

Term Sheet

APS Kapital Plus 16

5th July, 2022

IMPORTANT: This Term Sheet relates to the offer of the APS Kapital Plus 16 structured deposit product. The contents of this document have not been reviewed by any regulatory authority in any jurisdiction. This Term Sheet does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. Persons to whose attention this Term Sheet may come are required to inform themselves about, and to observe, such restrictions. This Term Sheet is intended only for retail investors and professional investors. Distribution of this Term Sheet is restricted in or into Malta. This Term Sheet is to be read in conjunction with the Key Information Document ("KID") which may be accessed on apsbank.com.mt/kapital-plus. Persons subscribing to this offer are to fully understand the nature of this offer as well as the risks associated with it and are advised to exercise caution in relation to the offer. Professional advice should be sought in case of any doubt as to any aspect of this offer or contents of this document. No action must be taken in connection with this offer unless a copy of the KID is received

This Term Sheet is strictly confidential and may not be reproduced.

General Terms

Unless otherwise indicated the following words shall have the meanings set opposite them:

Account	APS Kapital Plus 16 Deposit Account maintained by the Bank in the name of the Account Holder.
Account Holder	The customer/s in whose name the Bank maintains the Account.
Account Maturity Date	The date stated under the section 'Key Features' which is the date when the Account is closed.
Account Start Date	The date stated under the section 'Key Features' and shall be the date the Account is opened.
Bank	APS Bank plc (C2192) of APS Centre, Tower Street, Birkirkara BKR 4012, Malta.
Cut-off Date and Time	The date and time as determined by the Bank to be the latest date and time by which the Bank must receive the Deposit Amount from the Account Holder as stated under the section 'Key Features'.
Deposit Amount	The principal amount deposited by the Account Holder and accepted by the Bank. For avoidance of doubt, the Deposit Amount shall exclude all and any interest paid on the principal amount deposited by the Account Holder.
Deposit Currency	The currency denomination of the Account being Euro (EUR).
Interest Amount	The amount payable to the Account Holder equivalent to Fixed Annual Interest Rate as a percentage of the Deposit Amount as defined under the section 'Key Features'.
Interest Payment Date	The date on which the Fixed Annual Interest Amount is payable in connection with the Account, as specified under the section 'Key Features'.
Minimum Deposit Amount	The minimum principal amount that may be deposited by an Account Holder in relation to this offer.

Term	The agreed period of time of the Account which shall commence on the Account Start Date and end on the Account Maturity Date.
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Key Features

APS Kapital Plus 16 is a capital guaranteed Structured Deposit Account offering a Fixed Annual Interest Rate of 0.50% (gross of tax) and a potential Maturity Bonus Payment at Account Maturity Date which is based on the performance of the **APS Multi-Asset Strategy 6% Volatility Target EUR Strategy No.1** (GSISAPS1 Index). The Maturity Bonus Payment can only be equal to or greater than zero. The Deposit Amount invested is fully guaranteed by APS Bank plc and full repayment will be made at Account Maturity Date. APS Kapital Plus 16 has a term of six years and is denominated in Euro.

Main Product Features and Terms

Product Type	Structured Deposit
Term	6 years
Early Redemption	No
Fixed Annual Interest Rate	0.50% per annum ("p.a.") gross of tax
Cut-off Date and Time	31 August 2022, 12:00pm CET
Deposit Currency	EUR
Account Start Date	The date in which the Account is opened
Account Maturity Date	9 September 2028
Maturity Bonus Payment Date	At Account Maturity Date
Method of Interest Amount/ Maturity Bonus Payment	Transfer to service account, being either a savings or current account, held by customer with APS Bank plc
Product Fees/ Charges	None
Capital Guaranteed	Yes
Interest Payment Dates	On each annual anniversary from the Account Start Date up to (and including) 9 September 2028
Minimum Deposit Amount	EUR 5,000

Potential Maturity Bonus payable at Deposit Maturity

Selected Index for Bonus Calculation	APS Multi-Asset Strategy 6% Volatility Target EUR Strategy No.1 (GSISAPS1 Index) (the "Index")
Strike Date	1 September 2022
First Valuation on 1 September 2022	Official closing price of the Index on the First Valuation Date.
Final Valuation on 1 September 2028	Official closing price of the Index on the Final Valuation Date.
Participation to Index Performance	50%

Bonus Calculation

$$\text{Nominal Amount} \times \text{Participation Rate} \times \text{Max}\left(\left[\frac{\text{Final Valuation}}{\text{First Valuation}} - 1\right], 0\right)$$

Where the:

- Nominal Amount is the amount deposited by the Account Holder,
- Participation Rate is the participation to the performance of the Index,
- Final Valuation is the Final Valuation on 1 September 2028 as defined above, and
- First Valuation is the First Valuation on 1 September 2022 as defined above.
- Maximum Amount is the percentage change of the Index between the First Valuation and the Final Valuation. If the percentage change is negative, the bonus will be 0 (i.e., the Minimum Amount).
- For the avoidance of doubt, if the performance of the Index for the Bonus Calculation from the First Valuation to the Final Valuation is negative, the bonus will be zero.

See “**How does the Bonus work?**” below for more information.

How does the Bonus work?

This section illustrates how the bonus will be calculated based on certain assumptions and hypothetical scenarios. The different scenarios shall illustrate the variability of possible outcomes resulting from certain hypothetical values of the Index at the Final Valuation. The scenarios considered shall be that of **Neutral** (i.e., where the Final Valuation of the Index is equal to the First Valuation), **Negative** (i.e., where the Final Valuation of the Index is less than the First Valuation) and **Positive** (i.e., where the Final Valuation of the Index is more than the First Valuation). The scenario analyses do not present all possible outcomes under the Structured Deposit and should therefore not be relied upon as an indicator of the returns which might be obtained. These are illustrative and represent hypothetical outcomes only.

The table below shows hypothetical examples of the bonus payment based upon a Deposit Amount of EUR 5,000. The exact return you receive will be dependent on the amount you invest and performance of the Index over the term.

Scenario	Index performance at Final Valuation (compared to First Valuation)	Deposit Amount (A)	Participation Rate (B)	First Valuation (C)	Final Valuation (D)	Index Performance ((D)/(C)-1)	Maximum Allocation (higher of Index Performance and zero) (E)	Bonus Payment at Maturity (A)x(B)x(E)
Negative	20% lower	EUR 5,000	50%	100	80	-0.2	0	EUR 0
Neutral	No change	EUR 5,000	50%	100	100	0	0	EUR 0
Positive	20% higher	EUR 5,000	50%	100	120	0.2	0.2	EUR 500

Under the **Negative** scenario, the Final Valuation of the Index is lower than the First Valuation of the Index which means that no Bonus Payment is due at Maturity since the Index Performance is less than zero. This is the same case under the **Neutral** scenario where the Final Valuation of the Index is equal to the First Valuation of the Index. Under the **Positive** scenario, the Final Valuation of the Index is higher than the First Valuation, implying a positive Index performance and that the Bonus Payment at Maturity shall be determined by multiplying the (i) Deposit Amount (ii) the participation rate set at 50% and (iii) the Maximum Allocation which is the change in price of the Index based on (A) the Final Valuation of the Index divided by (B) the First Valuation of the Index.

All amounts payable, if any, are gross of any tax. Please refer to the section “Risks” below.

An illustrative example of the performance scenarios of APS Kapital Plus 16 is also provided for in the KID which may be accessed on apsbank.com.mt/kapital-plus.

What is the Index?

The Index is a proprietary index designed by Goldman Sachs International (“**GS**”) and managed, within certain restrictions, by ReAPS Asset Management Limited (“**ReAPS**”), a subsidiary of APS Bank plc. ReAPS shall be entitled to receive a management fee of 0.25% p.a.

Further details on the Index may be found on APS’s website at apsbank.com.mt/kapital-plus or be obtained upon request from APS Bank plc

Risks

The risks disclosed in this section are not intended to be an exhaustive list and there may be other considerations that should be accounted when investing in the Account. Customers are to seek professional advice prior to investing.

All capitalised terms not defined herein shall have the meaning ascribed in the General Terms section.

1. The Account is not a conventional deposit nor should it be treated as a substitute for normal savings, fixed or time deposits. It has investment risks and its return may vary. The Account is classified as a “complex” product since it incorporates a structure where the return is linked to the performance of an in-house synthetic index and its sale is accordingly covered by consumer protection features emanating from MiFID II (EU Directive 2014/65/EU).
2. The Deposit Amount is guaranteed by the Bank. As the Deposit Amount is guaranteed by the Bank, an Account Holder would be assuming full credit risk of the Bank as guarantor, accordingly, an Account Holder will be relying on the Bank to meet its payment obligations under the Account. Should the Bank become insolvent or default on its obligations (including payment obligations) or fail in any other way, the Account Holder could possibly not receive any payments due under the terms of the Account, including the full Deposit Amount.
3. The Account is considered a long-dated structured deposit. A customer should not invest in the Account unless the customer has sufficient funds or liquidity in order to enable the Account Holder to keep the Account until the Account Maturity Date. An Account Holder will not be entitled to cancel or withdraw all or part of the Deposit Amount before the Account Maturity Date and as such is not repayable on demand. Any potential Account Holder should seek professional advice before investing in the Account in particular if the potential Account Holder would need to withdraw the funds prior to the Account Maturity Date.
4. An Account Holder is, in addition to the Interest Amount, entitled to participate up to 50% of the performance of the Index generated during the term of the Account as a Maturity Bonus Payment at the Account Maturity Date. The Maturity Bonus Payment can only be equal to or greater than zero. An Account Holder should accordingly be aware that there is a risk that no Maturity Bonus Payment will be due at the Account Maturity Date.
5. The Maturity Bonus Payment is linked to the performance of the Index. Any strategy adopted is subject to the risk of unprofitable outcome, that is, losses incurred or profits foregone as a result of decisions or actions taken or not taken at the right time, which ultimately determines the amount of the Maturity Bonus Payment, if any.
6. An Account Holder may be required to pay taxes on income received or accrued and capital gains from investing in the Account and this will be according to the tax regulations applied at the time. An Account Holder should consult with an independent tax advisor in case of any doubt as to the applicable tax position. Tax regulations and their application or interpretation by the relevant tax authorities change from time to time. It is therefore not possible to predict the precise tax treatment which will apply at any given time.
7. The exposure of the Index to financial markets may change from time to time depending on underlying market conditions. Please refer to APS’s website at apsbank.com.mt/kapital-plus for more details on the Index.

Target Market

The Account is considered to be a complex product (as referred to in the Risks Section above) and may not be suitable to all types of customers. The following is for guidance purposes and should not be considered as professional advice. A customer should seek professional advice prior to investing.

The Account may be right for you if:

- You understand the features and risks involved in this Account.

The Account may not be right for you if:

- You disagree with or do not meet all of the criteria listed in the section to the left.

- You want a modest but fixed regular income and some exposure to the financial markets represented by the Index.
- You want your initial investment guaranteed at maturity.
- You do not need to access your money over the next 6 years as you have sufficient funds or liquidity to meet other obligations.
- You have a minimum investment of €5,000.
- You understand that the Maturity Bonus Payment is dependent on the performance of the Index, which is observed on set dates and you accept that you may not achieve any bonus at all.
- You accept that if the Bank defaults during the Term, you could lose all of your investment and should then seek compensation from the Depositor Compensation Scheme.
- You may need access to your money before maturity.
- You want to add to or withdraw from your investment on a regular basis.
- You did not understand the features and risks involved with the Account.

Terms and Conditions

1. The Account is for a six-year term and is denominated in Euro. The minimum deposit is of five thousand Euro (€5,000) and the principal deposited will be paid back in full on the Account Maturity Date.
2. The full capital is guaranteed by the Bank. The Account will pay a Fixed Annual Interest of 0.50% plus the possibility to earn a potential Maturity Bonus. The Maturity Bonus is linked to the performance of the Index recorded during the Term. The performance will be determined based on the difference in the official closing price recorded on the Final Valuation Date and on the First Valuation Date of the Index. The participation rate to the performance is set to 50% and will be paid to the Account Holder by way of bonus on maturity. In the event the Index generates negative performance, no bonus will be paid on maturity.
3. After the Cut-off Date and Time, no further deposits into the Account will be allowed, except in exceptional cases and at the discretion of the Bank. Where this is allowed, the Bank may impose further conditions.
4. An Account Holder is not allowed to cancel or withdraw the Deposit Amount before the Account Maturity Date and as such is not repayable on demand. The Bank is not obliged to accede to any request to cancel or withdraw the Deposit Amount at any time before the Account Maturity Date. If the Bank decides at its sole discretion to consent to a cancellation or an early withdrawal, it will be subject to such conditions as it may impose, including the condition that the amount of any cost or loss suffered by the Bank by reason of such cancellation or early withdrawal is deducted from the Deposit Amount including forfeiting the right of having the Deposit Amount being fully capital guaranteed when cancelling or withdrawing before the Account Maturity Date. Also, as any Interest Amount is only payable on an Account if still held at the relevant Interest Payment Date, an Account cancelled or withdrawn prior to such date will not be entitled to such Interest Amount.
5. The Bank reserves the right to close the Account at any time if there is a valid reason for doing so and reasonable notice of any such decision shall be given to the Account Holder in line with the Bank's General Terms and Conditions. The Bank also reserves the right to cancel the launch of the Account, in which case the amount deposited with the Bank will be returned to the Account Holder.
6. The Bank shall pay to the Account Holder on the Account Maturity Date, the Deposit Amount, unpaid/ due Interest Amount(s) and Maturity Bonus (if any) to the service account instructed by the Account holder. Upon such payment, the Bank shall have no further obligations to the Account Holder in respect of the Account. To the extent that the Account Holder has specifically instructed the Bank to place any such payments in any other account with the Bank, such account shall be governed by such other terms and conditions as the Bank may prescribe.
7. Fixed interest payable and any potential additional bonus are gross of tax. Interest payable to Maltese residents is currently subject to final withholding tax. Unless advised otherwise, the Bank will deduct tax at the rate set by the tax authorities.

8. The Bank has the right to refuse any application for the Account without giving any reason whatsoever.
9. The Bank reserves the right to convert deposits received from an Account Holder denominated in a currency other than Euro at the prevailing exchange rate. Any conversion may incur costs which will be borne by the Account Holder.
10. The terms and conditions governing the Account shall be construed in accordance with the Laws of Malta and shall be subject to the exclusive jurisdiction of the courts of Malta.
11. The Bank is a participant in the Depositor Compensation Scheme in Malta. The Depositor Compensation Scheme pays compensation, subject to certain limits, to eligible consumers if an authorised credit institution fails. More information on the Depositor Compensation Scheme and on the eligibility can be obtained from <https://www.compensationschemes.org.mt/>.
12. Any matter not expressly dealt with herein shall fall to be regulated by the terms and conditions issued by the Bank and governing term deposits accounts.

I, the undersigned _____ have read and understood the contents of this Term Sheet, KID, the APS Bank plc General Terms and Conditions, and the APS Bank plc Investment Services Terms of Business.

Client Signature

Date

Approved and issued by APS Bank plc, APS Centre, Tower Street, Birkirkara BKR 4012. APS Bank plc is regulated by the Malta Financial Services Authority as a Credit Institution under the Banking Act 1994 and to carry out Investment Services activities under the Investment Services Act 1994. The Bank is also registered as a Tied Insurance Intermediary under the Insurance Distribution Act 2018.

The information provided in this document shall not be deemed as investment, tax or any other form of professional advice. You should consult your independent legal, investment or other advisors to ensure that any decision you make is suitable for you with regards to your specific circumstances and financial situation. The performance of the Account is not guaranteed. The income you get from this investment may go down as well as up and past performance is not a guarantee to future performance.