



Issue of Euro equivalent of  
€35,000,000 in Subordinated Unsecured 4% Bonds due 2024 - 2029  
issued in Euro (EUR Bonds) and Pounds Sterling (GBP Bonds)

by  
**MeDirect Bank (Malta) plc**

*(registered as a public limited liability company in the Republic of Malta)*

Securities Note dated 7 October 2019

This Securities Note is issued in accordance with the provisions of Commission Regulation (EU) No. 2017/1129 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 (the "**Prospectus Regulation**") and the delegated acts issued thereunder.

Legal Counsel

Sponsor

Manager & Registrar

CAMILLERI PREZIOSI  
ADVOCATES

Jesmond  
Mizzi  
FINANCIAL ADVISORS



THIS SECURITIES NOTE HAS BEEN APPROVED BY THE LISTING AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE LISTING AUTHORITY ONLY APPROVED THIS SECURITIES NOTE AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. INVESTORS SHOULD MAKE THEIR OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES, THE SUBJECT OF THIS SECURITIES NOTE.

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

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

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

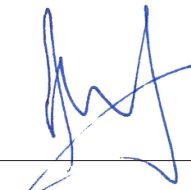
THIS SECURITIES NOTE IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SECURITIES NOTE IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.

APPROVED BY



---

**Philippe Delva**  
Director



---

**John Zarb**  
Director

On behalf of the Board of Directors

## TABLE OF CONTENTS

1	Important Information.....	4
2	Definitions.....	6
3	Risk Factors.....	9
4	Persons Responsible.....	13
5	Consent for use of Prospectus.....	13
6	Advisers to the Issuer.....	14
7	Key Information.....	14
8	Terms and Conditions of the Bonds.....	18
9	Intermediaries' Offer.....	32
10	Allocation Policy.....	33
11	Admission to Trading.....	33
12	Expected Timetable.....	34
	Annex I – Specimen Application Forms.....	35
	Annex II – Authorised Financial Intermediaries.....	39

## 1. IMPORTANT INFORMATION

THIS SECURITIES NOTE, FORMING PART OF THE PROSPECTUS, CONTAINS INFORMATION ON AN ISSUE BY MEDIRECT BANK (MALTA) PLC (THE "ISSUER") OF THE EURO EQUIVALENT OF €35,000,000 SUBORDINATED UNSECURED BONDS DUE 2024 – 2029 CONSISTING OF TWO SERIES, ONE DENOMINATED IN EURO ("EUR BONDS") AND HAVING A NOMINAL VALUE OF €100 PER BOND, AND THE OTHER DENOMINATED IN POUNDS STERLING ("GBP BONDS") AND HAVING A NOMINAL VALUE OF £100 PER BOND.

THE BONDS SHALL BE ISSUED AT PAR AND SHALL BEAR INTEREST AT THE RATE OF 4% PER ANNUM PAYABLE ANNUALLY ON 5 NOVEMBER OF EACH YEAR, UNTIL THE REDEMPTION DATE OR A DESIGNATED EARLY REDEMPTION DATE OR A REGULATORY REDEMPTION DATE, AS APPLICABLE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE SUBJECT TO THE RIGHT OF THE ISSUER, WITH THE PRIOR APPROVAL OF THE MALTA FINANCIAL SERVICES AUTHORITY, TO REDEEM ALL OR PART OF THE BONDS ON ANY DESIGNATED EARLY REDEMPTION DATE OR A REGULATORY REDEMPTION DATE (AS APPLICABLE) BY GIVING NOT LESS THAN 30 DAYS' NOTICE TO THE BONDHOLDERS.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT, THE PROSPECTUS REGULATION AND THE DELEGATED ACTS ISSUED THEREUNDER, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER.

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

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS: 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 IS NOT QUALIFIED TO DO SO; TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

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

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED THE PROSPECTUS REGULATION. THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID PROSPECTUS REGULATION) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO THE PROSPECTUS REGULATION.

THE PROSPECTUS DOES NOT CONSTITUTE, OR FORM PART OF, ANY OFFER OR INVITATION TO SELL OR ISSUE, OR ANY SOLICITATION OF ANY OFFER TO PURCHASE OR SUBSCRIBE FOR, ANY SECURITIES BY ANY PERSON IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL AND, IN PARTICULAR, IS NOT FOR DISTRIBUTION IN AUSTRALIA, CANADA, JAPAN, NEW ZEALAND, THE REPUBLIC OF SOUTH AFRICA OR THE UNITED STATES. BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES OR UNDER APPLICABLE SECURITIES LAWS IN AUSTRALIA, CANADA, NEW ZEALAND, JAPAN OR THE REPUBLIC OF SOUTH AFRICA. SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION UNDER THE SECURITIES ACT OR AN EXEMPTION FROM SUCH REGISTRATION AND THE BONDS OFFERED BY THE PROSPECTUS MAY NOT BE OFFERED, SOLD, TRANSFERRED, DELIVERED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, IN ANY FORM, WITHIN OR INTO THE UNITED STATES OR FOR THE ACCOUNT OR BENEFIT OF ANY PERSON WITH A REGISTERED ADDRESS IN, OR WHO IS RESIDENT OR ORDINARILY RESIDENT IN, THE UNITED STATES EXCEPT FOR PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAW, OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT.

THE BONDS OFFERED BY THE PROSPECTUS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER UNITED STATES REGULATORY AUTHORITY, NOR HAVE ANY SUCH AUTHORITIES PASSED UPON, OR ENDORSED THE MERITS OF, THE OFFER OR THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES OF THE MALTA BUSINESS REGISTRY, IN ACCORDANCE WITH THE ACT.

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

UNLESS INCORPORATED BY REFERENCE, THE CONTENTS OF THE ISSUER’S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER’S WEBSITE DO NOT FORM PART OF THIS 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.

ALL THE ADVISERS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING “ADVISERS TO THE ISSUER” OF THIS SECURITIES NOTE HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE 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 PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY OR ANY OF THE DESIGNATED EARLY REDEMPTION DATES, AS APPLICABLE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

## 2. DEFINITIONS

The following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>ACT</b>	the Companies Act (Cap. 386 of the laws of Malta);
<b>APPLICANT/S</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>APPLICATION/S</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Issuer or to any of the other Authorised Financial Intermediaries;
<b>APPLICATION FORM/S</b>	the form/s of application for the subscription for EUR Bonds or GBP Bonds, specimens of which are contained in Annex I of this Prospectus;
<b>APPROPRIATENESS TEST</b>	shall have the meaning set out in the second paragraph of section 8.1.23. of this Securities Note;
<b>AUTHORISED FINANCIAL INTERMEDIARIES</b>	the licensed stockbrokers and financial intermediaries listed in Annex II of this Securities Note;
<b>DIRECTORS OR BOARD</b>	the directors of the Issuer whose names and addresses are set out under the heading " <b>Board of Directors</b> " in section 12.1 of the Registration Document;
<b>BOND(S)</b>	together, the EUR Bonds and the GBP Bonds;
<b>BONDHOLDER</b>	a holder of Bonds;
<b>BOND ISSUE</b>	the issue of the Bonds;
<b>BOND ISSUE PRICE</b>	the price of €100 per Bond in the case of the EUR Bonds, and the price of £100 per Bond in the case of the GBP Bonds;
<b>BRRD</b>	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;
<b>BUSINESS DAY</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>CRR</b>	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;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange situated at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>CUT-OFF DATE</b>	11 October 2019;
<b>DESIGNATED EARLY REDEMPTION DATE</b>	any Interest Payment Date falling in the years 2024 to 2028 as the Issuer may determine by giving 30 days' prior notice to the Bondholders further to obtaining the prior approval of the JST;
<b>EUR BONDS</b>	the 4% Subordinated Unsecured Bonds due 2024- 2029 having a nominal value of €100 per bond redeemable at their nominal value on the Redemption Date or any of the Designated Early Redemption Dates or a Regulatory Redemption Date (as applicable) bearing interest at the rate of 4% per annum, which in aggregate with the GBP Bonds would not exceed the Euro equivalent of €35,000,000 in value of Bonds issued pursuant to this Prospectus;
<b>ESMA</b>	the European Securities and Markets Authority;

<b>EXCHANGEABLE BOND TRANSFER</b>	<p>as applicable:</p> <p>i. the subscription for EUR Bonds by an Existing Bondholder holding Existing Bonds as at the Cut-Off Date so designated in the EUR currency, settled, after submitting the appropriate pre-printed Application Form (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Existing Bonds held by such Existing Bondholder as at the Cut-Off Date, subject to a minimum application of €25,000 per Bondholder in face value of EUR Bonds being issued by way of consideration payable to Existing Bondholders exercising an Exchangeable Bond Transfer; and, or</p> <p>ii. the subscription for GBP Bonds by an Existing Bondholder holding Existing Bonds as at the Cut-Off Date so designated in the GBP currency, settled, after submitting the appropriate pre-printed Application Form (received by mail directly from the Issuer), by the transfer to the Issuer of all or part of the Existing Bonds held by such Existing Bondholder as at the Cut-Off Date, subject to a minimum application of £20,000 per Bondholder being issued by way of consideration payable to Existing Bondholders exercising an Exchangeable Bond Transfer;</p> <p>The subscription to EUR Bonds and GBP Bonds by way of Exchangeable Bond Transfer is subject to a maximum aggregate Euro equivalent of €25,000,000.</p>
<b>EXCESS</b>	a number of Bonds exceeding in value the aggregate nominal value of Existing Bonds held by an Existing Bondholder as at the Cut-Off Date;
<b>EXCESS CASH TOP-UP</b>	an amount of funds representing the payment to be made in consideration for the Excess;
<b>EXISTING BONDHOLDERS</b>	the holders of the Existing Bonds registered as such on the registers of holders of Existing Bonds maintained by the CSD as at the Cut-Off Date;
<b>EXISTING BONDS</b>	the €25,000,000 subordinated bonds in Euro (EUR Bonds) and Pounds Sterling (GBP Bonds) of a face value of €100 per EUR Bond and £100 per GBP Bond, bearing interest at 6% per annum and redeemable at their nominal value on 28 November 2024 or earlier on 28 November in each year between 2019 and 2023 pursuant to a prospectus dated 3 November 2014 and carrying ISIN: EUR bonds - MT0000551268 and GBP bonds - MT0000551276);
<b>EXISTING BONDHOLDER CASH PAYMENT</b>	<p>a cash payment payable to the Existing Bondholders, amounting in aggregate to €5.75 per Existing Bond transferred to the Issuer for the purposes of an Exchangeable Bond Transfer, such amount per Existing Bond being payable in one lump sum and calculated as follows:</p> <p>i. €5.62 per Existing Bond representing 6% interest on each Existing Bond transferred as aforesaid for the period commencing on the 28 November 2018 and ending on the 5<sup>th</sup> November 2019; and</p> <p>ii. €0.13 per Existing Bond representing 2% interest on each Existing Bond transferred as aforesaid for the period commencing on the 6<sup>th</sup> November 2019 and ending on the date on which the Issuer shall exercise its right of early redemption of the Existing Bonds, that is, the 28 November 2019;</p> <p>The amount payable in terms of (ii) above represents the difference between the interest rate payable on the Existing Bond and the interest rate payable on the Bonds, which difference the holders of Existing Bonds would have received had they not elected to effect an Exchangeable Bond Transfer.</p>
<b>EVENT OF DEFAULT</b>	has the meaning assigned to it in Section 8.17 of this Securities Note;
<b>GBP BONDS</b>	the 4% Subordinated Unsecured Bonds due 2024- 2029 having a nominal value of €100 per bond redeemable at their nominal value on the Redemption Date or any of the Designated Early Redemption Dates bearing interest at the rate of 4% per annum, which in aggregate with the EUR Bonds would not exceed the Euro equivalent of €35,000,000 in value of Bonds issued pursuant to this Prospectus;
<b>GDPR</b>	Regulation (EU) No. 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;
<b>INCOME TAX ACT</b>	the Income Tax Act, Cap. 123 of the laws of Malta;

<b>INTEREST PAYMENT DATES</b>	annually, on 5 November of each year commencing on 5 November 2019 and ending with and including the Redemption Date and, or the Designated Early Redemption Date, and, or the Regulatory Redemption Date, as applicable, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
<b>INTERMEDIARIES' OFFER</b>	shall consist of the process set out in section 9 of this Securities Note;
<b>ISA</b>	the Investment Services Act (Cap.370, laws of Malta);
<b>ISSUER</b>	MeDirect Bank (Malta) plc, a public limited liability company registered in Malta with company number C 34125 having its registered office at The Centre, Tigné Point, Sliema TPO 0001, Malta;
<b>ISR</b>	the Investment Services Rules for Investment Services Providers, the Standard Licence Conditions applicable to Investment Services License Holders (excluding UCITS Management Companies), issued by the MFSA, as amended from time to time;
<b>ISSUE DATE</b>	5 November 2019;
<b>JST</b>	Joint Supervisory Team, composed of members of the MFSA and the ECB;
<b>LISTING AUTHORITY</b>	the Board of Governors of the MFSA, appointed as Listing Authority for the purposes of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
<b>LISTING RULES</b>	the listing rules, issued by the Listing Authority;
<b>M&amp;A</b>	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
<b>MALTA STOCK EXCHANGE OR MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
<b>MATURING BONDS</b>	collectively: <ul style="list-style-type: none"> <li>i. €12,500,000 subordinated bonds in Euro (EUR Bonds) and Pounds Sterling (GBP Bonds) of a face value of €100 per EUR Bond and £100 per GBP Bond, bearing interest at 7.5% per annum and redeemable at their nominal value on 14 December 2019 pursuant to a prospectus dated 21 November 2012 and carrying ISIN MT 0000551227 (EUR Bonds) and MT 0000551235 (GBP Bonds);</li> <li>ii. €10,000,000 subordinated bonds in Euro (EUR Bonds) and Pounds Sterling (GBP Bonds) of a face value of €100 per EUR Bond and £100 per GBP Bond, bearing interest at 7.5% per annum and redeemable on 14 December 2019 pursuant to a prospectus dated 12 June 2013 and carrying ISIN MT 0000551243 (EUR Bonds) and MT 0000551250 (GBP Bonds);</li> </ul> <p>The bonds referred to in (i) and (ii) were fungible as of 15 December 2013, and carry ISIN EUR bonds – MT0000551227 and GBP bonds – MT0000551235;</p>
<b>MFSA</b>	the Malta Financial Services Authority as established under the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
<b>MIFID II</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast);
<b>OFFER PERIOD</b>	The period between and including 12:00 pm on 14 October 2019 and 12:00 pm on 23 October 2019, both days included, during which: <ul style="list-style-type: none"> <li>i. Existing Bondholders may apply to transfer their Existing Bonds in exchange for Bonds pursuant to the Exchangeable Bond Transfer;</li> <li>ii. Existing Bondholders who transfer all their Existing Bonds by way of Exchangeable bond Transfer may apply for Excess; and</li> <li>iii. Authorised Financial Intermediaries may subscribe for Bonds, for themselves or for their underlying clients, through the Intermediaries' Offer.</li> </ul>



<b>OFFICIAL LIST</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>PROSPECTUS</b>	collectively the Registration Document, the Summary Note and this Securities Note, as such documents may be amended, updated, replaced and supplemented from time to time;
<b>PROSPECTUS REGULATION</b>	Commission Regulation (EU) No. 2017/1129 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;
<b>REDEMPTION DATE</b>	5 November 2029;
<b>REDEMPTION VALUE</b>	the nominal value of each Bond;
<b>REGISTRATION DOCUMENT</b>	the registration document issued by the Issuer dated 7 October 2019, forming part of the Prospectus;
<b>REGULATORY CHANGE EVENT</b>	shall have the meaning set out in section 8.9.4 of this Securities Note;
<b>REGULATORY REDEMPTION DATE</b>	shall have the meaning set out in section 8.9.2 of this Securities Note;
<b>SPONSOR</b>	Jesmond Mizzi Financial Advisors Limited, a limited liability company having company registration number C30176 and having its registered office at 67, Level 3, South Street, Valletta, Malta;
<b>SUBORDINATION</b>	means that the rights and claims of Bondholders in respect of the payment of capital and interest on the Bonds will, in the event of dissolution and winding up of the Issuer, rank after the claims of all unsubordinated debt and will not be repaid until all other unsubordinated debt outstanding at the time has been settled. And any reference to the term " <b>Subordinated</b> " shall be construed accordingly;
<b>SUITABILITY TEST</b>	shall have the meaning set out in the third paragraph of section 8.1.23 of this Securities Note;
<b>SUMMARY NOTE</b>	the summary note issued by the Issuer dated 7 October 2019 forming part of the Prospectus;
<b>TERMS AND CONDITIONS</b>	the terms and conditions of the Bonds contained in Section 8 of this Securities Note.

### 3. RISK FACTORS

An investment in the Bonds involves certain risks including those described below. Prospective investors should carefully consider, with their own independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in this Prospectus before deciding to make an investment in the Bonds. The risk factors are set out in a number of categories. The risk factor appearing first under each category constitutes that risk factor that the directors have assessed to be the most material risk factor under such category as at the date of this Securities Note. In making their assessment of materiality, the directors have evaluated the combination of: (i) the probability that the risk factor occurs; and (ii) the expected magnitude of the adverse effect on the issuer and the securities.

Neither this Securities Note, nor any other parts of the Prospectus nor any other information supplied in connection with the Bonds: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer or the Sponsor or Authorised Financial Intermediaries that any recipient of this Securities Note (or any other part of the Prospectus or any other information supplied in connection with the Prospectus or any Bonds) should purchase any Bonds.

Accordingly prospective investors should make their own independent evaluation of all risk factors, and should consider all other sections in this document.

This Securities Note contains "forward looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward looking statements are subject to a number of risks,

uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that the future results or expectations will be achieved.

### 3.1. Suitability of Investment in the Bonds

ESMA considers that bonds which may be redeemed by an issuer prior to their maturity date may be considered as bonds having an embedded call option, with the price of the bonds taking these components into account. The Issuer has the right to redeem the Bonds on a Designated Early Redemption Date or upon a Regulatory Redemption Date, as the case may be. Accordingly, the Bonds are complex financial instruments for the purposes of MIFID II and may not be suitable for all recipients of the Prospectus.

Prospective investors are urged to consult an independent investment adviser licensed under the ISA 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, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable 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 and that the Bonds meet the investment objectives of the prospective investor;
- c. understands thoroughly the terms of the Bonds; and
- d. is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

### 3.2 Risks Relating to the Bonds

#### 3.2.1 The Bonds may be redeemed prior to maturity

The Bonds are redeemable in whole or in part at the option of the Issuer prior to the Redemption Date on any of the Designated Early Redemption Date or upon a Regulatory Redemption Date upon giving 30 days' notice to the Bondholders, subject to obtaining the prior approval of the JST. Furthermore, the Bonds are redeemable in whole at any time during the term of the Bond in the case of a Regulatory Redemption Date taking place. The occurrence of a Regulatory Change Event and the implementation of New Capital Regulations (as defined in section 8.9.4 below) leading to such event, are not within the control of the Issuer. If a Regulatory Change Event were to occur, the Issuer would have the right to redeem the Bonds prior to their scheduled maturity at par plus accrued interest.

The feature allowing for optional redemption on a Designated Early Redemption Date or a Regulatory Redemption Date may condition the market value of the Bonds and there can be no guarantee that the Bondholders may be able to re-invest the proceeds of such redemption at equivalent or higher rates of return. Bondholders will have no right to request the redemption of the Bonds and should not invest in the Bonds in the expectation that the Issuer would exercise its option to redeem the Bonds. Any decision by the Issuer as to whether it will exercise its option to redeem the Bonds will be taken at

the absolute discretion of the Issuer with regard to factors such as, but not limited to, the economic impact of exercising such option to redeem the Bonds, any tax consequences, the regulatory requirements and the prevailing market conditions. Bondholders should be aware that they may be required to bear the financial risks of an investment in the Bonds until maturity.

### 3.2.2 Subordinated status and ranking of the Bonds

The Bonds are unsecured and subordinated. Subordination means that the rights and claims of Bondholders in respect of the payment of capital and interest on the Bonds will, in the event of dissolution and winding up of the Issuer, rank after the claims of all senior indebtedness and unsubordinated claims and will not be repaid until all other senior indebtedness and unsubordinated claims which are outstanding at the time has been settled.

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

The Bonds rank subsequent to any outstanding, unsubordinated and unsecured obligations of the Issuer, present and future. The Issuer may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future, undertaking, assets or revenues (including uncalled capital).

The Bonds also rank subsequent to any prior ranking security interest created for the purpose of securing the Issuer's secured interbank funding lines and repurchase agreements. Such interbank funding lines and repurchase agreements are used to finance the Issuer's investment portfolio.

### 3.2.3 Orderly and 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 Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue. Should there not be a liquid market in the Bonds, investors may not be able to sell the Bonds at or above the Bond Issue Price or at all.

### 3.2.4 Fixed interest rates

The Bonds carry fixed interest rates. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising, their prices decline and conversely, if market interest rates are declining, the prices of fixed rate bonds rises. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

### 3.2.5 Limited recourse

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

### 3.2.6 Exchange rate risk

A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€ in the case of the EUR Bonds and £ in the case of the GBP Bonds) and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

### 3.2.7 Future public offers

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

### 3.2.8 Amendment to the Terms and Conditions of the Bonds

In the event that the Issuer wishes to amend the Terms and Conditions of the Bonds, it shall call a meeting of Bondholders. Defined majorities of Bondholders will bind all Bondholders including those that did not attend and vote at the relevant meeting and Bondholders who attended and voted in a manner contrary to the majority.

### 3.2.9 Risks associated to recovery and resolutions regulations

The Issuer is subject to the BRRD . ACT No. XXI of 2015, amending (inter alia), the Malta Financial Services Authority Act (Cap. 345, laws of Malta), the ISA and the Banking Act, establishes the Resolution Authority and the Resolution Committee (the "Resolution Authorities") in accordance with the requirements of the BRRD as well as provides for matters ancillary or incidental to the establishment thereof.

The BRRD is designed to provide the 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. Pursuant to the BRRD, the Resolution Authorities may intervene using one or more resolution tools in the event that all of the following conditions are met: (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.

One of the resolution tools is the bail-in tool whereby Resolution Authorities are, amongst others, empowered to write down or convert into common equity certain liabilities of a failing bank (including Tier 2 Capital instruments, such as the Bonds). The bail-in tool ensures that not only shareholders but also creditors of the failing institution suffer appropriate losses and bear an appropriate part of the costs arising from the failure of the institution. The Resolution Authorities will have to exercise their bail-in powers in a way that results in: (i) Common Equity Tier 1 capital instruments (such as ordinary shares of the Issuer) being written down first in proportion to the relevant losses; (ii) thereafter, the principal amount of other capital instruments (additional Tier 1 capital instruments and Tier 2 Capital instruments such as the Bonds) being written down on a permanent basis or converted into Common Equity Tier 1 capital instruments in accordance with their order of priority; and (iii) thereafter, other eligible liabilities being written down on a permanent basis or converted into Common Equity Tier 1 capital instruments in accordance with a set order of priority. The extent to which the Bonds may become subject to a bail-in will depend on a number of factors, and it will be difficult to predict when, if at all, a bail-in will occur particularly since, as at the date of this Prospectus, none of the conditions prescribed in (a)-(c) above subsist within the Issuer. Prospective investors should, nonetheless, consider the risk that in the event that the Issuer becomes subject to a bail-in, the principal amount of the Bonds including any accrued but unpaid interest, may be: (i) partially or fully lost in the case of a write down to absorb the Issuer's losses; or (ii) if a conversion takes place, their investment in the Bonds may be partially or fully converted into Tier 1 capital to recapitalise the Issuer.

The Resolution Authorities may also seek to amend the maturity date of the Bonds, which could negatively affect the value of the Bonds for the purpose of re-selling.

Each of the aforementioned measures may occur in isolation or, they may occur as a combination.

#### 4. PERSONS RESPONSIBLE

This document includes information given in compliance with the Listing Rules for the purpose of providing prospective investors with information with regard to the Issuer and the Bonds. All of the Directors of the Issuer, whose names appear under the heading “**Board of Directors**” of the Registration Document, accept responsibility for the information contained in this Securities Note. The current directors of the Issuer are:

Michael A. Bussey	<i>Non-Executive Director - Chairman</i>
Philippe Delva	<i>Interim - Group Chief Executive Officer and Executive Director</i>
Radoslaw Ksiezopolski	<i>Group Chief Financial Officer and Executive Director</i>
John Zarb	<i>Group Non-Executive Director</i>
Benjamin Hollowood	<i>Group Non-Executive Director</i>
Dominic Wallace	<i>Group Non-Executive Director</i>

To the best of the knowledge and belief of the Directors of the Issuer, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

All representations and other statements made in the Prospectus are made by the Issuer and the Directors take sole responsibility for all such representations and statements. The Sponsor, the Manager and Registrar, and the Issuer’s advisors have advised and assisted the Issuer in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

#### 5. CONSENT FOR USE OF PROSPECTUS

##### **Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:**

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

- i. in respect of Bonds subscribed for through Authorised Financial Intermediaries;
- ii. to any resale or placement of Bonds subscribed for as aforesaid taking place in Malta;
- iii. to any resale or placement of Bonds subscribed for as aforesaid taking place within the period of 60 days from the date of the Prospectus

Neither the Issuer nor the Sponsor has 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.

Other than as set out above, neither the Issuer nor the Sponsor has authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer or the Sponsor and neither the Issuer nor the Sponsor has any responsibility or liability for the actions of any person making such offers.

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

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

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

Any resale, placement or other offering of 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 Prospectus, it will be the responsibility of the applicable 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 Sponsor has any responsibility or liability for such information.

Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

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

## 6. ADVISERS TO THE ISSUER

<b>LEGAL COUNSEL</b>	Camilleri Preziosi Level 3, Valletta Buildings, South Street, Valletta, VLT 1103, Malta
<b>SPONSOR</b>	Jesmond Mizzi Financial Advisors Limited 67, Level 3, South Street, Valletta, VLT 1105, Malta

## 7. KEY INFORMATION

### 7.1 Interest of Natural & Legal Persons in the Bond Issue

MeDirect Bank (Malta) plc and the Sponsor, are included in the list of Authorised Financial Intermediaries authorised to sell Bonds to prospective investors.

MeDirect Bank (Malta) plc and the Sponsor, acting in the capacity of Authorised Financial Intermediary as aforesaid, may, on an "execution-only" basis, effect transactions in respect of the Bonds for the account of their respective customers. Prior to executing any such transactions, MeDirect Bank (Malta) plc and the Sponsor, as relevant, shall carry out an Appropriateness Test in respect of each prospective investor in the Bonds and shall not accept the prospective investor's Application unless, based on the results of such test, it is satisfied that an investment in the Bonds may be considered appropriate for such prospective investor.



## 7.2 Reasons for the Issue and Use of Proceeds

The Bonds are being offered to: (i) Existing Bondholders for the purpose of enabling them to surrender their Existing Bonds in exchange for Bonds by virtue of an Exchangeable Bond Transfer; (ii) Existing Bondholders who surrender all of their Existing Bonds in exchange for Bonds by virtue of an Exchangeable Bond Transfer and apply for Excess; and (iii) to the public (which, in addition to retail customers, may include Existing Bondholders) by virtue of an Intermediaries' Offer.

In accordance with the Exchangeable Bond Transfer, Bonds will be issued to holders of Existing Bonds against the surrender and conversion of Existing Bonds in favour of the Issuer. An allocation of Bonds pursuant to an Exchangeable Bond Transfer will not result in the raising of any new funds to be utilised by the Issuer. However, Bonds allocated by virtue of the subscription for Excess and, or by virtue of the Intermediaries' Offer, will raise new funds.

The use of any funds so received by the Issuer by virtue of the Excess and, or the Intermediaries' Offer, which funds may amount to a maximum amount of approximately €34,500,000 (net of expenses) in the event of the Bonds being subscribed for in full, will be utilised by the Issuer in the following order of priority:

- i. in the event that not all of the Existing Bondholders elect to exchange their Existing Bonds for Bonds by virtue of the Exchangeable Bond Transfer, and the proceeds received from any Excess and, or the Intermediaries' Offer would, in aggregate with the value of the Exchangeable Bond Transfers, amount to at least €25,000,000, the Issuer shall first utilise the proceeds received from any Excess and, or the Intermediaries' Offer to redeem the amount outstanding under the Existing Bonds; and
- ii. any surplus funds which are received by the Issuer from the Bond Issue but which are not utilised by the Issuer in terms of (i) above, shall be utilised in part for the purpose of part-financing the redemption of the Maturing Bonds (with any additional funding required for such redemption of the Maturing Bonds to be sourced from the Issuer's own funds) and in part for general corporate funding purposes of the Group.

In the event that the Bond Issue is subscribed for in an amount lower than €35,000,000 but greater than or equal to €25,000,000 (in either case taking into account the aggregate of Exchangeable Bond Transfers and any funds raised by way of Excess and, or the Intermediaries' Offer), then all Exchangeable Bond Transfers shall be processed in accordance with the terms of this Securities Note, and any funds received by way of Excess and, or the Intermediaries' Offer shall be used for the purpose specified in (ii) above.

In the event that the Bond Issue is subscribed for in an amount lower than €25,000,000 (taking into account the aggregate of Exchangeable Bond Transfers and any funds raised by way of Excess and, or the Intermediaries' Offer), then no Exchangeable Bond Transfers shall be processed in accordance with the terms of this Securities Note, and any funds received by way of Excess and, or the Intermediaries' Offer shall be returned to the respective Applicants.

If fully subscribed, the Bond Issue is expected to enable the Issuer to reduce its outstanding debt under the Existing Bonds to a maximum of €35,000,000 whilst still respecting its Tier 2 capital requirements in terms of applicable law.

## 7.3 Expenses

Professional fees, costs related to publicity, advertising, printing, listing and registration, selling commission, as well as sponsor, manager and registrar fees and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €500,000 and shall be borne by the Issuer.

## 7.4 Issue Statistics

<b>ISSUER:</b>	MeDirect Bank (Malta) plc, a company registered in Malta with registration number C 34125;
<b>AMOUNT:</b>	The aggregate principal amount of the EUR Bonds and the GBP Bonds will equal the Euro equivalent of €35,000,000;
<b>FORM:</b>	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
<b>DENOMINATION:</b>	EUR Bonds: Euro (€); GBP Bonds: GBP (£);
<b>ISIN:</b>	EUR Bonds – ISIN MT0000551300; GBP Bonds – ISIN MT0000551318;
<b>MINIMUM AMOUNT PER SUBSCRIPTION:</b>	EUR Bonds: minimum of €25,000 and multiples of €1,000 thereafter; GBP Bonds: minimum of £20,000 and multiples of £1,000 thereafter;
<b>TRANSFERABILITY:</b>	Trading in the EUR Bonds and the GBP Bonds shall take place on the MSE in multiples of €1,000 and £1,000 respectively subject to the retention of a minimum holding of €25,000 (or £20,000, as applicable) by each individual holder of EUR Bonds or GBP Bonds, which shall be maintained at all times throughout the holder's investment in the respective type of Bond. If EUR Bonds and GBP Bonds are held by financial intermediaries on behalf of clients under one or more nominee accounts, the minimum holding of €25,000 (or £20,000 as applicable) shall apply to each underlying beneficial owner;
<b>REDEMPTION DATE:</b>	5 November 2029 or a Designated Early Redemption Date or earlier in the case of a Regulatory Redemption Date (refer to section 8.9.4 of this Securities Note).
<b>EXCHANGEABLE BOND TRANSFER</b>	<p>Existing Bondholders applying for Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Existing Bonds held by them as at the Cut-Off Date, subject to a minimum holding of €25,000 in EUR Bonds and £20,000 in GBP Bonds, as applicable.</p> <p>The transfer of Existing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Existing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer towards the Bondholders under the Bonds.</p> <p>The Existing Bondholder Cash Payment is payable to the Existing Bondholders who surrender their Existing Bonds in exchange for Bonds pursuant to an Exchangeable Bond Transfer;</p>
<b>PLAN OF DISTRIBUTION – EUR BONDS</b>	<p>The EUR Bonds are open for subscription during the Offer Period by: (i) holders of Existing Bonds designated in the EUR currency applying for EUR Bonds by Exchangeable Bond Transfer, by submitting the appropriate Application Form to an Authorised Financial Intermediary, up to the number of EUR Bonds representing the nominal value of Existing Bonds held by them as at the Cut-Off Date; (ii) holders of Existing Bonds applying for Excess, by completing the relevant section of the Application Form submitted to an Authorised Financial Intermediary and by remitting the Excess Cash Top-Up to the Issuer; and (iii) Authorised Financial Intermediaries either for their own account or on behalf of clients. The foregoing is subject to the minimum holding requirement applicable to each individual subscriber (or underlying client, as applicable), that is a minimum holding of €25,000 in EUR bonds per Bondholder.</p> <p>The allocation of Bonds is subject to the allocation policy set out in Section 10 of this Securities Note;</p>



<b>PLAN OF DISTRIBUTION – GBP BONDS</b>	<p>The GBP Bonds are open for subscription during the Offer Period by: (i) holders of Existing Bonds designated in the GBP currency applying for GBP Bonds by Exchangeable Bond Transfer, by submitting the appropriate Application Form to an Authorised Financial Intermediary, up to the number of GBP Bonds representing the nominal value of Existing Bonds held by them as at the Cut-Off Date ; (ii) holders of Existing Bonds applying for Excess, by completing the relevant section of the Application Form submitted to an Authorised Financial Intermediary and by remitting the Excess Cash Top-Up to the Issuer; and (iii) Authorised Financial Intermediaries either for their own account or on behalf of clients. The above is subject to the minimum holding requirement applicable to each individual subscriber (or underlying client, as applicable), that is a minimum holding of £20,000 in GBP bonds per Bondholder.</p> <p>The allocation of Bonds is subject to the allocation policy set out in Section 10 of this Securities Note;</p>
<b>EXCESS APPLIED FOR BY EXISTING BONDHOLDERS</b>	Existing Bondholders wishing to apply for Excess may do so by completing the relevant section of the Application Form. In such cases the Existing Bondholder would be required to transfer such holder's entire holding in Existing Bonds by way of Existing Bond Transfer, and settle the balance in the manner set out in section 8.1.2. of this Securities Note;
<b>INTERMEDIARIES' OFFER</b>	The period between and including 12:00 pm on 14 October 2019 and 12:00 pm on 23 October 2019, both days included;
<b>EVENT OF DEFAULT:</b>	Refer to section 8.17 below;
<b>BOND ISSUE PRICE:</b>	At par (€100 per EUR Bond or £100 per GBP Bond, as applicable);
<b>LISTING:</b>	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
<b>APPLICATION FORMS MAILED TO EXISTING BONDHOLDERS AND AUTHORISED INTERMEDIARIES</b>	14 October 2019;
<b>CLOSING DATE FOR APPLICATIONS TO BE RECEIVED FROM EXISTING BONDHOLDERS AND APPLICANTS</b>	23 October 2019;
<b>OFFER PERIOD</b>	The period between and including 12:00 pm on 14 October 2019 and 12:00 pm on 23 October 2019, both days included;
<b>UNDERWRITING:</b>	The Bond Issue is not underwritten;
<b>MINIMUM AGGREGATE SUBSCRIPTION AND CONDITION:</b>	The Issuer has established a minimum aggregate subscription amount of €25,000,000 on which the Bond Issue is conditional. In the event that the Bond Issue is not fully taken up but the said minimum is satisfied or exceeded, the Issuer will issue Bonds up to the amount subscribed for;
<b>CONDITIONAL ALLOTMENT AND ISSUE OF THE BONDS</b>	The issue and allotment of the Bonds is conditional upon (i) the Bonds being admitted to the Official List of the MSE; and (ii) the Issuer receiving approval from the JST that it may exercise its right to redeem the Existing Bonds prior to their redemption date. In the event that the Bonds are not admitted to the Official List and, or the Issuer does not receive the aforementioned approval from the JST, the Bond issue shall not take effect;

<b>INTEREST:</b>	The Bonds shall bear interest at the rate of 4% per annum on the nominal value thereof;
<b>INTEREST PAYMENT DATES:</b>	5 November of each year, from 5 November 2019 until the Redemption Date or a Designated Early Redemption Date or a Regulatory Redemption Date, as applicable;
<b>FIRST INTEREST PAYMENT DATE:</b>	5 November 2020;
<b>REDEMPTION VALUE:</b>	At par (€100 per EUR Bond or £100 per GBP Bond, as applicable);
<b>TIME LIMIT ON THE VALIDITY OF CLAIMS</b>	Five (5) years;
<b>MANAGER &amp; REGISTRAR:</b>	MSE;
<b>SPONSOR:</b>	Jesmond Mizzi Financial Advisors Limited;
<b>GOVERNING LAW OF BONDS:</b>	The Bonds are governed by and shall be construed in accordance with Maltese law;
<b>JURISDICTION:</b>	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds

## 8. TERMS AND CONDITIONS OF THE BONDS

### 8.1 General terms and conditions

**8.1.1** The consideration payable by an Existing Bondholder for EUR Bonds and, or GBP Bonds (as applicable) may be settled, after submitting the appropriate pre-printed Application Form (received by mail directly from the Issuer) during the Offer Period, by the transfer to the Issuer of all or part of the Existing Bonds held by such Existing Bondholder as at the Cut-Off Date (the “**Exchangeable Bond Transfer**”), subject to a minimum application of €25,000 in the case of EUR Bonds and £20,000, in the case of GBP Bonds. The transfer of Existing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Existing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds.

In the event that the holders of Existing Bonds are successfully allocated Bonds pursuant to an Exchangeable Bond Transfer, the Issuer will remit the Existing Bondholder Cash Payment to the holder of the Existing Bonds to the account designated by the relevant Bondholder in the applicable section of the Application Form.

**8.1.2** Payment by Existing Bondholders of the Excess Cash Top-Up referred to in the paragraph entitled “Excess applied for by Existing Bondholders” in section 7.4, shall be made in Euro and in cleared funds at the Bond Issue Price, in either cash or by cheque payable to “The Registrar – Medirect Bank (Malta) plc 4% Subordinated Bonds due 2024-2029”.

- 8.1.3** By submitting a signed pre-printed Application Form indicating that the Exchangeable Bond Transfer is being selected (whether in whole or, in the case of Excess Top-Up, in part consideration for the EUR Bonds and, or GBP Bonds being applied for), the Existing Bondholder is thereby confirming:
- i. that all or part (as the case may be) of the Existing Bonds held by the Existing Bondholder on the Cut-Off Date are being transferred to the Issuer, together with the payment due in respect of any Excess Cash Top-Up, if applicable; and
  - ii. that the pre-printed Application Form constitutes the Existing Bondholder's irrevocable mandate to the Issuer to:
    - a. cause the transfer of the said Existing Bonds in the Issuer's name in consideration of the issue of EUR Bonds and, or the GBP Bonds (as applicable); and
    - b. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Existing Bonds in the Issuer and fully and effectively vest title in the appropriate number of EUR Bonds and, or GBP Bonds (as applicable) in the Existing Bondholder:
  - iii. that in respect of the exercise of the option set out in section 8.1.2 above, the Existing Bondholder's remittance representing the Excess Cash Top-Up, if any, will be honoured on first presentation and agrees that, if such remittance is not so honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative application pertaining to Excess, and furthermore the Existing Bondholder will not be entitled to receive a registration advice or to be registered in the register of Bondholders pertaining to the Excess, unless the Existing Bondholder makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Registrar (which acceptance shall be made in the Issuer's absolute discretion and may be on the basis that the Existing Bondholder indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Existing Bondholder's remittance to be honoured on first presentation).
- 8.1.4** The issue and allotment of the Bonds is conditional upon (i) the Bonds being admitted to the Official List of the MSE; and (ii) the Issuer receiving approval from the JST that it may exercise its right to redeem the Existing Bonds prior to their redemption date. In the event that the Bonds are not admitted to the Official List and, or the Issuer does not receive the aforementioned approval from the JST, the Bond issue shall not take effect. The Issuer has also established a minimum aggregate subscription amount of €25,000,000 on which the Bond Issue is conditional. In the event that the Bond Issue is not fully taken up but the said minimum is satisfied or exceeded, the Issuer will issue Bonds up to the amount subscribed for.
- 8.1.5** The contract created by the acceptance of an Application shall be subject to the terms and conditions set out in this Securities Note 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.
- 8.1.6** If the Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have bound his principal, or the relative corporation, corporate entity, or association of persons and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such intermediary may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar.
- 8.1.7** Holders of Existing Bonds wishing to apply for the Excess, that is a number of Bonds exceeding in value the aggregate nominal value of Existing Bonds held by them as at the Cut-Off Date, shall be entitled to do so by completing the relevant section of the Application Form.

- 8.1.8** Where the Existing Bondholder is the holder of Existing Bonds which as at the Cut-Off Date are held subject to usufruct, both the signatures of the bare owner as well as that of the usufructuary will be required in the Application Form.
- 8.1.9** All Applications for the subscription of EUR Bonds and, or the GBP Bonds (as applicable) being effected by Exchangeable Bond Transfer, as well as applications for Excess, must be submitted on the appropriate pre-printed Application Form during the Offer Period. The completed pre-printed Application Form is to be lodged with any of the Authorised Financial Intermediaries.
- 8.1.10** Applications made by Applicants (which include retail investors and Existing Bondholders) for the subscription of EUR Bonds and, or the GBP Bonds (as applicable) being applied during the Intermediaries' Offer, must be submitted during the Offer Period. The completed pre-printed Application Form is to be lodged with any of the Authorised Financial Intermediaries.
- 8.1.11** In the event that an Existing Bondholder applying for Excess has been allocated a number of EUR Bonds or GBP Bonds (as applicable) which is less than the Excess applied for, or has not been allocated any Excess, then such Existing Bondholder shall receive a refund of the price of the EUR Bonds and, or GBP Bonds (as applicable) so applied for (by way of Excess Cash Top-up) but not allocated. In the event that an Applicant applying for Bonds by virtue of the Intermediaries' Offer has been allocated a number of EUR Bonds or GBP Bonds (as applicable) which is less than the value of Bonds applied for through such Intermediaries' Offer, or has not been allocated any Bonds, then such Applicant shall receive a refund of the price of the EUR Bonds and, or GBP Bonds (as applicable) so applied for but not allocated. Such refund shall be without interest and shall be made by credit transfer to such account indicated in the Application Form, at the Applicant's (whether such Applicant is an Existing Bondholder or an applicant applying for Bonds pursuant to an Exchangeable Bond Transfer) sole risk on 5 November 2019.
- 8.1.12** In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each Applicant, and liability therefor is joint and several. 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 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.
- 8.1.13** The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.1.14** No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 8.1.15** It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.1.16** Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholders at his registered address and posted. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in the Application Form and in any other document issued pursuant to the Prospectus.

- 8.1.17** The Bonds will be issued as EUR Bonds and GBP Bonds. The aggregate principal amount of the Bond Issue is the Euro equivalent value of €35,000,000.
- 8.1.18** Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one Application Form, save in the case of subscription made in part for EUR Bonds and in part for GBP Bonds, in which case two (2) separate Application Forms per Applicant are required. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.
- 8.1.19** Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholders, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form 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. In the case of joint Applications, the joint holders shall nominate one of their number as their representative and such person's name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 8.1.20** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application, including multiple or suspected multiple Applications and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse 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. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- 8.1.21** If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, the Application monies or the balance of the amount paid on Application will be returned by the Issuer without interest by direct credit into the Bondholder's bank account as indicated by the Bondholder on the Application Form. The Issuer shall not be responsible for any loss or delay in transmission.
- 8.1.22** The EUR Bonds will be issued in multiples of €1,000. The minimum subscription amount of EUR Bonds that can be subscribed for by Applicants is €25,000. The GBP Bonds will be issued in multiples of £1,000. The minimum subscription amount of GBP Bonds that can be subscribed for by Applicants is £20,000.

**8.1.23** The completed Application Forms are to be lodged with any of the Authorised Financial Intermediaries. Authorised Financial Intermediaries shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, such Authorised Financial Intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

For the purpose of this Securities Note, the term "Appropriateness Test" means the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of Bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the Bonds are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee's knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the Bonds or investment service offered or demanded, in accordance with Part BI of the ISR. In the event that the licensed financial intermediary considers, on the basis of the test conducted, that the transfer of Bonds is not appropriate for the Applicant or prospective transferee, the licensed financial intermediary shall reject the prospective Applicant's request to subscribe for or acquire Bonds, irrespective of whether the Applicant or transferee is warned that the investment in the Bonds is not appropriate for the Applicant or transferee;

For the purpose of this Securities Note, the term "Suitability Test" means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with Part BI of the ISR. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria:

- a. it meets the investment objectives of the Applicant or prospective transferee in question;
- b. it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with investment objectives of such Applicant or prospective transferee; and
- c. it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

**8.1.24** Where applicable, Application Forms must be accompanied by the full price of the Bonds applied for in EUR or GBP, as applicable.

**8.1.25** Within five (5) Business Days from the closing of the Bond Issue, the Issuer shall announce the results of the Issue and determine and announce the basis of acceptance of applications and the allocation policy to be adopted by means of a company announcement.



**8.1.26** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2018 as amended from time to time, all appointed 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 "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV 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 Data Protection Act (Cap. 586 of the laws of Malta) and/or the GDPR, as amended from time to time (as applicable) for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.

**8.1.27** By completing and delivering an Application Form, the Applicant:

- a. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
- b. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of 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 Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
- c. authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
- d. 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 Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- e. agrees that the registration advice and other documents to the Applicant may be retained pending any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) (and regulations made thereunder);
- f. agrees to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- g. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the Application in any territory and that the Applicant would not have taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond or such person's Application;
- h. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- i. 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 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;

- j. agrees that Jesmond Mizzi Financial Advisors Limited will not, in its capacity of Sponsor, treat the Applicant as its customer by virtue of such Applicant making an Application for the Bonds, and that Jesmond Mizzi Financial Advisors Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their appropriateness and suitability for the Applicant;
- k. 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 post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form; and
- l. 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.

## 8.2 Legislation under which the Bonds are created

The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act and the Prospectus Regulation.

## 8.3 Registration, Form, Denomination & Title

- 8.3.1** Certificates will not be delivered to Bondholders in respect of the Bonds given the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. 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 and particulars of the Bonds held by them respectively and a copy of such register will, at all reasonable times during business hours, be open to the inspection of the Bondholders at the registered office of the Issuer.
- 8.3.2** Upon request by the Bondholder, the CSD will issue a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD.
- 8.3.3** The Bonds will be issued in fully registered form, without interest coupons, in minimum subscriptions of €25,000 (in case of EUR Bonds) and £20,000 (in case of GBP Bonds) and thereafter in integral multiples of €1,000 (in case of EUR Bonds) and £1,000 (in case of GBP Bonds).
- 8.3.4** Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "**Transferability of the Bonds**".

## 8.4 Currency of the Bonds

The currency of the Bonds is Euro (€) and Pounds Sterling (£).

## 8.5 Status of the Bonds (Ranking and Subordination)

The Bonds are unsecured and subordinated. Subordination means that the rights and claims of Bondholders in respect of the payment of capital and interest on the Bonds will, in the event of dissolution and winding up of the Issuer, rank after the claims of all unsubordinated debt and will not be repaid until all other unsubordinated debt outstanding at the time has been settled. The Bonds constitute the general, direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank equally and rateably without any priority or preference among themselves and with other subordinated unsecured debt.



The Bonds shall rank subsequent to any other outstanding, unsubordinated and unsecured obligations of the Issuer, present and future. The Issuer may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future, undertaking, assets or revenues (including uncalled capital).

The Bonds shall also rank subsequent to any prior ranking security interest created for the purpose of securing the Issuer's secured interbank funding lines and repurchase agreements. Such interbank funding lines and repurchase agreements are used to finance the Issuer's investment portfolio.

## 8.6 Privileges and Hypothecs

The Issuer finances its investment portfolio in the interbank market using secured funding lines and repurchase agreements. Pursuant to such arrangements, investment securities being financed are pledged to the financing counterparty. Creditors of the Issuer providing such financing and benefiting from the related pledges would rank prior to Bondholders in respect of the pledged assets.

## 8.7 Rights Attached to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to (i) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bonds; (ii) payment of capital and interest in accordance with the ranking as provided in this Securities Note; and (iii) such other rights attached to the Bonds emanating from this Securities Note.

## 8.8 Interest

- 8.8.1** The Bonds shall bear interest from and including 5 November 2019 at the rate of 4% per annum on the nominal value thereof, payable annually in arrears on each "**Interest Payment Date**", the first Interest Payment Date being 5 November 2020 (covering the period 5 November 2019 to 4 November 2020), provided that any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- 8.8.2** When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of the actual number of days in such period divided by the actual number of days (365 or 366, as applicable) in the respective year.

## 8.9 Redemption, Payments of Redemption Value, Payment of Interest

- 8.9.1** The Bonds shall become due for final redemption on 5 November 2029, provided that the Issuer reserves the right to redeem any one or more of the Bonds or any part thereof on any of the Designated Early Redemption Dates, as the Issuer may determine with the prior approval of the JST, on giving not less than thirty (30) days' notice to Bondholders. In making an early redemption as aforesaid, the Issuer reserves the right to redeem any one or both of the EUR Bonds or GBP Bonds, in whole or in part, at the discretion of the Issuer, in the currency in which they are issued. Redemption of the Bonds shall be made at the nominal value of the Bonds. In addition, following the lapse of five years from the date of the Bond Issue and subject to the prior approval of the JST, the Issuer reserves the right to purchase from the market at any time after issue, Bonds for cancellation.
- 8.9.2** Without prejudice to the preceding paragraph, in the event that a Regulatory Change Event were to occur, the Issuer shall, at its sole discretion but subject to the prior approval of the JST, have the option to redeem the Bonds in full prior to the scheduled Redemption Date or any possible Designated Early Redemption Date. In the event that the JST grants its approval to such early redemption, the Issuer may, subject to giving not less than thirty (30) nor more than sixty (60) days' notice to Bondholders, redeem the Bonds in whole but not in part on the date specified in such notice (the "**Regulatory Redemption Date**") at a redemption price equal to par plus accrued interest to but excluding the Regulatory Redemption Date.

**8.9.3** At any time during the term of the Bonds, the Issuer may renounce to its rights under sub-section 8.9.2, in which case the Issuer will have permanently waived its right to request the JST to permit the early redemption of the Bonds.

**8.9.4** For the purposes of sub-sections 8.9.2 and 8.9.3 above, the following definitions shall apply:

<b>REGULATORY CHANGE EVENT</b>	<i>A Regulatory Change Event shall be deemed to have occurred if, in terms of Article 78(4)(a) of the CRR, aspects of the CRR relating to the regulatory classification of the Bonds are replaced or materially amended in respect of credit institutions by New Capital Regulations, the result of which is or would be likely to result in the Bonds, in whole or in part, being excluded from own funds or otherwise reclassified as a lower quality form of own funds of the Issuer:  Provided that:  i. the JST considers such a change in the regulatory classification of the Bonds to be sufficiently certain; and  ii. the Issuer demonstrates to the satisfaction of the JST that the regulatory reclassification of those Bonds was not reasonably foreseeable at the Issue Date.</i>
<b>NEW CAPITAL REGULATIONS</b>	<i>Any regulations, requirements, guidelines and policies adopted by the MFSA or the European Parliament, European Council or European Commission that substantially replace or materially amend the CRR in respect of the regulatory classification of the Bonds;</i>
<b>TIER 2 CAPITAL</b>	<i>Tier 2 Capital shall refer to the Tier 2 Capital as defined under Article 71 of the CRR.</i>

**8.9.5** Payment of the principal amount of a Bond together with any outstanding interest accrued to the Redemption Date or a Designated Early Redemption Date or a Regulatory Redemption Date (as applicable) will be made in the currency in which that Bond is designated to the person in whose name such Bonds are registered at the close of business on the Redemption Date or a Designated Early Redemption Date or a Regulatory Redemption Date (as applicable), by direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro or Pounds Sterling, as the case may be, and held with any licensed bank in Malta. The Issuer shall not be responsible for any loss or delay in transmission.

**8.9.6.** 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, provided that where the Bondholder's bank account number is not known, the principal amount shall be retained by the Issuer for collection by the Bondholder or remittance when the bank account number of the said Bondholder is made known to the Issuer. In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

**8.9.7.** Payment of any instalment of interest on a Bond will be made in Euro, or Pounds Sterling, as the case may be, to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro or Pounds Sterling, as the case may be, and held with any licensed bank in Malta. The Issuer shall not be responsible for any loss or delay in transmission, provided that where the Bondholder's bank account number is not known, the interest is retained by the Issuer for collection by the Bondholder entitled to such interest or remittance when the bank account number of the said Bondholder is made known to the Issuer.

- 8.9.8.** All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. 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 by or within the Republic of Malta or any authority thereof or therein having power to tax.
- 8.9.9** No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments. Any applicable third party bank expenses or charges relating to the payment of interest on the Bonds shall be borne by the Issuer.
- 8.9.10.** Unless previously purchased and cancelled as provided below, the Issuer will redeem the Bonds (together with payment of interest accrued thereon) at their nominal value on Redemption Date, which shall be either on the 5 November 2029 or the date of exercise by the Issuer of the option to redeem the Bond early on a Designated Early Redemption Date (with the JST's prior approval) or in the event of a Regulatory Redemption Date, as explained above.
- 8.9.11** Following the lapse of five years from the date of the Bond Issue and subject to the prior approval of the JST, the Issuer reserves the right to purchase from the market at any time after issue, Bonds for cancellation.
- 8.9.12** All Bonds purchased by the Issuer on its own account in accordance with this Prospectus will be cancelled forthwith and may not be re-issued or resold.

## 8.10 Yield

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is four per cent (4%).

## 8.11 Meetings of Bondholders

- 8.11.1** The Issuer may from time to time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting.
- 8.11.2** A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders 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 whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section 8.11.2 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 8.11.3** The amendment or waiver of any of the provisions of the Terms and Conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

- 8.11.4** A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two (2) Bondholders present, in person or by proxy, representing not less than fifty per cent (50%) in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two (2) 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 (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting; the number of 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.
- 8.11.5** Any person who in accordance with the M&A of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 8.11.6** 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 being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any 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.
- 8.11.7** The voting process shall be managed by the company secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer.
- 8.11.8** The proposal placed before a meeting of Bondholders shall only be considered approved if at least seventy-five per cent (75%) in nominal value of the Bondholders 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.
- 8.11.9** 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.

## 8.12 Authorisations & Approvals

- 8.12.1** The board of directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on 25 September 2019.
- 8.12.2** The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 7 October 2019.
- 8.12.3** Application has been made to the MSE for the Bonds being issued pursuant to this Prospectus to be listed and traded on the Official List.
- 8.12.4** The Bonds are expected to be admitted to the MSE with effect from 5 November 2019, and trading is expected to commence on 8 November 2019.

### 8.13 Issue Date

The Issue Date of the Bonds is expected to be 5 November 2019.

### 8.14 Transferability of the Bonds

- 8.14.1** The Bonds are freely transferable and once admitted to the Official List of the MSE shall be transferable in whole in accordance with the rules and regulations of the MSE applicable from time to time and in accordance with the following requirements: trading in the EUR Bonds and GBP Bonds shall take place on the MSE in multiples of €1,000 and £1,000 respectively subject to the retention of a minimum holding of €25,000 (or £20,000, as applicable) by each individual holder of the EUR Bonds or GBP Bonds, which shall be maintained at all times throughout such holder's investment in the respective type of Bond; and if EUR Bonds and GBP Bonds are held by financial intermediaries on behalf of clients under one or more nominee accounts, the minimum holding of €25,000 (or £20,000, as applicable) shall apply to each underlying beneficial owner.
- 8.14.2** Any person becoming entitled to a Bond 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.
- 8.14.3** All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations.
- 8.14.4** The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.
- 8.14.5** The Issuer will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.
- 8.14.6** Any licensed financial intermediary effecting a transfer of Bonds in the secondary market shall be required to carry out an Appropriateness Test and, if providing advice, a Suitability Test, in respect of the transferee, and be satisfied, based on the results of such test (or tests, as applicable), that an investment in the Bonds may be considered appropriate and/or suitable (as applicable) for such transferee.

### 8.15 Taxation

#### 8.15.1 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 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 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.

### **8.15.2 Malta tax on interest**

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is instructed by a Bondholder to receive the interest gross of any withholding tax or the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap 123, Laws of Malta), interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to Article 33 of the Income Tax Act (Cap. 123, Laws of Malta). Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate. Bondholders should make their own determinations as to whether they qualify as "recipients", should communicate such determination accordingly 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 Revenue of all amounts so deducted but will not specify 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 income tax return and be subject to tax on it at the standard rates applicable to such Bondholder. Additionally, in this latter case, the Issuer will advise the Maltese Commissioner for Revenue on an annual basis 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 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

### **8.15.3 Exchange of Information**

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Revenue. The Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Please note that this does not constitute tax advice and Applicants are to consult their own independent tax advisers in case of doubt.

### **8.15.4 Malta 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.



### 8.15.5 Duty on documents and transfers

In terms of the Duty on Documents and Transfers Act (Cap. 364, Laws of Malta), 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 marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of Article 50 of the Financial Markets Act, (Cap. 345, Laws of Malta) as the Bonds constitute financial instruments of a company quoted on a regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds should, in any case, be exempt from duty

**TAX LEGISLATION OF THE INVESTOR'S MEMBER STATE AND MALTESE TAX LEGISLATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE BONDS. INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

### 8.16 Further Issues

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

### 8.17 Event of Default

The only circumstances under which the Bonds will become immediately due and repayable at their principal amount together with accrued interest before the Redemption Date shall be in the event that an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding up or bankruptcy of the Issuer (an “**Event of Default**”). Upon the occurrence of an Event of Default, all rights available to the Bondholders shall rank after all other unsubordinated unsecured obligations of the Issuer.

### 8.18 Limited Recourse

The 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 of the Bond. The only remedy available to the Bondholder shall be the petitioning for the winding up of the Issuer, which shall constitute an Event of Default.

## 8.19 Plan of Distribution

The EUR Bonds are open for subscription during the Offer Period by: (i) holders of Existing Bonds designated in the EUR currency applying for EUR Bonds by Exchangeable Bond Transfer, by submitting the appropriate Application Form to an Authorised Financial Intermediary, up to the number of EUR Bonds representing the nominal value of Existing Bonds held by them as at the Cut-Off Date; (ii) holders of Existing Bonds applying for Excess, by completing the relevant section of the Application Form submitted to an Authorised Financial Intermediary and by remitting the Excess Cash Top-Up to the Issuer and (iii) Authorised Financial Intermediaries either for their own account or on behalf of clients. The foregoing is subject to the minimum holding requirement applicable to each individual subscriber (or underlying client, as applicable), that is a minimum holding of €25,000 in EUR bonds per Bondholder.

The GBP Bonds are open for subscription by: (i) holders of Existing Bonds designated in the GBP currency applying for GBP Bonds by Exchangeable Bond Transfer, by submitting the appropriate Application Form to an Authorised Financial Intermediary, up to the number of GBP Bonds representing the nominal value of Existing Bonds held by them as at the Cut-Off Date; (ii) holders of Existing Bonds applying for Excess, by completing the relevant section of the Application Form submitted to an Authorised Financial Intermediary and by remitting the Excess Cash Top-Up to the Issuer; and (iii) Authorised Financial Intermediaries either for their own account or on behalf of clients. The above is subject to the minimum holding requirement applicable to each individual subscriber (or underlying client, as applicable), that is a minimum holding of £20,000 in GBP bonds per Bondholder.

In the event that the holders of Existing Bonds are successfully allocated Bonds pursuant to an Exchangeable Bond Transfer, the Issuer will remit the Existing Bondholder Cash Payment to the holder of the Existing Bonds to the account designated by the relevant Bondholder in the applicable section of the Application Form.

Applications shall not be accepted by Authorised Financial Intermediaries unless, based on the results of such Appropriateness Test, the Authorised Financial Intermediary is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that an Authorised Financial Intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, such Authorised Financial Intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

The allocation of the Bonds is subject to the allocation policy of the Issuer set out in Section 10 of this Securities Note.

## 8.20 Allotment Results

It is expected that the notification of registration to Applicants will be issued within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Authorised Financial Intermediaries may be retained pending clearance of any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) (and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealing shall commence upon admission to trading of the Bonds by the MSE, and subsequent to the above mentioned notification.

## 9. INTERMEDIARIES' OFFER

The Issuer shall launch the Intermediaries' Offer during the Offer Period. The Issuer shall enter into conditional subscription agreements with the Authorised Financial Intermediaries for the conditional subscription of Bonds whereby the Issuer will bind itself to allocate Bonds to such investors during the Intermediaries' Offer, if any.



In terms of each subscription agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds subject to the Bonds being admitted to trading on the Official List. The subscription agreements will become binding on each of the Issuer and the Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

The obligation of the Issuer to allocate Bonds in terms of the subscription agreement is further subject to the allocation policy described in section 10 of this Securities Note.

Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, which in addition to retail customers may include Existing Bondholders applying for Bonds during the Offer Period as part of the Intermediaries' Offer, and shall in addition be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

## 10. ALLOCATION POLICY

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

- i. An aggregate amount of €25,000,000 in Bonds shall be available for subscription by Existing Bondholders applying for Bonds by way of Exchangeable Bond Transfer and Excess, without priority or preference amongst themselves. In the event that subscriptions by Existing Bondholders as aforesaid are less than €25,000,000, any amount of Bonds not subscribed for will be available for subscription pursuant to point (ii) below;
- ii. An aggregate amount of €10,000,000 in Bonds shall be available for subscription by Applicants by virtue of the Intermediaries' Offer. In the event that subscriptions by Applicants as aforesaid are less than €10,000,000, any amount of Bonds not subscribed for will be available for subscription pursuant to point (i) above limitedly insofar as application for Excess by Existing Bondholders is concerned

In the event that Applications exceed the amount available for subscription in terms of points (i) and (ii) above, the Issuer acting together with the Registrar shall scale down Applications (subject to a minimum allocation of €25,000 per Application in the case of EUR Bonds and £20,000 in the case of GBP Bonds) in accordance with its allocation policy, and the subscription monies of any unsatisfied Applications or part thereof shall be returned by direct credit transfer to the account number indicated on the respective Application Form within five (5) Business Days from the announcement of basis of acceptance.

In the event that the Bond Issue is subscribed for in an amount lower than €35,000,000 but equal to or greater than €25,000,000 (in either case taking into account the aggregate of Exchangeable Bond Transfers and any funds raised by way of Excess and, or the Intermediaries' Offer), then all Applications shall be satisfied in full.

In the event that the Bond Issue is subscribed for in an amount lower than €25,000,000 (taking into account the aggregate of Exchangeable Bond Transfers and any funds raised by way of Excess and, or the Intermediaries' Offer), then no Bonds shall be allocated.


## 11. ADMISSION TO TRADING

Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the MSE for the Bonds to be listed and traded on its Official List. The Conditions contained herein shall be read in conjunction with the Bye-Laws of the MSE applicable from time to time.

**12. EXPECTED TIMETABLE**

<b>APPLICATION FORMS MAILED TO EXISTING BONDHOLDERS AND AUTHORISED FINANCIAL INTERMEDIARIES</b>	14 October 2019
<b>OFFER PERIOD</b>	12:00 pm on 14 October 2019 and 12:00 pm on 23 October 2019, both days included.
<b>INTERMEDIARIES' OFFER</b>	12:00 pm on 14 October 2019 and 12:00 pm on 23 October 2019, both days included.
<b>ANNOUNCEMENT OF BASIS OF ACCEPTANCE</b>	25 October 2019.
<b>COMMENCEMENT OF INTEREST ON THE BONDS</b>	5 November 2019.
<b>REFUNDS FOR UNALLOCATED BONDS</b>	5 November 2019.
<b>EXPECTED DATE OF NOTIFICATION OF REGISTRATION</b>	5 November 2019.
<b>EXPECTED DATE OF ADMISSION TO TRADING</b>	5 November 2019.
<b>EXPECTED DATE OF COMMENCEMENT OF TRADING</b>	8 November 2019.

## ANNEX I – SPECIMEN APPLICATION FORMS

	<b>MEDIRECT BANK (MALTA) P.L.C. €35,000,000 4% UNSECURED SUBORDINATED BONDS 2024 – 2029</b>		APPLICATION FORM	
			APPLICATION NUMBER	
Please read the notes overleaf before completing this Application Form. <b>Mark 'X' where applicable.</b>				
<b>A. APPLICANT</b> <small>(see notes 2 to 7)</small>				
			I.D. CARD / PASSPORT	MSE A/C NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY	
LEI <small>(for non-individual applicants)</small>		TEL. NO.	MOBILE NO.	
<input type="checkbox"/> PLEASE REGISTER ME FOR E-PORTFOLIO <small>(mobile number is mandatory for e-portfolio registration)</small>				
<b>B. ADDITIONAL (JOINT) APPLICANTS</b> <small>(see note 3)</small> <span style="float: right;"><small>(please use Addendum to Application Form if space is not sufficient)</small></span>				
TITLE (Mr/Mrs/Ms)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY	
<b>C. DECISION MAKER / MINOR'S PARENTS / LEGAL GUARDIAN(S)</b> <small>(see note 4) (to be completed ONLY if applicable)</small>				
TITLE (Mr/Mrs/Ms)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY	
TITLE (Mr/Mrs/Ms)	FULL NAME AND SURNAME		I.D. CARD/PASSPORT NO.	
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY	
<b>Di. I/WE APPLY TO PURCHASE AND ACQUIRE – EXCHANGEABLE BOND TRANSFER</b> <small>(see note 8)</small>				
<p>This Application Form is not transferable and entitles you to a preferential treatment as holder of MeDirect Bank (Malta) p.l.c 6% Subordinated 2019 - 2024 (EUR and GBP) (the "Existing Bonds") and is to be submitted as a method of payment where the Applicant elects to apply for MeDirect Bank (Malta) p.l.c . 4% Unsecured Subordinated Bonds 2024-2029 so as to transfer to the Issuer all of the holding in the Existing Bonds, held by the Applicant as at 11th October 2019 (the "Cut-Off Date"), the nominal value of which is set out in Box 1 of Panel D hereunder. By submitting this signed Application Form, Eligible Applicants shall be deemed to:</p> <ul style="list-style-type: none"> <li>(i) cause the transfer of the said EUR Existing Bonds in the Issuer's name in consideration of the issue of EUR Bonds;</li> <li>(ii) cause the transfer of the said GBP Existing Bonds in the Issuer's name in consideration of the issue of GBP Bonds and</li> <li>(iii) engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Existing Bonds in the Issuer and fully and effectively vest title in the appropriate number of EUR Bonds or GBP Bonds in the Applicant as applicable.</li> </ul>				
BOX 1 – Nominal Value of Existing Bonds			BOX 1	AMOUNT IN FIGURES <small>(circle applicable currency)</small>
AMOUNT IN WORDS			€ / £	
BOX 2 - I/We wish to purchase and acquire the amount set out in Box 2 in 4% Unsecured Subordinated Bonds 2024-2029 at the Bond Issue Price (at par) (minimum €25,000/£20,000 and in multiples of € / £ 1000 thereafter) pursuant to the Prospectus dated 7 October 2019 ("Prospectus"). <b>AMOUNT INCLUDED IN BOX 2 CANNOT BE LESS THAN THE MINIMUM REQUIRED (€25,000/£20,000). ANY AMOUNT PURCHASED AND ACQUIRED SHALL BE IN THE CURRENCY OF THE EXISTING BOND.</b>			BOX 2	AMOUNT IN FIGURES <small>(circle applicable currency)</small>
AMOUNT IN WORDS			€ / £	
BOX 3 - Payment of Cash Top-Up. Amount of Bonds applied for less the nominal holding in Existing Bonds payable in full upon Application under the Terms and Conditions of the Bond set out in the Prospectus.le to the respective Authorised Financial Intermediary. <i>(Difference payable on Application Box 2 minus Box 1)</i>			BOX 3	AMOUNT IN FIGURES <small>(circle applicable currency)</small>
AMOUNT IN WORDS			€ / £	

<b>APPLICATION FORM 'A' CONTINUED</b>					
<b>Dii. I/WE APPLY TO PURCHASE AND ACQUIRE – INTERMEDIARIES’ OFFER</b> <small>(see note 8)</small>					
This SECTION of the Application Form is for Applicants of the MeDirect Bank (Malta) p.l.c 4% Unsecured Subordinated Bonds 2024-2029 (EUR and GBP) via the Intermediaries’ Offer					
BOX 4 - I/We wish to purchase and acquire the amount set out in Box 4 in 4% Unsecured Subordinated Bonds 2024-2029 at the Bond Issue Price (at par) (minimum €25,000/£20,000 and in multiples of € / £ 1000 thereafter) pursuant to the Prospectus dated 7 October 2019 (“Prospectus”). Payment may be made in cheque payable to the respective Authorised Financial Intermediary. AMOUNT IN WORDS	BOX 4    AMOUNT IN FIGURES <small>(circle applicable currency)</small> € / £				
<b>E. RESIDENT – FINAL WITHHOLDING TAX (“FWT”) DECLARATION</b> <small>(see notes 9 &amp; 10)</small>					
<small>(to be completed ONLY if the Applicant is a resident of Malta)</small>					
<input type="checkbox"/> I/We elect to receive interest NET of FWT	<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without FWT)				
<b>F. NON-RESIDENT – DECLARATION FOR TAX PURPOSES</b> <small>(see notes 2 &amp; 10)</small>					
<small>(to be completed ONLY if the Applicant is a non-resident)</small>					
TAX COUNTRY	CITY OF BIRTH				
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH				
<input type="checkbox"/> <b>NOT</b> resident in Malta but resident in the European Union	<input type="checkbox"/> <b>NOT</b> resident in Malta and <b>NOT</b> resident in the European Union				
<b>G. INTEREST, REFUND AND REDEMPTION MANDATE</b> <small>(see note 11)</small> <span style="float: right;"><small>(completion of this panel is MANDATORY)</small></span>					
BANK	IBAN				
<p><b>I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds as contained therein which I/we fully accept.</b></p> <p>I/We hereby authorise the Authorised Financial Intermediary to forward the details to the Malta Stock Exchange for the purposes of registering the Bonds in my/our MSE account, to register for the e-portfolio (where applicable) and to enable the reporting of all necessary transaction and personal information provided in this Application Form in compliance with Article 26 of MiFIR (Markets in Financial Instruments Regulation) to the Malta Financial Services Authority as competent authority (“Transaction Reporting”). Furthermore, I/We understand and acknowledge that the Authorised Financial Intermediary may require additional information for Transaction Reporting purposes and agree that such information will be provided.</p> <p>CONFLICTS OF INTEREST - MeDirect Bank (Malta) p.l.c acknowledges that, where it acts in its capacity of an Authorised Financial Intermediary, as issuer of the Bonds it has an interest in the offer being subscribed to by prospective investors.</p>					
Signature/a of Applicant/s	Date				
<small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)</small> <small>(All parties are to sign in the case of a joint Application)</small> <small>(Bare owner/s and usufructuary/ies to sign in the case of holdings that are subject to usufruct)</small>					
AUTHORISED FINANCIAL INTERMEDIARY’S STAMP	AUTHORISED FINANCIAL INTERMEDIARY’S CODE <table border="1" style="width: 100%; height: 20px; border-collapse: collapse;"> <tr> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> </tr> </table>				
APPLICATION NUMBER					

## Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 7 October 2019 regulating the Bond Issue*

1. This Application is governed by the general Terms and Conditions of Application contained in Section 8 of the Securities Note dated 7 October 2019 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. The Application Form is to be completed in BLOCK LETTERS. For Applicants who are non-residents in Malta for tax purposes, the relative box in Panel F must be completed.
3. For the **Exchangeable Bond Transfer** the MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 11th October 2019 with respect to the Subordinated Bondholders. If an MSE account pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B **but the person whose name appears in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below).**

For the **Intermediaries' Offer** Panel A is to be completed with the details of the new Applicant. If the application pertains to more than one person (including husband and wife), the full details of all individuals must be given in Panels A and B **but the person whose name appears in Panel A shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 6 below).**

Upon submission of an Application Form, Bondholders who opt to have an online e-portfolio facility (by marking the relative box in Panel B), will receive by mail at their registered address a handle code to activate the new e-portfolio login. Registration for the e-Portfolio facility requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

4. Applications in the name and for the benefit of minors shall be allowed provided that the applicant already holds an MSE account. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel C must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, a valid Legal Entity Identifier ("LEI") needs to be inserted in Panel A. Failure to include a valid LEI code, will result in the Application being cancelled by the Registrar. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF. A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
7. Where a decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "decision maker") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be included in the space provided in Panel C of the Application Form.
8. Applications must be for a minimum subscription of €25,000/£20,000 and thereafter in multiples of €1,000/£1,000 and must be accompanied by the relevant subscription amount in Euro/Pound Sterling. TRADING IN THE BONDS SHALL TAKE PLACE ON THE MALTA STOCK EXCHANGE IN MULTIPLES OF €1000/£1,000 AND SHALL BE SUBJECT TO THE RETENTION TO A MINIMUM HOLDING OF €25,000 / £20,000. IT IS THE RESPONSIBILITY OF EACH AUTHORISED FINANCIAL INTERMEDIARY TO ENSURE THAT APPLICATIONS FOR SUBSCRIPTION OF BONDS MADE UNDER NOMINEE AS WELL AS WHEN THE BONDS ARE TRADED ON THE SECONDARY MARKET, THE MINIMUM HOLDING OF €25,000 / £20,000 SHALL APPLY TO EACH BENEFICIAL OWNER.
9. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. The Issuer will render an account to the Maltese Commissioner for Revenue of all interest paid, all amounts of tax deducted by the payor in respect of the interest paid and of the identity of all such recipients. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments.

In terms of Section 8.15.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).

10. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation.

The contents of Notes 9 and 10 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisers in case of doubt.

11. Interest and redemption proceeds will be credited to the account indicated in Panel G or as otherwise amended by the Bondholder/s during the term of the Bond.