

BASE PROSPECTUS

dated 11 October 2024

UNSECURED EURO MEDIUM TERM BOND
PROGRAMME OF A MAXIMUM OF

€250,000,000

BOV

Bank of Valletta



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

This document is a base prospectus issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules published by the MFSA and in accordance with the provisions of the Prospectus Regulation in respect of an

UNSECURED EURO MEDIUM TERM BOND PROGRAMME OF A MAXIMUM OF €250,000,000

THIS BASE PROSPECTUS HAS BEEN APPROVED BY THE MFSA, AS THE COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MFSA HAS AUTHORISED THE ADMISSIBILITY OF THE BONDS UNDER THE PROGRAMME AS LISTED FINANCIAL INSTRUMENTS. THIS MEANS THAT THE MFSA HAS ONLY APPROVED THIS BASE PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT, HOWEVER, BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER THAT IS THE SUBJECT OF THIS BASE PROSPECTUS OR OF THE QUALITY OF THE BONDS THAT ARE SUBJECT OF THIS BASE PROSPECTUS. IN PROVIDING THIS AUTHORISATION, THE MFSA DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN THE BONDS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED, OR BE CONSTRUED, AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN THE BONDS.

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

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN THE BONDS. THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE BONDS. AUTHORISED FINANCIAL INTERMEDIARIES MAY ONLY DISTRIBUTE THE BONDS TO RETAIL CLIENTS SUBJECT TO A SUITABILITY TEST TO BE PERFORMED IN RESPECT OF SUCH APPLICANTS, IRRESPECTIVE OF THE INVESTMENT SERVICE BEING PROVIDED. AN AUTHORISED FINANCIAL INTERMEDIARY SHALL NOT ACCEPT AN APPLICATION FROM A RETAIL CLIENT UNLESS IT IS SATISFIED, BASED ON THE RESULTS OF SUCH SUITABILITY TEST, THAT AN INVESTMENT IN THE BONDS IS SUITABLE FOR THE APPLICANT.

Manager & Registrar



Sponsors

Calamatta Cuschieri



Legal Counsel



CAMILLERI PREZIOSI
ADVOCATES

Approved by:

A handwritten signature in black ink, appearing to be 'Gordon Cordina'.

Dr Gordon Cordina
Chairman

A handwritten signature in black ink, appearing to be 'Deborah Schembri'.

Ms Deborah Schembri
Director

in their capacity as members of the Board and for and on behalf of

Mr Kenneth Farrugia, Dr Diane Bugeja, Ms Anita Mangion, Mr Godfrey Swain, Mr Anatoli Grech, Dr Robert Martin Suban,
Mr Nicola Angeli, Mr Hadrian Sammut, Dr Christian Bonnici West and Dr Jonathan Spiteri

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IMPORTANT INFORMATION

THIS BASE PROSPECTUS CONTAINS INFORMATION ON THE ISSUER AND THE BOND ISSUE, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE ACT, THE FMA 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 THIS BASE PROSPECTUS OR THE APPLICABLE FINAL TERMS OTHER THAN THOSE CONTAINED IN THIS BASE PROSPECTUS, THE RELEVANT FINAL TERMS AND IN THE DOCUMENTS REFERRED TO HEREIN AND THEREIN, 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.

THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE BASE PROSPECTUS AND APPLICABLE FINAL TERMS, MAKES NO REPRESENTATIONS AS TO THEIR ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE BASE PROSPECTUS OR ANY RELEVANT FINAL TERMS.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS BASE PROSPECTUS AND THE APPLICABLE FINAL TERMS AND ANY PERSON WISHING TO APPLY FOR THE BONDS TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS IN THE BONDS SHOULD INFORM THEMSELVES OF THE LEGAL REQUIREMENTS OF APPLYING FOR ANY BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

THE ISSUER HAS CONSENTED TO THE AUTHORISED FINANCIAL INTERMEDIARIES MAKING USE OF THIS BASE PROSPECTUS AND APPLICABLE FINAL TERMS IN CONNECTION WITH THEIR DISTRIBUTION AND PLACEMENT ACTIVITIES FOR THE DISTRIBUTION OF THE BONDS.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – THE FINAL TERMS IN RESPECT OF ANY BONDS WILL INCLUDE A SECTION HEADED “MIFID II PRODUCT GOVERNANCE” WHICH WILL OUTLINE THE TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS AND WHICH CHANNELS FOR DISTRIBUTION OF THE BONDS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE BONDS (A “DISTRIBUTOR”) SHOULD TAKE INTO CONSIDERATION THE TARGET MARKET ASSESSMENT. HOWEVER, A DISTRIBUTOR, SUBJECT TO MIFID II, IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS (BY EITHER ADOPTING OR REFINING THE MANUFACTURER’S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS. THE TARGET MARKET ASSESSMENT IS WITHOUT PREJUDICE TO THE REQUIREMENTS OF ANY CONTRACTUAL, LEGAL OR REGULATORY SELLING RESTRICTIONS IN RELATION TO THE OFFERING. FOR THE AVOIDANCE OF DOUBT, THE TARGET MARKET ASSESSMENT DOES NOT CONSTITUTE: (A) AN ASSESSMENT OF SUITABILITY OR APPROPRIATENESS FOR THE PURPOSES OF MIFID II; OR (B) A RECOMMENDATION TO ANY INVESTOR OR GROUP OF INVESTORS TO INVEST IN, OR PURCHASE, OR TAKE ANY OTHER ACTION WHATSOEVER WITH RESPECT TO THE BONDS OR ANY OTHER SECURITIES.

THE BASE PROSPECTUS AND APPLICABLE FINAL TERMS DO NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS: (I) BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION TO SUBSCRIBE FOR BONDS IS NOT QUALIFIED TO DO SO; OR (II) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE BASE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED, AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE COMPANY THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS AND/OR THE DISTRIBUTION OF THE BASE PROSPECTUS (OR ANY PART THEREOF), THE RELEVANT FINAL TERMS AND/OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED AND ACCORDINGLY, NO BONDS MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THE BASE PROSPECTUS, THE APPLICABLE FINAL TERMS NOR ANY ADVERTISEMENT AND/OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS BASE PROSPECTUS AND/OR THE APPLICABLE FINAL TERMS MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS BASE PROSPECTUS, THE APPLICABLE FINAL TERMS, AND THE OFFERING AND SALE OF THE BONDS.



THE BASE PROSPECTUS AND/OR ANY APPLICABLE FINAL TERMS AND/OR ANY OTHER DOCUMENT PRODUCED IN RELATION TO THE ISSUER, AND/OR THE BONDS AND/OR THE PROGRAMME AND/OR THE OFFERING, SALE OR DELIVERY OF ANY BONDS, MAY NOT BE TAKEN AS AN IMPLICATION THAT: (I) THE INFORMATION CONTAINED IN SUCH DOCUMENTS IS ACCURATE AND COMPLETE SUBSEQUENT TO THEIR RESPECTIVE DATES OF ISSUE; OR (II) THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OR PERFORMANCE OF THE ISSUER OR THE GROUP SINCE SUCH DATES; OR (III) ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE MATTERS CONTAINED IN THE AFOREMENTIONED DOCUMENTS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

THIS BASE PROSPECTUS IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE MFSA IS NOT REQUIRED TO APPROVE THE INDIVIDUAL FINAL TERMS (AND SUMMARIES THEREOF) THAT MAY BE ISSUED PURSUANT TO THIS BASE PROSPECTUS FROM TIME TO TIME IN RESPECT OF ONE OR MORE TRANCHES OF BONDS.

ALL THE ADVISERS TO THE ISSUER NAMED IN THIS BASE PROSPECTUS UNDER THE HEADING 'ADVISERS' IN SECTION 5.1 OF THIS BASE PROSPECTUS HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE BASE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE BASE PROSPECTUS, OR ANY SUPPLEMENT THEREOF, OR ANY FINAL TERMS OR ANY OTHER DOCUMENT ENTERED INTO IN RELATION TO THE PROGRAMME, THEIR COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE CONTENTS OF THE COMPANY'S WEBSITE, OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE COMPANY'S WEBSITE, DO NOT FORM PART OF THE BASE PROSPECTUS UNLESS SUCH CONTENTS ARE INCORPORATED BY REFERENCE INTO THE BASE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE BASE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

A COPY OF THIS BASE PROSPECTUS HAS BEEN SUBMITTED TO THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES AT THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE ACT. THIS BASE PROSPECTUS IS PUBLISHED IN ELECTRONIC FORM ON THE WEBSITE OF THE MFSA, ON THE ISSUER'S WEBSITE AND IS ALSO AVAILABLE IN PRINTED FORM, FREE OF CHARGE, FROM THE REGISTERED OFFICE OF THE BANK AND THE AUTHORISED FINANCIAL INTERMEDIARIES.

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



1 DEFINITIONS AND INTERPRETATION

The following words and expressions shall bear the following meanings, except where the context otherwise requires:

Act	the Companies Act (Chapter 386 of the laws of Malta), as may be amended from time to time;
Additional Tier 1 Instruments	means Additional Tier 1 instruments for the purposes of the Ranking Legislation and/or the RRR;
Applicant/s	a person or persons who apply to subscribe for the Bonds;
Application	any application/s to subscribe for Bonds made by an Applicant/s;
Articles of Association	the articles of association of the Issuer in force at the time of publication of the Base Prospectus in the form as registered with the Registrar of Companies at the Malta Business Registry;
Associated Companies	means jointly, MAPFRE Middlesea and MAPFRE MSV;
Authorised Financial Intermediary/ies	the financial intermediary/ies whose details shall be annexed to the applicable Final Terms;
Bail-in Powers	shall bear the meaning assigned thereto in section 14.15 headed ' <i>Bail-In Action and Suspension of Certain Rights and Obligations</i> ';
Banking Act	the Banking Act (Chapter 371 of the laws of Malta), as may be amended from time to time;
Base Prospectus	this document in its entirety, together with any Supplement(s);
Bond Issue	the issue of Bonds pursuant to this Programme;
Bondholder	a holder of the Bonds;
Bonds	the bonds issued in terms of the Programme;
BOV FS	BOV Fund Services Limited, a company registered under the laws of Malta with company registration number C 39623 and having its registered office situated at 58, Zachary Street, Valletta VLT 1130, Malta;
BOVAM	BOV Asset Management Limited, a company registered under the laws of Malta with company registration number C 18603 and having its registered office situated at 58, Zachary Street, Valletta VLT 1130, Malta;
BRRD	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, as may be amended from time to time;
Capital Markets Rules	the capital markets rules issued by the MFSA, as may be amended from time to time;
CBM	Central Bank of Malta;
COBR	the conduct of business rulebook issued by the MFSA, as may be amended from time to time;



Common Equity Tier 1 or CET1	the term used in the CRD and in the CRR to denote capital of the Issuer maintained in terms of article 50 of the CRR and consisting of Common Equity Tier 1 items in terms of article 26 of the CRR, or, if such term is no longer used, any equivalent or successor term, whether in the same law or regulations or in any other law or regulation applicable to the Issuer from time to time;
Common Equity Tier 1 Instruments	means Common Equity Tier 1 instruments for the purposes of the Ranking Legislation and/or the RRR;
CRD	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as may be amended from time to time;
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as may be amended from time to time;
CSD	the central securities depository of the MSE established pursuant to article 24 of the FMA, and situated at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
CSD Register	the register of Bondholders held and maintained by the CSD on behalf of the Issuer;
Directors or Board of Directors or Board	the directors of the Issuer, as set out in further detail in section 8.1 of this Base Prospectus;
DPA	the Data Protection Act (Chapter 586 of the laws of Malta), as may be amended from time to time;
Early Redemption Date	such date, if applicable, as may be set out in respect of one or more Tranches in the relevant Final Terms, on which the Bonds may be redeemed prior to maturity, which date shall be no earlier than the fifth annual anniversary of the Issue Date;
Early Redemption (Exceptional Event) Date	in respect of the Tier 2 Bonds, such date, if applicable, on which the Tier 2 Bonds may be redeemed prior to the fifth annual anniversary of the Issue Date in terms of section 14.6(c);
ECB	the European Central Bank;
Eligible Counterparties	shall bear the meaning assigned thereto in the COBR;
EU	the European Union;
Euro or €	the lawful currency of the Eurozone;
Final Terms	the final terms issued by the Issuer from time to time in the form set out in this Base Prospectus;
FMA	the Financial Markets Act (Chapter 345 of the laws of Malta), as may be amended from time to time;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, as may be amended from time to time;
Group	the Issuer and its Subsidiaries;



Income Tax Act	the Income Tax Act (Chapter 123 of the laws of Malta), as may be amended from time to time;
Interest Commencement Date	shall bear the meaning assigned thereto in section 14.3 in this Base Prospectus;
Investment Services Act	the Investment Services Act (Chapter 370 of the laws of Malta), as may be amended from time to time;
Issue Date/s	shall be the issue date designated in the relevant Final Terms;
Issue Price/s	the price at which each Tranche of Bonds is issued, details of which will be specified in the relevant Final Terms;
Issuer or Company or Bank	Bank of Valletta p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 2833 and having its registered office situated at 58, Zachary Street, Valletta VLT 1130, Malta;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted in terms of the FMA with company registration number C 42525 and having its registered office situated at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Manager or Registrar	Bank of Valletta p.l.c., a company registered under the laws of Malta with company registration number C 2833 and having its registered office situated at 58, Zachary Street, Valletta VLT 1130, Malta;
MAPFRE Middlesea	MAPFRE Middlesea p.l.c., a company registered under the laws of Malta with company registration number C 5553 and having its registered office situated at Middle Sea House, Floriana FRN 1442, Malta;
MAPFRE MSV	MAPFRE MSV Life p.l.c., a company registered under the laws of Malta with company registration number C 15722 and having its registered office situated at The Mall, Triq il-Mall, Floriana FRN 1470, Malta;
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as may be amended from time to time;
Maturity Date	the maturity date as specified in the relevant Final Terms;
Memorandum	the memorandum of association of the Issuer in force at the time of publication of the Base Prospectus in the form as registered with the Registrar of Companies at the Malta Business Registry;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Base Prospectus in the form as registered with the Registrar of Companies at the Malta Business Registry;
MFSA	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta);
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directives 2002/92/EC and 2011/61/EU (recast), as may be amended from time to time;
MREL	the minimum requirement for own funds and eligible liabilities in terms of the BRRD;
MSE Bye-Laws	the bye-laws issued by the MSE;



Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Ordinary Unsecured Claims	any ordinary unsecured claims of creditors of the Issuer from time to time outstanding;
Preferred Claims	the claims in respect of obligations of the Issuer which are preferred pursuant to the Ranking Legislation to rank above Ordinary Unsecured Claims;
Professional Clients	shall bear the meaning assigned thereto in the COBR;
Programme	the Unsecured Euro Medium Term Bond Programme being made by the Issuer pursuant to this Base Prospectus;
Prospectus Regulation	Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended from time to time;
PSD	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC, as may be amended from time to time;
Ranking Legislation	Regulation 108 of the RRR, as may be amended from time to time or any other law or provision of Maltese law which may replace such provision from time to time;
Retail Client	shall bear the meaning assigned thereto in COBR;
RRR	the Recovery and Resolution Regulations (Subsidiary Legislation 330.09 of the laws of Malta), as may be amended from time to time;
Secondary Unsecured Claims	any unsecured claims resulting from debt instruments of the Issuer, outstanding from time to time, that meet the relevant requirements of the Ranking Legislation so as to rank below Ordinary Unsecured Claims and in priority to Senior Subordinated Claims;
Senior Non-Preferred Bond/s	shall bear the meaning assigned thereto in section 14.2(a) of this Base Prospectus;
Senior Preferred Bond/s	shall bear the meaning assigned thereto in section 14.2(a) of this Base Prospectus;
Senior Subordinated Claims	the claims in respect of any subordinated debt of the Issuer from time to time outstanding that is not in respect of Additional Tier 1 Instruments of the Issuer or Tier 2 Instruments of the Issuer;
Series	one or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, except for the Issue Date, the Interest Commencement Date, the first Interest Payment Date, the Issue Price and/or the Maturity Date;
Sponsor/s	means jointly: (i) Calamatta Cuschieri Investment Services Limited, a limited liability company registered under the laws of Malta with company registration number C 13729 and having its registered office situated at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta; and (ii) Rizzo, Farrugia & Co (Stockbrokers) Ltd, a limited liability company registered under the laws of Malta with company registration number C 13102 and having its registered office situated at Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta;



SRM Regulation	Regulation (EU) No 806/2014 of the European Parliament and Council of 15 July 2014, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, as may be amended from time to time;
SSM Framework Regulation	Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for co-operation within the Single Supervisory Mechanism between the ECB and each national competent authority and with national designated authorities, as may be amended from time to time;
SSM Regulation	Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions, as may be amended from time to time;
Subordinated Claims	means: (i) any Senior Subordinated Claims; and (ii) the claims in respect of any Tier 2 Instruments of the Issuer, Additional Tier 1 Instruments of the Issuer and/or Common Equity Tier 1 Instruments of the Issuer;
Subsidiaries	each of BOVAM and BOV FS;
Suitability Test	the suitability testing to be carried out in terms of article 44A of the RRR and the COBR;
Supplement	any supplement to this Base Prospectus which may be issued from time to time by the Issuer;
Terms and Conditions	the terms and conditions of the Bonds contained in section 14 of this Base Prospectus;
Tier 2 Bond/s	shall bear the meaning assigned thereto in section 14.2(a) of this Base Prospectus;
Tier 2 Claims	the claims in respect of any Tier 2 Instruments of the Issuer, from time to time outstanding;
Tier 2 Instruments	means Tier 2 instruments for the purposes of the Ranking Legislation and/or the RRR; and
Tranche	each tranche of Bonds issued in accordance with the provisions of this Base Prospectus (as may be amended or supplemented from time to time) and the relevant Final Terms.

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and *vice-versa*;
- (b) words importing the masculine gender shall include the feminine gender and *vice-versa*;
- (c) the word “*may*” shall be construed as permissive and the word “*shall*” shall be construed as imperative;
- (d) any phrase introduced by the terms “*including*”, “*include*”, “*in particular*” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- (e) any reference to a law, legislative act, and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of this Base Prospectus.



2 PROGRAMME OVERVIEW

Each Tranche that may be issued under the Programme will be issued on the terms set out under the Terms and Conditions as completed by the Final Terms specific to such Tranche. Copies of Final Terms will be published on both of the Issuer's and the MFSA's websites.

The following is an overview of the Programme and does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Bonds, the applicable Final Terms.

This overview constitutes a general description of the Programme for the purposes of article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (as amended). Words and expressions defined in the Terms and Conditions or elsewhere in this Base Prospectus have the same meanings in this overview.

The Issuer, Manager and Registrar:	Bank of Valletta p.l.c.
Sponsors:	Calamatta Cuscheri Investment Services Limited & Rizzo, Farrugia & Co (Stockbrokers) Ltd.
Description:	Unsecured Euro Medium Term Bond Programme.
Risk Factors:	Investing in the Bonds involves risks. See section 3 headed ' <i>Risk Factors</i> ' below.
Programme Size:	Up to €250,000,000 (or its equivalent in other currencies).
Issuance in Series:	Bonds may be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Bonds of each Series will all be subject to identical terms, except that the Issue Date, Interest Commencement Date, first Interest Payment Date, the Issue Price and/or the Maturity Date may be different in respect of different Tranches within the Series.
Final Terms:	Each Tranche of Bonds will be issued on the terms set out in the Terms and Conditions as completed by the relevant Final Terms.
Distribution:	<p>Bonds may be distributed by way of private or public placement or a combination thereof as set out in the relevant Final Terms (and this without prejudice to any other mode of distribution and/or allotment as may be set out in the relevant Final Terms).</p> <p>Authorised Financial Intermediaries may only distribute the Bonds to Retail Clients subject to a Suitability Test to be performed in respect of such Applicants, irrespective of the investment service being provided.</p>
Status of the Bonds:	The Bonds may be Senior Preferred Bonds, Senior Non-Preferred Bonds or Tier 2 Bonds, as specified in the relevant Final Terms.
Status of Senior Preferred Bonds:	<p>The Senior Preferred Bonds (their repayment and the payment of interest thereon) will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer which will at all times rank <i>pari passu</i> without any preference among themselves and, in the event of the dissolution and winding-up of the Issuer, claims in respect of any Senior Preferred Bonds will rank <i>pari passu</i> with all other present and future Ordinary Unsecured Claims, save for such obligations as may be preferred by provisions of law.</p> <p>Claims in respect of any Senior Preferred Bonds will constitute Ordinary Unsecured Claims under the Ranking Legislation.</p>



Status of Senior Non-Preferred Bonds:

Senior Non-Preferred Bonds may only be issued on terms such that they have an original contractual maturity of at least one year.

The Senior Non-Preferred Bonds (their repayment and the payment of interest thereon) will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, which will at all times rank *pari passu* without any preference among themselves.

Claims in respect of any Senior Non-Preferred Bonds will constitute Secondary Unsecured Claims under the Ranking Legislation.

Accordingly, subject to the Ranking Legislation, claims in respect of the principal and interest in respect of the Senior Non-Preferred Bonds will, in the event of the dissolution and winding-up of the Issuer, rank as Secondary Unsecured Claims pursuant to the Ranking Legislation and, therefore, rank:

- (a) junior in right of payment to all Preferred Claims and all Ordinary Unsecured Claims;
- (b) *pari passu* with all other Secondary Unsecured Claims (including claims in respect of other Senior Non-Preferred Bonds); and
- (c) in priority to all Subordinated Claims (including claims in respect of Tier 2 Instruments, Additional Tier 1 Instruments, Common Equity Tier 1 Instruments).

Status of Tier 2 Bonds:

The Tier 2 Bonds (their repayment and the payment of interest thereon) will constitute direct, unsecured and subordinated obligations of the Issuer, which will at all times rank *pari passu* without any preference among themselves.

Claims in respect of any Tier 2 Bonds will, so long as such Tier 2 Bonds qualify (in whole or in part) as Tier 2 Instruments, constitute Tier 2 Claims under the Ranking Legislation.

Accordingly, subject to the Ranking Legislation, the claims in respect of the principal and interest in respect of the Tier 2 Bonds will, in the event of the dissolution and winding-up of the Issuer and provided such Tier 2 Bonds qualify (in whole or in part) as Tier 2 Instruments:

- (a) be subordinated in right of payment in the manner provided in the Ranking Legislation to: (i) all Preferred Claims; (ii) all Ordinary Unsecured Claims; (iii) all Secondary Unsecured Claims; and (iv) all Senior Subordinated Claims;
- (b) rank *pari passu* with all other Tier 2 Claims (including claims in respect of other Tier 2 Bonds that qualify (in whole or in part) as Tier 2 Instruments); and
- (c) rank in priority to: (1) the claims in respect of all Additional Tier 1 Instruments of the Issuer; and (2) the claims in respect of all Common Equity Tier 1 Instruments of the Issuer.

If any Tier 2 Bonds fully cease to qualify as Tier 2 Instruments, the claims in respect of such Tier 2 Bonds will, in the event of the dissolution and winding-up of the Issuer, rank *pari passu* with all Senior Subordinated Claims, subject to the Ranking Legislation.

No set-off or netting:

Claims in respect of any Bonds may not be set-off or netted by a Bondholder against or in respect of any of its obligations to the Issuer or any other person and every Bondholder waives (subject to applicable law) any right that it might otherwise have to set-off or netting.



Form:	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 by the CSD on behalf of the Issuer.
Denomination of Bonds:	All Bonds issued under the Programme will, unless otherwise specified in the relevant Final Terms, have a denomination of €100 (or, if the Bonds are denominated in a currency other than Euro, the equivalent amount in such currency at the date of issue).
Currencies:	Bonds may be denominated in any currency or currencies, subject to any applicable legal or regulatory restrictions.
Maturities:	The Bonds will have such maturities as may be determined by the Bank and specified in the relevant Final Terms, subject to a minimum maturity of five years and such other minimum or maximum maturities as may be allowed or required from time to time by the CRR or other applicable laws and regulations.
Issue Price:	The issue price in respect of each Tranche as set out in the relevant Final Terms.
Interest:	Interest on the Bonds shall accrue at a fixed rate, as shall be set out in the relevant Final Terms.
Early Redemption:	<p>The applicable Final Terms will indicate either that the relevant Bonds cannot be redeemed prior to their stated maturity (other than in specified circumstances) or that such Bonds will be redeemable, subject to certain conditions, at the option of the Issuer upon giving notice to the Bondholders, on a date or dates specified prior to such stated maturity.</p> <p>Provided that the Issuer may in terms of article 78(4) of the CRR, at any time prior to the fifth annual anniversary of the Issue Date, redeem the Tier 2 Bonds on an Early Redemption (Exceptional Event) Date, subject to obtaining the prior permission of the MFSA, the satisfaction of the conditions set out in section 14.6(b) below, and the satisfaction of one of the conditions set out in article 78(4) of the CRR.</p>
Purchases and cancellations:	<p>The Issuer may also purchase Bonds in the open market or otherwise and at any price subject always to compliance with the applicable requirements of the CRR, including the applicable provisions set out in article 77 and 78 or 78a of the CRR.</p> <p>All Bonds purchased by or on behalf of the Issuer will be cancelled and may not be re-issued or re-sold. Any Bonds surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.</p>
Limited Remedy:	The only remedy available to the Bondholders in the case of non-payment of amounts which have become due and payable, shall, subject to certain conditions, be the petitioning for the dissolution and winding up of the Issuer insofar as this is possible in terms of the applicable provisions of the Act and any other applicable law.



Taxation:	<p>Unless the Issuer is instructed by a Bondholder to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes – in this case there is no option to receive the interest gross of the withholding tax) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.</p> <p>In the case of a valid election in writing made by an eligible Maltese resident Bondholder at the time of subscription to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time.</p>
Negative pledge:	The terms of the Bonds do not contain a negative pledge.
Agreement with respect to the exercise of the Bail-in Power:	Notwithstanding and to the exclusion of any other term of the Bonds or any other agreements, arrangements or understanding between the Issuer and any Bondholder, by its acquisition of the Bonds, each Bondholder will acknowledge and accept that any liability arising under the Bonds may be subject to the exercise of Bail-in Powers by the applicable resolution authorities and will acknowledge, accept, consent to and agree to be bound by the effects and consequences thereof, as set out in section 14.15 headed ‘ <i>Bail-In Action and Suspension of Certain Rights and Obligations</i> ’.
Listing and admission to trading:	The MFSA has authorised the admissibility of the Bonds to be issued under the Programme to be admitted to listing and trading on the Official List.
Rating:	Tranches of Bond issued under the Programme will be unrated.
Governing Law:	The Bonds, all the rights and obligations of the Bondholder and the Issuer, and any non-contractual obligations arising out of or in connection therewith, will be governed by, and construed in accordance with, Maltese law.
Use of proceeds:	The net proceeds from each issue of Bonds will be used to further strengthen the MREL and/or capital base of the Group, as the case may be, which will allow the Issuer to increase its lending book and expand the investment horizon of its proprietary investments, and for the general financing purposes of the Group. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.



3 RISK FACTORS

3.1 GENERAL

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING, BUT NOT LIMITED TO, THOSE RISKS DESCRIBED IN THIS SECTION. THE FOLLOWING RISKS ARE THOSE IDENTIFIED BY THE ISSUER AS AT THE DATE OF THIS BASE PROSPECTUS. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE BASE PROSPECTUS, THE APPLICABLE FINAL TERMS AND ANY OTHER DOCUMENT RELATING TO THE PROGRAMME, BEFORE DECIDING TO MAKE ANY INVESTMENT IN THE BANK AND THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY, OR MAY NOT, OCCUR AND THE ISSUER AND ITS DIRECTORS ARE NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED INTO TWO MAIN CATEGORIES ACCORDING TO WHETHER THE RISKS RELATE TO: (I) THE ISSUER; AND (II) THE BONDS.

THE RISK FACTOR FIRST APPEARING UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR WHICH THE ISSUER HAS ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH SUB-CATEGORY AS AT THE DATE OF THIS BASE PROSPECTUS. SUBSEQUENT RISK FACTORS IN THE SAME SUB-CATEGORY ARE NOT RANKED IN ORDER OF MATERIALITY OR PROBABILITY OF OCCURRENCE. IN MAKING ITS ASSESSMENT OF MATERIALITY, THE ISSUER HAS EVALUATED A COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR MAY OCCUR; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER IF THE RISK FACTOR WERE TO MATERIALISE. WHERE A RISK FACTOR MAY BE CATEGORISED IN MORE THAN ONE CATEGORY, SUCH RISK FACTOR ONLY APPEARS ONCE IN THE MOST RELEVANT CATEGORY OR SUB-CATEGORY FOR SUCH RISK FACTOR.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS ADVERSE EFFECT ON THE ISSUER'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS, AS WELL AS THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER OR IN RELATION WITH THE BONDS. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE ISSUER AS AT THE DATE OF THIS BASE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES OR COULD FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER IS NOT CURRENTLY AWARE OF, OR THAT THE ISSUER CURRENTLY DEEMS IMMATERIAL, INDIVIDUALLY OR CUMULATIVELY, MAY WELL RESULT IN A MATERIAL ADVERSE IMPACT ON THE ISSUER'S FINANCIAL RESULTS, FINANCIAL CONDITION, OPERATIONAL PERFORMANCE, BUSINESS AND/OR TRADING PROSPECTS.

THE BASE PROSPECTUS AND THE APPLICABLE FINAL TERMS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, AND/OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS ISSUED BY THE ISSUER: (I) ARE NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION; AND (II) ARE NOT AND OUGHT NOT TO BE CONSIDERED AS A RECOMMENDATION TO PURCHASE THE BONDS BY THE ISSUER, THE DIRECTORS, ANY OF THE ADVISERS LISTED IN SECTION 5.1 BELOW, AND/OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CAREFULLY READ, CONSIDER AND UNDERSTAND ALL OTHER SECTIONS OF THE BASE PROSPECTUS BEFORE INVESTING IN THE BONDS. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT A RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

3.2 FORWARD LOOKING STATEMENTS

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "*believes*", "*estimates*", "*forecasts*", "*projects*", "*anticipates*", "*expects*", "*envisages*", "*intends*", "*may*", "*will*", or "*should*" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within this Base Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or the Directors concerning, amongst other things, the Issuer's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets in which the Issuer operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may, or may not, occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by the forward-looking statements contained in the Base Prospectus. In addition, even if the results of the operational results, financial condition and performance, and trading prospects of the Issuer are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

All forward-looking statements contained in this Base Prospectus are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

3.3 RISKS RELATING TO THE ISSUER AND THE GROUP

> *Credit risk*

Risks arising from adverse changes in the credit quality and recoverability of loans and other amounts due from counterparties are inherent in the Issuer's business. The financial and capital strength of the Issuer, and its profitability, depend on the creditworthiness of its customers and counterparties, among other things. Credit risk is therefore an important factor to be considered when assessing the financial condition and performance of the Issuer.

Credit risk involves the possibility that the Issuer's contractual counterparties may not fulfil their payment obligations as a result of various factors, including the debtor's loss of capacity to service and repay debt (due to, for instance, a lack of liquidity or insolvency) and/or the emergence of circumstances not specifically related to the economic/financial conditions of the debtor but to the general economic environment in which the debtor operates.

It is normal practice for the Issuer to obtain collateral as security for a large part of its loan book. The Issuer is exposed to the risk that such collateral may become insufficient to cover the full loan amount. Such a risk would normally result from a subsequent decrease in value of the underlying collateral. Furthermore, the Issuer may be or may become unable to liquidate successfully such collateral in a timely manner.

Although the Issuer makes adequate provisions for loan losses based on pecuniary conditions, sector performance, assessment of prior loss experience, as well as prudential requirements, these may not cover all future loan losses due to unforeseen adverse economic and market conditions. Unexpected increases in loan impairment or deterioration in the Issuer's collateral portfolio could have a material adverse effect on the Issuer's profit and loss and financial condition.

Credit risk may also arise as the Issuer may, based on incomplete, untrue or incorrect information, grant credit that otherwise would not have been granted or that would have been granted under different conditions. In addition, in carrying out its credit activities, the Issuer is exposed to the risk that an unexpected change in the creditworthiness of a counterparty could give rise to the partial or total write-down of the credit granted or require provisions for impairment.

Other banking activities, besides the traditional lending and deposit activities, can also expose the Issuer to credit risks. Non-traditional credit risk can, for example, arise from the Issuer: (i) entering into derivative contracts; (ii) buying and selling securities and/or currencies; or (iii) taking custody of third-party securities. The counterparties of such transactions or the issuers of securities held by the Issuer (as the case may be) could fail to comply with their payment obligations due to insolvency, political or economic events, a lack of liquidity, operating deficiencies, or other reasons, all or any of which could negatively impact the Issuer.

> *Information Technology and Cyber Security risk*

The Issuer depends on its IT systems to process transactions on an accurate and timely basis, and to store and process substantially all of the Issuer's data. The proper functioning of the Issuer's core client banking system, ATMs, online banking platform, mobile banking application, risk management tools, credit analysis and reporting, accounting, customer service and other IT systems, as well as the communication networks between its branches and main data processing centres, are critical to the Issuer's business and ability to compete effectively. The Issuer's business activities would be materially disrupted if there were a partial or complete failure of any of these IT systems or communication networks. In addition, there can be no assurance that the Issuer's IT systems will, at all times, be able to support unexpected or extraordinary increases in online or mobile traffic or volumes.

The Issuer's business activities would be materially disrupted if there were to be a partial or complete failure of any of these information technology systems or communication networks. Despite the organisational and security controls, such failures could be caused by a variety of factors, many of which are wholly or partially outside the Issuer's control, including: (i) natural disasters; (ii) extended power outages; (iii) cyber-attacks (including malware attacks, ransomware, phishing, hacking, data theft, unauthorised use of data, bugs, or other malicious interference); (iv) deliberate or accidental loss, alteration, falsification or leakage of information; and/or (v) destruction, disruption, errors or misuse of information systems.



While the Issuer implements automation in several of its processes, the proper functioning of the Issuer's information technology systems also depends on accurate and reliable data and other system inputs, which are subject to human errors. Furthermore, any failure or delay in recording or processing the Issuer's transaction data or loss or leakage of confidential information could subject the Issuer to claims for losses and regulatory fines and penalties.

If any foregoing risks were to materialise, these could have a material adverse effect on the Issuer's business, financial condition, prospects and/or results of operations.

> Liquidity risk

Liquidity risk is the risk that the Issuer will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The activity of the Issuer is subject, in particular, to funding liquidity risk, market liquidity risk, mismatch risk and contingency risk.

- Funding liquidity risk

The availability of liquidity needed to carry out the Issuer's day-to-day business activities and its ability to access long-term funding are essential for the Issuer to be able to meet its anticipated and/or unforeseen cash payment and delivery obligations, such as, but not limited to, paying its operating expenses, paying interest on its debt, maintaining its repurchase activities and replacing certain maturing liabilities. If, for some reason, the Issuer is unable to access the necessary liquidity to conduct its operations and/or meet its obligations, this could negatively impact the Issuer's financial condition and performance.

- Market liquidity risk

Economic and market conditions, with which the Issuer might be faced, could curtail the Issuer's access to deposits and other forms of funding. Given that a significant portion of the Issuer's financing is derived from local customer deposits, a decrease in customer confidence could limit the Issuer's capacity to access retail funds. In addition, a decrease in confidence could limit the Issuer's capacity to access funds through the issuance of financial instruments.

Furthermore, sudden changes in market conditions (in particular, interest rates and creditworthiness) can have significant effects on the time necessary for the Issuer to sell securities, including high-quality assets (such as government securities) without incurring losses. The consequences of a possible downgrade of issuers of securities in which the Issuer has invested could also make it difficult to guarantee that such financial instruments can be easily liquidated under favourable economic terms.

If the Issuer faces liquidity problems due to any one or more of the factors set out above, this could impact its ability to meet regulatory requirements, and could also have negative effects on the operating results and/or on the financial position of the Issuer and/or the Group.

- Mismatch risk

Mismatch risk arises from differences in the amounts or maturities of incoming and outgoing cash flows, and could impact, amongst other things, the ability of the Issuer to meet its liabilities as they fall due. Should such risk materialise, this could have a negative impact on the Issuer.

- Contingency risk

The Issuer must also manage the risk that (potentially unexpected) future requirements (for instance, use of credit lines and/or withdrawal of deposits) may require a greater amount of liquidity than may have been anticipated as being necessary for the Issuer's ordinary day-to-day activities. This may also have a negative impact on the Issuer.

> Reputational risk

Reputational risk is the risk of loss of goodwill, loss of customers and business and/or a decline in profits due to a negative perception of the Issuer's image by relevant stakeholders (including, but not limited to, shareholders, directors, employees, customers, regulatory authorities, service providers, counterparties and investors). The Issuer could be exposed to reputational risk as a result of, amongst others:

- (i) breach of, or allegations of the Issuer having breached, legal and regulatory requirements such as money laundering, anti-terrorism financing and capital adequacy requirements, which may result in fines and/or other regulatory actions imposed or taken against the Issuer by, among others, the MFSA and/or the Financial Intelligence Analysis Unit;
- (ii) the Issuer acting, or facing allegations of having acted, unethically;
- (iii) the Issuer failing to address potential conflicts of interest;
- (iv) technology inefficiencies, disruption or failures;
- (v) poor performance or operational results;



- (vi) the Issuer failing to maintain appropriate standards of customer privacy, customer service and record keeping;
- (vii) association with issues faced by competitors or the banking industry generally, which may or may not be directly applicable to the Issuer;
- (viii) unfavourable media coverage or measures taken by consumer protection bodies and/or consumer advocacy groups, including, in respect of the services and products offered by the Issuer;
- (ix) limiting hours of or closing branches due to changing customer behaviour;
- (x) claims relating to the Issuer's investment services business and/or other business lines; and/or
- (xi) negative reporting on the Issuer by media outlets, including social media.

If any one or more of the above risks were to arise (or the Issuer were to face reputational damage for any other reason), relevant stakeholders may become unwilling to do business with the Issuer, which could have a material adverse effect on the Issuer's business, financial condition, prospects and/or results of operations.

> Information security and data protection risk

Information security risk refers to the risk of loss caused by deliberate or accidental loss, alteration, falsification or leakage of information, or by destruction, disruption, errors or misuse of information systems. Loss or leakage of confidential information could have a material adverse effect on the operations and performance of the Issuer.

The Issuer is also subject to comprehensive regulation regarding the use of personal customer data emanating principally from the GDPR. Compliance with the GDPR creates significant regulatory obligations for the Issuer and it will continue to have an ongoing impact on the acceptance, processing, and storage of personal data. The Group has implemented internal policies and procedures to comply with the GDPR and the DPA. Personal data will be processed in accordance with the Group's data protection policy and procedures, information security policies and procedures, and the data retention guidelines. The Issuer has appointed a Group data protection officer who reports to the highest management level and is responsible for ensuring that the Issuer processes the personal data of its staff, customers, providers and any other data subjects in compliance with the applicable data protection laws and regulations. However, the Group remains exposed to the risk that personal data collected could be damaged or lost, disclosed or otherwise unlawfully processed for purposes other than as permitted in the DPA and/or the GDPR. The possible damage, loss, unauthorised processing or disclosure of personal data could have a negative impact on the activity of the Group, including reputationally, and could lead to the imposition of fines.

> Risks connected with the performance of the property market

The Group is exposed to the risks of the property market, as a result of, amongst other things: (i) investments held directly in properties owned by it and through which it operates; (ii) loans granted by the Issuer to companies and/or individuals operating in the property sector where the cash flow is generated mainly by the rental or sale of properties (commercial real estate); and (iii) loans granted to clients where the collateral securing the loan is immovable property.

With respect to (i) above, any downturn in the property market could result in the Group having to make impairments to the real estate it owns at a value that is higher than the recoverable value, with consequent negative effects, which may be significant, on the operating results and capital and financial position of the Issuer and/or the Group.

With respect to (ii) above, any downturn in the real estate market could lead to a fall in market prices and a consequent fall in the demand for real estate. As a result, the Issuer's customers operating in the commercial property sector may face a decrease in transaction volumes and margins, an increase in commitments resulting from financial expenses, as well as greater difficulties in refinancing, with negative consequences on the profitability of their activities, which could have a negative impact on their ability to repay the loans granted by the Issuer.

With regard to (iii) above, a fall in property prices could translate into a reduction in the value of the collateral which could potentially be realised in the case of enforcement if the debtor defaults. In addition, poor market conditions and/or, more generally, a protracted economic or financial downturn could lead to a fall in value of the collateral properties as well as create significant difficulties in terms of monetisation of such collateral under the scope of enforcement procedures, with possible negative effects in terms of realisation times and values, as well as on the operations, performance and financial position of the Issuer and/or the Group.

> Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Issuer's processes, people, systems and from other external factors such as those arising from legal and/or regulatory requirements and generally accepted standards of corporate behaviour.



The Issuer's exposure to such operational risk and consequent losses can result from, amongst others, fraud (including, amongst others, credit and/or identity fraud), errors by employees, inadequate employment practices and workplace safety measures, client claims, failure of the Issuer's systems or internal controls, failure to document transactions properly, failure to obtain proper internal authorisations, failure to comply with increasingly complex regulatory requirements and conduct of business rules, systems and equipment failures, failure to protect the Issuer's operations from increasingly sophisticated cyber-crime, loss or corruption of customer data or other sensitive information, damage to the Issuer's physical assets, natural disasters or the failure of external systems (for example, those of the Issuer's counterparties or vendors).

Any losses arising from the above failures may result in direct or indirect losses and could have a material adverse effect on the Issuer's business, financial condition, prospects and/or results of operations.

> Market risk

The Issuer may face a number of market risks in the normal course of its business. Market risk refers to the adverse impact of movements in market prices or rates such as interest rates, credit spreads and foreign exchange rates. Market risk stems from all the positions included in Issuers' investment portfolios, commodity and foreign exchange positions, interest income and the market value of assets and liabilities.

In the event that market risks were to occur, the Issuer may experience significant losses in the value of its investment portfolio, declines in the level of interest income, and negative movements in the fair values of its assets and liabilities which would consequently have a significant adverse impact on the operations and financial performance of the Issuer. The following are the principal identifiable market risks:

- Foreign exchange risk

The Issuer conducts the principal part of its business in Euro (which is also the Issuer's base currency); however, the Issuer performs some of its activities in other currencies. Accordingly, the Issuer may be impacted by foreign exchange risk, which is the risk of adverse movements in the monetary value of assets and liabilities, and additionally of income and expenses, from the fluctuation of exchange rates in relation to the Euro.

- Interest rate risk

Interest rate risk is primarily defined as a risk of net interest margin decreasing due to fluctuations in interest rates which are influenced by factors outside the Issuer's control (such as the fiscal and monetary policies of governments and central banks and political and economic conditions in the countries in which the Issuer operates or is exposed to); these factors can affect the interest rate margin. The Issuer is exposed to interest rate risk in its banking book arising from the mismatch between interest sensitive assets and liabilities held in the banking book.

Any significant fluctuations in interest rates and foreign exchange rates could therefore have a material adverse effect on the Issuer's financial position.

> Risk relating to key personnel

The Issuer is dependent, to a significant degree, on the skills, experience and efforts of its executives and upon their continued availability and commitment, whose contributions to immediate and future operations are of significant importance. The loss of any of the Issuer's executives and key function holders could negatively affect the Issuer's business operations. From time to time, the Issuer also needs to identify and retain additional skilled management and specialised technical personnel to efficiently operate the business. Recruiting and retaining qualified personnel is critical to the success of the Issuer's business and there can be no assurance of the Issuer's ability to attract and retain such personnel.

If the Issuer is not successful in attracting and retaining qualified personnel, its ability to effectively conduct its business could be affected, which could have a material adverse impact on the financial performance and condition of the Issuer.

> Financial crime compliance risk

Financial crime compliance risk could arise should the Issuer fail to comply with anti-money laundering and prevention of financing of terrorism rules, laws and regulatory procedures, including those related to sanctions, bribery and corruption. Additionally, failing to identify suspicious transactions, activities or connections, breaching relevant sanctions regimes and/or protecting customers from financial crime could also contribute to this risk.

Such failure may arise, *inter alia*, from: (i) lack of adherence to the appropriate regulatory environment and/or market practices; (ii) lack of implementation of directives, rules, regulations, and, or internal operating procedures; and/or (iii) inadequate internal controls to monitor level of adherence to the required standards, including identification of suspicious transactions and transaction monitoring.

The materialisation of such risks exposes the Group to financial sanctions, regulatory reprimands and censure which could materially and adversely affect the Issuer and its financial performance and reputation.



> Risks related to the competitive nature of the banking industry

The financial services industry, both in Malta and globally, is competitive. Competitive pressures could increase due to general market developments, regulatory changes, shifts in customer demand, shifts in competitors' strategies, technological enhancements, and other factors that are beyond the Issuer's control. Non-traditional financial services companies, particularly financial technology (fintech) companies and payment service providers, have penetrated the financial services industry at a fast rate, further increasing competition in the market.

Financial institutions are now hard-pressed to implement their digital transformations effectively with the introduction of digitalisation, automation, blockchain, artificial intelligence (AI) and machine learning (ML). Moreover, an acceleration or shift in demand towards new technologies, such as internet and mobile banking, requires financial institutions to continuously innovate and adapt. This may necessitate changes to the Group's retail distribution strategy, which may include closing and/or selling certain branches and restructuring the Group's remaining branches and work force. These actions could lead to losses and increased expenditure to renovate or reconfigure the Group's remaining branches or otherwise reform its retail distribution channel.

If the Issuer is unable to: (a) respond adequately to any increases or changes in competitive pressures, for example by introducing innovative products and services; and (b) anticipate and adapt the Group's offerings to changing banking industry trends, including technological changes, the Issuer may not succeed in developing its business or may lose its market share. Competitors' strategic moves can also impact the Issuer's market share. In turn, these could negatively impact the Issuer's financial performance and condition.

> Regulatory risk

The Group operates in a complex regulatory environment, as a result of which it is subject to a vast array of rules and regulations, including but not limited to regulatory and legal requirements relating to prudential capital requirements, liquidity requirements, risk management, conduct of business, selling practices, depositor protection, data protection, cyber-security, anti-money laundering and counter-terrorist financing, market abuse, fiscal requirements, and ongoing disclosure and reporting obligations. Furthermore, the regulatory environment in which the Group operates is constantly evolving, with the introduction of new rules and regulations, or the amendment or overhaul of existing ones. In this regard, the Issuer faces risks associated with an uncertain and rapidly evolving prudential and regulatory environment. The legislation to which the Issuer is subject includes (but is not limited to) PSD, the Prospectus Regulation, MAR, MiFID II, CRD, BRRD and the CRR. In addition, the Issuer is susceptible to changes in the application and, or interpretation of such rules and regulations, whether as a result of judicial interpretation or due to decisions, orders, directives, and/or guidelines issued by competent regulatory authorities.

The substance and scope of any such laws and regulations (including new and amended ones) as well as the manner in which laws and regulations are (or will be) adopted, enforced or interpreted could result in significant loss of revenue, limit the ability to pursue business opportunities in which the Issuer might otherwise consider engaging or limit the Issuer's ability to provide certain products and services, affect the value of assets held, impose additional compliance and other costs or otherwise adversely affect the Issuer's business and/or its financial position. As a result, the Group may be susceptible to loss of customers to competitors who are able to provide a more extensive service offering and who are better positioned to cross-sell across multiple business lines and market segments. If such risk were to materialise, it could have a material adverse effect on the results of the Group's operations and financial performance.

> Issuer's classification as a significant supervised entity

The Issuer has been classified as a significant supervised entity within the meaning of the SSM Framework Regulation and, as such, is subject to direct prudential supervision by the ECB in respect of the functions granted to the ECB by the SSM Regulation and the SSM Framework Regulation.

Compliance with all of the foregoing and all other applicable rules and regulations entails significant costs and effort which may adversely affect the profitability of the Group and its financial performance. In particular, the rules and regulations that apply to credit and financial institutions are of a significantly technical nature, requiring sector-specific expertise and experience to ensure ongoing compliance therewith. The Group may not be able to attract and retain suitable and adequate resources to ensure its ongoing compliance with its complex and highly technical regulatory and legal requirements.

Any changes to the rules and/or changes in the interpretation and/or implementation of those rules by the competent authorities could give rise to new burdens and obligations for the Issuer, with possible negative impact on the results of operations and the financial condition of the Issuer.

If any of these risks were to materialise, they could also have a material adverse effect on impacted lines of operations, reputation and rating of the Group.



> *Risks associated with capital*

As a bank of significant importance for the European financial system, the Issuer is directly supervised by the ECB. As part of the supervisory review and evaluation process, the ECB provides, on an annual basis, a final decision of the capital requirement that the Issuer must comply with on a consolidated level. Additionally, due to its strong presence in the Maltese economy and its perceived systemic relevance, the Issuer has been identified by the MFSA and the CBM as an 'Other Systemically Important Institution' ("O-SII") and is required to maintain an O-SII capital buffer of 2.00% composed of CET 1 capital as a percentage of the total risk weight exposure amount (as per the MFSA's and the CBM's joint Statement Decision dated 8 August 2024).

Non-compliance with applicable capital requirements in the future, may have a significant impact on the Issuer's operations and future sustainability. In particular, a perceived or actual shortage of capital held by the Issuer to meet its capital requirements could result in actions by regulatory authorities, including public censure and the imposition of quantitative and qualitative sanctions. This may also affect the Issuer's capacity to continue or grow its business operations, generate a sufficient return on capital or pursue acquisitions or other strategic opportunities, affecting future growth potential. In addition, if, in response to any such shortage, the Issuer raises additional capital through the issuance of share capital or capital instruments, existing shareholders or holders of debt of a capital nature may experience a dilution of their investment.

> *Strategic risk*

Strategic risk is the risk of suffering potential losses due to, amongst others, radical changes in the business environment or a lack of responsiveness to changes in the business environment, and/or improper implementation of strategic decisions.

The Issuer's strategic growth is dependent upon a number of other factors, including:

- (i) the ability to successfully launch new products to allow the Issuer's business to continue to expand and evolve;
- (ii) the ability to develop efficient internal monitoring and control systems;
- (iii) the ability to implement high-quality business and management processes and standards;
- (iv) the ability to develop and implement "best practices" in response to day-to-day business challenges;
- (v) the ability to secure adequate financing to successfully establish operations in new markets;
- (vi) the ability to adequately respond to competitive pressures;
- (vii) the ability to react to a deterioration in the economic climate;
- (viii) the ability to correctly assess legal requirements in targeted markets and monitor on-going changes in existing markets; and/or
- (ix) the ability to obtain any government permits and licences that may be required and the ability to develop adequate and secured IT-platforms.

The Issuer cannot assure that it will successfully implement its strategic development and growth plans, including as a result of the foregoing factors. This may have a negative impact on the Issuer's business, financial condition, prospects and/or results of operations.

> *Correspondent banking risk*

The Issuer has correspondent banking arrangements with several financial institutions in different parts of the world, which provide the Issuer with the necessary backbone to service its clients in international banking and trade transactions, by enabling it to offer, amongst other things, cross-border payment services.

In recent years increasing regulatory obligations related to the provision of correspondent banking services caused banks to scale down their activities in this space. In this light, relatively small banks, including the Issuer, are finding the acquisition of correspondent banking services challenging. As a consequence, in certain key currencies, the Issuer only has one correspondent providing such services. Therefore, the retention and maintenance of correspondent banking relationships is a critical element of the Issuer's business model, and, accordingly, any adverse change in the terms of, or termination of, any existing correspondent banking arrangements may have an adverse effect on the Issuer's operations, profitability and/or future growth potential.

> *Risk of downgrade in Issuer's credit rating*

As at the date of this Base Prospectus, the Issuer is rated by S&P Global Ratings Europe Limited ("S&P") and Fitch Ratings Ireland Limited ("Fitch"). The Issuer's long-term issuer default rating assigned by S&P is 'BBB-' whilst the short-term rating is 'A-3' with a stable outlook. The Issuer's long-term issuer default rating as assigned by Fitch is 'BBB-' whilst the short-term rating is 'F3' with a stable outlook. Current ratings are not indicative of future performance of the Issuer's business or its future creditworthiness. However, a downgrade to the Issuer's credit rating/s and/or outlook could have a negative impact on the financial performance and position of the Issuer.



Although a substantial portion of the Issuer's funding is derived from local customer deposits, a credit rating downgrade could also adversely impact access to other sources of funding, including wholesales and capital markets funding. In turn, this could have a negative effect on the Issuer's business, liquidity position, borrowing costs, financial performance and condition.

> Concentration risk

Concentration risk arises due to a high level of exposure by the Issuer to: (i) individual issuers or counterparties; (ii) a group of connected clients; (iii) industry sectors; (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 Issuer is exposed to concentration risk in its credit business and investment activities. Any major downturn in economic activity in markets where the Issuer is exposed to concentration risk could have a significant adverse impact on the financial performance and financial condition of the Issuer.

> The Issuer relies on external service providers for important products and services

The Issuer depends on a number of external service providers, being third-party service providers as well as related companies, for a variety of functions including for IT software and platforms, payment system services, online digital and mobile financial services, debit card production services, back office, business process support, internet connections network access and deposit-taking services.

If the Issuer's contractual arrangements with any of these providers are terminated for any reason or any third-party service provider becomes otherwise unavailable or unreliable in providing the service to the required standards or service level agreements, the Issuer will have to identify and implement alternative arrangements.

The Issuer may not find a suitable alternative third-party provider or supplier for the services, on a timely basis, on at least equivalent terms or on commercially viable terms without incurring a significant amount of additional costs, or at all. These factors could cause a material disruption in the Issuer's operations and could have a material adverse financial or reputational impact on the Issuer.

The Issuer is also subject to risk with respect to security breaches affecting the third-party providers and other parties that interact with these service providers. As the Issuer's interconnectivity with these third parties grows, it increasingly faces the risk of operational failure with respect to the Issuer's systems. In addition, any problems caused by these third parties, including as a result of them not providing the Issuer with their services for any reason, or performing their services poorly, could adversely affect the Issuer's ability to deliver products and services to customers and otherwise conduct its business, which could have a negative impact on the Issuer.

> Climate and Environment-related risks

The Issuer recognises the risks emanating from climate change and is also aware of the array of regulatory and prudential requirements applicable to the Group. For this reason, the risk management function within the Issuer established an environmental, social and governance ("ESG") department in 2021, with a dedicated professional team to contribute to a more structured handling of the Issuer's internal ESG related commitments, as well as the monitoring of climate and environment ("C&E") related risks. The ESG department periodically carries out a materiality assessment to categorise the risk exposures of the Issuer and embed C&E risks in the risk inventory of the Issuer as part of its internal climate risk taxonomy. The materiality assessment is based on a concentration analysis, dividing what constitutes physical and transition risks, by primarily grading sectors according to their risk categorisation from very high risk to low risk, and which are sensitive to C&E risks and mapping the exposures of the credit loan book of the Issuer both for the physical and transition risks attributed to the same risks relative to climate change policy regulations.

The Issuer considers C&E physical risks as including the economic costs and financial losses emanating from the increased severity and frequency of extreme weather phenomena triggered by climate change (including heat waves, landslides, floods, fires and storms) and from gradual long-term climate changes (including changes in rainfall, extreme weather variability, ocean acidification, rising sea levels and average temperatures) through a scenario analysis. Physical risks may be further subdivided into acute risks and chronic risks, which are applied to the different counterparties within the credit portfolio.

The Issuer considers the impacts of C&E transition risk as being related to the process of adjusting to a sustainable economy, primarily to lower greenhouse gases emissions. The emissions reduction process is liable to have a material impact on all sectors of the economy by affecting the value of certain financial assets and the profit margins of certain companies emanating from the applicable regulatory and prudential requirements. It is possible to further segment transition risk as follows: political and legal risks, technological risks, market risks, reputational risks and regulatory risks. For this reason, the Issuer monitors its counterparties, especially those falling under high-risk sectors, to ascertain strict oversight for dedicated transition plans including the scoring of clients through a questionnaire.



> Risks associated with the Group's digital strategy

The Group has understood the need to meet the growing expectations of its customers, and as such, a core part of its strategy concerns the use of digital in order to improve the customer experience, boost sales and achieve operational efficiencies.

As part of the strategy, the Issuer will enhance the existing platforms and develop new platforms that will support the delivery of a consistent and seamless experience for its customers. The platforms will enable the creation of new digital propositions and will also support new customer acquisition and retention. Additionally, digital technologies will be adopted within the Issuer's operating model, simplifying the way of work, while achieving efficiencies and improving the level of the service provided to the customers.

Failure to deliver this strategy would mean an increase in credit risk due to lack of robust early warning systems that uses artificial intelligence to provide early indications of potential defaults on debts. Furthermore, it also means keeping (or increasing) the existing operational risk due to the manual processes and fragmented systems that the Issuer is currently operating with. This could have a materially adverse effect on customer acquisition and retention, as well as on the Group's overall reputation, which could lead to loss of market share and poor financial performance.

> Systemic risk

Given the high level of interdependence between financial institutions, the Group is and will continue to be subject to the risk of actual or perceived link to the deterioration of the commercial and financial soundness of other financial services institutions. The risk relating to this interdependence is known as systemic risk, which is the risk that a default of any one institution could lead to defaults by other institutions, particularly where close relationships between such financial institutions subsist, whether as a result of their credit, trading, clearing or other relationships.

Concerns over, default by, governmental 'bail out' of, or government 'bail in' of one institution could lead to significant liquidity problems, including increases in the cost of liquidity, losses and 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.

> Risks connected with legal proceedings

In the course of its business, the Issuer faces various risks from legal and regulatory proceedings which may result in potential losses. Moreover, from time to time, past and present directors, officers and employees may be involved in civil and/or criminal proceedings, the details of which the Group may not lawfully know about or communicate.

The Group is also required to deal appropriately with various legal and regulatory requirements in relation to certain aspects of its activity, such as conflicts of interest, ethical issues, anti-money laundering laws, client assets, competition law, privacy and information security rules, amongst others. Actual or alleged failure to so comply may lead to additional litigation and investigations and subject the Group to claims for damages, regulatory fines, other penalties and/or reputational damages, any or all of which may have a negative impact on the Group.

3.4 RISKS RELATING TO THE BONDS

> Ranking of the Bonds

The Senior Preferred Bonds will constitute unsecured and unsubordinated obligations of the Issuer. In the event of the dissolution and winding-up of the Issuer, all claims in respect of the Senior Preferred Bonds will rank *pari passu* with all other present and future Ordinary Unsecured Claims and junior to Preferred Claims, such as, but not limited to, covered and preferred deposits.

The Senior Non-Preferred Bonds will constitute unsecured and unsubordinated obligations of the Issuer. In the event of the dissolution and winding-up of the Issuer, all claims in respect of the Senior Non-Preferred Bonds will rank *pari passu* with all other present and future Secondary Unsecured Claims and junior to all Preferred Claims and Ordinary Unsecured Claims (including any Senior Preferred Bonds).

The Tier 2 Bonds will constitute unsecured and subordinated obligations of the Issuer. In the event of the dissolution and winding-up of the Issuer, provided that the Tier 2 Bonds qualify (in whole or in part) as Tier 2 Instruments, all claims in respect of such Tier 2 Bonds will rank at least *pari passu* with all other present and future Tier 2 Claims and junior to all Preferred Claims, Ordinary Unsecured Claims, Secondary Unsecured Claims and Senior Subordinated Claims.



If, in the event of the dissolution and winding-up of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay in full the claims of more senior-ranking creditors, Bondholders will lose their entire investment in the Bonds. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Bonds and all other claims that rank *pari passu* with the Bonds, Bondholders will lose some (which may be substantially all) of their investment in the Bonds. Accordingly, holders of Tier 2 Bonds would lose their entire investment before losses are imposed on holders of Senior Non-Preferred Bonds and Senior Preferred Bonds. In turn, holders of Senior Non-Preferred Bonds would lose their entire investment before losses are imposed on holders of Senior Preferred Bonds and holders of Senior Preferred Bonds would lose their entire investment before losses are imposed on creditors in respect of Preferred Claims.

Moreover, pursuant to the RRR, all claims resulting from own funds items of relevant institutions (such as the Issuer) are to rank lower than any claim that does not result from an own funds item. Therefore, this may affect the amount of recovery (if any) a holder of Tier 2 Bonds may expect to receive in a winding-up or resolution of the Issuer. It is expected that, in certain circumstances, this may have an impact on the effective ranking of own funds instruments, such as the Tier 2 Bonds. For example, if any own funds instruments issued by the Issuer, such as Additional Tier 1 Instruments or Tier 2 Instruments (including any Tier 2 Bonds), cease in full to be eligible to qualify as own funds instruments of the Issuer, the ranking of such disqualified instruments is likely to be adjusted so that such disqualified instruments would rank ahead of any instruments which continue to qualify as own funds in whole or in part (such as any Tier 2 Bonds, as the case may be). In such circumstances, if the Issuer is wound-up or resolved, the claims of holders of Tier 2 Bonds which qualify (in whole or in part) as Tier 2 capital of the Issuer may be subordinated to claims of holders of such disqualified instruments (if any), and accordingly any recovery of amounts in respect of such qualifying Tier 2 Bonds in a winding-up or resolution of the Issuer may be adversely affected.

The ranking of Bonds in the dissolution and winding-up of the Issuer can also be expected to have a direct impact on the relative losses imposed on Bondholders in a resolution of the Issuer, as such resolution powers, if used, are generally expected to be applied in a manner that respects the hierarchy of claims in an ordinary insolvency. Accordingly, the actual or anticipated exercise of any of these actions in relation to the Issuer or any Bonds could materially adversely affect the value of any Bonds and/or the rights of Bondholders.

> **Risks associated with recovery and resolution regulations**

The Issuer is subject to the BRRD, which has been transposed into Maltese law mainly (but not only) through the RRR (the BRRD and the RRR are hereinafter collectively referred to as the “**BRRD Package**”).

The BRRD Package is designed to provide resolution 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. Resolution authorities may intervene using one or more resolution tools, actions and/or powers in the event that the conditions set out in the RRR are met, namely that: (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 resolution authority established under Maltese law is the board of governors of the MFSA which has, in turn, appointed a resolution committee (the “**Resolution Committee**”) which is responsible, *inter alia*, to apply resolution measures and such other powers as set out in the first schedule to the Malta Financial Services Authority Act (Chapter 330 of the laws of Malta).

Under the RRR, the Resolution Committee has a very broad range of resolution tools, actions and/or powers in respect of the Issuer and the Bonds, including, amongst others, the power to write-down or convert the Bonds and to further employ a broad suite of other tools, including: (i) the sale of business tool, which enables the Resolution Committee to effect a sale of the whole or part of the business; (ii) the bridge institution tool, pursuant to which the Resolution Committee shall have the power to transfer to a bridge institution shares, other instruments of ownership, assets, rights and liabilities of the Issuer; (iii) the asset separation tool, which enables the transfer of assets, rights and liabilities to one or more asset management vehicles; and (iv) the bail-in tool, pursuant to which the Resolution Committee has a broad range of powers, including, the power to take control of an institution and other powers set out in the RRR. The RRR, when read in conjunction with other applicable Maltese laws, also provide for additional insolvency procedures for relevant entities.

In addition, the RRR provide for certain ancillary powers, such as the power to modify contractual arrangements in certain circumstances (which could include a variation of the terms of the Bonds), powers to impose temporary suspension of payments and powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers.



The extent to which the Bonds may become subject to any resolution action (including that set out above) will depend on a number of factors and it is difficult to predict when, if at all, any such action can be taken, particularly since, as at the date of this Base Prospectus, none of the conditions for the adoption of resolution action by the Resolution Committee subsist with respect to the Issuer. Prospective investors should, nonetheless, consider the risk that, in the event that the Issuer becomes subject to a resolution action, the principal amount of the Bonds including any accrued but unpaid interest, may be written down or converted into equity and a broad range of other resolution actions (including those set out above) and other powers may be taken in respect of the Issuer.

> *Single resolution mechanism*

The BRRD is complemented by the directly binding SRM Regulation, establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the SRM and a single resolution fund, which has applied since 1 January 2016 and was amended by Regulation (EU) 2019/877 (applicable since 28 December 2020).

The SRM Regulation applies to entities covered by the SSM. According to the selection criteria of the ECB, the Issuer is currently subject to the SRM Regulation as a primary recovery and resolution code instead of the Maltese implementation measures relating to the BRRD.

The SRM Regulation establishes the Single Resolution Board or the SRB, as the central resolution authority, having resolution powers over the institutions that are subject to the SRM Regulation and, together with the relevant national authorities, forms the SRM. Decision-making is centralised with the SRB working closely with the European Commission, the ECB, the EBA and national resolution authorities.

The SRB (together with the relevant national resolution authorities) draws up and adopts a resolution plan for the entities subject to its powers. In the case of the Issuer, this is drawn up by the SRB together with the Resolution Committee. The SRB also determines, after consultation with competent authorities, the MREL requirement specific for each institution. The SRB may use the powers of early intervention as set forth in the SRM Regulation, including the power to require an institution to contact potential purchasers in order to prepare for resolution of the institution.

The SRB has the authority to exercise the specific resolution powers pursuant to the SRM similar to those of the national authorities under the BRRD. The resolution tools available for the SRB include the sale of business tool, the bridge institution tool, the asset separation tool and the bail-in tool. In addition, the SRB may exercise the 'write-down and conversion power' in respect of capital instruments and eligible liabilities. Therefore, the description of the resolution tools, powers and related risks for Bondholders under the immediately preceding risk factor, should be read *mutatis mutandis* in respect of the tools and powers available to the SRB under the SRM and the related risks for the Bondholders. The SRB is also granted the authority to instruct the relevant national resolution authorities within the SRM to use the same resolution tools in respect of an entity subject to the SRM.

> *Orderly & liquid market*

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Moreover, certain regulatory requirements applicable to the sale of the Bonds (and similar instruments) to Retail Clients could have an impact on the level of activity in the secondary market. In addition, securities admitted to trading on the Official List are often thinly traded. 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 Bondholders will be able to sell the Bonds at or above the Issue Price or at all.

> *Fixed interest rates*

The Bonds are fixed rate debt securities. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds. Investors should be aware that because of the way yield is typically calculated by market participants, the price of fixed income securities (such as the Bonds) tends to move in a way that is inversely proportional to changes in interest rates. Accordingly, when prevailing market interest rates are rising, the prices that market participants will generally be willing to pay for the Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for the Bonds can generally be expected to rise. Moreover, fixed rate debt securities with a longer period to maturity will tend to reflect a greater degree of secondary market price volatility relative to movements in market interest rates when compared to fixed rate debt securities with a shorter remaining life.



> Limited recourse

The Bonds are the obligations of the Bank only and do not establish any liability or other obligation of any other person mentioned in this Base Prospectus. Moreover, by purchasing the Bonds, each Bondholder agrees that the only remedy available to the Bondholders in the case of non-performance by the Bank of any of its obligations or any other breach by the Bank of the Terms and Conditions (including the non-payment of interest and principal) shall be the ability to petition for the dissolution and winding up of the Issuer insofar as this is possible in terms of the applicable provisions of the Act and any other applicable law. The Bondholders are not entitled to any other remedy in such cases. In this regard, Bondholders are not able to call an event of default or otherwise bring any enforcement action in respect of the Bank or its assets. The remedies under the Bonds are, therefore, more limited than those typically available to the Bank's other creditors.

> Waiver of set-off and netting

Holders of any Bonds waive any right of set-off or netting in relation to such Bonds. Therefore, Bondholders will not be entitled to set-off, or apply netting to, the Issuer's obligations under such Bonds against obligations owed by them to the Issuer.

> Additional indebtedness

The Bonds do not restrict the Bank's ability to incur additional indebtedness (including through the issuance of additional bonds or other debt securities) or to secure that indebtedness in the future, which actions may negatively affect the Bank's financial position and its ability to make payments in respect of the Bonds, when due. Moreover, such indebtedness may have a prior ranking than the Bonds, in which case it could rank ahead of the Bonds in the event of a dissolution and winding up of the Bank.

> Continuing compliance obligations

Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the MFSA has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or of the integrity or reputation of the market. The MFSA may discontinue the listing of the Bonds on the MSE if, *inter alia*, it is satisfied that there are special circumstances that no longer permit normal dealings in the Bonds to take place. Any such trading suspensions or listing discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

> Early Redemption

In the case of Bonds with an early redemption feature (which may, depending on the Final Terms, comprise all Tranches), said Bonds may be redeemed by the Issuer on any Early Redemption Date and/or, in respect of the Tier 2 Bonds, on an Early Redemption (Exceptional Event) Date. Bondholders will be entitled to, in respect of the Bonds being redeemed, repayment of all principal, together with interest accrued until the date of redemption but once the Bonds are redeemed, the relevant Bondholders will no longer be entitled to any interest or other rights in relation to those Bonds. If Bonds are redeemed prior to the Maturity Date, a Bondholder would not receive the same return on its investment that they would have received if those Bonds were redeemed on the Maturity Date. In addition, the Bondholder may not be able to re-invest the proceeds from the early redemption at yields that would have been received on the Bonds had they not been redeemed early. This optional redemption feature may also have a negative impact on the market value of the Bonds. During a period when the Issuer may opt to redeem the Bonds, it is unlikely that the market value will rise above the price at which the Bond will be redeemed.

> Complexity and suitability risk

The Bonds are complex financial instruments and, accordingly, carry a high degree of risk. Subject to the overarching requirement that Applicants who are Retail Clients may only subscribe for Bonds after passing a Suitability Test, all prospective investors are urged to consult an investment adviser licensed under the Investment Services Act as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor: (a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds and understand the merits and risks of investing in the Bonds and the information contained, or incorporated by reference, in the Base Prospectus or in the relevant Final Terms, or any Supplement; (b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency; (c) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and (d) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

> 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.



> Volatility risk

The market for debt securities issued by the Bank (including the Bonds) is influenced by economic, political and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates. There can be no assurance that events in Malta or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Bonds or that economic and market conditions will not have any other adverse effect on the Bonds.

THE FOREGOING RISK FACTORS ARE NOT EXHAUSTIVE AND DO NOT PURPORT TO BE A COMPLETE LIST OF ALL OF THE RISKS AND CONSIDERATIONS INVOLVED IN INVESTING IN THE BONDS. IN PARTICULAR, THE ISSUER'S PERFORMANCE MAY BE AFFECTED BY CHANGES IN MARKET OR ECONOMIC CONDITIONS AS WELL AS LEGAL, REGULATORY AND TAX REQUIREMENTS APPLICABLE TO THE ISSUER AND/OR THE BONDS.

4 RESPONSIBILITY, AUTHORISATION STATEMENT AND CONSENT FOR USE

4.1 PERSONS RESPONSIBLE

The Directors are responsible for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Directors, who have all taken reasonable care to ensure such is the case, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

In light of Mr Grech's suspension from Board meetings and from access to Board materials (as further set out in section 8.4 below), Mr Grech was not involved in the approval process of this Base Prospectus.

4.2 AUTHORISATION STATEMENT

This Base Prospectus has been approved by the MFSA as the competent authority in Malta for the purposes of the Prospectus Regulation. The MFSA has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Bank or the quality of the Bonds (that are the subject of this Base Prospectus). Investors should make their own assessment as to the suitability of investing in the Bonds.

4.3 CONSENT FOR USE OF BASE PROSPECTUS

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

- i. in respect of the Bonds subscribed for through (or otherwise placed by) Authorised Financial Intermediaries during such periods as set out in the relevant Final Terms when a subscription of Bonds is possible; and
- ii. to any resale or placement of the Bonds taking place in Malta.

Neither of the Issuer, the Sponsors nor any of their respective advisers, takes any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

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

In the event of a resale, placement or other offering of the 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, placement or other offering at the time such is made.



Any resale, placement or other offering of the Bonds to an investor by an Authorised Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Base Prospectus and/or the relevant Final Terms, it will be the responsibility of the relevant Authorised Financial Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Issuer nor the Sponsors have any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Base Prospectus and the relevant Final Terms in connection with a resale, placement or other offering of the Bonds subsequent to the Bond Issue on the conditions set out herein shall publish on its website a notice to this effect.

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the publication of the Base Prospectus or the relevant Final Terms will be made available by the Issuer through a company announcement which will be made available on the Issuer's website: <https://www.bov.com/bov-company-announcements>.

5 IDENTITY OF ADVISERS AND AUDITORS OF THE ISSUER

5.1 ADVISERS

Legal Advisers:

Name:	Camilleri Preziosi
Address:	Level 3, Valletta Buildings South Street Valletta VLT 1103, Malta

Sponsors

Name:	Calamatta Cuschieri Investment Services Limited (C 13729)
Address:	Ewropa Business Centre Triq Dun Karm Birkirkara BKR 9034, Malta
Name:	Rizzo, Farrugia & Co. (Stockbrokers) Ltd. (C 13102)
Address:	Airways House, Fourth Floor High Street Sliema SLM 1551, Malta

Manager & Registrar

Name:	Bank of Valletta p.l.c. (C 2833)
Address:	58, Zachary Street Valletta VLT 1130, Malta

5.2 AUDITORS

Name:	KPMG
Address:	Portico Building Marina Street Pieta' PTA 9044, Malta

KPMG is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Chapter 281 of the laws of Malta) and a practicing certificate to act as auditors. The Accountancy Board registration number of KPMG is AB/26/84/12.

KPMG were the auditors of the Issuer for the period covered by the historical financial information incorporated by reference into this Base Prospectus and have been re-appointed as the Issuer's statutory auditors until the end of the next annual general meeting of the Issuer.



6 INFORMATION ABOUT THE ISSUER

6.1 GENERAL INFORMATION

Legal and commercial name:	The Issuer's legal name is Bank of Valletta p.l.c.. The Issuer is commonly commercially referred to as BOV
Registered address:	58, Zachary Street, Valletta VLT 1130
Place of registration and domicile:	Malta
Company registration number:	C 2833
Legal Entity Identifier:	529900RWC8ZYB066JF16
Date of registration:	21 March 1974
Legal form and duration:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act. The Issuer has been established for an indefinite duration
Telephone number:	+356 2275 3556
Email	bovocs@bov.com
Website	https://www.bov.com/

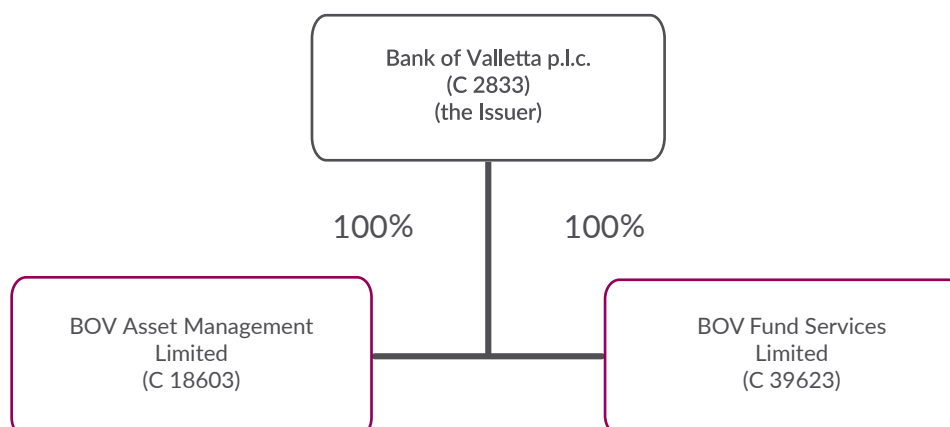
Unless specifically stated herein that particular information is incorporated by reference into this Base Prospectus, the contents of the Issuer's website or any other website directly or indirectly linked to the Issuer's website, or any other website referred to herein, do not form part of the Base Prospectus and has not been scrutinised or approved by the MFSA. Accordingly, no reliance ought to be made by any investor on any information or other data contained in such website as a basis for a decision to invest in the Bonds.

6.2 HISTORY AND DEVELOPMENT OF THE ISSUER

The Issuer was formed in 1974 following an agreement between the Government of Malta and the Malta Development Corporation. In 1992, the Issuer became the first public company to be listed on the Malta Stock Exchange at which time 51.21% of the Issuer's equity was held by the Government of Malta, 14.55% was held by Banco di Sicilia S.p.A. and the remaining 34.24% was held by the general public. In 1995, the Government of Malta offered 12,000,000 shares to the public, thereby reducing its shareholding in the Issuer to 25.23%. In June 2006, Capitalia S.p.A. took over the 14.55% stake in the Issuer from Banco di Sicilia S.p.A. and in October 2007, Capitalia S.p.A. was merged (by incorporation) with UniCredit S.p.A. (formerly UniCredito Italiano S.p.A.). Subsequently UniCredit S.p.A. thereby became the other major shareholder holding a 14.55% stake in the Issuer. Following a number of corporate actions that took place between July 2017 and June 2019, the Issuer's issued and paid-up share capital at the date of this Base Prospectus is 583,849,270 ordinary shares held as follows: 25% by the Government of Malta, 10.20% by UniCredit S.p.A. and 64.80% are held in public hands by approximately 20,000 shareholders.

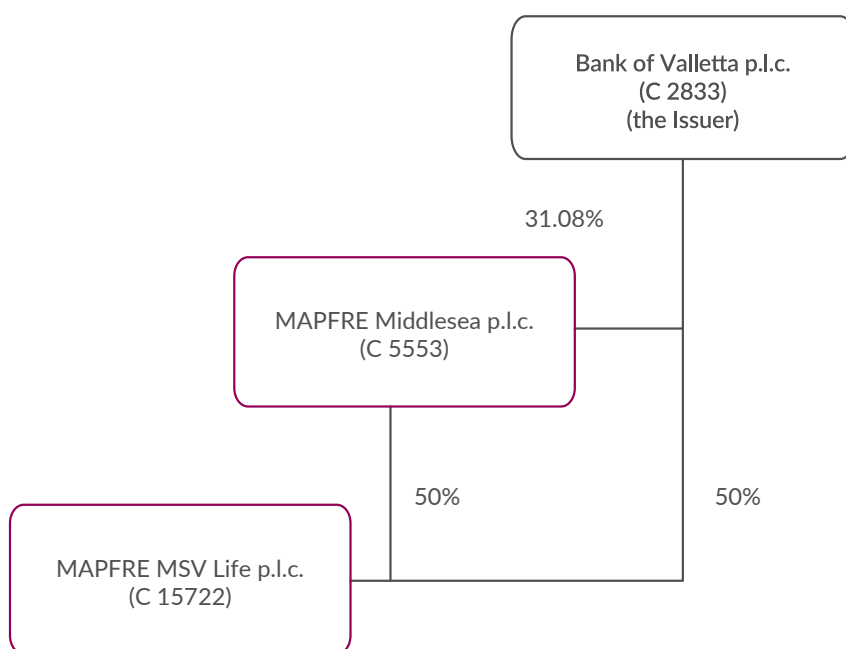
6.3 ORGANISATIONAL STRUCTURE OF THE GROUP

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 this Base Prospectus is as set out below:



The principal activities of the Issuer and its subsidiaries are described in further detail in section 6.5 below.

The following organisation chart depicts the relationship between the Issuer and the Associated Companies:



The Issuer holds 50% of the shares in MAPFRE MSV, a company that operates as a life assurance business and which is licensed under the Insurance Business Act (Chapter 403 of the laws of Malta) ("IBA").

The Issuer also holds 31.08% of the shares in MAPFRE Middlesea, a company that operates the business of insurance, including group life assurance and which is licensed under the IBA. MAPFRE Middlesea's equity securities have been admitted to listing and trading on the Official List of the MSE. MAPFRE Middlesea holds the remaining 50% of the shares in MAPFRE MSV.

6.4 OBJECTS AND PURPOSES OF THE ISSUER

The Memorandum and Articles of Association of the Issuer are registered with the Registrar of Companies at the Malta Business Registry. The objects of the Bank are set out in clause 4 of its Memorandum. The principal object of the Bank is, in summary, to carry on the business of banking (in all its aspects), in all or any of its branches and departments in Malta and other parts of the world including, without limitation the transaction of all financial, monetary, investment and other businesses usually or commonly carried on by banks whether in Malta or internationally and to do all acts usual to be done in the prosecution of such business.

A copy of the Memorandum is available for inspection as set out in section 17 of this Base Prospectus.

6.5 PRINCIPAL ACTIVITIES OF THE ISSUER AND ITS SUBSIDIARIES

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 Issuer's customer base totals approximately 362,000 customers (as at end June 2024) and its principal activities comprise the following:

> *Deposit taking activities*

The Issuer receives and accepts customers' monies for deposit in current and savings accounts which may be denominated in Euro and other major currencies.

It accepts deposits from customers principally at call and for various maturities and seeks to earn interest margins through lending operations to both corporate and personal borrowers with a range of credit standings. Such exposures involve principally on-balance sheet loans and advances, as well as guarantees and other commitments (such as performance and other bonds and letters of credit).



The Issuer seeks to increase margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due. The Issuer also earns interest by investing monies advanced through its deposit taking activities in high-quality assets.

> **Loans and other advances**

Another principal activity of the Issuer is the provision of finance through loans and advances, trade finance facilities and other credit products to customers. This business segment includes the provision of finance at varying maturities to both corporate and personal customers of various credit standings.

With respect to corporate customers, the Issuer is highly involved in all market sectors and provides business finance to large corporates as well as smaller business ventures. The loans and advances provided include project finance, credit facilities and overdraft facilities to finance working capital requirements.

Financing at all levels of business and commercial lending are generally carried out directly by the Bank but can also be provided through risk-sharing instruments or syndication.

With respect to personal customers, the Issuer provides a suite of products aimed principally at consumer lending, with home finance being an important pillar of this business segment.

> **Investment services**

The Issuer provides a comprehensive suite of investment products and services that meet customers' needs throughout their lifecycle, including stockbroking, advisory and discretionary portfolio management services. Such services are offered to both retail and institutional clients.

Investment services are a major contributor to non-interest income generation.

- **Stockbroking**

The Issuer's stockbroking unit handles the processing and execution of non-proprietary local and international secondary market transactions relating to debt, equities, Exchange Traded Funds ("ETFs") and other third-party funds. In the domestic market, the Issuer is a member of the MSE and (excluding the CBM as market maker for government stocks) is one of the largest brokers thereon.

The Issuer has direct real-time access to international equity markets through agreements with several international and reputable brokers, whilst also having access to liquidity providers specifically for exchange traded products. The Issuer also has trading lines with over 26 market makers in the over-the-counter debt markets, thus enabling competitive execution prices.

- **Wealth management services**

The Issuer provides a selection of its customers with an investment advisory service through its five investment centres located across Malta and Gozo. Financial advisers working from within these investment centres are provided with the necessary tools and market-led information to enable them to provide professional investment advice to customers on an array of instruments and products, which include a comprehensive range of investment funds, bancassurance products, bonds and equities.

The Issuer also has a fully-fledged wealth management centre through which it provides a range of investment services (including discretionary management and investment advice) to a sub-set of private banking customers, premised upon a highly personalised service which is driven by professionalism and trust. In view of the highly bespoke nature of this service, the financial advisers and portfolio managers at the Issuer's private banking arm invest time and effort to get to know their customers and build long-term relationships, adopting a detailed planning process to ensure that customers' investment portfolios are tailored to meet their objectives and needs.

With a view to enhancing its service offering, the Issuer has further strengthened its internal investment committees which are considered to be key structures to the overall investment services proposition across the Issuer's various customer touchpoints.

- **Depository services**

The Issuer acts as depository to Undertakings for Collective Investment in Transferable Securities ("UCITS") which are managed by BOVAM. As depository, the Issuer provides safekeeping and oversight services to in-house UCITS schemes (the "Proprietary Funds"). The Issuer has global custody network arrangements through Euroclear Bank NV Belgium and Clearstream Banking S.A. Luxembourg, pursuant to which the Issuer delegates safekeeping functions insofar as listed foreign securities (bonds, equities, ETFs) and third-party collective investment schemes are concerned. Malta-listed securities are directly held by the Issuer under custody with the Malta Stock Exchange as local CSD for local securities.



During the period 2019 to 2020, the Issuer de-risked the entire custody business related to non-Proprietary Funds, consisting of *circa* 130 sub-funds and equating to nearly €3 billion worth of assets. As indicated above, the Issuer decided to retain the provision of depository services to its Proprietary Funds, thereby scaling down the value of assets under custody to UCITS funds to *circa* €730 million.

> **Other services**

The Group also provides a number of other services, including those set out hereunder.

- **Bancassurance**

The Issuer acts as a tied intermediary to each of the Associated Companies to offer insurance and life assurance products to customers. All policies are offered through the Issuer's retail branch network, investment centres and the wealth management centre, and are issued and underwritten by the Associated Companies. A wide array of protection, pension and investment driven products are available.

- **Corporate advisory**

The corporate advisory team at the Issuer is considered as one of the major players on the local market for initial public offerings and primary bond issues. It offers the whole spectrum of services for an entity intending to list on the local Maltese exchange, including the services of manager, registrar and/or sponsor.

- **Fund management and institutional clients**

BOVAM provides investment management services for collective investment schemes and portfolio management services for professional institutional clients. The subsidiary manages 17 sub-funds, 11 of which are sub-funds of Vilhena Funds SICAV p.l.c. (SV 4) ("**Vilhena Funds**") and 6 of which are sub-funds of BOV Investment Funds. It also provides portfolio management services to institutional clients. As of 30 June 2024, the total assets under management across all the investment mandates amounted to approximately €1.1 billion.

- **Fund administration**

BOV FS is one of the largest fund administrators in Malta, providing its services to numerous local and foreign funds. It provides a comprehensive suite of services to fund managers and fund promoters, as well as a full suite of fund administration including fund accounting, shareholder registry services, regulatory reporting and corporate services. BOV FS has been at the forefront in ensuring that additional services required by funds and fund managers arising out of the spate of new regulations are catered for.

> **Trusts business**

The Issuer's trusts unit was established in 2005 when the Issuer was granted authorisation by the MFSA to offer trustee services pursuant to Article 43(8)(i) of the Trusts and Trustees Act (Chapter 331 of the laws of Malta).

In October 2015, the Issuer's board of directors resolved to exit the trusts business and gradually wind down all trust products.

As at 31 July 2024, the total number of active trusts held was 12 with a total value of €7.3 million. This reflects a sharp decrease in the number of active trusts held, which stood at 616 in October 2015 (a decrease of 98%) with a total value of €302 million (a decrease of 98%). Eight of the remaining trusts are in the process of being onboarded by a new trustee, while the others are following determined and agreed exit strategies towards their termination.

> **Licensable activities performed by the Issuer and by the Subsidiaries**

- **The Issuer**

For the most part, the activities of the Issuer are licensable activities regulated under the domestic and EU financial regulatory framework. In this respect, the Issuer is licensed by the MFSA as:

- a credit institution under the Banking Act;
- an investment firm and depository pursuant to the Investment Services Act, authorising it to provide various investment services to retail, professional and eligible counterparties as well as depository services to UCITS funds;
- a trustee or co-trustee pursuant to the Trusts and Trustees Act (Chapter 331 of the laws of Malta). Notwithstanding that the Issuer still holds this licence, pursuant to a decision of the Board, it has been resolved to wind down this business; and
- a tied insurance intermediary of each of the Associated Companies under the Insurance Distribution Act (Chapter 487 of the laws of Malta).



> The Subsidiaries

BOVAM is a Maltese licensed UCITS management company and is in possession of an investment services licence under the Investment Services Act and is licensed to provide investment management services to retirement schemes and retirement funds under the Retirement Pensions Act (Chapter 514 of the laws of Malta).

BOV FS is a recognised fund administrator under the Investment Services Act and is registered to act as a company service provider under the Company Service Providers Act (Chapter 529 of the laws of Malta).

6.6 FUNDING STRUCTURE AND EXPECTED FINANCING

A significant portion of the Issuer's funding is derived from local customer deposits. The Issuer has been successful in its drive to build and maintain a large and stable customer deposit base, helping to eliminate any reliance on wholesale funding. The Issuer maintains an ongoing presence in international funding markets and taps into as many unsecured credit lines to maintain a strong inter-bank relationship. The Bank also has in place a number of global master repurchase agreements with foreign banks that provide access to repurchase borrowing. The Bank has also raised funds from the local corporate bond market through the issuance of subordinated notes and senior debt.

There have been no material changes in the borrowing and funding structure of the Bank since the financial year ended 31 December 2023.

The Bank's business activities are all expected to be financed through customers' deposits. The Programme will be used to strengthen and provide further buffers to the Bank's capital requirements ratios (and, as a result, its MREL and other regulatory requirements), and to support the Bank's future growth.

6.7 CREDIT RATING

As at the date of this Base Prospectus, the Issuer is rated by S&P and Fitch. Both S&P and Fitch are established in the EEA and registered under Regulation (EU) No 1060/2009 (as amended) and appear on the latest update of the list of registered credit rating agencies (as of 10 July 2024) on the ESMA website <http://www.esma.europa.eu>.

The Issuer's long-term issuer default rating assigned by S&P is 'BBB-' while the short-term rating is 'A-3' with a stable outlook. The Issuer's long-term issuer default rating as assigned by Fitch is 'BBB-' whilst the short-term rating is 'F3' with a stable outlook.

A Fitch 'BBB' long-term issuer credit rating indicates that " ... expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.."¹. An S&P 'BBB' long-term issue credit rating indicates as follows "An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation".² An S&P A-3 short-term credit rating indicates as follows "A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken an obligor's capacity to meet its financial commitments on the obligation."³ A short-term rating of F3 by Fitch indicates "an adequate capacity for timely payment of financial commitments relative to other issuers or obligations in the same country or monetary union".⁴

6.8 CAPITAL OVERVIEW

The Group maintains its objective of actively managing capital in an integrated way, seeking to fulfil regulatory requirements, guarantee solvency, and maximise profit. Through this holistic approach, the Group is able to achieve long-term sustainability and identify growth opportunities which provide a sustainable risk-return performance. The Group's capital management approach aims to ensure a sufficient level of capitalisation to absorb unexpected losses from the occurrence of any of the risks it faces.

As at 30 June 2024, the Issuer reported a solvency position which exceeds all minimum requirements as required by the CRR and CRD, with the CET 1 and total capital ratios standing at 22.3% (December 2023: 22.7%) and 25.4% (December 2023: 25.9%), respectively. The obtained capital results enabled the Group to comply with all regulatory capital requirements and ensure a solid ground for the implementation of the Group's strategic initiatives.

¹ <https://www.fitchratings.com/products/rating-definitions#ratings-scales>

² <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>

³ <https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352>

⁴ <https://www.fitchratings.com/products/rating-definitions#about-rating-definitions>

At the date of publication of this Base Prospectus, with the exception of the macroeconomic conditions and market conditions generally, as well as the impact of legislation and regulations applicable to the Issuer and to other financial institutions within the Eurozone, the Issuer does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer's business for at least up to the end of the current financial year.

7.1 ECONOMIC SCENARIO

During 2023, the global economy was characterised by high interest rates, elevated inflation, and geopolitical uncertainty. Major central banks maintained a tight monetary policy with a view of curbing persistent high inflation. The ECB deposit rate reached a high of 4%; an unprecedented increase of 4.5 percentage points within a period of 18 months.

Despite these headwinds, the Maltese economy continued to grow at a sustained pace. Malta's real GDP grew by 5.6% in 2023 (National Statistics Office (the "NSO")), which was higher than original expectations (the European Commission's forecast was of 4%), demonstrating the strong economic momentum despite the headwinds from abroad. Growth was broad-based, with both industry and services performing strongly, the latter underpinned by a record year for tourism in terms of arrivals. The Maltese economy continued to register elevated growth rates during 2024. During the first quarter of 2024, real GDP grew by 4.6%, the highest across the euro area. The latest suite of economic forecasts for Malta continue to indicate growth above 4% for 2024, broadly in line with the long-term average, with slight moderation in subsequent years. These conditions fuelled further growth in jobs and brought the unemployment rate down to historically low levels of around 3%, factors which reinforced confidence and supported household consumption. The resilience of the Maltese economy augurs well for the future, although from a macroeconomic perspective, attention is needed to safeguard fiscal sustainability, while containing price inflation.

In line with other European countries, the annual inflation rate in Malta continued to abate. According to the NSO, annual inflation in June 2024 was 2.2%, which is lower than the euro area average of 2.5%. Inflation rates in Malta have been slowing since peaking at 7.4% in September 2022 but the downward trend flattened in the past few months. Lower inflation for our main importing trading partners, government energy subsidies and the 'stabbilta' scheme have all contributed to the low inflation figure. Barring any unforeseen circumstances, inflation in Malta is expected to remain tepid in the coming months.

However, the highlight for 2024 has been the ECB's decision to start easing its monetary policy as inflation across the euro area started to decelerate. In June, the ECB delivered its first 25 basis points reduction in official interest rates and was followed by another 25 basis point reduction in September. The market is anticipating another one or two similar rate cuts by the end of 2024, and further easing during 2025 if the overall inflation outlook remains soft. However, the ECB is likely to keep interest rates at levels which are higher than those which prevailed throughout the decade-long period of exceptionally accommodative monetary policy.

This interest rate outlook has shaped the baseline guiding the Bank's active balance sheet management over the past months, with the objective to render the bottom line less sensitive to falling interest rates. It is estimated that at present, for every 100-basis point reduction in the deposit facility rate of the ECB, the Issuer's revenues could decline by €20.8 million, a figure which is easily manageable, and will thus not dent the Bank's long-term profitability. Furthermore, the easing of inflationary pressures abroad and in Malta should preserve confidence among the Bank's clients, stimulating further demand for our products, while supporting the quality of the Bank's loan portfolio. Nonetheless, the Issuer remains vigilant, cognisant of the fact that for a very small open economy, idiosyncratic shocks might quickly materialise and propagate.

7.2 STRATEGIC INITIATIVES FOR FY 2024 – 2026

The Issuer has embarked on an ambitious strategy for the years 2024-2026 (the "**Strategy 2024-2026**"), which is aimed at confirming it is the local market leader in digitalisation, process simplification, customer centricity and product diversification. The Strategy 2024-2026 will be achieved by implementing several key initiatives and significant investments in business and regulatory projects across the following four key pillars:

- a) **Employees:** Enhancing employee satisfaction and productivity through broader training programs, wellness initiatives, flexible work arrangements, talent management, and a more inclusive work environment, such as the revamped intranet page that keeps employees informed about strategic directions. This is aimed at empowering and equipping staff to be at their best in the role each one plays in meeting our strategic goals.



- b) **Customers:** Continue focusing on improving customer service, product personalisation, and convenience fully aware that today customers look for a straightforward, contactless banking service, round the clock. Whilst the Issuer has introduced the use of remote digital signatures which has already saved many hours of customer commute to its offices, it plans to expand its retail network and enhance Customer Relationship Management (CRM) systems. The Issuer has also recently launched the innovative BOV mobilePOS, providing merchants with seamless, hardware-free payment processing. Ambitious digitalisation efforts are ongoing, aimed at reducing reliance on traditional in-branch transactions and improving the ease of customer service whilst retaining strong engagement with the customer.
- c) **Operations:** The Issuer aims to improve operational efficiency by re-engineering business processes, eliminating redundancies, and automating tasks. Efforts are also focused on strengthening IT assets against cyber threats. The Issuer is also progressing with balance sheet optimisation and introducing a cloud-driven IT program. Balance sheet optimisation will lead to a more modern operationalisation of the modelling and analysis of the structure and productivity of the balance sheet and optimised identification of the main dynamics and utilisation of capital, which will enhance strategic planning. On the other hand, the Issuer's adoption of cloud technology represents a significant milestone in its digital transformation strategy. This move is expected to deliver numerous benefits across various dimensions, including but not limited to improved operational efficiency, cost savings, enhanced security, and compliance, as well as technical advantages in terms of performance, agility, and scalability. The Bank has, as of late, been making strides in adopting new cloud-based applications, with some initiatives already in production.
- d) **Governance and Risk Management:** Significant investments are being made to ensure full regulatory compliance and protect the Issuer's reputation. This includes enhanced financial crime screening and monitoring through AI-powered systems and continued advancement of the Issuer's data strategy.

The Bank is also focusing its efforts to leverage the following enablers, not only to achieve business excellence, but also create a positive impact on society and the environment it operates in:

- **ESG as an Enabler:** The Issuer remains committed to ESG compliance and promoting sustainable behaviour among customers and stakeholders. The ESG strategy focuses on achieving net-zero impact, encouraging green loans, and shifting investments toward ethical and green opportunities; and
- **Data as an Enabler:** The Issuer continues to enhance its data capabilities to improve customer understanding and product development. As at the date of this Base Prospectus, the Issuer has already completed several projects in this domain, including a data program aimed at setting the foundation for other initiatives to harness the power of this resource, for a brighter data-informed future for the Issuer.

The Issuer is determined to ensure that its Strategy 2024-2026 is marked by continued growth, meaningful contributions to customers and stakeholders, and positive impacts on the local economy.

8 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

8.1 THE BOARD OF DIRECTORS OF THE ISSUER

In terms of the Memorandum, the affairs of the Issuer are to be managed and administered by a board of directors consisting of not less than seven and not more than twelve in number, provided that in the cases of co-option contemplated in article 27A of the Articles of Association, the maximum number of directors shall be fourteen.

The Board of Directors is the corporate organ which is ultimately collectively responsible for the Issuer's business and its supervision. The Board of Directors is entrusted with the overall direction and oversight of the Issuer and its business and is endowed with all the powers required for it to discharge its responsibilities, with the exception of the powers reserved by law to the shareholders' meeting. The powers of the Board are to be exercised in accordance with the provisions of the Act, other regulatory provisions in force such as the Banking Act and the banking rules issued thereunder, the Memorandum and Articles of Association and other applicable principles and criteria indicated in the Capital Markets Rules issued by the MFSA, including the Code of Principles of Good Corporate Governance and the MSE Bye-Laws, where the shares of the Issuer are listed.

As at the date of publication of this Base Prospectus, the Board of Directors is composed of thirteen Directors consisting of the following members:



NAME AND SURNAME	DESIGNATION
Dr Gordon Cordina	Chairman and independent non-executive director
Mr Kenneth Farrugia	Chief executive officer and executive director
Dr Diane Bugeja	Independent non-executive director
Ms Anita Mangion	Independent non-executive director
Mr James Grech	Non-independent non-executive director
Mr Godfrey Swain	Independent non-executive director
Ms Deborah Schembri	Independent non-executive director
Mr Anatoli Grech	Executive director
Dr Robert Martin Suban	Independent non-executive director
Mr Nicola Angeli	Independent non-executive director
Mr Hadrian Sammut	Independent non-executive director
Dr Christian Bonnici West	Independent non-executive director
Dr Jonathan Spiteri	Independent non-executive director

The business address of the Directors is as follows: The House of Four Winds, Triq l-Imtiehen, Valletta VLT 1350, Malta.

Curricula Vitae

A brief *curriculum vitae* of each of the Directors is set out below.

Dr Gordon Cordina

Dr Gordon Cordina is a leading economist on the Maltese islands. He has professional experience spanning 25 years, covering banking, policy-making, academia and private sector consultancy.

Dr Cordina is a graduate of the University of Cambridge and the University of Malta. His main area of academic interest is the growth and macroeconomic dynamics facing economies that are prone to heightened risks. Dr Cordina has several years of board and risk committee experience in major financial institutions in Malta, amongst which at the Issuer, served as manager of the research department of the CBM, director general of the National Statistics Office of Malta, head of the economics department of the University of Malta and economic advisor to the Malta Council for Economic and Social Development. Through the private consultancy firm he co-founded in 2006, he is involved in a number of local and international research projects and consultancy assignments with institutions including the EU Commission, NGOs and private sector entities. Dr Cordina is also a visiting senior lecturer at the University of Malta.

Dr Cordina was appointed chairman of the Issuer in October 2020.

Mr Kenneth Farrugia

Mr Kenneth Farrugia is the Chief Executive Officer of the Group. Recently, Mr Farrugia was appointed Chair of the Malta Bankers' Association (MBA) for the period 2024 to 2026. In his role as chair, he will also represent the MBA on the Board of the European Banking Federation, enhancing the Issuer's presence in the European banking community.

Mr Farrugia began his career at the Issuer in 1985 and has occupied various executive positions covering the Issuer's asset management, retail banking and credit business areas. Over the course of his career, he has also held various financial services related industry positions, including chair of the Malta Asset Servicing Association, board member of the European Fund and Asset Management Association, chair of FinanceMalta, Malta's national promotional body for the financial services industry as well as chair of Malita Investments p.l.c., which is listed on the MSE.

Kenneth Farrugia is an alumnus of Harvard Business School, having completed the general management program.

Mr Farrugia was appointed to the Board in October 2022.



Dr Diane Bugeja

Dr Diane Bugeja is a lawyer by profession practising primarily in financial services law, financial regulation and anti-financial crime compliance. She is currently a senior associate at Camilleri Preziosi Advocates. Prior to joining Camilleri Preziosi, Dr Bugeja held the post of senior manager at a Big Four audit firm, working in Malta and in London, and subsequently joined the enforcement departments of the UK Financial Conduct Authority and the MFSA.

Dr Bugeja holds a Ph.D in law from King's College London and a M.Sc from the London School of Economics and Political Science. Dr Bugeja is also a visiting lecturer at the University of Malta.

Dr Bugeja was appointed to the Board in December 2019.

Ms Anita Mangion

Ms Anita Mangion is an experienced Strategy and IT consultant: specialised in Corporate Governance, Business Optimisation and Digital Transformation; passionate on ESG, FinTechs and Innovation. For almost two decades, she consulted in such matters diverse local and international entities where she successfully drove enterprise-wide projects and implemented sustainable profitable frameworks. Her professional career started at MFSA and the MSE before moving to senior roles in the telecoms and IT sector and subsequently to advisory, where she collaborates with tech giants, C-suite executives and boards. Ms Mangion holds an Executive MBA (eBusiness); B.Com. Management Hons and B.Sc. Business and Computing (University of Malta). She also studied Business and IT at Indiana University-USA; Technology Entrepreneurship and New Business Operations at University of Malta in collaboration with Oxford University UK. She served as non-executive director at Malta Industrial Parks Limited (today named INDIS) from 2013 to 2017, where she was a member of the Tenders Committee, Audit Committee and chair of the ICT Steering Committee thereof.

Ms Mangion was appointed to the Board in December 2016.

Mr James Grech

Mr James Grech's career commenced as a management accountant with a local accounting firm. He later joined the Bank in 1998 and is currently the Lead of Foreign Bank Relationships Department. He served on the Compliance, Risk Management and Audit Board committees. He was also a member of the Issuer's asset and liability management committee. Mr Grech was the chairman of Malta Industrial Parks and to date is the chairman of Gozo Channel Holding Company Limited and a director of other local companies. He holds an Honours Degree in Management and a MBA from Henley Management College (UK). His dissertation focused on the effectiveness of Board Performance and Corporate Governance. Mr Grech has lectured on financial services at the Malta College of Arts, Science and Technology, and on corporate governance at the University of Malta.

Mr Grech was appointed to the Board in 2004 till 2008. He has since been re-appointed to the Board by the shareholders in the respective AGMs between December 2014 to date.

Mr Godfrey Swain

Mr Godfrey Swain is an international executive with thirty years of banking experience, recently serving as CEO of Myanmar Citizens Bank (MCB) based in Yangon tasked with executing a banking transformational strategy in partnership with the International Finance Corporation (IFC), an arm of the World Bank. Mr Swain previously served as deputy CEO, head of retail banking and marketing based in Ho Chi Minh City delivering a growth and modernisation mission for Vietnam International Bank (VIB), a large-scale bank with Vietnamese and Australian shareholding.

Mr Swain served as a senior Hong Kong and Shanghai Bank (HSBC) international executive for twenty years holding key roles as managing director and country head of retail banking and wealth management for HSBC in Japan, Vietnam and Malta, where he also held roles of head of marketing and communications and founding CEO/MD of HSBC Life Assurance (Malta) Limited. Mr Swain was a member of the Hong Kong based HSBC Asia Pacific Regional Management team, director on various boards including Life Assurance and Fund Management subsidiaries and EXCO, ALCO, Risk Management and Governance Committee member in the countries and territories where he worked. Mr Swain started his financial services career in Adelaide and Sydney with National Mutual Life, Australia. Mr Swain is a business graduate from Monash University, holds a diploma in strategic management from Henley School of Management and participated in HSBC executive programmes in London, Hong Kong and Singapore.

Mr Swain was appointed to the Board in May 2021.



Ms Deborah Schembri

Ms Deborah Schembri is a Certified Public Accountant, holds a MBA from Henley Management College (UK) and holds an Advanced Diploma in Retirement Provision pursued with the UK Pensions Management Institute. Ms Schembri served as the chairperson of the Malta Association of Retirement Scheme Administrators and possesses successful experience in strategy formulation, corporate governance, business and product development, customer relationships and employee engagement. She has over twenty years of experience in the financial services, gaming, caring, construction and property development, oil and fuel, transport, pest control, hospitality and travel industries, holding C-level positions. She worked with one of the big four audit firms and for ten years she also served as the CEO & Managing Director of a financial services organisation.

Currently, Ms Schembri holds the role of group CFO of a major local diversified group of companies operating locally and internationally and also sits on committees within the Malta Chamber of Commerce and the Institute of Financial Services Practitioners.

Ms Schembri was appointed to the Board in June 2022.

Mr Anatoli Grech

Mr Anatoli Grech previously held the position of Head of Strategy and Regulatory Affairs at BOVAM, which is the fund management subsidiary of the Bank. Mr Grech holds an MSc from Aberdeen Business School and an MBA from the University of Malta.

Mr Grech is a member of the Markets Regulation Committee and Prudential and Supervision Committee of the European Savings and Retail Banking Group and a Member of the WSBI-ESBG Task Force on AML.

Mr Grech was appointed to the Board in August 2023.

Dr Robert Martin Suban

Dr Robert Suban is a full-time academic and head of the Department of Banking and Finance at the University of Malta. He lectures at undergraduate and post-graduate level on subjects related to banking and finance. He holds a Bachelor in Business Administration, a Masters Degree, and a Ph.D. in Accounting and Finance from the Alliance Manchester Business School. He has also completed the ACCA qualification.

Dr Suban regularly attends and presents his research at various internationally peer-reviewed academic conferences in the area of banking and finance. Dr Suban has considerable experience as a practitioner having worked at the CBM, Jobsplus and a leading private travel organisation in Malta. Currently, he is a non-executive director of Malita Investments p.l.c.

Dr Suban was appointed to the Board in May 2023.

Mr Nicola Angeli

Mr Nicola Angeli has an extensive knowledge of the European banking sector, accumulated in over 10 years of experience working on transactions in the private and public markets.

Based in Italy, he started his career at the debt capital markets team of UniCredit S.p.A., where he assisted medium and large corporates in the execution of financing transactions in the fixed-income market. In 2015, he moved to his current position in the group M&A and Corporate Development team, where his responsibilities focus on the carrying out of M&A proprietary transactions for the UniCredit Group. Mr Angeli was involved in several transformational inorganic projects, including both M&A and capital markets deals.

Mr Angeli has a significant knowledge of the European financial sector across several geographies (e.g. Italy, Germany, Central and Eastern Europe) and sectors (e.g. retail and corporate banking, investment banking, consumer finance and other product factories).

Mr Angeli has a Masters degree *cum laude* in Banking, Business and Financial Markets and a Bachelor of Science *cum laude* in Economics, both from the University of Trento (Italy).

Mr Angeli was appointed to the Board in May 2023.

Mr Hadrian Sammut

Mr Hadrian Sammut has extensive experience in strategic implementation and holistic management of information systems. Over the past 35 years, Mr Sammut has been heavily involved in several large-scale projects in the public and private sector.

Mr Sammut has had an extensive career in the field of IT. He started his career at the CBM, implementing their preliminary banking and financial information system. He then joined the Malta Stock Exchange, developing their initial back-office trading application and



forming Malta's first CSD. Subsequently, he assumed responsibility for the strategic planning and programme management endeavours related to the implementation of the Malta Government's initial Departmental Accounting System. As an associate director with a leading big four audit firm, Mr Sammut also provided information system advisory services to local and foreign clients.

Over the last decade, Mr Sammut has also been responsible for various engagements related to IT governance, performance and compliance across various regulated business sectors, both locally and abroad.

Throughout his career, Mr Sammut has lectured within various local and foreign entities in the business and strategic planning process related to the implementation of technology solutions.

Mr Sammut holds an MBA degree in E-commerce from the University of Malta, BSc (Hons.) degree in computing from the University of Greenwich, UK.

Mr Sammut was appointed to the Board in June 2024.

Dr Christian Bonnici West

Dr Christian Bonnici West is a resident academic within the Insurance and Risk Management Department, Faculty of Economics, Management, and Accountancy at the University of Malta. He has interdisciplinary research interests revolving around the notions of consent, privacy, surveillance, risk management, emerging technologies, strategy, and management systems. Dr Bonnici West has designed and delivered educational and training materials covering fundamental information security and compliance concepts and principles at the master's and bachelor's levels, as well as for the industry.

Over the past years, Dr Bonnici West has also accumulated professional experience in various specialised aspects of information security and privacy management, including within a leading gaming organisation, on national public key infrastructure projects, as an external contractor responsible for IT compliance within the pharmaceutical industry, as a consultant and auditor within a big four audit firm, and as a representative of the Office of the Prime Minister on the Maltese National Cyber Security Steering Committee. Recently, he was also appointed a member of the Council for the Malta Association of Risk Management.

Dr Bonnici West received his Ph.D. and MSc degrees in Information Security from the Information Security Group, Royal Holloway, University of London, and a BSc (Hons.) degree in Computing and Information Systems from Goldsmiths College, University of London.

Dr Bonnici West was appointed to the Board in May 2024.

Dr Jonathan Spiteri

Dr Jonathan Spiteri is a senior lecturer within the Faculty of Economics, Management and Accountancy at the University of Malta. A PhD graduate in Economics from the University of Edinburgh, Dr Spiteri's research interests include sustainability, public health, macroeconomics and behavioural science, and his research has been published in several leading peer-reviewed journals and books. He has also spearheaded the development of ESG teaching in Malta, both as part of existing university degrees as well as through the launch of a university-accredited course for industry professionals through the Institute of Financial Services (IFS).

Beyond academia, Dr Spiteri's consultancy experience spans more than 13 years, predominantly focusing on ESG issues and macroeconomic policy for both public and private sector entities alike, across various sectors including aerospace, textiles, hospitality and the automotive industry. He has been appointed as an expert by the European Economic and Social Committee in the drafting of several opinions covering topics like green bonds, sustainable growth and the Single Market and is currently a member of the Maltese Government's Scientific Advisory Committee for the Environment.

Dr Spiteri is a co-opted member of the European Chemicals Agency's Committee for Socio-Economic Analysis, primarily in the evaluation of applications for authorisation submitted by European businesses for the use of substances of very high concern (SVHC) as defined under the REACH regulation.

Dr Spiteri was appointed to the Board in May 2024.



PRINCIPAL EXTERNAL ACTIVITIES

The functions of the members of the Board of Directors within the Issuer's business and their principal external activities performed outside of the Issuer's business (if any) which are of significance to the Issuer are as follows:

NAME	FUNCTIONS WITHIN THE ISSUER'S BUSINESS	PRINCIPAL ACTIVITIES OUTSIDE OF THE ISSUER'S BUSINESS
Dr Gordon Cordina	Chairperson of the board of directors; Chair of the nominations committee; Member of the technology and digital strategy committee.	Chairman of MAPFRE MSV; Member of the board of directors of MAPFRE Middlesea; Member of MAPFRE Middlesea Remuneration committee.
Mr Kenneth Farrugia	Chief Executive Officer; Chair of the executive committee and the data council; Deputy chair of the asset and liability management committee and the credit committee; Member of the internal control and risk management committee, the product governance and pricing committee and the project evaluation committee.	Member of the board of directors of BOV FS; Member of the board of directors of BOVAM; Member of the board of directors of MAPFRE MSV; Chair of the Malta Bankers Association.
Dr Diane Bugeja	Chair of the compliance and anti-financial crime committee; Member of the nominations committee; Member of the audit committee.	Member of MAPFRE Middlesea Risk committee; Member of the BOV FS Risk and Compliance committee.
Ms Anita Mangion	Chair of the technology and digital strategy committee.	Non-executive director of the board of directors of Vilhena Funds.
Mr James Grech	Lead of Foreign Bank Relationships Department.	
Mr Godfrey Swain	Chair of the ESG committee; Member of the remuneration committee.	Member of the board of directors of MAPFRE Middlesea; Chair of the audit committee of MAPFRE Middlesea; Member of the MAPFRE MSV Investment committee and MAPFRE Middlesea Investment committee.
Ms Deborah Schembri	Chair of the audit committee; Member of the compliance and anti-financial crime committee.	Member of the board of directors of MAPFRE MSV; Member of the audit committee of MAPFRE MSV.
Mr Anatoli Grech	Group chief compliance officer; Member of the executive committee; Member of the internal control and risk management committee, asset and liability committee, data committee and chairs the product governance and pricing committee.	Director on the board of directors of BOVAM; Chair of the Risk and Regulatory committee of BOVAM and BOV FS; Member of the MAPFRE MSV's Risk and Regulatory committee.



Dr Robert Martin Suban	Chair of the risk committee; Member of the remuneration committee and of the ESG committee.	Member of the MAPFRE MSV's Risk and Compliance committee; Member of the BOVAM Risk and Regulatory committee.
Mr Nicola Angeli	Chair of the remuneration committee; Member of the risk committee.	
Mr Hadrian Sammut	Member of the risk committee and of the audit committee.	
Dr Christian Bonnici West	Member of the compliance and anti-financial crime committee; Member of the technology and digital strategy committee.	
Dr Jonathan Spiteri	Member of the ESG committee and member of the nominations committee.	

8.2 COMPANY SECRETARY OF THE ISSUER

The company secretary of the Issuer is Dr Ruth Spiteri Longhurst.

8.3 COMMITTEES

The Issuer has established a number of committees that provide the Board with the support necessary for the ongoing management and oversight of the Issuer and its business. Below is a summary of each committee and its function within the organisational structure of the Issuer and the Group.

> *The audit committee*

The primary purpose of the audit committee is to protect the interests of the Issuer's shareholders and assist the Directors in conducting their role effectively so that the Issuer's decision-making capability and the accuracy of its reporting and financial results are maintained at high level at all times. The audit committee also oversees the Issuer's internal audit and control functions including activities to review and monitor, amongst other things: (i) the integrity of the Group's financial statements and related announcements; (ii) the effectiveness of the Group's internal controls and risk management; (iii) the effectiveness of the internal and external audit processes; and (iv) the Group's relationship with external auditors. The audit committee also scrutinises and approves related-party transactions, taking into consideration the materiality and the nature of these transactions, to ensure that the arms' length principle is adhered to at all times.

The audit committee is made up entirely of non-executive Directors, all of whom are independent. The audit committee is composed of Ms Deborah Schembri, Dr Diane Bugeja and Mr Hadrian Sammut. Ms Deborah Schembri occupies the post of Chairman of the Audit Committee and, in compliance with the Capital Markets Rules, is considered by the Board to be competent in auditing and/or accounting.

> *The nominations committee*

The nominations committee ("**NC**") is responsible for proposing potential Board candidates and assessing Board performance, recommending changes where necessary, and assessing the adequacy of individual Board members periodically. The NC is also responsible in ensuring that succession is in place for the executive committee and key functions of the Group, and in nominating suitable candidates for the executive committee, senior management, and key function holders. The NC periodically reviews Board policy for the selection and appointment of roles to the Board.

> *The remuneration committee*

The remuneration committee ("**RC**") is tasked with overseeing the development and implementation of the remuneration and related Group policies. Its primary purpose is to make recommendations to the Board of Directors on the Group's remuneration policy, support the Board in overseeing the remuneration system's design and operation, and to ensure that remuneration is appropriate and consistent with the Issuer's culture, long-term business and risk appetite, performance and control environment, as well as any legal or regulatory requirements. The role of the RC is to decide the appropriate remuneration packages needed to attract, retain and motivate Directors, as well as executive committee members and other key function holders required for the proper governance of the Group.



> The risk committee

The risk committee assists the Board in assessing the different types of risks to which the organisation is exposed. This committee is responsible for the proper implementation and review of the Group's risk policies related mainly, but not restricted to, capital adequacy, credit, market and operational risks. It reports to the Board on the adequacy, or otherwise, of such policies. The risk committee is also responsible for reviewing delegated limits, together with an oversight of the Group's monitoring and reporting systems, to ensure regular and appropriate monitoring and reporting on the Group's risk positions.

> The compliance and anti-financial crime committee

The primary objective of the compliance and anti-financial crime committee is to assist and guide the Board of Directors in the discharge of their obligations imposed from time to time by regulation in the area of financial services, and given the Issuer acts as a credit and financial institution licensed to provide services under different laws, within the framework of the compliance function as defined in the compliance charter and as approved by the Board of Directors. This committee is also responsible for assisting the Issuer combatting financial crime and money-laundering activities.

> The environment, social and governance matters ("ESG") committee

In late 2021, the Board discussed the importance of prioritising ESG, noting that ESG is a key challenge for the coming years, to be placed at the same level as the second line of defence functions. The Issuer has set up a Board ESG committee which came into effect from 1 January 2022.

The primary purpose of the ESG committee is to assist the Board in devising the Issuer's medium to long-term strategy relating to ESG matters, periodically review the implementation of the Issuer's ESG strategy taking into account the evolving European and national regulatory framework, review the Issuer's practices, initiatives and public relations relating to ESG, and ensure that such practices and initiatives remain effective and up to date.

> The executive committee

The executive committee is the key management decision making body of the Issuer and is chaired by the Board-appointed chief executive officer. Its main purpose is to develop and deliver strategies to the Board for approval, and then to implement the strategies by managing the business to deliver against key targets, within Board approved risk appetite levels, key policy and all regulatory requirements. It drives all operations of the business and takes key decisions within authorities approved by the Board.

The executive committee is entrusted with the overall responsibility for monitoring and managing the Issuer's financial and operational performance, overseeing the execution of the Issuer's strategy, monitoring customer experience and taking the necessary decisions to ensure that the Issuer is operating within the requirements of the applicable rules and regulations.

As at the date of this Base Prospectus, the executive committee of the Issuer comprises of the following persons:

- (i) Mr Kenneth Farrugia (Chief Executive Officer);
- (ii) Mr Ernest John Agius (Chief Operations Officer);
- (iii) Mr Bjorn Ekstedt (Chief Information Officer);
- (iv) Mr Simon Azzopardi (Chief Personal & Wealth Officer);
- (v) Mr Kevin Cardona (Chief Financial Officer);
- (vi) Mr Ivo Camilleri (Chief Strategy, Transformation & Data Officer);
- (vii) Mr Ray Debattista (Chief People & Culture Officer);
- (viii) Mr Anatoli Grech (Group Chief Compliance Officer);
- (ix) Mr Simon Grech (Chief Commercial Officer);
- (x) Ms Danielle Grima (Chief Risk Officer); and
- (xi) Mr Theodoros Papadopoulos (Chief Customer Experience Officer).

Ms Elena Dourou (Group Chief Internal Auditor) and Mr Ryan Caruana (Group Chief Anti-Financial Crime Officer & MLRO) also attend the Executive Committee meetings as observers.

The business address of the executive committee is as follows: BOV Centre, Triq il-Kanun, Zone 4, Central Business District, Santa Venera CBD 4060, Malta.

The functions of the members of the executive committee within the Issuer's business and their principal activities outside the Issuer's business (if any) of significance to the Issuer are as follows:



NAME	FUNCTIONS WITHIN THE ISSUER'S BUSINESS	PRINCIPAL ACTIVITIES OUTSIDE OF THE ISSUER'S BUSINESS
Mr Kenneth Farrugia	Chief Executive Officer; Executive Director; Chairman of the executive committee; Chairman of the data council; Deputy chairman of the asset and liability management committee and the credit committee; Member of the internal control and risk management committee, the product governance and pricing committee and the project evaluation committee.	Member of the board of directors of BOV FS; Member of the board of directors of BOVAM; Member of the board of directors of MAPFRE MSV; Chair of the Malta Bankers Association.
Mr Ernest John Agius	Chief Operations Officer; Member of the executive committee; Member of the internal control and risk management committee, the project evaluation committee, and the data council.	Director of Churchwharf Properties Limited.
Mr Bjorn Ekstedt	Chief Information Officer; Member of the executive committee; Member of the internal control and risk management committee, the project evaluation committee and the data council.	
Mr Simon Azzopardi	Chief Personal & Wealth Officer; Member of the executive committee; Member of the asset and liability management committee, the internal control and risk management committee, the product governance and pricing committee, and the data council;	Director of BOV FS; Member of the risk and regulatory committee of BOVAM; Member of the investment committees of MAPFRE MSV and MAPFRE Middle Sea.
Mr Kevin Cardona	Chief Financial Officer; Member of the executive committee; Chairman of the asset and liability management committee; Member of the credit committee, the internal control and risk management committee, the product governance and pricing committee and the data council.	
Mr Ivo Camilleri	Chief Strategy, Transformation & Data Officer; Member of the executive committee; Chairman of the Project Evaluation Committee; Deputy Chairman of the Data Council.	
Mr Ray Debattista	Chief People and Culture Officer; Member of the executive committee.	



Mr Anatoli Grech	Group Chief Compliance Officer; Executive Director; Member of the executive committee; Chairman of product governance and pricing committee; Deputy chairman of the internal control and risk management; asset and liability management committee; Member of the data council.	Director on the board of directors of BOVAM; Chair of the Risk and Regulatory committee of BOVAM and BOV FS; Member of the MAPFRE MSV's Risk and Regulatory committee.
Mr Simon Grech	Chief Commercial Officer; Member of the executive committee.	
Ms Danielle Grima	Chief Risk Officer; Member of the executive committee.	
Mr Theodoros Papadopoulos	Chief Customer Experience Officer; Member of the executive committee; Member of the product governance, pricing committee, and data council.	

The Board of Directors has approved the following management committees to support the Group CEO and the executive committee in their management functions.

> The asset and liability management committee

The asset and liability management committee ("ALCO") is a sub-committee of the executive committee. The committee takes an integrated view to managing the Issuer's assets and liabilities to achieve an optimal balance between risk and return. ALCO is responsible for oversight of interest rate risk, liquidity risk and solvency position of the Issuer's balance sheet.

It is also entrusted with the responsibility for reviewing and approving investment and funding strategy, to recommend to the executive committee and the Board a risk appetite framework which relates to interest rate risk, liquidity risk, solvency position and the investment and funding strategy. ALCO is also responsible for reviewing and recommending to the executive committee and the Board the Internal Capital Adequacy Assessment Process and the Internal Adequacy Assessment Process. ALCO is also responsible for reviewing and recommending to the executive committee and the Board the capital plan, the dividend policy and other regulatory capital issues. ALCO serves as a steering committee for the Issuer's recovery and resolution plan.

ALCO meets at least once a month to analyse financial information and to ensure the prudent management of balance sheet and market risks.

> The internal control and risk management committee

The internal control and risk management committee's ("ICRMC") role is to assist the executive management in the effective implementation of sound practices for the management and supervision of the Issuer's enterprise risk management, compliance and financial crime risk.

The committee reviews and recommends policies on risk management, compliance and anti-financial crime and supports adherence to and oversees efficient implementation of compliance policies, rules and regulations.

To fulfil its responsibilities, the committee ensures the Issuer has an efficient and effective control mechanism and reviews and discusses issues raised by the control functions on the effectiveness of the internal control systems.

The ICRMC is also tasked with setting and maintaining from time to time the terms of reference of focused forums which report directly to the ICRMC.

The ICRMC is also responsible for advising and supporting the executive committee in the formulation of the Issuer's risk appetite and to advise and support in the monitoring of the Group's actual and future risks. The ICRMC meets at least once a month to advise and support the Board in assessing the different types of risks to which the Group is exposed.



> The credit committee

The credit committee is responsible for assisting the executive committee in implementing and monitoring the credit strategy, non-performing loans strategy, level of credit provisioning and debt management. It advises and supports the executive committee in the formulation of the Issuer's risk appetite and strategy on credit and approves policies in relation to credit in line with the policy governance framework. The credit committee meets at least on a monthly basis.

> The credit sanctioning committee

The credit sanctioning committee covers two aspects of sanctioning: a) underwriting performing exposures for new lending and reviews of existing lending facilities above a pre-determined exposure and b) non-performing loans above a pre-determined amount; and deciding on renewal and confirmation of existing credit lines and changes to existing terms of such facilities.

> The product governance and pricing committee

The product governance and pricing committee ("PGPC") is a sub-committee of the executive committee and is entrusted with ensuring the Issuer has a product governance and pricing framework in place. In discharging its responsibilities, the PGPC ensures that both existing and new products are analysed in terms of target market, appropriateness, appropriateness of distribution channels for the target market, testing validation of methodologies have been considered, that any potential conflicts of interest are managed and that pricing adequately covers the risk and costs involved.

> The data council

The data council, is a sub-committee of the executive committee and its primary role is to oversee all aspects of data management controls and governance, including the development oversight, and implementation of data strategy, data systems, data confidentiality, integrity and availability, data ownership and governance, and data plans and initiatives, while managing the upstream and downstream impacts of data changes. The data council meets at least on a monthly basis.

> The project evaluation committee

The project evaluation committee was set up in 2023, and is a sub-committee of the executive committee. Its primary role is to ensure that all projects are fully aligned, contributing to the Bank's strategy and overall direction.

8.4 POTENTIAL CONFLICTS OF INTEREST

The Board of Directors has identified that one of its members, Mr James Grech, is currently facing a conflict of interest further to him having instituted judicial proceedings against the Bank. This determination was made in accordance with the Bank's policies. As a result, Mr Grech is, for as long as the conflict persists, suspended from Board meetings and from access to Board materials.

Other than the conflict of interest described above, as at the date of this Base Prospectus, there are no other known conflicts of interest between the duties of the Directors or the executive committee towards the Issuer and their private interests and/or other duties. Conflicts of interest may, however, arise in respect of certain future transactions, such as the granting of credit facilities by the Issuer to any of the Directors and/or any companies in which they may be involved. In such instances, such conflicts will be managed in the best interests of the Issuer in accordance with the procedures set out in the Issuer's conflicts of interest policy and the procedures set out in the Articles of Association. The latter provide that any Director who is, in any way, whether directly or indirectly, interested in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Issuer must: (i) declare to the other directors the nature of such interest pursuant to the provisions of the Act; and (ii) not vote at a meeting of Directors in respect of any transaction, contract or arrangement in which they have a material interest, whether direct or indirect.

8.5 COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Issuer declares its full support of the Code of Principles of Good Corporate Governance (the "Code") and undertakes to fully comply with the Code to the extent that this is considered complementary to the size, nature, and operations of the Issuer.

The Issuer supports the Code and is confident that the application thereof shall result in positive effects accruing to the Issuer.

In view of the reporting structure adopted by the Code, the Issuer is required to, on an annual basis in its annual report, explain the level of the Issuer's compliance with the principles of the Code, in line with the "comply or explain" philosophy of the Code, explaining the reasons for non-compliance, if any.

As at the date of this Base Prospectus, the Board considers the Issuer to be in compliance with the Code save for the following exceptions:



> Principle 9 (Code Provision 9.2, 9.3 and 9.4)

Code Provision 9.2 provides that minority shareholders should be able to call special meetings on matters of importance to the company. However, a minimum threshold of share ownership as established in the Memorandum or Articles of Association should be set up before a Group or an individual may call a special meeting. The Issuer does not have such a threshold included in its Memorandum or Articles of Association. Nevertheless, as required in terms of the Capital Markets Rules, shareholders holding not less than five percent (5%) of the voting issued share capital of the Issuer may request the Issuer to include items on the agenda of a general meeting of the Issuer and to table draft resolutions for items included in the agenda of such general meeting.

Code Provision 9.3 requires the Issuer to have in place a mechanism to resolve conflicts between minority shareholders and controlling shareholders. Even though the Issuer does not have such a mechanism in place, the Issuer maintains an open dialogue with all its shareholders to ensure no such conflicts arise.

Code Provision 9.4 requires that minority shareholders should be allowed to formally present an issue to the Board of Directors. Although the Issuer does not have a policy in terms of this Code Provision, the Issuer maintains an open dialogue with the Malta Association of Small Shareholders.

9 FINANCIAL INFORMATION

9.1 HISTORICAL FINANCIAL INFORMATION

The Issuer's consolidated audited financial statements for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, as well as the Issuer's condensed interim financial statements for the period ending 30 June 2023 and 30 June 2024 are incorporated by reference in, and form part of, this Base Prospectus.

There were no adverse opinions on the part of the statutory auditors with respect to the Issuer's audited financial statements for the financial years mentioned above. The Issuer's consolidated audited financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and endorsed by the EU and have been audited by the statutory auditors. The Issuer's condensed interim financial statements were prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the EU and are reviewed by the Issuer's auditors in accordance with the ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The Issuer's consolidated audited financial statements as well as its condensed interim financial statements, each as referred to above, are available for inspection at the Issuer's registered office and on the Issuer's website (<https://www.bov.com/financial-reports>) as set out in section 17 of this Base Prospectus.

The Issuer also publishes, on a quarterly basis, financial results. These quarterly financial results published by the Bank are available on the Issuer's website (<https://www.bov.com/financial-reports>).

As at the date of this Base Prospectus, there has been no material adverse change in the prospects of the Bank since 31 December 2023 (being the date of the Bank's last published audited financial statements), nor has there been a significant change in the financial position of the Group since 30 June 2024 (being the end of the last financial period in respect of which the Issuer has published interim financial information). Furthermore, there are no recent events particular to the Issuer which are materially relevant to the evaluation of the Issuer's solvency.

KEY REFERENCES

The table below provides a cross-reference list to key sections of the Issuer's consolidated audited financial statements for the financial years ending 31 December 2021, 31 December 2022 and 31 December 2023 and the Issuer's condensed financial statements for the period ending 30 June 2023 and 30 June 2024 respectively.

Page Numbers					
Relevant sections incorporated by reference in the Base Prospectus	Financial year ending 31 December 2023	Financial year ending 31 December 2022	Financial year ending 31 December 2021	Six-month period ending 30 June 2024	Six-month period ending 30 June 2023
Directors' report	1-72	1-48	1-43	6-10	6-9



Relevant sections incorporated by reference in the Base Prospectus	Page Numbers				
	Financial year ending 31 December 2023	Financial year ending 31 December 2022	Financial year ending 31 December 2021	Six-month period ending 30 June 2024	Six-month period ending 30 June 2023
Consolidated statements of profit or loss	73	49	44	11	10
Consolidated statements of profit or loss and other comprehensive income	74	50	45	12	11
Consolidated statements of financial position	75	51	46	13	12
Consolidated statements of changes in equity	76-77	52-53	47-48	14-15	13-14
Consolidated statements of cash flows	78	54	49	16-17	15-16
Notes to the consolidated financial statements	79-175	55-153	50-148	18-26	17-26
Independent auditor's report	176-189	154-167	149-164	27-28	27

9.2 KEY FINANCIAL FIGURES

The below tables show the main financial information and relevant ratios of the Issuer and/or the Group which have been extracted from the audited consolidated annual financial statements of the Group for the financial years ended 31 December 2021, 31 December 2022, 31 December 2023 and from the consolidated interim financial statements of the Group for the six-month periods ended 30 June 2023 and 30 June 2024.

The Group's consolidated financial information includes the consolidation of the Issuer and its two subsidiary companies namely BOVAM and BOV FS. The results of the assets and liabilities of the Associated Companies (*qua* equity-accounted investees) are also incorporated in the Issuer's consolidated financial statements, in the manner and to the extent set out therein.

The financial information presented below should be read in conjunction with the annual and half yearly reports incorporated by reference into this Base Prospectus.

FINANCIAL POSITION

Assets - € millions	31 Dec 23	31 Dec 22 Restated	31 Dec 21	30 Jun 24	30 Jun 23
Balances with CBM, TBills and cash	2,353	3,389	4,626	1,227	2,849

Assets - € millions	31 Dec 23	31 Dec 22 Restated	31 Dec 21	30 Jun 24	30 Jun 23
Investments	5,467	4,713	3,708	6,178	4,855
Loans and advances to banks	196	395	452	169	385
Loans and advances to customers	6,115	5,560	5,098	6,497	5,803
Other	376	416	475	376	373
Total assets	14,507	14,473	14,358	14,447	14,265

Liabilities - € millions	31 Dec 23	31 Dec 22 Restated	31 Dec 21	30 Jun 24	30 Jun 23
Amounts owed to banks	316	77	560	118	117
Amounts owed to customers	12,152	12,548	12,177	12,167	12,203
Provisions	20	17	104	20	18
Debt securities in issue & subordinated liabilities	513	513	163	531	531
Other	238	205	228	275	213
Total liabilities	13,239	13,360	13,232	13,111	13,082

INCOME STATEMENT

€ millions	31 Dec 23	31 Dec 22 Restated	31 Dec 21	30 Jun 24	30 Jun 23
Interest income	401	220	195	221	183
Interest expense	49	18	39	27	23
Net fee and commission income	78	77	75	37	35
Other income	11	15	12	3	8
HR and administration expenses	190	173	175	85	87
Net impairment reversal/ (charge)	10	49	19	5	(5)
Other expenses	21	20	20	10	10



€ millions	31 Dec 23	31 Dec 22 Restated	31 Dec 21	30 Jun 24	30 Jun 23
Operating profit (before litigation settlement charge)	241	150	66	144	101
Profit before tax	252	49	81	148	105
Profit after tax	168	32	56	98	69

PERFORMANCE AND CAPITAL RATIOS

	31 Dec 23	31 Dec 22 Restated	31 Dec 21	30 Jun 24	30 Jun 23
Cost to income ratio ⁵	47.8%	65.6%	81.0%	40.7%	47.9%
Gross Loans to deposits ratio ⁶	51.7%	46.0%	44.1%	54.7%	49.2%
Non-Performing Loans ("NPL") ratio ⁷	3.1%	3.5%	4.1%	3.0%	3.96%
Non-Performing Exposures ("NPE") coverage ratio ⁸	43.9%	53.8%	54.1%	44.0%	48.3%
Return on average equity (after tax) ⁹	14.1%	2.8%	5.2%	15.0%	12.0%
Return on average equity (pre-tax) ¹⁰	21.1%	4.4%	7.5%	22.8%	18.3%
Tier 1 capital ratio	22.7%	21.8%	21.9%	22.3%	23.2%
Total capital ratio ¹¹	25.9%	25.4%	25.5%	25.4%	26.7%
Leverage ratio ¹²	7.0%	6.5%	6.5%	8.0%	7.3%
Liquidity coverage ratio ("LCR") ¹³	362.0%	426.0%	444.1%	356.9%	480.0%

⁵ **Cost to income ratio:** This ratio compares the Bank's cost base to its income streams in order to monitor the sustainability and viability of its business model. The cost is the sum of employee compensation and benefits, general administrative expenses, amortization of intangible assets and depreciation. Income is operating income.

⁶ **Gross loans to deposits ratio:** This ratio compares the Bank's total gross loans and advances to its customer deposits in order to assess the Bank's liquidity. Gross loans is the sum of loans and advances to customers at amortised cost and loans and advances to customers designated as fair value through profit or loss (part of financial assets at fair value through profit or loss). Deposits comprise amounts owed to customers.

⁷ **Non-Performing Loans ratio:** This ratio compares the Bank's gross non-performing loans and advances to customers to the total gross advances to customers in order to assess the quality of the Bank's loan portfolio. The total gross advances to customers is the sum of loans and advances to customers at amortised cost and loans and advances to customers designated as fair value through profit or loss (part of financial assets at fair value through profit or loss).

⁸ **Non-Performing Exposures coverage ratio:** This ratio compares the Bank's impairment provisions charged against non-performing exposures compared to the total amount of non-performing exposures to assess the credit risk associated with non-performing exposures.

⁹ **Return on average equity (after tax):** This ratio compares the Bank's after-tax profits to its average equity in order to assess the return on the Bank's equity. Average equity is the average of the opening total equity and the closing total equity.

¹⁰ **Return on average equity (pre-tax):** This ratio compares the Bank's pre-tax profits to its average equity in order to assess the return on the Bank's equity prior to accounting for tax. Average equity is the average of the opening total equity and the closing total equity.

¹¹ **Total capital ratio:** The Total Capital Ratio compares a bank's total capital (as represented by the sum of Tier 1 and Tier 2 capital) to the Bank's risk-weighted assets (RWAs), in line with capital requirements according to Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013. This ratio should be above the minimum capital requirement as prescribed by the Banking Regulations, to ensure that the Bank has enough capital to cover its risk exposures and absorb potential losses.

¹² **Leverage ratio:** The Leverage Ratio compares the Bank's Tier 1 capital to its total exposure (including both on-balance sheet and off-balance sheet exposures). This ratio ensures that banks maintain a minimum level of capital relative to their total exposure, regardless of the risk, to prevent excessive leverage.

¹³ **Liquidity coverage ratio:** A regulatory requirement imposed on credit institutions under Article 412(1) of Regulation (EU) No 575/2013 (CRR), further detailed in Commission Delegated Regulation (EU) 2015/61 of 10 October 2014, requiring credit institutions to maintain a ratio of liquid assets to net liquidity outflows over a 30-day stress period. This ensures they hold enough unencumbered high-quality liquid assets to manage severe liquidity outflows during this time period.

	31 Dec 23	31 Dec 22 Restated	31 Dec 21	30 Jun 24	30 Jun 23
Net stable funding ratio ("NSFR") ¹⁴	184.6%	216.5%	189.7%	183.2%	207.8%
Earnings per share	28.8c	5.4c	9.6c	16.7c	11.8c

10 LEGAL AND ARBITRATION PROCEEDINGS

There have not been any governmental, regulatory, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware at the date of this Base Prospectus) during the 12 months prior to the date of this Base Prospectus, which may have or have had significant effects on the Issuer's and/or the Group's financial position or profitability.

11 SHARE CAPITAL

As at the date of this Base Prospectus, the authorised share capital of the Issuer is €1,000,000,000, divided into 1,000,000,000 ordinary shares of a nominal value of €1.00 each. The Issuer's issued share capital is €583,849,270 divided into 583,849,270 ordinary shares of a nominal value of €1.00 each. The issued share capital is fully paid up. The shares of the Issuer are listed on the Official List of the MSE.

In terms of the Memorandum and Articles of Association, all of the ordinary shares in the Bank shall rank *pari passu* upon any distribution of assets in a winding up of the Issuer and unless otherwise provided for in the terms of issue or in the Articles of Association, on a poll, each share of the Bank shall carry the right to one vote at any general meeting.

In terms of the Memorandum of the Issuer, subject to certain exceptions, no person may at any time, whether directly or indirectly and in any manner whatsoever:

- (i) acquire such number of shares in the Issuer as would in aggregate be in excess of 5% of the issued share capital of the Issuer; or
- (ii) with the exception of existing large shareholders¹⁵, hold such number of shares in the Issuer as would in aggregate be in excess of 5% of the issued share capital of the Issuer.

12 MAJOR SHAREHOLDERS

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 this Base 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.

As at the date of this Base Prospectus, 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%

13 MATERIAL CONTRACTS

The Bank has not entered into any material contract that was not in the ordinary course of the Bank's business and which could result in any member of the Group being under an obligation or an entitlement that is material to the Bank's ability to meet its obligations to Bondholders in respect of the Bonds.

¹⁴Net stable funding ratio: A regulatory requirement specified in Title IV of Part Six of Regulation (EU) 575/2013 (CRR), with technical requirements also referencing, *inter alia*, the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014, requiring credit institutions to maintain a ratio of available stable funding to required stable funding. This measure establishes a minimum level of stable funding, based on the liquidity characteristics of an institution's on- and off-balance sheet items over a one-year horizon.

¹⁵The term 'large shareholder' is defined in the Memorandum as any shareholder holding in aggregate five percent (5%) or more of the issued share capital of the Issuer. Please refer to section 12 of this Base Prospectus for further information on the shareholders that hold in aggregate 5% or more of the issued share capital of the Issuer.



14 TERMS AND CONDITIONS

The following is the text of the terms and conditions ("**Terms and Conditions**") which as supplemented by the provisions of the relevant Final Terms, shall be applicable to the Bonds.

All Applicants (or purchasers from time to time on the secondary market) of the Bonds are deemed to have knowledge, accept and be bound by these Terms and Conditions as completed by the relevant Final Terms.

All capitalised terms that are not defined in these Terms and Conditions will have the meanings given to them in section 1 of the Base Prospectus.

14.1 DENOMINATION AND ISSUE PRICE, MINIMUM APPLICATION AMOUNT, CURRENCY, FORM, APPLICABILITY OF SUITABILITY TESTS, TRANSFERABILITY AND MEETINGS OF BONDHOLDERS

a) Denomination and Issue Price

The Bonds shall be issued at the Issue Price, in the specified denomination as set out in the relevant Final Terms (the "**Specified Denomination**").

b) Currency

The Bonds shall be issued in the specified currency/ies as set out in the relevant Final Terms (the "**Specified Currency/ies**").

c) Form

The Bonds shall be issued in fully registered and dematerialised form and are represented in uncertificated form by the appropriate entry in the electronic register maintained by the CSD on behalf of the Issuer. There will be entered in such electronic register, the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders together with particulars of the Bonds held by them. A copy of the Bondholder's entry in the CSD's electronic register will, at all reasonable times during business hours, be available for inspection by the Bondholders at the registered office of the Issuer. Title to the Bonds shall be evidenced by an entry in the CSD Register. Each Bondholder consents to the Bank having a right to obtain, from the CSD, any available information on the Bondholders including contact details and their holdings of Bonds.

Except as ordered by a court of competent jurisdiction or as required by law, the Bank shall be entitled to treat the person in whose name a Bond shall be registered in the CSD Register as the absolute owner thereof for the purpose of making payment and for all other purposes, regardless of any notice of any nominee relationship or trust.

The CSD will issue, upon a request by a Bondholder, a statement of holdings evidencing his/her entitlement to the Bonds held in the electronic register at the CSD.

d) Suitability Tests

In the case of sale of Bonds by Authorised Financial Intermediaries to Retail Clients, Authorised Financial Intermediaries are required to conduct a Suitability Test prior to selling the Bonds, irrespective of the investment service being provided. This requirement also applies when transfer of Bonds is carried out on the secondary market. This shall not apply to sale of the Bonds to Professional Clients and/or Eligible Counterparties, which shall be governed by the requirements set out in the COBR.

e) Minimum Application Amount

Applications shall in all cases be subject to a minimum subscription amount of not less than €10,000 (nominal) in relation to each underlying client to which an Application relates.

f) Transferability

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole, that is, in multiples of €100 in accordance with all applicable laws and the rules and regulations of the MSE.

Any person becoming entitled to Bonds in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person. 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 trading or transfer in the Bonds on the MSE shall be at the charge of the Bondholder or at the charge of such person as the rules and regulations of the MSE may from time to time determine. As the Bonds will be held at the CSD, investors will have to rely on its procedures for transfers.

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.

g) Meetings of Bondholders

The Issuer may, from time to time, call meetings of Bondholders for the purpose of consulting Bondholders on particular issues and/or for the purpose of obtaining the consent thereof to effect amendments to the terms of the Base Prospectus and/or the relevant Final Terms in respect of one or more Tranches. In the event that the Issuer is desirous of amending the Final Terms of one particular Tranche, it is only Bondholders of that particular Tranche (the “**Affected Bondholders**”) who shall be entitled to attend, and vote at, a meeting summoned for this purpose. Meetings of Bondholders and Affected Bondholders shall be summoned and conducted in the manner prescribed hereunder.

The Issuer may call a meeting of Bondholders or Affected Bondholders (as the case may be) by giving notice to all Bondholders or Affected Bondholders (as the case may be) listed on the register of Bondholders at a date being not more than 30 days preceding the date scheduled for the meeting, by giving not less than 14 days’ notice in writing. Said notice may be given by electronic mail, by post or by courier at the discretion of the Issuer.

Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat. Following a meeting held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders or Affected Bondholders (as the case may be) whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval, any such decision shall subsequently be given effect to by the Issuer.

Each Bond shall entitle the holder thereof to one vote. A meeting of Bondholders or Affected Bondholders (as the case may be) shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, a quorum shall be constituted by at least two Bondholders or Affected Bondholders (as the case may be) present, in person or by proxy, representing not less than:

- (a) 50% in nominal value of the Bonds in issue, in the case of a meeting of all Bondholders; or
- (b) 50% in nominal value of the Bonds in issue in a particular Tranche held by the Affected Bondholders, in the case of a meeting of Affected Bondholders.

If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated in the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Issuer to the Bondholders or Affected Bondholders (as the case may be) which are present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement, the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting, the number of Bondholders or Affected Bondholders present, in person or by proxy, shall constitute a quorum and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

Any one Director shall chair meetings of Bondholders or Affected Bondholders (as the case may be).

Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions to be taken at the meeting, the Directors or their representative/s shall present to the Bondholders or the Affected Bondholders (as the case may be) the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders or Affected Bondholders (as the case may be) present at the time at which the vote is taken, and any Bondholders or Affected Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote, shall not be taken into account for the purpose of such vote. The voting process shall be managed by the Issuer’s company secretary.

The proposal placed before a meeting of Bondholders or Affected Bondholders (as the case may be) shall only be considered approved if at least 75% in nominal value of the Bondholders or Affected Bondholders (as the case may be) present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal. A matter decided at a duly convened Bondholders’ meeting is binding on all Bondholders irrespective of whether they are present or not.



Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders and Affected Bondholders.

14.2 RANKING, RIGHTS AND MREL ELIGIBILITY

a) Ranking

The Bonds are senior preferred bonds (“**Senior Preferred Bonds**”), senior non-preferred bonds (“**Senior Non-Preferred Bonds**”) or tier 2 bonds (“**Tier 2 Bonds**”), as specified in the relevant Final Terms.

(i) *Senior Preferred Bonds*: This section 14.2(a)(i) applies if the relevant Final Terms specifies that the Bonds are Senior Preferred Bonds.

Senior Preferred Bonds (their repayment and the payment of interest thereon) constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer which will at all times rank *pari passu* without preference among themselves and, in the event of the dissolution and winding-up of the Issuer, claims in respect of any Senior Preferred Bonds will rank *pari passu* with all other present and future Ordinary Unsecured Claims, save for such obligations as may be preferred by provisions of law.

Claims in respect of any Senior Preferred Bonds constitute Ordinary Unsecured Claims under the Ranking Legislation.

(ii) *Senior Non-Preferred Bonds*: This section 14.2(a)(ii) applies if the relevant Final Terms specifies that the Bonds are Senior Non-Preferred Bonds.

The Senior Non-Preferred Bonds (their repayment and the payment of interest thereon) constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, which will at all times rank *pari passu* without any preference among themselves. Claims in respect of any Senior Non-Preferred Bonds constitute Secondary Unsecured Claims under the Ranking Legislation.

Accordingly, subject to the Ranking Legislation, claims in respect of the principal and interest in respect of the Senior Non-Preferred Bonds will, in the event of the dissolution and winding-up of the Issuer, rank as Secondary Unsecured Claims pursuant to the Ranking Legislation and, therefore, rank:

- a) junior in right of payment to all Preferred Claims and all Ordinary Unsecured Claims;
- b) *pari passu* with all other Secondary Unsecured Claims (including claims in respect of other Senior Non-Preferred Bonds); and
- c) in priority to all Subordinated Claims.

(iii) *Tier 2 Bonds*: This section 14.2(a)(iii) applies if the relevant Final Terms specifies that the Bonds are Tier 2 Bonds.

The Tier 2 Bonds (their repayment and the payment of interest thereon) constitute direct, unsecured and subordinated obligations of the Issuer, which will at all times rank *pari passu* without any preference among themselves. Claims in respect of any Tier 2 Bonds, so long as such Tier 2 Bonds qualify (in whole or in part) as Tier 2 Instruments, constitute Tier 2 Claims under the Ranking Legislation.

Accordingly, subject to the Ranking Legislation, the claims in respect of the principal and interest in respect of the Tier 2 Bonds will, in the event of the dissolution and winding-up of the Issuer and provided such Tier 2 Bonds qualify (in whole or in part) as Tier 2 Instruments:

- a) be subordinated in right of payment in the manner provided in the Ranking Legislation to: (i) all Preferred Claims; (ii) all Ordinary Unsecured Claims; (iii) all Secondary Unsecured Claims; and (iv) all Senior Subordinated Claims;
- b) rank *pari passu* with all other Tier 2 Claims (including claims in respect of other Tier 2 Bonds that qualify (in whole or in part) as Tier 2 Instruments); and
- c) rank in priority to: (i) the claims in respect of all Additional Tier 1 Instruments of the Issuer; and (ii) the claims in respect of all Common Equity Tier 1 Instruments of the Issuer.

If any Tier 2 Bonds fully cease to qualify as Tier 2 Instruments, the claims in respect of such Tier 2 Bonds will, in the event of the dissolution and winding-up of the Issuer, rank *pari passu* with all Senior Subordinated Claims, subject to the Ranking Legislation.

In the event of a resolution of the Issuer or in any other instances under applicable law, the Bonds (whether Senior Preferred Bonds, Senior Non-Preferred Bonds or Tier 2 Bonds) are subject to conversion or write-down by the applicable resolution authorities as provided by applicable law.



No security or guarantee of whatever kind is being, or shall at any time be, provided by the Bank or by any other person for the purpose of securing the obligations of the Bank to Bondholders in respect of the Bonds.

b) Rights

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest, subject to and in accordance with the ranking specified herein.

c) MREL eligibility

In order for the Senior Preferred Bonds and the Senior Non-Preferred Bonds to be MREL eligible, they must satisfy the applicable conditions set out in article 72b(2) of the CRR, including:

- a) the Senior Preferred Bonds and the Senior Non-Preferred Bonds, when and if issued by the Issuer, must be fully paid-up within the meaning of article 72b(2)(a) of the CRR;
- b) the Senior Preferred Bonds and the Senior Non-Preferred Bonds, when and if issued by the Issuer, must not be owned by the Issuer or an entity included in the same resolution group, within the meaning of article 72b(2)(b)(i) of the CRR;
- c) the Senior Preferred Bonds and the Senior Non-Preferred Bonds, when and if issued by the Issuer, must not be owned by an undertaking in which the Issuer has a direct or indirect participation in the form of ownership, direct or by way of control, of 20% or more of the voting rights or capital of that undertaking within the meaning of article 72b(2)(b)(ii) of the CRR;
- d) the Senior Preferred Bonds and the Senior Non-Preferred Bonds, when and if issued by the Issuer, must not be funded directly or indirectly by the Issuer in accordance with article 72b(2)(c) of the CRR.

In the event of inconsistency between the terms of this section 14.2(c) and the provisions of the CRR governing eligibility conditions for the Senior Preferred Bonds and the Senior Non-Preferred Bonds to qualify as MREL, the terms of the CRR shall prevail.

14.3 INTEREST

a) Definitions

In these Terms and Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day”	means: <ul style="list-style-type: none">(i) in the case of Euro, any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business; and/or(ii) in the case of a Specified Currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency subject that it is also a Business Day in Malta in terms of (i) above;
“Day Count Fraction”	means, in respect of the calculation of an amount of interest on any Bond for any period of time (from and including the first day of such period to but excluding the last and whether or not constituting an Interest Period, the “Calculation Period”) and is calculated by applying the actual/365 methodology, that is the actual number of days in the Calculation Period divided by 365;
“Interest Commencement Date”	means the Issue Date or such other date as may be specified in the relevant Final Terms;
“Interest Payment Date/s”	means the date(s) specified in the relevant Final Terms when interest on the Bonds falls due and in the event that the date so specified is not a Business Day, the Interest Payment Date shall be the Business Day following the date specified in the relevant Final Terms;
“Interest Period”	means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;



“Rate of Interest”	means the rate of interest payable in respect of the Bonds as specified in the relevant Final Terms; and
“Redemption Value”	means the nominal amount to be paid on Maturity Date or on an Early Redemption Date or an Early Redemption (Exceptional Event) Date (as the case may be).

b) Payment of Interest

Each Bond bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date.

c) Accruals

Interest (if any) shall cease to accrue on each Bond on the day preceding the Maturity Date, the Early Redemption Date or the Early Redemption (Exceptional Event) Date (as the case may be) unless default is made in respect of payment, in which event, interest shall continue to accrue at the Rate of Interest up until the payment thereof.

d) Rounding

For the purposes of any calculations required pursuant to these Terms and Conditions (unless otherwise specified): (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up); (b) all figures shall be rounded to seven significant figures (with halves being rounded up); and (c) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

e) Calculations

The amount of interest payable in respect of any Bond for any Interest Period shall be equal to the product of the Rate of Interest, the principal amount of the Bonds and the Day Count Fraction for such Interest Period.

14.4 PAYMENTS

Payment of the principal amount of the Bonds will be made in the Specified Currency by the Issuer to the person in whose name such Bonds are registered as at the close of business on the Maturity Date or on an Early Redemption Date or on an Early Redemption (Exceptional Event) Date (as the case may be), with interest accrued up to (but excluding) the Maturity Date or an Early Redemption Date or an Early Redemption (Exceptional Event) 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 (with any currency conversion risk borne by the Bondholder to the extent that the designated bank account is not denominated in the Specified Currency). Such payment shall be effected on the Maturity Date or an Early Redemption Date or on an Early Redemption (Exceptional Event) Date (as the case may be). The Issuer shall not be responsible for any charges, loss or delay in transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

Payment of interest on the Bonds will be made to the person in whose name such Bonds are registered on the cut-off date prescribed in the Final Terms (the **“Register Cut-Off Date”**) by means of direct credit transfer into such bank account as the Bondholder may designate from time to time (with any currency conversion risk borne by the Bondholder to the extent that the designated bank account is not denominated in the Specified Currency). If payment or repayment is made in accordance with this clause, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.

Except for any charges which may be imposed by the Issuer or any remitting bank or payment institution in connection with the transmission of payments or transfer of funds, no other charges or commissions shall be charged by the Issuer to Bondholders in respect of such payments. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

If, due to any issue attributable to the CSD, any remitting bank and/or payment institution, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the issue has been removed.



14.5 YIELD

The gross yield in respect of each Tranche, which shall be calculated on the basis of the interest per annum, the Issue Price and the Redemption Value of the Bonds at Maturity Date, the Early Redemption Date or an Early Redemption (Exceptional Event) Date (as the case may be), shall be specified in the Final Terms.

14.6 REDEMPTION

General

- (a) Unless redeemed on an Early Redemption Date or an Early Redemption (Exceptional Event) Date (as the case may be) in accordance with the terms of this section (or purchased and cancelled in accordance with section 14.14 below), the Bonds shall be redeemed on the Maturity Date. Sole discretion as to whether to redeem the Bonds prior to the Maturity Date, on an Early Redemption Date, vests in the Issuer (to the exclusion of the Bondholders, who have no right to request redemption of the Bonds prior to the Maturity Date). The Bonds will be redeemed at their Redemption Value (together with payment of accrued and unpaid interest thereon) on the Maturity Date or an Early Redemption Date or an Early Redemption (Exceptional Event) Date (as the case may be), and if any such days are not Business Days, the redemption shall take place on the Business Day falling thereafter.

Tier 2 Bonds

- (b) If provided for in the relevant Final Terms, the Issuer may in respect of the Tier 2 Bonds and in terms of article 78(1) of the CRR, at any time following the fifth annual anniversary of the Issue Date, redeem the Tier 2 Bonds on any Early Redemption Date, subject to:
 - (i) obtaining the prior permission of the MFSA, pursuant to article 77(1) of the CRR and provided that one of the following conditions is met: (1) before or at the same time of the redemption, the Issuer replaces the Tier 2 Bonds being redeemed with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (2) the Issuer has demonstrated to the satisfaction of the MFSA that the own funds and eligible liabilities of the Issuer would, following the redemption, exceed the requirements laid down in the CRR, the CRD and the BRRD by a margin that the MFSA considers necessary at such time; or
 - (ii) obtaining a general prior permission of the MFSA in terms of article 78(1) subparagraph 2 of the CRR for a specified period (which shall not exceed one year, but which may be renewed) and for a certain predetermined amount set by the MFSA, which amount shall not exceed 10% of the relevant Series and shall not exceed 3% of the total amount of all outstanding Tier 2 instruments issued by the Issuer, subject to criteria that ensure that any such future action will be in accordance with one of the conditions set out in points (1) and (2) of paragraph (b) (i) above and provided that the Issuer provides sufficient safeguards as to its capacity to operate with own funds above the amounts required in the CRR and the CRD.
- (c) The Issuer may in terms of article 78(4) of the CRR, at any time prior to the fifth annual anniversary of the Issue Date, redeem the Tier 2 Bonds on an Early Redemption (Exceptional Event) Date, subject to obtaining the prior permission of the MFSA pursuant to article 77(1) of the CRR, the satisfaction of the conditions set out in section 14.6(b) above, and the satisfaction of one of the conditions set out in article 78(4) of the CRR.



Senior Preferred Bonds and the Senior Non-Preferred Bonds

- (d) If provided for in the relevant Final Terms, the Issuer may in respect of the Senior Preferred Bonds and the Senior Non-Preferred Bonds (as applicable) and in terms of article 78a(1) of the CRR, at any time following the fifth annual anniversary of the Issue Date, redeem the Senior Preferred Bonds and the Senior Non-Preferred Bonds (as applicable) on any Early Redemption Date, subject to:
- (i) obtaining the prior permission of the applicable resolution authorities, pursuant to article 77(2) of the CRR and provided that one of the following conditions is met: (1) before or at the same time of the redemption, the Issuer replaces the Senior Preferred Bonds and the Senior Non-Preferred Bonds (as applicable) being redeemed with own funds or eligible liabilities instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (2) the Issuer has demonstrated to the satisfaction of the applicable resolution authorities that the own funds and eligible liabilities of the Issuer would, following the redemption, exceed the requirements laid down in the CRR, the CRD and the BRRD by a margin that the applicable resolution authorities, in agreement with the MFSA, considers necessary at such time; or (3) the Issuer has demonstrated to the satisfaction of the applicable resolution authorities that the partial or full replacement of the Senior Preferred Bonds and the Senior Non-Preferred Bonds (as applicable) with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRR and the CRD for continuing authorisation; or
 - (ii) obtaining a general prior permission of the applicable resolution authorities (after consulting the MFSA) in terms of article 78a(1) subparagraph 2 of the CRR for a specified period (which shall not exceed one year, but which may be renewed) and for a certain predetermined amount set by the applicable resolution authorities, subject to criteria that ensure that any such future action will be in accordance with one of the conditions set out in points (1) and (2) of paragraph (d)(i) above and provided that the Issuer provides sufficient safeguards as to its capacity to operate with own funds and eligible liabilities above the amounts required in the CRR and the CRD.

Miscellaneous

- (e) In the event that the Bonds will be redeemable at an Early Redemption Date as set out in the Final Terms or at an Early Redemption (Exceptional Event) Date, the Issuer shall give the Bondholders prior notice in writing.
- (f) In the event of inconsistency between the terms of this section 14.6 and the provision of the CRR governing early redemption prior to the Maturity Date, the terms of the CRR shall prevail.

14.7 TAXATION

All payments with respect to the Bonds are subject, in all cases, to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed. The Issuer will not be obliged to make any additional payments in respect of any such withholding or deduction imposed.

14.8 ACCELERATION

In the event that a winding-up order is made or resolution passed by the general meeting for the dissolution, liquidation or winding-up of the Issuer in the instances, and to the extent permitted by the Act and any other applicable law (an “**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. Upon the occurrence of such an Acceleration Event, all rights available to the Bondholders shall rank in accordance with the ranking set out in section 14.2(a).

Such an Acceleration Event shall be subject to any overriding provisions of the RRR and any other applicable law, provided that the Acceleration Event will not be triggered by any resolution carried out under the RRR and any other applicable law or any moratorium provided thereunder.

14.9 LIMITED RECOURSE

Each Bondholder agrees to waive his rights of enforcement against the Issuer in the case of non-payment of interest or other breach of the Terms and Conditions of the Bonds. The only remedy available to the Bondholders shall be the petitioning for the dissolution and winding up of the Issuer insofar as this is possible in terms of the applicable provisions of the Act and any other applicable law.



14.10 WAIVER OF SET-OFF AND NETTING

Claims in respect of any Bonds may not be set-off or netted by a Bondholder against or in respect of any of its obligations to the Issuer or any other person and every Bondholder waives (subject to applicable law) any right that it might otherwise have to set-off or netting.

14.11 FORM OF NOTICE

Any notice to the Issuer shall be made by means of a written declaration delivered by hand or registered mail to the office of the Issuer.

14.12 PRESCRIPTIVE PERIOD

In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), actions for the payment of interest on sums taken on loan and for the return of money given on loan (if the loan does not result from a public deed) are barred by the lapse of five years. Accordingly, actions for the payment of interest and principal on the Bonds are barred by the said prescriptive period.

14.13 FURTHER ISSUES AND NO NEGATIVE PLEDGE

There is no negative pledge in respect of the Bonds.

The Issuer may, from time to time, without the consent of the Bondholders, issue further Tranches so as to: (i) form a single Series with the existing Bonds; or (ii) to constitute a new Series.

In addition, the Issuer may, from time to time, without informing the Bondholders and without the consent thereof, incur further debt or issue further bonds or other debt securities, either having the same terms and conditions as (and/or fungible with) any outstanding debt securities or upon such other terms and conditions as the Issuer may determine, in its absolute discretion, at the time of their issue, including (but not limited to) bonds or other debt securities which are secured and/or have a prior ranking than the Bonds. There is no other restriction on the amount of debt that the Issuer may incur (whether through the issuance of debt securities or otherwise), which indebtedness may be secured by the whole or any part of the Issuer's present or future, undertaking, assets or revenues without the consent of the Bondholders, and which could rank ahead of the Bonds in the event of a dissolution and winding up of the Issuer.

14.14 PURCHASES AND CANCELLATION

Tier 2 Bonds

- (a) The Issuer and/or its Subsidiaries may in terms of the applicable requirements of the CRR, including the requirements set out in article 78(1) of the CRR, at any time following the fifth annual anniversary of the Issue Date, purchase Tier 2 Bonds in the open market or otherwise and at any price subject to:
- (i) obtaining the prior permission of the MFSA, pursuant to article 77(1) of the CRR and provided that one of the following conditions is met: (1) before or at the same time of the purchase, the Issuer (or its Subsidiary) replaces the Tier 2 Bonds being purchased with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (2) the Issuer has demonstrated to the satisfaction of the MFSA that the own funds and eligible liabilities of the Issuer would, following the purchase, exceed the requirements laid down in the CRR, the CRD and the BRRD by a margin that the MFSA considers necessary at such time; or
 - (ii) obtaining a general prior permission of the MFSA in terms of article 78(1) subparagraph 2 of the CRR for a specified period (which shall not exceed one year, but which may be renewed) and for a certain predetermined amount set by the MFSA, which amount shall not exceed 10% of the relevant Series and shall not exceed 3% of the total amount of all outstanding Tier 2 instruments issued by the Issuer, subject to criteria that ensure that any such future action will be in accordance with one of the conditions set out in points (1) and (2) of paragraph (a)(i) above and provided that the Issuer provides sufficient safeguards as to its capacity to operate with own funds above the amounts required in the CRR and the CRD.
- (b) The Issuer and/or its Subsidiaries may in terms of article 78(4) of the CRR, at any time prior to the fifth annual anniversary of the Issue Date, purchase Tier 2 Bonds in the open market or otherwise and at any price, subject to obtaining the prior permission of the MFSA pursuant to article 77(1) of the CRR, the satisfaction of the conditions set out in section 14.14(a) above, and the satisfaction of one of the conditions set out in article 78(4) of the CRR.



- (c) The Issuer and/or its Subsidiaries may in terms of the applicable requirements of the CRR, including the requirements set out in article 78a(1) of the CRR at any time following the fifth annual anniversary of the Issue Date, purchase the Senior Preferred Bonds and the Senior Non-Preferred Bonds in the open market or otherwise and at any price subject to:
- (i) obtaining the prior permission of the applicable resolution authorities, pursuant to article 77(2) of the CRR and provided that one of the following conditions is met: (1) before or at the same time of the purchase, the Issuer (or its Subsidiary) replaces the Senior Preferred Bonds and the Senior Non-Preferred Bonds (as applicable) being purchased with own funds or eligible liabilities instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or (2) the Issuer has demonstrated to the satisfaction of the applicable resolution authorities that the own funds and eligible liabilities of the Issuer would, following the purchase, exceed the requirements laid down in the CRR, the CRD and the BRRD by a margin that the applicable resolution authorities, in agreement with the MFSA, considers necessary at such time; or (3) the Issuer has demonstrated to the satisfaction of the applicable resolution authorities that the partial or full replacement of the Senior Preferred Bonds and the Senior Non-Preferred Bonds (as applicable) with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRR and the CRD for continuing authorisation; or
 - (ii) obtaining a general prior permission of the applicable resolution authorities (after consulting the MFSA) in terms of article 78a(1) subparagraph 2 of the CRR for a specified period (which shall not exceed one year, but which may be renewed) and for a certain predetermined amount set by the applicable resolution authorities, subject to criteria that ensure that any such future action will be in accordance with one of the conditions set out in points (1) and (2) of paragraph (c)(i) above and provided that the Issuer provides sufficient safeguards as to its capacity to operate with own funds and eligible liabilities above the amounts required in the CRR and the CRD.

Miscellaneous

- (d) All Bonds purchased by or on behalf of the Issuer or its Subsidiaries will be cancelled and may not be re-issued or re-sold. Any Bonds surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.
- (e) In the event of inconsistency between the terms of this section 14.14 and the provision of the CRR governing purchases prior to the Maturity Date, the terms of the CRR shall prevail.



14.15 BAIL-IN ACTION AND SUSPENSION OF CERTAIN RIGHTS AND OBLIGATIONS

- (a) *Recognition of Bail-in:* Notwithstanding and to the exclusion of any other term of the Bonds or any other agreements, arrangements, or understandings between the Issuer and any Bondholder, by its acquisition of the Bonds, each Bondholder (which, for the purposes of this clause, includes each holder of a beneficial interest in the Bonds), acknowledges and accepts that the Amounts Due arising under the Bonds may be subject to the exercise of Bail-in Powers by the applicable resolution authorities, and acknowledges, accepts, consents and agrees to be bound by:
- (i) the effect of the exercise of Bail-in Power by the applicable resolution authorities, that may include and result in any of the following, or some combination thereof:
- (1) the reduction of all, or a portion, of the Amounts Due;
 - (2) the conversion of all, or a portion, of the Amounts Due on the Bonds into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Bondholder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Bonds;
 - (3) the cancellation of the Bonds;
 - (4) the amendment or alteration of the maturity of the Bonds or amendment of the amount of interest payable on the Bonds, or the date on which the interest becomes payable, including by suspending payment for a temporary period;
 - (5) the variation of the terms of the Bonds, if necessary, to give effect to the exercise of Bail-in Power by the applicable resolution authorities.
- (b) *Payment of Interest and Other Outstanding Amounts Due:* No repayment or payment of Amounts Due on the Bonds, will become due and payable or be paid after the exercise of any Bail-in Power by the applicable resolution authorities if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.
- (c) *Event of Default:* Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Bail-in Power by the applicable resolution authorities with respect to the Issuer, nor the exercise of the Bail-in Power by the applicable resolution authorities with respect to the Bonds will be an event of default or default for any purpose.
- (d) *Notice to Bondholders:* Upon the exercise of the Bail-in Power by the applicable resolution authorities with respect to the Bonds, the Issuer will provide a written notice to the Bondholders in accordance with section 14.18 below, as soon as practicable regarding such exercise of the Bail-in Power. Any delay or failure by the Issuer in delivering any notice referred to in this section 14.15(d) shall not affect the validity and enforceability of the Bail-in Power.

For the purposes of this section 14.15:

“Amounts Due” are the principal amount of, together with any accrued but unpaid interest due on, the Bonds. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of Bail-in Power by the applicable resolution authorities; and

“Bail-in Power” means any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Malta relating to the implementation of the BRRD, including but not limited to the RRR, and the SRM Regulation or such other directive or regulation as may come into effect in place thereof or otherwise arising under Maltese law, and in each case, the instruments, rules and standards created thereunder, pursuant to which, whether in connection with the implementation of a bail-in tool following placement into resolution or otherwise, any obligation of a bank or investment firm or affiliate of a bank or investment firm can be reduced, cancelled, modified or converted into shares, other securities or other obligations of such entity or any other person (or suspended for a temporary period).

For the avoidance of doubt, the term ‘Bail-in Power’ (as defined above), includes, but is not limited to, the write-down and conversion powers in accordance with article 48 of the BRRD (as implemented by regulation 48 of the RRR), the write-down and conversion powers independently of a resolution action pursuant to article 59(1)(a) of the BRRD (as implemented by regulation 59(1)(a) of the RRR) and any other similar powers set out in the SRM Regulation or such other directive or regulation as may come into effect in place thereof or otherwise arising under Maltese law.



14.16 MISCELLANEOUS

Prospective investors and Bondholders acknowledge that:

- (i) other than in the event of acceleration (as governed by section 14.8 above), nothing in this Base Prospectus shall be interpreted and/or construed as indicating explicitly or implicitly that the Bonds will be called, redeemed, repaid or repurchased early, prior to the Maturity Date, save for the possibility of: (i) the Bonds being redeemed on an Early Redemption Date or on an Early Redemption (Exceptional Event) Date (as the case may be); and/or (ii) the Bonds being repurchased and cancelled, in each case in accordance with the terms of this section 14; and
- (ii) the Issuer, having considered the circumstances, has formed the view (due to the onerous requirements involved in the registration of the Base Prospectus and the relevant Final Terms in any territory other than Malta and/or compliance with the relevant legal or regulatory requirements) not to send Applications to prospective investors outside Malta, except where, inter alia, in the absolute discretion of the Issuer, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in the relevant jurisdiction.

14.17 FINAL TERMS

These Terms and Conditions shall be completed in relation to any Series of Bonds (and Tranches thereof) by the terms of the relevant Final Terms.

14.18 NOTICES

All notices concerning the Bonds will be made by means of electronic publication on the website of the MSE (www.borзамalta.com.mt), and on the website of the Issuer (<https://www.bov.com/investor-relations>). Any notice so given will be deemed to have been validly given on the date of such publication. Furthermore, Bondholders may request that any such notices be sent by post to the address contained in the CSD Register.

14.19 METHOD OF PUBLICATION OF THE BASE PROSPECTUS AND OF THE FINAL TERMS

This Base Prospectus will be published on the websites of: (a) the MFSA (www.mfsa.mt) during a period of 12 months from the date of this Base Prospectus; and (b) the Issuer (<https://www.bov.com/bond-prospectus>). The Final Terms related to Bonds admitted to trading on the Official List of the MSE will be published on the websites of: (a) the MFSA (www.mfsa.mt); and (b) the Issuer (<https://www.bov.com/bond-prospectus>).

14.20 APPLICABLE LAW, PLACE OF PERFORMANCE, PLACE OF JURISDICTION AND ENFORCEMENT

The Bonds, as to form and content, and all the rights and obligations of the Bondholders and the Issuer, and any non-contractual obligations arising out of or in connection with the Bonds, shall be governed by and construed in accordance with Maltese law.

14.21 SUBMISSION TO JURISDICTION

The place of jurisdiction for all legal proceedings arising out of or in connection with the Bonds shall be Malta.

14.22 ANCILLARY CONDITIONS

The following additional terms and conditions shall apply to the Bonds issued under the Programme:

- (a) the issue and allotment of the Bonds is conditional upon the relevant Tranche being admitted to the Official List by no later than the Issue Date specified in the applicable Final Terms. In the event that the Bonds are not admitted to the Official List by the date indicated, the Issuer undertakes to procure that any application monies received by it (in its capacity as the Registrar) will be returned without interest by direct credit into the Applicant's or Authorised Financial Intermediary's bank account, as applicable, as indicated by the Applicant or Authorised Financial Intermediary in the respective Application, or subscription agreement, as applicable, for the eventual refund to the Applicant. Save as aforesaid, the Bondholders shall have no right of recourse against the Issuer in the event that the Bonds are not admitted to the Official List by the date indicated;



- (b) by applying to subscribe for Bonds, an Applicant is thereby confirming to the Issuer and the Authorised Financial Intermediary through whom the application is made, as applicable, that the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer reserves the right to invalidate the relative application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective Authorised Financial Intermediary and/or Issuer, as applicable, which acceptance shall be made in the absolute discretion of the Authorised Financial Intermediary and/or Issuer and may be on the basis that the Applicant indemnifies the Authorised Financial Intermediary and/or Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation;
- (c) the contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the terms and conditions set out in the Base Prospectus, the applicable Final Terms and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile;
- (d) any Application signed on behalf of another person, legal or natural, will be deemed to have duly bound the person signing such application who will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney or resolution, or a copy thereof, duly certified by a lawyer or notary public if so required by the Issuer, but it shall not be the duty or responsibility of the Issuer to ascertain that such representative is duly authorised to appear on the Application;
- (e) in the case of joint Applicants, reference to the Bondholder in the Application and in this Base Prospectus is a reference to each Bondholder, and liability therefor is joint and several. In respect of a Bond held jointly by several persons, the joint holders shall nominate one of their numbers as their representative and his/her name will be entered in the register maintained by the CSD with such designation. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held. In the absence of such nomination and until such nomination is made, the person first named in the register maintained by the CSD in respect of such Bond shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held;
- (f) in respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The Issuer shall be entitled to request any documents deemed necessary concerning the bare owner/s and the usufructuary/ies. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond (which shall be due to the bare owner);
- (g) applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE and are signed by both parents or the legal guardian/s. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years;
- (h) legal entities, including corporates or corporate entities or association of persons, applying for the Bonds need to have a Legal Entity Identifier ("LEI") which needs to be valid and unexpired, at least, until the admission to listing of the Bonds. Without a valid LEI, the Application will be cancelled by the Registrar and/or the Authorised Financial Intermediary (as applicable) and subscription monies will be returned to the Applicant;
- (i) by completing and delivering an Application, the Applicant:
 - (1) accepts to be irrevocably contractually committed to acquire the number of Bonds allocated to such Applicant at the Issue Price and, to the fullest extent permitted by law, accepts not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Bonds specified in the Application submitted by the Applicant (or any smaller number of Bonds for which the Application is accepted) at the Issue Price (as applicable) being made subject to the provisions of the Base Prospectus, the applicable Final Terms, the Application and the Memorandum and Articles of Association of the Company;



- (2) agrees and acknowledges to have had the opportunity to read the Base Prospectus (and any supplement thereto, if any), the applicable Final Terms and any other document entered into in relation to the Programme and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
- (3) warrants that the information submitted by the Applicant in the Application is true and correct in all respects. All applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (in its capacity as the Registrar) and subscription monies will be returned to the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application and those held by the MSE in relation to the MSE account number indicated on the Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- (4) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at <https://www.bov.com/website-privacy-policy>. The Applicant (and any Bondholder acquiring Bonds on the secondary market) hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's (or the Bondholder's) consent, in the circumstances set out in the GDPR and DPA and any applicable subsidiary legislation, as may be amended from time to time. The Applicant (and any Bondholder acquiring Bonds on the secondary market) hereby confirm that he/she/it has been provided with and read the privacy notice;
- (5) authorises the Issuer (or its service providers, including the CSD and/or the Sponsors) and, or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the DPA and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;
- (6) confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Base Prospectus and the relevant Final Terms and accordingly agree/s that no person responsible solely or jointly for the Base Prospectus and the relevant Final Terms or any part thereof will have any liability for any such other information or representation;
- (7) agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated in the Application. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
- (8) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- (9) agrees to provide each of the Authorised Financial Intermediaries or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- (10) agrees that all applications, acceptances of applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptance of applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (11) warrants that, where an Applicant signs and submits an Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions. The Applicant further undertakes to submit a power of attorney or any other documentation to the satisfaction of the Issuer evidencing authority to sign and submit the Application, together with copies thereof duly certified by a lawyer or notary public if so required by the Issuer;



- (12) warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental and/or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer, an Authorised Financial Intermediary and/or the Sponsors acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds and/or his/her Application;
 - (13) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
 - (14) represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Base Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
 - (15) agrees that the advisers to the Bond Issue (listed in section 5.1 of this Base Prospectus) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant (other than when the Sponsors are acting in their capacity as Authorised Financial Intermediaries and are required to conduct suitability testing in terms of applicable law and the terms of this Base Prospectus);
 - (16) agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by electronic mail, by post or courier (at the discretion of the Issuer) at the address (or, in the case of joint applications, the address of the first named Applicant) as set out in the Application; and
 - (17) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- (j) in the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application, at the Applicant's sole risk. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer;
 - (k) for the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the ‘Members’ Code of Conduct’ appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the DPA and the GDPR as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time;
 - (l) it shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription and holding of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in the BRRD, the RRR, MiFID II, Regulation (EU) No. 600/2014 (MiFIR), as well as applicable MFSA rules for investment services providers, including the COBR. The Issuer is not responsible and/or liable for any failure by an Authorised Financial Intermediary to comply with its obligations emanating from applicable law, including the aforementioned laws and regulations;
 - (m) subject to all other terms and conditions set out in this Base Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any application for the Bonds, for any reason whatsoever, including but not limited to multiple or suspected multiple Applications or any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Both original and electronic copies of the Application submitted to the Issuer by Authorised Financial Intermediaries will be accepted;



- (n) no person receiving a copy of the Base Prospectus, the applicable Final Terms, or an Application in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application could lawfully be used without contravention of any registration or other legal requirements; and
- (o) subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself/herself/itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

BOV
Bank of Valletta



Final Terms dated [●]



Unsecured Euro Medium Term Bond Programme

ISIN: [●]

Series No: [●]

Tranche No: [●]

[Brief description and amount of Bonds]
Issued by Bank of Valletta p.l.c. (the "Issuer")

PART A – CONTRACTUAL TERMS

These are the Final Terms for the issue of a Tranche of Bonds under the Issuer's €250,000,000 Unsecured Euro Medium Term Bond Programme (the "**Programme**") and comprise the final terms required for the issue and admission to trading on the Official List of the MSE of the Bonds described herein pursuant to the Programme.

Capitalised terms used herein which are not defined shall have the definitions assigned to them in the Base Prospectus dated 11 October 2024 which was approved by the MFSA in Malta on 11 October 2024 [and the Supplement to the Base Prospectus dated [●]]¹⁶ which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation.

This document constitutes the Final Terms of the Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus.

The Base Prospectus (together with any Supplement thereto) and these Final Terms are available for viewing at the office of the Issuer and on the websites of: (a) the MFSA during a period of twelve months from the date of approval of the Base Prospectus; and (b) the Issuer (<https://www.bov.com/bond-prospectus>). Copies may be obtained free of charge from the registered office of the Issuer (58, Zachary Street, Valletta VLT 1130, Malta). A summary of this individual issue is annexed to these Final Terms (Annex I).

¹⁶ Delete if no Supplement has been published.



THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS.

1	Issuer	Bank of Valletta p.l.c.
2	Series Number	[•]
3	Tranche Number	[•]
4	Specified Currency	[•]
5	Aggregate nominal amount:	
	(i) Series	[•]
	(ii) Tranche	[•]
6	(i) Issue Price of Tranche	[•]
	(ii) Net proceeds	[•]
7	Specified Denomination	[•]
8	Number of Bonds offered for subscription	[•]
9	Status of the Bonds	[Senior Preferred Bonds / Senior Non-Preferred Bonds / Tier 2 Bonds]
10	(i) Issue Date	[•]
	(ii) Interest Commencement Date	[•]
11	Maturity Date	[•]
12	Early Redemption Date/s	[•]/[Not applicable]
13	Redemption Value	Redemption at par
14	Register Cut-Off Date	[•]
15	Dates of the corporate authorisations for issuance of the Bonds	Resolution of the Board of Directors dated [•]

INTEREST

16	Rate of Interest	[•]
17	Interest Payment Date/s	[•]

GENERAL PROVISIONS

18	Taxation	As per "Taxation" section of the Base 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 Bonds described herein pursuant to the Programme of the Issuer dated 11 October 2024.

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:

[•]



PART B – MIFID II PRODUCT GOVERNANCE

[Summary of Target Market Assessment]

PART C - OTHER INFORMATION

DEFINITIONS

[•]

1. ADMISSION TO TRADING AND LISTING

(i)	Listing	Official List of the MSE
(ii)	Admission to trading	Application to the MSE has been made for the Bonds to be admitted to trading on the Official List. The Bonds are expected to be listed on [or around] [•] with trading expected to commence on [or around] [•].
(iii)	Previous admission to trading	[•]
(iv)	Estimate of total expenses related to admission to trading	[•]

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

The Issuer (in its capacity as an MFSA licensed investment firm) has been designated as an Authorised Financial Intermediary and investors may therefore subscribe for Bonds through the Issuer.

Accordingly, the Issuer has an interest in the relevant transaction being advised on or otherwise processed by it, when acting in its capacity as Authorised Financial Intermediary. The Issuer also has an interest in the issue of Bonds pursuant to these Final Terms by virtue of the fact that the net proceeds from the Bond Issue will be used to further strengthen the MREL and/or capital base of the Group (as the case may be) and for the general financing purposes of the Group. Prospective investors should therefore note that there is, among other things, a risk that the Issuer's investment advisers and/or portfolio managers propose or make (as applicable) an investment in the Bonds over other investments available at that time or otherwise seek to make efforts to enhance Bond sales (which efforts might otherwise not be made by the Issuer when selling instruments of other third party(ies) unrelated to the Issuer). In this respect, the Issuer has a conflicts of interest policy which addresses how it identifies and seeks to mitigate conflicts of interest in the provision of services to clients (including Applicants). A copy of this policy is available here:

<https://www.bov.com/api/v1/download/conflict-interest-policy-eng>.

Specifically in relation to the provision of investment services in relation to the Bonds, the Issuer has implemented the following additional measures:

- i Fees: The Issuer will waive, from its applicable tariff of charges, the fee which it currently normally charges discretionary management clients when investing, on their behalf, in listed bonds issued locally on the primary market;
- ii Remuneration: Issuer personnel involved in the sale of the Bond Issue will not receive any variable remuneration (e.g. commission or performance bonuses) linked to such sales;
- iii Information barriers: The Issuer's investment advisers and portfolio managers which will be providing investment services in relation to the Bonds were not involved in the design and structure of the Bond Issue.

[•] / [Except for the fees payable to the advisers of the Issuer in connection with the offer of the Bonds, the Issuer is not aware of any other interest of any person involved in the offer of the Bonds that is material to the offer.]

3. THIRD-PARTY INFORMATION

Not applicable.



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

- | | |
|---|---|
| (i) Reasons for the offer and use of proceeds | [•]/ [The net proceeds from the Bonds to be issued under these Final Terms will be used to further strengthen the MREL and/or capital base of the Group, as the case may be, which will allow the Issuer to increase its lending book and expand the investment horizon of its proprietary investments, and for the general financing purposes of the Group]. |
| (ii) Estimated net proceeds | [•] |
| (iii) Estimated total expenses | [•] |
| (iv) Conditions to which the offer is subject | [•] / [The offer of the Bonds is conditional upon the Bonds being admitted to the Official List by no later than the [•]]. |

5. YIELD

- | | |
|--------------------------------------|-----|
| (i) Indication of yield | [•] |
| (ii) Method of calculating the yield | [•] |

6. OPERATIONAL INFORMATION

- | | |
|---|---------------------------|
| (i) ISIN | [•] |
| (ii) Delivery | Delivery against payment. |
| (iii) Names and addresses of paying agent(s) (if any) | [•] / [Not applicable] |

7. DISTRIBUTION

- | | |
|---|----------------------|
| (i) Categories of potential investors to which the Bonds are offered | [•] |
| (ii) Conditions for use of the Base 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 details | Not applicable |
| (viii) Intermediaries giving firm commitment to act as intermediaries in secondary market providing liquidity through bid and offer rates | Not applicable |
| (ix) Selling commission | [•]% |
| (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 | [•] |

8. ADDITIONAL INFORMATION

- | | |
|---|-----|
| (i) Reservation of a Tranche, or part thereof, in favour of specific retail and/or non-retail investors or categories of either | [•] |
| (ii) Time period, including any possible amendments, during which the offer will be open | [•] |
| (iii) Arrangements for publication of final size of issue/offer | [•] |
| (iv) Description of the application process | [•] |
| (v) Details of the minimum/maximum amount of application (whether in numbers of securities or aggregate amount to invest) | [•] |



(vi)	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants	[•]
(vii)	Method and time limits for paying up the securities and for delivery of the securities	[•]
(viii)	Full description of the manner and date in which results of the offer are to be made to public	[•]
(ix)	Procedure for the exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised	Not applicable
(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	[•]
(xi)	Amount of any expenses and taxes specifically charged to the subscriber	[•]
(xii)	Process for notification to applicants of the amount of Bonds allotted and indication whether dealing may begin before notification is made	[•]
(xiii)	Credit rating	Not applicable



ANNEX I – ISSUE SPECIFIC SUMMARY

[•]



ANNEX II – LIST OF AUTHORISED FINANCIAL INTERMEDIARIES

[•]



ANNEX III – SPECIMEN APPLICATION FORM

[•] / [Not applicable]



16 TAXATION

16.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and is not, and does not purport to be, exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Base Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

16.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Bank is instructed by a Bondholder to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes – in this case there is no option to receive the interest gross of the withholding tax) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient’s tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer will render an account to the Maltese Commissioner for Tax and Customs of all amounts so deducted, including the identity of the recipient.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case, the Issuer will advise the Maltese Commissioner for Tax and Customs on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act, including but not limited to the condition that the Bondholder is not owned and controlled by, whether directly or indirectly, nor acts on behalf of an individual/s who are ordinarily resident and domiciled in Malta, are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

16.3 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

On the assumption that the Bonds would not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “*shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return*”, to the extent that the Bonds are held as capital assets by the Bondholder, no tax on capital gains is chargeable in respect of a transfer of the Bonds.



16.4 DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta) (the “DDTA”), duty is chargeable *inter alia* on the transfer or transmission causa mortis of marketable securities. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”.

Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered to be treated as marketable securities for the purposes of the DDTA, in terms of article 50 of the FMA, as the Bonds constitute financial instruments of a company quoted on a regulated market, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from duty.

16.5 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and/or its agents are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Tax and Customs. The Commissioner for Tax and Customs will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Relevant legislation includes, but is not limited to:

- (i) the agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA – incorporated into Maltese law through Legal Notice 78 of 2014; and
- (ii) the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU) which provides for the implementation of the regime known as the Common Reporting Standard – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015.

Failure on the part of a Bondholder to provide the Issuer with the necessary information required for its compliance with applicable legislation, may have consequences on the Bondholder's holding and/or may result in the Issuer having to report the Bondholder to the relevant tax authorities.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO: (1) THE ACQUISITION, HOLDING AND DISPOSAL OF THE BONDS; (2) THE INTEREST PAYMENTS MADE BY THE ISSUER; AND (3) THE REPORTING BY THE ISSUER TO THE COMMISSIONER FOR TAX AND CUSTOMS OF INFORMATION ON THE BONDHOLDERS AND ON PAYMENTS MADE TO THE BONDHOLDERS AND THE EXCHANGE OF SUCH INFORMATION BETWEEN MALTA AND RELEVANT FOREIGN TAX AUTHORITIES. THE TAX LEGISLATION OF THE INVESTOR'S COUNTRY OF DOMICILE AND OF THE ISSUER'S COUNTRY OF INCORPORATION (MALTA) MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE BONDS. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION DOES NOT CONSTITUTE LEGAL OR TAX ADVICE AND REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

17 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents (or copies of the same) are available for physical inspection at the Issuer's registered office and on the Issuer's website (<https://www.bov.com/investor-relations>) for the duration of the validity of the Base Prospectus:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the consolidated audited financial information of the Bank for the financial years ended 31 December 2021, 31 December 2022 and 31 December 2023, together with the auditor's reports thereon; and
- (c) the Bank's condensed interim financial statements regarding the six-month periods ended 30 June 2023 and 30 June 2024.

The Base Prospectus does not contain any statement or report attributed to any person as an expert.



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