



**Base  
Prospectus**

Dated 3 March 2022



# Base Prospectus

Dated 3 March 2022

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

## UNSECURED SUBORDINATED BOND ISSUANCE PROGRAMME OF A MAXIMUM OF €40,000,000 BY



A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF  
MALTA WITH COMPANY REGISTRATION NUMBER C 56251



**MALTA**  
STOCK EXCHANGE

### REGISTRAR



**Calamatta Cuschieri**  
YOUR PARTNER IN FINANCIAL SERVICES



**RIZZO FARRUGIA**  
YOUR INVESTMENT CONSULTANTS

### SPONSORS & MANAGERS

**CAMILLERI PREZIOSI**  
ADVOCATES

### LEGAL COUNSEL

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

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

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN THE BONDS. THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE BONDS. A SUITABILITY TEST WILL BE REQUIRED TO BE CONDUCTED BY AUTHORISED FINANCIAL INTERMEDIARIES PRIOR TO THE SALE OF THE BONDS AND INVESTORS WHO/WHICH FAIL THE SUITABILITY TEST WILL NOT BE ELIGIBLE TO INVEST IN THE BONDS.

Approved by the Directors

A handwritten signature in black ink, appearing to be 'Carmel Borg'.

**Carmel Borg**

in his capacity as Chairman of the Board and on behalf of each of the Directors: Jorma Olavi Jokela, Lea Liigus, Clemens-Matthias Fritz Krause, Esa Tapani Teravainen, Erik Mikael Ferm, Victor Alexander Denaro, Jussi Matti Eevertti Mekkonen and Klaus Oscar Schmidt



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# Important Information

THIS BASE PROSPECTUS CONTAINS INFORMATION ON THE ISSUER AND THE BOND ISSUE, IN ACCORDANCE WITH THE REQUIREMENTS OF THE CAPITAL MARKETS RULES, THE ACT, THE FMA AND THE PROSPECTUS REGULATION.

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

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

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

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

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

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

THE BASE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE BASE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OR PERFORMANCE OF THE ISSUER OR THE GROUP SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BASE 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 BASE PROSPECTUS IS VALID FOR A PERIOD OF 12 MONTHS FROM THE DATE HEREOF. THE MFSA IS NOT REQUIRED TO APPROVE THE INDIVIDUAL FINAL TERMS (AND SUMMARIES THEREOF) THAT MAY BE ISSUED PURSUANT TO THIS BASE PROSPECTUS FROM TIME TO TIME IN RESPECT OF ONE OR MORE TRANCHES OF BONDS.**

ALL THE ADVISERS TO THE ISSUER NAMED IN THIS BASE PROSPECTUS UNDER THE HEADING 'ADVISERS' IN SECTION 4 OF THIS BASE PROSPECTUS HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE BASE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE BASE PROSPECTUS, OR ANY SUPPLEMENT THEREOF, AND ANY FINAL TERMS.

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

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

A COPY OF THIS BASE PROSPECTUS HAS BEEN SUBMITTED TO THE MFSA IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES AT THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE ACT.

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

# 01

## Definitions and Interpretation

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In this Base Prospectus, the following capitalised words and expressions shall bear the following meanings, except where the context otherwise requires:

<b>Act</b>	the Companies Act (Cap. 386 of the laws of Malta), as may be amended from time to time;
<b>ALCO</b>	the Issuer's asset and liability committee;
<b>Applicant/s</b>	a person or persons who apply to subscribe for the Bonds;
<b>Application Form</b>	the form of application to subscribe for Bonds, a specimen of which shall be annexed to the applicable Final Terms;
<b>Authorised Financial Intermediary/ies</b>	the financial intermediary/ies whose details shall be annexed to the applicable Final Terms;
<b>Banking Act</b>	the Banking Act (Cap. 371 of the laws of Malta), as may be amended from time to time;
<b>Base Prospectus</b>	this document in its entirety;
<b>Bond Issue</b>	the issue of Bonds pursuant to this Programme;
<b>Bondholders</b>	a holder of the Bonds;
<b>Bonds</b>	the bonds issued in terms of the Programme;
<b>BRRD</b>	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, as amended by BRRD II, and as may be further amended from time to time;
<b>BRRD II</b>	Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC;
<b>Capital Markets Rules</b>	the capital markets rules issued by the MFSA, as may be amended from time to time;
<b>CCD</b>	Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on credit agreements for consumers and repealing Council Directive 87/102/EEC, as may be amended from time to time;
<b>COBR</b>	means the conduct of business rulebook issued by the MFSA, as may be amended from time to time;

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<b>Corporate Governance Code</b>	the Code of Principles of Good Corporate Governance set out in Appendix 5.1 to Chapter 5 of the Capital Markets Rules;
<b>CRD</b>	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, as may be amended from time to time;
<b>CRR</b>	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended by CRR II, and as may be further amended from time to time;
<b>CRR II</b>	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;
<b>CSD</b>	the central securities depository of the MSE established pursuant to article 24 of the FMA, and situated at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Directors or Board of Directors or Board</b>	the directors of the Issuer, as set out in further detail in section 7 of this Base Prospectus;
<b>Early Redemption Date</b>	such date, if any, as may be set out in respect of one or more Tranches in the Final Terms, on which the Bonds may be redeemed prior to maturity, which date shall be no earlier than the fifth annual anniversary of the Issue Date;
<b>ECB</b>	the European Central Bank;
<b>Eligible Counterparties</b>	shall bear the meaning assigned thereto in the COBR;
<b>EU</b>	the European Union;
<b>Euro or €</b>	the lawful currency of the Eurozone;
<b>Final Terms</b>	the final terms issued by the Issuer from time to time in the form set out in this Base Prospectus;
<b>FMA</b>	the Financial Markets Act (Cap. 345 of the laws of Malta), as may be amended from time to time;
<b>GDPR</b>	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;
<b>Group</b>	the group of companies of which the Issuer forms part, including its 'parent company/ies' and 'subsidiary companies' of its parent company/ies (with the terms 'parent company/ies' and 'subsidiary companies' to be construed in accordance with article 2 the Act);
<b>Interest Commencement Date</b>	shall have the meaning assigned thereto in section 14 in this Base Prospectus;
<b>Issue Date/s</b>	shall be the issue date designated in the Final Terms;
<b>Issue Price/s</b>	the price at which each Tranche of Bonds is issued, details of which will be specified in the relevant Final Terms;

<b>Issuer or Company or Bank</b>	Ferratum Bank p.l.c., a public limited liability company registered under the laws of Malta, having its registered office at ST Business Centre, 120, The Strand, Gzira GZR 1027, Malta, and having company registration number C 56251;
<b>Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the FMA with company registration number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
<b>Maturity Date</b>	the redemption date as specified in the relevant Final Terms;
<b>Memorandum</b>	means the memorandum of association of the Issuer in force at the time of publication of the Base Prospectus in the form as registered with the Registrar of Companies at the Malta Business Registry;
<b>Memorandum and Articles of Association</b>	the memorandum and articles of association of the Issuer in force at the time of publication of the Base Prospectus in the form as registered with the Registrar of Companies at the Malta Business Registry;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
<b>MSE Bye-Laws</b>	the bye-laws issued by the MSE;
<b>Multitude SE</b>	Multitude SE, a company registered under the laws of Finland, having its registered office at Ratamestarinkatu 11 A, Helsinki 00520, Finland and having company registration number 1950969-1;
<b>Offer Period</b>	the period during which each Tranche will be on offer, details of which will be specified in the relevant Final Terms;
<b>Official List</b>	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
<b>Professional Clients</b>	shall bear the meaning assigned thereto in the COBR;
<b>Programme</b>	the unsecured subordinated bond issuance programme being made by the Issuer pursuant to this Base Prospectus;
<b>Prospectus Regulation</b>	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 amended from time to time;
<b>PSD</b>	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC, as may be amended from time to time;
<b>Registrar</b>	the MSE;
<b>Retail Client(s)</b>	shall bear the meaning assigned thereto in the COBR;
<b>R&amp;R Regulations</b>	the Recovery and Resolution Regulations (Subsidiary Legislation 330.09 of the laws of Malta), as may be amended from time to time;
<b>Series</b>	one or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, except for Issue Dates, Interest Commencement Dates and/or Issue Prices;

<b>Sponsor(s) and Manager(s)</b>	means jointly, (i) Calamatta Cuschieri Investment Services Limited, a limited liability company registered under the laws of Malta, having its registered office at Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034, Malta and having company registration number C 13729; and (ii) Rizzo, Farrugia & Co (Stockbrokers) Ltd, a limited liability company registered under the laws of Malta, having its registered office at Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta, and having company registration number C 13102;
<b>Suitability Test</b>	the suitability testing to be carried out in terms of the COBR;
<b>Supplement</b>	any supplement to this Base Prospectus which may be issued from time to time by the Issuer;
<b>Terms and Conditions</b>	the terms and conditions of the Bonds contained in section 14 of this Base Prospectus; and
<b>Tranche</b>	each tranche of Bonds issued in accordance with the provisions of this Base Prospectus (as may be amended or supplemented from time to time) and the relevant Final Terms.

Unless it appears otherwise from the context:

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

# 02

## Risk Factors

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### 2.1 GENERAL

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

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

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

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

THE BASE PROSPECTUS AND THE APPLICABLE FINAL TERMS, THE DOCUMENTATION INCORPORATED BY REFERENCE HEREIN, AND/OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS ISSUED BY THE COMPANY: (I) ARE NOT INTENDED TO PROVIDE THE BASIS FOR ANY CREDIT OR OTHER EVALUATION; AND (II) ARE NOT AND SHOULD NOT BE CONSIDERED AS A RECOMMENDATION TO PURCHASE THE BONDS BY THE COMPANY, THE DIRECTORS, ANY OF THE ADVISERS LISTED IN SECTION 4 BELOW, OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS OF THE BASE PROSPECTUS.

### 2.2 FORWARD LOOKING STATEMENTS

Forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "projects", "anticipates", "expects", "envisages", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places within this Base Prospectus and include statements

regarding the intentions, beliefs or current expectations of the Issuer and/or the Directors concerning, amongst other things, the Issuer's strategy and business plans, financial condition and performance, results of operations, liquidity, prospects, investments, and the markets in which the Issuer operates.

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

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

## **2.3 RISKS RELATING TO THE ISSUER**

### **CREDIT RISK**

Credit risk arises principally through the Issuer's consumer lending activities (generally on an unsecured basis) in various European countries, the placement of liquidity with banks domiciled in Malta and other European jurisdictions, and through the issuance of guarantees by the Company. Credit exposures through advances to Group undertakings and balances held with other Group undertakings located in European jurisdictions also give rise to credit risk, as do proprietary positions of the Issuer in financial or other instruments including investments in securitised instruments.

Credit risk is the possibility that a borrower or counterparty fail to meet their obligations in accordance with agreed terms, causing a financial loss to the Issuer. Within the context of the Issuer's short term lending activities, credit risk may, in particular, arise due to fluctuating quality of the customers' creditworthiness which can result in a growing rate of irregular receivables resulting from the customers' inability to fulfil their liabilities. In addition, changes in the credit quality of the Issuer's customers and counterparties, arising from systemic risks and macroeconomic factors in the Maltese and global financial system, can negatively affect the Issuer. Any failure by the Issuer to manage the credit quality of its borrowers or counterparties within prudent risk parameters and/or to monitor and regulate the adequacy of its provisioning levels could have a material adverse effect on the Issuer's business, financial condition, prospects and/or results of operations.

### **LIQUIDITY RISK**

Liquidity risk is the risk that the Issuer will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

Liquidity risk may arise, amongst others, from: (i) differences in the amounts and/or maturities of incoming and outgoing cashflows which could impact the ability of the Issuer to meet liabilities as they fall due; (ii) unforeseen economic and market conditions which could curtail the Issuer's access to deposits and other forms of funding, which, in turn, could limit the Issuer's access to funds to meet liabilities; (iii) the unexpected withdrawal of a large number of deposits which could arise due to, amongst others, prevailing economic conditions and/or negative public perception of the Issuer's trustworthiness and reputation; and/or (iv) a high incidence of defaults across the Issuer's consumer lending portfolio. The management of liquidity risk is central to the Issuer's viability and growth. The Issuer attempts to manage liquidity risk by maintaining a strong capital base and through a liquidity management process which is managed by the Issuer's treasury function and ALCO. Said processes include monitoring of the day-to-day funding and cashflows; monitoring liquidity ratios and benchmarks against internal and regulatory requirements; and placing liquid assets as short-term deposits with other credit and financial institutions, which should enable withdrawal of same in the short term to enable the Issuer to meet its liabilities.

In the event that liquidity risks (including those mentioned above) arise and/or the Issuer's liquidity management processes are insufficient to mitigate and/or eliminate unexpected liquidity situations, this could result in the Issuer failing to meet obligations, repay creditors and/or fulfil commitments, which could negatively impact the Issuer's business, financial condition, prospects and/or results of operations.

## OPERATIONAL RISK

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

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

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

## MARKET RISK

Market risks in respect of the Issuer arise, amongst others, from positions in currency and interest rate products which are exposed to market movements and changes in the level of volatility of market rates or prices, such as foreign exchange rates and interest rates. The Issuer's exposure to market risk is mainly in the form of foreign exchange risk and interest rate risk.

### ***i. Foreign exchange risk***

Foreign exchange risk is the risk to earnings and value caused by a change in foreign exchange rates. The Issuer is currently exposed to foreign exchange risk principally in respect of its financial assets or liabilities denominated in currencies (such as, presently, Polish Zloty, Czech Koruna, Swedish Krona, Norwegian Krona, Croatian Kuna, Danish Krone and Romanian Leu) that are different from the Bank's functional currency (being the Euro).

### ***ii. Interest rate risk***

Interest rate risk is the risk that future cashflows of a financial instrument or product will fluctuate because of changes in market interest rates. The Issuer's exposure to interest rate risk arises, amongst others, due to balances with central banks, loans and advances to banks and customers.

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

## REPUTATIONAL RISK

Reputational risk is the risk of loss of goodwill, loss of customers and business and/or a decline in profits as a result of a negative perception of the Issuer's image by relevant stakeholders. The Issuer could be exposed to reputational risk as result of, amongst others:

- i. breach of, or allegations of the Issuer having breached, legal and regulatory requirements such as money laundering, anti-terrorism financing and capital adequacy requirements, which may result in fines and/or other regulatory action being imposed or taken against the Issuer by, amongst others, the MFSA and/or the Financial Intelligence Analysis Unit ("**FIAU**");
- ii. the Issuer acting, or facing allegations of having acted, unethically;
- iii. the Issuer failing to address potential conflicts of interest;
- iv. technology inefficiencies, disruption or failures;
- v. poor performance or operational results;
- vi. the Issuer failing to maintain appropriate standards of customer privacy, customer service and record keeping;
- vii. risk of association in respect of issues being faced by competitors or the banking industry generally, which may or may not be directly applicable to the Issuer;
- viii. unfavourable media coverage or measures taken by consumer protection bodies and/or consumer advocacy groups, including, in respect of the services and products offered by the Issuer;

- ix. failure by customers, consumer protection organizations and the market at large, to understand the nature of the Issuer's business; and/or
- x. negative public perception of short-term consumer loans.

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

## **INFORMATION TECHNOLOGY AND CYBER SECURITY RISK**

The Issuer depends on its information technology systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of the Issuer's business and operating data. The proper functioning of the Issuer's core systems, risk management tools, credit analysis and reporting, accounting, customer service and other information technology systems, as well as its communication networks to, from and within the main data processing centres, are critical to the Issuer's business and ability to compete effectively.

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

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

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

## **INFORMATION SECURITY AND DATA PROTECTION RISK**

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

The Issuer is also subject to comprehensive regulation regarding the use of personal customer data emanating principally from the GDPR. Compliance with the GDPR creates significant regulatory obligations for the Issuer and it will continue to have an ongoing impact on the acceptance, processing, and storage of personal data. The possible damage, loss, unauthorised processing, or disclosure of personal data could have a negative impact on the activity of the Issuer, in reputational terms too, and could give rise to negative consequences, including, financial loss and/or reputational damage.

## **RISK RELATING TO KEY PERSONNEL**

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

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

## **RISKS ASSOCIATED WITH CAPITAL**

The Issuer is required to adhere to capital adequacy regulations which necessitate that it maintains appropriate capital resources both in terms of quantity and quality.

Non-compliance with applicable capital requirements in the future, may have a significant impact on the Issuer's operations and future sustainability. In particular, a perceived or actual shortage of capital held by the Issuer could result in actions by regulatory authorities, including public censure and/or the imposition of sanctions. This may also affect the Issuer's capacity to access funding, continue its business operations, generate a sufficient return on capital, pay remuneration to staff, pay future dividends and/or pursue strategic opportunities and could have a material adverse impact on the financial performance and condition of the Issuer.

## **REGULATORY RISK**

The Issuer is subject to a number of prudential and regulatory requirements, designed, amongst others, to safeguard consumers, maintain the safety and soundness of banks, ensure banks' compliance with economic and other objectives and limit banks' exposure to risk. The legislation to which the Issuer is subject includes (but is not limited to) PSD, CRD, BRRD, CCD (each as transposed into Maltese law) and the CRR.

The Issuer faces risks associated with an uncertain and rapidly evolving prudential and regulatory environment pursuant to which it is required, amongst other things, to adhere to stringent consumer credit legislation and maintain adequate capital and liquidity resources and to satisfy specified capital and liquidity ratios at all times. In addition, although the Issuer is not currently classified as a significant institution under the single supervisory mechanism, it may, in the future, be deemed a significant institution and hence subject to a greater degree of regulation.

Additional, stricter and/or new regulatory requirements may be adopted in the future, including as a result of the European Commission's proposal for a new directive on consumer credits repealing and replacing the CCD. The interpretation and application by regulators of laws and regulations to which the Issuer is or may be subject may also change from time to time.

The substance and scope of any such laws and regulations (including new and amended ones) as well as the manner in which laws and regulations are (or will be) adopted, enforced or interpreted could result in significant loss of revenue, limit the ability to pursue business opportunities in which the Issuer might otherwise consider engaging or limit the Issuer's ability to provide certain products and services, affect the value of assets held, impose additional compliance and other costs or otherwise adversely affect the Issuer's business and/or its financial position.

## **FINANCIAL CRIME COMPLIANCE RISK**

Financial crime compliance risk could arise should the Issuer fail to comply with anti-money laundering and prevention of financing of terrorism rules, laws and regulatory procedures and/or otherwise fail to identify suspicious transactions, activities or connections and/or protect customers from financial crime.

Such failure may arise from: (i) lack of adherence to the appropriate regulatory environment and/or market practice; (ii) lack of implementation of directives, rules, regulations, and, or internal operating procedures; and/or (iii) inadequate internal controls to monitor level of adherence to the required standards inclusive of illegal practices such as bribery and corruption.

The materialisation of such risks could have a detrimental impact on customers and expose the Issuer to financial sanctions and regulatory reprimands and censure which could have a material adverse impact on the financial performance and condition of the Issuer.

## **STRATEGIC RISK**

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

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

- i. the ability to successfully launch new products to allow the Issuer's business to continue to expand and evolve;
- ii. the ability to develop efficient internal monitoring and control systems;
- iii. the ability to implement high-quality business and management processes and standards;
- iv. the ability to develop and implement "best practices" in response to day-to-day business challenges;
- v. the ability to secure adequate financing to successfully establish operations in new markets;
- vi. the ability to adequately respond to competitive pressures;
- vii. the ability to react to a deterioration in the economic climate;



- viii. the ability to correctly assess legal requirements in targeted markets and monitor on-going changes in existing markets; and, or
- ix. the ability to obtain any government permits and licences that may be required and the ability to develop adequate and secured IT-platforms.

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

## **CONCENTRATION RISK**

Concentration risk arises due to a high level of exposure by the Issuer to: (i) individual issuers or counterparties; (ii) a group of connected clients; (iii) industry sectors; (iv) a single currency; (v) credit exposures secured by a single security; and/or (vi) geographical regions or countries (in particular, those countries on which the Issuer is dependent to generate high volumes of business). Albeit the Issuer is currently not exposed to concentration risk in a great degree, it cannot be excluded that concentration risk will not arise in the future.

Any major downturn in economic activity in markets where the Issuer is exposed to concentration risk could have a significant adverse impact on the financial performance and financial condition of the Issuer.

## **THE ISSUER RELIES ON EXTERNAL SERVICE PROVIDERS FOR IMPORTANT PRODUCTS AND SERVICES**

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

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

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

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

## **2.4 RISKS RELATING TO THE BONDS**

### **SUBORDINATED STATUS AND RANKING OF THE BONDS**

The Bonds constitute subordinated and unsecured obligations of the Issuer. In the event of the dissolution and winding up of the Issuer, the claims of Bondholders in respect of the payment of capital and interest on the Bonds will be subordinated to the claims of all depositors and other unsubordinated secured and unsecured creditors of the Issuer.

If, on a dissolution and winding-up of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior ranking creditors in full, the Bondholders will lose their entire investment in the Bonds. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of the Bonds and all other claims that rank *pari passu* with the Bonds, Bondholders may lose all or part (which may be a substantial portion of) of their investment in the Bonds.

The same principles could apply to the Issuer where the relevant resolution authority applies the appropriate powers of write-down or conversion of the Bonds (whether in the event of a resolution of the Issuer or in any other instances under applicable law), in which case it must respect the *pari passu* treatment of creditors and the statutory ranking of claims under the applicable insolvency law.

## RISKS ASSOCIATED WITH RECOVERY AND RESOLUTION REGULATIONS

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

The BRRD Package is designed to provide resolution authorities with a set of tools to intervene early and quickly in the affairs of an unsound or failing bank so as to ensure the continuity of the bank’s critical financial and economic functions, whilst minimising the impact of a bank’s failure on the economy and financial system. Resolution authorities may intervene using one or more resolution tools, actions and/or powers in the event that the conditions set out in the R&R Regulations are met, namely that: (a) a bank is failing or likely to fail; (b) there is no reasonable prospect that alternative private sector measures would prevent the failure of a bank; and (c) a resolution action is in the public interest.

The resolution authority established under Maltese law is the board of governors of the MFSA which has, in turn, appointed a resolution committee (the **“Resolution Committee”**) which is responsible, *inter alia*, to apply resolution measures and such other powers as set out in the first schedule to the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta).

Under the R&R Regulations, the Resolution Committee has a very broad range of resolution tools, actions and/or powers in respect of the Issuer and the Bonds, including, amongst others, the power to write-down or convert the Bonds and to further employ a broad suite of other tools, including: (i) the sale of business tool, which enables the Resolution Committee to effect a sale of the whole or part of the business; (ii) the bridge institution tool, pursuant to which the Resolution Committee shall have the power to transfer to a bridge institution shares, other instruments of ownership, assets, rights and liabilities of the Issuer; (iii) the asset separation tool, which enables the transfer of assets, rights and liabilities to one or more asset management vehicles; and (iv) the bail-in tool, pursuant to which the Resolution Committee has a broad range of powers, including, the power to take control of an institution and other powers set out in the R&R Regulations.

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

## ORDERLY & LIQUID MARKET

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Securities admitted to trading on the Official List are often thinly traded. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Bondholders will be able to sell the Bonds at or above the Issue Price or at all.

## MINIMUM APPLICATION

Where an Applicant is a Retail Client whose financial instrument portfolio (calculated in accordance with article 44A of the R&R Regulations) does not, at the time of the purchase, exceed €500,000, the Authorised Financial Intermediary is to ensure, on the basis of the information provided by the Retail Client, that, at the time of purchase, the initial investment amount invested by the Applicant in the Bonds is at least €10,000. This could significantly affect the ability of Bondholders to sell the Bonds on the secondary market.

## FIXED INTEREST RATES

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

degree of secondary market price volatility relative to movements in market interest rates when compared to fixed rate debt securities with a shorter remaining life.

## LIMITED RECOURSE

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

## ADDITIONAL INDEBTEDNESS

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

## CONTINUING COMPLIANCE OBLIGATIONS

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

## EARLY REDEMPTION

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

## COMPLEXITY

The Bonds are complex financial instruments, including as a result of their subordination and the potential resolution action which can be taken in respect thereof. Although the Bonds may only be sold to Retail Clients which pass the Suitability Test, investors and potential investors should be aware that, even if they pass the Suitability Test and invest in the Bonds, said investment in the Bonds carries a high degree of risk.

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

# 03

## Responsibility, Authorisation Statement and Consent for Use

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### 3.1 PERSONS RESPONSIBLE

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

### 3.2 AUTHORISATION STATEMENT

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

### 3.3 CONSENT FOR USE OF BASE PROSPECTUS

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

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

Neither of the Issuer, the Sponsors nor any of their respective advisers, 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 Bonds.

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

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

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

**Any Authorised Financial Intermediary using this Base Prospectus in connection with a resale, placement or other offering of the Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Base Prospectus, publish on its website a notice to the effect that it is using this Base Prospectus for such**

resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

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

# 04

## Identity of Advisers and Auditors of the Issuer

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### 4.1 ADVISERS

#### LEGAL ADVISERS

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

#### FINANCIAL ADVISERS

Name: Pricewaterhouse Coopers Malta  
Address: 78, Mill Street  
Zone 5, Central Business District  
Qormi CBD 5090, Malta

#### SPONSORS & MANAGERS

Name: Calamatta Cuschieri Investment Services Ltd.  
Address: Ewropa Business Centre  
Triq Dun Karm  
Birkirkara BKR 9034, Malta

Name: Rizzo Farrugia & Co. (Stockbrokers) Ltd.  
Address: Airways House, Fourth Floor  
Triq il-Kbira  
Sliema SLM 1551, Malta

#### REGISTRAR

Name: Malta Stock Exchange plc  
Address: Garrison Chapel  
Castille Place  
Valletta VLT 1063, Malta

### 4.2 AUDITORS

Name: Pricewaterhouse Coopers Malta  
Address: 78, Mill Street,  
Zone 5, Central Business District  
Qormi CBD 5090, Malta

PricewaterhouseCoopers Malta is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta) and a practicing certificate to act as auditors. The Accountancy Board registration number of PricewaterhouseCoopers Malta is AB/26/84/38.

The annual statutory financial statements of the Issuer for the financial years ended 2018, 2019 and 2020 have been audited by PricewaterhouseCoopers Malta.

# 05

## Information about the issuer

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### 5.1 GENERAL INFORMATION

<b>Legal and commercial name:</b>	Ferratum Bank p.l.c.
<b>Registered address:</b>	ST Business Centre, 120, the Strand, Gzira GZR 1027
<b>Place of registration and domicile:</b>	Malta
<b>Company registration number:</b>	C 56251
<b>Legal Entity Identifier:</b>	213800SGT5S6EKUW2987
<b>Date of registration:</b>	9 May 2012
<b>Legal form and duration:</b>	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act. The Issuer has been established for an indefinite duration.
<b>Telephone number:</b>	+356 2034 1533
<b>Email</b>	info@ferratumbank.com
<b>Website</b>	<a href="https://www.ferratumbank.com/">https://www.ferratumbank.com/</a>

The contents of the Bank's website or 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 Base 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 Bonds.

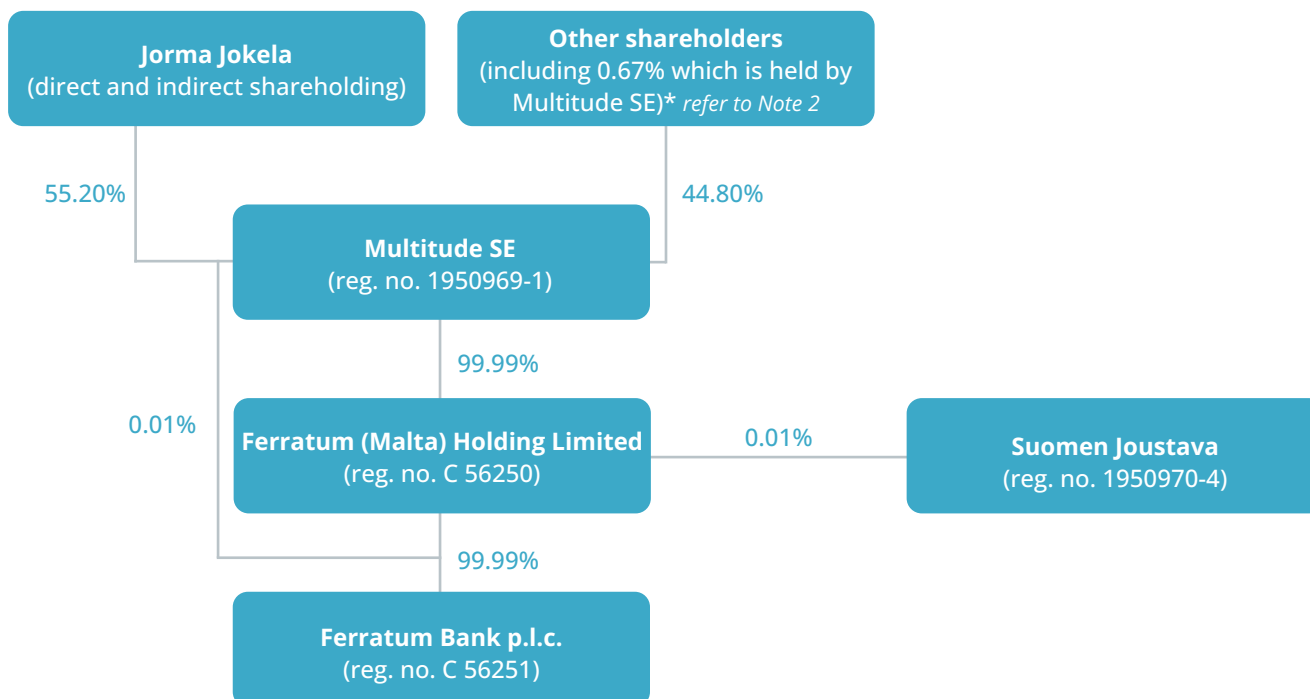
### 5.2 HISTORY AND DEVELOPMENT OF THE ISSUER

The Issuer was registered under the laws of Malta on 9 May 2012 and was granted a credit institution licence in terms of the Banking Act from the MFSA on 12 August 2012. In January 2014, the Issuer obtained an extension to its banking licence allowing it to provide services relating to guarantees and commitments. On 23 July 2015, the status of the Issuer changed from that of a private limited liability company to a public limited liability company. As from the fourth quarter of 2015, the Issuer also commenced offering deposit products. The operations of the Issuer have since evolved to comprise the principal activities further described in section 5.5 below.

On 14 December 2016, the Issuer published a base prospectus for a €60,000,000 bond issuance programme of a nominal value of €100,000 per bond. A total of €40,000,000 worth of bonds were issued in terms of this base prospectus, in two tranches (the "Notes"). The Notes were guaranteed by Multitude SE and were admitted to trading on the European Wholesale Securities Market (which trading ceased with effect from 13 July 2018 as a result of the closure of this market), Nasdaq Stockholm and the Frankfurt Stock Exchange. On 16 March 2020, the Issuer announced that it had repaid the Notes.

## 5.3 ORGANISATIONAL STRUCTURE OF THE GROUP

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



**Note 1:** The shares of Multitude SE are listed on the Frankfurt Stock Exchange.

**Note 2:** Multitude SE's largest shareholder, Jorma Jokela, beneficially owns 55.20% of the shares in the company through his holdings in Jokela Capital OÜ, JT Capital Limited and other direct and indirect shareholdings in the company. Multitude SE owns 0.67% of its own shares. The remaining 44.13% shareholding in Multitude SE is in public float.

**Note 3(a):** Aside from the Issuer, Multitude SE holds shares in the below mentioned companies in the following percentages:

Name of company and registration number	Country of incorporation	Percentage of shareholding held by Multitude SE
Suomen Joustava Oy (1950970-4)	Finland	100%
Ferratum Latvia SIA (40003893531)	Latvia	100%
Ferratum Czech s.r.o (27894690)	Czech Republic	100%
Global IT Services s.r.o (43770207)	Slovakia	100%
Pactum Poland Sp. z o o (296808)	Poland	100%
Saldodipje S.L. (B92941558)	Spain	100%
Ferratum Bulgaria EOOD (200599406)	Bulgaria	100%
Ferratum Capital Oy (2294035-1)	Finland	100%
Ferratum Australia Pty Ltd (151137049)	Australia	100%
Numeratum d.o.o. (80783386)	Croatia	100%
Ferratum (Malta) Holding Limited (C 56250)	Malta	99.99%

Swespar AB (556901-7899)	Sweden	100%
Ferratum Romania I.F.N.S.A. (32208795)	Romania	99.94%
Ferratum Capital Germany GmbH (HR B 152968 B)	Germany	100%
Ferratum International Services Oy (2583264-7)	Finland	100%
CapitalBox GmbH (HRB 156156)	Germany	100%
Vector Procurement Solutions Inc. (BC1001525)	Canada	100%
Ferratum Mexico S. de R.L. de C.V. (539840 -1)	Mexico	99.99%
UAB Ferratum Finance (304094427)	Lithuania	100%
Pactum Collections GmbH (HRB 177884 B)	Germany	100%
Ferratum Brasil Servicos de Correspondente Bancario Ltda (26.214.991/0001-07)	Brazil	99%
Inari Serviços Financeiros Ltda (24.065.319/0001-63)	Brazil	99%
Ferratum Portfolio S.à.r.l. (B243364)	Luxembourg	100%
Guarantee Services OÜ (16051301)	Estonia	100%
fe Business Services OÜ (16051287)	Estonia	100%
Mr Credit Pty Ltd (647 169 444)	Australia	100%

**Note 3(b):** In addition, Multitude SE has:

- i. a 100% indirect shareholding in Bidellus Bangladesh Ltd (C-141644/2017) through a shareholding in: (a) Suomen Joustava Oy (1950970-4) (which owns 1% of the shares in Bidellus Bangladesh Ltd); and (b) Ferratum International Services Oy (2583264-7) (which owns 99% of the shares in Bidellus Bangladesh Ltd);
- ii. a 99.27% indirect shareholding in Bhawana Securities and Financial Services Limited (U65100DL1995PLC071089) through a shareholding in: (a) Ferratum International Services Oy (2583264-7) (which owns 98.54% of the shares in Bhawana Securities and Financial Services Limited); and (b) Pactum Collections GmbH (HRB 177884 B) (which owns 0.73% of the shares in Bhawana Securities and Financial Services Limited);
- iii. a 100% indirect shareholding in Saldo Gestion S.L. (B42842005) through a shareholding in Ferratum International Services Oy (2583264-7) which owns 100% of the shares; and
- iv. a 100% indirect shareholding in CapitalBox AB (556695-9655) through a shareholding in CapitalBox GmbH (HRB 156156) which owns 100% of the shares.

**Note 4:** Multitude SE has also set up the following branches:

- i. Vector Procurement Solutions Inc. (Malta Branch) (OC 1411);
- ii. Ferratum International Services Oy, Helsinki, Zug branch (CHE-299.918.988);
- iii. CapitalBox AB, Lietuvos filialas (305562697);
- iv. CapitalBox AB, Dutch branch (861865959); and
- v. CapitalBox AB, Finnish branch (3177095-6).

**Note 5:** Ferratum (Malta) Holding Limited (C 56250) was also the sole shareholder of Ferratum Services Limited (C 81663), which was struck off on 27 December 2021.

## 5.4 OBJECTS AND PURPOSES OF THE ISSUER

The Memorandum and Articles of Association of the Issuer are registered with the Registrar of Companies at the Malta Business Registry.



The objects of the Issuer are set out in clause 3 of its Memorandum. The objects set out in the Memorandum include the following:

- i. the undertaking of the business of banking, as defined in, and in accordance with, the provisions of the Banking Act and to execute all kinds of banking and financial operations in all currencies with any person, company, firm, partnership or other entity, whether in Malta or elsewhere, as may be allowed in terms of the licence issued to the Issuer by the competent authority;
- ii. the engagement in the business of accepting deposits of money from the public withdrawable or repayable on demand or after a fixed period or after notice and borrowing or raising money from the public (including the borrowing or raising of money by the issue of debentures or debenture stock or other instruments creating or acknowledging indebtedness), in either case for the purpose of employing such money in whole or in part by lending (including personal credits, mortgage credits, factoring with or without recourse, financing of commercial transactions including forfeiting and acquisitions of receivables) to others or otherwise investing for the account and at the risk of the Issuer; and
- iii. to engage in the business of financial leasing, issuing of guarantees and other commitments.

A copy of the Memorandum is available for inspection as set out in section 13 of this Base Prospectus.

## **5.5 PRINCIPAL ACTIVITIES OF THE ISSUER**

The Issuer is licensed by the MFSA to carry on the activities of a credit institution in terms of the Banking Act and is also licensed to provide certain payment and other services as defined in the Financial Institutions Act (Cap. 376 of the laws of Malta), as well as being authorised to deal on own account. The Issuer is lawfully authorised to passport its services in a number of European jurisdictions.

The principal activities of the Issuer primarily consist of:

- A. the provision of consumer loans; and
- B. deposit-taking services.

The aforementioned services are offered and distributed through online digital and mobile financial services technology. The products mentioned in (A) above are primarily offered in Finland, Denmark, Croatia, Norway, Romania, Spain, Poland, Sweden, Germany, Czech Republic, Latvia and Estonia, with the intention to extend the provision of consumer loans to Slovenia. Deposit taking activities mentioned in (B) above are provided in Germany, Finland and Latvia.

### **A. CONSUMER LENDING ACTIVITIES**

At present, the Issuer offers four main consumer lending products:

- credit line product;
- prime loans;
- plus loans; and
- micro loans.

#### **1. Credit line product**

The Issuer's credit line product is a revolving loan facility offered by the Issuer (similar to a typical overdraft facility but does not require clients to maintain a current account with the Issuer), under which borrowers are required to effect a minimum repayment per month. The credit limit for this type of lending product typically varies between €500 to €4,000, depending on the customer's creditworthiness and his/her jurisdiction of domicile.

#### **2. Prime loans**

The Issuer's prime loan product is intended for customers in need of amounts ranging from €2,000 to a maximum of €30,000 and longer-term unsecured financing arrangements, ranging from 12 months to a maximum of 144 months, mainly intended to fund personal expenditure. The Issuer currently offers prime loans in Germany, Latvia, Finland, Denmark and Sweden.

### **3. Plus loans**

Plus loans offered by the Issuer provide medium to long term financing arrangements, ranging from two to 36 months. This product complements the Issuer's portfolio of lending products by allowing flexibility in respect of the amount, duration and number of instalments of the loan. The principal granted under plus loans generally varies between €500 to €3,000 and is repayable in multiple instalments on a monthly basis.

### **4. Micro loans**

The micro loans offered by the Issuer are short-term loans granted in low amounts to private individuals, to meet their short-term liquidity needs. The amounts of micro loans granted typically range between €50 to €1,000, with maturity typically being 15 or 30 days. The amount of the principal granted would itself depend on the creditworthiness of the underlying customer.

In addition to the above consumer lending product, the Issuer also offers a guarantee product in Bulgaria, whereby it acts as guarantor for consumer loans.

## **B. DEPOSIT-TAKING SERVICES**

The Issuer funds its activities primarily through deposits in Euro denominated savings and current accounts, through which customers are able to, amongst others, perform outgoing money transfers and receive deposits. Deposits are raised mainly through two platforms. As at 31 December 2021:

- i. 98% of the Issuer's retail deposit base was derived from its partnership with a new deposit servicing platform launched in Germany by CHECK24 Finanzservice GmbH, a German domiciled company forming part of the CHECK24 Vergleichsportal GmbH group, Germany's leading comparison portal; and
- ii. 2% of deposits were sourced from the Issuer's mobile wallet, which was launched in Latvia and Finland during 2021.

## **C. SIGNIFICANT NEW PRODUCTS OR ACTIVITIES**

Through the expansion of the Bank's 'Mobile Wallet' solution, initially launched in 2020, the Issuer will seek to connect customers, partners (both in the financial industry as well as technology companies) and the Issuer's own services, through a mobile application. This will enable customers to gain access to a larger service base, whilst, in turn, allowing the Issuer to enhance its own customer base. The 'Mobile Wallet' solution is currently available in Latvia, Finland and Germany. However, the intention is to expand to further jurisdictions in the future.

The Issuer has recently expanded its Mobile Wallet product offering by offering a virtual credit card service in Finland and will also, in future, be offering the 'Prime Loan Product' (described above) through the 'Mobile Wallet'.

### **1. Virtual credit card**

The Issuer has complemented its mobile banking platform with a virtual credit card which is available through the 'Mobile Wallet' allowing customers to shop online with flexible payment options. This product has already been launched in Finland and the Issuer intends to expand this product offering to other markets.

### **2. Prime loans**

The Issuer intends to integrate its prime loan services offering (a description of which is set out above) in the 'Mobile Wallet', with the aim of simplifying the financing of high value services and products, enabling clients to access credit in an easy digital manner, at a decreased cost.

## **5.6 FUNDING STRUCTURE AND EXPECTED FINANCING**

The Issuer funds its activities primarily through customer deposits. There have been no material changes in the borrowing and funding structure of the Issuer since the financial year ending 31 December 2020. The Issuer expects that it will continue to fund its activities through customer deposits.

## **5.7 CREDIT RATING**

The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.

# 06

## Trend Information

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The Bank's vision is to continue to innovate and to operate a proprietary global digital financial platform, enabling it not only to distribute financial services directly to consumers, but to leverage the technology to partners with "plug-and-play" and "Banking-as-a-Service" concepts. The Bank continues to grow in the current customer segment alongside the further development of, amongst others, its 'Mobile Wallet' offering.

The banking industry is facing tightening regulations across the jurisdictions the Bank operates in. During the COVID-19 pandemic interest caps, tightening of marketing and introduction of moratoriums were put in place. Many of these measures have been temporary and have already been lifted or are expected to be lifted during the coming year. There are however measures which will remain in place, and it can be expected that new measures will be introduced, in particular insofar as interest caps and tightening of marketing is concerned.

Save for the effects of the COVID-19 pandemic (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.

# 07

## Administrative, Management & Supervisory Bodies

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### 7.1 THE BOARD OF DIRECTORS OF THE ISSUER

In terms of the Memorandum of the Issuer, the affairs of the Issuer are to be managed and administered by a board of directors consisting of not less than three and not more than 10 in number. The Board of Directors is currently composed of nine Directors who are entrusted with the overall direction, administration and management of the Issuer. As at the date of publication of the Base Prospectus, the Board is composed of the following persons:

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<b>Carmel Borg</b> holder of Maltese identity card bearing number 140461M	Independent, non-executive Director and Chairman
<b>Jorma Olavi Jokela</b> holder of Finnish passport bearing number PP7143038	Non-executive Director
<b>Lea Liigus</b> holder of Estonian passport bearing number KE0218748	Non-executive Director

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<b>Clemens-Matthias Fritz Krause</b> holder of German passport bearing number C3HZRZTFL	Non-executive Director
<b>Esa Tapani Teravainen</b> holder of Finnish passport bearing number FP1154655	Non-executive and independent Director
<b>Erik Mikael Ferm</b> holder of British passport bearing number 532411156	Non-executive and independent Director
<b>Victor Alexander Denaro</b> holder of Maltese identity card bearing number 411256M	Non-executive and independent Director
<b>Jussi Matti Eevertti Mekkonen</b> holder of Finnish passport bearing number PR0865144	Non-executive Director
<b>Klaus Oscar Schmidt</b> holder of German passport bearing number C5PNXW8HM	Non-executive and independent Director

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

## CARMEL BORG

Mr Carmel (k/a Charles) Borg was appointed as the Chairman of the Issuer in April 2017. He spent his professional career of 34 years at Bank of Valletta plc during which he occupied various senior management positions, including that of chief executive officer between 2011 and 2015. He has occupied directorship positions of listed companies in Malta and was appointed chairman of the Housing Authority during the period 2008 to 2011. He also chaired the audit board of the European Investment Fund, which is a subsidiary of the European Investment Bank, and of MAPFRE Middlesea p.l.c.. Mr Borg also served as a director on the World's Savings Bank in Brussels and was also the president of the Institute of Financial Services and the president of the Malta Bankers Association.

Mr Borg is a fellow of the Chartered Institute of Bankers (UK) and holds a banking degree and a Masters degree in financial legislation from the University of Malta.

## JORMA OLAVI JOKELA

Mr Jorma Jokela is the Chief Executive Officer and the founder of Multitude SE. He studied accounting at the Commercial College of Kuopio and the Helsinki Business College and has an eMBA from IMD Business School in Lausanne, Switzerland. He is the founder of Jokela Capital Oy in Helsinki where he headed the company as chief executive officer from 1998 to 2000. He subsequently sold the Jokela Capital business in 2004. In 2005, he founded Ferratum Group, which was subsequently renamed Multitude and has been its chief executive officer and member of the board of directors since then. Mr Jokela is currently a member of the board of JT Capital Limited, Jokela Capital OÜ and Jokela Capital Oy. In addition, he acts as chairman of the board of Tinozza Oy.

## LEA LIIGUS

Ms Lea Liigus, is the head of legal and compliance of Multitude SE. She has been a member of the board of directors since 2006. She studied law at the University of Tartu in Estonia and completed a Master of Laws (LL.M) programme in contract and commercial law at the University of Helsinki in Finland. Before she joined Multitude SE in 2006, she worked as a lecturer for commercial law and EU law at the Estonian business school in Tallinn and as an attorney-at-law specialised in commercial, financial and EU law at Sorainen Law Offices in Estonia. Ms Liigus is currently a member of the board of LL Capital Investments OÜ and LL Rent OÜ.

## **CLEMENS-MATTHIAS FRITZ KRAUSE**

Dr Clemens-Matthias Fritz Krause was appointed as a member of the Board of the Issuer in May 2018. Dr Krause is a member of the Audit Committee, chairman of the ALCO and Chairman of the reserving committee. He originally joined Multitude SE in 2012 as the company's chief financial officer and the managing director of Ferratum Germany GmbH. Between 2018 to 2020, he acted as the chief risk officer of the Group. He was re-appointed to the position of chief risk officer of the Group in 2021. During his professional career he has held various management positions at companies including Bankgesellschaft Berlin AG, Deutsche Bahn, E-Loan Europe, E\*Trade Germany, GE Money Bank (General Electric) and Commerzbank. He studied business administration at the Westfälische Wilhelms-Universität in Münster and in 1992, completed his PhD thesis about credit rating with artificial intelligence at the Institut für Rechnungswesen in Münster.

## **ESA TAPANI TERÄVÄINEN**

Mr Esa Tapani Teräväinen has served as a member of the Board of the Issuer since its incorporation in late 2012. He is the chairman of the Audit Committee. Mr Teräväinen has 25 years of international banking experience in Finland and in Russia. In Finland, he has worked for several Finnish and Scandinavian banking groups and has been responsible for their Eastern European correspondent banking and businesses development in the Eastern European countries. He has also worked for 12 years in different banks in Moscow, including at the Moscow representative office of Postipankki Ltd, International Moscow Bank, Orgresbank, and as a managing director of a subsidiary bank of Svenska Handelsbanken. Following his banking career, during his consulting career, he remains involved with several Russian projects. He has also served as board member of companies with business interests in Russia.

Mr Teräväinen has a Masters of Science (International Economics) from the Helsinki School of Economics and Business Administration, and he has further banking education at INSEAD, Fontainebleau, France.

## **ERIK MIKAEL FERM**

Mr Erik Mikael Ferm was elected to the Board of Directors of the Issuer in April 2017, and chairs the risk management committee. From 2012 to 2019, he acted as the chairman of the board and non-executive director at Multitude SE. Mr Ferm has had a long career in financial services and organisational development, spanning over 20 years across the UK and Europe. From 2002 to 2012, he worked as a partner at Palamon Capital Partners, a private equity firm investing in growth companies across the EU. Between 2000 and 2002 he acted as investment director at UBS Capital, focusing on private equity investments in Nordic region. He has also worked in advisory services on mergers and acquisitions, as well as management reporting and cash management. He holds a Masters degree of Science in business administration from the Stockholm School of Economics.

## **VICTOR ALEXANDER DENARO**

Mr Victor Denaro was appointed as a non-executive Director of the Issuer in April 2018 and is a member of the risk management committee.

He served as an I.T. consultant in various local entities and boasts a career with significant national and international successes in major I.T. transformation projects.

He occupied various senior level roles within Bank of Valletta plc from 1993 to 2015 where he provided executive guidance on all aspects of I.T. as the Group Chief Information Officer. He successfully positioned the bank to attain national market leadership with the successful implementation of new technologies and systems, which include, but are not limited to, core retail banking (1999), treasury and wholesale (2001), internet banking (2002) and mobile banking (2009). Mr Denaro implemented a new I.T. division structure comprising of 120 professional staff and five technical and operational units. He successfully introduced industry-acknowledged methodologies, such as service structure management, roles, capacity management and risk assessment. He also managed international and national relationships with key vendors, consultants and licensees and was responsible for an annual budget of circa €10 million to €12 million.

He holds a Masters in Business Administration from Business School of Grenoble, specialization in Business Consultancy.

## **JUSSI MATTI EEVERTTI MEKKONEN**

Mr Jussi Matti Eevertti Mekkonen was elected as a member of the Board of Directors of the Issuer in May 2018. Prior to this role, he acted as the Chief Executive Officer of Ferratum Bank between 2017 and 2019. Mr Mekkonen built most

of his professional career at Nordea, Finland, where he held multiple senior positions, including the deputy head of banking from 2013 to 2016 and then head of personal banking from 2016 to 2017. He has also been the chairman and member of various steering groups at Nordea, focusing, for example, on consumer credit product developments and business transformation using Agile method.

M. Mekkonen holds a Masters in Agricultural Sciences from University of Helsinki, and is a certified Key Account Manager (Merita Bank) and Profit Unit Leader (MeritaNordbanken).

## **KLAUS OSCAR SCHMIDT**

Mr Klaus O. Schmidt was appointed as a non-executive Director of the Issuer in May 2019 and is a member of the Audit Committee.

His professional career began in June 1987 as a marketing adviser in the marketing department of GZS Gesellschaft für Zahlungssysteme mbH, Frankfurt/Main. In October 1989, he went to Ordina (Deutschland) GmbH, Frankfurt/Main, as a representative for card payment systems and then moved to American Express Bank GmbH, Frankfurt/Main, to become a marketing manager for banking and insurance products in September 1991. In October 1993, he joined ING-DiBa AG, Frankfurt/Main, as head of retail banking and then took over the responsibility as a director for the marketing and call centre department where his main tasks were the building of the ING-DiBa brand, the development of database marketing and customer relationship management. In January 1999 he was appointed as general manager for marketing and sales and with effect from March 2002 as a full member of the management board at ING-DiBa AG and was responsible for marketing, sales, private mortgage, product and target group management and customer dialogue/service.

Between January 2003 and June 2006, he was the project manager in charge of setting up ING-DiBa, Austria and from April 2007 until December 2010, he was a member of ING Management Council in Amsterdam. In January 2012, he became a full member of the management board in Bausparkasse Schwabisch Hall AG, Schwabisch Hall, responsible for marketing and international markets.

In January 2015, he founded his own management consultancy K.O.S.-Marketing with a focus on advising financial services companies and fintech companies.

Mr Schmidt studied Business Administration at Goethe University, Frankfurt/Main.

## **7.2 COMPANY SECRETARY OF THE ISSUER**

The company secretary of the Issuer is Ms Lea Liigus.

The business address of the Directors and the company secretary is that of the Issuer.

## **7.3 SENIOR MANAGEMENT**

The Issuer's senior management team is comprised primarily of the following persons:

### **CHIEF EXECUTIVE OFFICER - ANTTI KUMPULAINEN**

Mr Antti Kumpulainen, joined Multitude SE in 2016 as country manager for Finland. He joined the Issuer in 2018 as chief commercial officer. Mr Kumpulainen has been the Chief Executive Officer of the Issuer since April 2021. He was deputy and acting chief executive officer from March 2019, before being appointed in his current role. Mr Kumpulainen started his career in banking at Sampo Bank PLC in 2003 as service manager for credit cards and consumer lending. In 2007, he moved to Ab Compass Card Oy Ltd where he worked as credit manager and department manager before becoming the chief risk officer of Elisa Finance in 2014. Mr Kumpulainen has a Bachelor of Agriculture and Forestry in Forest Economics at the University of Helsinki in Finland.

### **CHIEF COMMERCIAL OFFICER & DEPUTY CHIEF EXECUTIVE OFFICER - JULIE CHATTERJEE**

Ms Julie Chatterjee is the Chief Commercial Officer and Deputy Chief Executive Officer of the Issuer and has held this position since 2020. She holds a Master of Engineering from Kungliga Tekniska Högskolan in Stockholm. Ms Chatterjee holds 16 years of experience within the retail and banking industry. She has experience in consumer lending, credit card and the insurance business with an exposure to e-banking and mobile banking, while holding numerous positions at OKQ8, including as a chief executive officer of OKQ8 Bank.

## **MLRO – NICOLETTE BARTOLO FARRUGIA**

Ms Nicolette Bartolo Farrugia joined the Issuer as Money Laundering Reporting Officer (“**MLRO**”) in September 2020, and whilst having a direct reporting line to both the Board of Directors and the Audit Committee, she is responsible for leading the Issuer’s anti-money laundering team as a second line function, and being the main point of contact with the FIAU. Ms Bartolo Farrugia has been working in compliance, including as MLRO or alternate MLRO, since 2010 and her working experience has been obtained both within credit institutions as well as other licensed entities. Her experience covers the whole range of activities that an MLRO is required to carry out in terms of the applicable law and the FIAU’s Implementing Procedures.

Ms Bartolo Farrugia has a B.A. Honours Banking & Finance – Second Class (Upper Division) and a Bachelor of Commerce – Banking & Finance and Management. Over the years, Ms Bartolo Farrugia has also participated in various seminars and training events on anti-money laundering and countering of financing of terrorism and compliance in general and is currently reading for an international diploma in anti-money laundering with the International Compliance Association.

## **HEAD OF LEGAL & COMPLIANCE – PATRICK BUHAGIAR**

Dr Patrick Buhagiar joined the Issuer in November 2012 as its Head of Legal and Compliance, a position that he has occupied since. He is a non-voting member of the Issuer’s executive committee and in carrying out his duties, he reports directly to the Issuer’s Board of Directors and its committees, especially the Audit Committee.

He was admitted to the Maltese bar in 2005, after graduating from the University of Malta with an LL.D. in 2004. He furthered his studies at the University of Malta and obtained a Magister Juris in E.U. and Comparative Law in 2006. Prior to joining the Issuer, he worked for almost three years as a legal and compliance manager with the Maltese subsidiary of an international banking group, which he joined after a four-year stint as one of the managers within the legal and international affairs unit of the MFSA. As a result of his previous positions with both the regulatory authority and the private sector, he has extensive experience in advising banks on the regulatory aspects of their business. He is periodically appointed as an external examiner within the Faculty of Laws of the University of Malta.

## **INTERNAL AUDITOR – IVETA STOYANOVA**

Ms Iveta Stoyanova joined the Issuer as Head of Internal Audit in August 2018 and she is responsible for organising and managing the whole internal audit activity of the Issuer by reviewing the Issuer’s processes, systems, policies and procedures.

Ms Stoyanova has professional experience as head of internal audit for more than 14 years and more than 25 years professional experience in the banking and financial sectors. Her work experience covered the areas of accounting, tax, payments, finance, financial control and internal auditing. Prior to joining the Issuer, Ms Stoyanova held a number of senior management positions with international bank and financial institutions operating in Bulgaria, namely Piraeus Bank Bulgaria AD (Head of Internal Audit) and Transact Europe EAD (CFO) in which Ms Stoyanova also held a board member’s position.

Ms Stoyanova is a member of the institute of internal auditors. She graduated from the Executive Master of Business Administration program in Cotrugli Business School and has a Masters degree of Economics in the University of National and World Economy, Sofia, Bulgaria.

## **CHIEF RISK OFFICER – LOUIE SCICLUNA**

Mr Louie Scicluna joined the Issuer as Chief Risk Officer in 2018.

Mr Scicluna brings banking experience of over a decade and a half to bear in overseeing the Issuer’s risk strategy and appetite, including the development and implementation of risk management protocols which are used across the Issuer. In this role he promotes the building and sustenance of a strong culture in which all employees understand the importance of managing risk to ensure responsible growth and the satisfaction of client requirements.

As the chief risk officer, Mr Scicluna reports both to the Issuer’s Board of Directors as well as to the board committees. He is a non-voting member of the Issuer’s executive committee and voting member in the credit committee, the reserving committee, ALCO as well as being a voting member of the Group’s credit forum and Group’s I.T. risk committee. His position also requires him to attend both the Issuer’s and Group’s risk committees.

Before joining the Issuer, Mr Scicluna worked for Bank of Valletta p.l.c. where he held a number of senior positions within the bank’s risk management department.

Mr Scicluna holds an Honours degree in banking and finance and a Masters in financial services from the University of Malta.

### **HEAD OF INFORMATION SECURITY – NATHAN GATT**

Mr Nathan Gatt joined the Issuer in October 2014 and he is responsible for leading the information security function of the Issuer and the Group. Mr Gatt is an experienced information security professional with over 15 years' experience. His work experience covers information security consulting and assurance in various sectors including, but not limited to, financial services, pharmaceutical, telecommunications, government, remote gaming and manufacturing. Prior to joining the Issuer, Mr Gatt was a senior manager at PricewaterhouseCoopers in Malta specifically focused on information security consulting and assurance services.

Mr Gatt is a Certified Information Systems Security Professional (CISSP) and a Certified Information Systems Auditor (CISA). He holds a Master of Science degree in Information Security from Royal Holloway, University of London and a Bachelor of Science degree in Business & Computing from the University of Malta.

### **HEAD OF CUSTOMER SERVICE – DARKO POPOVIC**

Mr Darko Popovic has been with the Issuer since March 2019 as a Head of Customer Service, responsible for customer support, on-boarding processes and direct sales operations. Mr Popovic is a member of the Issuer's executive committee and is also responsible for customer services for Multitude SE group. Before joining the Issuer, he was customer experience director at Melita plc, a leading telecommunication company in Malta.

Mr Popovic has more than 20 years' experience in leading customer service functions, customer experience management and has held a number of positions within the Deutsche Telekom group. He focuses on digitalisation, the impact of new technologies such as artificial intelligence on service models, technology and self-service innovations, as well as effortless customer experience.

Mr Popovic studied law at the Pan-European university in Slovakia and continued with LL.M studies at CEM University in Prague, Czech Republic with diploma work from law in a consumer protection area.

### **CHIEF OPERATING OFFICER – DARIO AZZOPARDI**

Mr Dario Azzopardi joined the Issuer in February 2015 to set up the treasury function and works within the financial planning and analysis team. Mr Azzopardi was appointed as Chief Operations Officer in July 2018, steering the operations department which covers payments, deposit platforms, controls, regulatory reporting, vendor management and correspondent banking relationships. He is a member of the executive committee and ALCO.

Mr Azzopardi is an experienced professional with over 14 years' experience in the banking and assurance fields. His work experience covers finance, business, process improvements, leadership, and payments. Mr Azzopardi started his career with PricewaterhouseCoopers where he worked in various industries, locally, as well as in London and New York.

Mr Azzopardi is a warranted certified public accountant and holds a practicing certificate in auditing, both issued by the accountancy board in Malta. He is a member of the Malta Institute of Accountants. He holds an Honours degree in accountancy and a degree in commerce from the University of Malta.

### **CHIEF FINANCIAL OFFICER – KENNETH ZAMMIT**

Mr Kenneth Zammit joined the Issuer as the Chief Financial Officer in October 2012, and is responsible for leading the finance, treasury and correspondent banking functions of the Issuer. He is a member of the executive committee, ALCO, the credit committee and the reserving committee. Mr Zammit is also appointed as the managing director of Vector Procurement Solutions Inc, a global procurement centre for the Group, based in Canada and holding a branch in Malta.

Mr Zammit is an experienced finance professional with over 25 years' experience in the banking, insurance, assurance, and other fields. His work experience covered the areas of finance, financial control, internal and external auditing, risk management, treasury management, correspondent banking, international payments, insurance and AML. Prior to joining the Issuer, Mr Zammit held a number of senior management positions with international banks operating from Malta, namely Renault Bank and Novum Bank. He also held senior management positions with Hal Mann group in Malta and Ernst & Young Malta.



Mr Zammit is a warranted certified public accountant and holds a practicing certificate in auditing, both issued by the Accountancy Board in Malta. He is a fellow of the Malta Institute of Accountants and the Malta Institute of Management. He holds an Honours degree in Accountancy and a degree in Commerce from the University of Malta.

## **HEAD OF I.T. – DANIEL CUTAJAR**

Mr Daniel Cutajar joined the Issuer as Head of I.T. in March 2014. He is responsible for the I.T. function within the Issuer and is responsible for overseeing the Issuer's I.T. strategy, I.T. governance, business continuity, outsourcing agreements and support function. Mr Cutajar is a member of the Issuer's executive committee and the Group's IT management committee. He chairs the Issuer's I.T. GRC (I.T. Governance, Risk & Compliance) committee.

Mr Cutajar is an I.T. professional with over 23 years of experience within various I.T. positions mainly within financial institutions. Mr Cutajar held management positions at APS Bank plc and was the chief information officer of Insignia Cards Ltd before joining the Issuer. Mr Cutajar also held technical and management positions with RS2 Software p.l.c., Malta Information Technology Agency and within the 6PM Group.

Mr Cutajar holds an Masters in Business Administration eBusiness from the University of Malta and has other industry standard certifications such as Prince2, ITIL and IMIS.

## **7.4 COMMITTEES**

The Board has established the following committees:

### **AUDIT COMMITTEE**

The Board has delegated to the Audit Committee its oversight responsibilities for financial reporting, disclosures and the effectiveness of the Issuer's internal control systems. The Audit Committee is required at all times to be composed of at least three non-executive directors, with the majority of its members to be independent of the Issuer.

The purpose of the Audit Committee is to oversee the integrity and quality of the Issuer's financial reporting process; the effectiveness of the internal audit function; monitoring of the Issuer's legal and ethical compliance; the monitoring of the qualifications, performance and independence of the Issuer's external auditors; and the quality of the Issuer's internal controls.

As at the date of this Base Prospectus, the Audit Committee is composed of the following members: (i) Esa Tapani Teravainen (Chairman); (ii) Clemens-Matthias Fritz Krause; and (iii) Klaus Oscar Schmidt. Clemens-Matthias Fritz Krause is the member with competence in accounting, while Esa Tapani Teravainen and Klaus Oscar Schmidt are independent of the Issuer.

### **RISK MANAGEMENT COMMITTEE**

The Board has delegated to the Risk Management Committee its oversight responsibilities of the risk management function of the Issuer. The Risk Management Committee is required at all times to be composed of at least three directors, two of whom must be non-executive directors, and must have appropriate knowledge, skills and expertise concerning risk management and control practices.

The purpose of the Risk Management Committee is:

- i. to oversee the policy and framework for all risks to which the Issuer may be exposed;
- ii. to develop and monitor a risk management system across the Issuer, including a risk appetite framework, and for ensuring the effective implementation of all risk policies;
- iii. to ensure that all risk controls operating throughout the Issuer are in accordance with regulatory requirements and best practice, and for advising the Issuer on the co-ordination and prioritisation of risk management issues throughout the Issuer;
- iv. that through its active participation in the Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process suite of documents, the committee oversees the impact of the implementation of the strategies for capital and liquidity management as well as reviewing a number of possible stressed scenarios to assess how the Issuer's risk profile would react to external and internal events; and
- v. to ascertain the integrity and suitability of the recovery plan.

As at the date of this Base Prospectus, the Risk Management Committee is composed of the following members: (i) Erik Ferm; (ii) Lea Liigus; and (iii) Victor Denaro.

## ALCO

The Board has delegated to the ALCO its oversight responsibilities for the monitoring and management of the Issuer's liquidity risk, interest rate risk and capital adequacy positions. The ALCO is required at all times to be composed of at least three executive members of the Issuer, the majority of which should be members of the Issuer's senior management.

The purpose of the ALCO is to ensure that the management of the Issuer is appropriately identifying, measuring, controlling, and monitoring the Issuer's liquidity risk, interest rate risk, and capital adequacy positions.

As at the date of this Base Prospectus, the ALCO is composed of the following members: (i) Clemens-Matthias Fritz Krause; (ii) Antti Kumpulainen; (iii) Kenneth Zammit; (iv) Louie Scicluna; and (v) Dario Azzopardi.

## CREDIT COMMITTEE

The Board has delegated to the Credit Committee its oversight responsibilities of all aspects of credit risk management of the Issuer. The Credit Committee is required at all times to be composed of at least three members of the Issuer, the majority of whom are required to be members of the Issuer's senior management.

The purpose of the Credit Committee is to ensure the effective management of the Issuer's credit portfolio through the implementation of sound and transparent credit scoring and decision-making processes around its various product lines. The Credit Committee is, inter alia, responsible to establish appropriate credit risk assessment practices and periodically review the appropriateness thereof.

As at the date of this Base Prospectus, the Credit Committee is composed of the following members: (i) Antti Kumpulainen; (ii) Louie Scicluna; (iii) Kenneth Zammit; and (iv) Clemens-Matthias Fritz Krause.

## RESERVING COMMITTEE

The Board has delegated to the Reserving Committee its oversight responsibilities for the monitoring and management of the Issuer's credit loss reserves. The Reserving Committee is required at all times to be composed of at least three members of the Issuer.

The Reserving Committee is primarily responsible for safeguarding the soundness of the valuation of the Issuer's lending portfolio. The purpose of the Reserving Committee is to ensure that the Issuer has appropriate credit practices, including an effective system of internal control, to determine adequate expected credit loss (ECL) allowances in accordance with IFRS 9, as well as the Issuer's stated policies. Additionally, the Reserving Committee is also responsible to ensure the Issuer's compliance with all the relevant supervisory guidance issued by the ECB, as well as, the banking rules issued by the MFSA, specifically banking rule 09.

As at the date of this Base Prospectus, the Reserving Committee is composed of the following members: (i) Clemens-Matthias Fritz Krause; (ii) Bernd Egger; (iii) Kenneth Zammit; (iv) Louie Scicluna; (v) Antti Kumpulainen; and (vi) Daniel Kliem.

## REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee of the Issuer determines the remuneration policy which is applicable to the Issuer's employees, as well as that applicable to 'identified staff' (that is staff whose professional activities have a material impact on the Issuer's risk profile). The Remuneration and Nominations Committee has access to external consultants on remuneration matters and also calls on in-house expertise in compliance, finance, risk and HR. As an ancillary matter to its functions, while the Remuneration and Nominations Committee does not consider candidates for appointment to the board of directors of the Issuer, the committee also considers candidates proposed for senior management positions prior to their appointment.

As at the date of this Base Prospectus, the Remuneration and Nominations Committee is composed of the following members: (i) Carmel Borg; and (ii) Jorma Jokela.

## 7.5 POTENTIAL CONFLICTS OF INTEREST

As at the date of this Base Prospectus, the Issuer has identified that the following roles may give rise to conflicts of interest:

- i. Jorma Jolavi Jokela, Clemens-Matthias Fritz Krause and Lea Liigus are directors and officers of the Issuer as well as directors of Ferratum (Malta) Holding Limited;
- ii. Lea Liigus and Clemens-Matthias Fritz Krause are directors of Multitude SE (with Lea Liigus also being the chief legal and compliance officer as well as a minority shareholder of the company), while Jorma Jolavi Jokela is the chief executive officer of Multitude SE;
- iii. Jorma Jolavi Jokela is a director of Ferratum Capital Oy, a subsidiary of Multitude SE while Lea Liigus is a member of the management board of Ferratum Capital Oy;
- iv. Clemens-Matthias Fritz Krause is the chairman of the board of directors of Swespar AB, also a subsidiary of Multitude SE; and
- v. Jorma Jolavi Jokela is also the sole shareholder and a director of JT Capital Limited and Jokela Capital OÜ, both shareholders of Multitude SE.

The Issuer is a party to a number of intragroup agreements with entities within its Group, which, albeit negotiated and entered into on an arms' length basis, may be construed as giving rise to a conflict.

Save as disclosed above, the Directors are not aware of any potential conflicts of interest which could relate to their roles within the Issuer or the Group.

# 08 Financial Information

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## 8.1 HISTORICAL FINANCIAL INFORMATION

The Issuer's audited financial statements for the financial years ended 31 December 2018<sup>1</sup>, 31 December 2019<sup>2</sup> and 31 December 2020<sup>3</sup> as well as the Issuer's unaudited interim financial statements for the period ending 30 June 2021 (which have not been reviewed) are incorporated by reference in, and form part of, this Base Prospectus.

There were no adverse opinions on the part of the statutory auditors with respect to the Issuer's audited financial statements for the financial years mentioned above. The Issuer's audited financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board and endorsed by the EU, and have been audited by the statutory auditors.

There has been no material adverse change in the prospects of the Bank since 31 December 2020 (being the date of the Bank's last published audited financial statements), nor has there been a significant change in the financial position of the Issuer since 30 June 2021 (being the date of publication of the Issuer's unaudited interim financial statements). Furthermore, there are no recent events particular to the Issuer which are materially relevant to the evaluation of the Issuer's solvency.

1 These can be accessed through the following link: [https://www.ferratumbank.com/files/\\_2018\\_.pdf](https://www.ferratumbank.com/files/_2018_.pdf)

2 These can be accessed through the following link: [https://www.ferratumbank.com/files/\\_2019\\_.pdf](https://www.ferratumbank.com/files/_2019_.pdf)

3 These can be accessed through the following link:  
<https://www.ferratumbank.com/files/Ferratum%20Bank%20Annual%20Report%20and%20Audited%20Financial%20Statements%202020.pdf>

The table below provides a cross-reference list to key sections of the Issuer's audited financial statements for the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 and the Issuer's unaudited interim financial statements for the period ending 30 June 2021.

<i>Relevant sections</i>	<i>Page numbers</i>			
	<i>Financial year ending 31 December 2018</i>	<i>Financial year ending 31 December 2019</i>	<i>Financial year ending 31 December 2020</i>	<i>Interim period ending 30 June 2021</i>
Independent auditor's report	5-13	5-13	5-15	N/A
Statement of financial position	14	14	16	3
Statement of comprehensive income	15	15	17	4
Statement of changes in equity	16	16	18	5
Statement of cash flows	17	17	19	6
Notes to financial statements	18-104	18-104	20-108	N/A

## 8.2 KEY FINANCIAL FIGURES AND RATIOS

The below tables show the main financial information and relevant ratios of the Issuer which have been extracted from the audited annual financial statements of the Issuer for the financial years ended 31 December 2018, 31 December 2019, 31 December 2020 and from the unaudited interim financial statements of the Issuer for the six-month periods ended 30 June 2020 and 30 June 2021.

	<i>Six-month period ended 30 June 2021</i>	<i>Six-month period ended 30 June 2020</i>	<i>Financial year ended 31 December 2020</i>	<i>Financial year ended 31 December 2019</i>	<i>Financial year ended 31 December 2018</i>	<i>Compound Annual Growth Rate (CAGR)</i>
Net interest income (€'000)	62,705	66,388	129,690	124,305	105,708	10.76%
Net fee and commission expense (€'000)	(4,152)	(2,638)	(5,763)	(5,433)	(4,748)	10.17%
Operating profit (€'000)	58,553	63,750	123,927	118,872	100,960	10.79%
Net Impairment losses (€'000)	20,657	30,914	52,512	50,393	37,188	18.83%
Profit before tax (€'000)	11,169	6,065	19,348	15,874	13,866	18.13%
Net Profit (€'000)	3,092	3,941	18,949	14,761	12,997	20.75%
Total assets (€'000)	536,766	536,369	440,940	384,203	281,585	25.14%
Total liabilities (€'000)	445,359	466,062	352,625	317,837	229,980	23.83%
of which Senior Debt	0	0	0	40,083	39,797	N/A
Deposits from customers	430,572	442,745	340,427	241,114	180,976	37.15%
Total equity (€'000)	91,407	70,307	88,315	66,366	51,605	30.82%

## Key ratios:

	Six-month period ended 30 June 2021	Six-month period ended 30 June 2020	Financial year ended 31 December 2020	Financial year ended 31 December 2019	Financial year ended 31 December 2018
Cost to income ratio**	45.65%	41.99%	42.01%	44.25%	49.43%
Non-performing loans*** to gross loans and advances	28.71%	29.02%	28.01%	23.17%	27.58%
Non-performing loans**** based on net carrying amount	12.95%	11.44%	13.58%	8.52%	12.18%
Net interest margin <sup>^</sup>	25.65%*	28.85%*	31.43%	37.34%	38.95%
ROE - Return on equity <sup>^^</sup>	24.86%*	17.75%*	25.02%	26.91%	29.83%
ROAE - Return on assets <sup>^^^</sup>	4.57%*	2.64%*	4.69%	4.77%	5.11%
Common Equity Tier 1 (CET 1)	16.74%	15.35%	19.38%	16.29%	17.64%
Total capital ratio	16.74%	15.35%	19.38%	16.29%	17.64%
Leverage ratio	16.73%	11.81%	19.95%	16.82%	18.42%

\* Based on annualised return

\*\* Including staff costs, other operating costs, effect of depreciation and amortisation

\*\*\* Non-performing loans = Loans and advances classified as in default / gross loans and advances

\*\*\*\* Non-performing loans = Net carrying amount of loans and advances as in default / gross loans and advances

<sup>^</sup> Net interest margin = Net interest income / average total assets

<sup>^^</sup> ROE = Profit before tax / average total equity

<sup>^^^</sup> ROA = Profit before tax / average total assets

## 8.3 FINANCIAL REVIEW - FOR THE FINANCIAL YEARS 2018 TO 2020

During 2020, the Bank registered a profit after tax of €18.9 million, which grew at a compound annual growth rate (CAGR) of 20.8% during the financial years presented.

The net interest income earned by the Bank amounted to €130 million during FY2020, reflecting a CAGR of 10.8% since the FY2018. This is a result of the continued efforts made by the Bank to increase its lending business operations, which increased at a CAGR of 29.9%. The net fee and commission expense increased from €5 million in 2018 to €6 million in 2020. This resulted in an operating profit of €124 million compared to €119 million and €101 million during FY2019 and FY2018 respectively. The Bank registered a CAGR on its operating income of 10.8% when compared to the FY2018.

During the financial years presented, the Bank strengthened its cost reduction efforts and has managed to become more cost efficient, as expressed by the cost to operating income ratio, which decreased from 49.4% in 2018 to 42.0% in 2020.

During FY2020, the net impairment losses on the Bank's lending business amounted to €53 million, a CAGR of 18.8% since the FY2018, which is in line with the Bank's increase in lending business activity.

In view of the above, the Bank reported a profit before tax of €19.3 million during FY2020 compared to €15.9 million and €13.9 million during FY2019 and FY2018, respectively, which is equivalent to €18.9 million, €14.8 million and €13.0 million after tax, respectively.

The statement of financial position reflects a CAGR of 25.1% in total assets, which increased from €282 million as at 31 December 2018 to €441 million as at 31 December 2020. The major assets of the Bank continue to comprise of loans and advances to customers, which increased from €143 million to €241 million, and balances with central banks and other banks amounting to €153 million as at 31 December 2020.

The Bank continued to fund its business through customer deposits, which grew from €181 million in 2018 to €340 million in 2020, representing a CAGR of 37.2%. During FY2020, the Bank repaid the €40 million of debt securities as they became due during March 2020.

The Bank registered strong regulatory ratios throughout the financial period. The liquidity coverage ratio metric (known as LCR), designed to ensure that a bank has sufficient unencumbered high-quality liquid assets ('HQLA' consisting of cash or assets that can be converted into cash at little or no loss of value in markets) to meet its liquidity needs in a 30-calendar-day liquidity stress scenario stood at 540% as at 31 December 2020 (2019: 751% and 2018: 990%).

During the period under review, the Bank distributed dividends solely in 2019, which amounted to €14 million. The Bank received capital contributions from its ultimate parent company, amounting to €3 million, €14 million, and €5 million in FY2020, FY2019 and FY2018 respectively, which continued to strengthen the Bank's equity structure.

The Bank is required to maintain a ratio of total regulatory capital to risk-weighted assets (capital requirements ratio) as well as a CET 1 (Common Equity Tier 1) capital ratio above a minimum level as prescribed by banking regulations. The Bank's total capital ratio and CET1 capital ratio as at 31 December 2020 was 19.38% (2019: 16.29% and 2018: 17.64%).

## **8.4 INTERIM FINANCIAL REPORTING – SIX-MONTH PERIODS ENDED 30 JUNE 2021 AND 30 JUNE 2020**

The Bank registered a profit after tax of €3.1 million during the six month period ended 30 June 2021, compared to €3.9 million for the same period in 2020.

The net interest income earned by the Bank amounted to €63 million during the first half of 2021, resulting in a decrease of 6% over the same period last year. The net fee and commission expense amounted to €4 million (H1 2020: €3 million), and this resulted in an operating income of €59 million (H1 2020: € 64 million).

The Bank's operating expenditure reached a total of €27 million (H1 2020: €27 million), which resulted in a cost to income ratio of 46% during the first half of 2021. The net impairment losses on the Bank's lending business amounted to €21 million (H1 2020: €31 million).

In view of the above, the Bank reported a profit before tax of €11.1 million during H1 2021 (H1 2020: €6.1 million), which is equivalent to €3.1 million after tax (H1 2020: €3.9 million). During the first half of 2021, the Bank obtained a ruling that the deferred tax asset originally recognised in respect of the tax benefit emanating from the adjustment to the opening credit loss provisions in connection with the adoption of IFRS9 can be fully utilised and consequently the deferred tax asset was written off during the period. This resulted in an increase of €4.2 million on the Bank's tax expense during the period.

The statement of financial position reflects total assets of €537 million (H1 2020: €536 million), with the major assets of the Bank comprising of loans and advances to customers and balances with central banks and other banks, which amounted to €294 million (H1 2020: €197 million) and €151 million (H1 2020: €278 million) respectively as at 30 June 2021.

The Bank continued to fund its business through customer deposits, which stood at €431 million (H1 2020: €443 million) as at 30 June 2021. During the first half of 2021, the Bank paid out dividends amounting to €15 million (H1 2020: nil) which were re-invested by its parent company, thereby resulting in the strengthening of its share capital structure. Retained earnings as at 30 June 2021 amounted to €21 million (H1 2020: €19 million).

The Bank is expecting to continue growing its lending and investment portfolios over the coming years, which will continue to be primarily funded by the Bank's deposit base. Additionally, the Bank intends to focus further on longer term prime lending products to strengthen its asset base and expects to start offering its products in additional countries in the European Union.

## 09

# Legal and Arbitration Proceedings

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

## 10

# Share Capital

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As at the date of this Base Prospectus, the authorised and issued share capital of the Issuer is €10,000,000 divided into 10,000,000 ordinary shares of a nominal value of €1.00 each. The issued share capital is fully paid up.

All the ordinary shares in the Issuer rank pari passu for all intents and purposes at law. Each ordinary share confers the right to one vote. The shares of the Issuer are not listed on the Malta Stock Exchange and no application for such listing has been made to date.

## 11

# Major Shareholders

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Ferratum (Malta) Holding Limited, a company registered under the laws of Malta having company registration number C 56250 holds 99.99% of the issued share capital of the Issuer and, therefore, owns and controls the Issuer.

The Issuer will adopt 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 Audit Committee.

# 12

## Material Contracts

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

# 13

## Documents Available for Inspection

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

- a. The Memorandum and Articles of Association of the Issuer;
- b. Unaudited interim financial statements for the six-month periods ended 30 June 2020 and 30 June 2021; and
- c. Audited financial statements of the Issuer for the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020.

# 14

## Terms and Conditions

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

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



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

### **A. DENOMINATION AND ISSUE PRICE**

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

### **B. CURRENCY**

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

### **C. FORM**

The Bonds shall be issued in fully registered and dematerialised form and are represented in uncertificated form by the appropriate entry in the electronic register maintained by the CSD on behalf of the Issuer. There will be entered in such electronic register, the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders together with particulars of the Bonds held by them. A copy of the Bondholder’s entry in the CSD’s electronic register will, at all reasonable times during business hours, be available for inspection by the Bondholders at the registered office of the Issuer. Title to the Bonds shall be evidenced by an entry in the electronic register of Bonds maintained by the CSD.

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

### **D. SUITABILITY TESTS**

In the case of sale of Bonds by Authorised Financial Intermediaries to Retail Clients, Authorised Financial Intermediaries are required to conduct a Suitability Test prior to selling the Bonds. This requirement also applies when transfers of Bonds are carried out on the secondary market.

Sales of Bonds to Professional Clients and/or Eligible Counterparties, including on the secondary market, shall be governed by the requirements set out in the COBR and the requirements set out in the above paragraph shall not apply in respect of such sales.

### **E. MINIMUM APPLICATION AMOUNT**

Applications for the Bonds during any Offer Period will be subject to a minimum subscription amount of not less than €1,000 (nominal).

Notwithstanding the above, where an Applicant is a Retail Client whose financial instrument portfolio (calculated in accordance with article 44A of the R&R Regulations) does not, at the time of the purchase, exceed €500,000, the Authorised Financial Intermediary is to ensure, on the basis of the information provided by the Retail Client, that, at the time of purchase, the initial investment amount invested by the Applicant in the Bonds is at least €10,000.

### **F. TRANSFERABILITY**

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

All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable laws and regulations. The cost and expenses of effecting any trading or transfer in the Bonds on the MSE shall be at the charge of the Bondholder or at the charge of such person as the rules and regulations of the MSE may from time to time determine. As the Bonds will be held at the CSD, investors will have to rely on its procedures for transfers.

### **G. MEETINGS OF BONDHOLDERS**

The Issuer may, from time to time, call meetings of Bondholders for the purpose of consulting Bondholders on particular issues and/or for the purpose of obtaining the consent thereof to effect amendments to the terms of the

Base Prospectus and/or the relevant Final Terms in respect of one or more Tranches. In the event that the Issuer is desirous of amending the Final Terms of one particular Tranche, it is only Bondholders of that particular Tranche (the **"Affected Bondholders"**) who shall be entitled to attend, and vote at, a meeting summoned for this purpose. Meetings of Bondholders and Affected Bondholders shall be summoned and conducted in the manner prescribed hereunder.

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

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

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

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

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

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

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

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

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

## **14.2 RANKING AND RIGHTS**

### **A. RANKING**

The Bonds are unsecured and subordinated to the claims of all holders of senior indebtedness. The Bonds constitute the subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority

or preference among themselves and with other subordinated debt. Thus, the Bonds rank after other outstanding, unsubordinated and unsecured obligations of the Issuer, present and future.

Subordination means that the rights and claims of Bondholders in respect of the payment of capital and interest on the Bonds will, in the event of dissolution and winding up of the Issuer, rank after the claims of all senior indebtedness of the Issuer and will not be repaid until all other senior indebtedness outstanding at the time has been settled. Subordination only comes into effect in the event of dissolution and winding up of the Issuer where the assets of the Issuer are not sufficient to meet the claims of all the creditors of the Issuer and a ranking of the creditors' claims becomes necessary.

In the event of a resolution of the Issuer or in any other instances under applicable law, the Bonds are subject to conversion of write-down by the applicable resolution authorities as provided by law.

## B. RIGHTS

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

## 14.3 INTEREST

### A. DEFINITIONS

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

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<b>"Business Day"</b>	means: i. in the case of Euro, any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business; and/or ii. in the case of a Specified Currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency subject that it is also a Business Day in Malta in terms of (i) above;
<b>"Day Count Fraction"</b>	means, in respect of the calculation of an amount of interest on any Bond for any period of time (from and including the first day of such period to but excluding the last and whether or not constituting an Interest Period, the <b>"Calculation Period"</b> ) and is calculated by applying the actual/360 methodology, that is the actual number of days in the Calculation Period divided by 360;
<b>"Interest Commencement Date"</b>	means the Issue Date or such other date as may be specified in the relevant Final Terms;
<b>"Interest Payment Date/s"</b>	means the date(s) specified in the relevant Final Terms when interest on the Bonds falls due and in the event that the date so specified is not a Business Day, the Interest Payment Date shall be the Business Day following the date specified in the relevant Final Terms;
<b>"Interest Period"</b>	means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;
<b>"Rate of Interest"</b>	means the rate of interest payable in respect of the Bonds as specified in the relevant Final Terms; and
<b>"Redemption Value"</b>	means the nominal amount to be paid on Maturity Date or an Early Redemption date (as the case may be).

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## B. PAYMENT OF INTEREST

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

## C. ACCRUALS

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

## D. ROUNDING

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

## E. CALCULATIONS

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

## 14.4 PAYMENTS

Payment of the principal amount of the Bonds will be made in the Specified Currency by the Issuer to the person in whose name such Bonds are registered as at the close of business on the Maturity Date or an Early Redemption Date (as the case may be), with interest accrued up to (but excluding) the Maturity Date or an Early Redemption Date (as the case may be), by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in the Specified Currency and held with any licensed bank in Malta. Such payment shall be effected on the Maturity Date or an Early Redemption Date (as the case may be). The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

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

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

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

## 14.5 YIELD

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

## **14.6 EARLY REDEMPTION**

Bonds issued in one or more Tranches may (but are not required to) incorporate an early redemption feature. In the case of Bonds incorporating said feature, the date/s on which said Bonds may be redeemed prior to maturity will be set out in the relevant Final Terms.

## **14.7 REDEMPTION**

The Issuer will redeem the Bonds (together with payment of interest accrued thereon) at their Redemption Value on such date indicated in the Final Terms as being the Maturity Date or an Early Redemption Date (as the case may be). If the Maturity Date or Early Redemption Date (as the case may be) is not a Business Day, then the redemption shall occur on the following Business Day.

## **14.8 TAXATION**

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

## **14.9 ACCELERATION**

In the event that a winding-up order is made or resolution passed by the general meeting for the dissolution, liquidation or winding-up of the Issuer in the instances, and to the extent permitted by the Act (an **"Acceleration Event"**), the Bonds shall immediately fall due and payable at the Redemption Value, together with interest accrued up to the date of repayment, if any. Upon the occurrence of such an Acceleration Event, all rights available to the Bondholders shall rank after all other unsubordinated and unsecured obligations of the Issuer.

In the event that the Issuer becomes subject to a bail-in (as further described in the risk factor found in section 2 of this Base Prospectus entitled *'Risks associated with recovery and resolution regulations'*), this shall not constitute an Acceleration Event.

## **14.10 LIMITED RECOURSE**

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

## **14.11 WAIVER OF SET-OFF**

Bondholders waive any right of set-off in relation to the Bonds. Therefore, the Bondholders will not be entitled (subject to applicable law) to set-off the Issuer's obligations under the Bonds against obligations owed by them to the Issuer.

## **14.12 FORM OF NOTICE**

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

## **14.13 PRESCRIPTIVE PERIOD**

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

## **14.14 FURTHER ISSUES**

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

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

#### **14.15 PURCHASES AND CANCELLATION**

In addition to the possibility of early redemption on any Early Redemption Date, the Issuer may also purchase Bonds in the open market or otherwise and at any price subject always to compliance with the applicable requirements of the CRR, including the relevant provisions set out in article 77 and 78 of the CRR.

#### **14.16 FINAL TERMS**

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

#### **14.17 NOTICES**

All notices concerning the Bonds will be made by means of electronic publication on the website of the MSE ([www.borzamalta.com.mt](http://www.borzamalta.com.mt)), and on the website of the Issuer (<https://www.ferratumbank.com/>). Any notice so given will be deemed to have been validly given on the date of such publication. Furthermore, Bondholders may request that any such notices be sent by post to the address contained in the register of Bondholders maintained by the CSD on behalf of the Issuer.

#### **14.18 METHOD OF PUBLICATION OF THE BASE PROSPECTUS AND OF THE FINAL TERMS**

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

#### **14.19 APPLICABLE LAW, PLACE OF PERFORMANCE, PLACE OF JURISDICTION AND ENFORCEMENT**

The Bonds, as to form and content, and all the rights and obligations of the Bondholders and the Issuer, shall be governed by Maltese law.

#### **14.20 SUBMISSION TO JURISDICTION**

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

#### **14.21 ANCILLARY CONDITIONS**

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

- a. The issue and allotment of the Bonds is conditional upon: (i) the relevant Tranche being admitted to the Official List; and (ii) such other condition/s as may be specified in the relevant Final Terms. In the event that any of these conditions is not satisfied, the subscription for the Bonds shall be deemed not to have been accepted by the Issuer, the issue of Bonds shall be cancelled forthwith and any application monies received by the Registrar will be returned without interest by direct credit into the Applicant's or Authorised Financial Intermediary's bank account, as applicable, as indicated by the Applicant or Authorised Financial Intermediary in the respective Application Form, or subscription agreement, as applicable, for the eventual refund to the Applicant. Save as aforesaid the Bondholders shall have no right of recourse against the Issuer in the event that any of these conditions is not satisfied, including if the Bonds are not admitted to the Official List;

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

3. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
4. acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website at <https://www.ferratumbank.com/>. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act (Cap. 586 of the Laws of Malta) ("**DPA**") and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;
5. authorises the Issuer (or its service providers, including the CSD and, or the Sponsors, Managers and Registrar) and, or the relevant Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the DPA and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;
6. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Base Prospectus and accordingly agree/s that no person responsible solely or jointly for the Base Prospectus or any part thereof will have any liability for any such other information or representation;
7. agrees that any refund of unallocated Application monies, without interest, will be paid by direct credit, at the Applicant's own risk, to the bank account as indicated in the Application Form. The Issuer shall not be responsible for any loss or delay in transmission or any charges in connection therewith;
8. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
9. agrees to provide each of the Authorised Financial Intermediaries, the Registrar or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
10. agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
11. warrants that, where an Applicant signs and submits an Application Form on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions. The Applicant further undertakes to submit a power of attorney or any other documentation to the satisfaction of the Issuer evidencing authority to sign and submit the Application Form, together with copies thereof duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
12. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental and/or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the and Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bond and, or his/her Application;



13. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
  14. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Base Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the **"United States"**) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
  15. agrees that the Advisers to the Bond Issue (listed in section 4 of the Base Prospectus) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant (other than when the Sponsors are acting in their capacity as Authorised Financial Intermediaries and are required to conduct suitability testing in terms of applicable law and the terms of this Base Prospectus; the Applicant acknowledges that the Issuer is not acting as an Authorised Financial Intermediary and will therefore, in any event, not be required to carry out suitability testing and therefore cannot be held responsible therefor);
  16. agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by electronic mail, by post or courier (at the discretion of the Issuer) at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form; and
  17. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.
- i. In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive from the respective Authorised Financial Intermediary a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk. The Issuer shall not be responsible for any charges, loss or delay arising in connection with such direct credit transfer;
  - j. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE Members or not. Such information shall be held and controlled by the MSE in terms of the DPA and the GDPR as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time;
  - k. It shall be incumbent on the respective Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription and holding of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in the BRRD, the R&R Regulations, Directive 2014/65/EU (MiFID), Regulation (EU) No. 600/2014 (MiFIR), as well as applicable MFSA rules for investment services providers, including the COBR. The Issuer is not responsible and/or liable for any failure by an Authorised Financial Intermediary to comply with its obligations emanating from applicable law, including the aforementioned laws and regulations;
  - l. No person receiving a copy of the Base Prospectus, the applicable Final Terms, or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person, nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements; and
  - m. Subscription for Bonds by persons resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy himself/herself/itself as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.

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## Form of Final Terms

Final Terms dated [•]



### UNSECURED SUBORDINATED DEBT ISSUANCE PROGRAMME

ISIN: [•]

Series No: [•]  
Tranche No: [•]

[Brief description and amount of Bonds]

Issued by Ferratum Bank p.l.c. (the "Issuer")

#### PART A – CONTRACTUAL TERMS

Capitalised terms used herein which are not defined shall have the definitions assigned to them in the Base Prospectus dated 3 March 2022 which was approved by the MFSA in Malta on [date] [and the Supplement to the Base Prospectus dated 3 March 2022<sup>4</sup>] which [together]<sup>1</sup> constitute[s] a base prospectus for the purposes of the Prospectus Regulation.

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

The Base Prospectus [and the Supplement to the Base Prospectus] [is] [are] available for viewing at the office of the Issuer and on the websites of: (a) the MFSA during a period of twelve months from the date of approval of the Base Prospectus; and (b) the Issuer (<https://www.ferratumbank.com/investors.html>) and copies may be obtained free of charge from the registered office of the Issuer (ST Business Centre, 120, The Strand, Gzira GZR 1027, Malta). A summary of this individual issue is annexed to these Final Terms.

#### THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS.

1.	Issuer	Ferratum Bank plc
2.	Series Number	[•]
3.	Tranche Number	[•]
4.	Specified Currency	€
5.	Aggregate nominal amount:	
	i. Series	[•]
	ii. Tranche	[•]

<sup>4</sup> Delete if no Supplement has been published

6.	i. Issue Price of Tranche	[•]
	ii. Net proceeds	[•]
7.	Specified Denomination	[•]
8.	Number of Bonds offered for subscription	[•]
9.	i. Issue Date	[•]
	ii. Interest Commencement Date	[•]
10.	Maturity Date	[•]
11.	Early Redemption Date/s	[•]/[Not applicable]
12.	Redemption Value	Redemption at par
13.	Register Cut-Off Date	[•]
14.	Dates of the corporate authorisations for issuance of the Bonds	Resolution of the Board of Directors dated [•]

## INTEREST

15.	Rate of Interest	[•]
16.	Interest Payment Date/s	[•]

## GENERAL PROVISIONS

17.	Taxation	As per "Taxation" section of the Base Prospectus
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## PURPOSE OF FINAL TERMS

These Final Terms comprise the Final Terms required for the offer for subscription, issue and admission to trading on the Official List of the Bonds described herein pursuant to the Programme of the Issuer dated 3 March 2022.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of Ferratum Bank p.l.c.

Duly represented by:

[•]

## PART B – OTHER INFORMATION

### 1. ADMISSION TO TRADING AND LISTING

i.	Listing	MSE
ii.	Admission to trading	Application has been made for the Bonds to be admitted to trading on [or around] [•] with effect from [or around] [•].
iii.	Previous admission to trading	Not applicable
iv.	Estimate of total expenses related to admission to trading	[•]

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

[•] / Except for the fees payable to the advisers of the Issuer in connection with the offer of the Bonds, so far as the Issuer is aware, no person involved in the offer of the Bonds has any other interest that is material to the offer.

## 3. THIRD PARTY INFORMATION

Not applicable.

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

i.	Reasons for the offer and use of proceeds	The Bonds to be issued under these Final Terms constitute an integral part of the Issuer's capital plan, aimed at further strengthening the Issuer's tier 2 capital requirements.
ii.	Estimated net proceeds	[•]
iii.	Estimated total expenses	[•]
iv.	Conditions to which the offer is subject	<p>[The offer of the Bonds is conditional upon: (i) the Bonds being admitted to the Official List; and (ii) the proceeds raised under this Tranche amounting to at least [•]] / [•].</p> <p>[In the event that [this condition]/[any of these conditions] is not satisfied, the subscription for the Bonds shall be deemed not to have been accepted by the Issuer, any application monies will be returned without interest by direct credit into the Applicant's bank account, and the issue of Bonds shall be cancelled forthwith].</p>

## 5. YIELD

i.	Indication of Yield	[•]
ii.	Method of calculating the yield	[•]

## 6. OPERATIONAL INFORMATION

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

## 7. DISTRIBUTION

i.	Categories of potential investors to which the Bonds are offered	[•]
ii.	Conditions for use of the Base Prospectus by the Authorised Financial Intermediary/ies	[•]/[Not applicable]
iii.	Coordinator/s of global offer	Not applicable
iv.	Coordinator/s of single parts of the offer	Not applicable

v. Placing agent/s	Not applicable
vi. Depository agent/s	Not applicable
vii. Underwriting details	Not applicable
viii. Intermediaries giving firm commitment to act as intermediaries in secondary market providing liquidity through bid and offer rates	Not applicable
ix. Selling commission	[•]%
x. Reservation of Tranche in the event that the offer is made in the markets of two or more countries	[•]/[Not applicable]
xi. Expected timetable	[•]

## 8. ADDITIONAL INFORMATION

i. Reservation of a Tranche, or part thereof, in favour of specific retail and/or non-retail investors or categories of either	[•]
ii. Time period, including any possible amendments, during which the offer will be open	[•]
iii. Arrangements for publication of final size of issue/offer	[•]
iv. Description of the application process	[•]
v. Details of the minimum/maximum amount of application (whether in numbers of securities or aggregate amount to invest)	[•]
vi. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants	[•]
vii. Method and time limits for paying up the securities and for delivery of the securities	[•]
viii. Full description of the manner and date in which results of the offer are to be made to public	[•]
ix. Procedure for the exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised	Not applicable

x.	Indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure	[•]
xi.	Amount of any expenses and taxes specifically charged to the subscriber	[•]
xii.	Process for notification to applicants of the amount of Bonds allotted and indication whether dealing may begin before notification is made	[•]
xiii.	Credit rating	Not applicable

# ANNEX I

## Issue Specific Summary

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[Issue specific summary to be inserted]

# **ANNEX II**

## **List of Authorised Financial Intermediaries**

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[Issue specific list to be inserted]



# ANNEX III

## Specimen

## Application Form

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[Application Form to be inserted]

# 16

## Taxation

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### 16.1 GENERAL

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

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

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

### 16.2 MALTA TAX ON INTEREST

Interest payable in respect of the Bond to a recipient, as defined in terms of article 41(c) of the Income Tax Act (Cap. 123 of the laws of Malta) (the **"Income Tax Act"**) is subject to a 15% final withholding tax (10% in the case of certain types of collective investment schemes), unless the recipient elects to be paid the investment income without deduction of the final withholding tax. Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

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

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

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

### 16.3 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

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

## 16.4 DUTY ON DOCUMENTS AND TRANSFERS

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

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

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

## 16.5 EXCHANGE OF INFORMATION

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

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

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

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









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