rate, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche.</p> <p>Value of the Notes: The value of the Notes may increase or decrease and past performance is not necessarily indicative of future performance.</p> <p>Suitability: An investment in the Notes may not be suitable for all recipients of this Prospectus and prospective investors are urged to consult an investment advisor as to the suitability or otherwise of an investment in any of the Notes before making an investment decision.</p> <p>Note Holder's Currency of Reference: A Note Holder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Notes and the Note Holder's currency of reference, if different.</p> |
| Section E – Offer | | |
| E.2b | Reasons for offer and use of proceeds when different from making profit and/or hedging certain risks | <p>The Notes to be issued under the Programme constitute an integral part of the Issuer's capital plan. Consequently, the proceeds from the offer of the Notes will be used to further strengthen the Issuer's tier 2 capital requirements as required by European banking regulations. The net proceeds from the issue of the Notes will also be used by the Issuer to meet part of its general financing requirements.</p> |

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| E.3 | Description of the terms and conditions of the offer | <i>Offer Period:</i> | Applications for the subscription of Notes by the general public will open from 08.30 hours on 2 December 2015 and will close at 16.00 hours on 4 December 2015. The Issuer reserves the right to close the offer of Notes before the 4 December 2015 in the event of over-subscription. Applications for the subscription of Notes by Preferred Applicants may be accepted by no later than 16.00 hours on 30 November 2015. |
| | | <i>Conditions to which the offer is subject:</i> | The offer will be conditional upon the listing of the Notes on the Official List. |
| | | <i>Description of the application process:</i> | Applications for the subscription of Notes may be made through the Authorised Financial Intermediaries in accordance with the conditions prescribed in Section 7(i) above. |
| | | <i>Details of the minimum and/or maximum amount of application:</i> | The minimum subscription amount shall be €5,000 per Applicant. |
| | | <i>Manner in and date on which results of the offer are to be made public:</i> | The results of the offer are to be communicated by way of a company announcement on 14 December 2015, or earlier in case the general public offer closes before 4 December 2015. |
| E.4 | Description of any interest material to the issue/offer, including conflicting interests | Except for the Sponsors' entitlement to fees payable in connection with the offer of the Notes, the Issuer is not aware of any interest that is material to the offer. | |
| E.7 | Estimated expenses charged to investor by Issuer | Not applicable. No expenses will be charged to the investor by the Issuer. | |

ANNEX II – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

| NAME | ADDRESS | TELEPHONE |
|---|---|-----------|
| APS Bank Ltd. | APS Centre, Tower Street, Birkirkara BKR 4012 | 25603174 |
| Calamatta Cuschieri & Co Ltd. | Fifth Floor, Valletta Buildings, South Street, Valletta VLT 1103 | 25688688 |
| Charts Investment Management Service Ltd. | Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913 | 21224106 |
| Crystal Finance Investments Ltd. | Allcare Building, University Roundabout, Msida MSD 1751 | 23479313 |
| Curmi & Partners Ltd. | Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102 | 21347331 |
| Financial Planning Services Ltd. | 4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421 | 21344244 |
| FINCO Treasury Management Ltd. | Level 5, The Mall Complex, The Mall, Floriana FRN 1470 | 21220002 |
| GlobalCapital Financial Management Ltd. | Testaferrata Street, Ta' Xbiex XBX 1403 | 21342342 |
| Hogg Capital Investments Ltd. | Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020 | 21322872 |
| Jesmond Mizzi Financial Advisors Ltd. | 1/2, St Joseph Street, Hamrun HMR 1019 | 23265690 |
| Mercieca Financial Investment Services Ltd. | Mercieca, John F. Kennedy Square, Victoria, Gozo VCT 2580 | 21553892 |
| Michael Grech Financial Services Ltd. | The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2550 | 21554492 |
| MZ Investment Services Ltd. | 55, MZ House, St Rita Street, Rabat RBT 1523 | 21453739 |
| Rizzo, Farrugia & Co. (Stockbrokers) Ltd. | Airways House, Third Floor, High Street, Sliema SLM 1549 | 22583000 |

