

An offer of 100,000,000 New Shares* at the Issue Price (with an Over-Allotment Option of an additional 10,000,000 New Shares) in



and the admission to listing of the entire issued share capital
on the Official List of the Malta Stock Exchange

*inclusive of 69,681,981 New Shares to be allocated under Pre-Allocation Agreements

ISIN: MT0002500115

Prospectus
dated 24 May 2022

Joint Sponsor
& Manager



Joint Sponsor
& Manager



Legal
Counsel



Registrar



PROSPECTUS

dated 24 May 2022



a public limited liability company registered under the laws of Malta
with company registration number C 2192 and with its registered office at
APS Centre, Tower Street, Birkirkara BKR 4012, Malta. This Prospectus is issued in respect of:

an offer of 100,000,000 New Shares* at the Issue Price (with an Over-Allotment Option of an additional 10,000,000 New Shares); and the admission to listing of the entire issued share capital of the Bank on the Official List of the Malta Stock Exchange

***inclusive of 69,681,981 New Shares to be allocated under Pre-Allocation Agreements**

ISIN: MT0002500115

THIS PROSPECTUS HAS BEEN APPROVED BY THE MFSA, WHICH IS THE COMPETENT AUTHORITY IN MALTA FOR THE PURPOSES OF THE PROSPECTUS REGULATION. THE MFSA HAS ONLY APPROVED THIS PROSPECTUS AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION AND SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE BANK OR OF THE QUALITY OF THE NEW SHARES.

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

PROSPECTIVE INVESTORS SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE INVESTING IN ANY FINANCIAL INSTRUMENTS. PROSPECTIVE INVESTORS SHOULD ENSURE THAT THEY ARE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE NEW SHARES AND THAT AN INVESTMENT IN THE NEW SHARES IS SUITABLE FOR THEIR RISK PROFILE. PROSPECTIVE INVESTORS SHOULD THEREFORE MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH THEIR OWN INDEPENDENT FINANCIAL ADVISORS.

Joint Sponsor
& Manager



Joint Sponsor
& Manager



Legal
Counsel



Registrar



Approved by the Directors of the Bank:

A blue ink signature of Martin Scicluna, consisting of a large, stylized 'M' and 'S' intertwined.

Martin Scicluna

as Chairman and Director of the Bank and on behalf of each of Victor E. Agius, Joseph C. Attard, Franco Azzopardi, Juanito Camilleri, Laragh Cassar, Alfred DeMarco, Victor Gusman, and Michael Pace Ross.

Important Information

THIS PROSPECTUS CONTAINS INFORMATION ON THE BANK AND THE SHARE ISSUE IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE COMPANIES ACT AND THE PROSPECTUS REGULATION.

THIS PROSPECTUS HAS BEEN FILED WITH THE MFSA, AS COMPETENT AUTHORITY, IN SATISFACTION OF THE CAPITAL MARKETS RULES, WITH THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND WITH THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE COMPANIES ACT. THIS PROSPECTUS IS PUBLISHED IN ELECTRONIC FORM ON THE WEBSITE OF THE COMPETENT AUTHORITY, ON THE BANK'S WEBSITE AND IS ALSO AVAILABLE, IN PRINTED FORM, FREE OF CHARGE, FROM THE REGISTERED OFFICE OF THE BANK AND THE AUTHORISED INTERMEDIARIES.

THE COMPETENT AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE SHARES TO LISTING ON THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE, WHICH MEANS THAT THE SHARES ARE IN COMPLIANCE WITH THE CAPITAL MARKETS RULES. IN PROVIDING THIS AUTHORISATION, THE COMPETENT AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS OF INVESTING IN THE NEW SHARES AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN THE NEW SHARES.

INVESTING IN THE NEW SHARES INVOLVES CERTAIN RISKS AND SPECIAL CONSIDERATIONS. A NUMBER OF RISK FACTORS RELATING TO THE BANK AND THE NEW SHARES ARE SET OUT IN SECTION 1 BELOW, AND PROSPECTIVE INVESTORS ARE ENCOURAGED TO READ THEM CAREFULLY. PROSPECTIVE INVESTORS ARE ENCOURAGED TO SEEK ADVICE FROM A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT.

INFORMATION FOR DISTRIBUTORS – SOLELY FOR THE PURPOSES OF THE PRODUCT GOVERNANCE REQUIREMENTS CONTAINED WITHIN: (A) MIFID II; (B) ARTICLES 9 AND 10 OF COMMISSION DELEGATED DIRECTIVE (EU) 2017/593 SUPPLEMENTING MIFID II; AND (C) LOCAL IMPLEMENTING MEASURES (TOGETHER, THE “MIFID II PRODUCT GOVERNANCE REQUIREMENTS”), AND DISCLAIMING ALL AND ANY LIABILITY (OTHER THAN THAT WHICH CANNOT BE EXCLUDED AT LAW), WHETHER ARISING IN TORT, CONTRACT OR OTHERWISE, WHICH ANY “MANUFACTURER” (FOR THE PURPOSES OF THE MIFID II PRODUCT GOVERNANCE REQUIREMENTS) MAY OTHERWISE HAVE WITH RESPECT THERETO, THE NEW SHARES HAVE BEEN SUBJECT TO A PRODUCT APPROVAL PROCESS, WHICH HAS DETERMINED THAT THE NEW SHARES ARE: (I) COMPATIBLE WITH AN END TARGET MARKET OF (A) RETAIL INVESTORS, (B) INVESTORS WHO MEET THE CRITERIA OF PROFESSIONAL CLIENTS AND (C) ELIGIBLE COUNTERPARTIES, EACH AS DEFINED IN MIFID II; AND (II) ELIGIBLE FOR DISTRIBUTION THROUGH ALL DISTRIBUTION CHANNELS AS ARE PERMITTED BY MIFID II (THE “TARGET MARKET ASSESSMENT”). NOTWITHSTANDING THE TARGET MARKET ASSESSMENT, DISTRIBUTORS SHOULD NOTE THAT: THE PRICE OF THE NEW SHARES MAY DECLINE AND INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENT; THE NEW SHARES OFFER NO GUARANTEED INCOME AND NO CAPITAL PROTECTION; AND AN INVESTMENT IN THE NEW SHARES IS COMPATIBLE ONLY WITH INVESTORS WHO DO NOT NEED A GUARANTEED INCOME OR CAPITAL PROTECTION, WHO (EITHER ALONE OR IN CONJUNCTION WITH AN APPROPRIATE FINANCIAL OR OTHER ADVISER) ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF SUCH AN INVESTMENT AND WHO HAVE SUFFICIENT RESOURCES TO BE ABLE TO BEAR ANY LOSSES THAT MAY RESULT THEREFROM. FOR THE AVOIDANCE OF DOUBT, THE TARGET MARKET ASSESSMENT DOES NOT CONSTITUTE: (A) AN ASSESSMENT OF SUITABILITY OR APPROPRIATENESS FOR THE PURPOSES OF MIFID II; OR (B) A RECOMMENDATION TO ANY INVESTOR OR GROUP OF INVESTORS TO INVEST IN, OR PURCHASE, OR TAKE ANY OTHER ACTION WHATSOEVER WITH RESPECT TO THE NEW SHARES. EACH DISTRIBUTOR IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NEW SHARES AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

THE BANK CONFIRMS THAT (I) THIS PROSPECTUS CONTAINS ALL MATERIAL INFORMATION WITH RESPECT TO THE BANK AND THE NEW SHARES; (II) THE INFORMATION CONTAINED HEREIN IN RESPECT OF THE BANK AND THE NEW SHARES IS ACCURATE IN ALL MATERIAL RESPECTS AND IS NOT MISLEADING; (III) ANY OPINIONS AND INTENTIONS EXPRESSED HEREIN ARE HONESTLY HELD AND BASED ON REASONABLE ASSUMPTIONS; (IV) THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT, WHETHER FACT OR OPINION, IN THIS PROSPECTUS MISLEADING IN ANY MATERIAL RESPECT; AND (V) ALL REASONABLE ENQUIRIES HAVE BEEN MADE TO ASCERTAIN ALL FACTS AND TO VERIFY THE ACCURACY OF ALL STATEMENTS CONTAINED HEREIN.

NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION, ISSUE ANY ADVERTISEMENT OR MAKE ANY REPRESENTATION WHICH IS NOT CONTAINED OR CONSISTENT WITH THIS PROSPECTUS OR ANY OTHER DOCUMENT PRODUCED IN RELATION TO THE BANK AND/OR THE SHARE ISSUE AND, IF GIVEN OR MADE, SUCH INFORMATION, ADVERTISEMENT OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE BANK.

ALL THE ADVISORS TO THE BANK HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE BANK IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN

RELATION TO THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN, THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH. ACCORDINGLY, NONE OF THE ADVISORS OR ANY PERSON MENTIONED IN THIS PROSPECTUS, OTHER THAN THE BANK, SHALL BE RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS, IN ANY SUPPLEMENT, AND IN ANY DOCUMENTS INCORPORATED BY REFERENCE, AND ACCORDINGLY, TO THE EXTENT PERMITTED BY THE LAWS OF ANY RELEVANT JURISDICTION, NONE OF THESE PERSONS ACCEPT ANY RESPONSIBILITY AS TO THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN ANY OF THESE DOCUMENTS.

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT SUCH PERSON HAS NOT RELIED ON ANY OF THE ADVISORS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION AND EACH PERSON MUST RELY ON (A) ITS OWN EVALUATION OF THE BANK AND THE NEW SHARES AND THE MERITS AND RISKS INVOLVED IN INVESTING IN THE NEW SHARES AND (B) THEIR OWN PROFESSIONAL ADVISORS, AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BANK AND WHETHER TO ACQUIRE THE NEW SHARES.

PROSPECTIVE INVESTORS SHOULD NOT TREAT THE CONTENTS OF THE PROSPECTUS AS ADVICE RELATING TO LEGAL, TAXATION, INVESTMENT OR ANY OTHER MATTERS AND SHOULD INFORM THEMSELVES, IN CONSULTATION WITH THEIR INDEPENDENT PROFESSIONAL ADVISORS ON: (A) THE LEGAL, TAX, FINANCIAL AND OTHER REQUIREMENTS FOR THE PURCHASE, HOLDING, TRANSFER OR OTHER DISPOSAL OF SHARES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE; (B) ANY FOREIGN EXCHANGE RESTRICTIONS APPLICABLE TO THE PURCHASE, HOLDING, TRANSFER OR OTHER DISPOSAL OF SHARES WHICH THEY MIGHT ENCOUNTER; AND (C) THE INCOME AND OTHER TAX CONSEQUENCES WHICH MAY APPLY IN THEIR OWN COUNTRIES AS A RESULT OF THE PURCHASE, HOLDING, TRANSFER OR OTHER DISPOSAL OF SHARES.

THE PROSPECTUS AND/OR ANY OTHER DOCUMENT PRODUCED IN RELATION TO THE BANK, AND/OR THE NEW SHARES AND/OR THE DELIVERY OF ANY NEW SHARES MAY NOT BE TAKEN AS AN IMPLICATION THAT: (I) THE INFORMATION CONTAINED IN SUCH DOCUMENTS IS ACCURATE AND COMPLETE SUBSEQUENT TO THEIR RESPECTIVE DATES OF ISSUE; (II) THERE HAS BEEN NO ADVERSE CHANGE IN THE FINANCIAL CONDITION OF THE BANK SINCE SUCH DATES; OR (III) ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE MATTERS CONTAINED IN THIS PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

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

THE SHARES, ALL THE RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS AND THE BANK, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF, OR IN CONNECTION WITH, THE SHARES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH MALTESE LAW. THE COURTS OF MALTA SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTES THAT MAY ARISE OUT OF OR IN CONNECTION WITH THE SHARES, ALL THE RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS AND/OR THE BANK, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THE SHARES.

THIS PROSPECTUS IS TO BE READ IN ITS ENTIRETY AND CONSTRUED IN CONJUNCTION WITH ANY SUPPLEMENT HERETO AND ANY DOCUMENTS THAT ARE INCORPORATED HEREIN BY REFERENCE.

STATEMENTS MADE IN THIS DOCUMENT ARE (EXCEPT WHERE OTHERWISE STATED) BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THERETO.

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

THIS PROSPECTUS IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES WILL NO LONGER APPLY WHEN THE PROSPECTUS IS NO LONGER VALID.

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Definitions

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

Abbey Holdings Limited	Abbey Holdings Limited, a private limited liability company registered under the laws of Malta with company registration number C 8102, with its registered office at 6, Lion Street, Floriana FRN 1514, Malta;
Additional Tier 1 Capital	the term used in the CRD IV and in the CRR to denote capital of the Bank maintained in terms of article 61 of the CRR and consisting of Additional Tier 1 items in terms of article 51 of the CRR, or, if such term is no longer used, any equivalent or successor term, whether in the same law or regulations or in any other law or regulation applicable to the Bank from time to time;
Applicant/s	an applicant for New Shares;
Application	any application/s to subscribe for New Shares made by an Applicant/s;
Application Forms	the forms of application for subscription for New Shares, specimens of which are contained in Annex C of this Prospectus;
APS Funds SICAV	APS Funds SICAV plc, a multi-fund investment company with variable share capital registered under the laws of Malta with company registration number SV 78, with its registered office at APS Centre, Tower Street, Birkirkara BKR 4012, Malta, and licensed by the MFSA as a UCITS (an 'Undertaking for the Collective Investment in Transferable Securities') Collective Investment Scheme in terms of the Investment Services Act;
AROM Holdings Limited	AROM Holdings Limited, a private limited liability company registered under the laws of Malta with company registration number C 40389, with its registered office at Archbishop's Curia, St. Calcedonius Square, Floriana FRN 1535, Malta;
Authorised Intermediary	each of the licensed stockbrokers and financial intermediaries listed in Annex B to this Prospectus;
Bank	APS Bank plc, a public limited liability company registered under the laws of Malta with company registration number C 2192, with its registered office at APS Centre, Tower Street, Birkirkara BKR 4012, Malta and licensed by the MFSA as a credit institution in terms of the Banking Act;
Banking Act	the Banking Act, Chapter 371 of the laws of Malta, as may be amended from time to time;
Board	the board of directors of the Bank;
Bonds	the 3.25% unsecured subordinated bonds due 2025-2030 (ISIN: MT0002501204) issued by the Bank in terms of a prospectus dated 2 November 2020;

Bondholder	any holder of Bonds registered on the appropriate register of bondholders as at the Cut-Off Date;
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, as may be amended from time to time;
BRRD II	Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC, as may be amended from time to time;
Business Day	any day from Monday to Friday, on which commercial banks in Malta settle payments and are open for normal banking business (with the exclusion of Saturdays);
Capital Markets Rules	the capital markets rules issued by the Competent Authority in terms of the Financial Markets Act, as may be amended from time to time;
CET 1	the term used in the CRD IV and in the CRR to denote capital of the Bank maintained in terms of article 50 of the CRR and consisting of Common Equity Tier 1 items in terms of article 26 of the CRR, or, if such term is no longer used, any equivalent or successor term, whether in the same law or regulations or in any other law or regulation applicable to the Bank from time to time;
Companies Act	the Companies Act, Chapter 386 of the laws of Malta, as may be amended from time to time;
Competent Authority	the MFSA in its capacity as the competent authority in terms of the Financial Markets Act, whereby it is authorised to approve prospectuses, admissibility to listing and to monitor and supervise local regulated markets and participants thereof falling within the regulatory and supervisory remit of the MFSA;
Corporate Governance Code	the Code of Principles of Good Corporate Governance set out as Appendix 5.1 to Chapter 5 of the Capital Markets Rules;
CRD IV	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as may be amended from time to time (including by CRD V);
CRD IV Package	the CRD IV and the CRR;
CRD Packages	the CRD IV Package and the CRD V Package;

CRD V	Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as may be amended from time to time;
CRD V Package	the CRD V and the CRR II;
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as may be amended from time to time (including by CRR II);
CRR II	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012, as may be amended from time to time;
CSD	the central registration system for dematerialised financial instruments in Malta operated by the MSE and authorised in terms of the Financial Markets Act;
Curmi & Partners	Curmi & Partners Ltd, a private limited liability company registered under the laws of Malta with company registration number C 3909, with its registered office at Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102, Malta and licensed by the MFSA as an investment services firm in terms of the Investment Services Act;
Cut-Off Date	close of business of 23 May 2022 (trading session of 19 May 2022);
Data Protection Act	the Data Protection Act, Chapter 586 of the laws of Malta, as may be amended from time to time;
Directors	the directors of the Bank;
Duty on Documents and Transfers Act	the Duty on Documents and Transfers Act, Chapter 364 of the laws of Malta, as may be amended from time to time;
ECB	the European Central Bank;

Eligible Counterparty	a client recognised as an 'eligible counterparty' in in terms of article 30 of MiFID II, which includes investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies and other financial institutions authorised or regulated under EU law or under the national law of an EU member state, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations;
Euro or €	the lawful currency of the Eurozone, being the region comprised of Member States of the European Union that have and continue to adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and by the Treaty of Amsterdam;
Financial Markets Act	the Financial Markets Act, Chapter 345 of the laws of Malta, as may be amended from time to time;
Founder Shares	shares with no nominal value having the rights provided for in the memorandum and articles of association of APS Funds SICAV;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, as may be amended from time to time;
Group	the group of companies of which the Bank is the parent company, including all of its subsidiaries;
Group Employee	any person who is a director or employee of the Group as at the Cut-Off Date;
Income Tax Act	the Income Tax Act, Chapter 123 of the laws of Malta, as may be amended from time to time;
Insurance Business Act	the Insurance Business Act, Chapter 403 of the laws of Malta, as may be amended from time to time;
Insurance Distribution Act	the Insurance Distribution Act, Chapter 487 of the laws of Malta, as may be amended from time to time;
Investment Services Act	the Investment Services Act, Chapter 370 of the laws of Malta, as may be amended from time to time;
Issue Date	30 June 2022;
Issue Price	€0.62 per New Share, provided that the Bank has resolved to issue a number of New Shares at specific discounts to the Issue Price to certain investors depending on the total Euro amount invested by each of them in New Shares pursuant to the Pre-Allocation Agreements, as described in further detail in section 10.2.1 of this Prospectus;

IVALIFE	IVALIFE Insurance Limited, a private limited liability company registered under the laws of Malta with company registration number C 94404, with its registered address at Gaba Buildings, Level 2, Naxxar Road, Iklin IKL 9026, Malta, and licensed by the MFSA as an insurance undertaking in terms of the Insurance Business Act;
Joint Sponsors & Managers	Curmi & Partners and Rizzo, Farrugia & Co acting together as the Bank's joint sponsors and managers in respect of the Share Issue;
Market Abuse Regulation	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as may be amended from time to time;
Memorandum and Articles of Association	the memorandum and articles of association of the Bank in force at the time of publication of this Prospectus, and the terms ' Memorandum of Association ' and ' Articles of Association ' shall be construed accordingly;
MFSA	Malta Financial Services Authority as established in terms of article 3 of the MFSA Act;
MFSA Act	the Malta Financial Services Authority Act, Chapter 330 of the laws of Malta, as may be amended from time to time;
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directives 2002/92/EC and 2011/61/EU (recast), as may be amended from time to time;
MiFIR	Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as may be amended from time to time;
MSE	Malta Stock Exchange plc, as originally constituted by the Financial Markets Act, a public limited liability company registered under the laws of Malta with company registration number C 42525, with its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
MSE Bye-Laws	the bye-laws of and issued by the MSE, as may be amended from time to time;
New Shares	up to 110,000,000 new ordinary shares in the Bank (including the 10,000,000 additional ordinary Shares that may be issued if the Bank exercises the Over-Allotment Option in full) having a nominal value of €0.25 per share, to be issued by the Bank pursuant to this Prospectus;
Nominal Value	€0.25 (in respect of each Share);
Offer Period	the period between 09:00 CEST on 3 June 2022 and 12:00 CEST on 17 June 2022, both days inclusive (or such earlier date as may be determined by the Bank) during which the New Shares are available for subscription;

Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Over-Allotment Option	the option of the Bank, at its sole discretion, to increase the aggregate amount of New Shares issued pursuant to this Prospectus by (and up to) an additional 10,000,000 New Shares, up to a maximum aggregate amount of 110,000,000 New Shares, in the event of an over-subscription by Applicants;
PMLA	Prevention of Money Laundering Act, Chapter 373 of the laws of Malta and all regulations issued thereunder, as may be amended from time to time;
PMLFTR	Prevention of Money Laundering and Funding of Terrorism Regulations, Subsidiary Legislation 373.01, as may be amended from time to time;
Pre-Allocation Agreements	the conditional pre-allocation agreements entered into between the Bank, the Registrar and certain Applicants or Authorised Intermediaries as described in section 10.2.1 of this Prospectus;
Pre-Allocation Payment Date	17 June 2022;
Preferred Applicant	any Applicant that, at the Cut-Off Date, is: (i) a Group Employee; or (ii) a Bondholder;
Professional Client	<p>a 'professional client' as defined under MiFID II, which means a client falls within at least one of the following categories is:</p> <p>(i) entities required to be authorised or regulated to operate in the financial markets including banks, investment firms, other authorised or regulated financial institutions, insurance companies, collective investment schemes and management companies of such schemes, pension funds and management companies of such funds, commodity and commodity derivatives dealers, local firms and other institutional investors;</p> <p>(ii) a large undertaking meeting two of the following size requirements on a company basis: (a) balance sheet total of €20 million or more, (b) net turnover of €40 million or more, and (c) own funds of €2 million or more;</p> <p>(iii) a national or regional government, a public body that manage public debt, a central bank, an international or supranational institution such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations;</p> <p>(iv) another institutional investor whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions; or</p> <p>(v) a client that has requested to be treated as a Professional Client (and has been appropriately categorised as such by an Authorised Intermediary) in terms of the procedure, and that meets the relevant criteria, set out in terms of Part II of Annex II of MiFID II;</p>
Prospectus	this Prospectus in its entirety together with any Supplements;

Prospectus Regulation	Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended from time to time;
ReAPS	ReAPS Asset Management Limited, a private limited liability company registered under the laws of Malta with company registration number C 77747, and with its registered address at APS Centre, Tower Street, Birkirkara BKR 4012, Malta and licensed by the MFSA as an Investment Manager and a UCITS Manager in terms of the Investment Services Act;
Recovery & Resolution Regulations	the Recovery and Resolution Regulations (Subsidiary Legislation 330.09 of the laws of Malta), as may be amended from time to time;
Recovery & Resolution (Amendment) Regulations	the Recovery and Resolution (Amendment) Regulations, 2021 as published via Legal Notice 6 of 2021 in the Supplement of the Maltese Government Gazette Number 20,2551 which Recovery and Resolution (Amendment) Regulations shall be read and construed as one with the Recovery and Resolution Regulations, as may be amended from time to time;
Registrar	the MSE;
Retail Client	a client that is not a Professional Client or an Eligible Counterparty;
Rizzo, Farrugia & Co	Rizzo, Farrugia & Co (Stockbrokers) Ltd., an MFSA authorised investment services firm (in terms of the Investment Services Act) registered under the laws of Malta with company registration number C 13102 and having its registered office at Airways House, Fourth Floor, High Street, Sliema SLM 1511, Malta;
Share/s	a share or shares forming part of the issued share capital of the Bank of whatever class, including the New Shares (once issued and allotted);
Share Issue	the offer of New Shares to the public at the Issue Price in terms of this Prospectus;
Shareholder Rights Directive	Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies, as may be amended from time to time;
SRMR	Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (SRM) and a Single Resolution Fund and amending Regulation (EU) No.1093/2010, as may be amended from time to time;
SRMR II	Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, as may be amended from time to time;

Supplement	any supplement to this Prospectus that may be issued from time to time by the Bank;
Terms and Conditions	the terms and conditions of the Share Issue set out in section 10;
Tier 1 Capital	consists of the sum of CET 1 and Additional Tier 1 Capital in terms of article 25 of the CRR;
Tier 2 Capital	the term used in the CRD IV and in the CRR to denote capital of the Bank maintained in terms of article 71 of the CRR and consisting of Tier 2 items in terms of article 62 of the CRR, or, if such term is no longer used, any equivalent or successor term, whether in the same law or regulations or in any other law or regulation applicable to the Bank from time to time; and
Transparency Directive	Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, as may be amended from time to time.

Any reference in the Prospectus to “Malta” is to the “Republic of Malta”.

Unless it otherwise required by the context:

(a) words in this Prospectus importing the singular shall include the plural and *vice versa*;

(b) the word “*may*” in this Prospectus shall be construed as permissive and the word “*shall*” in this Prospectus shall be construed as imperative; and

(c) the word “*person*” shall refer to both natural and legal persons.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Summary

This summary is issued in accordance with the provisions of the Prospectus Regulation and the Capital Markets Rules. Capitalised terms used but not otherwise defined in this Summary shall have the meanings assigned to them in the 'Definitions' section of the Prospectus.

A. INTRODUCTION AND WARNINGS

Prospective investors are hereby warned that:

- this summary should be read as an introduction to the Prospectus;
- any decision to invest in the New Shares should be based on consideration of the Prospectus as a whole by the prospective investor;
- a prospective investor may lose all or part of the capital invested in subscribing for New Shares;
- where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under Maltese law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- civil liability attaches only to those persons who have tabled the summary including any translation thereof and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in the New Shares.

International Securities Identification Number (ISIN) of the New Shares: MT0002500115.

Identity and Contact Details of the Bank:

Legal & Commercial Name:	APS Bank plc
Company Registration Number:	C 2192
Registered Office Address:	APS Centre, Tower Street, Birkirkara, BKR 4012, Malta
LEI:	213800A1037916DMCU10
Telephone Number:	+356 2560 3000
E-mail Address:	investor.relations@apsbank.com.mt
Website:	www.apsbank.com.mt

This Prospectus has been approved by the Malta Financial Services Authority (MFSA), which is the competent authority in Malta for the purposes of the Prospectus Regulation, on 24 May 2022. The MFSA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Bank or of the quality of the New Shares.

The address of the MFSA is Malta Financial Services Authority, Triq l-Imdina, Zone 1, Central Business District, Birkirkara CBD 1010, Malta. Its telephone number is +356 2144 1155 and its website is www.mfsa.mt.

B. KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

The issuer of the New Shares is APS Bank plc, a public limited liability company registered in Malta in terms of the Companies Act. The Bank's Legal Entity Identifier (LEI) number is 213800A1037916DMCU10. The Bank is licensed by the MFSA to carry out the business of banking and investment services in terms of the Banking Act and the Investment Services Act, respectively. The Bank is also enrolled in the Tied Insurance Intermediaries List in terms of the Insurance Distribution Act. The Bank's three principal activities are retail banking, commercial banking and investment services.

The Bank's largest shareholder is AROM Holdings Limited, which holds 79.44% of the issued share capital of the Bank. AROM Holdings Limited is wholly owned (save for one ordinary share) by the Archdiocese of Malta. The second largest shareholder of the Bank is the Diocese of Gozo, which holds 18.20% of the issued share capital of the Bank.

As at the date of this Prospectus, the Board is composed of the following nine Directors:

Mr Martin Scicluna	Non-Executive Independent Director & Chairman
Mr Victor E. Agius	Non-Executive Independent Director
Dr Ing. Joseph C. Attard	Non-Executive Independent Director
Mr Franco Azzopardi	Non-Executive Independent Director

Dr Laragh Cassar	Non-Executive Senior Independent Director
Prof Juanito Camilleri	Non-Executive Independent Director
Mr Alfred DeMarco	Non-Executive Director
Mr Victor Gusman	Non-Executive Director
Mr Michael Pace Ross	Non-Executive Director

The Bank's statutory auditors are Deloitte Audit Limited of Deloitte Place, Triq l-Intornjatur, Zone 3, Central Business District, Birkirkara CBD 3050, Malta

What is the key financial information regarding the issuer?

The below tables show the main financial information and relevant ratios of the Group:

Income Statement

	2021 €000	2020 €000	2019 €000
Net Interest Income	55,362	48,846	44,642
Net fee and commission income	7,001	5,214	6,596
Net impairment loss on financial assets	1,488	(5,538)	(1,074)
Net trading income	824	589	4,643
Operating profit	24,047	16,055	25,253
Net profit or loss attributable to equity holders of the Bank	14,638	9,853	19,116
Earnings per share	€0.0185	€0.0148	€0.0080

Statement of Financial Position

	2021 €000	2020 €000	2019 €000
Total assets	2,795,004	2,420,983	2,168,929
Senior debt	0	0	0
Subordinated debt	54,597	54,558	0
Loans and receivables from customers (net)	1,932,044	1,689,003	1,458,144
Deposits from customers	2,431,757	2,123,446	1,928,971
Total equity	220,822	206,219	191,915
Non-performing loans (based on net carrying amount / Loans and receivables)	78,110	45,486	41,569
Common Equity Tier 1 capital (CET1) ratio	12.96%	14.43%	16.16%
Total Capital Ratio	16.86%	18.82%	16.16%
Leverage Ratio	6.25%	7.56%	8.20%

What are the key risks that are specific to the issuer?

Note that wherever the term "Group" is used, the risk factor would apply also to the Bank.

The most material risk factors specific to the Bank are the following:

Information Technology and Cyber-Security Risk

The activities of the Group are reliant on the continuous and proper functioning of its operating systems, including its information technology (IT) systems and other technological arrangements. The Group is susceptible to a variety of risks relating to the functioning of these systems, including, but not limited to, the risk of cyber-attacks (such as malware attacks, ransomware, phishing, hacking, or any other form or type of cyber-attack), data theft or other unauthorised use of data, errors, bugs, malfunctions, inadequate maintenance service levels, or other malicious interference with or disruptions to the Group systems.

In addition, to the extent that the Group is reliant upon technologies and operating systems developed by third parties for the efficient running of its business, it will be exposed to the risk of supply chain attacks, failures, errors or other interruptions in such systems. There can be no assurance that the maintenance and service level agreements, business continuity and disaster recovery plans intended to ensure continuity and stability of these systems will prove effective in ensuring that the service or systems will not be disrupted. Furthermore, advancements of the Bank's technologies and operating systems, required in order to remain competitive, may be associated with substantial capital expenditures.

The COVID-19 pandemic has further increased the Group's dependency on IT systems mainly to enable remote working for its employees and thereby increasing the exposure of the Bank to cyber-security risk. In the event that a cyber-attack occurs on the Group's operating systems and/or on suppliers providing IT services to the Group, this could adversely affect the Group's ability to provide services, reputation, financial performance and financial position.

Reputational Risk

Reputational risk is the current or future risk of a loss or decline in profits as a result of a negative perception of the Group's image by relevant stakeholders. Reputation is considered by the Group to be a valuable corporate asset as it is a source of competitive advantage and customers' confidence and reflects the Group's level of professionalism, integrity and proper conduct of business. The Group recognises the increasing importance of this critical component of its brand value due to rapid changes in the business environment, development of media and communication channels, increased scrutiny from regulators and evolving competition and rising customer expectations. Were the Bank to suffer any loss in reputation relevant stakeholders may become unwilling to do business with the Bank, which could in turn have a material adverse effect on the operations and performance of the Bank.

Credit risk

Credit risk is the possibility that a borrower or counterparty fails to meet its obligations in accordance with agreed terms, causing a financial loss. Credit risk arises mainly from interbank, commercial and consumer loans and advances, trade finance, syndicated facilities and forfaiting, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances. The Group is also exposed to credit risk arising from investments in debt securities and other financial instruments purchased as part of its trading, investment activities and liquidity management including derivatives as well as settlement balances with market counterparties, reverse repurchase agreements and balances with the Central Bank of Malta.

The Bank is subject to inherent risks concerning the credit quality of borrowers and counterparties, which could affect the value of the Group's assets. Changes in the credit quality of the Bank's customers, counterparties, and investments arising from systemic risks and macroeconomic factors in the Maltese and global financial system, can also negatively affect the value of the Bank's assets. Any failure by the Group to manage the credit quality of its borrowers or counterparties within prudent risk parameters or to monitor and regulate the adequacy of its provisioning levels could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

Liquidity and Funding Risk

Liquidity risk is the risk that the Bank cannot meet its financial obligations as they fall due in the short and medium term, either at all or without incurring unacceptable losses. Funding risk is the risk that the Bank cannot meet its financial obligations as they fall due in the medium to long term, either at all or without increasing funding costs at an unacceptable level. Funding risk can be seen as the risk that its assets are not stably funded in the medium and long term. The Bank is mainly funded through customer deposits and has only a small portion of wholesale funding.

The management of liquidity and funding is central to the Bank's operations, just as the ability to fund asset growth and meet obligations as they come due is crucial to the on-going viability of the Bank. While the Bank's liquidity contingency plans can assist the Bank in mitigating unexpected liquidity situations after the fact, they are not intended to, nor can they eliminate, the Bank's liquidity and funding risk. Nor can the plans guarantee that unexpected liquidity events will be managed successfully if they were to occur.

Retail funding is highly correlated to the public's perception of the Bank's trustworthiness and reputation. Given this feature of retail funding, a significant negative impact on the Bank's reputation could bring about a run on the Bank. If, for some reason, the Bank is unable to access the necessary liquidity to conduct its operations and/or meet its obligations, this could negatively impact the Bank's financial condition and performance.

Information Security and Data Protection Risk

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

The Group is also subject to comprehensive regulation regarding the use of personal customer data. Compliance with the GDPR creates significant regulatory obligations for the Group and it will continue to have an ongoing impact on the acceptance, processing and storage of personal sensitive data. The possible damage, loss, unauthorised processing or disclosure of personal data could have a negative impact on the activity of the Group, in reputational terms too, and could lead to the imposition of fines. In addition, any changes to the applicable laws and/or regulations, including at European Union level, could have a negative impact on the Group's activities, including the need to incur costs for adapting to the new regulations.

Risks Connected with the Performance of the Property Market

The Group is exposed to the risks of the property market, as a result of, among other things: (i) loans granted to clients where the collateral securing the loan is immovable property; and (ii) loans granted by the Bank to companies operating in the property sector where the cash flow is generated mainly by the rental or sale of properties (commercial real estate).

With regard to (i) above, poor market conditions and/or, more generally, a protracted economic or financial downturn could lead to a fall in value of the collateral properties as well as create significant difficulties in terms of monetisation of the said collateral under the scope of enforcement procedures, with possible negative effects in terms of realisation times and values. With respect to (ii) above, any downturn in the real estate market could lead to a fall in market prices and a consequent fall in the demand for commercial real estate.

As a result, the Bank's customers operating in the property sector may face a decrease in transaction volumes and margins, an increase in commitments resulting from financial expenses, as well as greater difficulties in refinancing, with negative consequences on the profitability of their activities, which could have a negative impact on their ability to repay the loans granted by the Bank.

The significant increase in real estate prices in recent years is a result of both demand and supply factors. Although the Group has a diversified lending portfolio, the Group is substantially exposed to real estate, which implies a heightened sensitivity to a potential correction in property prices.

Risks Related to Competition in the Banking Industry

The banking industry is particularly competitive and competitive pressures could increase due to several aspects including shifts in customer demand, competitors' strategies, regulatory changes, technological developments and general economic trends. The Group is exposed to competition in the markets in which it operates, including from competitors that may have greater financial and other resources. In addition, the Bank may experience increased competition from new entrants in certain products.

The banking sector is also experiencing significant technology related trends impacting the competitive landscape, which include competition from entities such as non-bank technology companies that provide digital-only products and services. As technology continues to disrupt the way traditional banking services are carried out, the Group is subject to the risk of adapting to this form of potential competition. Technology driven financial institutions may benefit from process digitisation, lower operating costs, and favourable product pricing, compared to traditional banks including the Group. If the Bank does not respond appropriately to such competitive pressures, including by the introduction of innovative products and services, it may lose market share which in turn may have a negative impact on the Group's financial performance and prospects.

Financial Crime Compliance Risk

Financial crime compliance risk arises should the Bank fail to identify suspicious transactions, activities or connections and protect customers from financial crime. Such failure may arise from: (i) lack of adherence to the appropriate regulatory environment and/or market practice; (ii) failures arising from the lack of implementation of updated directives, rules, regulations, and/or internal operating procedures; and/or (iii) inadequate internal controls to monitor level of adherence to the required standards inclusive of illegal practices such as bribery and corruption. The materialisation of such risks could have a detrimental impact on customers and expose the Bank to financial sanctions and regulatory reprimands, reputational risks and regulatory censure. The risk, and therefore the impact of financial crime on credit institutions and/or investment firms, has developed beyond money laundering and terrorist financing. The far-reaching effects of a sanctions breach or the failure to implement adequate anti-fraud and anti-bribery and corruption measures could also give rise to additional and unwarranted financial or reputational risks.

Resolution Risk

The Recovery & Resolution Regulations provide for the application of resolution tools by the Resolution Committee to credit institutions at risk of failure, as an alternative to liquidation proceedings. These resolution tools include: (i) the sale of business tool; (ii) the bridge institution tool; (iii) the asset separation tool; and (iv) the bail-in tool. In addition, the Resolution Committee has the power to write down or convert capital instruments and eligible liabilities pursuant to the Recovery & Resolution Regulations immediately before or together with the application of a resolution tool. A write down may result in the reduction (including to zero) of the nominal value of shares, the dilution of shareholders' shareholding (and voting rights) in a failing bank, or the outright cancellation of shares. Further, the Resolution Committee is empowered by the Recovery & Resolution Regulations to take control of a credit institution under resolution and exercise all the rights and powers conferred upon shareholders, other owners, and the board of directors of the institution under resolution.

The exercise by the Resolution Committee of any of these powers may have a material effect on the business and prospects of the Bank. In addition, shareholders might have some or all of their shareholdings diluted or cancelled without any compensation therefor.

C. KEY INFORMATION ON THE NEW SHARES

What are the main features of the New Shares?

Securities:	Ordinary shares denominated in Euro
Amount:	Up to 110,000,000 New Shares (including the additional 10,000,000 New Shares which may be issued if the Bank exercises the Over-Allotment Option in full)
Nominal Value:	€0.25 per share
Rights:	All Shares in the Bank rank <i>pari passu</i> amongst themselves
Transferability:	The New Shares shall be freely transferable
Dividend policy:	The Bank's dividend policy prudently balances the dual objectives of appropriately rewarding risk capital held by the shareholders through dividends and retaining capital in order to maintain healthy solvency and liquidity ratios to support future growth. The payments of any dividend will depend upon, among other factors, the Bank's capital requirements, the profits available for distribution for the relevant year, the Group's growth strategy, and its view on the prevailing market outlook, general economic conditions, and any regulatory restrictions that may be imposed by supervisory authorities. The dividend policy allows for an annual dividend pay-out not exceeding more than one half of the Bank's audited profits after tax for the year. Over the forthcoming

three-year period (2022 – 2024) it is the Bank's intention to distribute one-third of its post-tax profits. In the spirit of balancing shareholders' returns with internal capital generation and regulatory requirements, the Bank may consider paying dividends by way of scrip, that is giving the option to shareholders to receive the dividend in either cash or through the issue of new shares.

Where will be New Shares be traded?

Application has been made to the MSE for the New Shares to be listed and traded on the Official List of the Malta Stock Exchange.

What are the key risks that are specific to the New Shares?

The most material risk factors specific to the New Shares are the following:

Suitability of Investment

An investment in the Bank may not be suitable for all recipients of this Prospectus and prospective shareholders are urged to consult their advisors as to the suitability or otherwise of acquiring the New Shares before such acquisition. 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 New Shares and the inherent risks associated with the Bank'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 in the context of their investment risk profile.

Write-down or Cancellation Risk

Pursuant to the Recovery & Resolution Regulations, the Resolution Committee has the power to write-down or convert capital instruments and eligible liabilities. A write-down may result in the reduction (including to zero) of the nominal value of the Shares, the dilution of shareholders' shareholding (and voting rights) in a failing bank, or the outright cancellation of the Shares.

No Prior Market

As at the date of this Prospectus, there has been no public market for the Shares within or outside Malta. Due to the absence of any prior market for the Shares, there can be no assurance that the price of the Shares will correspond to the price at which the New Shares will trade in the market subsequent to the Share Issue. The market price of the New Shares could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors set out in the Prospectus.

Dividend Payments Risk

As a matter of Maltese law, a company can only pay dividends to the extent that it has distributable reserves and sufficient cash available for this purpose. The Bank's ability to pay dividends in the future, and the relevant timing and amount thereof, is affected by a number of factors, principally its ability to generate income and cash flow from operations. The ability of the Bank to pay dividends is also subject to applicable laws and other restrictions, including their respective regulatory, solvency, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws. These laws and restrictions could limit the payment of dividends and distributions to holders of the New Shares. The Bank is subject to a broad regulatory framework, and regulated companies have over the years been requested to maintain increasingly higher levels and quality of capital and liquidity.

The Bank may not pay dividends if the Directors believe this would cause the Bank to be less adequately capitalised or that there are otherwise insufficient distributable reserves or for various other reasons. Future dividends will depend on, among other factors, the Bank's future profits, financial position, capital investment plans, debt service obligations, any restrictive covenants on debt incurred, working capital requirements, general economic conditions, regulatory approval and other factors that the Directors deem significant from time to time. The Bank's dividend policy as referred to above should be read and construed accordingly.

Future Dilution

Other than in connection with the Share Issue, the Bank currently has no plans for any issuance of further ordinary or other Shares. However, it is possible that the Bank may decide to offer additional shares in the future. Future offerings of new shares, or the availability for sale of substantial amounts of Shares in the public market, could dilute the holdings of shareholders not partaking in such offer or sale of Shares. Furthermore, it could also adversely affect the prevailing market price of the New Shares and may make it more difficult for shareholders to sell their Shares at a time and price that they deem appropriate and could also impair the Bank's ability to raise capital through future offers of equity securities.

In addition, no prediction can be made about the effect which any future public offerings of the Bank's securities (including but not limited to the effects arising out of a change in the cash flow requirements of the Bank or other commitments of the Bank vis-à-vis the new security holders), or any takeover or merger activity involving the Bank (including but not limited to a de-listing, in full or in part, of the Shares), will have on the market price of the New Shares prevailing from time to time.

Ranking Risk

The New Shares represent equity interests in the Bank that entitle the holder to rank *pari passu* with all other holders of ordinary Shares in the Bank upon any distribution of assets in a winding up. The Shares of the Bank are subordinated to any other debt instruments in the Bank's capital structure (including the Bonds) and will therefore be subject to greater credit risk than any other debt instruments of the Bank.

D. KEY INFORMATION ON THE SHARE ISSUE AND THE ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in the New Shares?

General Terms and Conditions

Pursuant to the terms of this Prospectus, the Bank is making up to 110,000,000 New Shares (including the additional 10,000,000 New Shares that may be issued if the Bank exercises the Over-Allotment Option in full) available for subscription at the Issue Price. The minimum subscription amount of New Shares that can be subscribed for by Applicants is 1,000 New Shares.

The issue and allotment of the New Shares is conditional *inter alia* upon: (a) a minimum aggregate subscription amount of 75,462,702 New Shares and (b) the approval by the MSE of the Bank's application for the Shares to be admitted to the Official List. In the event that any of these conditions is not satisfied by the close of the Offer Period, the Share Issue will be withdrawn or revoked unilaterally by the Bank. The Bank also reserves the right to withdraw the Share Issue prior to the Issue Date for reasons beyond its control, such as extraordinary events, substantial change of the political, financial, economic, legal, monetary or market conditions at national or international level and/or adverse events regarding the financial or commercial position of the Bank and/or other relevant events that in the reasonable discretion of the Bank may be prejudicial to the offer.

The Share Issue is not underwritten. In the event that the Share Issue is not fully subscribed the Bank will, subject to a minimum aggregate subscription amount of 75,462,702 New Shares, proceed with the transaction.

Application has been made to the MSE for the Shares to be listed and traded on the Official List. The Competent Authority authorised the Shares as eligible to be listed on the Official List pursuant to the Capital Markets Rules by virtue of a letter dated 24 May 2022. In this respect, the Shares are expected to be admitted to the Official List with effect from 30 June 2022 and trading may commence thereafter. Dealings in the Shares shall not commence prior to the Shares being admitted to trading on the Official List.

Expected Timetable of the Share Issue

1.	Cut-Off Date:	23 May 2022
2.	Applications mailed to Bondholders:	1 June 2022
3.	Opening of Offer Period:	3 June 2022
4.	Pre-Allocation Payment Date:	17 June 2022
5.	Closing of Offer Period:	17 June 2022
6.	Announcement of basis of acceptance:	24 June 2022
7.	Refund of unallocated monies (if applicable):	30 June 2022
8.	Issue Date:	30 June 2022
9.	Expected date of admission of the Shares to listing:	30 June 2022
10.	Expected date of commencement of trading of the Shares:	1 July 2022

Subject to the Bank's right to exercise the Over-Allotment Option, the Bank reserves the right to close the Share Issue prior to the end of the Offer Period in the event that the New Shares are fully subscribed prior to such date and time, in which case the events set out in steps 4 to 10 above shall be brought forward (although the number of Business Days between each of these events is not expected to be varied).

Plan of Distribution

The New Shares will be distributed as follows:

- (i.) The Bank and the Registrar have entered into Pre-Allocation Agreements with a number of Applicants and Authorised Intermediaries in advance of the Offer Period, pursuant to which the Bank has bound itself to allocate 69,681,981 New Shares to such Applicants and Authorised Intermediaries. Payment for these New Shares must be received by the Registrar in cleared funds by the Pre-Allocation Payment Date.
- (ii.) The remaining balance of up to 40,318,019 New Shares (including the additional 10,000,000 New Shares that may be issued if the Bank exercises the Over-Allotment Option in full) is being made available for subscription during the Offer Period by all Applicants (including Preferred Applicants and the general public).

Method of application

Applications must be made using the relevant Application Form (Application Form 'A' for Preferred Applicants or Application Form 'B' for all other Applicants) and all Applications must be submitted to one of the Authorised Intermediaries listed in Annex B during the Offer Period. In all cases, Applications must be accompanied by the full payment due for the New Shares subscribed for and in the event that cheques accompanying Applications are not honoured on their first presentation, the Bank, the Registrar and/or the relevant Authorised Intermediary, as the case may be, reserve the right to invalidate the relative Application.

Dilution

Upon completion of the Share Issue, and on the assumption that the Share Issue is fully subscribed and that none of the four shareholders subscribe for New Shares, the current shareholders' percentage holding in the Bank will be reduced as follows:

Shareholder	Number of Shares held as at the date of Prospectus	Percentage holding in the Bank prior to Share Issue	Percentage holding in the Bank after Share Issue without exercise of Over-Allotment Option	Percentage holding in the Bank after Share Issue with exercise of Over-Allotment Option
AROM Holdings Limited	198,367,765	79.44%	56.72%	55.15%
Diocese of Gozo	45,449,032	18.20%	13.00%	12.63%
Metropolitan Cathedral Chapter	5,831,889	2.33%	1.67%	1.62%
Abbey Holdings Limited	66,975	0.03%	0.02%	0.02%
TOTAL	249,715,661	100.00%	71.41%	69.42%

Estimated Expenses of the Share Issue

Professional fees and costs related to publicity, advertising, printing, listing, selling commissions and other miscellaneous expenses in connection with the Share Issue are estimated not to exceed €1 million (or €1.1 million in the event that the Bank exercises the Over-Allotment Option in full) in the aggregate, and shall be borne exclusively by the Bank. There is no particular order of priority with respect to such expenses.

Why is this prospectus being produced?

This Prospectus is being produced in connection with the Share Issue, the net proceeds of which are expected to amount to approximately €59.2 million (or €65.3 million in the event that the Bank exercises the Over-Allotment Option in full). The net proceeds of the Share Issue will constitute an integral part of the Bank's capital plan (to further strengthen its CET 1 capital) and will enable the Bank to achieve its strategic objectives whilst ensuring compliance with the relevant capital requirements.

Conflicts of interest

The Bank (acting in its capacity as an MFSA licensed investment firm) has been designated as an Authorised Intermediary and the general public will therefore be able to subscribe for New Shares through the Bank. Accordingly, the Bank has a financial interest in the relevant transaction. The Bank also has an interest by virtue of the fact that the net proceeds from the Share Issue will form part of the regulatory capital of the Bank which capital is required for the Bank to continue undertaking initiatives to grow its various business lines.

As an Authorised Intermediary, the Bank will offer, among other things, execution only services without investment advice ("**Non-Advisory Sales**") or investment advice followed by execution services ("**Advisory Sales**") in respect of the Share Issue. In certain instances, the Bank may, under applicable rules, be required to (a) assess the Applicant's level of knowledge in and experience with investment instruments with similar characteristics as the New Shares, (b) assess the suitability of the New Shares for the Applicant, or (c) provide certain risk warnings. Prospective investors should therefore note that, as a result of the Bank's interest in the Share Issue, there is, among other things, a risk that the Bank's investment advisors propose this investment over other available investments available at that time or otherwise seek to oversell the Share Issue. In this respect, the Bank has a conflicts of interest policy which addresses how it identifies and seeks to mitigate conflicts of interest in the provision of services to clients (including Applicants). A summary of this policy is available here: <https://www.apsbank.com.mt/document-downloads>.

Specifically in relation to the provision of Non-Advisory Sales and Advisory Sales in relation to the New Shares issued by itself as issuer, the Bank has implemented the following additional organisational and administrative measures aimed at mitigating the risks: (i) Remuneration: Group personnel involved in the sale of the New Shares will not receive any variable remuneration (e.g. commission or performance bonuses) linked to such sales; (ii) Information barriers: The Group's investment officers were not involved in the design and structure of the Share Issue; and (iii) Enhanced procedures: Where applicable, the Bank has implemented enhanced procedures in relation to the collection of information in order to assess an Applicant's knowledge and experience as well as to carry out a suitability assessment in relation to the New Shares and risks involved as well as in relation to the provision of information and risk warnings.

Save for the above and the possible subscription for New Shares by Authorised Intermediaries (which may include the Bank, and Curmi & Partners and Rizzo, Farrugia & Co acting together as the Bank's Joint Sponsors and Managers in respect of the Share Issue), the Directors are not aware of any interest, conflicting or otherwise, considered material to the Share Issue.

1. RISK FACTORS

1.1. General

AN INVESTMENT IN THE NEW SHARES ISSUED BY THE BANK INVOLVES CERTAIN RISKS INCLUDING, BUT NOT LIMITED TO, THOSE RISKS DESCRIBED IN THIS SECTION. THE FOLLOWING RISKS ARE THOSE IDENTIFIED BY THE BANK AS AT THE DATE OF THIS PROSPECTUS. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, TOGETHER WITH THEIR INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BANK AND THE NEW SHARES.

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER TWO MAIN CATEGORIES, ACCORDING TO WHETHER THE RISKS UNDER REVIEW RELATE TO THE: (I) THE BANK; AND (II) THE SECURITIES.

THE RISK FACTOR APPEARING FIRST UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE BOARD HAS ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS PROSPECTUS. IN MAKING THEIR ASSESSMENT OF MATERIALITY, THE BOARD HAS EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE BANK, IF THE RISK FACTOR WERE TO MATERIALISE.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES THAT MAY OR MAY NOT OCCUR AND THE BANK IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.

SHOULD ANY OF THE RISKS DESCRIBED BELOW MATERIALISE, THEY COULD HAVE A SERIOUS ADVERSE EFFECT ON THE BANK'S FINANCIAL RESULTS AND TRADING PROSPECTS.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW MAY NOT BE THE ONLY ONES THAT THE BANK FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE THE DIRECTORS OF THE BANK MAY NOT CURRENTLY BE AWARE OF, COULD WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE BANK. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION, IF NECESSARY WITH THE ASSISTANCE OF THEIR OWN INDEPENDENT FINANCIAL ADVISORS, OF ALL RISK FACTORS, AND SHOULD CAREFULLY READ, CONSIDER AND UNDERSTAND THE PROSPECTUS AS A WHOLE BEFORE INVESTING IN THE NEW SHARES. IN ADDITION, PROSPECTIVE INVESTORS OUGHT TO BE AWARE THAT RISK MAY BE AMPLIFIED DUE TO A COMBINATION OF RISK FACTORS.

1.2 Forward-Looking Statements

This document includes statements that are or may be deemed to be "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including but not limited to the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements are based purely on the intentions, beliefs or current expectations of the Bank and/or the Directors. There can be no assurance that the results and events contemplated by the forward-looking statements contained in this Prospectus will occur.

Forward-looking statements, by their very nature, involve substantial uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, many of which are beyond the Bank's control. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Bank's actual results of operations and financial condition may, as a result of many different factors, differ materially from the expectation created by the forward-looking statements contained in this document. In addition, even if the results of operations and financial condition of the Bank are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Subject to its legal and regulatory obligations (including those under the Capital Markets Rules), the Bank and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

1.3 Risks Relating to the Bank and the Group

Note: wherever the term "Group" is used, the risk factor would apply also to the Bank.

1.3.1. Information Technology and Cyber-Security Risk

The activities of the Group are reliant on the continuous and proper functioning of its operating systems, including its information technology (IT) systems and other technological arrangements. The Group is susceptible to a variety of risks relating to the functioning of these systems, including, but not limited to, the risk of cyber-attacks (such as malware attacks, ransomware, phishing, hacking, or any other form or type of cyber-attack), data theft or other unauthorised use of data, errors, bugs, malfunctions, inadequate maintenance service levels, or other malicious interference with or disruptions to the Group systems.

In addition, to the extent that the Group is reliant upon technologies and operating systems (including IT systems and other technological arrangements) developed by third parties for the efficient running of its business, it will be exposed to the risk of supply chain attacks, failures, errors or other interruptions in such systems. There can be no assurance that the maintenance and service level agreements, business continuity and disaster recovery plans intended to ensure continuity and stability of these systems will prove effective in ensuring that the service or systems will not be disrupted. Furthermore, advancements of the Bank's technologies and operating systems, which are required in order to remain competitive, may be associated with substantial capital expenditures.

The COVID-19 pandemic has further increased the Group's dependency on IT systems mainly to enable remote working for its employees and thereby increasing the exposure of the Bank to cyber-security risk.

In the event that a cyber attack occurs on the Group's operating systems and/or on suppliers providing IT services to the Group, this could adversely affect the Group's ability to provide services, reputation, financial performance and financial position.

1.3.2. Reputational Risk

Reputational risk is the current or future risk of a loss or decline in profits as a result of a negative perception of the Group's image by relevant stakeholders. Reputation is considered by the Group to be a valuable corporate asset as it is a source of competitive advantage and customers' confidence and reflects the Group's level of professionalism, integrity and proper conduct of business. The Group recognises the increasing importance of this critical component of its brand value due to rapid changes in the business environment, development of media and communication channels, increased scrutiny from regulators and evolving competition and rising customer expectations.

In the event that the Bank were to suffer any loss in reputation, whether for the reasons described above or otherwise, relevant stakeholders may become unwilling to do business with the Bank, which could in turn have a material adverse effect on the operations and performance of the Bank.

1.3.3. Credit risk

Credit risk is the possibility that a borrower or counterparty fails to meet its obligations in accordance with agreed terms, causing a financial loss. Credit risk arises mainly from interbank, commercial and consumer loans and advances, trade finance, syndicated facilities and forfaiting, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances. The Group is also exposed to credit risk arising from investments in debt securities and other financial instruments purchased as part of its trading, investment activities and liquidity management including derivatives as well as settlement balances with market counterparties, reverse repurchase agreements and balances with the Central Bank of Malta.

The Bank is subject to inherent risks concerning the credit quality of borrowers and counterparties, which could affect the value of the Group's assets. Changes in the credit quality of the Bank's customers, counterparties, and investments arising from systemic risks and macroeconomic factors in the Maltese and global financial system, can also negatively affect the value of the Bank's assets. Any failure by the Group to manage the credit quality of its borrowers or counterparties within prudent risk parameters or to monitor and regulate the adequacy of its provisioning levels could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

1.3.4. Liquidity and Funding Risk

Liquidity risk is the risk that the Bank cannot meet its financial obligations as they fall due in the short and medium term, either at all or without incurring unacceptable losses. Funding risk is the risk that the Bank cannot meet its financial obligations as they fall due in the medium to long term, either at all or without increasing funding costs at an unacceptable level. Funding risk can be seen as the risk that its assets are not stably funded in the medium and long term. The Bank is mainly funded through customer deposits and has only a small portion of wholesale funding.

The management of liquidity and funding is central to the Bank's operations, just as the ability to fund asset growth and meet obligations as they come due is crucial to the on-going viability of the Bank. While the Bank's liquidity contingency plans can assist the Bank in mitigating unexpected liquidity situations after the fact, they are not intended to, nor can they eliminate, the Bank's liquidity and funding risk. Nor can the plans guarantee that unexpected liquidity events will be managed successfully if they were to occur.

Retail funding is highly correlated to the public's perception of the Bank's trustworthiness and reputation. Given this feature of retail funding, a significant negative impact on the Bank's reputation could bring about a run on the Bank. If, for some reason, the Bank is unable to access the necessary liquidity to conduct its operations and/or meet its obligations, this could negatively impact the Bank's financial condition and performance.

1.3.5. Information Security and Data Protection Risk

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

The Group is also subject to comprehensive regulation regarding the use of personal customer data. Compliance with the GDPR creates significant regulatory obligations for the Group and it will continue to have an ongoing impact on the acceptance, processing and storage of personal sensitive data. The possible damage, loss, unauthorised processing or disclosure of personal data could have a negative impact on the activity of the Group, in reputational terms too, and could lead to the imposition of fines. In addition, any changes to the applicable laws and/or regulations, including at European Union level, could have a negative impact on the Group's activities, including the need to incur costs for adapting to the new regulations.

1.3.6. Risks Connected with the Performance of the Property Market

The Group is exposed to the risks of the property market, as a result of, among other things: (i) loans granted to clients where the collateral securing the loan is immovable property; and (ii) loans granted by the Bank to companies operating in the property sector where the cash flow is generated mainly by the rental or sale of properties (commercial real estate).

With regard to (i) above, poor market conditions and/or, more generally, a protracted economic or financial downturn could lead to a fall in value of the collateral properties as well as create significant difficulties in terms of monetisation of the said collateral under the scope of enforcement procedures, with possible negative effects in terms of realisation times and values.

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

The significant increase in real estate prices in recent years is a result of both demand and supply factors. Although the Group has a diversified lending portfolio, the Group is substantially exposed to real estate, which implies a heightened sensitivity to a potential correction in property prices.

1.3.7. Risks Related to Competition in the Banking Industry

The banking industry is particularly competitive and competitive pressures could increase due to several aspects including shifts in customer demand, competitors' strategies, regulatory changes, technological developments and general economic trends. The Group is exposed to competition in the markets in which it operates, including from competitors that may have greater financial and other resources. In addition, the Bank may experience increased competition from new entrants in certain products.

The banking sector is also experiencing significant technology related trends impacting the competitive landscape, which include competition from entities such as non-bank technology companies that provide digital-only products and services. As technology continues to disrupt the way traditional banking services are carried out, the Group is subject to the risk of adapting to this form of potential competition. For example, in many markets online banks are gaining increasing market share and certain shifts in consumer behaviour were accelerated by the effects of the COVID-19 pandemic. Such technology driven financial institutions may benefit from process digitisation, lower operating costs, and favourable product pricing, compared to traditional banks including the Group. If the Bank does not respond appropriately to such competitive pressures, including by the introduction of innovative products and services, it may lose market share which in turn may have a negative impact on the Group's financial performance and prospects.

1.3.8. Financial Crime Compliance Risk

Financial crime compliance risk arises should the Bank fail to identify suspicious transactions, activities or connections and protect customers from financial crime. Such failure may arise from: (i) lack of adherence to the appropriate regulatory environment and/or market practice; (ii) failures arising from the lack of implementation of updated directives, rules, regulations, and/or internal operating procedures; and/or (iii) inadequate internal controls to monitor level of adherence to the required standards inclusive of illegal practices such as bribery and corruption. The materialisation of such risks could have a detrimental impact on customers and expose the Bank to financial sanctions and regulatory reprimands, reputational risks and regulatory censure. The risk, and therefore the impact of financial crime on credit institutions and/or investment firms, has developed beyond money laundering and terrorist financing. The far-reaching effects of a sanctions breach or the failure to implement adequate anti-fraud and anti-bribery and corruption measures could also give rise to additional and unwarranted financial or reputational risks.

1.3.9. Resolution Risk

The Recovery & Resolution Regulations provide for the application of resolution tools by the Resolution Committee to credit institutions at risk of failure, as an alternative to liquidation proceedings. These resolution tools include: (i) the sale of business tool; (ii) the bridge institution tool; (iii) the asset separation tool; and (iv) the bail-in tool (described in further detail in section 4.5 below). In addition, the Resolution Committee has the power to write down or convert capital instruments and eligible liabilities pursuant to the Recovery & Resolution Regulations immediately before or together with the application of a resolution tool. A write down may result in the reduction (including to zero) of the nominal value of shares, the dilution of shareholders' shareholding (and voting rights) in a failing bank, or the outright cancellation of shares. Further, the Resolution Committee is empowered by the Recovery & Resolution Regulations to take control of a credit institution under resolution and exercise all the rights and powers conferred upon shareholders, other owners, and the board of directors of the institution under resolution.

The exercise by the Resolution Committee of any of these powers may have a material effect on the business and prospects of the Bank. In addition, shareholders might have some or all of their shareholdings diluted or cancelled without any compensation therefor (further detail is provided in section 4.5 below).

1.3.10. Bank Regulatory Risk and risks associated with capital adequacy

The Bank is subject to a number of prudential and regulatory controls, designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk, including but not limited to CRD IV / CRD V, CRR / CRR II and BRRD / BRRD II (described in further detail in section 4.5 below). Furthermore, on 27 October 2021, the European Commission published a proposed review of EU banking rules (the Capital Requirements Regulation and the Capital Requirements Directive VI) which finalises the implementation of the Basel III agreement in the EU. In this regard, the Bank faces risks associated with a rapidly evolving prudential regulatory environment pursuant to which it is required, amongst other things, to maintain adequate capital and liquidity resources and to satisfy specified capital and liquidity ratios at all times. The interpretation and application by regulators of existing laws and regulations to which the Bank is subject may also change from time to time. Such changes either individually and/or in aggregate, may lead to further unexpected, enhanced requirements in relation to the Bank's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated.

The BRRD (as amended by the BRRD II) establishes a framework for the recovery and resolution of credit institutions and certain investment firms. The BRRD establishes a legal regime which, amongst others, provides authorities with a set of powers and tools to intervene sufficiently early and quickly in an unsound or failing institution to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. More detail regarding the BRRD and its implementation in Malta as well as the powers and tools available to the authorities is provided under section 4.5. Should the Bank become subject to a write-down, conversion, or resolution powers under the BRRD, this may adversely affect the Bank's business, financial condition, ability to pay dividends, results of operations and/or prospects.

1.3.11. Market Risk

Market risk relates to the risk that the income from, and fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and the prices of equities, bonds, and commodities. The Group's exposure to market risk is mainly in the form of interest rate risk and foreign exchange risk. Movements in interest rates are driven by factors that are outside of the Group's control, including central bank actions, monetary and fiscal policies, and economic conditions. Foreign exchange risk arises from the fluctuation of different exchange rates in relation to the Euro, as the Group's principal currency, due to factors that are also outside of the Group's control. Any significant fluctuations in interest rates or foreign exchange rates could therefore have a material adverse effect on the income from, and fair value or future cash flows of financial instruments held by the Group (including derivative contracts entered into by the Group to hedge against movement in certain cash flows on financial liabilities having embedded derivatives), which would in turn have a material adverse effect on the Group's financial position and performance.

1.3.12. Operational Risk

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. An operational risk event is an incident or experience that has caused or has the potential to cause material loss to the Group either directly or indirectly with other incidents. In line with the Basel Committee on Banking Supervision's definitions, the following types of operational risk events are considered as having the potential to result in material operational losses: (i) internal fraud; (ii) external fraud; (iii) employment practices and workplace safety; (iv) clients, products and business practices; (v) damage to physical assets; (vi) business disruption and system failure; and (vii) execution, delivery and process management. Losses from the failure of the Group's system of internal controls to discover and rectify such matters could have a material adverse effect on the Group's business, financial condition and/or results of operations.

1.3.13. Recruitment and Retention of Key Personnel

The Group is dependent to a significant degree on the skills, experience, and efforts of its senior management team and upon their continued availability and commitment, whose contributions to immediate and future operations are of significant importance. The loss of any of its senior management team could negatively affect the Group's business operations. From time to time, the Group also needs to identify and retain additional skilled management and specialised technical personnel to efficiently operate the business. Recruiting and retaining qualified personnel is critical to the success of the Group's business and there can be no assurance of the Group's ability to attract and retain such personnel. The Group does not maintain 'key person' insurance in relation to any employees. If not successful in attracting and retaining qualified personnel (or effectively outsourcing certain functions or projects execution to external parties), the Group's ability to effectively conduct its business could be affected, which could have a material adverse impact on the financial performance and condition of the Group.

1.3.14. Concentration Risk

Concentration risk is an exposure or group of exposures with the potential to produce losses large enough to threaten the Bank's health or its ability to maintain its core business. This risk may arise from large individual exposure or significant exposures to groups of counterparties whose likelihood of default is driven by common underlying factors. While the Bank adopts a prudent view on asset quality and maintains a diversified portfolio, and attempts to diversify its credit risk in terms of geography, tenor and economic sector through various measures, there can be no assurance that this will successfully reduce or eliminate the Bank's exposure to concentration risk. Accordingly, any impairment in the ability of one or more counterparties or borrowers in the categories described above to service or repay their obligations to the Group could have a material adverse effect on the Group's financial condition and results of operations.

1.3.15. Systemic Risk

Due to the high level of interdependence between financial institutions, the Bank is subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial services institutions and of the wider financial services sector. A default of any one institution could lead to defaults by other institutions. Concerns relating to a potential default, bail-out, or bail in of, one institution, or even just the perceived lack of creditworthiness of such institution, could lead to significant liquidity problems, losses or defaults by other institutions. This risk is often referred to as systemic risk, and such risk can be driven by contagion (whereby financial distress of a financial institution can have an adverse impact on the financial stability of another financial institution, including the Bank) or a severe loss of confidence of the general public in the banking system.

1.4. Risks Relating to the New Shares

1.4.1. Suitability of Investment

An investment in the Bank may not be suitable for all recipients of this Prospectus and prospective shareholders are urged to consult their advisors as to the suitability or otherwise of acquiring the New Shares before such acquisition. 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 New Shares and the inherent risks associated with the Bank'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 in the context of their investment risk profile.

1.4.2. Write-down or Cancellation Risk

Pursuant to the Recovery & Resolution Regulations, the Resolution Committee has the power to write-down or convert capital instruments and eligible liabilities. A write-down may result in the reduction (including to zero) of the nominal value of the Shares, the dilution of shareholders' shareholding (and voting rights) in a failing bank, or the outright cancellation of the Shares.

1.4.3. No Prior Market

As at the date of this Prospectus, there has been no public market for the Shares within or outside Malta. Due to the absence of any prior market for the Shares, there can be no assurance that the price of the Shares will correspond to the price at which the New Shares will trade in the market subsequent to the Share Issue. The market price of the New Shares could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risk factors set out in this section of the Prospectus.

1.4.4. Dividend Payments Risk

As a matter of Maltese law, a company can only pay dividends to the extent that it has distributable reserves and sufficient cash available for this purpose. The Bank's ability to pay dividends in the future, and the relevant timing and amount thereof, is affected by a number of factors, principally its ability to generate income and cash flow from operations.

The ability of the Bank to pay dividends is also subject to applicable laws and other restrictions, including their respective regulatory, solvency, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws. These laws and restrictions could limit the payment of dividends and distributions to holders of the New Shares. The Bank is subject to a broad regulatory framework, and regulated companies have over the years been requested to maintain increasingly higher levels and quality of capital and liquidity.

The Bank may not pay dividends if the Directors believe this would cause the Bank to be less adequately capitalised or that there are otherwise insufficient distributable reserves or for various other reasons. Future dividends will depend on, among other factors, the Bank's future profits, financial position, capital investment plans, debt service obligations, any restrictive covenants on debt incurred, working capital requirements, general economic conditions, regulatory approval and other factors that the Directors deem significant from time to time.

The prospective dividend policy set out in section 4.8 should be read and construed accordingly.

1.4.5. Future Dilution

Other than in connection with the Share Issue, the Bank currently has no plans for any issuance of further ordinary or other Shares. However, it is possible that the Bank may decide to offer additional shares in the future. Future offerings of new shares, or the availability for sale of substantial amounts of Shares in the public market, could dilute the holdings of shareholders not partaking in such offer or sale of Shares. Furthermore, it could also adversely affect the prevailing market price of the New Shares and may make it more difficult for shareholders to sell their Shares at a time and price that they deem appropriate and could also impair the Bank's ability to raise capital through future offers of equity securities.

In addition, no prediction can be made about the effect which any future public offerings of the Bank's securities (including but not limited to the effects arising out of a change in the cash flow requirements of the Bank or other commitments of the Bank vis-à-vis the new security holders), or any takeover or merger activity involving the Bank (including but not limited to a de-listing, in full or in part, of the Shares), will have on the market price of the New Shares prevailing from time to time.

1.4.6. Ranking Risk

The New Shares represent equity interests in the Bank that entitle the holder to rank *pari passu* with all other holders of ordinary Shares in the Bank upon any distribution of assets in a winding up. The Shares of the Bank are subordinated to any other debt instruments in the Bank's capital structure (including the Bonds) and will therefore be subject to greater credit risk than any other debt instruments of the Bank.

1.4.7. Changes to Governing Law

The terms and conditions of the admission to trading of the Shares (including the New Shares) are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

1.4.8. Orderly and Liquid Market Risk

Application has been made to seek a listing of the Shares on the MSE, which is a smaller and less liquid market than the more developed stock markets in Europe and/or the United States. The existence of an orderly and liquid market for the Shares (including the New Shares) depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the New Shares at any given time, the individual decisions of shareholders, and the general economic conditions of the market in which the New Shares are traded, factors over which the Bank has no control. Accordingly, there can be no assurance that an active

secondary market for the Shares (including the New Shares) will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that a shareholder will be able to sell or otherwise trade in the Shares (including the New Shares) at all.

1.4.9. Price Volatility Risk

The price at which the Shares (including the New Shares) will be traded, as well as the sales volume of the Shares (including the New Shares) traded, will indeed be subject to fluctuations. In this regard, the limited liquidity of the market for the Shares (including the New Shares) could increase the price volatility of the Shares (including the New Shares) and may impair the ability of a holder of Shares (including the New Shares) to sell such Shares in the market in the amount and at the price and time such holder wishes to do so.

Stock markets (including the Maltese stock market) have from time to time experienced substantial price and volume fluctuations, which in addition to general economic and political conditions, could adversely affect the market price of the Shares (including the New Shares). The price of the Shares (including the New Shares) could be subject to significant fluctuations due to several factors over which the Bank has no control including: a change in general market sentiment, wider economic or financial conditions locally or globally, legislative or regulatory developments.

1.4.10. Suspension of Trading and Discontinuation of Listing

After the Shares are admitted to listing and trading on the Official List, the Bank must remain in compliance with various ongoing regulatory requirements, including the continuing obligations and other requirements set out in the Capital Markets Rules. The Competent Authority has the authority to suspend trading of the Shares if, among other things, it believes that such a suspension is required for the protection of investors or of the integrity or reputation of the market. Furthermore, the Competent Authority may discontinue the listing and/or trading of the Shares if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the New Shares are no longer possible, or upon the request of the Bank or the MSE. Any such trading suspensions or listing revocations/discontinuations described above, could have a material adverse effect on the liquidity and value of the New Shares.

1.4.11. Shares in the Hands of the Public

In terms of the Capital Markets Rules, the Bank must have at least 25% of its listed share capital in the hands of the public. Should the number of shares in the hands of the public, at any time following the conclusion of the Share Issue, fall below this threshold, the Bank would no longer meet this requirement, which may in turn lead to the de-listing of the Shares (including the New Shares) from the Official List. The de-listing of the Shares (including the New Shares) would have adverse effects on the marketability and transferability of the New Shares and on the fiscal implications of any transfers of the New Shares.

1.4.12. Prior Approval for Qualifying Shareholding

The Banking Act requires any person, or persons acting in concert, who have taken a decision either to:

(a) acquire, directly or indirectly, a qualifying shareholding in the Bank (i.e. 10% of the Shares or more, or which makes it possible to exercise a significant influence over the management of the Bank);

(b) increase, directly or indirectly, an existing shareholding which is not a qualifying shareholding so as to cause it to become a qualifying shareholding in the Bank; or

(c) further increase, directly or indirectly, such qualifying shareholding in the Bank as a result of which the proportion of the voting rights or of the capital held would reach or exceed 20%, 30% or 50%, or so that the Bank would become its subsidiary,

to notify the MFSA in writing of any such decision, indicating the size of the intended shareholding and providing any relevant information required pursuant to relevant regulations. If any person takes or decides to take any action set out above without obtaining prior MFSA approval, then, the Banking Act authorises the MFSA to *inter alia* declare the transaction as null and void. Accordingly, prospective investors should assess the regulatory implications of acquiring any Shares, particularly where there is any possibility of them reaching any of the aforementioned thresholds as a result and should seek independent legal advice before deciding to acquire any Shares (including New Shares).

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

2. PERSONS RESPONSIBLE, AUTHORISATION OF PROSPECTUS AND CONSENT FOR USE

2.1. Persons Responsible

All of the Directors whose names appear under section 6.1 of this Prospectus are the persons responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect its import. The Directors have taken all reasonable care to ensure that this is the case and accept responsibility accordingly.

2.2. Authorisation Statement

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

2.3. Consent for Use of Prospectus

For the purposes of any subscription for New Shares through any of the Authorised Intermediaries in terms of this Prospectus and any subsequent resale, placement or other offering of New Shares by such Authorised Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Bank 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 New Shares, provided this is limited only:

- (a) in respect of New Shares subscribed through Authorised Intermediaries during the Offer Period; and
- (b) to any resale or placement of New Shares subscribed for as aforesaid, taking place in Malta within the period of 60 days from the date of the Prospectus.

There are no other conditions attached to the consent given by the Bank hereby which are relevant for the use of the Prospectus.

Neither the Bank, the Joint Sponsors & Manager, the Registrar, nor any of their respective advisors, takes any responsibility for any of the actions of any Authorised 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 New Shares.

Other than as set out above, neither the Bank, the Joint Sponsors & Manager, nor the Registrar have authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the New Shares by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Bank, the Joint Sponsors & Manager or the Registrar and neither the Bank, the Joint Sponsors & Managers, nor the Registrar 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 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 Bank, Joint Sponsors & Managers, or Registrar. The Bank does not accept responsibility for any information not contained in this Prospectus.

In the event of a resale, placement or other offering of New Shares by an Authorised Intermediary, the Authorised Intermediary will 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 New Shares to an investor by an Authorised Intermediary will be made in accordance with any terms and other arrangements in place between such Authorised 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 Intermediary at the time of such resale, placement or other offering to provide the investor with that information and neither the Bank, the Joint Sponsors & Managers, nor the Registrar, has, or shall have, any responsibility or liability for such information.

Any Authorised Intermediary using this Prospectus in connection with a resale, placement or other offering of New Shares subsequent to the Share 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 Bank 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 any Authorised Intermediary unknown at the time of approval of this Prospectus will be made available through a company announcement published on the Bank's website (<https://www.apsbank.com.mt/company-announcements>).

3. ADVISORS AND STATUTORY AUDITORS

3.1. Advisors

Legal Counsel

Ganado Advocates
171, Old Bakery Street
Valletta VLT 1455
Malta

Joint Sponsor & Manager

Rizzo, Farrugia & Co (Stockbrokers) Ltd
Airways House, Fourth Floor
High Street,
Sliema SLM 1551
Malta

Joint Sponsor & Manager

Curmi & Partners Ltd
Finance House
Princess Elizabeth Street,
Ta' Xbiex XBX 1102
Malta

Registrar

Malta Stock Exchange plc
Garrison Chapel
Castille Place
Valletta VLT 1063
Malta

The services of the Bank's legal counsel and other advisors in respect of this Prospectus are limited to the specific matters upon which they have been consulted. There may be other matters that would have a bearing on the Bank or an investment in the New Shares upon which the Bank's legal counsel and other advisors have not been consulted. The Bank's legal counsel and the other advisors do not undertake to monitor the compliance by the Bank with its obligations as described in this Prospectus, nor do they monitor the Bank's activities for compliance with applicable laws. Additionally, the Bank's legal counsel and other advisors have relied and continue to rely upon information furnished to them by the Bank and the Directors, and have not investigated or verified, nor will they investigate or verify the accuracy and completeness of information set out herein concerning the Bank, the Bank's service providers or any other parties involved in the Share Issue (including all of their respective affiliates, directors, officers, employees and agents). Moreover, the Bank's legal counsel and the other advisors accept no responsibility for any description of matters in this Prospectus that relate to (and any issues arising from) any applicable law that is not Maltese law.

3.2. Statutory Auditors

Deloitte Audit Limited of Deloitte Place, Triq l-Intornjatur, Zone 3, Central Business District, Birkirkara CBD 3050, Malta, were the auditors of the Bank for the period covered by the historical financial information incorporated by reference into this Prospectus, and have been appointed as the Bank's statutory auditors until the end of the next annual general meeting of the Bank. Deloitte Audit Limited is a registered audit firm with the Accountancy Board of Malta in terms of the Accountancy Profession Act (Chapter 281 of the laws of Malta) with registration number AB/26/84/81.

4. THE BANK

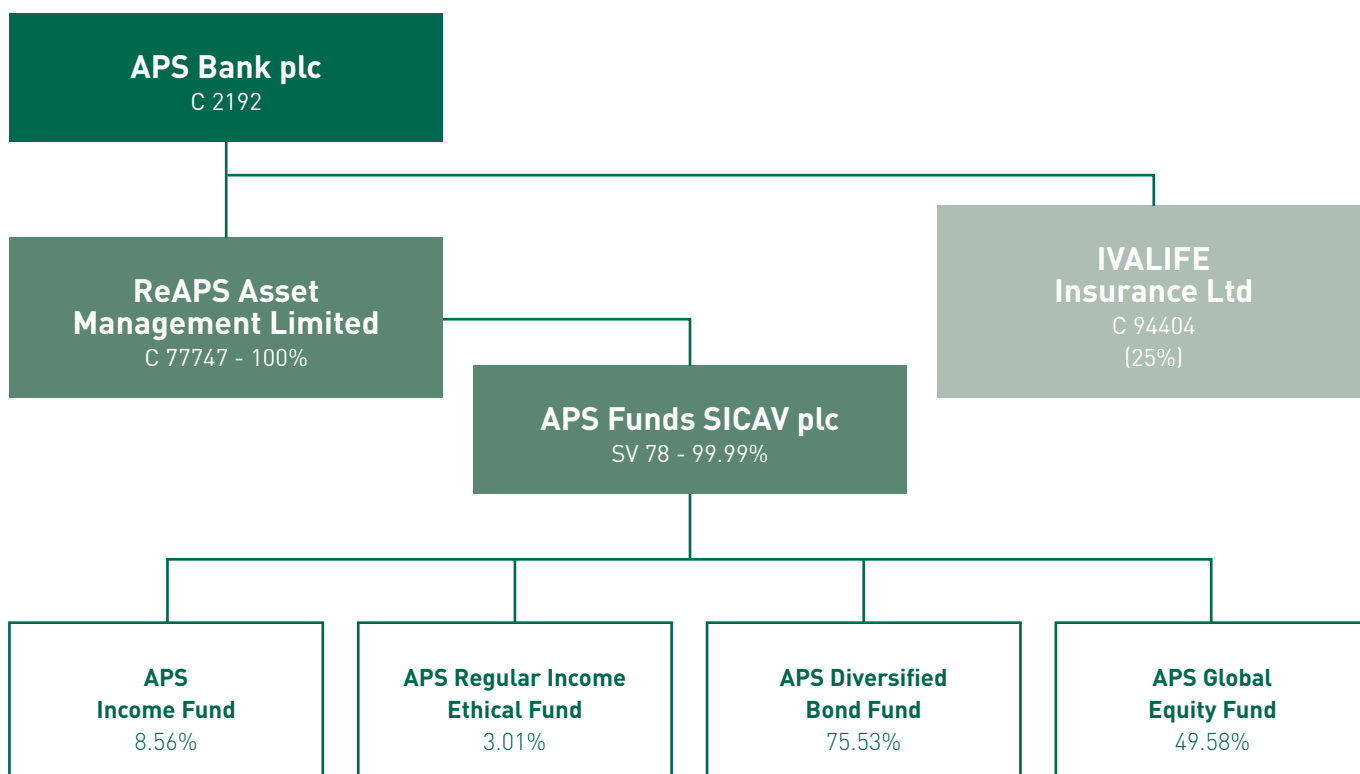
4.1. General Information

Legal & Commercial Name:	APS Bank plc
Company Registration Number:	C 2192
Legal Form:	Public limited liability company in terms of the Companies Act
Place of Registration & Domicile:	Malta
Date of Registration:	1 June 1970
Registered Office Address:	APS Centre, Tower Street, Birkirkara, BKR 4012, Malta
LEI:	213800A10379I6DMCU10
Telephone Number:	+356 2560 3000
E-mail Address:	investor.relations@apsbank.com.mt
Website:	www.apsbank.com.mt

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

4.2. Group Organisational Structure

The following diagram illustrates the corporate structure of the Group as at the date of this Prospectus:



Note: The Bank holds 99.99% of the Founder Shares in APS Funds SICAV. The percentage indicated in each of the four sub-funds of APS Funds SICAV – APS Income Fund, APS Regular Income Ethical Fund, APS Diversified Bond Fund and APS Global Equity Fund – represents the percentage of 'investor shares' issued in respect of each sub-fund that are held by the Bank as at 31 March 2022. As a result of its significant holding in the investor shares issued in respect of the APS Diversified Bond Fund and the APS Global Equity Fund, these sub-funds are considered to be subsidiaries of the Bank for financial reporting purposes. The APS Income Fund and the APS Regular Income Ethical Fund are not considered to be subsidiaries of the Bank but are included in the above diagram for illustrative purposes.

The principal activities of the Bank and its subsidiaries are described in further detail elsewhere in this section. The Bank is not dependent on any of the other entities in the Group.

4.3. Business Overview of the Bank

4.3.1. Historical Development and Recent Events

The Bank was established in October 1910 as the 'Cassa di Risparmio dell'Apostolato della Preghiera' (or Apostleship of Prayer Savings Bank) by the 'Unione Cattolica San Giuseppe', led by Jesuit Fr. Michael Vella, with the intention of instilling saving habits amongst the working classes of the Maltese population. The Apostleship of Prayer Savings Bank was subsequently utilised to fund numerous projects of a social nature.

In November 1947, the Apostleship of Prayer Savings Bank was transferred to the Archdiocese of Malta which appointed a Committee of Administration entrusted with the running of the institution. The Bank was incorporated and registered as a private limited company on 1 June 1970. It was granted a banking licence in terms of the Banking Act in March 1977. In 1990, the name of the Bank was changed from Apostleship of Prayer Savings Bank to APS Bank Ltd. The Bank's commercial banking licence was issued in November 1990 and commercial banking operations commenced in September 1991.

In November 2006, the Bank became a member of the 'European Federation of Ethical and Alternative Banks' (FEBEA) which is composed of European financial institutions which aim at supporting – through co-operation and the creation of refinancing tools – economic actors that place major emphasis on the joint-principles of 'subsidiarity and solidarity'.

In November 2007, the Bank was also granted a licence by the MFSA to carry out the business of investment services in terms of the Investment Services Act. In January 2008 the Bank established APS Funds SICAV, which is currently managed by ReAPS in an effort to diversify the Bank's services and in 2012 launched the first ethical fund in Malta. The Bank has also been enrolled in the Tied Insurance Intermediaries List in terms of the Insurance Distribution Act.

In 2010, the Bank became the first Maltese bank to celebrate one hundred years of community banking.

On 1 April 2019, the Bank was converted to a public limited company, becoming 'APS Bank p.l.c.'.

As part of its capital development plan, the Bank completed a fully subscribed rights issue (by its current shareholders) of €13 million in 2019 and in November 2020, the Bank raised an additional €55 million through the fully subscribed issue of the Bonds.

In January 2020, the Bank was classified as an "Other Systemically Important Institution" ("**O-SII**") by the Central Bank of Malta and by the MFSA under the auspices of the Joint Financial Stability Board and following consultation with the European Central Bank. O-SIIs are institutions which are systemically important to the domestic economy or to the economy of the EU. An institution's systemic importance is assessed based on the following criteria: (i) size, (ii) substitutability, (iii) cross-border activities, and (iv) resident interconnectedness and on supplementary absolute indicators. The definition and criteria for O-SIIs are set out in article 131 of CRD IV. An O-SII is required to maintain an O-SII capital buffer, a macroprudential instrument that consists of a capital surcharge applied to them in view of their considerable impact on the financial system and the real economy in the event of failure or impairment. The objective of requiring O-SIIs to maintain the O-SII capital buffer is to reduce both the probability and impact of a systemically important institution's failure.

4.3.2. Objects and Purposes of the Bank

The objects of the Bank are set out in clause 4 of its Memorandum of Association. The principal object of the Bank is, in summary, to carry on the business of banking in all its aspects, including the transaction of all financial, monetary and other business which is usually or commonly carried out by banks and/or banking institutions, including but not restricted to any transaction of a financial or monetary nature. Clause 4 of the Memorandum of Association further provides that: "*whether in the pursuit of its objects or the exercise of its powers, the Bank shall always be guided by the observance of principles and values that promote social justice, sustainable investment and the highest ethical standards in all its dealings, operations and activities*". A copy of the Memorandum of Association is available for inspection as set out in section 13 of this Prospectus.

4.3.3. Principal Activities and Markets of the Bank

Background

As one of Malta's oldest banks, which has been at the forefront of community banking for over a century, the Bank is a leading local provider of financial services, offering personal, business and investment solutions. Its distribution channels consist of a network of 11 branches and automated teller machines ("**ATMs**") and bulk deposit machines complemented by a versatile electronic banking platform which serves its retail and commercial customer base. The Bank is an enterprising organisation with an agenda of modernisation and growth, supported in no small way by its young, qualified and highly talented workforce of over 500 employees.

Further details on the Bank can be found at: <http://www.apsbank.com.mt>.

Values

The Bank is committed to the economic, environmental and social development of its marketplace. The Bank's key principles of caring and connectedness have endured the test of time and have been its key guiding principles throughout its history. As a matter of fact, the Bank continues to be major supporter of the arts, culture, education, as well as any projects which seek to protect Maltese heritage and address the challenges created by climate change. Moreover, the Bank has always been a leader, in its own way, in supporting projects of a social nature and initiatives to help those in need or excluded from society, such as providing basic social assistance, medical care and education.

The interests of the Bank's customers are at the heart of the decisions that are taken day-in and day-out about running the business and shaping it for the future. Proximity, accessibility and preference, in terms of products and services, distribution channels and communications are key considerations of the Bank in this regard. The function of the 'Voice of the Customer' - solely dedicated to enhancing customer experience through work on handling and addressing customer complaints, feedback and research initiatives - further demonstrates the Bank's commitment to this ideal.

The Bank has a set of core values which are relevant to today's realities and which form the fabric that keeps the Bank's many teams together. These values are:

- EXCELLENCE: Get it right first time;
- AUTHENTICITY: Always do the right thing;
- PASSION: Do what you love, care about the others;
- INCLUSIVENESS: Build on differences and break the silos; and
- CONTEMPORARY: Be relevant to today's world.

Moreover, sustained by its belief that fostering meaningful partnerships with other like-minded individuals and organisations can result in opportunities for growth; the Bank constantly seeks to build and maintain collaborations with the community and other organisations. In fact, the Bank is a member of the European Federation of Ethical and Alternative Banks and Financiers (FEBEA) which gathers 33 financial institutions from 15 countries in Europe, with the aim of developing and promoting ethical finance principles.

Products and services

The Bank predominantly operates within the Maltese market with some diversification on the international scene mainly relating to retail deposits raised through European online platforms, syndicated loan participations, trade finance facilities, debt securities and other financial instruments. The Bank offers a comprehensive suite of products and services, covering retail, commercial lending, transactional banking and investment services, serving a wide range of customers from retail clients and small businesses to mid-sized enterprises and larger local corporates.

The main products and services offered by the Bank are:

i) Lending

Over the years, the Bank has developed expertise in the lending sphere. This is particularly true for retail products, where the Bank's home loan product has been very successful in recent years, growing at a fast pace and allowing the Bank to gain significant market share in this product category. On the commercial and corporate lending side, the Bank has capitalised on its dynamic, albeit selective, risk approach, together with the provision of a high-quality service to increase the size of its commercial customer base. The Bank has also developed a portfolio of trade finance deals and selected participations in syndicated lending.

The Bank, in partnership with the Government of Malta, has co-designed and co-created a number of social products targeted to different segments of the society, thus promoting financial inclusiveness. A case in point was the launch of a home loan that offers low-income families with the possibility of buying their home, supported by favourable interest rates and a risk-sharing guarantee scheme.

Also, the 'Equity Sharing Scheme' was developed to facilitate access to property for families with a limited pool of assets that find difficulty accessing the homeownership market but who do not qualify for social accommodation. This exclusive product offers a very competitive rate on part of the financing whilst charging no fee for the administration of the loan. In early 2022, this scheme was revised in order to ensure that more families in need of financial assistance are made eligible for this product.

Another product in the sphere of social innovation is the 'New Hope Guarantee Scheme'. The product was specifically developed for aspiring homeowners who wish to acquire their primary residence but are unable to obtain a life insurance policy because of a disability, medical condition or history.

On the environmental and sustainability front, the Bank has brought to the market the 'Green Home Loan' product, whereby individuals purchasing properties, which are sustainable and energy efficient, will benefit from a discounted interest rate.

The Bank also offers 'ECO Loans', available for individuals wishing to purchase products that have a positive impact on the environment, as well as a 'Green Finance' product offering for both its retail and commercial customer base. This latter product range was launched in partnership with the European Investment Fund and offers those customers wishing to invest in energy-efficient solutions favourable interest rates and reduced fees, as well as an interest rate subsidy and a risk-sharing guarantee scheme.

As a part of its continuous effort to support causes relating to education, the Bank, in conjunction with the Foundation for Church Schools, launched a product targeted at supporting schools falling within the scope of the foundation. This product consists of a financing package to assist with refurbishments or upgrades of facilities, such as gyms, technology and science laboratories, libraries, canteens, classrooms and playgrounds. The 'APS Church School Loan' scheme offers multiple competitive features including, an improved interest rate and favourable repayment terms and fees.

These many initiatives confirm the Bank's commitment to the development of a sustainable economy that takes also into account the various needs of the members of the community and the protection of the environment.

ii) Transactional Banking

Over the years, the Bank has developed a range of services and products which are intended to provide its customers with the necessary tools to transact their daily banking needs. In this respect, the Bank provides:

(a) a number of demand deposit products which address various customer needs and segments. In addition to the traditional current and savings accounts, the Bank also offers the virtual account and student virtual account which are accessible through digital channels such as 'myAPS' and its network of ATMs. Payment services, such as SEPA and SWIFT transfers, are also available to the Bank's customers through their demand deposit accounts. Such services are provided through the Bank's branch network and 'myAPS';

(b) fixed term deposit accounts for customers who wish to bind their funds for a specified term while earning a higher interest rate. Such accounts may be renewed for additional term on an ongoing basis, as per customer instructions; and

(c) overdraft facilities to commercial entities and individuals alike. Overdrafts are granted in line with the Bank's credit policies.

iii) Investment Services

Throughout the years, the Bank expanded its services to provide investment services to its customers, both through the provision of investment advice as well as through specific investment products (for more information please refer to section 4.3.4 below).

Through this business line, the Bank also offers its own private pension product which allows individuals to save on a periodic basis with the aim of having additional monthly supplements, upon retirement, over and above the state-provided contribution.

The Bank's range of investment products are classified across all risk profiles, thus making them suitable for every investor.

iv) Distribution Channels

The Bank's ultimate objective remains that of enabling customers to access its range of financial products and services from a variety of distribution channels, both physical and digital—through the Bank's branch network and online platform 'myAPS'—while preserving the safety, security and integrity of its customer relationships.

To this end, the Bank embarked on a network transformation programme, which is aimed at the modernisation of the Bank's premises in order to offer a more contemporary retail environment with enhanced accessibility, increased transparency and suitable privacy to conduct meetings, amongst other things.

With a dedicated contact centre, the Bank provides support to its customers, serving as one of the first line of contact for many customers. Such channel provides convenience when customers are unable to visit the Bank's branches to address their difficulties.

Furthermore, the Bank's ATMs and bulk deposit machines provide the facility of cash withdrawal and deposit on a 24-hour basis.

4.3.4. Significant subsidiaries and associate of the Bank

4.3.4.1. ReAPS Asset Management Limited

ReAPS is wholly owned by the Bank and is authorised by the MFSA to provide investment management services for UCITS Collective Investment Schemes and to provide such services to other Professional Clients as well as Retail Clients. ReAPS is the appointed investment manager of the APS Funds SICAV and its 4 sub-funds. It has also been appointed as the manager of two retirement pension schemes, namely the APS Occupational Pension Scheme and the APS Personal Pension Plan. The total value of assets managed by ReAPS as at 31 December 2021 amounted to €332,370,000.

4.3.4.2. APS Funds SICAV plc

The Bank holds 99.9% of the founder shares of APS Funds SICAV (save for one share held by AROM Holdings Limited). APS Funds SICAV has four sub-funds, namely: the APS Income Fund; the APS Regular Income Ethical Fund; the APS Diversified Bond Fund; and the APS Global Equity Fund. APS Funds SICAV is licensed by the MFSA as a UCITS Collective Investment Scheme under the Investment Services Act and each of the sub-funds are also authorised by the MFSA in terms of the Investment Services Act. The APS Income Fund is also listed on the MSE. These sub-funds are distributed to Retail Clients. The total value of assets under management across the sub-funds as at 31 December 2021 amounted to €195,558,000. The following is a brief description of the investment objective of each sub-fund:

APS Income Fund

The investment objective of the APS Income Fund is to maximise the total return for investors, whilst minimising the volatility of the portfolio and attaining a desirable level of liquidity through investment (primarily) in Maltese debt and equity securities. To a limited extent, the APS Income Fund may also invest in international debt and equity securities. The APS Income Fund may also hold deposits with other financial institutions and cash.

APS Regular Income Ethical Fund

The investment objective of the APS Regular Income Ethical Fund is to endeavour to maximise the total return to investors while minimising the volatility of the portfolio and having regard to attaining a desirable level of liquidity. It follows ethical principles and seeks to achieve this objective by investing primarily in international government and corporate bonds, and in direct equities. The Fund may also invest in collective investment schemes, and may hold deposits and cash.

APS Diversified Bond Fund

The investment objective of the Diversified Bond Fund is to achieve long-term capital growth, together with income, mainly through investment in debt instruments issued worldwide by companies and governments.

APS Global Equity Fund

The APS Global Equity Fund endeavours to maximise long-term capital appreciation through investment, primarily, in a diversified portfolio of equity securities.

The above descriptions of APS Funds SICAV and its sub-funds should not be taken as a solicitation to invest in APS Funds SICAV or any of its sub-funds and any decision to invest should be taken after a review of the relevant offering documentation for the relevant sub-fund.

4.3.4.3. IVALIFE Insurance Limited

IVALIFE is authorised and regulated by the MFSA to carry on long-term business of insurance, specifically Class I (*Life and Annuity*) and Class III (*Linked long term*), under the Insurance Business Act and started its operations on 1 February 2021. The Bank holds 25% of the company's issued share capital and voting rights, making IVALIFE an affiliate of the Bank. IVALIFE is equally owned by four leading companies in the financial services industry, the other shareholders being Atlas Insurance PCC Limited (C 5601), GasanMamo Insurance Limited (C 3143) and Maltapost plc (C 22796).

4.3.5. Trend Information

The strategy defined by the Bank over recent years has resulted in robust balance sheet growth, yielding positive returns, year after year. This strategy is mainly driven by good business planning practices and a lean operation, allowing the Bank to be more efficient and responsive to trends and fluctuations in the economy. The overall strategy, underlying the principles and supporting

initiatives of the Bank are revisited on an annual basis. Input from different levels of the Bank is sought, including that of the Board of Directors. Such a methodology ensures that the Bank operates a sustainable forward-looking strategy and financial plan for a minimum period of three years. This translates into clear guidance, with a particular focus on priorities.

The overall growth of the domestic market led to a positive effect on the Bank's performance during 2021, with significant increases in business generation of loans, particularly mortgages. Stability in the European markets also led to an encouraging performance of the Bank's funding costs.

Although the COVID-19 pandemic has caused an unprecedented contraction in economic activity, the Bank will continue to pursue further growth in an effort to attain its long-term strategy. With net interest income generated from lending activities, being the main contributor to the Bank's total income, it is anticipated that this will not be affected by COVID-19 and will increase at the same rate as that of 2021.

To support its long-term strategy, the Bank is planning to launch an array of new products to continue strengthening the Group's investment services and increasing its income generated from non-interest income products.

For a number of years, the Bank has invested heavily in human resources and technology while at the same time reinforcing its security and risk management infrastructure. This strategy will be applied by the Bank in future years, with operating expenses and depreciation expected to increase albeit at a lower rate than the increase in total operating income. The Bank is striving to be more efficient with its' expenditure. Thus, it expects its cost to operating income to remain at a sustainable level.

The banking industry is facing tough and unprecedented challenges as a result of COVID-19, which is impacting both financial markets and consumer behaviour as never before with severe economic consequences. The performance of the Maltese economy in the months ahead will depend on a number of factors including the severity and duration of COVID-19 new variants and the speed of the recovery of the tourism industry. The outlook may change during the course of 2022 and 2023. Although it is very difficult to project the effects of COVID-19 on the expected credit losses, during 2021 most clients with credit facilities, especially in the retail sector, that had requested a moratoria started repaying. There is still a significant degree of uncertainty attributed to the outbreak of the pandemic, with the Bank expecting the situation to continue to evolve during 2022 and possibly into 2023.

Following a deterioration in the reputation of the local financial industry during the past years and the greylisting of Malta by the Financial Action Task Force (FATF), the Bank has continued to invest in its systems and take the necessary measures to ensure it remains compliant with the existing and anticipated regulatory industry standards.

Save for the effects of the COVID-19 pandemic and the greylisted of Malta (as described above), the Bank is not aware of any other factors or events that are likely to have a material effect on the Bank's prospects in the current financial year.

4.3.6. Business Strategy

In order to achieve the Bank's long-term vision of being "*the Community Bank in Malta*", the Bank has built its strategy on three key pillars. These pillars guide the definition and focus of the initiatives and, to a larger extent, serve as a framework for the implementation of the Bank's business plan. The three pillars are the following:

- to engage with the communities (the shareholders, employees, business partners and the community at large) where the Bank operates in a simpler and more personal way in line with its mission, while developing mutually beneficial relationships that will see all parties develop and achieve growth;
- to consolidate its backbone, from an improved governance and organisational structure, including capital development planning, reinforcement of control functions and better monitoring through to the IT infrastructure and platforms; and
- to innovate at all levels of the Bank, both through the use of technology and in the products and services offered, including in relation to communication, recruitment, training, employee engagement, customer experience and way of working.

The Bank's primary strategic objective is to continue building on the foundations laid by the above three key pillars. The Bank will continue focusing on better understanding its customer base in order to provide an enhanced service, which will contribute to the strengthening of the profitability of the business.

¹ Financial Action Task Force – In June 2021, the FATF placed Malta on the list of its jurisdictions under increased monitoring, better known as the 'greylist'.

Moreover, by strengthening these core pillars, the Bank aims to achieve a return on equity which is above the median of market peers by building an extensive knowledge of its customers, developing and continually refining a comprehensive and attractive suite of product offerings, embracing digital and technological innovation, and reinforcing its brand positioning and corporate culture. All of which will enable the Bank to deliver a simpler and more personal experience to its customers.

As part of the implementation of its long-term vision, the Bank has successfully implemented the following initiatives:

Corporate Governance and Organisational Change

The Bank is committed to sound corporate governance and best practice. Over the years, the Bank has undergone an organisational restructuring process, through which it sought to strengthen its senior management team, with the appointment of individuals having a diverse range of technical expertise and international industry experience.

Sustainable Banking

The Bank's commitment to sustainability and its sense of purpose have guided its actions throughout its trajectory. It is with no surprise that the Bank decided to take the lead on promoting the debate and discussion of one of the most contemporary topics of the century. The active participation and organisation of the Malta Sustainability Forum supports the Bank's objective of raising awareness on the topic of sustainability and the need to empower citizens to make conscious decisions towards a more sustainable style of living.

The Bank continues to organise several 'APS Talks'. The aim of these Talks is to bring in leading experts in their field to share their knowledge and build awareness on various prevailing issues, for the benefit of the broader community. Previous talks covered topics such as the gender pay gap, emotional intelligence in the workplace, artificial intelligence within the context of climate change, the sustainable regeneration of built heritage, the concept of circular economy, mental health wellbeing and several others. Events are free of charge and allow for networking of the various participants. The COVID-19 pandemic necessitated that these sessions shift to an online format, however, participation remains strong.

The Bank also launched a number of Environmental, Social and Governance (ESG) products which include the 'Social Loan', the 'Equity Sharing Scheme', the 'Home Deposit Scheme', the 'New Hope Guarantee Scheme', the 'Lending for Church Schools' initiative, the 'Green Finance', the 'Eco Loan' products and the 'APS Green Home Loan' (described in section 4.3.3 above). Further product developments in this respect are planned for the future.

A dedicated Board committee has also been formed in order to ensure proper governance with the Bank's assessment and strategic implementation of its ESG values into its regular operations, both internally and within the community.

Development and Improvement of the Digital Offering

During 2020, the Bank also launched the new APS Visa Debit Card, which provides a host of beneficial and market leading features to its users. The 'myAPS' application is also available to customers to manage their finances entirely online with 24/7 accessibility. Looking ahead, the Bank's objective is to cater for the evolving lifestyle of its customers who value convenience, by offering them a choice of channels for their banking relationship. The Bank will continue to complement its network of branches by offering a modern and versatile digital banking solution (desktop and mobile applications) that will increase its reach in the Maltese market.

Pandemic Response

Since the onset of the COVID-19 pandemic, the Bank has strived to ensure the smooth running of its operations and services, with a number of teams working actively to ensure business continuity whilst safeguarding the health and wellbeing of both staff members and customers alike. In order to assist local businesses that were experiencing difficulties due to the pandemic, the Bank developed and launched in record timing the 'APS Jet Pack' in collaboration with the Malta Development Bank, providing a host of benefits to support its commercial and corporate customers struggling with financial difficulties brought on by the pandemic.

The Bank has further identified a number of strategic initiatives, which will enable it to achieve its corporate goals. The principal initiatives are:

i) Proposition Reviews and New Launches

More intense focus on the launching of new services and products based on customer needs and requirements. Ongoing reviews of the Bank's business lines and the customer base which will also provide the Bank with enhanced scope for its operations and prospective growth.

During such periods, the Bank is also reviewing and revising its product suite in order to ensure relevance and structure, in line with the latest market regulations and demands.

ii) Business Transformation

The Bank has embarked on a business transformation programme that aims at offering a simpler and more personal customer journey. At the same time, the programme is expected to deliver optimal operational efficiencies throughout the organisation. To achieve this goal, the Bank has launched a Business Process Re-engineering programme with a dual focus on the on-boarding process (that is, the process of becoming a customer of the Bank) and the home loan application process (the most important product line of the Bank). A dedicated Programme Management Office has been set up, with the responsibility of providing governance and leading the implementation of a portfolio of projects that are expected to improve the customer experience, increase revenue, reduce expenses and enhance business efficiency.

iii) Corporate Culture Change Management Programme

The Bank acknowledges the important role that corporate culture plays in the Bank's transformational journey. The Bank believes that a fundamental element of its continued success as a banking institution is the existence of this corporate culture that brings together its ethos, and that encourages innovation, team spirit, openness, ownership, customer centricity, respect, collaboration and an agile mind-set.

The Bank's 'Corporate Culture Change Management Programme' provides a set of tools to ensure the definition and development of such a culture (communication of the strategy, vision, mission & values, employees' engagement). The delivery of the programme is done through internal communication initiatives (townhall meetings, a Values aide-memoire, the Bank's internal newsletter) but also during the performance evaluation cycle. Occasions where the Bank's corporate culture is promoted and nurtured include training, recruitment, interaction with senior management and Directors, project management and customers / communities' engagement. On each of these occasions, the Bank's values and culture guide the decisions that are taken, and the way things are done.

As part of this programme, the Bank has developed an 'APS Culture Deck' that presents the Bank's corporate culture as "*the way we work at APS Bank*" and this has been rolled out across the organisation.

iv) Training Programme

The Bank is on an ongoing basis designing training programmes with the objective of aligning the Bank's culture to better embrace an agile mind-set. This programme is designed to improve the way things are done at the Bank, focusing primarily on improving customer experience, driving process and procedural efficiencies, and reducing time to market for new products and services, all the while reflecting the Bank's core values of excellence, authenticity, passion, inclusivity and being contemporary.

Financial objectives

In executing its strategy over a rolling three-year period, the Group embarks on a number of projects and initiatives to achieve its objectives and generate adequate returns to shareholders. Throughout the forthcoming three-year period (2022-2024) the Group is aiming to:

- grow the Bank's loan book by an average 10% to 15% annually;
- reduce cost of funds within a range of 38 basis points to 43 basis points;
- grow revenue from interest and non-interest sources by an average 10% to 15% annually;
- maintain operating cost growth within a range of 7% to 10% annually; and
- generate annual return on average equity between 6% to 9%.

4.4. Material Investments

During the last three years, the Bank made a material investment in, IVALIFE. IVALIFE was incorporated in 2019 and is licensed by the MFSA to undertake insurance business activities in terms of the Insurance Business Act. The Bank holds 25% of the issued share capital of IVALIFE and the Bank's total investment in IVALIFE between 2019 and 2021 amounted to approximately €1.9 million in respect of share capital and general start-up costs.

4.5. Regulatory Environment

The Bank operates in a complex regulatory environment. It is subject to various laws and regulations, a number of which are described below, including a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. Recent and future changes

in the laws and regulations applicable to the Bank and its operations, including those applicable to credit institutions, may have a significant impact on the Bank and its operations.

Banking Regulatory Framework

The CRD Packages

In 2013, the European Union adopted the 'CRD IV Package', the third set of amendments to the original capital requirements directive (CRD), following two earlier sets of revisions adopted in 2009 (CRD II) and 2010 (CRD III). The CRD IV Package was intended to implement into EU law the majority of the international standards agreed by the Basel Committee on Banking Supervision (BCBS) in 2010, known as Basel III framework. The CRD IV Package is comprised of an EU Directive (CRD IV) governing the access to banking activities and an EU Regulation (CRR) establishing the prudential requirements that institutions need to respect.

The CRD IV Package impacted the prudential regulatory regime applicable to banks with effect from 1 January 2014, including through: (i) increased minimum levels of capital and additional minimum capital buffers; (ii) enhanced quality standards for qualifying capital; (iii) increased risk weighting of assets, particularly in relation to market risk and counterparty credit risk; and (iv) the future introduction of a minimum leverage ratio.

The CRD IV Package has been amended through the CRD V Package, which was published in the Official Journal of the European Union on 7 June 2019. The CRD V Package consists of an additional EU Regulation (CRR II amending the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements) and an EU Directive (CRD V amending the CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures). The CRD V Package was adopted with the aim of addressing those elements of the Basel III framework which were still to be fully implemented as well as introducing EU-specific amendments that are not driven by Basel III framework or other international standards.

The majority of CRR II provisions were applicable as from 28 June 2021, with certain provisions applicable both before and after that date. The deadline for the transposition of CRD V into local legislation was the 28 December 2020 with staggered implementation dates: certain provisions were to be applied from 29 December 2020, others were to be applied from 28 June 2021 and others are to apply from 1 January 2022 respectively. The CRD V was transposed into Maltese law on 28 December 2021, mainly through the enactment of Act LXXI of 2021 and Act LXXII of 2021.

Furthermore, on 27 October 2021, the European Commission published a proposed review of EU banking rules (the Capital Requirements Regulation III and the Capital Requirements Directive VI) which finalises the implementation of the Basel III agreement in the EU. The latter is still subject to discussion at EU level. It provides for enhancing the way banks measure and manage Environmental, Social and Governance risks and requires disclosures on the area. This includes regular climate stress testing by both supervisors and banks. Other amendments relate to the fit and proper framework, operational risk management and risk weighting of residential mortgage exposures.

BRRD and SRMR

The BRRD was published in the Official Journal of the European Union on 12 June 2014 and came into force on 2 July 2014. The SRMR, which complements the BRRD, subsequently entered into force on the 19 August 2016. The BRRD establishes a framework for the recovery and resolution of credit institutions and certain investment firms. It establishes a legal regime which requires firms to prepare recovery plans and resolution authorities to prepare resolution plans and provides competent authorities with early intervention powers to intervene sufficiently early and quickly in an unsound or failing institution.

In addition, once it is determined that an institution is failing or likely to fail, the BRRD gives resolution authorities powers and tools intended to ensure the continuity of critical functions, to safeguard the resolution objectives and to manage the failure of an institution in an orderly manner if deemed to be in the public interest.

The Single Resolution Board (the "**SRB**") is the central resolution authority within the banking union. Together with the National Resolution Authorities (the "**NRAs**"), it forms the SRM. The NRAs are the resolution authorities of the participating Member States of the banking union, which are empowered to exercise resolution powers over banks within their own remit and, in compliance with a resolution scheme adopted by the SRB, over the banks within the SRB's remit. The SRB and the NRAs cooperate closely with each other within the SRM and exercise their respective powers and tasks in terms of the provisions of the SRMR.

Normal insolvency proceedings are the default outcome in the event of a bank failure, unless the resolution authorities consider that resolution action is feasible and credible in the circumstances. Before deciding whether or not to take resolution action, a Public Interest Assessment (the "**PIA**") needs to be carried out by the resolution authorities in order to analyse the feasibility of

winding up a bank under normal insolvency proceedings as well as to assess the feasibility of any foreseen resolution action. The PIA builds on the preliminary public interest assessment carried out during the resolution planning phase and is specific to each case, as it considers the national insolvency proceedings and the preferred resolution strategy that would be applied to the bank should it be resolved.

The resolution powers provided to the SRB and the NRAs include write-down powers to ensure relevant capital instruments absorb losses upon, amongst other events, the occurrence of the non-viability of the relevant institution or its parent company, as well as a bail-in tool comprising a more general power for resolution authorities to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity. The BRRD also requires banks to meet a minimum requirement for own funds and eligible liabilities ("**MREL**") so as to be able to absorb losses and restore their capital position, allowing banks to continuously perform their critical economic functions during and after a crisis.

On 23 November 2016, the European Commission released proposals to revise both the SRMR and the BRRD, which proposals resulted in the SRMR II and BRRD II being published in the Official Journal of the European Union on 7 June 2019. SRMR II entered into force on 28 December 2020 and BRRD II had to be transposed by European Union Member states into national law by no later than 28 December 2020. SRMR II incorporates the amendments to the BRRD at the level of the SRM. BRRD II aims to enhance the framework for bank resolution by, among other things, adjusting the MREL of resolution entities and subsidiaries to align it with the Total loss Absorbing Capacity ("**TLAC**") standard. The more stringent new rules aim to increase the bail-in capital available in case of a bank resolution, thus improving resolvability and consequently reducing the risk of public funds being used for bank resolutions and therefore creating a closer balance between liability and control. Furthermore, the BRRD II includes other reforms unrelated to TLAC or MREL such as amendments to requirements on the contractual recognition of bail-in, the introduction of a new moratorium power for resolution authorities and the introduction of requirements on the contractual recognition of resolution stay powers.

The Recovery & Resolution Regulations, transpose into Maltese law the provisions of the BRRD. The Recovery & Resolution (Amendment) Regulations transpose the BRRD II into local legislation by amending the Recovery & Resolution Regulations. Pursuant to article 7B of the MFSA Act, the Board of Governors of the MFSA acts as the Resolution Authority for the purposes of article 3 of the BRRD. The Resolution Authority has appointed a Resolution Committee which shall have all the powers assigned to the Resolution Authority under the BRRD and whose composition, powers and functions are governed by provisions set out in the First Schedule to the MFSA Act and the Recovery & Resolution Regulations. The Recovery & Resolution Regulations provide for various powers and tools of the Resolution Committee in the event that the Resolution Committee considers that all of the conditions set out in Regulation 32 of the Recovery & Resolution Regulations are met. In certain instances, the Resolution Committee needs to work hand in hand with the SRB. The SRB assesses, in cooperation with the NRAs, the resolvability of banks and drafts resolution plans for banks falling under its direct supervision. The SRB also has an oversight function on the resolution plans drafted by the respective NRA for banks falling within the NRA's remit. The SRB is responsible for the resolution of systemically important institutions and the relative NRA would be entrusted with the implementation of the resolution scheme adopted by the SRB. In the case of banks falling under the direct supervision of the NRAs, the latter would be responsible for the resolution of the bank in question. In the case of credit institutions that meet the applicable conditions for resolution, the SRB or the Resolution Committee, as the case may be, has the following tools available at its disposal: (i) the sale of business tool: enabling the SRB or the Resolution Committee, as the case may be, to affect a sale of the whole or part of the business; (ii) the bridge institution tool: providing for a temporary bridge institution to continue to provide essential services to clients of the institution under resolution; (iii) the asset separation tool: enabling the transfer of 'bad' assets to a separate asset management vehicle. This tool can only be used in conjunction with any other tool; and (iv) the bail-in tool: ensuring that most unsecured creditors bear losses and bail-in the institution under resolution.

The SRB or the Resolution Committee, as the case may be, must exercise the power to write down and convert shares and other capital instruments immediately before or together with the application of a resolution tool. The power to write down or convert capital instruments may be exercised by the SRB or the Resolution Committee, as the case may be, either: (i) independently of resolution action; or (ii) in combination with a resolution action, where the conditions for resolution are met. Regulation 34 of the Recovery & Resolution Regulations sets out a number of general principles which are applicable when applying such resolution tools and exercising such resolution powers, including that (i) the shareholders of the institution under resolution bear first losses and (ii) the creditors of the institution under resolution bear losses after the shareholders in accordance with the order of priority of their claims under normal insolvency proceedings, save as expressly provided otherwise in the Recovery & Resolution Regulations.

The SRB or the Resolution Committee, as the case may be, has very wide powers as necessary to apply the resolution tools (which include the sale of business tool, the bridge institution tool, the asset separation tool and the bail-in tool described above), including, but not limited to: (i) the power to take control of an institution under resolution and exercise all the rights and powers conferred upon the shareholders, other owners and the board of directors of the institution under resolution; (ii) the power to transfer shares or other instruments of ownership issued by an institution under resolution; (iii) the power to transfer to another entity, rights, assets or liabilities of an institution under resolution; and (iv) the power to reduce, including

to zero, the nominal amount of shares or other instruments of ownership of an institution under resolution and to cancel such shares or other instruments of ownership.

Depositor Compensation

The Depositor Compensation Scheme Regulations (Subsidiary Legislation 371.09 of the laws of Malta, “**DCSR**”) require that each Maltese credit institution participates in the Depositor Compensation Scheme (the “**DCS**”), which collects and administers the contributions of the member credit institutions, such as the Bank, and settles any compensation claims of depositors in accordance with the DCSR.

Under the DCSR, the DCS is liable for obligations resulting from deposits denominated in any currency in an amount of up to €100,000 per depositor and credit institution, subject to such deposits being classified as ‘eligible deposits’ under the DCSR. Contributions and commitments made to the DCS by Maltese credit institutions are also governed by Banking Rule 18 of 2016, ‘Risk-Based Method’ and the ‘Compensation Contribution Method’ under the Depositor Compensation Scheme Regulations, and Banking Rule 19 of 2016, Banking Rule on ‘Payment Commitment’ under the Depositor Compensation Scheme Regulations.

On 24 November 2015, the European Commission proposed a regulation to establish a European Deposit Insurance Scheme (“**EDIS**”) for deposits of all credit institutions which are members of any of the current national statutory depositor compensation schemes of EU Member States participating in the Banking Union. The EDIS remains at proposal stage as at the date of this Prospectus.

Payment Services Directive

Directive (EU) 2015/2366 on payment services in the internal market (known as “**PSDII**”) entered into force in January 2016 and this was transposed into local legislation on the 13 January 2018 by means of CBM Directive no 1 (repealing the previous CBM Directive no. 1). PSDII seeks to enhance consumer protection when effecting online payments, whilst at the same time promoting the use of innovative online and mobile payment solutions. The major change brought about by the PSDII is the opening up of regulating “account information services” and “payment initiation services” and thus obliging banks to provide third party payment service providers access to customers’ payments accounts which are accessible online. The regulation of payment services continues to generally evolve through the issuing of specific Regulatory Technical Standards in this area by the European Banking Authority and any payment services initiatives undertaken by the Bank will need to be undertaken within this regulatory context.

Consumer Credit and Credit Agreements relating to Residential Immovable Property

In the offering of any consumer credit products, the Bank is required to comply with the Consumer Credit Regulations, S.L. 378.12 which, amongst others, implement the provisions of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers. In addition, other credit agreements may be subject to the Credit Agreements for Consumers Relating to Residential Immovable Property Regulations, S.L. 378.10. The purpose of the latter Regulations is to implement Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010. Both sets of Regulations include, amongst others, obligations relating to making available pre-contractual information to prospective borrowers, mandatory information to be included in the credit agreement and the rights of borrowers during the subsistence of a credit agreement.

Investment Services Regulation

The Bank is also authorised under the Investment Services Act to provide certain investment services (primarily receipt and transmissions of orders, investment advisory, management and nominee services) to all types of clients. As an investment services licence holder, the Bank is also subject to extensive Maltese and European legislation (notably MiFID II and MiFIR) and regulatory rules and guidance in relation to such services, which regulate (among other things), the authorisation and operating conditions for investment firms as well as conduct of business and investor protection obligations.

The Bank is also a participant in the Investor Compensation Scheme established under the Investor Compensation Scheme Regulations (S.L. 370.09 of the laws of Malta) (the “**ICS**”) and is required to contribute to same periodically. Subject to relevant eligibility criteria and limits, the ICS covers claims by investors of investment services licence holders who, as a result of insolvency or otherwise, are unable to repay monies owed to investors, return investments held on behalf of those investors, or settle any compensation awarded by the Arbitrator.

Insurance Distribution

The Bank is enrolled as a Tied Insurance Intermediary under the Insurance Distribution Act 2018 as follows: (a) Class 1 – ‘Life and Annuity’ for IVALIFE; and (b) Class 3 – ‘Linked Long Term’ for Mapfre MSV Life plc (C 15722).

As a result, the Bank is subject to Directive (EU) 2016/97 (the Insurance Distribution Directive, transposed locally through the Insurance Distribution Act), which regulates the taking-up and pursuit of (re)insurance distribution activities in the European Union. The Insurance Distribution Directive lays down the framework within which insurance intermediaries (including *inter alia* tied insurance intermediaries) are allowed to operate, and is generally geared towards protecting consumers by ensuring that insurance products meet the needs of the specific market targeted for distribution. This is largely achieved by subjecting the manufacturers of insurance products to rigorous product oversight and governance requirements, thereby mitigating the risk of mis-selling of insurance products in the market.

Financial Markets Regulation

As a listed entity, the Bank is also subject to an array of financial markets legislation, such as the Capital Markets Rules, the Transparency Directive (which is mainly transposed in the Capital Markets Rules), and Market Abuse Regulation. Following the listing of the Shares on the Official List, the Bank will also be subject to the provisions of the Shareholder Rights Directive (also transposed into the Capital Markets Rules). All of these laws are designed to ensure transparency on the financial markets and enhance investor confidence.

The Competent Authority supervises the Bank in relation to its compliance with the Capital Markets Rules and all other financial markets legislation to which the Bank is subject. The Competent Authority has extensive supervisory and investigatory powers, including the ability to issue requests for information, to conduct regulatory investigations and on-site inspections, to impose monetary and other sanctions, or to suspend the trading of the securities of the Bank. The Bank, in relation to all European securities laws applicable to it, is also subject to various technical standards, guidelines and recommendations developed by the European Securities and Markets Authority (ESMA) and which are also followed and enforced by the Competent Authority in its supervision of the Bank and other listed entities.

Capital Markets Rules and Transparency Directive

As an issuer of securities (the Bonds) listed on the Official List, the Bank is already subject to the Capital Markets Rules which, apart from setting out various rules regarding applications for admissions to listing, also set out various continuing obligations which issuers such as the Bank must observe for as long as their securities remain listed on the Official List. These continuing obligations are set out in chapter 5 of the Capital Markets Rules, which chapter transposes the relevant provisions of the Transparency Directive as well as Commission Directive 2007/14/EC.

The principle continuing obligations to which the bank is subject in terms of the Capital Markets Rules, as well as the Transparency Directive, are (i) the obligation to publish annual and half-yearly financial statements, together with the necessary directors’ and/or auditors’ reports, and (ii) the obligation to publicly disclose certain key information relating to the Bank and its listed securities, as and when such information arises.

Shareholder Rights Directive

The Shareholder Rights Directive (as transposed into the Capital Markets Rules) establishes certain transparency, participation and other requirements designed to encourage and facilitate shareholder engagement and the exercise of certain shareholder rights at general meetings. Among other things, it will also require (following the listing of the Shares on the Official List) the Bank to establish a remuneration policy for Directors that must be approved by shareholders in general meetings and to prepare an annual remuneration report.

Market Abuse Regulation

Given that the Bonds are listed on a regulated market, the Bank and its officers, as well as anybody who deals in the Bonds, is already subject to the prohibitions and obligations set out in the Market Abuse Regulation. In this respect, the Market Abuse Regulation prohibits (i) insider dealing, (ii) the unlawful disclosure of inside information, and (iii) market manipulation, which collectively constitute ‘market abuse’. Furthermore, the Market Abuse Regulation requires the Bank to (a) publicly disclose inside information as soon as possible, and (b) draw up a list of all persons who have access to inside information and who are working for it under a contract of employment, or otherwise performing tasks through which they have access to inside information. Furthermore, certain categories of the Bank’s employees who are considered to be persons discharging managerial responsibility (e.g. the Board and other senior officials) as well as persons connected to them (such as their spouses), are required to notify the Bank, as well as the MFSA, of any transaction/s in the Bank’s listed securities within three business days of the transaction.

Benchmark Regulation

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**"), other interest rates and other types of indices and reference items used as benchmarks have recently been the subject of national and international regulation and reform proposals. Some of these reforms are already effective whereas others are still to be implemented.

In particular, Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU.

Among other things, the Benchmarks Regulation (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (including the Bank) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed), unless such benchmark administrators are exempt from the application of the Benchmarks Regulation, such as, for example, central banks and certain public authorities.

It is not possible to predict whether, and to what extent, benchmarks (including EURIBOR) will continue to be published going forwards or will continue to be calculated and published based on their current methodology.

On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area, which rate was published for the first time on 2 October 2019. Although EURIBOR has been reformed to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

As a result, the Bank has introduced fallback provisions in contracts that reference EURIBOR establishing the process to identify a replacement rate to EURIBOR so that in the event that EURIBOR is discontinued, ceases to be made available or generally may no longer be used, the €STR rate (inclusive of any spreads or adjustments) shall apply instead of EURIBOR.

For LIBOR rates, the relevant supervisors have already announced the cessation of the publication of LIBOR after the end of 2021. As a result, the Bank has introduced fallback provisions in contracts that reference LIBOR, with a maturity date beyond 31 December 2021 establishing the process to identify appropriate replacement rates for LIBOR across its various currencies. For GBP LIBOR, the Sterling Over Night Indexed Average ("**SONIA**") rate (inclusive of any spreads or adjustments) shall apply and for USD LIBOR, the Secured Overnight Financing Rate ("**SOFR**") rate (inclusive of any spreads or adjustments) shall apply.

The Benchmarks Regulation was further amended by Regulation (EU) 2021/168 of the European Parliament and of the Council of 10 February 2021 which introduces a harmonised approach to deal with the cessation or wind-down of certain benchmarks by conferring the power to designate a statutory replacement for certain benchmarks on the Commission or the relevant national authority, such replacement being limited to contracts and financial instruments which contain no fallback provision or no suitable fallback provisions before the date of cessation of the benchmark concerned.

Other Regulation

Prevention of Money Laundering and Funding of Terrorism

The Bank is subject to the money laundering regime aimed at preventing money laundering and the funding of terrorism, contained mainly in the PMLA, the PMLFTR, the Criminal Code (Chapter 9 of the laws of Malta), the Implementing Procedures issued by the FIAU in terms of the PMLFTR and the National Interest (Enabling Powers) Act (Chapter 365 of the laws of Malta). Collectively, these rules and regulations aim to implement the EU Directives on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

These rules and regulations require, among others, the Bank to adequately identify and verify customers and ultimate beneficial owners where applicable, through rigorous identification and verification procedures, subject to adopting a risk-based approach, conduct customer due diligence (including sanctions and politically exposed persons screening), maintaining up-to-date customer records, and to design, implement and review internal controls, processes, procedures and policies for the ongoing monitoring and evaluation of customers and the risks associated with establishing and maintaining relations with its customers. In addition, the Bank is required to comply with its obligation to detect and report suspicious transactions and other activities to the relevant competent authority.

Data Protection

The GDPR came into full effect from 25 May 2018 and replaced the previous EU Directive 95/46 EC. The GDPR applies to all banks established in the European Union or who otherwise provide services to European citizens. As an EU Regulation, the GDPR is directly applicable into Maltese law without the need for any local transposition.

On 28 May 2018, Malta enacted the Data Protection Act (Chapter 586 of the laws of Malta), which replaced the previous Data Protection Act (Chapter 440 of the laws of Malta) and was used to further specify certain provisions of the GDPR.

The GDPR introduced increased obligations on data controllers and enhanced rights for data subjects. The requirements of these laws affect the Bank's ability to collect, handle, store, retain, process, and use personal data as well as transfers of personal data to countries that do not have adequate data protection laws. The GDPR also requires data controllers to demonstrate and record compliance with the GDPR as well as report breaches to the Data Protection Commissioner (Malta's supervisory authority for GDPR purposes) without undue delay (within 72 hours, where feasible) and, in certain cases, to the individuals whose data has been implicated by the breach. Other various obligations arise from the GDPR, including in relation to data protection impact assessments, data subject rights, the use of adequate technical and organisational measures, the conditions on which processors may be engaged, ensuring data protection by design and by default within their organisation.

The GDPR, as supplemented by the revised Maltese Data Protection Act, also provide for separate tiers of administrative fines in the event of an infringement. The amounts that are contemplated by these tiers are significant and sizeable, but they also represent maximum limits, and the imposition of a fine is not an automatic consequence for non-compliance. The Data Protection Commissioner may at its discretion utilise other corrective measures, if considered by it to be more proportionate in the circumstances. Furthermore, the GDPR also identifies a list of points to consider when investigating an alleged infringement, including the nature, the risk, severity and the duration of the infringement. Criminal penalties are also envisaged in certain exceptional and particularly severe cases set out at law, such as where a person does not comply with any lawful request pursuant to an investigation by the Data Protection Commissioner.

4.6. Employees

The average number of persons employed by the Bank at the end of each of 2019, 2020 and 2021 and as at the date of this Prospectus are as follows:

Year	Date of Prospectus	2021	2020	2019
Number	530	508	476	396

All the Bank's employees are situated in Malta.

4.6.1. Employee Share Incentive Programme

On 28 April 2022, the Bank's shareholders approved the establishment of an executive share incentive plan for the period 2022 – 2026 (the "**Plan**") which contains a set of rules governing the Plan (the "**Rules**").

Under the Plan, the Bank may award ordinary shares to certain employees. The employees who are eligible to benefit under the Plan ("**Eligible Employees**") are to be determined and identified by the Board, at its sole discretion, and include (i) identified staff; and (ii) other members or categories of staff which the Board may consider awarding shares to, provided that the number of shares allocated to the non-identified staff in a particular year under the Plan may not exceed 20% of the total ordinary shares issued under the Plan. For the purposes of the Rules, 'identified staff' is determined in line with recommended Regulatory Technical Standards of the European Banking Authority² and includes: (1) members of senior management responsible for material business units/business lines or internal control and corporate functions; and (2) other employees who are members of Board committees with collective authority to commit to risk exposures per transaction beyond 0.5% of CET1, and employees who, individually or as part of a Board committee take, approve or veto decisions on new products, material processes or material systems.

The Rules provide that shares are to be awarded to Eligible Employees depending on their performance in any applicable year, meaning that an eligible employee will only be awarded ordinary shares subject to the attainment of certain stipulated performance criteria for a particular year; the determination of which is at the Board's sole discretion.

² <https://www.eba.europa.eu/sites/default/documents/files/documents/10180/526386/c313a671-269b-45be-a748-29e1c772ee0e/EBA-RTS-2013-11%20%280n%20identified%20staff%29.pdf?retry=1>

Furthermore, the Rules provide that shares are to be awarded to Eligible Employees over a period of at least three (3) years (unless a longer period is required by law in which case the statutory minimum period shall apply) during which the shares shall vest in accordance with a vesting schedule provided by the Bank to the eligible employee. The said vesting schedule will set out the prescribed dates and portions in terms of which the ordinary shares, or part thereof, shall vest with the eligible employee, which shall in all cases remain subject to the rights of the Bank to amend, extend or cancel.

Under the Plan, the maximum aggregate number of ordinary shares which may be awarded to Eligible Employees over the entire period (2022 – 2026) is 4 million; and ordinary shares are to be awarded as bonus shares, which means that Eligible Employees will not need to pay any money to the Bank receive the ordinary shares.

The Plan also contemplates loss of benefits to varying degrees depending on the circumstances, including to those Eligible Employees who do not remain in the employ of the Group.

4.7. Material Contracts

In the last 2 years, neither the Bank, nor the Group entered into any contract, not being a contract entered into in the Bank's or the Group's ordinary course of business, giving rise to an obligation or entitlement which is material to the Bank as at the date of the Prospectus.

4.8. Dividend policy

The Bank's dividend policy prudently balances the dual objectives of appropriately rewarding risk capital held by the shareholders through dividends and retaining capital in order to maintain healthy solvency and liquidity ratios to support future growth.

The dividend policy allows for an annual dividend pay-out not exceeding more than one half of the Bank's audited profits after tax for the year. Over the forthcoming three -year period (2022 – 2024) it is the Bank's intention to distribute one-third of its post-tax profits.

In the spirit of balancing shareholders' returns with internal capital generation and regulatory requirements, the Bank may consider paying dividends by way of scrip, that is giving the option to shareholders to receive the dividend in either cash or through the issue of new shares.

The gross dividend per share paid by the Bank for each of the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019 respectively, is shown in the table below:

	Financial year ended 31 December 2021	Financial year ended 31 December 2020	Financial year ended 31 December 2019
Interim	Nil	Nil	€0.0080
Final	€0.0185	€0.0148	Nil
Total per share	€0.0185	€0.0148	€0.0080

Due to the economic uncertainties brought about by the COVID-19 pandemic, the European Central Bank and the Malta Financial Services Authority instructed banks not to distribute a final dividend in respect of the financial year ended 31 December 2019.

Given that (a) in 2020 the nominal value of the Bank's shares was reduced from €1.25 to €0.25 per Share, and consequently the number of issued shares was increased pro rata; and (b) on 14 May 2021, the Bank issued an aggregate of 696,461 ordinary shares to two of its existing shareholders as scrip dividend in lieu of a cash dividend, the number of shares used to calculate the dividend per share in the table above has been adjusted to make it comparable.

4.9. Legal and arbitration proceedings

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

5. FINANCIAL INFORMATION

5.1. Historical Financial Information

The Bank's consolidated audited financial statements for financial years ended 31 December 2019 (FY2019), 31 December 2020 (FY2020) and 31 December 2021 (FY2021) shall be deemed to be incorporated by reference in, and form part of, this Prospectus. These financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and endorsed by the European Union, and are available for inspection at the Bank's registered office and on the Bank's website (<https://www.apsbank.com.mt/financial-information>) as set out in section 13 of this Prospectus.

The Bank publishes half-yearly condensed interim financial statements which are prepared in accordance with IAS34 Interim Financial Reporting, as adopted by the EU. These condensed interim financial statements are reviewed in term of ISRE2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The Bank also publishes quarterly financial updates, in the form of brief extracts from the Group's quarterly unaudited financial statements presented to the Board. The most recent quarterly updates published by the Bank relate to the three-month period ended 31 March 2022 and are available on the Bank's website (<https://www.apsbank.com.mt/company-announcements>).

As at the date of this Prospectus there has been no significant change in the financial position of the Bank since 31 December 2021 (being the date of the Bank's last published audited financial statements).

Key References

The following table provides a list of cross-references to specific items of information in the Bank's consolidated audited financial statements for financial years ended 31 December 2021, 31 December 2020 and 31 December 2019.

Information incorporated by reference in the Prospectus	Page Number in annual consolidated financial statements		
	Financial year ended 31 December 2021	Financial year ended 31 December 2020	Financial year ended 31 December 2019
Consolidated Statements of Profit or Loss	58	25	27
Consolidated Statements of Financial Position	60	27	29
Consolidated Statements of Cash Flows	63	30	32
Notes to the Consolidated Financial Statements	64	31	33
Independent Auditors' Reports	181	20	24
Directors' Report	16	2	2

5.1.1. Key Financial Information

The following table sets out key financial information extracted from the audited consolidated annual financial statements of the Group for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019.

The Group's consolidated financial information includes the consolidation of the Bank and its subsidiaries – APS Diversified Bond Fund, APS Global Equity Fund and ReAPS – and the result from its associate ventures. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

For financial year ended 31 December	2021	2020	2019
Net interest income to interest bearing assets	1.80%	2.08%	2.12%
Operating income to average equity	29.57%	28.50%	33.92%
Operating income to average own funds	26.17%	26.82%	36.57%
Operating income to average total assets	2.42%	2.47%	2.79%
Profit after tax to average equity	7.07%	5.07%	11.71%
Profit after tax to average own funds	6.26%	4.77%	12.63%
Cost to operating income ratio	65.40%	61.95%	53.55%
Funds under APS SICAV plc management (€000)	195,600	180,800	170,882
Average number of employees	508	476	396

Financial Years 2019-2021

In the financial year ended 31 December 2021, the Group posted €15.1 million profit after tax, a significant increase of 49.7% over FY2020 and yielding a return on average equity of 7.1%. It is important to note that FY2020 was heavily impacted by an unprecedented economic scenario as a result of the COVID-19 pandemic, and this after the record profits registered in FY2019. During FY2021, businesses continued to be dominated by the pandemic disruptions brought about by the COVID-19 virus, especially due to the detection of new virus variants which disrupted economic plans. Approved vaccination and booster programmes aided in controlling the virus transmission, as these were administered to the wider community and led to phased liftings of restrictions. Nevertheless, specific sectors are still faced with notable challenges especially those most impacted by the pandemic as they continue to face the volatile market. Against this backdrop, with Malta-bound tourists' arrivals on the increase over the 2021 summer and the economic momentum gradually improving leading to the December 2021 festive period, the Group's operating profit maintained its momentum. The financial results recorded for the year affirm the Group's resilience and strength of its business model during these unprecedented times. Guided by its vision to be the Community Bank in Malta and its core values, the Group continued to support the local community, ensuring their business continuity, and lessening the impact of the current economic climate.

Net interest income remains a key pillar for the Group's revenue mix with a total of €55.4 million generated in FY2021, rising by €6.5 million or 13.3% and 24.2% over FY2020 and FY2019 respectively. This has been largely driven by the interest receivable on loans and advances which for the reporting period grew by 12.0% as a direct result of the growth in the Group credit lending book. Interest expense remained consistent with FY2020 and FY2019 levels albeit the significant growth in customer deposits. This demonstrates the Group's efficient asset-liability and cost of funding management, aiming to protect net interest margins.

In the financial year ended 31 December 2021, net fee and commission income totalled €7.0 million, an increase of 34.3% or €1.8 million higher than FY 2020 (FY2019 9.2%). Fee and commission income recorded during the financial year ended 31 December 2021 was €9.0 million, affected by the growth in customer base and increased service provision, in particular the provision of credit, cards, and investment services. Moreover, during the financial year ended 31 December 2021 the Bank started earning additional fees and commissions from its pension plans which schemes were launched in late 2020. Fee and commission expense increased by €0.4 million, totalling €2.0 million during the year. This mainly consists of card charges, pension scheme fees and payment fees.

Other operating income for the financial year ended 31 December 2021 was €0.8 million, a reduction of €0.3 million and €4.2 million from FY2020 and FY2019 respectively. This was largely attributable to dividend income and net gains on foreign exchange which in aggregate posted total revenue of €2.2 million. Counterbalancing this was the loss on financial instruments due to changes in fair values and the impairment of €0.4 million realised on revalued property. FY2019 was marked by a one-off gain on financial instruments of €4.0 million.

Impairment against expected credit losses amounted to a writeback of €1.5 million as opposed to the charge of €5.5 million posted in FY 2020 (FY 2019 €1.1 million). This was largely due to the performance on customer loans and advances which at close of FY2020 had a significant increase in credit risk. During the financial year ended 31 December 2021, the Group continued

assessing updated information and client performance especially in relation to the impact of COVID on the credit portfolio, with a net write-back on the credit loss estimates made in FY2020. This evidently reflects the Group's risk appetite, quality of the loan book and its vigilant approach on credit lines aligned by its conservative lending policies.

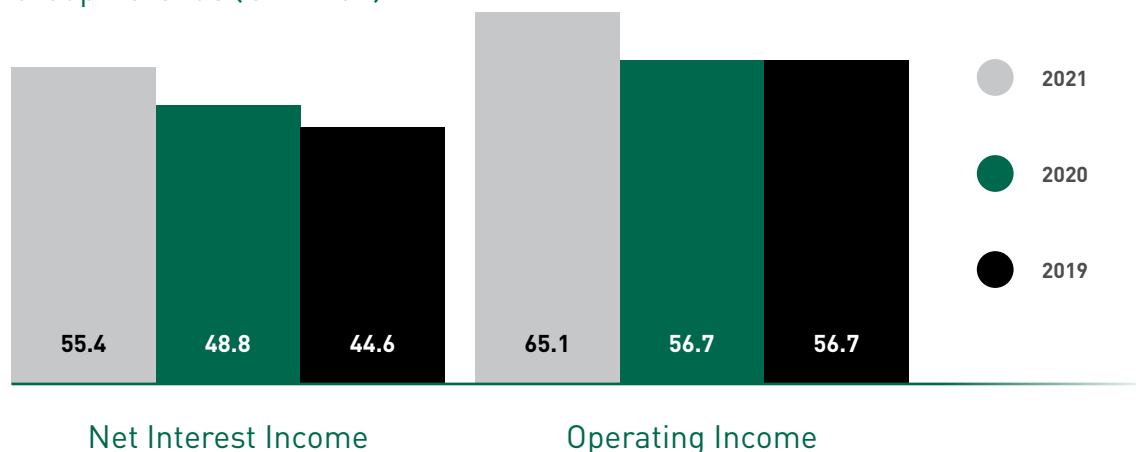
Operating expenses for FY2021 amounted to €40.6 million increasing by €7.0 million and €10.6 million when compared to the €33.6 million and €30.0 million respectively during the previous year and FY2019. Staff costs remains one of the key sources to the increase as the Group continues investing in its human capital to sustain its operational growth and to continue absorbing the ever increasing and more stringent regulatory and compliance requirements. In addition to this, several projects are in motion, targeted to improve the overall customer experience and the Group's position within the industry. The Group's cost-to-income ratio increased by 3.4% to 65.4% after increasing by 15.7% in the previous period. This affirms the management's approach to provide high quality service with optimised operational cost levels.

ReAPS, being the investment manager of APS Funds SICAV, generated €0.5 million profit before tax, thus more than doubling the profit registered for FY 2020. Notwithstanding the challenges faced and the impact on financial markets by the pandemic, the total net assets managed by APS Funds SICAV stood at €195.6 million, growing by 8.2% over FY2020 and 14.5% over FY2019.

The share of profits from the associated investments in the APS Regular Income Ethical Fund and the APS Income Fund amounted to €0.3 million over the reporting period (FY2020: €0.3 million loss). In turn, the Group is recognising its share of loss of €0.2 million in IVALIFE, a life insurance company in which the Bank has a 25% investment. It is expected that IVALIFE will turn profitable in the foreseeable period after absorbing the initial set up costs and generating further growth in business. IVALIFE started its operations in February 2021.

The figure below depicts the Group's net interest income and operating income over the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019, respectively.

Group Revenue (€ million)



Financial Position

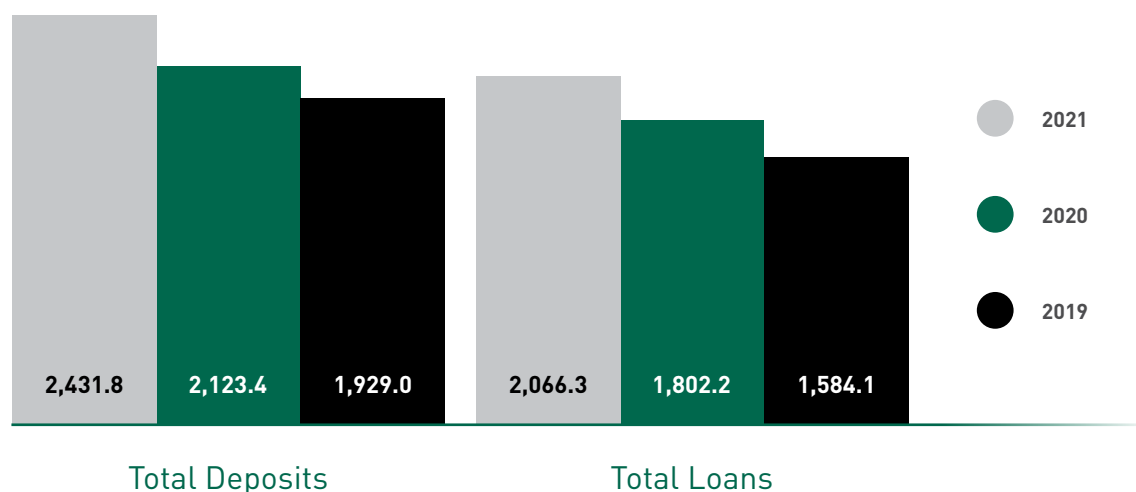
At Group level, total assets amounted to €2.8 billion expanding by a further €374.0 million or 15.4% over the €2.4 billion at the end of 2021. As of 31 December 2021, loans and advances stood at €2.1 billion, growing by €264.2 million or 14.7% over FY2020. This increase was mainly attributable to loans and advances to customers and the syndicated loan book which contributed to 65.0% of this growth in assets. The demand for home steered this expansion by largely contributing to this increase, followed by commercial lending. Syndicated loans portfolio also grew by 18.7% to €134.3 million over FY2020, thus enabling the Group to continue with its strategic objective to diversify the lending portfolio from both a sectorial and geographical perspective. Additional balance sheet growth resulted from the Group's treasury portfolios, of which a further €99.4 million in liquidity balances were placed with the Central Bank of Malta. This is the result of the strength the 'APS' brand in the local community in being able to continue attracting liquidity from the market.

The Group's total liabilities stood at €2.6 billion as at 31 December 2021. Key pillars to this growth were customer deposits, followed by increased balances owed to banks. With additional liquidity being available across the whole banking system, amounts owed to customers expanded by €308.3 million over FY2021 - with overnight deposits largely contributing to this growth in line with the Group's objective to further diversify its funding mix between overnight and term deposits. Overall liquidity also remained well above the regulatory requirements and stands in an efficient zone in terms of risk versus return with a year-end Liquidity Coverage Ratio of 139.8% (31 December 2020: 138.0%).

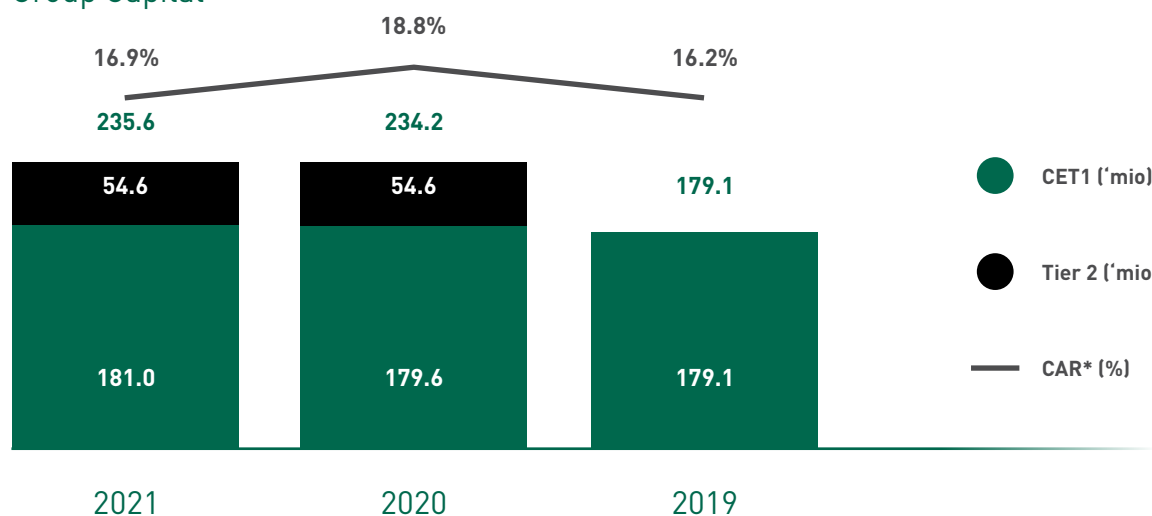
The Group's equity as at 31 December 2021 amounted to €220.8 million, rising by €14.6 million or 7.1% over FY 2020. Capital adequacy ratios are being managed in line with the regulatory thresholds including buffers, with CET1 ratio at 12.96% and the capital adequacy ratio at 16.86% (31 December 2020: 14.43% and 18.82% respectively).

The figures below depict: (a) a comparison of the Group's total loans and total deposits over the financial years ended 31 December 2019, 2020 and 2021 respectively; and (b) a comparison of CET1 and Tier 2 Capital over the financial years ended 31 December 2021, 2020 and 2019, respectively.

Group Loans & Deposits (€ million)



Group Capital



*CAR: capital adequacy ratio

5.1.2. Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Operating results of all operating segments are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group has four reportable segments, as reported below. Based on internal reporting submitted to the Board, during the current reporting period, the 'Investments' segment was further split into two (as shown below). In identifying segments, management follows the Group's service lines which make up its main products and services.

Retail: offers a broad range of products and services to meet the personal banking of individual customers. This includes home loans, personal loans, overdraft facilities and deposits products.

Commercial: offers banking products to meet the needs of commercial customers. This includes all lending facilities falling under the suite of the commercial products as well as deposit products.

Investment services: provides a range of products and services to meet the investment need of clients including a broad range of investment and insurance products, as well as the pension plan product and discretionary investment services.

Liquidity management and structured loans: includes the management of the financial investments portfolio, correspondent bank relationships and the trade finance and syndicated loan portfolios.

Each of these operating segments is managed separately as each requires a different client approach and expertise. As for intersegment transactions, the 'Retail' segment is being compensated for unutilised deposits which are being used by other segments as follows; the 'Investment Services' segment amounts to €0.50 million, the 'Commercial' segment amounts to €3.91 million and the 'Liquidity Management and Structured Loans' segment amounts to €5.83 million. The compensation rate is based on the price charged to unrelated customers in a stand-alone sale of identical services. The total amount of the intersegment transactions amount to €10.23 million.

In addition, several costs, assets, and liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment but rather included within the below table under the unallocated items. This primarily applies to the following items which are not included in the tables hereunder:

- salaries pertaining to staff contributing to other cost centres;
- recurrent costs of maintenance agreements for software and hardware support, attributed to other cost centres;
- depreciation charge of fixed assets attributed to other cost centres;
- property and equipment; and
- other assets and liabilities which include tax liability, accruals and accrued income.

All revenues, investment properties, property and equipment, intangible assets and right of use assets are attributed to Malta. The information in this section is based on internal management reports that are reviewed by the Group's executive committee.

The table below provides a breakdown of the Group's total revenues by operating segment for the financial years ended 31 December 2019, 2020 and 2021 respectively.

Operating segment	FY2021 €000	FY2020 €000	FY2019 €000
Retail	36,858	31,026	27,209
Commercial	28,144	25,790	22,262
Investment services	4,019	3,895	4,548
Liquidity management and structured loans	9,057	8,200	12,012
Unallocated	412	411	229
Total	77,681	69,340	66,260

5.1.3. Financial Year 2022

As the Maltese economy adapts to the new contours of the post-COVID era, the return to normality seems more likely when compared to last year. This can be noted as economies across both Europe and in Malta are being gradually brought back to pre-pandemic levels in term of output.

At the same time, several downside risks to the outlook persist. The Group remains cautious in managing its credit exposure, as public support measures are tapered off and key economic sectors (like tourism and trade) emerge from the pandemic crisis and gradually rebuild their competitive position as private demand rebounds and a new wave of public investment starts to support the recovery – backed by significant EU funding. Moreover, the Bank also remains observant on the possible economic risks and consequences of the Financial Action Task Force decision to grey list Malta, as this might substantially dampen foreign investment and limit global financial connectivity with the country.

Looking ahead, the Bank plans to continue its journey in enriching the customer experience through customised product offering – through its digital and physical channels - whilst remaining true to its core values as guided by its mission and vision.

Following recent developments, the Group is following closely the evolving conflict in Ukraine and the geopolitical and economic repercussions that this is causing on a global scale. While the Group's exposure in the region is immaterial, including to payment flows that might be impacted by economic sanctions, it is nonetheless increasing its risk and compliance monitoring as necessary, including enhanced sanctions screening.

5.2. Capital Resources

The Group's CET 1 capital ratio as at 31 December 2021 stood at 12.96%, whereas that of the Bank stood at 12.81%. Capital planning is an integral part of the Bank's business strategy. In 2019 the Bank prepared a 'Capital Development Plan', which aims at expanding its capital base in phases. A broader capital base would support the Bank's growth trajectory, regulatory requirements and overall long-term strategy.

Phase 1 was concluded during the second quarter of 2019 through a rights issue of €13 million, which coupled with the 2018 retained earnings of €12 million, saw CET 1 increase by a total of €25 million. Phase 2 was concluded in 2020 through the Bond issue. This was the first time that the Bank resorted to Tier 2 funding to satisfy its capital requirements and support its growth strategy.

Through this issue of new ordinary shares, the Bank is now implementing Phase 3 of the 'Capital Development Plan'. These measures further enhanced the capital base in addition to the payment of a scrip dividend and the retention of annual profits. In order for the Bank to attain its strategic objectives as laid down in the rolling 3-year business plan, and also address current and forthcoming capital regulatory requirements, the injection of new capital will support the attainment of these objectives.

The main purpose of the proceeds from the Share Issue, expected to amount to approximately €59.2 million (or €65.3 million in the event that the Bank exercises the Over-Allotment Option in full), is to further strengthen the Bank's CET1 such that the Bank will be in a better position to meet the level of capital buffers required under the relevant European Banking Regulations. The Bank is classified as an Other Systemically Important Institution ("**O-SII**") by the regulatory authorities and is required to maintain a level of capital commensurate with its size and importance within the local economy. Accordingly, although the Bank is adequately capitalised, as an O-SII, the Bank is considered as an institution whose failure would have a significant impact on the domestic financial stability and therefore is required to maintain capital buffers over and above the minimum capital requirement of 8%. These capital buffers are the capital conservation buffer, the countercyclical buffer, the O-SII buffer and the systemic risk buffer (together referred to as the "**Capital Buffers**"). The Capital Buffers are a measure calculated to absorb higher levels of losses from operations and are ultimately aimed to strengthen the resilience of the Group as the need for capital continues to grow. The requirement for these capital buffers entered into force as from January 2016, with full application as from January 2019.

Cash Flows

The main sources of Bank's cash flows are from operations, with the largest source being customer deposits which are used primarily to fund loans and advances and secondly for the purchase of investment securities. The remaining funds are held in short term assets, mostly cash with the Central Bank of Malta. Another source of funds is through the issue of subordinated capital (i.e. the Bond issue), during FY2020 amounting to almost €55 million.

Borrowing requirements and funding structure

Most of the Bank's funding is derived from local customer deposits. The Bank has been successful in its drive to build and maintain a large and stable customer deposit base, helping to eliminate any reliance on wholesale funding. The Bank accesses the international retail deposit market to strengthen the diversity of its funding base. The Bank has also raised funds from the local corporate bond market through the issuance of subordinated bond. The table below gives information relating to funding sources, other than capital and reserves, used by the Group for carrying out its activities, as at the date of this Prospectus, with comparative data as at 31 December 2021, 2020 and 2019 respectively:

	The Group			
	Date of the Prospectus € 000	31 December 2021 € 000	31 December 2020 € 000	31 December 2019 € 000
<u>Amounts owed to Banks</u>				
3 months or less but repayable on demand	29,115	49,463	10	24,512
Over 3 months but less than 1 year but not repayable on demand	7,745	7,745	9,294	-
Over 1 year	-	-	-	-
Total	36,860	57,208	9,304	24,512
<u>Amounts owed to Customers</u>				
Term deposits	803,724	812,181	776,641	795,653
Repayable on demand	1,749,808	1,620,892	1,347,508	1,133,851
Total	2,553,532	2,433,073	2,124,149	1,929,504
<u>Subordinated Bond</u>				
3.25% Unsecured Subordinated Bond Issue	54,608	54,597	54,558	-

The Bank's Treasury Policy ("TP") and the Liquidity and Funding Risk Policy ("LFRP") establish the parameters under which the Bank conducts its treasury activities and manage its liquidity. The Treasury Policy sets out the instruments and currencies that are permitted in the course of the Bank's Treasury activities.

The TP allows the Bank to offer deposits and own assets in a number of currencies. Besides the Euro, the Bank offers deposits in the Pound Sterling, US Dollar, Australian Dollar, Canadian Dollar, Japanese Yen, Swedish Krona, Danish Krone and Norwegian Krone.

The policy governs the assets that the Bank can invest in. The Bank can invest in highly rated bonds and to a lesser extent, shares. The policy also establishes limits for exposures in such investments including credit rating and country limits.

The Liquidity and Funding Risk Policy sets out the parameters which govern the Banks's liquidity activities to ensure that the Bank has sufficient liquidity to cover all requirements, including under times of stress. It sets internal limits for the Liquidity Coverage Ratio (LCR), Leverage Ratio (LR), Net Stable Funding Ratio (NSFR) and the Loan to Deposit Ratio (LTD).

Eligible debt instruments with a nominal value of €132 million (2020: €155,922,231) have been pledged against the provision of credit lines by the Central Bank of Malta, under the usual terms and conditions applying to such agreements. Debt instruments with a nominal value of €3.85 million (2020: €3,850,000) have been pledged in favour of the MFSA's Depositors' Compensation Scheme.

5.2.1. Working Capital Statement

The Directors, after reasonable inquiry and after taking the proceeds of the Share Issue into consideration, are of the opinion that the working capital available to the Group is sufficient for the Group's present business requirements for a period of at least 12 months from the date of the Prospectus.

5.2.2. Pillar 3 Disclosures

The following table gives an overview of the regulatory capital and exposures of the Bank in line with Pillar 3 of the Basel framework as at the date of this Prospectus, with comparative data as at 31 December 2021, 2020 and 2019 respectively.

	Date of the Prospectus	31 December 2021	31 December 2020	31 December 2019
Common Equity Tier 1 (CET1) capital (€000)	174,031	176,722	174,915	168,317
Tier 1 capital (€000)	174,031	176,722	174,915	168,317
Total capital (€000)	228,639	231,319	229,473	168,317
Total risk exposure amount (€000)	1,367,698	1,378,653	1,234,611	1,101,195
Common Equity Tier 1 ratio (%)	12.72%	12.82%	14.17%	15.28%
Tier 1 ratio (%)	12.72%	12.82%	14.173%	15.28%
Total capital ratio (%)	16.72%	16.78%	18.59%	15.28%
Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.70%	3.70%	3.70%	N/A
of which: to be made up of CET1 capital (percentage points)	2.08%	2.08%	2.08%	N/A
of which: to be made up of Tier 1 capital (percentage points)	2.78%	2.78%	2.78%	N/A
Total SREP own funds requirements (%)	11.70%	11.70%	11.70%	16.78%
Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-
Institution specific countercyclical capital buffer (%)	0.00%	0.00%	0.00%	0.00%
Systemic risk buffer (%)	-	-	-	-
Global Systemically Important Institution buffer (%)	-	-	-	-
Other Systemically Important Institution buffer (%)	0.13%	0.06%	0.06%	N/A
Combined buffer requirement (%)	2.63%	2.56%	2.56%	2.50%

Overall capital requirements (%)	14.33%	14.26%	14.26%	10.50%
CET1 available after meeting the total SREP own funds requirements (%)	1.02%	1.11%	2.47%	7.28%
Total exposure measure (€000)	2,977,556	2,871,279	2,491,603	2,386,643
Leverage ratio (%)	5.84%	6.15%	7.02%	7.05%
Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%
Total high-quality liquid assets (HQLA) (Weighted value-average) (€000)	446,941	443,370	358,015	337,498
Cash outflows - Total weighted value (€000)	371,161	359,090	329,145	322,644
Cash inflows - Total weighted value (€000)	61,044	56,904	63,272	61,991
Total net cash outflows (adjusted value) (€000)	310,117	302,185	265,873	260,653
Liquidity coverage ratio (%)	150.99%	147.28%	135.10%	129.48%
Total available stable funding (€000)	2,377,648	2,288,589		
Total required stable funding (€000)	1,681,725	1,682,802		
NSFR ratio (%)	141.38%	136.00%		

5.3. Related Party Transactions

It is the established practice of the Bank, in the performance of its activities, to respect at all times the criteria of transparency, substantial and procedural correctness in transactions, directly or via its subsidiaries, with related parties (as defined by the Competent Authority in the Capital Markets Rules and in accordance with applicable laws and regulations from time to time, hereinafter “**Related Party/ies**”).

During the course of its normal banking business, the Bank conducts business on commercial terms with its subsidiaries, associates, shareholders, key management personnel and other related parties. Key management personnel include the Bank’s Chairman, its Directors, members of senior management and their respective spouses, spousal equivalent and dependents.

The following table provides the total amount of transactions, which have been entered into by the Bank with the subsidiaries and associates during the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019 respectively and up to the date of the Prospectus.

Related parties	Date of the Prospectus €000	2021 €000	2020 €000	2019 €000
<i>Amounts due from related parties:</i>				
APS Income Fund	160	166	164	170
APS Regular Income Ethical Fund	102	106	88	87
IVALIFE Insurance Limited	9	18	-	-
Other Related Parties	47	65	37	85
<i>Amounts due to related parties:</i>				
APS Income Fund	1,337	3,263	3,078	6,771
APS Regular Income Ethical Fund	80	1	-	226

The following tables provide the total amount of transactions, which have been entered into by the Group and the Bank with related parties for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019 respectively and up to the date of the Prospectus:

	The Group			
	Date of the Prospectus €000	2021 €000	2020 €000	2019 €000
<i>Interest receivable on loans and advances:</i>				
Controlling parties	0	3	18	10
Key management personnel	7	16	23	23
Other related parties	71	60	96	273
<i>Fee and commission income:</i>				
ReAPS Asset Management Limited	0	0	0	0
APS Income Fund	160	663	654	636
APS Regular Income Ethical Fund	102	382	335	311
IVALIFE Insurance Limited	8	15	0	0
Controlling parties	60	497	168	188
Other related parties	40	183	187	173

<i>Interest payable:</i>				
APS Income Fund	0	18	23	170
APS Regular Income Ethical Fund	0	0	0	10
Controlling parties	43	179	186	467
Key management personnel	3	7	9	5
Other related parties	9	38	60	184
<i>Personnel expenses:</i>				
Key management personnel	940	3,712	3,291	2,339
<i>General administrative expenses:</i>				
Controlling parties	41	278	269	131

Transactions with key management personnel of the Group/Bank

(a) Transactions with Directors:

	Date of the Prospectus €000	2021 €000	2020 €000	2019 €000
Loans and advances	675	690	894	661
Commitments	197	197	432	206

Facilities granted to Directors are made in the ordinary course of business on substantially the same terms as for comparable transactions with individuals of a similar standing, or where applicable, other employees.

(b) Transactions with members of senior management:

	Date of the Prospectus €000	2021 €000	2020 €000	2019 €000
Loans and advances	8,709	7,572	4,734	3,754
Commitments	1,409	699	624	203

Facilities granted to members of senior management are made in the ordinary course of business on substantially the same terms as for comparable transactions with individuals of a similar standing, or where applicable, other employees.

(c) Transactions with other related parties

	Balances as at date of Prospectus	Interest receivable 2022	Balances as at 31.12.2020	Interest receivable 2020	Balances as at 31.12.2019	Interest receivable 2019
	€000	€000	€000	€000	€000	€000
<i>Amounts due from other related parties:</i>						
Shareholders and entities with common directorship	7,978	246	7,362	203	6,901	198

	Balances as at date of Prospectus	Interest receivable 2021	Balances as at 31.12.2020	Interest receivable 2020	Balances as at 31.12.2019	Interest receivable 2019
	€000	€000	€000	€000	€000	€000
<i>Amounts due from other related parties:</i>						
Shareholders	16,353	179	23,509	186	21,391	467
Key management personnel	3,272	7	2,225	9	1,524	5
Other related parties	3,417	8	2,223	11	16,085	184

There are no deposits held as collateral for loan commitments and overdraft facilities granted to related parties (2020 same and 2019 €250,000). Also included in the amounts owed to customers are term deposits of €8,859,342 (31 December 2021: €4,067,231), which bear interest at the prevailing Bank rates. Furthermore, the amounts due from other related parties include secured facilities of €6,927,002 (31 December 2021: €7,975,996) and €1,000 (31 December 2021: €2,141) unsecured facilities.

For the period ended 31 March 2022, the Bank provided for impairment of receivables relating to amounts due from related parties amounting to €2,781 (31 December 2021: €2,285).

No guarantees were received by related parties as at end of March 2022 (Dec-21: Nil). Special guarantees given to related parties amount to €101,964 (Dec-21: €103,414).

6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

6.1. The Board of Directors

The Memorandum of Association of the Bank provides that the business and affairs of the Bank shall be managed and administered by a Board of not less than five (5) and not more than nine (9) Directors. Directors of the Bank are appointed by letter by the members holding a qualifying shareholding (as is defined in the Memorandum and Articles of Association), or members who among them hold (in the aggregate) a qualifying shareholding.

As at the date of this Prospectus, the Board is composed of nine (9) Directors who are responsible for the overall direction, management and strategy of the Bank, each of whom is listed below:

Name & Surname	Designation	Date of appointment
Mr Martin Scicluna	Non-Executive Independent Director & Chairman	5 November 2013*
Mr Victor E. Agius	Non-Executive Independent Director	15 October 2018
Dr Ing. Joseph C. Attard	Non-Executive Independent Director	26 July 2018
Mr Franco Azzopardi	Non-Executive Independent Director	30 September 2008
Dr Laragh Cassar	Non-Executive Senior Independent Director	28 April 2016
Prof. Juanito Camilleri	Non-Executive Independent Director	20 September 2021
Mr Alfred DeMarco	Non-Executive Director	28 April 2016
Mr Victor Gusman	Non-Executive Director	27 April 2012
Mr Michael Pace Ross	Non-Executive Director	23 November 2015

*Mr Scicluna was appointed as Chairman on 1 September 2021.

The Board is composed exclusively of non-executive Directors, the majority of whom are also independent of the Bank and the Group.

The business address of the Directors and the company secretary is that of the Bank. The *curriculum vitae* of each the Directors is set out in section 6.2 below.

Terms of office

Each Director was originally appointed on the respective dates set out above. In terms of Article 109 of the Articles of Association, unless appointed or elected for a longer or shorter period, or unless they resign or are removed, Directors hold office from one annual general meeting to the next, and no Director may be appointed or elected for a period exceeding three years. Upon the expiry of the term of office, a Director may be re-appointed and/or re-elected.

Termination benefits

None of the Directors are party to service contracts with the Bank and/or any of its subsidiaries that provide for benefits upon termination of their services.

6.2. Curriculum Vitae of the Directors

Mr Martin Scicluna

Appointed to the Board in November 2013 and as Chairman in September 2021.

Committee Memberships: Nominations and Remuneration Committee (Chair)

Mr Martin Scicluna is an Associate of the Chartered Institute of Bankers, holds a Diploma in Financial Studies and was elected fellow of the Institute of Financial Services in 1999. Mr Scicluna held a number of managerial appointments in Mid-Med Bank between 1976 and 1996, following which he joined Midland Bank plc which later become HSBC Bank Malta plc. From 2006 to 2012, he served on several boards for HSBC Malta regulated subsidiaries and on its Audit Committee. Since 2012, he has held directorships in asset management and insurance companies licensed in Malta. Mr Scicluna has also been actively engaged in various areas of voluntary work for the last 40 years, including Scouting, the preservation of the built and natural environment and financial services education. He has served on the Boards of Administration, in a voluntary capacity, of Non-Governmental Organisations such as Din l-Art Helwa (Malta's 'National Trust') and the HSBC Malta Foundation.

Mr Victor E Agius

Appointed to the Board in October 2018.

Committee Memberships: Board Credit Committee (Chair)
Environment, Social and Governance Committee (Chair)
Risk Committee (Member)

Mr Victor E Agius has an extensive career in financial services and investment banking, which includes 23 years at the World Bank Group in Washington DC, three years at the European Bank for Reconstruction and Development in London and seventeen years with the Council of Europe Development Bank in Paris. Past appointments consist of extensive field missions in leadership responsibilities to over 60 countries in Africa, East Asia, Middle East & North Africa, Europe and in Former Soviet Republics. Mr Agius graduated with a BA(Hons) in Economics from the University of Malta, holds an MBA from the Manchester Business School and completed Senior Finance and Banking Executive programmes at the Wharton School of Finance and at the Stanford Graduate School of Business.

Dr Ing. Joseph C Attard

Appointed to the Board in July 2018.

Committee Memberships: Technology and Innovation Committee (Chair)
Board Credit Committee (Member)
Risk Committee (Member)

Dr Ing. Joseph C Attard has over 25 years of local and international experience in the Information and Communication Technology (ICT) sector. Between 2007 and 2015, he was the Chief Technology Officer of Emirates International Telecommunications LLC and subsequently Chief Technical Officer of GO plc up till 2020. He holds a Bachelor's degree in Electrical Engineering (Hons) from the University of Malta, a Master of Science (MSc) in Operational Telecommunications from the University of Coventry (UK) and a Doctor of Philosophy (PhD) in Telecommunications Engineering from University College London (UK). Since 2002, he has regularly lectured at University College London on ICT related topics.

Mr Franco Azzopardi

Appointed to the Board in September 2008.

Committee Memberships: Audit Committee (Chair)
Risk Committee (Member)
Technology & Innovation Committee (Member)

Mr Franco Azzopardi is a Certified Public Accountant with a Master of Science degree in Finance from University of Leicester. He spent twenty-seven years up until 2007 working in public practice, ten years of which with Deloitte Haskins and Sells, and later in a firm he co-founded in 1990. He is today a professional director and a registered fellow member of the UK Institute of Directors. Mr Azzopardi serves on Boards of Directors, Audit, and Risk Committees of both unregulated and regulated companies in various sectors including banking, insurance, and payments. He is the CEO of a leading logistics company in Malta. Mr Azzopardi also personally contributed towards the development of the Malta Institute of Accountants. He is a fellow member of the said Institute, having served on the Council from 2007 until 2019. He was also elected President of the Institute for the term 2015-2017.

Prof Juanito Camilleri

Appointed to the Board in September 2021.

Committee Memberships: Risk Committee (Chair)
Audit Committee (Member)

Prof Juanito Camilleri holds a BSc (Hons) in Computer Science from the University of Kent at Canterbury and a Doctor of Philosophy (PhD) in Theoretical Computer Science from the University of Cambridge. Over the years, he served as a non-Executive Director and consultant on the boards of several public and private entities. Prof Camilleri was successively CEO at go mobile and at Melita Cable plc, then served as Rector of the University of Malta from 2006 to 2016. Between September 2014 and January 2017, he served as non-Executive Director of HSBC Bank Malta plc, and for a period was also Chairman of the Risk Committee. Prof Camilleri is the Chairman and Resident Professor at the Centre for Entrepreneurship and Business Incubation at the University of Malta, serves as a non-Executive member of the Board of Governors of St. Edward's College and is the owner of Ta' Betta Wine Estates and St Anne's Clinic.

Dr Laragh Cassar

Appointed to the Board in April 2016 and as Senior Independent Non-Executive Director in October 2021.

Committee Membership: Conduct Committee (Chair)
Nominations & Remuneration Committee (Member)

Dr Laragh Cassar obtained a degree in law from the University of Malta in 2002 and a Master of Law in Banking and Finance from the University of London in 2003. Dr Cassar held the role of partner at Camilleri Preziosi between 2009 and 2015, after which she founded the firm 'Camilleri Cassar Advocates' where she now heads the corporate and commercial practice group. Throughout her career, Dr Cassar has gained extensive experience in many areas of practice, with a particular focus on mergers and acquisitions, banking, asset management, capital markets and corporate law restructuring. She has acted for a significant number of publicly listed companies, structuring the offering/issuance of equity and non-equity securities as well as subsequently advising on continuing obligations as listed entities. and is often appointed by the Faculty of Laws of the University of Malta as supervisor and examiner of MAdv dissertations.

Mr Alfred DeMarco

Appointed to the Board in April 2016.

Committee Memberships: Audit Committee (Member)
Board Credit Committee (Member)
Conduct Committee (Member)

Mr Alfred DeMarco is an associate of the London Institute of Banking and Finance (ACIB) and holds a degree in economics from the University of London. He is a central banker by profession with more than 40 years' experience at the Central Bank of Malta (CBM). He progressed through senior executive positions at the bank including that of Deputy General Manager and Director of the Economics and External Relations Division. Mr DeMarco was a member of the European Central Bank (ECB)'s Monetary Policy Committee, representing the CBM, from 2004 to 2015. He was appointed Deputy Governor in April 2010, a position he held until end-March 2015. He is a member of the Kunsill Finanzjarju Djocezan.

Mr Victor Gusman

Appointed to the Board in April 2012.

Committee Memberships: Conduct Committee (Member)
Nominations and Remuneration Committee (Member)
Technology and Innovation Committee (Member)

Mr Victor Gusman has a 35-year longstanding career at the helm of the Lemco Group, an international entity, which consisted of a workforce of over 650 employees, with its manufacturing bases in Italy and Poland, and a presence in 34 countries. He gained vast experience in the servicing of international companies with custom-made products to accommodate various brands and was central in dealing with governments for their specialised requirements in the hardware and manufacturing sectors, negotiating with unions in Italy and Poland. Until August 2021, Mr Gusman was the Administrative Secretary of the Diocese of Gozo.

Mr Michael Pace Ross

Appointed to the Board in November 2015.

Committee Memberships: Conduct Committee (Member)
 Environment, Social and Governance Committee (Member)
 Risk Committee (Member)

Mr Michael Pace Ross served as Director General of the National Statistics Office for six years, sitting on national and European committees, including the European Statistical Advisory Committee, prior to his current appointment as Administrative Secretary of the Archdiocese of Malta. He is a council member of the Malta Employers Association (MEA). He also sits on the board of Discern, a Church research institute on the signs of the times, and on the board of the Voluntary Solidarity Fund (Malta). Mr Pace Ross holds a BA (Hons) in Economics and Management and an MBA from the University of Malta. In his capacity as Administrative Secretary, he sits on the Diocesan Representative Council, the Diocesan Pastoral Council, and the Diocesan Finance Committee. He is also an associate of the London College of Music. He was vested as Knight in a papal equestrian order by Cardinal Edwin O'Brien in 2019.

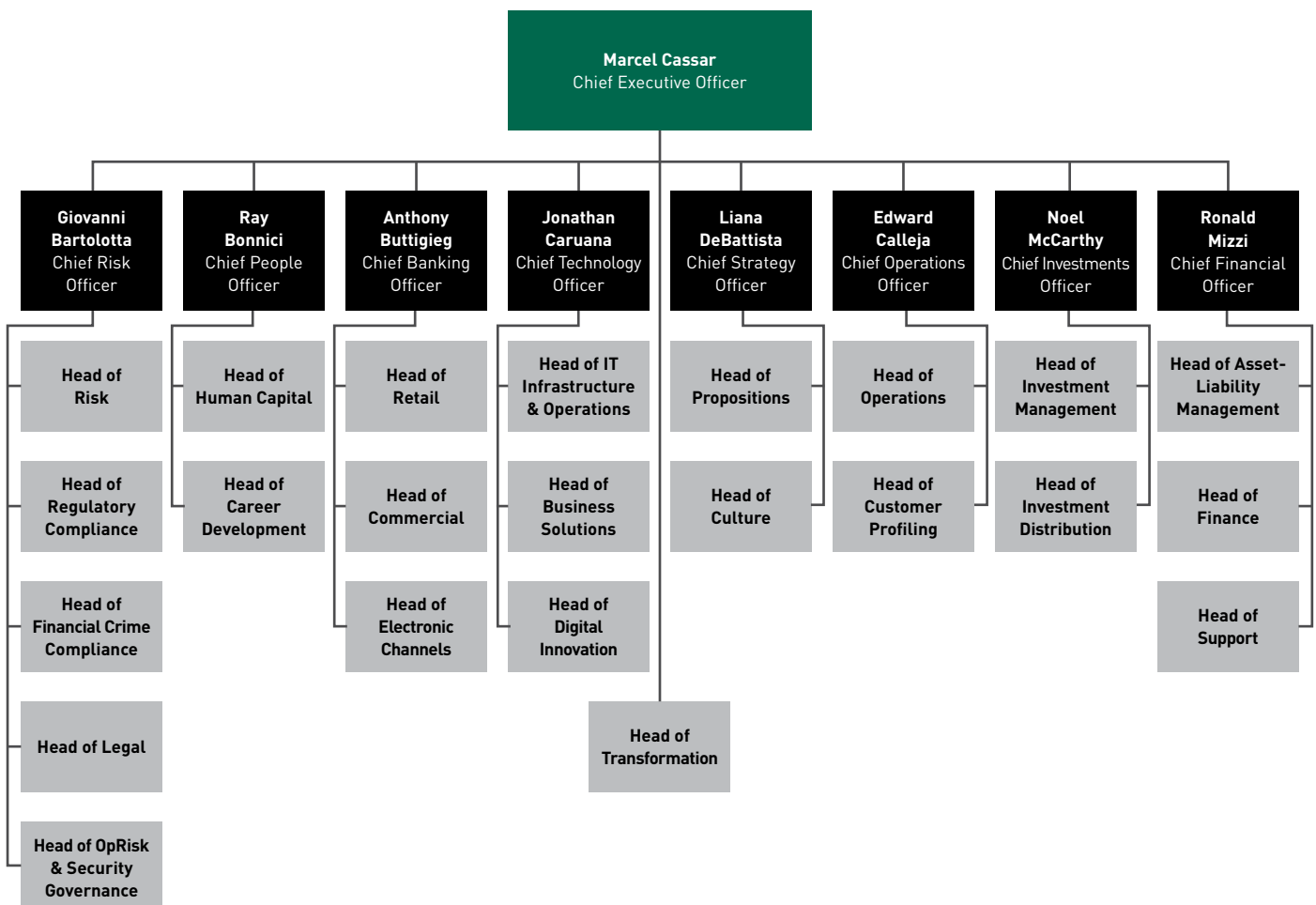
A list of all current and past directorships of the Directors over the past five years is set out at Annex A of this Prospectus.

6.3. Company Secretary

The company secretary of the Bank is Dr Graziella Bray. Dr Bray graduated with a Doctor of Laws from the University of Malta in 2004 and joined the Bank in 2006. Over the years, she has performed duties in various areas of law, regulation, and compliance, including providing support to the Board, its subsidiaries and various committees. In 2021 she was elected fellow of the Chartered Governance Institute of UK & Ireland, as a Chartered Company Secretary and Governance Professional. She also sits on the board of directors of APS Funds SICAV. Dr Bray lectures in Company Law, Regulation and Corporate Governance at the Malta Stock Exchange Institute and as a freelance trainer.

6.4. Senior Management

As at the date of this Prospectus, the Bank’s various departments are reflected in the following organisational chart, which also depicts the senior management team:



The Bank's senior management team is comprised primarily of the following Chief Officers:

Chief Executive Officer - Mr Marcel Cassar

Mr Marcel Cassar is Chief Executive Officer at the Bank and he has been occupying this role since he joined in January 2016. Mr Cassar chairs the Executive Committee, and the Management Committee, and is a member of the Board Credit Committee, the Conduct Committee, the Risk Committee, the Environmental, Social and Governance Committee, and the Management Credit Committee.

Mr Cassar's professional career started with a Big 4 audit firm in 1987, followed by a five-year stint in bank regulation and supervision at MIBA/MFSC (now the MFSA) where he was trained at the Bank of England and the US Federal Reserve Board. Since 1996 he has successively held senior executive positions in banking and financial services, as General Manager at Lombard Bank Malta plc (1996-2004) and First Executive Vice President and chief financial officer at FIMBank plc (2004-2015). He has served as a board member of the Malta Bankers' Association, including as Deputy Chairman (2017-2018) and Chairman (2018-2020), leading to a seat on the main board of the Brussels-based European Banking Federation (EBF).

Mr Cassar is a CPA, a Fellow of the Malta Institute of Accountants, and holds an MBA in Bank Financial Management from the University of Wales and Manchester Business School (1995). He lectured at FEMA and in the MA Financial Services course, University of Malta and has been a supervisor and examiner of many thesis over the years. He contributes to articles and speaks at conferences in Malta and overseas, particularly on topics related to banking policy, strategy and environmental, social & governance (ESG).

Chief Risk Officer - Mr Giovanni Bartolotta

Mr Giovanni Bartolotta is Chief Risk Officer at the Bank and he has been holding this role since he joined the Bank in September 2018. Mr Bartolotta is responsible for leading and overseeing the second line of defence of the Bank, through the fostering of an appropriate risk culture within the institution and implementing effective risk management and compliance frameworks, within the boundaries of the risk appetite set by the Board. He chairs the Compliance Committee of the Bank. He is also a member of the Board Credit Committee, the Conduct Committee, the Environmental, Social and Governance Committee, the Risk Committee, the Assets and Liabilities Committee, the Executive Committee, and the Management Credit Committee.

Prior to joining the Bank, Mr Bartolotta spent ten years in London, working for major global investment banks, including Kleinwort Benson, JP Morgan Chase & Co. and Bear Stearns International. He then moved to Malta where he spent fourteen years at FIMBank plc, as Executive Vice President and Global Head of Risk. Mr Bartolotta holds a BA in Economics from Bocconi SDA, University of Milan and is currently a member of the Council of Malta Association of Credit Management.

Chief People Officer - Mr Raymond Bonnici

Mr Raymond Bonnici is Chief People Officer at the Bank, having been appointed to this role in June 2020. Mr Bonnici oversees the sourcing of the Bank's employee talent and the human resource management functions. He is a member of the Executive Committee. Mr Bonnici joined the Bank as Head of Human Capital in 2016. He started his career in aviation, working for KLM, Swissair and Sabena, both in Malta and overseas. Following this period, he worked at Hilton Hotels International, as Director of Human Resources for Malta. Prior to joining the Bank, he was Director of Human Resources at Premier Capital plc and was a key figure in setting up the group's Human Resources function across the company's six EU countries of business. Mr Bonnici holds a BA in Youth and Community Studies from the University of Malta.

Chief Banking Officer - Mr Anthony Buttigieg

Mr Anthony Buttigieg is Chief Banking Officer at the Bank, a role he was appointed to in June 2019, having previously been Head of Banking since joining the Bank in May 2016. As Chief Banking Officer, Mr Buttigieg is responsible for the Bank's commercial business division, retail branches, contact centre and electronic channels. Mr Buttigieg's experience in the banking sector spans 45 years. He started his career with Mid-Med Bank, which later became HSBC Bank Malta plc, where he headed various teams and a number of projects particularly as Area Commercial Manager and area director leading 12 retail branches. He was Head of Direct Banking responsible for the bank's automated channels including internet banking, automated machines and contact centre.

Mr Buttigieg is a qualified banker and an associate of the Institute of Bankers. He sits on the Board Credit Committee, the Compliance Committee, the Risk Committee, the Executive Committee, and the Bank's Management Credit Committee.

Chief Operations Officer – Mr Edward Calleja

Mr Edward Calleja joined the Bank in 1992. He held senior managerial positions in lending, corporate strategy and risk management. He was responsible for the setting up of the Bank's lending function and the centralisation of the key operations through the implementation of a Loans Processing System in 2009. He was appointed to his current position in August 2021, responsible for the efficient management of the Bank's operations, including the customer profiling unit. Mr Calleja started his career with Mid-Med Bank in 1981.

Mr Calleja holds a BA (Hons) Accountancy from the University of Malta (1990), a Diploma in Management (2003) and an MBA from Henley Management College, UK (2005). He obtained his warrant as CPA in 1991 and became a fellow member of the Malta Institute of Accountants in 2011.

Chief Technology Officer – Mr Jonathan Caruana

Mr Jonathan Caruana is Chief Technology Officer at the Bank, having been appointed to this role in November 2016. Mr Caruana is responsible for both the technology and digital innovation domains of the Bank. He is a member of the Technology and Innovation Committee, and the Executive Committee.

Mr Caruana joined the Bank in 1999 and served in various departments, before commencing his duties in the Technology Department of the Bank. He was appointed Information Systems Manager in 2008 and Head of Technology in 2015. Mr Caruana holds a BSc (Hons) in Computing from the University of Greenwich and an MSc in Software Engineering from the University of Hertfordshire.

Chief Strategy Officer – Liana DeBattista

Ms Liana DeBattista joined the Bank in 2003 and held positions across multiple areas, including strategy, internal audit and marketing. Her main areas of expertise are in business planning, corporate strategy formulation, product development, research, performance management and ESG. She was promoted to Head of Strategy & Propositions in 2020. She was then appointed Chief Strategy Officer in 2021. Ms DeBattista sits on the Environmental, Social and Governance Committee and the Executive Committee.

Ms DeBattista has a BSc in Business & Computing (2001) and a BCom (Hons) in Management (2002), both from the University of Malta, and a First-Class M.Sc. in Corporate Finance from the University of Liverpool (2015).

Chief Investments Officer – Mr Noel McCarthy

Mr Noel McCarthy joined the Bank in 2000, and successfully served in a number of senior positions. He was appointed as Chief Investments Officer in June 2020, after having held the role of Chief Financial Officer since 2016. In his current role, Mr McCarthy oversees the Investment Management and Investment Distribution units, the activities of the subsidiary and affiliated companies and the Bank's property portfolio. He is a CPA and a fellow member of the Malta Institute of Accountants.

Mr McCarthy also holds a MA in Financial Services from the University of Malta. Mr McCarthy is a member of the Risk Committee, the Executive Committee, and the Management Credit Committee.

Chief Financial Officer – Mr Ronald Mizzi

Mr Ronald Mizzi is Chief Financial Officer at the Bank, and he has been holding this role since he joined the Bank in September 2020. Mr Mizzi is responsible for leading and maintaining the effective governance and stewardship of the Bank's finance, asset-liability management, and capital management programme. He is a member of the Risk Committee, the Technology and Innovation Committee, the Assets and Liabilities Committee, the Executive Committee, and the Management Credit Committee.

Prior to joining the Bank, Mr Mizzi was Group Chief Financial Officer at FIMBank plc where he was responsible for the Group's financial planning and accounting, regulatory reporting, tax, business strategy, capital planning, and investment decisions. Mr Mizzi was also engaged with PricewaterhouseCoopers in Malta within its Assurance Department, with parallel engagements with PricewaterhouseCoopers in the Channel Islands and New York.

Mr Mizzi is a warranted Certified Public Accountant and holds a Practising Certificate in Auditing, both issued by the Accountancy Board in Malta. He is a fellow member of the Malta Institute of Accountants and holds an Honours degree in Accountancy from the University of Malta and a Diploma in VAT Compliance from the Institute of Indirect Taxation (UK).

A list of all current and past directorships of the Bank's senior management team over the past five years is set out at Annex A of this Prospectus.

6.5. Declarations

In the last five years, none of the Directors or senior managers referred to in sections 6.1 and 6.4 respectively have been (i) the subject of any convictions in relation to fraudulent offences; (ii) associated with bankruptcies, receiverships or liquidations (other than voluntary) or companies put into administration in respect of entities in respect of which they were members of administrative, management or supervisory bodies, partners with unlimited liability (in the case of a limited partnership with a share capital), founders or members of senior management; (iii) the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or (iv) disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

6.6. Conflicts of Interest

As at the date of this Prospectus, the Group has identified and manages the following roles which may give rise to conflicts of interest: Mr Marcel Cassar, the Bank's CEO and Mr Noel McCarthy, the Bank's Chief Investments Officer, are also directors of ReAPS; and Mr Cassar is also a director of IVALIFE.

Save for the above, there are no other identified conflicts of interest between the duties of the Directors or the members of the senior management team towards the Bank and/or the Group and their private interests and/or other duties.

The Corporate Governance Code requires Directors to avoid conflicts of interest and provides that they must act in the interest of the Bank and its shareholders as a whole irrespective of which shareholder nominated the said Director to the Board.

This notwithstanding, actual or potential conflicts of interest may arise from time to time, in which case it needs to be ensured that these are managed properly by the Board and the interested Director. In such instances, actual or potential conflicts will be managed in the best interests of the Bank in accordance with the procedures set out in the Bank's conflicts of interest policy and the procedures set out in the Articles of Association. In this regard, Directors are required to inform the Board of any matter that may result or has already resulted in a conflict of interest. A record of such declaration is entered into the Bank's minute book and the said Director is precluded from voting in any resolution concerning a matter in respect of which a declared a direct or indirect interest was declared or when it is necessary for the Director to be absent when the conflicting matter is discussed. A similar process is adopted by the Bank and the Group in order to identify conflicts of interest at the level of the Bank's subsidiaries.

The Audit Committee is also tasked with ensuring that transactions with related parties (which could include members of the Board or the senior management team) are adequately assessed, reviewed and reported to ensure approval at arm's length, in line with the Group's 'Related Party Transactions Approval Framework', which sets out the safeguards that are to be applied to transactions and arrangements between the Group and a related party, which transactions must be entered into at arm's length and on a normal, commercial basis.

6.7. Remuneration and benefits

6.7.1. Remuneration

Directors

The aggregate amount of remuneration paid during the financial year ended 31 December 2021 to Directors by the Group for services rendered in all capacities amounted to €370,916. The remuneration received by each Director during the same year is as follows:

Mr Martin Scicluna	€52,500
Mr Victor E. Agius	€45,750
Dr Ing. Joseph C. Attard	€43,750
Mr Franco Azzopardi	€41,750
Dr Laragh Cassar	€32,500
Mr Alfred DeMarco	€37,750
Mr Victor Gusman	€29,750
Mr Michael Pace Ross	€36,750
Prof Juanito Camilleri	€17,083 (appointed on 20 September 2021)
Mr Frederick Mifsud Bonnici	€33,333 (retired on 1 September 2021)

Senior management

The aggregate amount of remuneration paid during the financial year ended 31 December 2021 to senior management by the Group for services rendered in all capacities amounted to €1,322,627, being €1,174,387 in fixed remuneration and €148,240 in variable remuneration. The total variable remuneration of senior management is proposed by the Bank's Chief Executive Officer, reviewed by the Nominations & Remuneration Committee, and confirmed by the Board. During financial year ended 31 December 2021 members of senior management were awarded a performance bonus linked to the performance and achievement of their objectives. The objectives were based partly on financial targets (financial ratios) and partly on a qualitative performance review.

6.7.2. Other benefits

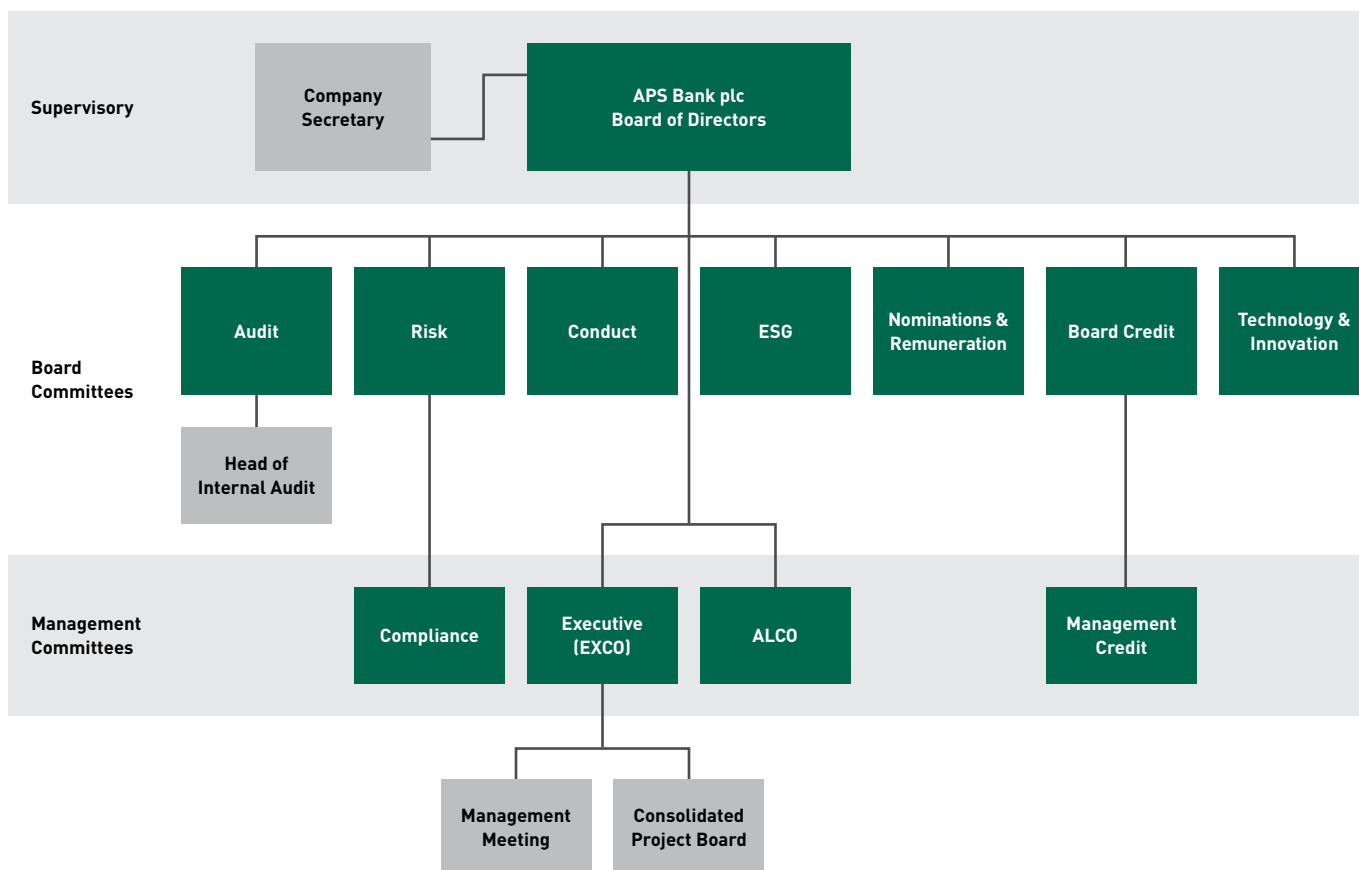
As part of their remuneration package, all Directors and members of senior management are entitled to health insurance, although during the financial year ended 31 December 2021, all the Directors waived their right to this entitlement. During the said financial year, the Group contributed €5,242 towards this entitlement.

Moreover, members of senior management are also entitled to (i) life insurance cover, and (ii) participate in an occupational pension scheme established by the Bank. During the financial year ended 31 December 2021, the Group contributed (i) €5,578 towards the senior management's life insurance cover, and (ii) €24,000 towards the occupational pension scheme for the benefit of the members of senior management.

During the financial year ended 31 December 2021 (a) neither the Directors nor senior management were entitled to any contingent or deferred compensation; and (b) save for the health insurance entitlement described above, the Group did not grant any benefits in kind to any of the Directors or members of senior management (for services rendered in all capacities to the Group). Furthermore, during the financial year ended 31 December 2021, the Group did not set aside or accrue any amounts for any pension, retirement or similar benefits of the Directors.

6.8. Board Committees and Corporate Governance

In order to provide effective oversight and leadership, the Board has established a number of Board Committees and Management Committees each with its own particular responsibilities.



6.8.1. Board Committees

Board committees are either composed entirely of Directors or of a mix of Directors and members of the senior management team. Each Board Committee has its own terms of reference, setting out the Board Committee's mandate, scope and working procedure. Minutes are kept of all the business transacted in the course of Committee meetings. All Directors have access to Board Committee papers and minutes. Board Committee Chairs report on Board Committee business at the subsequent Board meetings, also through written briefs. Below are descriptions of the functions of each Board Committee and of the composition thereof as at the date of this Prospectus.

Audit Committee

The Audit Committee assists the Board in fulfilling its supervisory and monitoring responsibilities, in relation to the Group according to detailed terms of reference that reflect the requirements of the Capital Markets Rules as well as current good corporate governance best practices. The terms of reference of the Audit Committee established by the Board establish its composition, role, and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with.

The Audit Committee, which meets at least six times a year, is a committee of the Board and is directly responsible and accountable to the Board.

The primary purpose of the Audit Committee is to assist the Directors in conducting their role effectively so that the Bank's oversight responsibilities, decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The Audit Committee is composed of the following members:

- Mr Franco Azzopardi (Chairman)
- Mr Alfred DeMarco
- Prof Juanito Camilleri

The Audit Committee shall at all times consist of at least three non-executive Directors, the majority of whom must meet the independence criteria set out in the Capital Markets Rules, and at least one member shall be competent in accounting and/or auditing. All current members of the Audit Committee are considered by the Board to be independent. Mr Franco Azzopardi is the member of the Audit Committee that is designated as competent in accounting and/or auditing.

Nominations & Remuneration Committee

The Nominations & Remuneration Committee regularly reviews the structure and composition, including skills, knowledge, leadership, experience and diversity, of the Board, also ensuring succession strategies are in place. It maintains nominations policies and pools and generally oversees the adoption of best practices. It recommends the compensation framework of Board Directors and senior management. The Committee performs oversight on the Bank's remuneration policy, ensuring it is in line with best practices and applicable regulatory requirements and monitors market conditions. It considers and approves senior executive appointments and assesses the performance of the CEO. It considers and reviews staff succession policies and succession plans. The Committee formulates staff stakeholder policy, including share ownership schemes and determines awards. It reviews remuneration disclosures in the Annual Report and other reporting as may be required.

The Nominations & Remuneration Committee is composed of the following members:

- Mr Martin Scicluna (Chairman)
- Dr Laragh Cassar
- Mr Victor Gusman

The Chief Executive Officer and the company secretary may also be called to attend meetings, by invitation.

In addition to the foregoing committees (which are required in terms of the Corporate Governance Code), the Board also maintains the following Board committees:

Risk Committee

The Risk Committee recommends the Bank's risk profile and proposes its risk appetite statement for approval by the Board, whilst periodically reviewing the Bank's risk management framework. It reviews strategic decisions, including new products and markets, acquisitions, and disposals, from a risk perspective while it keeps sight of regulatory and market developments and

how these can impact on the Bank's risk appetite. The Risk Committee approves risk policies, limits and delegations, including those of the credit committees. It has a wide mandate for risk oversight, including credit risk, market risk, operational risk, technology/cyber risk, concentration risk, liquidity risk as well as compliance matters. The Committee considers impairment and provisioning recommendations as prepared by senior management and recommends them for adoption, risk reporting in the financial statements and the process of compilation of reports such as the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and Recovery Plans, amongst others. The Committee oversees the work of the Compliance Committee.

Conduct Committee

The Conduct Committee acts as a first point of reference on Board governance policies and procedures, codes of conduct and conflicts of interest. It generally oversees the Bank's conduct framework and policies ensuring that it acts honestly, professionally and in the clients' best interest at all times. It reviews and endorses the Bank's internal delegations, 'tone of voice', governance policies/procedures to ensure compliance with legislative and regulatory requirements and alignment with best practices. It oversees the Bank's agenda promoting and supporting the fair, strong, efficient and transparent provision of products and services, keeping consumer (customers') protection primary. The Conduct Committee oversees the process of the performance evaluation of the Board of Directors' and Board Committee. Generally, it performs oversight on matters of ethics, brand, values, reputation and culture.

ESG Committee

The ESG (Environmental, Social, Governance) Committee oversees the Bank's stance related to the environmental, social and governance issues relevant to its activities and strategy, and it monitors APS's initiatives to enhance performance in the ESG area, all the while ensuring that this is accomplished within the context of keeping the UN Sustainable Development goals as an overarching guide. It also oversees the delivery of APS's environmental sustainability initiatives and commitments, setting the standards for performance considering the relevant challenges and opportunities, and the implementation of social sustainability initiatives and commitments, with the aim of enhancing their effectiveness in delivering social impact. The Committee watches over the reputational impacts of the Bank's strategies and practices to ensure that appropriate safeguards are in place for dealing fairly and ethically with all stakeholders and is also responsible for reviewing the ESG-related disclosures in the Annual Report and other reporting disclosures, and for oversight of the Bank's image and public 'look and feel', as well as for proposing appropriate improvements.

Board Credit Committee

The Board Credit Committee receives and reviews credit applications and approves credit limits for customers and transactions, within the parameters set by the Board in terms of the credit policy procedures. It also receives and reviews updates/amendments to approved facilities and approves, or delegates approval, for deviations as the case may be. The committee considers and advises the Risk Committee on credit limits and/or any matter for approval (e.g. country, geographic, segment limits) when this is required according to the Bank's credit policy.

Technology & Innovation Committee

The Technology & Innovation Committee reviews, monitors and prioritises technology projects. It ensures that the technology roadmap is aligned with the strategic goals of the Bank and with an eye on innovation. It covers and engages those functions that will have ultimate ownership over the broader IT strategic decisions. The committee oversees management with regard to IT-related risks, security and business continuity plans, liaising as necessary with the Risk Committee. It intervenes with the Board to secure sponsorships and support for the main IT strategic decisions & projects. The Technology & Innovation Committee provides strategic leadership through a steady flow of innovative ideas that will serve as a catalyst for innovation at the Bank as well as monitoring IT project implementation.

6.8.2. Management Committees

The Bank has also established a number of management committees, which generally report directly to the Board or to specific Board Committees, namely the Executive Committee, the Management Committee, (which reports to the Executive Committee), the Consolidated Project Board, the Assets & Liabilities Committee, Management Credit Committee and the Compliance Committee. The various management committees are made up entirely of members of the senior management team and other senior executives of the Bank. Each management committee has its own terms of reference, setting out the committee's mandate, scope and working procedure. Minutes are kept of all the business transacted in the course of committee meetings. All Directors have access to committee papers and minutes. Committee chairs report on committee business at the subsequent Board meetings, also through written briefs.

6.9. Compliance with Corporate Governance Requirements

The Board is committed to uphold the highest standards of corporate governance and to promote the Bank's culture, values, ethics and behaviours. The Bank declares its full support for the Corporate Governance Code and undertakes to comply fully with it to the extent that this is considered in consistence with the size, nature, and operations of the Bank. As at the date of this Prospectus, the Board considers the Bank to be in compliance with the Corporate Governance Code, save for the following exception:

Principle 3 (Composition of the Board): The Board is currently composed of nine non-executive Directors including the Chairman. While the Code of Principles for Good Corporate Governance provides that the Board should be composed of executive and non-executive Directors, there are no executive Directors presently appointed to the Board. The Board believes that with the required diversity of knowledge, judgment, and experience, it can still adequately perform its functions (even without the appointment of any executive Directors) and collectively execute the four basic roles of corporate governance namely, accountability, monitoring, strategy formulation and policy development. In addition, the Chief Executive Officer is ordinarily invited to attend meetings of the Board of Directors to ensure that the Board is adequately supported from an executive management perspective. The Bank's Memorandum & Articles of Association includes a clause specifying that executive members are also eligible to be appointed Directors. Furthermore, with respect to the appointment of non-executive Directors, the Nominations and Remuneration Committee and Board are guided by the relative provisions of the Articles of Association, as well as the EBA and ESMA Guidelines on the assessment of the suitability of members of the management body. The Nominations and Remuneration Committee is currently updating its Nomination and Succession Policy and Procedure to further promote the notion of diversity.

7. SHARE CAPITAL STRUCTURE AND MAJOR SHAREHOLDERS

7.1. Share Capital Structure

As at the date of this Prospectus, the Bank's authorised share capital is €125,000,000, divided into 500,000,000 ordinary Shares of €0.25 each. The Bank's issued share capital is €62,428,915.25 divided into 249,715,661 ordinary Shares of €0.25 each, all fully paid up. The ordinary Shares are the only authorised and issued class of Shares in the Bank.

In terms of the Bank's Memorandum and Articles of Association, all of the ordinary Shares in the Bank rank *pari passu* in all respects, including in terms voting rights, participation in dividends and other distributions of profits of the Bank or otherwise.

The Articles of Association specify that a shareholding of 10% of the Bank's Shares having voting rights shall constitute a 'qualifying shareholding', and that a shareholder of the Bank that holds, or shareholders who among them hold (in the aggregate), a qualifying shareholding, shall be entitled to appoint one Director in respect of each qualifying shareholding held, in every case subject to regulatory approval. The specific rules for the election of Directors in accordance with this qualifying shareholding procedure, and all other rules relating to the election of Directors, are set out in full in the Articles of Association.

The Articles of Association also provide that the largest single shareholder of the Bank (holding at least 25% of the ordinary issued share capital of the Bank) shall be entitled to appoint the Chairman of the Board from amongst the Directors appointed or elected to the Board.

7.2. History of Share Capital

Following a successful rights issue, on 28 May 2019, the Bank issued an aggregate of 3.72 million fully paid-up ordinary Shares to its existing shareholders. The ordinary Shares were issued at a premium of €2.25 per Share, for a total issue price of €3.50 – given that in 2019 the nominal value per ordinary Share was €1.25c per ordinary Share.

Furthermore, as part of an internal re-organisation process, the Bank's shareholders approved an amendment to the Memorandum and Articles of Association at an extraordinary general meeting held on 19 October 2020. In so doing, the nominal value of the Bank's share capital was reduced from €1.25 to €0.25 per Share, being the current nominal value of the Bank's ordinary shares (including the New Shares).

On 14 May 2021, the Bank issued 696,461 ordinary Shares in the aggregate to two of its existing shareholders in lieu of a cash dividend. These Shares were issued at a premium of €0.45 per Share and are all fully paid up.

Finally, at the Bank's annual general meeting held on 28 April 2022, the shareholders approved an increase of the Bank's authorised share capital from €100 million to €125 million, divided into 500 million ordinary Shares of €0.25 each.

7.3. Major Shareholders

As at the date of this Prospectus, the Bank's largest shareholder is AROM Holdings Limited, which holds 198,367,765 ordinary Shares (which amounts to 79.44% of the issued share capital of the Bank). AROM Holdings Limited is wholly owned (save for one

ordinary share) by the Archdiocese of Malta. The second largest shareholder of the Bank is the Diocese of Gozo, which holds 45,449,032 ordinary Shares (and which amounts to 18.20% of the issued share capital of the Bank).

On the basis of the entitlement to appoint Directors attaching to a 'qualifying shareholding' as well as the entitlement of the largest single shareholder of the Bank to appoint the Chairman of the Board (in each case as set out in the Articles of Association and described above), AROM Holdings Limited is currently able to appoint seven Directors (of the maximum nine Board members that can be appointed), including the Chairman of the Board.

There are no arrangements currently known to the Bank the operation of which may, at a subsequent date, result in a change of control in the Bank.

The Bank has previously adopted measures in line with the Corporate Governance Code, with a view to ensuring that the relationship with its major shareholder remains at arm's length, including adherence to rules on related party transactions that require the sanction of the Bank's Audit Committee, which is constituted in its entirety by independent, non-executive Directors. As provided by the Capital Markets Rules, a Director shall be considered independent, for the purposes of his appointment to the Audit Committee, only if such Director is free of any business, family, or other relationship with the Bank, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair the Director's judgement. As part of its duties, the Audit Committee ensures that transactions with related parties are adequately assessed, reviewed and reported to ensure approval at arm's length, in line with the Group's 'Related Party Transactions Approval Framework', which sets out the safeguards that are to be applied to transactions and arrangements between the Group and a related party, which transactions must be entered into at arm's length and on a normal, commercial basis.

In terms of the Corporate Governance Code, all Directors are also expected to apply high ethical standards, are obliged to avoid conflicts of interest and, in particular, are required to always act in the interest of the Bank and its shareholders as a whole irrespective of which shareholder appointed them to the Board.

8. USE OF PROCEEDS AND OTHER KEY INFORMATION

8.1. Use of proceeds and reasons for the Share Issue

The net proceeds from the Share Issue, which net of Share Issue expenses are expected to amount to approximately €59.2 million (or €65.3 million in the event that the Bank exercises the Over-Allotment Option in full), will constitute an integral part of the Bank's capital plan (to further strengthen its CET 1 capital) and will enable the Bank to achieve its strategic objectives whilst ensuring compliance with the relevant capital requirements.

8.2. Interest of persons involved in the Share Issue

The Bank (acting in its capacity as an MFSA licensed investment firm) has been designated as an Authorised Intermediary and the general public will therefore be able to subscribe for New Shares through the Bank. Accordingly, the Bank has a financial interest in the relevant transaction. The Bank also has an interest by virtue of the fact that, as mentioned in section 8.1, the net proceeds from the Share Issue will form part of the regulatory capital of the Bank which capital is required for the Bank to continue undertaking initiatives to grow its various business lines.

As an Authorised Intermediary, the Bank will offer, among other things, execution only services without investment advice ("**Non-Advisory Sales**") or investment advice followed by execution services ("**Advisory Sales**") in respect of the Share Issue. In certain instances, the Bank may, under applicable rules, be required to (a) assess the Applicant's level of knowledge in and experience with investment instruments with similar characteristics as the New Shares, (b) assess the suitability of the New Shares for the Applicant, or (c) provide certain risk warnings. Prospective investors should therefore note that, as a result of the Bank's interest in the Share Issue, there is, among other things, a risk that the Bank's investment advisors propose this investment over other available investments available at that time or otherwise seek to oversell the Share Issue.

In this respect, the Bank has a conflicts of interest policy which addresses how it identifies and seeks to mitigate conflicts of interest in the provision of services to clients (including Applicants). A summary of this policy is available here: <https://www.apsbank.com.mt/document-downloads>.

Specifically in relation to the provision of Non-Advisory Sales and Advisory Sales in relation to the New Shares issued by itself as issuer, the Bank has implemented the following additional organisational and administrative measures aimed at mitigating the risks:

- (i) Remuneration: Group personnel involved in the sale of the New Shares will not receive any variable remuneration (e.g. commission or performance bonuses) linked to such sales;
- (ii) Information barriers: The Group's investment officers were not involved in the design and structure of the Share Issue; and

(iii) Enhanced procedures: Where applicable, the Bank has implemented enhanced procedures in relation to the collection of information in order to assess an Applicant's knowledge and experience as well as to carry out a suitability assessment in relation to the New Shares and risks involved as well as in relation to the provision of information and risk warnings.

Save for the above and the possible subscription for New Shares by Authorised Intermediaries (which may include the Bank, and Curmi & Partners and Rizzo, Farrugia & Co acting together as the Bank's Joint Sponsors and Managers in respect of the Share Issue), the Directors are not aware of any interest, conflicting or otherwise, considered material to the Share Issue.

8.3. Authorisations and admissibility to listing

By means of an extraordinary resolution passed at the Bank's annual general meeting held on 28 April 2022, the Bank's shareholders authorised the Board, in connection with the Share Issue, to (a) issue the New Shares; and (b) withdraw the pre-emption rights enjoyed by the shareholders in terms of the Companies Act and the Articles of Association. This withdrawal of pre-emption rights was approved for the benefit prospective Applicants and to ensure that the Bank meets the public float requirement set out in Capital Markets Rule 3.26.

The Board also authorised the submission of an application for listing on the Official List by means of a resolution passed on 13 May 2022.

Application has been made to the MSE for the Shares to be listed and traded on the Official List. The Competent Authority authorised the Shares as eligible to be listed on the Official List pursuant to the Capital Markets Rules by virtue of a letter dated 24 May 2022. In this respect, the Shares are expected to be admitted to the Official List with effect from 30 June 2022 and trading may commence thereafter. Dealings in the Shares shall not commence prior to the Shares being admitted to trading on the Official List.

8.4. Dilution

The Share Issue is being made through the issue and allotment of the New Shares. As at the date of this Prospectus, the issued share capital of the Bank is held by its four shareholders, as indicated in the table below. Upon completion of the Share Issue, and on the assumption that the Share Issue is fully subscribed and that none of the four shareholders subscribe for New Shares, the current shareholders' percentage holding in the Bank will be reduced as follows:

Shareholder	Number of Shares held as at the date of Prospectus	Percentage holding in the Bank prior to Share Issue	Percentage holding in the Bank after Share Issue without exercise of Over-Allotment Option	Percentage holding in the Bank after Share Issue with exercise of Over-Allotment Option
AROM Holdings Limited	198,367,765	79.44%	56.72%	55.15%
Diocese of Gozo	45,449,032	18.20%	13.00%	12.63%
Metropolitan Cathedral Chapter	5,831,889	2.33%	1.67%	1.62%
Abbey Holdings Limited	66,975	0.03%	0.02%	0.02%
TOTAL	249,715,661	100.00%	71.41%	69.42%

8.5. Professional fees related to Share Issue

Professional fees and costs related to publicity, advertising, printing, listing, selling commissions and other miscellaneous expenses in connection with the Share Issue are estimated not to exceed €1 million in the aggregate (or €1.1 million if the Bank exercises the Over-Allotment Option in full), and shall be borne exclusively by the Bank. There is no particular order of priority with respect to such expenses.

8.6. Intention to acquire

Certain Directors and members of senior management (all being Preferred Applicants) have indicated to the Bank that they intend to subscribe for New Shares. The Bank is aware of a number of investors that have subscribed for more than 5% of the Share Issue through the Pre-Allocation Agreements.

Furthermore, AROM Holdings Limited and the Diocese of Gozo, being the Bank's major existing shareholders, have indicated to the Bank that they will not be participating in the Share Issue and will therefore not be subscribing for New Shares.

9. INFORMATION ABOUT THE SHARES TO BE ADMITTED TO TRADING

9.1. General

Upon issuance and allotment, the New Shares, together with the existing Shares will constitute the entire issued share capital of the Bank.

The ISIN of the Shares is MT0002500115 and the currency of the Shares is Euro (€).

The existing Shares in the Bank have been created in terms of the Companies Act, subject to the Bank's Memorandum and Articles of Association, and have been issued in registered, certificated form and will remain so, until they are admitted to the Official List. The share certificates in respect of the existing Shares currently in issue are evidence provided by the Bank to its existing shareholders of the relevant entry in the register of members of the Bank of the Shares held by such shareholders. Following their admission to the Official List the existing Shares will, whilst retaining their registered form, no longer be in certificated form and will thereafter be held in book-entry form at the CSD in accordance with the requirements of the MSE, or in such other form as may be determined from time to time by applicable law, the requirements of the MSE or the Bank. Similarly, the New Shares will be created in terms of the Companies Act, subject to the Bank's Memorandum and Articles of Association, and will also be in registered form and be held in book-entry form at the CSD in accordance with the requirements of the MSE or in such other form as may be determined from time to time by applicable laws, the requirements of the MSE or the Bank.

9.2. Rights attaching to the New Shares

Upon issuance and allotment, the New Shares will form part of the only class of ordinary shares in the Bank and accordingly have the same rights and entitlements as all other Shares in issue in the Bank. The following is an overview of the rights attaching to the Shares:

Dividends

The Shares carry the right to participate in any distribution of dividend declared by the Bank *pari passu* with any and all other Shares in the Bank. Dividends shall be deemed to be non-cumulative. As a rule, dividends can only be paid if there are profits available for distribution. The Bank's dividend policy is described in section 4.8.

Voting rights

Each Share entitles the holder thereof to one vote at meetings of shareholders.

Capital distributions

All Shares carry the right for the holders thereof to participate in any distribution of capital made, whether in the context of a winding up or otherwise, *pari passu* with all other Shares of the Bank.

Transferability and restrictions

Save for the restrictions on free transferability of the Shares subject to the Lock-In arrangements (as further described below), the Shares are freely transferable and following listing on the Official List, shall be transferable only in whole in accordance with the rules and procedures of the Official List applicable from time to time. No minimum holding requirement is applicable once the Shares are admitted to listing on the Official List.

Any person becoming entitled to a Share in consequence of the death or bankruptcy of a shareholder may, upon such evidence being produced as may from time to time properly be required by the Bank or the CSD, elect either to be registered as holder of the Share or to have another nominated person by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered, such person shall deliver or send to the CSD a signed notice in writing confirming such election. In the event of a nomination of another person, such election must be evidenced by transferring the Share, or procuring the transfer of the Share, in favour of that person.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Shares and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Bank 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 Bank.

Lock-In

AROM Holdings Limited and the Diocese of Gozo (being shareholders holding 10% or more, of the issued share capital of the Bank after the allocation of New Shares following the Share Issue) have undertaken not to offer, sell, grant any option, right or warrant to purchase or otherwise transfer, assign or dispose of, any of the Shares which they hold in the Bank as at the date of this Prospectus for a period of 24 months from the date when the Shares are admitted to listing on the Official List, and this undertaking shall subsist notwithstanding any provisions of the Companies Act and the Memorandum and Articles of Association and/or the Capital Markets Rules that would otherwise have permitted such transfer, assignment or disposal (the “**Lock-In**”).

As an exception to the Lock-In, AROM Holdings Limited and the Diocese of Gozo may transfer, sell, assign or dispose of any of their existing Shares in the Bank where such transfer, sale, assignment or disposal is made (1) consequent to the enforcement, as a result of default of the underlying obligation by the pledgor, of a bona fide pledge made to a credit institution licensed in Malta or holding an equivalent authorisation in an EU member state or EEA state; or (2) in the context of an internal corporate restructuring exercise of either of the said shareholders, where the beneficial interest in the relevant Shares does not change.

Pre-emption

Subject to article 88 of the Companies Act, and article 16 of the Articles of Association, in issuing and allotting new equity securities the Bank (a) shall not allot any equity securities on any terms to any person unless an offer has first been made to each existing shareholder to allot to such shareholder at least on the same terms, a proportion of those equity securities which is as nearly as practicable equal to the aggregate proportion of Shares held by such shareholder (in nominal value); and (b) shall not allot any of those equity securities so offered to any person not being a shareholder, prior to the expiration of any period of offer made to existing shareholders in terms of article 16(a) of the Articles of Association, or prior to a negative or positive reply from all such shareholders, in respect of such offer.

Any such equity securities not subscribed for by the existing shareholders in terms of their pre-emption rights may be offered for subscription to any other person/s under the same or other conditions which however cannot be more favourable than an offer made under article 16(a) of the Articles of Association.

Notwithstanding the above, any right of pre-emption referred to in article 16 of the Articles of Association may be restricted or withdrawn by (i) an extraordinary resolution of the general meeting or (ii) the Board, provided that the Board is authorised to issue equity securities in accordance with article 4(a) of the Articles of Association and article 85 of the Companies Act and for so long as the Board remains so authorised.

Conversion and redemption of Shares

In terms of the Articles of Association and the relevant provisions of the Companies Act, the Bank may by extraordinary resolution convert any paid-up shares into stock, and re-convert any stock into paid-up shares of any denomination. Further details on the rights of conversion are included in the Articles. The Shares are not redeemable or convertible into any other form of security.

Mandatory takeover bids, squeeze-out and sell-out rights

Chapter 11 of the Capital Markets Rules, implementing the relevant provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids and the squeeze-out and sell-out mechanisms. The shareholders may be protected by the said Capital Markets Rules in the event that the Bank is the subject of a Takeover Bid (as defined therein). The Capital Markets Rules may be viewed on the official website of the Competent Authority.

Chapter 11 of the Capital Markets Rules may be subject to changes following the publication of this Prospectus. Accordingly, prospective investors should consult with their advisors as to the implications of such changes as and when amendments to chapter 11 of the Capital Markets Rules take effect.

10. TERMS AND CONDITIONS OF THE SHARE ISSUE

10.1. General Information on the Share Issue

Pursuant to the terms of this Prospectus, the Bank is making up to 110,000,000 New Shares available for subscription (including the additional 10,000,000 New Shares that may be issued in the event that the Bank exercises the Over-Allotment Option in full), 69,681,981 of which have already been allocated to certain investors pursuant to the Pre-Allocation Agreements. The Issue Price is €0.62 per New Share, which includes a premium of €0.37 over Nominal Value, provided that the Bank has resolved to issue 54,613,344 New Shares at specific discounts to the Issue Price to certain investors depending on the total amount invested by each of them in New Shares pursuant to the Pre-Allocation Agreements. The specific discounts and the corresponding investment amount to which each discount applies are described in further detail in section 10.2.1 below.

The net asset value per Share of the Bank as of 31 December 2021, being the date of the latest balance sheet of the Bank, was €0.81. The Board established the Issue Price (€0.62) after taking into account a valuation of the underlying fair value of the Bank on the basis of the current strategic business plan and financial forecasts, as well as a reference to valuation multiples across comparable assets, a market sounding exercise and the wider economic landscape.

The issue and allotment of the New Shares is conditional inter alia upon: (a) a minimum aggregate subscription amount of 75,462,702 New Shares and (b) the approval by the MSE of the Bank's application for the Shares to be admitted to the Official List. For the full Terms and Conditions of the Share Issue, please refer to the entirety of this section 10.

In the event that any of these conditions is not satisfied by the close of the Offer Period, the Share Issue will be withdrawn or revoked unilaterally by the Bank.

The Bank also reserves the right to withdraw the Share Issue prior to the Issue Date for reasons beyond its control, such as extraordinary events, substantial change of the political, financial, economic, legal, monetary or market conditions at national or international level and/or adverse events regarding the financial or commercial position of the Bank and/or other relevant events that in the reasonable discretion of the Bank may be prejudicial to the offer.

In the event of a revocation of the Share Issue as aforesaid, any application monies received by or on behalf of the Bank will be returned without interest (through the Registrar and/or the Authorised Intermediaries, as applicable) by direct credit into the Applicant's bank account indicated by the Applicant in the relative Application. If no such bank account number is provided, or in the event that bank account details in the Application are incorrect or inaccurate, such returns will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application.

The Share Issue is not underwritten. In the event that the Share Issue is not fully subscribed the Bank will, subject to a minimum aggregate subscription amount of 75,462,702 New Shares, proceed with the transaction.

Dealings in the Shares shall not commence prior to the Shares being admitted to the Official List of the MSE.

10.2. Plan of Distribution and Allotment

The New Shares will be distributed as follows:

- (i) The Bank and the Registrar have entered into Pre-Allocation Agreements with a number of Applicants and Authorised Intermediaries in advance of the Offer Period, pursuant to which the Bank has bound itself to allocate 69,681,981 New Shares to such Applicants and Authorised Intermediaries. Payment for these New Shares must be received by the Registrar in cleared funds by the Pre-Allocation Payment Date.
- (ii) The remaining balance of up to 40,318,019 New Shares (including the additional 10,000,000 New Shares that may be issued in the event that the Bank exercises the Over-Allotment Option in full), is being made available for subscription during the Offer Period by all Applicants (including Preferred Applicants and the general public).

Authorised Intermediaries applying for New Shares, may do so for their own account and/or for the account of their underlying clients. Authorised Intermediaries shall be entitled to distribute any portion of the New Shares allotted to them for their underlying clients upon commencement of trading or instruct the Registrar to issue a portion of the New Shares allotted to them directly to their underlying clients, in all cases, subject to the minimum subscription thresholds set out in section 10.2.3.

10.2.1. Conditional Pre-Allocation Agreements

Each Pre-Allocation Agreement became binding on each of the Bank, the Registrar and the relevant Applicant and/or Authorised Intermediary upon signing, and is subject to the Terms and Conditions of the Share Issue as set out in the Prospectus. The Registrar must receive payment of all subscription proceeds in cleared funds by the Pre-Allocation Payment Date. In terms of each Pre-Allocation Agreement, the Bank is conditionally bound to issue, and each Authorised Intermediary, is conditionally bound to subscribe for, the number of New Shares specified in the relevant Pre-Allocation Agreement subject to, among other things, the approval: (i) by the Competent Authority of this Prospectus and of the admissibility of the Shares to listing on the Official List; and (ii) by the MSE of the Bank's application for the Shares to be admitted to listing and trading on the Official List.

The Pre-Allocation Agreements gave investors the opportunity to subscribe for New Shares at a discount to the Issue Price, depending on the total Euro amount invested by each of investor pursuant to the Pre-Allocation Agreements. The specific allotment prices (based on their corresponding investment amounts), and the aggregate number of New Shares to be issued by the Bank at each respective price, in respect of the Pre-Allocation Agreements, are set out in the table below:

Investment amount	Specific Allotment Prices	Number of New Shares	Aggregate Allotment Value
€100,000 to €999,999	€0.62	15,068,637	€9,342,555
€1,000,000 to €2,999,999	€0.60	11,408,334	€6,845,000
€3,000,000 to €4,999,999	€0.59	15,319,492	€9,038,500
€5,000,000 to €10,000,000	€0.58	27,885,518	€16,173,600
TOTAL		69,681,981	€41,399,655

10.2.2. Method of Application

Applications must be made using the relevant Application Form (Application Form 'A' for Preferred Applicants or Application Form 'B' for all other Applicants) and all Applications must be submitted to one of the Authorised Intermediaries listed in Annex B during the Offer Period. In all cases, Applications must be accompanied by the full payment due for the New Shares subscribed for and in the event that cheques accompanying Applications are not honoured on their first presentation, the Bank, the Registrar and/or the relevant Authorised Intermediary, as the case may be, reserve the right to invalidate the relative Application.

Specimen Application Forms can be found in Annex C of this Prospectus.

Preferred Applicants

Preferred Applicants must subscribe for New Shares using Application Form 'A'.

Bondholders

Applications to be used by Bondholders will be pre-printed and mailed to Bondholders on or around 1 June 2022. Bondholders must submit their duly completed Applications to any of the Authorised Intermediaries listed in Annex B of this Prospectus during the Offer Period.

Group Employees

Applications to be used by Group Employees will be made available from the Bank's offices. Group Employees must submit their duly completed Applications to the Bank during the Offer Period.

General public

Applicants who are not Preferred Applicants must subscribe for New Shares using Application Form 'B' which will be made available after 1 June 2022. Applicants who are not Preferred Applicants must submit their Applications to any of the Authorised Intermediaries listed in Annex B of this Prospectus during the Offer Period.

10.2.3. Minimum Subscription Amounts

The minimum subscription amount of New Shares that can be subscribed for by Applicants is 1,000 New Shares (for a minimum investment amount of €620).

10.3. Eligible investors

The Share Issue, which is being made in Malta only, is open to all categories of investors including the general public. Accordingly, any person, whether natural or legal, resident in, or who are citizens of, or who have a registered address in Malta shall be eligible to submit an Application. Any one person should not submit more than one Application for New Shares in his own name.

Having considered the circumstances, the Bank has formed the view (due to the onerous requirements involved in the registration of this Prospectus in any territory other than Malta and/or compliance with the relevant legal or regulatory requirements) not to accept completed Applications from investors residing in or citizens of a country other than Malta, except where, *inter alia*, in the absolute discretion of the Bank, it is satisfied that such action would not result in a contravention of any applicable legal or regulatory requirement in of any other jurisdiction.

10.4. Allocation Policy

The Bank shall allocate the New Shares to Applicants on the basis of the following allocation policy:

- (i) 69,681,981 New Shares shall be allocated to Authorised Intermediaries pursuant to the Pre-Allocation Agreements between the Bank, the Registrar and each relevant Applicant and/or Authorised Intermediary; and
- (ii) the remaining balance of up to 40,318,019 New Shares (including the additional 10,000,000 New Shares that may be issued in the event that the Bank exercises the Over-Allotment Option in full) shall be allocated to satisfy all Applications submitted during the Offer Period (subject to the full Terms and Conditions). In the event of an oversubscription, the Bank shall give preference to Preferred Applicants in accordance with an allocation policy to be determined by the Bank at the time.

The Bank shall announce the results of the Share Issue, together with the basis of acceptance of Applications and the allocation policy to be adopted, through a company announcement, within five Business Days from closing of the Offer Period.

The Bank may, at its sole discretion, elect to exercise the Over-Allotment Option in whole or in part and allocate the New Shares in accordance with the above-mentioned allocation policy adopted by the Bank.

In the event that Applications in terms of paragraph (ii) above exceed the amount available for subscription pursuant to the Share Issue, including the Over-Allotment Option if so exercised by the Bank, the Bank may be required to scale down Applications received, in accordance with the above-mentioned allocation policy adopted by the Bank.

In this regard, and with reference to subscription monies of any unsatisfied Applications, or part thereof, Applicants shall have either of the following options:

- (a) to have them returned by direct credit transfer to the account number indicated in the relevant Application Form within five Business Days from the announcement of the basis of acceptance. The Bank and the Registrar shall not be responsible for any loss or delay in transmission or any charges in connection therewith; or
- (b) apply to benefit from favourable terms and rates in a deposit product/s to be devised and offered by the Bank exclusively and specifically for the Share Issue, subject to terms and conditions as may be drawn up by the Bank and related due diligence verification.

The Bank and the Registrar, as applicable, shall not be responsible for any loss or delay in transmission or any charges in connection with the said processes.

The registration advice and other documents and any monies relating to (a) and (b) above may be retained pending clearance of the remittance and any verification of identity as required by the PMLA. Such monies will not bear interest while retained as aforesaid.

10.5. Selling Commission

Selling commission is payable to the Authorised Intermediaries based on the value of the New Shares allocated to Applicants applying through such Authorised Intermediaries at the rate of 1.5% on the aggregate value of New Shares allocated as aforesaid.

10.6. Withdrawal Rights

If the Bank is required to publish a Supplement, Applicants who have applied for New Shares shall be allowed at least three Business Days following the publication of the relevant Supplement during which they can withdraw their Application to acquire New Shares in its entirety provided that the new factor, material mistake or inaccuracy (requiring the publication of a Supplement) arose between the date of approval of the Prospectus by the Competent Authority and admission to trading of the Shares. The right to withdraw an Application to acquire New Shares in these circumstances will be available to all investors under the Share Issue. If the Application is not withdrawn within the stipulated period, such Application under the Share Issue will remain valid and binding. Details of how to withdraw an Application will be made available in the context of the aforesaid if and when a Supplement to the Prospectus is published.

10.7. Indicative Timetable

The below are the indicative dates relating to the Share Issue:

- | | |
|--|-------------|
| 1. Cut-Off Date: | 23 May 2022 |
| 2. Applications mailed to Bondholders: | 1 June 2022 |
| 3. Opening of Offer Period: | 3 June 2022 |

4. Pre-Allocation Payment Date:	17 June 2022
5. Closing of Offer Period:	17 June 2022
6. Announcement of basis of acceptance:	24 June 2022
7. Refund of unallocated monies (if applicable):	30 June 2022
8. Issue Date:	30 June 2022
9. Expected date of admission of the Shares to listing:	30 June 2022
10. Expected date of commencement of trading of the Shares:	1 July 2022

Subject to the Bank's right to exercise the Over-Allotment Option, the Bank reserves the right to close the Share Issue prior to the end of the Offer Period in the event that the New Shares are fully subscribed prior to such date and time, in which case the events set out in steps 4 to 10 above shall be brought forward (although the number of Business Days between each of these events is not expected to be varied).

10.8. Terms and Conditions of the Share Issue

- (a) The issue of New Shares to successful Applicants is conditional *inter alia* upon the approval by the MSE of the Bank's application for the Shares to be admitted to the Official List. In the event that the Shares are not admitted to the Official List, any Application monies received by the Registrar will be returned, without interest, by direct credit into the Applicant's bank account.
- (b) The issue and allotment of the New Shares is also conditional *inter alia* upon a minimum aggregate subscription amount of 75,462,702 New Shares. In the event that, following the Offer Period, the aggregate amount of Applications received do not equate to 75,462,702 New Shares: (a) no issue of New Shares will be made; (b) the subscription for New Shares shall be deemed not to have been accepted by the Bank; and (c) all proceeds received from Applicants shall be refunded without interest.
- (c) The contract created by the Bank's acceptance of an Application shall be subject to all of the Terms and Conditions and any other related terms and conditions set out in the remainder of this Prospectus, the Memorandum and Articles of Association of the Bank and in the respective Application. Without prejudice to the restrictions set out in section 10.3 above, it is the responsibility of investors wishing to acquire the New Shares to inform themselves of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- (d) Subject to all other terms and conditions set out in the Prospectus, the Bank, the Registrar and the Authorised Intermediaries reserve the right to reject, in whole or in part, or to scale down, any Application, and to present any cheques for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Bank, the Registrar or Authorised Intermediaries is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. It shall not be incumbent on the Bank or the Registrar to verify the signatures and signatories on any Application received.
- (e) In the case of joint Applications, reference to the Applicant in the Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several. The person who shall be first-named in the register of shareholders shall, for all intents and purposes, be deemed to be such nominated person by all joint holders in the register of shareholders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Share/s (as applicable) so held.
- (f) In the case of corporate Applicants or Applicants having separate legal personality, the Application must be signed by a person/s authorised to sign and bind such Applicant. It shall not be incumbent on the Bank or the Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised. Applications by corporate Applicants have to include a valid legal entity identifier ("LEI") which must be unexpired at the time of the Application and of the listing of the New Shares. Applications without such information or without a valid LEI will not be accepted.
- (g) In respect of any Shares held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register of shareholders. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Bank to be the holder of the Share/s so held and shall have the right to receive dividends distributed to shareholders and to vote at meetings of the shareholders, but shall not, during the continuance of the Share/s, have the right to dispose of the Share/s so held without the consent of the bare owner.
- (h) Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an MSE account and that the Application is signed by both parents or the legal guardian/s. Details of the minor's parents, legal guardians or decision makers should be included in the section "Decision Maker / Legal Guardian Details" in the Application. Any New Shares allocated pursuant to such an Application shall be registered in the name of the minor as a shareholder, with dividends payable (as applicable) to the parents / legal guardian/s signing the Application until such time as the minor attains the age of 18 years, following which all dividends shall be paid directly to the registered holder, provided that the Bank has been duly notified in writing of the fact that the minor has attained the age of 18 years. This requirement shall continue to operate even after the expiry of the Prospectus.

- (i) All Applications for New Shares must be submitted within the time limits set out herein and shall be subject to a minimum of 1,000 New Shares per Application.
- (j) Applications are to be lodged with any of the Authorised Intermediaries. Applications must be received by no later than 12:00 hours on 17 June 2022.
- (k) All Applications must be accompanied by the full price due for the New Shares applied for, in Euro (€). In the event that any cheque accompanying an Application is not honoured on its first presentation, the Bank, Authorised Intermediaries and/or the Registrar reserve the right to invalidate the relative Application.
- (l) In the event that an Applicant has not been allocated any Shares or has been allocated a number of Shares which is less than the number applied for, and has opted for a refund of the funds in terms of section 10.4 above, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Shares applied for but not allocated, without interest, by credit transfer to such account as designated by the Applicant, at their sole risk within five (5) Business Days from the date of announcement of basis of acceptance. The Bank and the Registrar shall not be responsible for any loss or delay in transmission or any charges in connection therewith.
- (m) For the purposes of the PMLFTR, all appointed Authorised 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 3.6 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Intermediaries are member firms of the MSE or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act and/or the GDPR, as amended, for the purposes and within the terms of the MSE's data protection and privacy policy as published from time to time.
- (n) It shall be incumbent upon the respective Authorised Intermediary to ascertain that all other applicable regulatory requirements relating to the subscription of the New Shares by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, and Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012, in each case as amended, as well as applicable MFSA rules for investment services providers.
- (o) No person receiving or downloading a copy of the Prospectus (or part thereof) or an Application in any territory other than Malta, may treat the same as constituting an invitation or offer, nor should such person in any event deal with the Application unless, in the relevant territory, such an invitation or offer could lawfully be made or the Application could lawfully be used or dealt with without contravention of any legal or regulatory requirements.
- (p) The subscription of Shares by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisors (including tax and legal advisors) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to acquire the Shares. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Share Issue, to satisfy himself/herself/ itself as to the full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Bank and its advisors shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.
- (q) Certificates will not be delivered to shareholders in respect of the Shares in virtue of the fact that the entitlement to the Shares will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Bank by 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 shareholders and particulars of the Shares held by them respectively, and the shareholders shall have, at all reasonable times during business hours, access to the register of shareholders held at the CSD for the purpose of inspecting information held on their respective account.
- (r) The CSD will issue, upon a request by a shareholder, a statement of holdings to such shareholder evidencing their entitlement to the Shares held in the register kept by the CSD. To this extent the shareholders are expected to liaise directly with the CSD on this matter.
- (s) Applicants may opt to subscribe for the online e-portfolio of the MSE by filling in the respective fields in the Application. The shareholder's statement of holdings evidencing entitlement to the Shares held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facilities on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

- (t) By completing and delivering any Application, the Applicant:
- (i) accepts to be irrevocably contractually committed to acquire the number of Shares allocated to such Applicant at the Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Shares specified in the Application submitted by the Applicant (or any smaller number of Shares for which the Application is accepted) at the Issue Price (as applicable) being made subject to the provisions of the Prospectus, these Terms and Conditions, the Application and the Memorandum and Articles of Association of the Bank;
 - (ii) 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 Bank and the Share Issue contained therein;
 - (iii) warrants that the information submitted in the Application is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Bank through the Registrar and transfer monies will be returned to the Applicant in accordance with the conditions laid out above.
 - (iv) acknowledges that in the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application and those held by the MSE in relation to the MSE account number indicated on the Application, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - (v) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Bank, which is available on the Bank's website on <https://ebank.apsbank.com.mt/en/gdpr>. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without an Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that the Applicant has been provided with and has read the privacy notice;
 - (vi) authorises the Bank (or its services providers, including the Registrar and/or CSD and/or any of the Authorised Intermediaries) to process the personal data that the Applicant provides in the Application, for all purposes necessary and subsequent to the securities applied for, as the case may be, in accordance with the Data Protection Act. The Applicant has the right to request access to and rectification of the personal data relating to the Applicant as processed in relation to the New Shares applied for, as the case may be. Any such requests must be made in writing and sent to Bank at the address indicated in the Prospectus and sent to the CSD at the MSE. The requests must further be signed by the Applicant to whom the personal data relates;
 - (vii) confirms that in making such Application no reliance was placed on any information or representation in relation to the Bank, the Shares, or the Share Issue 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;
 - (viii) agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated in the Application. Neither the Bank, nor the Authorised Intermediaries, nor the Registrar shall be responsible for any loss or delay in transmission or any charges in connection therewith;
 - (ix) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: the Applicant will not be entitled to receive a registration advice or to be registered in respect of such New Shares, unless and until a payment is made in cleared funds for such New Shares and such payment is accepted by the Bank (through the Registrar) and/or by the respective Authorised Intermediary (which acceptance shall be made in their absolute discretion and may be on the basis that the Bank is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the respective Authorised Intermediary or the Bank (through the Registrar) of such late payment in respect of the Shares); the Bank may, without prejudice to other rights, treat the agreement to allocate such New Shares as void and may allocate such New Shares to another person, in which case the Applicant will not be entitled to a refund or payment in respect of such New Shares (other than return of such late payment);
 - (x) agrees that the registration advice and other documents and any monies returnable to the Applicants may be retained pending clearance of their remittance and any verification of identity as required by the PMLA and regulations made thereunder, and that such monies will not bear interest while retained as aforesaid;

- (xi) agrees to provide the Bank and/or Authorised Intermediaries (acting through their agents or advisors), with any information which it/they may request in connection with the Application;
- (xii) agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Bank to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (xiii) warrants that, where an Applicant signs and submits an Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions and undertake to submit a power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Bank and/or the Registrar and/or Authorised Intermediaries (which may act through any advisor and/or intermediary);
- (xiv) warrants that where the Applicant is under the age of 18 years, or where an Application is being lodged in the name and for the benefit of a minor, the person/s signing the Application is/are the parent/s or legal guardian/s of the minor;
- (xv) 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 their Application in any territory, and that the Applicant has not taken any action which will or may result in the Bank or its advisors acting in breach of the regulatory or legal requirements of any territory in connection with the Shares, and/or Application;
- (xvi) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xvii) represents that the Applicant is not a U.S. Person as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") as well as not to be accepting the invitation set out in the Prospectus from within United States of America, its territories or possessions or the District of Columbia (the "**United States**" or "**U.S.**") or on behalf or for the account of anyone within the United States or anyone who is a U.S. Person;
- (xviii) acknowledges that the Share Issue has not been and will not be registered under the Securities Act and accordingly, no New Shares may be offered or sold within the United States or to or for the account or benefit of a U.S. Person;
- (xix) agrees that the advisors to the Bank listed in section 3 of this Prospectus will owe the Applicant no duties or responsibilities (fiduciary or otherwise) concerning the Shares or the suitability thereof to the Applicant;
- (xx) agrees that neither the Joint Sponsors & Managers, nor the Registrar, insofar as they are not acting as an Authorised Intermediary, will treat the Applicant as their customer by virtue of said Applicant making an application for New Shares or by virtue of the Application being accepted, and they will not owe you any duties or responsibilities concerning the price of the New Shares or their suitability for the Applicant;
- (xxi) agrees that all documents in connection with the Share Issue 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;
- (xxii) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Bank against any amount due to the Applicant in respect of the Shares;
- (xxiii) agrees that such Application is addressed to the Bank and that, in respect of those New Shares for which the Application has been accepted, the Applicant shall receive a registration advice confirming such acceptance, or, if the Applicant has registered for the e-portfolio services of the CSD, the Applicant acknowledges that the acceptance of the Application may be verified via access to their e-portfolio; and
- (xxiv) acknowledges that any New Shares which may be allotted will be recorded by the CSD in the MSE account number quoted on the Application even if the details of such account number, as held by the MSE, differ from any or all of the details appearing on the Application.

11. TAXATION

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation and implications which may be applicable to them in respect of the Shares, including their acquisition, holding, and transfer as well as any income or gains derived therefrom or any gains derived on the transfer of such Shares. The following information of the anticipated tax treatment applicable to investors is applicable only in so far as taxation in Malta is concerned and in so far as the investors do not deal in Shares in the course of their normal trading activities. 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 Bank at the date of this 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 as a general guide. The precise implications for investors will depend, on their particular individual circumstances, and thus professional advice in this respect should be sought accordingly.

11.1. Taxation status of the Bank

The Bank, being a company incorporated and resident for tax purposes in Malta, is subject to income tax in Malta on a worldwide basis. The Bank is subject to income tax at the standard rate of 35 per cent. Certain capital gains as specified in Maltese tax law are also subject to tax, however, the applicable tax rate and the method with which the tax is calculated may vary depending on the asset being transferred.

11.2. Tax on dividends

In general, distributions of dividends from the taxed profits of the Bank to its shareholders should not be subject to any further tax in Malta.

Certain shareholders might, in certain instances, be able to include certain dividends distributed to them by the Bank from its Immovable Property Account, Maltese Taxed Account or Foreign Income Account in their income tax return, with a view to obtaining a full imputation refund in terms of the Full Imputation System. The full imputation refund should be equal to the difference between the tax which is theoretically payable by the shareholder on the grossed-up dividend and the tax paid by the Bank on these profits, but may be subject to a capping.

Full imputation refunds cannot be claimed on profits distributed from the Final Tax Account.

Dividends distributed to, amongst others, an individual resident (or deemed to be resident) in Malta, from profits allocated to the Untaxed Account, should be subject to a 15% withholding tax. In specific circumstances, such withholding tax may also apply to distributions made to non-resident persons. In such cases, the Bank should withhold 15% tax from the amount of the dividend and remit such withholding tax to the Maltese Commissioner for Revenue.

The shareholders may in certain circumstances, opt to declare the gross dividend distributed from the Untaxed Account in their income tax return and claim a refund on the difference between the 15% withholding tax and the personal tax rate applicable to the shareholder on the dividend.

11.3. Tax on capital gains

In accordance with current legislation, for as long as the Shares remain listed on the MSE, and such shares are held as capital assets, no income tax on capital gains is payable in Malta on any transfer of these Shares.

11.4. Duty on documents and transfers

In accordance with current legislation, for as long as the Shares remain listed on the MSE, no duty on documents and transfers is payable in Malta on any transfer of these Shares.

11.5. Exchange of information

In terms of applicable Maltese legislation, the Bank and, or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain shareholders) to the Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

11.6. The Common Reporting Standard and the Directive on Administrative Cooperation

The Organisation for Economic Co-operation and Development (“**OECD**”) has developed a global framework, commonly known as the Common Reporting Standard (“**CRS**”) for the identification and timely reporting of certain financial information on individuals, and controlling persons of certain entities, who hold financial accounts with financial institutions of participating jurisdictions in order to increase tax transparency and cooperation between tax administrations. Numerous jurisdictions, including Malta, have signed the OECD multilateral competent authority agreement, which is a multilateral agreement outlining the framework to automatically exchange certain financial and personal information as set out within CRS.

So as to introduce an extended automatic exchange of information regime in accordance with the global standard released by the OECD, CRS has also been adopted in the EU through the implementation of Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of tax information in the field of taxation. This has been transposed in Malta by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations, (S.L. 123.127) (“**CRS Legislation**”), and has been applicable since 1 January 2016. In terms of this legal notice, the automatic exchange of information obligations shall extend to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

Malta based financial institutions (defined as such for the purposes of CRS) are obliged to identify and annually report to the Maltese Commissioner for Revenue financial accounts held by a reportable person, as defined under the CRS Legislation, including certain entities with one or more controlling persons, as defined under the CRS Legislation. Financial information relating to shares and the holders thereof may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

Under CRS, financial institutions resident in a CRS participating jurisdiction (such as Malta) would be required to apply onerous due diligence procedures for the identification of reportable accounts. Shareholders may be required to provide certain information and certifications to financial institutions, such as qualifying custodians or any intermediaries, in order to satisfy their obligations under CRS. Certain confidential information in relation to the shareholders, and, or other reportable persons may be reported to the Maltese Commissioner for Revenue or other relevant overseas tax authorities and automatically exchanged pursuant to these arrangements with the tax administrations of other participating jurisdictions.

Prospective investors are advised to seek professional advice in relation to the CRS and EU Council Directive 2014/107/EU. Not complying with the CRS rules may give rise to certain fines or closure of financial accounts.

11.7. Foreign Account Tax Compliance Act

The United States enacted rules, commonly referred to as “**FATCA**”, that generally impose a reporting regime, and in some cases withholding requirements, with respect to certain U.S. source payments (including dividends), gross proceeds from the disposition of property that can produce U.S. source interest and dividends as well as certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA in Malta, which has been implemented into Maltese law through the Exchange of Information (United States of America) (FATCA) Order, (S.L.123.156) (“**FATCA Legislation**”).

Under the FATCA Legislation, financial institutions in Malta (defined as such for the purposes of FATCA) are required to satisfy applicable due diligence requirements to identify and report financial accounts held by specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities, which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Maltese Commissioner for Revenue. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis.

Financial account information in respect of holders of the shares could fall within the scope of FATCA and they may therefore be subject to reporting obligations. In order to comply with its FATCA obligations, if any, the Bank may be required to obtain certain information, forms and other documentation on the shareholders to report information on reportable accounts to the Maltese Commissioner for Revenue, in accordance with applicable laws and regulations, which will in turn report this information to the Internal Revenue Service in the U.S. shareholders should note that a specified US person in terms of FATCA may include a wider range of investors than the current U.S. Person definition referred to in the term Eligible Investors.

Financial institutions reserve the right to request any information and, or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and any referring legislation. In the case of failure to provide satisfactory documentation and, or information, financial institutions may take such action as it thinks fit, including without limitation, the closure of the financial account.

THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THE PROSPECTUS. PROSPECTIVE INVESTORS ARE CAUTIONED THAT TAX LAW AND PRACTICE AND THE LEVELS OF TAX RELATING TO THE BANK AND ITS SHAREHOLDERS MAY CHANGE FROM TIME TO TIME. INVESTORS AND PROSPECTIVE INVESTORS ARE THEREFORE

URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF THE SHARES, AS WELL AS DIVIDEND PAYMENTS MADE BY THE BANK. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO INVESTORS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

12. THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS

This Prospectus does not contain any statement or report attributed to any person as an expert. The Bank confirms any other information sourced from third parties and contained and referred to in this Prospectus has been accurately reproduced in this Prospectus and that there are no facts of which the Bank is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents (or copies of the same) are available for physical inspection at the Bank's registered office and on the Bank's website (www.apsbank.com.mt) for the duration of the validity of the Prospectus:

- (a) The Memorandum and Articles of Association of the Bank; and
- (b) The consolidated audited financial information of the Bank for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021, together with the auditor's reports thereon.

Annex A: List of Directorships

Mr Martin Scicluna

Company Name	Registration Number	Date of Appointment	Date of Resignation
Accredited Insurance (Europe) Ltd	C 59505	February 2013	N/A
Thybo Malta Ltd	C 60466	May 2013	N/A
Merck Capital Asset Management Limited	C 37341	June 2013	N/A
Merck Capital Asset Management Holding Limited	C 50423	June 2013	N/A
Zarattini International Limited	C 68839	January 2015	April 2022
R&Q Insurance (Europe) Limited	C 78902	December 2016	December 2021
Merck Capital Limited	C 39288	June 2013	May 2021
Merck Capital Holding Limited	C 39286	June 2013	May 2021
St Martin Holding Limited	C 68805	January 2015	April 2021
Liberty Global Insurance Co Limited	C 64778	April 2014	September 2020
Hospitaller Funds SICAV plc (struck-off)	SV 188	December 2012	August 2017

Dr Ing Joseph C. Attard

Company Name	Registration Number	Date of Appointment	Date of Resignation
BMIT Limited	C 39594	May 2009	October 2017
Bellnet Limited	C 30793	May 2009	October 2017
BM Support Services Limited	C 39699	May 2009	October 2017
Kinetix IT Solutions Limited	C 27726	May 2009	October 2017

Mr Franco Azzopardi

Company Name	Registration Number	Date of Appointment	Date of Resignation
Express Trailers Engineering Limited	C 76273	July 2016	N/A
Express VRT Limited	C 22618	October 2014	N/A
Eyre Cargo Services Limited (Non-Trading)	C 59901	April, 2013	N/A
Emmanuel Vella & Sons Limited (Non-Trading)	C 59900	April, 2013	N/A
Express Freights Limited (Non-Trading)	C 59903	April, 2013	N/A
Atlas Insurance PCC Limited	C 5601	September 2012	May 2022
Express Group Limited (Non-Trading)	C 57218	August 2012	N/A
Express Trailers Limited	C 4278	August 2011	N/A

Grand Harbour Marina plc	C 26891	June 2010	N/A
RS2 Software plc	C 25829	May 2009	N/A
Vella Brothers Limited	C 3768	August 2011	April 2021
Saki La Limited (Holding – Non-Trading)	C 43050	July 2009	December 2020
Pelangji Limited (Subsidiary – Non-Trading)	C 46925	July 2009	December 2020
PMS Holdings Limited	C 4146	May 2013	August 2020
SAI Limited	C 34373	November 2009	June 2020

Dr Laragh Cassar

Company Name	Registration Number	Date of Appointment	Date of Resignation
Hili Properties plc	C 57954	December 2017	N/A
MedservRegis plc	C 28847	January 2017	N/A
See Limited	C 81352	September 2017	N/A
Falcon Ventures Limited	C 23405	March 2007	N/A
Medserv Operations Limited	C 2971	November 2020	October 2021
Medserv Libya Limited	C 55898	November 2020	October 2021
Medserv International Limited	C 44846	November 2020	October 2021
Medserv ME Limited	C 72250	November 2020	October 2021
Medserv Africa Limited	C 57749	November 2020	October 2021
Medserv Eastern Mediterranean Limited	C 50453	November 2020	October 2021
Dizz Finance plc	C 71189	January 2016	October 2018
Sundown Court Limited (Struck Off)	C 4681	N/A	September 2021
Equinox International Limited	C 29674	February 2011	June 2015

Mr Alfred DeMarco

Company Name	Registration Number	Date of Appointment	Date of Resignation
Habe Holdings Limited	C 71224	June 2018	May 2020
Habe Services Limited	C 71325	June 2018	May 2020

Mr Victor Gusman

Company Name	Registration Number	Date of Appointment	Date of Resignation
G.D.H. Company Limited	C 66528	August 2014	September 2021
Kura Gozo Co. Limited	C 93501	October 2019	July 2021

Mr Michael Pace Ross

Company Name	Registration Number	Date of Appointment	Date of Resignation
Beacon Media Group Ltd	C 12857	October 2021	N/A
Amalgamated Investments SICAV plc	SV 13	August 2019	N/A
Santumas Shareholding plc	C 35	December 2015	October 2019
AROM Holdings Ltd	C 40389	July 2015	February 2016

Prof Juanito Camilleri

Company Name	Registration Number	Date of Appointment	Date of Resignation
Malta University Investments Portfolio	C 91490	June 2020	N/A
DeNovo Cell Limited	C 97576	January 2021	N/A
FLASC BV (Dutch)	76566404	December 2019	N/A
Epic Malta Ltd (previously Vodafone Malta Ltd)	C 10865	April 2020	N/A
Childcare Services Ltd	C 20482	January 1996	N/A
Ta' Betta Wine Estates Ltd	C 32329	October 2003	N/A
Harvest Technology plc	C 63276	March 2015	February 2022
APCO Systems Limited	C 29099	July 2016	February 2022
APCO Limited	C 8724	July 2016	February 2022
PTL Limited	C 3545	July 2016	February 2022
Ipsyon Ltd	C 65394	July 2016	February 2022
1923 Investment plc	C 63261	January 2019	September 2019

Mr Marcel Cassar

Company Name	Registration Number	Date of Appointment	Date of Resignation
IVALIFE Insurance Limited	C 94404	December 2020	N/A

Mr Victor E. Agius; Mr Giovanni Bartolotta; Mr Raymond Bonnici; Mr Anthony Buttigieg; Mr Edward Calleja; Mr Jonathan Caruana; Ms Liana DeBattista; Mr Noel McCarthy; Mr Ronald Mizzi

None.

Annex B - List of Authorised Intermediaries

Financial Intermediary	Address	Telephone
APS Bank plc	APS Centre Tower Street B'Kara BKR 4012	21226644
Bank of Valletta plc	Premium Banking Centre 475, Triq il-Kbira San Guzepp Sta Venera SVR 1011	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, B'Kara BKR 9034	25688688
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
Finco Treasury Management Ltd	The Bastions, Emvin Cremona Street, Floriana FRN 1281	21220002
Hogg Capital Investments Ltd	NU Bis Centre, Mosta Road, Lija LJA 9012	21322872
Jesmond Mizzi Financial Advisors Ltd	67, Level 3, South Street Valletta VLT 1105	21224410
Lombard Bank Malta plc	67, Republic street Valletta	25581112
MeDirect Bank (Malta) plc	The Centre, Tigne Point, Sliema TPO 0001, Malta	25574400
Michael Grech Financial Investment Services Ltd	The Brokerage St Marta Street Victoria Gozo	22587000
MZ Investment Services Limited	61, St Rita Street Rabat RBT 1523	21453739
Rizzo Farrugia & Co (Stockbrokers) Ltd	Airways House Fourth Floor, High Street Sliema SLM 1551	22583000



**APS BANK P.L.C.
NEW SHARES**

APPLICATION FORM 'A' - PREFERRED APPLICANTS

This application form is not transferrable and entitles you to subscribe for new ordinary shares ("New Shares") in APS Bank p.l.c. (the "Bank") as either (i) an employee or a director of the Group; or (ii) a Bondholder appearing on the Bank's register of bondholders – in each case as at the Cut-Off Date, being 23 May 2022 (trading session of 19 May 2022); together referred to as 'Preferred Applicants' as defined in the Prospectus dated 24 May 2022 (the "Prospectus"). Please read the notes overleaf before completing this Application Form. **Complete in BLOCK LETTERS and Mark 'X' where applicable.**

A APPLICANT <i>(see notes 2 to 6)</i>			
		MSE A/C NO. <i>(mandatory)</i>	I.D. CARD / PASSPORT / COMPANY REG. NO. <i>(mandatory)</i>
		<input type="checkbox"/> REGISTER FOR E-PORTFOLIO	
DOCUMENT TYPE <i>(mandatory)</i>	COUNTRY OF ISSUE <i>(mandatory)</i>	DATE OF BIRTH <i>(mandatory)</i>	NATIONALITY <i>(mandatory)</i>
LEI - Legal Entity Identifier <i>(if applicant is NOT an individual)</i>			MOBILE NUMBER <i>(mandatory)</i>
B ADDITIONAL (JOINT) APPLICANTS <i>(see note 3)</i> <i>(please use an addendum to Application Form if space is not sufficient)</i>			
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
C DECISION MAKER/MINOR'S PARENTS/LEGAL GUARDIAN(S)/USUFRUCT <i>(see notes 4, 7 and 8)</i> <i>(to be completed ONLY if applicable)</i>			
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
DOCUMENT TYPE	COUNTRY OF ISSUE	DATE OF BIRTH	NATIONALITY
D I/WE APPLY TO PURCHASE AND ACQUIRE <i>(see note 9)</i>			
AMOUNT OF NEW SHARES IN FIGURES		AMOUNT IN WORDS	
<p>New Shares in APS Bank p.l.c. (minimum of 1,000 New Shares at the issue price of €0.62, as defined in the Prospectus, payable in full upon application and subject to the terms of (a) the Prospectus, including the terms and conditions of the Issue; and (b) the memorandum and articles of association of the Bank.</p>			
		AMOUNT PAYABLE €	
E DIVIDEND MANDATE <i>(see notes 10 and 11)</i> <i>(completion of this panel is MANDATORY)</i>			
<i>Cash Dividends, if any, will be credited to the below account:</i>			
BANK	IBAN		
F REFUND MANDATE <i>(see notes 10 and 12)</i> <i>(completion of this panel is MANDATORY)</i>			
<p>In the case of over-allotment, I/We hereby opt for the unsatisfied applications or part thereof to be <i>(please tick one option)</i>:</p> <p><input type="checkbox"/> (i) Refunded by Direct Credit in the account above (Section E) OR</p> <p><input type="checkbox"/> (ii) Transferred in an APS Deposit Account (Savings or Term Deposit) with preferential terms <i>(refer to note 12 overleaf)</i></p>			
<p>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 Share Issue (as defined in the Prospectus and as contained therein) which I/We fully accept. I/We hereby authorise the Bank to forward the details to the Malta Stock Exchange ("MSE") for the purposes of registering the New Shares 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 Bank may require additional information for Transaction Reporting purposes and agree that such information will be provided.</p>			
Signature/s of Applicant/s		Date	
<small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application) (Bare owner/s and usufructuary/ies to sign in the case of holdings that are subject to usufruct)</small>			
AUTHORISED INTERMEDIARY'S STAMP	AUTHORISED INTERMEDIARY'S CODE	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 24 May 2022 regulating the Share Issue

1. This Application is governed by the Terms and Conditions of the Share Issue contained in section [10] of the Prospectus dated 24 May 2022. 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. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel A.
3. The MSE Account Number pertaining to Bondholders has been pre-printed in Panel A and reflects the MSE account number on the Bank's register of bondholders at the CSD as at the Cut-Off Date.

Employees and directors of the Group as at the Cut-Off Date are to insert full personal details in Panel A (including MSE account number which is mandatory). In the case of an Application by more than one person (including husband and wife) 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 New Shares (vide note 6 below)**. Applications by more than two persons are to use the addendum to the Application Form.

Upon submission of an Application Form, Applicants who opt to have an online e-portfolio facility (by marking the relative box in Panel A), 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 shareholder's statement of holdings evidencing entitlement to New Shares held in the register kept by the central securities depository operated by the MSE ("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 account with the MSE. Any New Shares allocated pursuant to such an Application shall be registered in the name of the minor, with dividend, if any, 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 dividends, if any, shall be payable directly to the registered holder, provided that the Bank 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. **PREFERRED APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MSE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MSE, 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 AFFECTED.**
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 Panel C.
8. Where an Applicant quotes an MSE account number which is held subject to usufruct, both the bare owner/s and the usufructuary/ies are to sign the Application Form.
9. Applications must be for a minimum subscription of 1,000 New Shares.
10. The Offer Period will open at 09:00 hours on 3 June 2022 and will close at 12:00 hours on 17 June 2022, or earlier in case of over-subscription. Completed Application Forms are to be delivered to any of the Authorised Intermediaries listed in Annex B of the Prospectus during regular office hours. **Remittances by post are made at the risk of the Applicant and the Bank disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists.** If any Application is not accepted after the closure of the subscription lists or is accepted for fewer New Shares than those applied for, the monies equivalent to the number of New Shares not being accepted will be processed in terms of the Applicants mandate provided in Panel F.
11. Dividends, if any, will be credited to the bank account indicated in Panel E or as otherwise amended by the shareholder.
12. *Only applicable to F(ii):* Applicants are to express their option to place the unsatisfied applications, or part thereof, in a deposit product offered by the Bank exclusively for this Share Issue by completing the form available on apsbank.com.mt/ipo (savings account at 0.5% p.a. for 6 months or 1-year term deposit at 1% p.a. or 2-year term deposit at 2% p.a. or 3-year term deposit at 3% p.a.). Should no option be selected, F(i) will be the default option. The relative terms and conditions are available from apsbank.com.mt/ipo and in hard copy from the Bank's branches, upon request. The Bank reserves the right to conduct further due diligence verifications to complete the onboarding process, and reserves the right to refuse onboarding without providing any reason. Should onboarding fail to be completed, the Bank may unilaterally refund the monies to the account number stipulated in Panel E.
13. The Bank reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Share Issue as contained in the Prospectus dated 24 May 2022.
14. Any Applicant who submits an Application Form to the Bank and/or receives any investment advice from the Bank in respect of the Share Issue should refer to section 8.2 of the Prospectus which (a) sets out certain conflicts of interest that arise in connection with the Bank acting as an Authorised Intermediary and its provision of investment advisory services in respect of the Share Issue, and (b) describes how the Bank mitigates such conflicts of interest.
15. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
 - a. the Bank or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)[EU] 2016/679 as amended from time to time;
 - b. the Bank may process such personal data for all purposes necessary for and related to the New Shares applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Bank.

Any such requests must be made in writing and addressed to the Bank. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. Prior to purchasing New Shares, an investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the laws of Malta), for advice.

APPLICATION FORM 'B' – GENERAL PUBLIC

Please read the notes overleaf before completing this Application Form. Complete in BLOCK LETTERS and Mark 'X' where applicable.

A APPLICANT <i>(see notes 2 to 6)</i>			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Body Corporate/Body of Persons	<input type="checkbox"/> CIS-Prescribed Fund
B TITLE (Mr/Mrs/Ms/...)		FULL NAME AND SURNAME / REGISTERED NAME	
ADDRESS			
POST CODE			
MSE A/C NO. <i>(mandatory)</i>	I.D. CARD / PASSPORT / COMPANY REG. NO. <i>(mandatory)</i>	DOCUMENT TYPE <i>(mandatory)</i>	COUNTRY OF ISSUE <i>(mandatory)</i>
LEI - Legal Entity Identifier <i>(if applicant is NOT an individual)</i>	DATE OF BIRTH <i>(mandatory)</i>	NATIONALITY <i>(mandatory)</i>	MOBILE NUMBER <i>(mandatory)</i>
<input type="checkbox"/> REGISTER FOR E-PORTFOLIO			
C ADDITIONAL (JOINT) APPLICANTS <i>(see note 3)</i> <i>(please use an addendum to Application Form if space is not sufficient)</i>			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
DOCUMENT TYPE		I.D. CARD / PASSPORT NO.	
COUNTRY OF ISSUE		DATE OF BIRTH	
NATIONALITY			
D DECISION MAKER/MINOR'S PARENTS/LEGAL GUARDIAN(S)/USUFRUCT <i>(see notes 4, 7 and 8)</i> <i>(to be completed ONLY if applicable)</i>			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
DOCUMENT TYPE		I.D. CARD / PASSPORT NO.	
COUNTRY OF ISSUE		DATE OF BIRTH	
NATIONALITY			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
DOCUMENT TYPE		I.D. CARD / PASSPORT NO.	
COUNTRY OF ISSUE		DATE OF BIRTH	
NATIONALITY			
E I/WE APPLY TO PURCHASE AND ACQUIRE <i>(see note 9)</i>			
AMOUNT OF NEW SHARES IN FIGURES		AMOUNT IN WORDS	
<p>New Shares in APS Bank p.l.c. (the "Bank") (minimum of 1,000 New Shares) at the Issue Price of €0.62, as defined in the Prospectus dated 24 May 2022 (the "Prospectus"), payable in full upon application and subject to the terms of (a) the Prospectus, including the terms and conditions of the Issue; and (b) the memorandum and articles of association of the Bank.</p>			
		AMOUNT PAYABLE €	
F DIVIDEND MANDATE <i>(see notes 10 and 11)</i> <i>(completion of this panel is MANDATORY)</i>			
<i>Cash Dividends, if any, will be credited to the below account:</i>			
BANK		IBAN	
G REFUND MANDATE <i>(see notes 10 and 12)</i> <i>(completion of this panel is MANDATORY)</i>			
In the case of over-allotment, I/We hereby opt for the unsatisfied applications or part thereof to be <i>(please tick one option)</i> :			
<input type="checkbox"/> (i) Refunded by Direct Credit in the account above [Section F] OR			
<input type="checkbox"/> (ii) Transferred in an APS Deposit Account (Savings or Term Deposit) with preferential terms <i>(refer to note 12 overleaf)</i>			
<p>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 Share Issue (as defined in the Prospectus and as contained therein) which I/We fully accept.</p>			
<p>I/We hereby authorise the Bank to forward the details to the Malta Stock Exchange ("MSE") for the purposes of registering the New Shares 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 Bank may require additional information for Transaction Reporting purposes and agree that such information will be provided.</p>			
Signature/s of Applicant/s		Date	
<small>(Parent/s or legal guardian/s are/is to sign if Applicant is a minor) [All parties are to sign in the case of a joint Application] [Bare owner/s and usufructuary/ies to sign in the case of holdings that are subject to usufruct]</small>			
AUTHORISED INTERMEDIARY'S STAMP		AUTHORISED INTERMEDIARY'S CODE	
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 24 May 2022 regulating the Share Issue

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2. The Application Form is to be completed in BLOCK LETTERS. Applicants who are non-residents in Malta for tax purposes, must indicate their passport number in Panel B. The relative box in Panel A must also be marked appropriately.
3. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals must be given in Panels B and C but the person **whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the New Shares (vide note 6 below)**. Applications by more than two persons are to use the addendum to the Application Form.

Upon submission of an Application Form, Applicants 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 shareholder's statement of holdings evidencing entitlement to New Shares held in the register kept by the central securities depository operated by the MSE ("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 detail 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 account with the MSE. Any New Shares allocated pursuant to such an Application shall be registered in the name of the minor, with dividend, if any, 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 dividends, if any, shall be payable directly to the registered holder, provided that the Bank has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. Panel D must be inserted with full details of the parents/legal guardians.
5. In the case of a body corporate, the name of the entity exactly as registered and the registration number are to be inserted in Panel B. A valid Legal Entity Identifier ("LEI") needs to be inserted in Panel B. **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 INSERT AN MSE ACCOUNT NUMBER IN THE SPACE PROVIDED IN PANEL B, AND FAILURE TO DO SO WILL RESULT IN REJECTION OF THE APPLICATION FORM. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MSE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE CSD OF THE MSE, 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 AFFECTED.**
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 Panel D.
8. Where an Applicant quotes an MSE account number which is held subject to usufruct, both the bare owner/s and the usufructuary/ies are to sign the Application Form.
9. Applications must be for a minimum subscription of 1,000 New Shares.
10. The Offer Period will open at 09:00 hours on 3 June 2022 and will close at 12:00 hours on 17 June 2022, or earlier in case of over-subscription. Completed Application Forms are to be delivered to any of the Authorised Intermediaries listed in Annex B of the Prospectus during regular office hours. **Remittances by post are made at the risk of the Applicant and the Bank disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists.** If any Application is not accepted after the closure of the subscription lists or is accepted for fewer New Shares than those applied for, the monies equivalent to the new number of New Shares not being accepted will be processed in terms of the Applicants mandate provided in Panel G.
11. Dividends, if any, will be credited to the bank account indicated in Panel F or as otherwise amended by the shareholder.
12. *Only applicable to G(ii):* Applicants are to express their option to place the unsatisfied applications, or part thereof, in a deposit product offered by the Bank exclusively for this Share Issue by completing the form available on apsbank.com.mt/ipo (savings account at 0.5% p.a. for 6 months or 1-year term deposit at 1% p.a. or 2-year term deposit at 2% p.a. or 3-year term deposit at 3% p.a.). Should no option be selected, G(i) will be the default option. The relative terms and conditions are available from apsbank.com.mt/ipo and in hard copy from the Bank's branches, upon request. The Bank reserves the right to conduct further due diligence verifications to complete the onboarding process, and reserves the right to refuse onboarding without providing any reason. Should onboarding fail to be completed, the Bank may unilaterally refund the monies to the account number stipulated in Panel F.
13. The Bank reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Share Issue as contained in the Prospectus dated 24 May 2022.
14. Any Applicant who submits an Application Form to the Bank and/or receives any investment advice from the Bank in respect of the Share Issue should refer to section 8.2 of the Prospectus which (a) sets out certain conflicts of interest that arise in connection with the Bank acting as an Authorised Intermediary and its provision of investment advisory services in respect of the Share Issue, and (b) describes how the Bank mitigates such conflicts of interest.
15. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
 - a. the Bank or its duly appointed agents including the CSD and the Registrar, may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR)(EU) 2016/679 as amended from time to time;
 - b. the Bank may process such personal data for all purposes necessary for and related to the New Shares applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Bank.

Any such requests must be made in writing and addressed to the Bank. The request must be signed by yourself as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. Prior to purchasing New Shares, an investor should consult an independent financial advisor, licensed under the Investment Services Act (Cap. 370 of the laws of Malta), for advice.

Issuer: APS Bank plc
Company registration number: C 2192
Registered office: APS Centre, Tower Street, Birkirkara BKR 4012, Malta
Website: www.apsbank.com.mt
Email: investor.relations@apsbank.com.mt
Tel: +356 2560 3000

apsbank.com.mt