

Term Sheet

APS Kapital Plus 17- Second Issue

1 June 2023

(Updated 16 October 2023)

IMPORTANT This updated version of the Term Sheet relates to the extended offer of the APS Kapital Plus 17 – Second Issue, capital guaranteed Structured Deposit Account. This Term Sheet applies only to subscribers of the Second Issue of the APS Kapital Plus 17 capital guaranteed Structured Deposit Account. 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 www.apsbank.com.mt/kapital-plus/, APS Bank plc General Terms and Conditions, which may be accessed on [Terms and Conditions](#) - APS Bank and APS Bank plc Investment Services Terms of Business which may be accessed on [Document Downloads - APS Bank](#). 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 terms shall have the meanings set opposite them:

Account	APS Kapital Plus 17 - Second Issue, capital guaranteed Structured Deposit Account maintained by APS Bank plc in the name of the Account Holder.
Account Holder	The customer/s in whose name APS Bank plc maintains the Account.
Account Maturity Date	The date stated under the section ‘Key Features’ which is the date when the Account is closed.
Account Opening Date	The date stated under the section ‘Key Features’ and shall be the date the Account is opened.
APS Bank plc	APS Bank plc (C2192) of APS Centre, Tower Street, Birkirkara BKR 4012, Malta.
Deposit Amount	The principal amount deposited by the Account Holder and accepted by APS Bank plc. 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 Payment Date	The date on which the Interest Rate is payable in connection with the Account, as specified under the section ‘Key Features’.

Interest Rate	Expressed as a percentage of the Deposit Amount and payable to the Account Holder on the Interest Payment Date 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.
Offer Period	The period as determined by APS Bank plc by which the Deposit Amount from the Account Holder is received as stated under the section 'Key Features'.
Term	The agreed tenor of the Account which shall commence on the Account Opening Date and end on the Account Maturity Date.

Key Features

APS Kapital Plus 17 – Second Issue, is a capital guaranteed Structured Deposit Account offering an annual Fixed Interest Rate and an additional Bonus Interest payment under predefined conditions based on the performance of an underlying index, APS Multi-Asset Strategy 6% Volatility Target EUR Excess Return Strategy No.2. The Deposit Amount invested is fully guaranteed by APS Bank plc and full repayment will be made at Account Maturity Date. APS Kapital Plus 17 has a term of five years and is denominated in Euro.

Main Product Features and Terms

Product Type	Structured Deposit
Term	4 years and 10 months ¹
Early Redemption	No
Fixed Interest Rate	2.0% per annum (p.a.), gross of tax
Offer Period	The period between 12:00pm CEST on 16 October 2023 and 12:00pm CEST on 9 December 2023, both days inclusive (or such earlier date as may be determined by APS Bank plc)
Deposit Currency	EUR
Account Opening Date	The date in which the Account is opened
Account Maturity Date	28 July 2028
Payment Method of Interest Rate	Transfer to service account, being either a savings or current account, held by customer with APS Bank plc
Product fees/ and charges	None
Capital Guaranteed	Yes

¹ The effective Term for the Second Issue shall be from the Account Opening Date up to the Account Maturity Date.

Fixed Interest Payment Date	On each annual anniversary from the Account Opening Date up to (and including) the Account Maturity Date.
Bonus Interest Payment Date	Shall be no more than one (1) month from the relevant Bonus Interest Observation Date.
Minimum Deposit Amount	€5,000

Calculation of the Bonus Interest Rate

Index	APS Multi-Asset Strategy 6% Volatility Target EUR Excess Return Strategy No.2
Strike Date	11 December 2023
Bonus Interest Observation Date	The date at which the Bonus Interest Rate is determined
Reference Price (Initial)	Reference Price of Index on the Strike Date
Reference Price (t)	Reference Price of Index on the Bonus Interest Observation Date (t)
Bonus Interest	The customer will be entitled to receive by the respective Bonus Interest Payment Date an amount equal to the relevant Bonus Interest Rate calculated at each Bonus Interest Observation Date (t) multiplied by the Deposit Amount. The rate shall be 0% if the performance of the Index is negative or does not exceed 2.35%.

The relevant dates and other details are shown in the table below.

t	Bonus Interest Observation Date (t)	Bonus Interest Rate (t)
1	29 July 2024	$\frac{1}{t} \times \max\left(\frac{\text{Reference Price (t)}}{\text{Reference Price (Initial)}} - 102.35\%, 0\%\right)$
2	28 July 2025	$\frac{1}{t} \times \max\left(\frac{\text{Reference Price (t)}}{\text{Reference Price (Initial)}} - 102.35\%, 0\%\right)$
3	28 July 2026	$\frac{1}{t} \times \max\left(\frac{\text{Reference Price (t)}}{\text{Reference Price (Initial)}} - 102.35\%, 0\%\right)$
4	28 July 2027	$\frac{1}{t} \times \max\left(\frac{\text{Reference Price (t)}}{\text{Reference Price (Initial)}} - 102.35\%, 0\%\right)$
5	28 July 2028	$\frac{1}{t} \times \max\left(\frac{\text{Reference Price (t)}}{\text{Reference Price (Initial)}} - 102.35\%, 0\%\right)$

Where the:

- maximum amount is the higher of (A) the Reference Price at the relevant Bonus Interest Observation Date divided by the Reference Price at Strike Date, minus 102.35% or (B) 0%.
- Bonus Interest Rate is equal to the maximum amount divided by the number of respective bonus interest observations dates (t).

See “How does it work?” for further information.

How does it work?

This section shows how much Interest Rate and Interest Payment Amount shall be due to a customer under different hypothetical scenarios. The different scenarios shall illustrate the variability of possible outcomes resulting from certain hypothetical values of the Index at set intervals throughout the Term. The scenarios shall be that of **Positive** (i.e., where the Reference Price is more than the Initial Reference Price), **Neutral** (i.e., where the Reference Price and Initial Reference Price are equal) and **Negative** (i.e., where the Reference Price is less than the Initial Reference Price).

The table below shows the hypothetical examples based on a Deposit Amount of €5,000.

Deposit Amount: €5,000		Scenario					
		Positive (10%)		Neutral (0%)		Negative (-10%)	
t		Fixed Interest	Bonus Interest	Fixed Interest	Bonus Interest	Fixed Interest	Bonus Interest
1	Interest rate Interest payment*	2.0% €482.77	7.65%	2.0% €100	0.0%	2.0% €100	0.0%
2	Interest rate Interest payment	2.0% €291.25	3.83%	2.0% €100	0.0%	2.0% €100	0.0%
3	Interest rate Interest payment	2.0% €227.50	2.55%	2.0% €100	0.0%	2.0% €100	0.0%
4	Interest rate Interest payment	2.0% €195.63	1.91%	2.0% €100	0.0%	2.0% €100	0.0%
5	Interest rate Interest payment	2.0% €155.13**	1.53%	2.0% €78.63**	0.0%	2.0% €78.63**	0.0%

(*) The Interest Payment Amount is equal to the Interest Rate which is the aggregate of the Fixed Interest Rate, the Bonus Interest Rate, multiplied by the Deposit Amount. The amount is gross of tax.

(**) For the last Interest Payment the holder will be entitled to a pro-rata share of the Fixed Interest Rate based on the assumption that the Account Opening Date is of 16 October 2023. The last Fixed Interest Payment shall be pro rata covering the period between the 4th anniversary of the Account Opening Date (16 October 2027) until the Maturity Date (28 July 2028). This is less than one (1) full year.

The above hypothetical illustration should not be relied upon as an indicator of the returns which might be obtained. The exact amount received shall depend on the amount invested, the actual performance of the Index and the effective Interest Rate applied (based on the Account Opening Date).

The Customer will be entitled to receive the Deposit Amount upon Account Maturity Date.

What is the Index?

Summary

APS Multi-Asset Strategy 6% Volatility Target EUR Excess Return Strategy No.2 (the “**Index**”) is a synthetic rules-based proprietary strategy created by Goldman Sachs International. The Index intends to provide an exposure to *APS Multi-Asset Strategy 6% Volatility Target EUR Strategy No.1* (the “**Asset**”).

The Index is denominated in Euro.

The Asset is also a synthetic rules-based proprietary index designed by Goldman Sachs International which provides a volatility targeted exposure to the performance of *APS Multi-Asset Managed EUR Strategy No.1* (the “**Managed Strategy**”).

The volatility adjustment feature has the effect of adjusting the exposure of the Asset to the performance of the Managed Strategy by allocating a percentage of its exposure to the Managed Strategy if a specified measure of realized volatility of the Managed Strategy would otherwise deviate from the pre-defined volatility target of 6%. The weight assigned by the Asset to the Managed Strategy is rebalanced daily and is subject to a cap of 100%. If the exposure of the Asset to the Managed Strategy is not equal to 100% the difference will be allocated to exposure to a notional cash asset.

The Managed Strategy intends to provide a synthetic exposure to the performance of a basket of underlying assets, weighted by their relevant quantities. Such quantities may be changed periodically by ReAPS Asset Management Limited as the Strategy Allocator, subject to certain restrictions.

ReAPS Asset Management Limited is a subsidiary of APS Bank plc and shall be entitled to receive a management fee of 0.35% p.a., as Strategy Allocator.

Supplementary Information Further details on the Index may be found on www.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 capital guaranteed Structured Deposit 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 APS Bank plc. Since the Deposit Amount is guaranteed by APS Bank plc, an Account Holder would be assuming full credit risk of APS Bank plc as guarantor, accordingly, an Account Holder will be relying on APS Bank plc to meet its payment obligations under the Account. Should APS Bank plc 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 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 if the potential Account Holder would need to withdraw the funds prior to the Account Maturity Date.
4. An Account Holder is entitled to receive a Bonus Interest payment. The Bonus Interest Rate, which is determined on the performance of the Index observed at the relevant Interest Observation, can only be equal to or greater than zero. The Account Holder should be aware that there is a risk that no Bonus Interest payment may be due at the Bonus Interest Payment Date.
5. The Bonus Interest Rate 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 Interest Payment.
6. An Account Holder may be required to pay taxes on income received or accrued 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 www.apsbank.com.mt/kapital-plus/ for more details on the Index.

Target Market

The Account is 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.
- 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 4 years and 10 months as you have sufficient funds or liquidity to meet other obligations.
- You have a minimum investment of €5,000.
- You understand that the Bonus Interest Rate is dependent on the performance of the Index, which is observed on set dates, and you accept that you may not be entitled to a Bonus Interest payment.
- You accept that if APS Bank plc defaults during the Term, you could lose some or all of your investment and should then seek compensation from the Depositor Compensation Scheme.

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 do not have a holding period of 4 years and 10 months, with limited or no liquidity.
- You may need access to your money before maturity.
- You believe that the prevailing market interest rate may be higher than the Fixed Interest Rates that are payable under the Structured Deposit during the tenor.
- 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 five-year term and is denominated in Euro. The minimum deposit is of five thousand Euro (€5,000) and the amount deposited will be paid back in full on the Account Maturity Date.
2. The full capital is guaranteed by APS Bank plc. The Account will pay a Fixed Annual Interest of 2% (pro rata for the last year) and the possibility of a Bonus Interest. The Bonus Interest Rate is linked to the performance of the Index. The performance of the Index is determined by difference between the Reference Price at the relevant Interest Observation Date and the Reference Price at Strike Date, floored at zero, and the Bonus Interest Rate is equal to the maximum amount multiplied by a discounting factor based on the number of years since the Strike Date. If the Index generates negative performance, no Bonus Interest payment will be due.
3. APS Bank plc shall accept Deposit Amounts on a first come, first served basis. After the Offer Period, no further deposits into the Account will be allowed. APS Bank plc reserves the right to close the Offer Period at an earlier date.
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. APS Bank plc is not obliged to accede to any request to cancel or withdraw the Deposit Amount at any time before the Account Maturity Date. If APS Bank plc decides at its sole discretion to consent to a cancellation or a withdrawal prior

to the Account Maturity Date, it will be subject to such conditions as APS Bank plc may impose, including the condition that the amount of any cost or loss suffered by APS Bank plc by reason of such cancellation or early withdrawal is deducted from the Deposit Amount including forfeiting the right of having the Deposit Amount being paid in full. 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. APS Bank plc 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 APS Bank plc's General Terms and Conditions. APS Bank plc also reserves the right to cancel the launch of the Account, in which case the amount deposited with APS Bank plc will be returned to the Account Holder.
6. APS Bank plc shall pay to the Account Holder on the Account Maturity Date, the Deposit Amount and unpaid/ due Interest Amount(s) to the service account instructed by the Account holder. Upon such payment, APS Bank plc shall have no further obligations to the Account Holder in respect of the Account. To the extent that the Account Holder has specifically instructed APS Bank plc to place any such payments in any other account with APS Bank plc, such account shall be governed by such other terms and conditions as APS Bank plc may prescribe.
7. Any Interest Amount payable are gross of tax. Interest payable to Maltese residents is currently subject to final withholding tax. Unless advised otherwise, APS Bank plc will deduct tax at the rate set by the tax authorities.
8. APS Bank plc has the right to refuse any application for the Account without giving any reason whatsoever.
9. APS Bank plc 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. APS Bank plc 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 General Terms and Conditions issued by APS Bank plc.

Customer Declaration

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

Customer 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. APS Bank plc 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 Bonus Interest Payment linked to the performance of the Index 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. The 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. Distribution is restricted in or into Malta.