

BASE PROSPECTUS

Dated 18 June 2025



Lidion Bank plc (the "Bank")
a public limited liability company registered under the laws of Malta
with company registration number C 57067 and with its registered office at
Lidion Bank, Block 3 Level 0, Trident Park, Mdina Road Zone 2, Central Business District, Birkirkara CBD 2010, Malta.

This Base Prospectus is issued in respect of an:

Unsecured Subordinated Bond Programme of up to €10,000,000

THIS BASE PROSPECTUS HAS BEEN APPROVED BY THE MFSA, WHICH IS THE COMPETENT AUTHORITY IN MALTA FOR THE PURPOSES OF THE PROSPECTUS REGULATION. THE MFSA HAS ONLY APPROVED THIS 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 OF THE QUALITY OF THE BONDS.

THE MFSA ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS 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 THIS BASE PROSPECTUS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE BONDS.

PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN THE BONDS. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD ALWAYS SEEK FINANCIAL ADVICE BEFORE INVESTING IN THE BONDS. THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS AND MAY NOT BE SUITABLE FOR ALL TYPES OF INVESTORS. AUTHORISED INTERMEDIARIES MAY ONLY DISTRIBUTE THE BONDS TO RETAIL CLIENTS SUBJECT TO A SUITABILITY TEST TO BE PERFORMED IN RESPECT OF SUCH APPLICANTS, IRRESPECTIVE OF THE INVESTMENT SERVICE BEING PROVIDED. AN AUTHORISED INTERMEDIARY SHALL NOT ACCEPT AN APPLICATION FROM A RETAIL CLIENT UNLESS IT IS SATISFIED, BASED ON THE RESULTS OF SUCH SUITABILITY TEST, THAT AN INVESTMENT IN THE BONDS IS SUITABLE FOR THE APPLICANT.

Approved by the Directors of the Bank:

A handwritten signature in black ink, appearing to read "Jonathan Bellizzi", written over a horizontal line.

Mr Jonathan Bellizzi

as CEO and Director of the Bank and on behalf of each of
Trond Dale, Dr Desiree Cassar, Stephen Muscat, Frank J Sekula and Mehmet Zafer Karataş.

Sponsor, Manager & Registrar



Legal Counsel



Important Information

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

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

THE MFSA HAS AUTHORISED THE ADMISSIBILITY OF THE BONDS TO BE ISSUED UNDER THE PROGRAMME TO BE ADMITTED TO LISTING ON THE OFFICIAL LIST OF THE MSE. THE MFSA'S AUTHORISATION FOR THE BONDS TO BE ADMITTED TO LISTING MEANS THAT THE BONDS ARE IN COMPLIANCE WITH THE CAPITAL MARKETS RULES. 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 CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN THE BONDS.

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

AUTHORISED INTERMEDIARIES MAY ONLY DISTRIBUTE THE BONDS TO RETAIL CLIENTS SUBJECT TO A SUITABILITY TEST TO BE PERFORMED IN RESPECT OF SUCH APPLICANTS, IRRESPECTIVE OF THE INVESTMENT SERVICE BEING PROVIDED. AN AUTHORISED INTERMEDIARY SHALL NOT ACCEPT AN APPLICATION FROM A RETAIL CLIENT UNLESS IT IS SATISFIED, BASED ON THE RESULTS OF SUCH SUITABILITY TEST, THAT AN INVESTMENT IN THE BONDS IS SUITABLE FOR THE APPLICANT.

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

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

ALL THE ADVISORS TO THE BANK HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE BANK IN RELATION TO THIS BASE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN, THE BASE PROSPECTUS OR APPLICABLE FINAL TERMS OR ANY OTHER DOCUMENT ENTERED INTO IN RELATION TO THE PROGRAMME, THEIR COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH. ACCORDINGLY, NONE OF THE ADVISORS OR ANY PERSON MENTIONED IN THIS BASE PROSPECTUS, OTHER THAN THE BANK, SHALL BE RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS BASE PROSPECTUS, IN ANY APPLICABLE FINAL TERMS, IN ANY SUPPLEMENT, IN ANY DOCUMENTS INCORPORATED BY REFERENCE, OR ANY OTHER DOCUMENT ENTERED INTO IN RELATION TO THE PROGRAMME AND ACCORDINGLY, TO THE EXTENT PERMITTED BY THE LAWS OF ANY RELEVANT JURISDICTION, NONE OF THESE PERSONS ACCEPT ANY RESPONSIBILITY AS TO THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN ANY OF THESE DOCUMENTS.

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



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

THE BASE PROSPECTUS AND/OR ANY APPLICABLE FINAL TERMS AND/OR ANY OTHER DOCUMENT PRODUCED IN RELATION TO THE BANK, AND/OR THE BONDS AND/OR THE PROGRAMME AND/OR THE DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION THAT: (I) THE INFORMATION CONTAINED IN SUCH DOCUMENTS IS ACCURATE AND COMPLETE SUBSEQUENT TO THEIR RESPECTIVE DATES OF ISSUE; (II) THERE HAS BEEN NO ADVERSE CHANGE IN THE FINANCIAL CONDITION OF THE BANK SINCE SUCH DATES; OR (III) ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE MATTERS CONTAINED IN THE AFOREMENTIONED DOCUMENTS 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 AND ANY APPLICABLE FINAL TERMS DO NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF AN OFFER, INVITATION OR SOLICITATION TO ANY PERSON: (I) IN ANY JURISDICTION IN WHICH SUCH OFFER, INVITATION OR SOLICITATION IS NOT AUTHORISED; (II) IN ANY JURISDICTION IN WHICH ANY PERSON MAKING SUCH OFFER, INVITATION OR SOLICITATION IS NOT QUALIFIED TO DO SO; OR (III) TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, INVITATION OR SOLICITATION. THE DISTRIBUTION OF THIS BASE PROSPECTUS OR APPLICABLE FINAL TERMS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

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

THIS BASE PROSPECTUS, TOGETHER WITH ANY APPLICABLE FINAL TERMS, MUST BE READ IN THEIR ENTIRETY, AND CONSTRUED IN CONJUNCTION WITH ANY SUPPLEMENT THERETO AND ANY DOCUMENTS THAT ARE INCORPORATED THEREIN BY REFERENCE.

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

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

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. THE OBLIGATION TO SUPPLEMENT THE BASE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES WILL NO LONGER APPLY WHEN THE BASE PROSPECTUS IS NO LONGER VALID.

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Definitions

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

Additional Tier 1 Capital	the term used in the CRD IV and in the CRR to denote capital of the Bank maintained in terms of article 61 of the CRR and consisting of Additional Tier 1 items in terms of article 51 of the CRR, or, if such term is no longer used, any equivalent or successor term, whether in the same law or regulations or in any other law or regulation applicable to the Bank from time to time;
Additional Tier 1 Instruments	Additional Tier 1 instruments for the purposes of the Ranking Legislation and/or the Recovery & Resolution Regulations;
AMLA Regulation	Regulation (EU) 2024/1620 of the European Parliament and of the Council of 31 May 2024 establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010, as may be amended from time to time;
AMLD VI	Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849, as may be amended from time to time;
AMLR	Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as may be amended from time to time;
Applicant/s	an applicant for the Bonds pursuant to the relevant Final Terms, being an Authorised Intermediary (applying for its own account and/or for its underlying clients) and/or underlying clients of an Authorised Intermediary that are applying through the Authorised Intermediary;
Application	any application/s to subscribe for Bonds made by an Applicant/s;
Authorised Intermediary	each of the licensed stockbrokers and financial intermediaries whose details shall be included in annex 2 of the applicable Final Terms;
Bank	Lidion Bank plc, a public limited liability company registered under the laws of Malta with company registration number C 57067, with its registered office at Lidion Bank, Block 3 Level 0, Trident Park, Mdina, Road Zone 2, Central Business District, Birkirkara CBD 2010, Malta and licensed by the MFSA as a credit institution in terms of the Banking Act;
Banking Act	the Banking Act, Chapter 371 of the laws of Malta, as may be amended from time to time;
Base Prospectus	this document in its entirety together with any Supplement/s;
Board	the board of directors of the Bank;
Bond/s	any bond/s issued in terms of the Programme;
Bondholder/s	any holder/s of the Bonds from time to time, as evidenced by an electronic entry in the CSD Register;
Bond Issue	the issue of Bonds pursuant to the Programme;
BRRD	Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, as may be amended from time to time;
BRRD II	Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC, as may be amended from time to time;

Business Day	any day from Monday to Friday, on which commercial banks in Malta settle payments and are open for normal banking business (with the exclusion of Saturdays);
Capital Markets Rules	the capital markets rules issued by the MFSA in terms of the Financial Markets Act, as may be amended from time to time;
CET 1	the term used in the CRD IV and in the CRR to denote capital of the Bank maintained in terms of article 50 of the CRR and consisting of Common Equity Tier 1 items in terms of article 26 of the CRR, or, if such term is no longer used, any equivalent or successor term, whether in the same law or regulations or in any other law or regulation applicable to the Bank from time to time;
CET 1 Instruments	CET 1 instruments for the purposes of the Ranking Legislation and/or the Recovery & Resolution Regulations;
Companies Act	the Companies Act, Chapter 386 of the laws of Malta, as may be amended from time to time;
Conduct of Business Rulebook	the Conduct of Business Rulebook issued by the MFSA in terms of Article 16 of the MFSA Act;
Corporate Governance Code	the Code of Principles of Good Corporate Governance set out as Appendix 5.1 to Chapter 5 of the Capital Markets Rules;
CRD IV	Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as may be amended from time to time;
CRD IV Package	the CRD IV and the CRR;
CRD Packages	the CRD IV Package, CRD V Package and the CRD VI Package;
CRD V	Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as may be amended from time to time;
CRD VI	Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, as may be amended from time to time;
CRD V Package	the CRD V and the CRR II;
CRD VI Package	the CRD VI and the CRR III;
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as may be amended from time to time;
CRR II	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and Regulation (EU) No 648/2012, as may be amended from time to time;
CRR III	Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor, as may be amended from time to time;
CSD	the central registration system for dematerialised financial instruments in Malta operated by the MSE and authorised in terms of the Financial Markets Act;
CSD Register	the register of Bondholders held and maintained by the CSD on behalf of the Bank;
Daisy Chain Act	Directive (EU) 2024/1174 of the European Parliament and of the Council of 11 April 2024 amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum requirement for own funds and eligible liabilities, as may be amended from time to time;



Daisy Chain Regulation	Regulation (EU) 2022/2036 of the European Parliament and of the Council of 19 October 2022 amending Regulation (EU) No 575/2013 and Directive 2014/59/EU as regards the prudential treatment of global systemically important institutions with a multiple-point-of-entry resolution strategy and methods for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities, as may be amended from time to time;
Data Protection Act	the Data Protection Act, Chapter 586 of the laws of Malta, as may be amended from time to time;
Directors	the directors of the Bank;
Duty on Documents and Transfers Act	the Duty on Documents and Transfers Act, Chapter 364 of the laws of Malta, as may be amended from time to time;
Early Redemption Date	such date, if any, as may be set out in respect of one or more Tranches in the relevant Final Terms, on which the Bonds may be redeemed following the fifth anniversary of the Issue Date but prior to the Maturity Date in terms of section 10.10.2;
Early Redemption (Exceptional Event) Date	such date, if any, as may be set out in respect of one or more Tranches in the relevant Final Terms, on which the Bonds may be redeemed prior to the fifth anniversary of the Issue Date in terms of section 10.10.3;
ECB	the European Central Bank;
Eligible Counterparty	a client recognised as an 'eligible counterparty' in terms of article 30 of MiFID II, which includes investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies and other financial institutions authorised or regulated under EU law or under the national law of an EU member state, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations;
Eligible Liabilities Instruments	Eligible liabilities instruments for the purposes of the Ranking Legislation and/or the Recovery & Resolution Regulations;
Euro or €	the lawful currency of the Eurozone, being the region comprised of Member States of the European Union that have and continue to adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and by the Treaty of Amsterdam;
Final Terms	the final terms to be published by the Bank in respect of each Tranche, in the form set out in section 11 of this Base Prospectus;
Financial Markets Act	the Financial Markets Act, Chapter 345 of the laws of Malta, as may be amended from time to time;
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, as may be amended from time to time;
Group	the Parent and any subsidiary and associated company or entity (including the Bank) in which the Parent has a controlling interest;
Income Tax Act	the Income Tax Act, Chapter 123 of the laws of Malta, as may be amended from time to time;
Interest Commencement Date	the Issue Date of the Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;
Interest Payment Date	the date or dates 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;
Investment Services Act	the Investment Services Act, Chapter 370 of the laws of Malta, as may be amended from time to time;
Issue Date	the date on which each Tranche of Bonds will be issued, which will be specified in the relevant Final Terms;
Issue Price	the price at which each Tranche of Bonds will be issued, which will be specified in the relevant Final Terms;

Market Abuse Regulation	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, as may be amended from time to time;
Maturity Date	will have the meaning given in the relevant Final Terms;
Memorandum and Articles of Association	the memorandum and articles of association of the Bank in force at the time of publication of this Base Prospectus, and the terms “ Memorandum of Association ” and “ Articles of Association ” shall be construed accordingly;
MFSA	Malta Financial Services Authority as established in terms of article 3 of the MFSA Act;
MFSA Act	the Malta Financial Services Authority Act, Chapter 330 of the laws of Malta, as may be amended from time to time;
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directives 2002/92/EC and 2011/61/EU (recast), as may be amended from time to time;
MiFIR	Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, as may be amended from time to time;
MREL	minimum requirement for own funds and eligible liabilities in terms of BRRD;
MSE	Malta Stock Exchange plc, as originally constituted by the Financial Markets Act, a public limited liability company registered under the laws of Malta with company registration number C 42525, with its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
MSE Bye-Laws	the bye-laws of and issued by the MSE, as may be amended from time to time;
Nominal Value	the denomination of each Tranche of Bonds, which unless otherwise specified in the relevant Final Terms will be €100 (in respect of each Bond);
Official List	the list prepared and published by the MSE as its official list in accordance with the MSE Bye-Laws;
Ordinary Unsecured Claims	any ordinary unsecured claims of creditors of the Bank from time to time outstanding;
Parent	Lidion Holdings plc (formerly AgriHoldings plc), a public limited liability company registered under the laws of Malta with company registration number C 57008, with its registered office at Lidion Holdings plc, Block 3 Level 0, Trident Park, Mdina Road Zone 2, Central Business District, Birkirkara CBD 2010, Malta, as parent company of the Bank;
PMLA	Prevention of Money Laundering Act, Chapter 373 of the laws of Malta and all regulations issued thereunder, as may be amended from time to time
PMLFTR	Prevention of Money Laundering and Funding of Terrorism Regulations, Subsidiary Legislation 373.01, as may be amended from time to time;
Preferred Claims	claims in respect of obligations of the Bank which enjoy a lawful cause of preference pursuant to the Ranking Legislation to rank above Ordinary Unsecured Claims;
Professional Client	<p>a ‘professional client’ as defined under MiFID II, which means a client falls within at least one of the following categories is:</p> <ul style="list-style-type: none"> (i) entities required to be authorised or regulated to operate in the financial markets including banks, investment firms, other authorised or regulated financial institutions, insurance companies, collective investment schemes and management companies of such schemes, pension funds and management companies of such funds, commodity and commodity derivatives dealers, local firms and other institutional investors; (ii) a large undertaking meeting two of the following size requirements on a company basis: (a) balance sheet total of €20 million or more, (b) net turnover of €40 million or more, and (c) own funds of €2 million or more; (iii) a national or regional government, a public body that manage public debt, a central bank, an international or supranational institution such as the World Bank, the International Monetary Fund the ECB, the European Investment Bank and other similar international organisations;

- (iv) another institutional investor whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions; or
- (v) a client that has requested to be treated as a Professional Client (and has been appropriately categorised as such by an Authorised Intermediary) in terms of the procedure, and that meets the relevant criteria, set out in terms of Part II of Annex II of MiFID II;

Programme	the unsecured subordinated bond programme being made by the Bank pursuant to this Base Prospectus;
Prospectus Regulation	Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as may be amended from time to time;
Ranking Legislation	Regulation 108 of the Recovery & Resolution Regulations, as may be amended from time to time or any other law or provision of Maltese law which may replace such provision from time to time;
Recovery & Resolution Regulations	the Recovery and Resolution Regulations (Subsidiary Legislation 330.09 of the laws of Malta), as may be amended from time to time;
Resolution Committee	the resolution committee appointed by the Resolution Authority in terms of Article 7B(2) of the MFSA Act, and whose composition, powers and functions are governed by the provisions set out in the First Schedule to the MFSA Act and in terms of any regulations made thereunder;
Retail Client	a client that is not a Professional Client or an Eligible Counterparty;
Secondary Unsecured Claims	any unsecured claims resulting from debt instruments of the Bank from time to time outstanding that meet the relevant requirements of the Ranking Legislation so as to rank below Ordinary Unsecured Claims and in priority to Senior Subordinated Claims;
Senior Subordinated Claims	the claims in respect of any subordinated debt of the Bank from time to time outstanding that is not in respect of Additional Tier 1 Instruments of the Bank or Tier 2 Instruments of the Bank;
Series	one or more Tranches, which are expressed to be consolidated and forming a single series and the Terms and Conditions of which (as completed by the relevant Final Terms) are identical in all respects, except for the Issue Date, Interest Commencement Date, first Interest Payment Date, and/or Issue Price;
Share/s	a share or shares forming part of the issued share capital of the Bank of whatever class;
Sponsor, Manager & Registrar	M Z Investment Services Limited, an MFSA authorised investment services firm (in terms of the Investment Services Act), registered under the laws of Malta with company registration number C 23936, and having its registered office at 63, MZ House, St. Rita Street, Rabat RBT 1523, Malta, acting as the Bank's sponsor, manager and registrar (as applicable) in respect of the Programme;
SRMR	Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (SRM) and a Single Resolution Fund and amending Regulation (EU) No.1093/2010, as may be amended from time to time;
SRMR II	Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 806/2014 as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, as may be amended from time to time;
Supplement	any supplement to this Base Prospectus that may be issued from time to time by the Bank;
Terms and Conditions	the terms and conditions applicable to all Bonds under the Programme as set out in section 10 of this Base Prospectus;
Tier 1 Capital	consists of the sum of CET 1 and Additional Tier 1 Capital in terms of article 25 of the CRR;

Tier 2 Capital	the term used in the CRD IV and in the CRR to denote capital of the Bank maintained in terms of article 71 of the CRR and consisting of Tier 2 items in terms of article 62 of the CRR, or, if such term is no longer used, any equivalent or successor term, whether in the same law or regulations or in any other law or regulation applicable to the Bank from time to time;
Tier 2 Claims	claims in respect of any Tier 2 Instruments of the Bank from time to time outstanding;
Tier 2 Instruments	Tier 2 instruments for the purposes of the Ranking Legislation and/or the Recovery & Resolution Regulations;
Tranche	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; and
Transparency Directive	Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, as may be amended from time to time.

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

Unless it otherwise required by the context:

- (a) words in this Base Prospectus importing the singular shall include the plural and *vice versa*;
- (b) the word “*may*” in this Base Prospectus shall be construed as permissive and the word “*shall*” in this Base Prospectus shall be construed as imperative; and
- (c) the word “*person*” shall refer to both natural and legal persons.

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

Programme Overview

Each Tranche that may be issued under the Programme will be issued on the terms set out under the Terms and Conditions as completed by the Final Terms specific to such Tranche. Copies of Final Terms will be published on both the Bank's and the MFSA's websites.

The following is an overview of the Programme and does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Bonds, the applicable Final Terms.

This overview constitutes a general description of the Programme for the purposes of article 25(1) of Commission Delegated Regulation (EU) No 2019/980. Words and expressions defined in the Terms and Conditions below or elsewhere in this Base Prospectus have the same meanings in this overview.

Issuer:	Lidion Bank plc
Description:	Unsecured Subordinated Bond Programme.
Programme Size:	Up to €10,000,000 (or its equivalent in other currencies).
Sponsor, Manager & Registrar:	M.Z. Investment Services Limited.
Risk Factors:	Investing in the Bonds involves risks. See section 1 below.
Certain Restrictions:	Each issue of Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time.
Issuance in Series:	Bonds may be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Bonds of each Series will all be subject to identical terms, except that the Issue Date, Interest Commencement Date, first Interest Payment Date, and/or Issue Price may be different in respect of different Tranches within the Series.
Final Terms:	Each Tranche will be issued on the terms set out in the Terms and Conditions as completed by the relevant Final Terms.
Distribution:	<p>Bonds may be distributed by way of private or public placement or a combination thereof as set out in the Final Terms.</p> <p>Authorised Intermediaries may only distribute the Bonds to Retail Clients subject to a Suitability Test to be performed in respect of such Applicants, irrespective of the investment service being provided. An Authorised Intermediary shall not accept an Application from a Retail Client unless it is satisfied, based on the results of such Suitability Test, that an investment in the Bonds is suitable for the Applicant.</p>
Status of the Bonds:	<p>The Bonds (their repayment and the payment of interest thereon) shall constitute the general, direct, subordinated, unsecured and unconditional obligations of the Bank to the Bondholders as set out in the Terms and Conditions.</p> <p>Claims in respect of the Bonds will, so long as such Bonds qualify as Tier 2 Instruments, constitute Tier 2 Claims under the Ranking Legislation.</p> <p>Accordingly, subject to the Ranking Legislation, the claims in respect of the principal and interest in respect of the Bonds will, in the event of the dissolution and winding-up of the Bank and provided such Bonds qualify as Tier 2 Instruments:</p> <ul style="list-style-type: none"> (a) be subordinated in right of payment in the manner provided in the Ranking Legislation to: <ul style="list-style-type: none"> (i) all Preferred Claims, (ii) all Ordinary Unsecured Claims; (iii) all Secondary Unsecured Claims; and (iv) all Senior Subordinated Claims; (b) rank <i>pari passu</i> with all other Tier 2 Claims (including claims in respect of other Bonds that qualify as Tier 2 Instruments); and (c) rank in priority to (1) the claims in respect of all Additional Tier 1 Instruments of the Bank and (2) the claims in respect of all Common Equity Tier 1 Instruments of the Bank. <p>If any Bonds cease to qualify as Tier 2 Instruments, the claims in respect of such Bonds will, in the event of the dissolution and winding-up of the Bank, rank <i>pari passu</i> with all Senior Subordinated Claims, subject to Ranking Legislation.</p>
No set-off:	Claims in respect of any Bonds may not be set-off or netted by the Bondholder against or in respect of any of its obligations to the Bank or any other person and every Bondholder waives any right that it might otherwise have to set-off or netting.



Form:	The Bonds will be issued in fully registered and dematerialised form and represented in uncertificated form by the appropriate entry in the CSD Register.
Denomination:	All Bonds issued under the Programme will, unless otherwise specified in the relevant Final Terms, have a denomination of €100 (or, if the Bonds are denominated in a currency other than Euro, the equivalent amount in such currency at the date of issue).
Currencies:	Bonds may be denominated in any currency or currencies, subject to any applicable legal or regulatory restrictions.
Maturities:	The Bonds will have such maturities as may be determined by the Bank, subject to a minimum original maturity of five years and such other minimum or maximum maturities as may be allowed or required from time to time by the CRR or other applicable laws and regulations.
Issue Price:	Bonds may be issued at an issue price which is at par or at a discount to, or premium over, par.
Interest:	Interest on the Bonds shall accrue at a fixed rate.
Early Redemption:	<p>The applicable Final Terms will indicate either that the Bonds cannot be redeemed prior to their Maturity Date or that the Bonds can be redeemed prior to their Maturity Date on an Early Redemption Date (subject to obtaining the prior permission of the MFSA and meeting the conditions set out in article 78 of the CRR), at the option of the Bank upon giving prior notice to Bondholders.</p> <p>Provided that the Bank may in terms of article 78(4) of the CRR, at any time prior to the fifth anniversary of the Issue Date, redeem the Bonds on an Early Redemption (Exceptional Event) Date, subject to obtaining the prior permission of the MFSA, the satisfaction of the conditions set out in section 10.10.3 below, and the satisfaction of one of the conditions set out in article 78(4) of the CRR.</p> <p>Provided further that, to the extent that the Bonds qualify as Eligible Liabilities Instruments and if provided for in the Final Terms, the Bank may redeem the Bonds on an Early Redemption Date subject to obtaining the prior permission of the Resolution Committee in accordance with article 77(2) of the CRR and subject to the satisfaction of one of the conditions set out in article 78a(1) of the CRR.</p>
Taxation:	<p>Unless the Bank is otherwise instructed by a Bondholder to receive the interest gross of any withholding tax, or unless the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes – in this case there is no option to receive the interest gross of the withholding tax) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. 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.</p> <p>In the case of a valid election in writing made by an eligible Maltese resident Bondholder at the time of subscription 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.</p>
Limited Remedy:	The sole remedy against the Bank available for recovery of amounts owing in respect of any non-payment of any amount that has become due and payable by the Bank is, in those instances set out by law, for the relevant Bondholder to institute proceedings for the dissolution and winding-up of the Bank.
Listing and admission to trading:	The MFSA has authorised the admissibility of the Bonds to be issued under the Programme to be admitted to listing and trading on the Official List.
Rating:	Tranches of Bonds issued under the Programme will be unrated.
Governing Law:	The Bonds, all the rights and obligations of the Bondholder and the Bank, and any non-contractual obligations arising out of or in connection with the Bonds, shall be governed by and construed in accordance with Maltese law.
Use of proceeds:	The net proceeds from each issue of Bonds will constitute an integral part of the Bank’s capital plan to further strengthen its Tier 2 Capital requirements in terms of the CRR, and will be used by the Bank to meet part of its general financing requirements. If, in respect of any particular issue, there is a particular use of proceeds identified, this will be stated in the applicable Final Terms.

1. RISK FACTORS

1.1 General

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

THE RISK FACTORS BELOW HAVE BEEN CATEGORISED UNDER TWO MAIN CATEGORIES, ACCORDING TO WHETHER THE RISKS UNDER REVIEW RELATE TO THE: (I) THE BANK; AND (II) THE BONDS. THE RISK FACTOR APPEARING FIRST UNDER EACH SUB-CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE BOARD HAS ASSESSED TO BE THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY AS AT THE DATE OF THIS BASE PROSPECTUS. IN MAKING THEIR ASSESSMENT OF MATERIALITY, THE BOARD HAS EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT THE RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE BANK, IF THE RISK FACTOR WERE TO MATERIALISE.

SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES THAT MAY OR MAY NOT OCCUR AND THE BANK IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. SHOULD ANY OF THE RISKS DESCRIBED BELOW MATERIALISE, THEY COULD HAVE A SERIOUS ADVERSE EFFECT ON THE BANK'S FINANCIAL RESULTS AND TRADING PROSPECTS.

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

1.2 Forward-Looking Statements

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

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

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

1.3 Risks Relating to the Bank

1.3.1 Credit Risk

Credit risk is the possibility that a borrower or counterparty fails to meet its obligations in accordance with agreed terms, causing a financial loss. Credit risk arises mainly from interbank, commercial and consumer loans and advances and factoring business, but can also arise from credit enhancement provided, such as financial guarantees. The Bank is also exposed to credit risk arising from investments in debt securities and from liquidity management including derivatives as well as settlement balances with market counterparties, and balances with the Central Bank of Malta. The Bank is subject to inherent risks concerning the credit quality of borrowers and counterparties, which could affect the value of the Bank's assets. Changes in the credit quality of the Bank's customers, counterparties, and investments arising from systemic risks and macroeconomic factors in the Maltese and global financial system, can also negatively affect the value of the Bank's assets. Any failure by the Bank to manage the credit quality of its borrowers or counterparties within prudent risk parameters or to monitor and regulate the adequacy of its provisioning levels could have a material adverse effect on the Bank's business, financial condition, prospects and/or results of operations.

1.3.2 Information and Communication Technology, Cyber-Security Risk and Third-Party Providers Related Risks

The activities of the Bank are reliant on the continuous and proper functioning of its operating systems, including its information technology and communication ("ICT") systems and other technological arrangements. The Bank is susceptible to a variety of risks relating to the functioning of these systems, including, but not limited to, the risk of cyber-attacks (such as malware attacks, ransomware, phishing, hacking, or any other form or type of cyber-attack), data theft or other unauthorised use of data, errors, bugs, malfunctions, inadequate maintenance service levels, or other malicious interference with or disruptions to the Banks' systems. Such risks may result in the loss, compromise or corruption of sensitive data (including customer data), interruption or delay in business operations, regulatory fines or penalties, legal liabilities and reputational damage. A cyber-attack which would affect the Bank, either directly or through a third-party provider, could adversely affect the Bank's ability to provide services, reputation, financial performance and financial position.



In addition, to the extent that the Bank is reliant upon technological solutions acquired from and developed by third-party providers for the efficient running of its business, it will be exposed to the risk of supply chain attacks, failures, errors or other interruptions in such systems. This includes reliance on outsourced services for core banking systems, cloud computing environments, data storage and communication platforms, which may not always be under the direct control of the Bank and may be subject to differing operational, legal or regulatory standards. There is no assurance that the services or systems run by the Bank will not be disrupted. Failures or breaches at a third-party provider may have a cascading effect, potentially exposing the Bank to extended periods of system downtime or data unavailability. Furthermore, advancements to the Bank's ICT infrastructure which are required in order to maintain secure posture and remain competitive, may be associated with substantial capital expenditures. Such upgrades and modernisation initiatives may also give rise to transitional risks, integration challenges, and temporary instability in the Bank's systems.

Moreover, the increasing sophistication, frequency and scale of cyber-threats globally, including threats targeting the financial services sector, amplifies the Bank's exposure to cyber and ICT-related risks. The evolving regulatory expectations around operational resilience, ICT risk management, and cyber incident reporting may also result in additional compliance costs or enforcement risks in the event of non-compliance.

1.3.3 *Information Security and Data Protection Risk*

This risk relates to the risk of loss caused by deliberate or accidental loss, alteration, falsification or leakage of information, or by destruction, disruption, errors or misuse of information systems. Loss or leakage of confidential information could have a material adverse effect on the operations and performance of the Bank. The Bank is also subject to comprehensive regulation regarding the use of personal customer data. Compliance with the GDPR creates significant regulatory obligations for the Bank and it will continue to have an ongoing impact on the acceptance, processing and storage of personal sensitive data. The possible damage, loss, unauthorised processing or disclosure of personal data could have a negative impact on the activity of the Bank, in reputational terms too, and could lead to the imposition of fines and consequent financial loss. Evolving data protection regimes, including rules on cross-border transfers and sector-specific privacy, may increase regulatory and operational risk. Diverging standards or stricter interpretations could require changes to data governance or third-party contracts, with non-compliance potentially leading to enforcement action. In addition, any changes to the applicable laws and/or regulations, including at European Union level, could have a negative impact on the Bank's activities, including the need to incur costs for adapting to the new regulations.

1.3.4 *Concentration Risk*

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

1.3.5 *Financial Crime Compliance Risk*

Financial crime risks refer to the potential exposure the Bank faces from illegal activities that may impact the integrity and stability of its financial operations. These risks include:

- (i) *Money laundering:* Money laundering is the process of concealing the proceeds of criminal activity in order to make them appear legitimate. Criminals may use the Bank as a conduit for money laundering which increases the risk of incurring financial losses and regulatory fines. The complexity and cross-border nature of financial transactions may further increase the Bank's vulnerability to being misused for the placement, layering, or integration of illicit funds;
- (ii) *Terrorist Financing:* This refers to the provision of financial support or resources to individuals or groups engaged in terrorism. The Bank may be targeted by terrorists seeking to launder funds or move money to finance their operations;
- (iii) *Sanctions violations:* The Bank must comply with international sanctions regimes designed to restrict trade and financial transactions with designated individuals and countries. Failure to comply with sanctions regulations may result in significant penalties and reputational damage for the Bank. Sanctions regimes are dynamic and may change rapidly, creating risk of inadvertent breaches due to insufficiently updated controls or screening systems;
- (iv) *Bribery and corruption:* The Bank may be exposed to risks related to bribery and corruption, such as when bank employees or customers engage in bribery or other corrupt practices to secure financial gain; and
- (v) *Fraud:* Fraudulent activities, such as identity theft, credit card fraud, internal (corporate) fraud may cause significant financial harm to the Bank and its customers. The Bank may face reputational damage and legal liability if it fails to implement adequate fraud prevention measures. The increasing digitalisation of banking services also elevates the risk of cyber-enabled fraud, phishing schemes, and synthetic identity attacks.

Financial crime compliance risks may materialise from: (i) lack of adherence to the appropriate regulatory environment and/or market practice; (ii) failures arising from the lack of implementation of updated directives, rules, regulations, and/or internal operating procedures; and/or (iii) inadequate internal controls to monitor level of adherence to the required standards inclusive of illegal practices such as bribery and corruption. Additional risks may arise from reliance on third-party vendors, agents or correspondent banks whose financial crime controls may not meet applicable legal or regulatory standards. Rapidly changing legal frameworks, jurisdictional differences, and increased enforcement activity across multiple countries may also complicate compliance efforts. The materialisation of such risks could have a detrimental impact on customers and expose the Bank to financial sanctions and regulatory reprimands, reputational risks and regulatory censure.

1.3.6 Liquidity and Funding Risk

Liquidity risk is the risk that the Bank cannot meet its financial obligations as they fall due in the short and medium term, either at all or without incurring unacceptable losses. Funding risk is the risk that the Bank cannot meet its financial obligations as they fall due in the medium to long term, either at all or without increasing funding costs at an unacceptable level. Funding risk can be seen as the risk that its assets are not stably funded in the medium and long term. The Bank is mainly funded through customer deposits and equity. This funding profile exposes the Bank to concentration risks in its funding sources and behavioural risks linked to depositor sentiment. A deterioration in market confidence or a reputational event could lead to unexpected deposit outflows or volatility in funding volumes.

The management of liquidity and funding is central to the Bank's operations, just as the ability to fund asset growth and meet obligations as they come due is crucial to the on-going viability of the Bank. While the Bank's liquidity contingency plans, policies, key risk indicators and other monitoring mechanisms can assist the Bank in mitigating unexpected liquidity situations after the fact, they are not intended to, nor can they eliminate, the Bank's liquidity and funding risk. Nor can the plans guarantee that unexpected liquidity events will be managed successfully if they were to occur. In certain stress scenarios, such as credit rating downgrades, market-wide liquidity shortages, or disruptions in interbank funding channels, the Bank may be unable to access stable sources of funding or roll over maturing obligations on acceptable terms. These conditions could strain the Bank's liquidity position and increase reliance on potentially volatile or expensive short-term funding.

Liquidity risk may also arise from differences in the amounts and maturities of incoming and outgoing cashflows, which also could impact the ability of the Bank to meet liabilities as they fall due. Additionally, unforeseen economic and market conditions could curtail the Bank's access to deposits and other forms of funding, which, in turn, could limit the Bank's access to funds to meet liabilities. Unexpected withdrawal of a large number of deposits could occur due to prevailing economic conditions and/or negative public perception of the Bank's trustworthiness and reputation. Furthermore, difficulties in accessing a product or market at the required time, price, and volume could also pose challenges. A high incidence of defaults across the Bank's lending and factoring portfolio could exacerbate liquidity issues.

Retail and wholesale funding is highly correlated to the public's perception of the Bank's trustworthiness and reputation, accordingly, a significant negative impact on the Bank's reputation could bring about a run on the Bank. If, for some reason, the Bank is unable to access the necessary liquidity to conduct its operations and/or meet its obligations, this could negatively impact the Bank's financial condition and performance. Moreover, disruptions in financial markets, changes in interest rates, regulatory restrictions, or loss of access to central bank facilities may increase the cost of funding or restrict the Bank's ability to raise funds altogether. Non-compliance with liquidity regulatory requirements such as the Liquidity Coverage Ratio and Net Stable Funding Ratio could result in supervisory measures, reputational harm, or limitations on business activities.

1.3.7 Operational Risk

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. An operational risk event is an incident or experience that has caused or has the potential to cause material loss to the Bank either directly or indirectly with other incidents. Operational risk can manifest across all areas of the Bank's operations, and may lead to financial loss, regulatory breaches, reputational harm, or prolonged business disruption. Such risks may arise unexpectedly and escalate rapidly, particularly in complex or time-sensitive environments.

In line with the Basel Committee on Banking Supervision's definitions, the following types of operational risk events are considered as having the potential to result in material operational losses: (i) internal fraud; (ii) external fraud; (iii) employment practices and workplace safety; (iv) clients, products and business practices; (v) damage to physical assets; (vi) business disruption and system failure; and (vii) execution, delivery and process management. Losses from the failure of the Bank's system of internal controls to discover and rectify such matters could have a material adverse effect on the Bank's business, financial condition and/or results of operations.

1.3.8 Market Risk

Market risk relates to the risk that the income from, and fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and the prices of equities, bonds, and commodities. The Bank's exposure to market risk is mainly in the form of interest rate risk and foreign exchange risk.

1.3.9 Interest Rate Risk in the Banking Book ("IRRBB")

Movements in interest rates are driven by factors that are outside of the Bank's control, including central bank actions, monetary and fiscal policies, and economic conditions. IRRBB refers to the potential adverse impact on the Bank's earnings and capital resulting from fluctuations in interest rates. This risk arises from the maturity mismatch between a Bank's assets and liabilities, as changes in interest rates can affect the value of these financial instruments differently. IRRBB includes repricing risk, which relates to the timing of interest rate changes. Adverse movements in interest rates, can affect the interest rate margin realised between lending and deposit costs.

In addition to the interest income, the Bank has to consider the Economic Value of Equity. This measures the changes in the net present value of interest rate sensitive instruments over their remaining lives resulting from interest rate movements. Due to interest rate volatility changes in interest rates can significantly impact the present value of assets and liabilities, potentially eroding the Bank's capital base if not managed effectively.

Foreign exchange risk arises from the fluctuation of different exchange rates in relation to the Euro, as the Bank's principal currency, due to factors that are also outside of the Bank's control. Although the Bank's activities are predominantly in Euro, foreign exchange risk may arise on monetary assets and liabilities not denominated in Euro, which could impact income and expenses due to adverse movements in exchange rates.

As the Bank does not operate a trading book, its exposure to interest rate movements arises solely from non-trading activities. This includes its lending and deposit operations, investment portfolios, and funding structure. Any significant fluctuations in interest rates or foreign exchange rates could therefore have a material adverse effect on the income from, and fair value or future cash flows of financial instruments held by the Bank (including derivative contracts entered into by the Bank to hedge against foreign exchange rate fluctuations), which would in turn have a material adverse effect on the Bank's financial position and performance.



1.3.10 Bank Regulatory Risk and Risks Associated with Capital Adequacy

The Bank is subject to a number of prudential and regulatory controls, designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk, including but not limited to CRD, CRR and BRRD. On 19 June 2024, revisions to the CRD and the CRR by way of the CRD VI Package were published in the Official Journal. The amendments to the CRR introduced by the CRR III are already in force and became applicable on 1 January 2025, with some minor exceptions in respect of provisions that became applicable as of 9 July 2024. In respect of the CRD VI, the transposition deadline is 10 January 2026, with measures transposing such Directive becoming applicable from 11 January 2026. The CRD VI Package also introduced changes to the CRR and the BRRD in the area of resolution through the Daisy Chain Regulation, which was published in the Official Journal on 25 October 2022.

In this regard, the Bank faces risks associated with a rapidly evolving prudential regulatory environment pursuant to which it is required, amongst other things, to maintain adequate capital and liquidity resources and to satisfy specified capital and liquidity ratios at all times. The interpretation and application by regulators of existing laws and regulations to which the Bank is subject may also change from time to time. Such changes either individually and/or in aggregate, may lead to further unexpected, enhanced requirements in relation to the Bank's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated. A perceived or actual shortage of capital held by the Bank could result in actions by regulatory authorities, including public censure and the imposition of quantitative and qualitative sanctions. This may also affect the Bank's capacity to continue or grow its business operations, generate a sufficient return on capital or pursue acquisitions or other strategic opportunities, affecting future growth potential. If, in response to any such shortage, the Bank raises additional capital through the issuance of share capital or capital instruments, existing shareholders or holders of debt of a capital nature may experience a dilution of their investment.

The BRRD establishes a framework for the recovery and resolution of credit institutions and certain investment firms. The BRRD establishes a legal regime which, amongst others, provides authorities with a set of powers and tools to intervene sufficiently early and quickly in an unsound or failing institution to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. More detail regarding the BRRD and its implementation in Malta as well as the powers and tools available to the authorities is provided under section 4.7 of this Base Prospectus. Should the Bank become subject to a write-down, conversion, or resolution powers under the BRRD, this may adversely affect the Bank's business, financial condition, ability to pay dividends, results of operations and/or prospects. Moreover, any bail-in of bonds will mean that bondholders might have some or all of their holdings cancelled without compensation.

1.3.11 Resolution Risk

The Recovery & Resolution Regulations provide for the application of resolution tools by the Resolution Committee to credit institutions at risk of failure, as an alternative to liquidation proceedings. These resolution tools include: (i) the sale of business tool; (ii) the bridge institution tool; (iii) the asset separation tool; and (iv) the bail-in tool (described in further detail in section 4.7 below). In addition, the Resolution Committee has the power to write-down and/or convert capital instruments and eligible liabilities pursuant to the Recovery & Resolution Regulations immediately before or together with the application of a resolution tool. A write-down may result in the reduction (including to zero) of the nominal value of the Bonds. Furthermore, the Resolution Committee is empowered by the Recovery & Resolution Regulations to take control of a credit institution under resolution and exercise all the rights and powers conferred upon shareholders, other owners, and the board of directors of the institution under resolution. The exercise by the Resolution Committee of any of these powers may have a material effect on the business and prospects of the Bank.

1.3.12 Risks Connected with the Performance of the Property Market

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

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

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

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

1.3.13 Systemic Risk

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

1.4 Risks Relating to the Bonds

1.4.1 Subordinated Status

The Bonds (their redemption and the payment of interest thereon) shall constitute the general, direct, subordinated, unsecured and unconditional obligations of the Bank to the Bondholders, and shall at all times rank *pari passu*, without any priority or preference among themselves and with all other Tier 2 Claims. In the event of the dissolution and winding up of the Bank, the claims of Bondholders in respect of the payment of capital and interest on the Bonds will have the ranking set out in the Ranking Legislation and will be subordinated to Preferred Claims, all Ordinary Unsecured Claims and Secondary Unsecured Claims. In addition, as per the said Ranking Legislation, to the extent that the Bonds qualify as Tier 2 instruments,

they shall also rank below Senior Subordinated Claims. All claims of Bondholders will therefore not be repaid until Preferred Claims, Ordinary Unsecured Claims, Secondary Unsecured Claims and Senior Subordinated Claims have been settled in full. If any Bonds cease to qualify as Tier 2 Instruments, the claims in respect of such Bonds will, in the event of the dissolution and winding up of the Bank, rank *pari passu* with all Senior Subordinated Claims, subject to the Ranking Legislation.

If, on a dissolution and winding-up of the Bank, the assets of the Bank are insufficient to enable the Bank 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 Bank 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 some (or all) of their investment in the Bonds.

The same principles would apply to the Bank where the relevant resolution authority applies the appropriate powers of write-down or conversion of capital (the Bonds) (whether in the event of a resolution of the Bank 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.

Moreover, pursuant to the Recovery & Resolution Regulations, all claims resulting from own funds items of relevant institutions (such as the Bank) are to rank lower than any claim that does not result from an own funds item. Therefore, this may affect the amount of recovery (if any) a Bondholder may expect to receive in a winding-up or resolution of the Bank. It is expected that, in certain circumstances, this may have an impact on the effective ranking of own funds instruments, such as the Bonds. For example, if any own funds instruments issued by the Bank, including the Bonds, cease to be eligible to qualify as own funds instruments of the Bank, the ranking of such disqualified instruments is likely to be adjusted so that such disqualified instruments would rank ahead of any instruments which continue to qualify as own funds in (such as any Bonds, as the case may be). In such circumstances, if the Bank is wound-up or resolved, the claims of Bondholders which qualify as Tier 2 Capital of the Bank may be subordinated to claims of holders of such disqualified instruments (if any), and accordingly any recovery of amounts in respect of such qualifying Bonds in a winding-up or resolution of the Bank may be adversely affected.

1.4.2 *Bail-In Risk*

As described in section 4.7 below, the Recovery & Resolution Regulations provide for various powers and tools of the Resolution Committee in the event that the Resolution Committee considers that all of the relevant conditions are met. Resolution occurs at the point where the applicable authority determines that a bank is failing or likely to fail, that there is no other private sector intervention or supervisory action, including early intervention measures or the write-down or conversion of relevant capital instruments, that would prevent the failure of the institution within a reasonable timeframe and that a resolution action is necessary in the public interest. The Resolution Committee may exercise the bail-in tool in respect of the Bank if the Bank is under resolution pursuant to which the Bonds may be subject to a write-down and/or conversion into equity. Such a development would have a direct adverse impact on the Bondholders, including a cancellation and complete loss in value of the Bonds.

1.4.3 *Limited Remedies of Bondholders*

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. Payment of principal and accrued but unpaid interest on the Bonds may be accelerated only in the event of (i) an extraordinary resolution passed at a general meeting for the dissolution, winding-up or liquidation of the Bank or (ii) an order by the applicable judicial authorities is made for the dissolution, liquidation, winding-up of the Bank or (iii) an order for liquidation is made by the competent authority in respect of the Bank under the Controlled Companies (Procedure for Liquidation) Act (Chapter 383 of the laws of Malta) or (iv) the dissolution, winding-up or liquidation of the Bank carried out in terms of any other law that may come into force from time to time. The right of acceleration will not be triggered solely by any resolution carried out under the Recovery & Resolution Regulations or any moratorium provided for thereunder. Furthermore, there is no right of acceleration that arises merely as a result of non-payment of principal or interest on the Bonds or of the Bank's failure to perform any of its obligations under or in respect of the Bonds. 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 institute court proceedings for the dissolution and winding-up of the Bank in those instances set out by law. The Bondholders are not entitled to any other remedy in such cases and 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 unsubordinated creditors.

1.4.4 *Waiver of Set-Off*

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

1.4.5 *Complex Financial Instrument and Suitability Risk*

The Bonds are complex financial instruments and may not be suitable for all prospective investors. Subject to the overarching requirement that Applicants who are Retail Clients may only subscribe for Bonds after passing a Suitability Test (as described in section 9.3 below), all prospective investors are urged to consult an investment advisor licensed under the Investment Services Act as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor: (a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds and understand the merits and risks of investing in the Bonds and the information contained, or incorporated by reference, in the Base Prospectus or in the relevant Financial Terms, or any Supplement; (b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency; (c) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and (d) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

1.4.6 *Bonds are Redeemable at the Option of the Bank*

Any or all of the Bonds may be redeemed at the option of the Bank (subject to obtaining the prior permission of the MFSA and provided that the Bank meets the conditions set out in article 78 of the CRR) on an Early Redemption (Exceptional Event) Date; and/or, if provided for in the applicable Final Terms, on an Early Redemption Date, in each case on at least 30 days' prior written notice to the relevant Bondholders. 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 it 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 may also have a negative impact on the market value of the Bonds. During a period when the Bank 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.

1.4.7 *Interest Rate Risk of the Bonds*

The Bonds may carry fixed or variable interest rates. 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 the way yield is typically calculated by market participants, the price of fixed income securities 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 Bonds can be expected to decline. Conversely, if market interest rates are declining, secondary market prices for Bonds will tend 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.

1.4.8 *No Assurance of Active Secondary Market for the Bonds*

The existence of an orderly and liquid market for the Bonds will depend on a number of factors, including the presence of willing buyers and sellers of the Bonds at any given time and over whom the Bank has no control. Moreover, certain regulatory requirements applicable to the sale of Bonds (and similar instruments) to Retail Clients could have an impact on the level of activity in the secondary market. Accordingly, it is impossible to guarantee a liquid or any secondary market for the Bonds after their admission to trading or that such a market, should it develop, will subsist. Illiquidity can have a severe adverse effect on the market value of the Bonds and the price quoted by Bondholders for Bonds already admitted to trading on the Official List may be at a significant discount to the original purchase price of those Bonds. There can be no assurance that Bondholders will be able to sell the Bonds at or above the price at which the Bank issued the Bonds or at all.

1.4.9 *No Restriction on the Bank Incurring Additional Indebtedness*

The Bonds do not restrict the Bank's ability to incur additional debt (including through the issuance of bonds or other debt securities) or securing that indebtedness in the future, which actions may negatively affect the Bank's financial position and its ability to make payments on 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. See also section 1.4.1 (*Subordinated Status*) above.

1.4.10 *Suspension of Trading or Discontinuation of Listing*

Even after the Bonds are admitted to trading on the Official List, the Bank 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, among other things, it determines that such action is required for the protection of investors or of the integrity or reputation of the market. The MFSA may also discontinue the listing of the Bonds on the Official List. Any trading suspension or listing discontinuation described above could have a material adverse effect on the liquidity and value of the Bonds.

1.4.11 *Changes to the Terms and Conditions*

In the event that the Bank wishes to amend any of the Terms and Conditions and/or the relevant Final Terms it shall call a meeting of Bondholders in accordance with the provisions of section 10.14 below. These provisions permit defined majorities to bind all Bondholders (in certain cases also subject to notifying or obtaining the prior permission of the MFSA in terms of the CRR or applicable law) including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

1.4.12 *Currency risk*

Bonds may be denominated in any currency or currencies, subject to any applicable legal or regulatory restrictions. If a Bondholder holds Bonds which are not denominated in the Bondholder's home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. Moreover, the Bank will pay principal and interest on the Bonds in the currency specified in the applicable Final Terms. This presents certain risks relating to currency conversions if a Bondholder's financial activities are denominated principally in a currency or currency unit other than the specified currency of the Bonds. These include the risk that exchange rates may significantly change (including changes due to devaluation of the specified currency or revaluation of the Bondholder's Currency). An appreciation in the value of the Bondholder's currency relative to the specified currency would decrease: (1) the Bondholder's currency equivalent yield on the Bonds; (2) the Bondholder's currency equivalent value of the principal payable on the Bonds; and (3) the Bondholder's currency equivalent market value of the Bonds. As a result, Bondholders may receive less interest or principal than expected, or no interest or principal.

1.4.13 *Volatility Risk*

The market for debt securities issued by the Bank (including the Bonds) is influenced by economic, political and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates. There can be no assurance that events in Malta or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Bonds or that economic and market conditions will not have any other adverse effect on the Bonds.

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 BANK'S PERFORMANCE MAY BE AFFECTED BY CHANGES IN MARKET OR ECONOMIC CONDITIONS AS WELL AS LEGAL, REGULATORY AND TAX REQUIREMENTS APPLICABLE TO THE BANK AND/OR THE BONDS.

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

2.1 Persons Responsible

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

2.2 Authorisation Statement

This 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). Investors should make their own assessment as to the suitability of investing in the Bonds.

2.3 Consent for Use of Base Prospectus

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

- (a) in respect of Bonds subscribed through Authorised Intermediaries pursuant to the relevant Final Terms; and
- (b) to any resale or placement of Bonds taking place in Malta within the period of 60 days from the date of the relevant Final Terms.

There are no other conditions attached to the consent given by the Bank hereby which are relevant for the use of the Base Prospectus and/or the relevant Final Terms.

Neither the Bank, the Sponsor, nor any of their respective advisors, takes any responsibility for any of the actions of any Authorised Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

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

Investors should enquire whether an intermediary is considered to be an Authorised Intermediary in terms of the relevant Final Terms. If the investor is in doubt as to whether it can rely on the Base Prospectus or the relevant Final Terms, and/or who is responsible for the contents thereof, it should obtain legal advice. No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Base Prospectus or the relevant Final Terms or any other document entered into in relation to the Programme. If given or made, it must not be relied upon as having been authorised by the Bank or the Sponsor. The Bank does not accept responsibility for any information not contained in this Base Prospectus or the relevant Final Terms.

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

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

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

Any new information with respect to any Authorised Intermediary unknown at the time of approval of this Base Prospectus or the relevant Final Terms will be made available through a company announcement published on the Bank's website (<https://www.lidionbank.com/investor-relations/>).



3. ADVISORS AND STATUTORY AUDITORS

3.1 Advisors

Legal Counsel	Ganado Advocates 171, Old Bakery Street Valletta VLT 1455, Malta
Sponsor, Manager & Registrar	M.Z. Investment Services Limited (C 23936) 63, MZ House, St. Rita Street Rabat RBT 1523, Malta

The services of the Bank's legal counsel and other advisors in respect of this Base Prospectus are limited to the specific matters upon which they have been consulted. There may be other matters that would have a bearing on the Bank or an investment in the Bonds upon which the Bank's legal counsel and other advisors have not been consulted. The Bank's legal counsel and the other advisors do not undertake to monitor the compliance by the Bank with its obligations as described in this Base Prospectus, nor do they monitor the Bank's activities for compliance with applicable laws. Additionally, the Bank's legal counsel and other advisors have relied and continue to rely upon information furnished to them by the Bank and the Directors, and have not investigated or verified, nor will they investigate or verify the accuracy and completeness of information set out herein concerning the Bank, the Bank's service providers or any other parties involved in the Programme (including all of their respective affiliates, directors, officers, employees and agents). The Bank's legal counsel and the other advisors do not accept any liability in relation to the information contained or incorporated by reference in this Base Prospectus or Final Terms, as and when published, or any other information provided by the Bank in connection with the Programme.

3.2 Statutory Auditors

Deloitte Audit Limited (C 51312), of Deloitte Place, Triq l-Intornjatur, Zone 3, Central Business District, Birkirkara CBD 3050, Malta, were the auditors of the Bank for the period covered by the historical financial information incorporated by reference into this Base Prospectus, and have been appointed as the Bank's statutory auditors until the end of the next annual general meeting of the Bank. Deloitte Audit Limited is a registered audit firm with the Accountancy Board of Malta in terms of the Accountancy Profession Act (Chapter 281 of the laws of Malta) with registration number AB/26/84/81.

4. THE BANK

4.1 General Information

Legal & Commercial Name:	Lidion Bank plc
Company Registration Number:	C 57067
Legal Form:	Public limited liability company in terms of the Companies Act
Place of Registration & Domicile:	Malta
Date of Registration:	26 July 2012
Registered Office Address:	Lidion Bank, Block 3 Level 0, Trident Park, Mdina Road, Zone 2, Central Business District, Birkirkara CBD 2010, Malta
LEI:	213800BJFRCI88UOLL93
Telephone Number:	+356 2092 6000
E-mail Address:	bondholders@lidionbank.com
Website:	https://www.lidionbank.com/

Unless specifically stated herein that particular information is incorporated by reference into this Base Prospectus, the contents of the Bank's website, any other website directly or indirectly linked to the Bank's website, or any other website referred to herein, do not form part of the 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.

4.2 Capital Overview

As at 31 December 2024 both the Bank's Own Funds and Tier 1 Capital stood at €21.8 million, with a Capital Adequacy Ratio of 22.52%. Total assets experienced a robust growth of 82% to €282 million and non-equity funding increased by 84% to €259 million.

4.3 Liquidity Overview

As at 31 December 2024 the Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) stood at 340% and 352% respectively. The Bank's liquidity position is adequate, with both ratios significantly exceeding the minimum regulatory requirement of 100%.

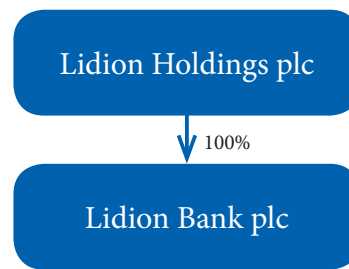
4.4 Borrowing Requirements and Funding Structure

There have been no material changes in the borrowing and funding structure of the Bank since the financial year ended 31 December 2024. Through broad diversification of its fundings sources (by market, product and currency), the Bank maintains and creates a well-balanced portfolio of liabilities, which generate a stable flow of financing and provide protection in the event of market disruptions. This, together with its centralised funding management, enables the Bank to pursue a strategy of efficient funding of business activities.

The Bank's funding approach consists in planning its short-to-medium and long-term funding activities by assessing the overall funding profile of its balance sheet, taking account of the effective maturity of the asset base and the amount of maturing liabilities that will have to be replaced. The ability to continue to fund ongoing business activities through periods of difficult market conditions is also factored into such calculations. The Bank's funding is monitored routinely by its Risk, Finance and Treasury departments as well as the Asset and Liability Committee, Risk Committee and ultimately the Board.

4.5 Group Organisational Structure

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



The principal activities of the Bank are described in further detail in section 4.6.3 below.

Lidion Holdings plc (previously AgriHoldings Plc)

The Parent is a public limited liability company registered and incorporated in terms of the Companies Act (Chapter 386 of the Laws of Malta) with company registration number C 57008 and having its registered office at Trident Park, Block 3 Level 0, Mdina Road, Zone 2, Central Business District, Birkirkara CBD 2010, Malta. The Parent carries on the business of a finance and holding company for the Bank and is economically dependent on the business prospects of the Bank. On 28 December 2017 the Parent's €2,000,000 4.875% Senior Secured Bonds 2024, issued in terms of an Admission Document dated 12 December 2017, were admitted to trading on Prospects MTF (a multilateral trading facility operated by the Malta Stock Exchange). The net proceeds from said Senior Secured Bond Issue were utilised by the Parent for the subscription in full of a privately placed subordinated bond issued by Bank. The purpose of the latter was to increase the Bank's Tier II Capital in line with capital adequacy requirements and for the Bank's general financing requirements to extend its service offerings. These Bonds were redeemed and fully repaid (on their maturity date) on 31 December 2024, evidencing the Group's robust track record.

4.6 Business Overview of the Bank

4.6.1 Historical Development

Lidion Bank traces its origins to 2012, when it was founded in Malta as AgriBank plc, originally focused on providing asset finance to the United Kingdom agricultural sector. From the outset, the Bank offered structured financial products for farming equipment and farmland investment. By 2017, recognising a broader need for SME-focused banking services in Malta, the Bank began to diversify beyond its agricultural remit. Between 2017 and 2020, the Bank expanded its payment and cash management capabilities, incorporating the TARGET¹, as replaced by the TARGET² services, and later SEPA³ functionality. In 2021, it introduced non-recourse factoring services, setting the foundation for a strategic shift towards supporting businesses in the digital economy.

In 2022, 90% of the entire beneficial interest in the Parent was acquired and transferred to Armoza Beheer B.V. and Monde Celeste B.V., with Westmoreland Investments Limited retaining 10% of the ordinary A shares. This transfer, approved by the MFSA and the ECB, brought in new strategic shareholders committed to scaling the Bank's services across Europe. Consequently, in November 2023, the Bank underwent a comprehensive rebranding exercise to become "Lidion Bank", which rebranding signalled a definitive shift toward supporting digitally native companies and broader international markets. The name "Lidion" reflects Leadership, Innovation, and Dedication, and is underscored by the Bank's motto, "Bank Smarter, Grow Faster."

The rebranding was reflective of the evolution of the Bank from its agricultural roots to a diversified banking service provider within the digital era aiming to deliver a seamless and efficient banking experience for its clients. Reaffirming its status as a challenger bank, the rebranding also follows Bank's reprioritisation of client-centricity, serving the tech and digital advertising industry and empowering small and medium enterprises through innovative solutions.

In June 2024 the Bank relocated its headquarters from SkyParks Business Centre (Luqa) to Trident Park, a site recognised for state-of-the-art green architecture. This move aligns with the Bank's Environmental, Social, and Governance (ESG) principles. Beyond physical relocation, Lidion Bank continues to embed sustainability into its core operations and lending practices, striving to reduce its environmental impact and contribute positively to the community.

Over time, to remain at the forefront of responsible banking, the Bank has bolstered its risk management framework with enhanced transaction monitoring, automated AML checks, and improved due diligence. Its partnerships with leading credit insurers, alongside the comprehensive coverage of collateral-backed lending, reflect the Bank's commitment to prudent balance sheet management and overall organisational resilience.

The Bank today stands as a dynamic financial institution, specialising in factoring, lending, and cash management solutions that bridge critical gaps left by traditional lenders. Guided by a digital-first ethos, robust risk mitigation strategies, and a deep understanding of the SME segment—particularly in the high-growth digital advertising sector—the Bank is uniquely positioned to empower businesses with agile, dependable, and secure financial solutions. By continually refining its service offerings, forging strategic partnerships, and adhering to best-practice ESG and compliance standards, Lidion Bank is set to solidify its role as a trusted partner for SMEs across Europe.

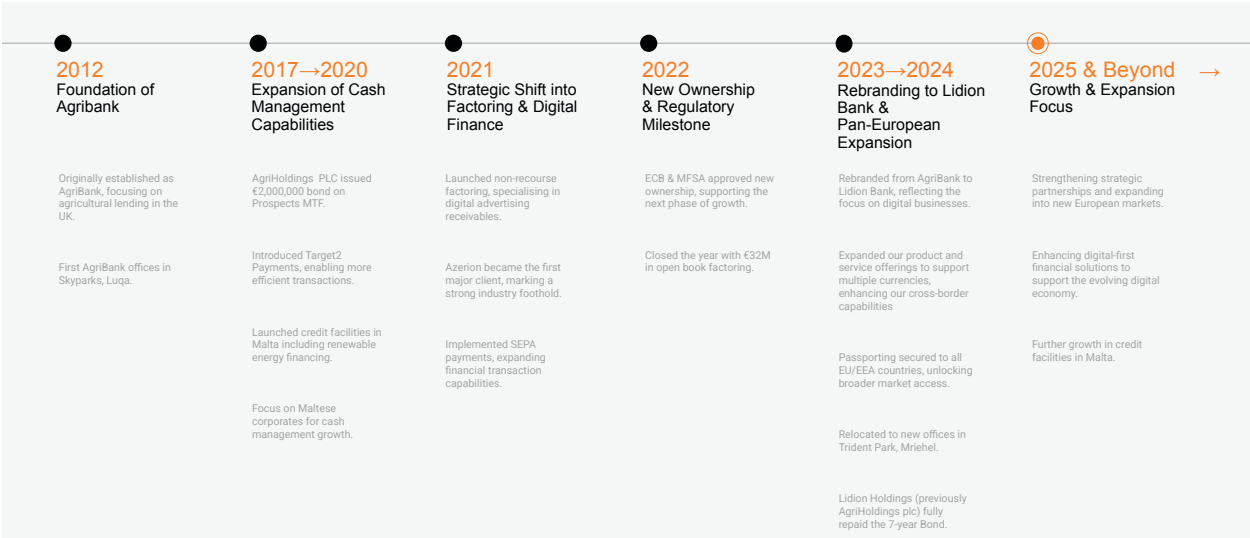
¹ The Trans-European Automated Real-time Gross Settlement Express Transfer System previously operated by the Eurosystem used to settle payments in euro in real time.

² The new-generation Trans-European Automated Real-time Gross Settlement Express Transfer System currently operated by the Eurosystem, which replaced Target2 and which includes the T2 system.

³ The Single Euro Payments Area, is an EU-wide payment framework that enables businesses and individuals to send and receive electronic euro payments across participating countries with the same ease as domestic transactions.



As at 31 December 2024 the Bank has over 45 employees in Malta representing nine different nationalities, servicing 590 corporate clients, and has processed payments exceeding €1.5 billion, in 2024.



Historical Milestones of the Bank

4.6.2 Objects and Purposes of the Bank

The objects of the Bank are set out in clause 4 of its Memorandum of Association. The principal object of the Bank is, in summary, to carry on the business of banking in all its aspects, including the transaction of all financial, monetary and other business which is usually or commonly carried out by banks and/or banking institutions, including but not restricted to any transaction of a financial or monetary nature. A copy of the Memorandum of Association is available for inspection as set out in section 14 of this Base Prospectus.

4.6.3 Principal Activities and Markets of the Bank

The Bank is registered in Malta as a public limited liability company under the Companies Act and is licensed by the MFSA to carry out the business of banking in terms of the Banking Act. The main activities of the Bank involve the provision of various banking services, including bank account and payment services, non-recourse factoring and various types of lending. As part of its legacy business, the Bank has a loan portfolio to the agricultural sector in the United Kingdom, however it is no longer actively pursuing business in this area.

The Bank recognised difficulties faced by SMEs in the digital advertising space which operate on extended payment terms of between 30 to 120 days, creating a precarious mismatch between payables and receivables. Since traditional banks tend to view these businesses as high-risk due to unpredictable revenue cycles and intricate international transactions SMEs in digital advertising struggle to secure the working capital they need. By focusing on these main points, the Bank has positioned itself as an agile, solution-focused institution that provides non-recourse factoring, working capital solutions, and reliable cash management which offering allows digital advertising businesses to maintain stability, bridge cash flow gaps, and continue scaling without being hindered by delays and liquidity shortfalls.

Factoring

In 2021, the Bank introduced non-recourse factoring designed to meet the rapid funding needs of high-growth digital advertising companies. Essentially businesses with multiple invoices tied to large corporate advertisers (e.g., Google, Publicis Groupe, WPP, Xandr, Dentsu) would face significant cash flow gaps due to their payment terms ranging between 30 to 120 days. Through its factoring service the Bank would enter into a true sale and purchase agreement, advancing up to 90% of the invoice value upfront. The Bank's clients are primarily based in the EU, EEA, UK, and US, with the largest receivables concentrated in France, the United States, the United Kingdom, the Republic of Ireland, and Belgium.

This would provide the Bank's client with immediate liquidity by eliminating the lengthy waiting periods tied to their invoice settlement. The customer would also be able to maintain more stable cash flows and be able to cover operating costs immediately and/or reinvest such funds into growth opportunities. Moreover, the non-recourse nature means that such transactions are not recorded as a liability preserving the client's leverage position.

To safeguard against non-payment risks in factoring, Bank has established credit insurance policies with two of the world's leading trade credit insurers: Atradius and Allianz Trade. These arrangements enable the Bank to offer non-recourse factoring with a high level of protection against receivables default. By insulating both the Bank and its SME clients from unforeseen credit events, this approach helps ensure more stable financing terms and predictable cash flow.

A noteworthy strategic partnership exists with Azerion, one of Europe's leading digital media platforms. Azerion became Lidion Bank's largest factoring client, factoring €279 million of its receivables in 2024. This collaboration enables Azerion's subsidiaries to unlock working capital quickly and cost-effectively, while also demonstrating the Bank's capacity to handle large-volume, sector-specific financing. While Lidion Bank's evolution has been driven in large part by its factoring services, the Bank has also broadened its lending and cash management capabilities to serve a wide range of SME requirements.

Lending

The Bank specialises in short-to-medium-term collateral-backed loans. Assets such as property, receivables, or financial instruments secure the Bank's lending activity, thereby mitigating credit risk. This approach appeals to businesses seeking rapid, tailored funding solutions—especially when traditional lenders cannot provide flexible or cross-border financing.

Customers seeking such solutions would generally include cross-border buyers seeking to purchase property in one EU jurisdiction while owning collateral in another and in such instances traditional banks may be unwilling to lend due to geographic complexities or rigid lending criteria. Such transactions fall within the risk appetite of the Bank and the Bank offers short-to-medium-term bespoke, collateral-backed financing, bridging any geographical lending gap.

Cash Management

Recognising the increasing global reach of SMEs, the Bank has invested significantly in cash management and treasury services. Since 2024, it has expanded its multi-currency account offering—introducing eight new currency options—and extended its foreign exchange coverage to several other currencies. This suite of services helps businesses streamline international transactions, minimise Foreign Exchange (“FX”) conversion costs, and manage liquidity efficiently.

This product is targeted towards Electronic Money Institutions (EMI) requiring safeguarding accounts to comply with regulatory obligations. Besides the limited appetite for such transactions among traditional banks, EMI would also face lengthy onboarding processes, restrictive compliance frameworks, and limited appetite among traditional banks. The Bank provides dedicated safeguarding accounts with multi-currency capabilities and direct access to SEPA, SWIFT, and Faster Payments. This serves to minimise FX conversion costs and render international transactions more efficient.

4.6.4 *Trend Information*

There has been no material adverse change in the prospects of the Bank since the financial year end 31 December 2024, being the date of the last published audited financial statements.

After 2 years of an increasing interest rate environment as a result of high inflationary pressures, the ECB started a series of rate cuts as from June 2024, accelerating the pace of easing in late 2024, implementing three consecutive 25bps rate cuts from September to December, bringing the deposit rate down to 3%. This pace of easing continued into 2025 with three rate cuts by the end of April, bringing the deposit facility rate down to 2.25% compared with a previous high of 4% in September 2023. The decision reflects growing confidence that inflation is on track to return sustainably to the 2% target. The market is anticipating further easing during 2025 however, the ECB is likely to keep interest rates at levels which are higher than those which prevailed throughout the decade-long period of exceptionally accommodative monetary policy.

The Bank monitors its interest rate risk and the impact of further reductions in policy rates, on an ongoing basis. In addition, it is expected that while the lower interest rate environment will lead to a limited decrease in revenues, it will also support the credit quality as well as increase the attractiveness of its lending offerings to customers.

Building on a stronger capital base, the Bank aims to broaden its pan-European footprint, particularly in factoring and cash management being areas where demand outpaces the capacity of many traditional institutions. The Bank's strategic priorities include:

- Scaling its digital-first platform to deliver an agile, user-friendly banking experience.
- Enhancing accessibility, security, and efficiency by upgrading internal systems and processes.
- Expanding in high-margin growth areas, primarily factoring and multi-currency treasury services.
- Embedding sustainability and transparency into day-to-day operations and credit decisions.
- Investing in talent and leadership, cultivating a dynamic workplace that fosters innovation.
- Strengthening the second line of defence, ensuring robust risk management and regulatory alignment.

At the date of publication of this Base Prospectus, with the exception of the macroeconomic conditions and market conditions generally, as well as the impact of legislation and regulations applicable to the Issuer and or other financial institutions within the European Union, the Issuer does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have material effect on the upcoming prospects of the Issuer's business for at least up to the end of the current financial year.

4.7 **Regulatory Environment**

The Bank operates in a complex regulatory environment. It is subject to various laws and regulations, several of which are described below, including a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. Recent and future changes in the laws and regulations applicable to the Bank and its operations, including those applicable to credit institutions, may have a significant impact on the Bank and its operations.

Banking Regulatory Framework

The CRD Packages

The CRD IV Package was issued in 2013 to implement into EU law the majority of the international standards agreed by the Basel Committee on Banking Supervision (BCBS) in 2010, known as Basel III framework. The CRD IV Package is comprised of an EU Directive (CRD IV) governing the access to banking activities and an EU Regulation (CRR) establishing the prudential requirements that institutions need to respect. The CRD IV Package impacted the prudential regulatory regime applicable to banks with effect from 1 January 2014 through requirements including increased minimum levels of capital and additional minimum capital buffers, amongst others.

The CRD IV Package was amended through the CRD V Package, which was published in the Official Journal of the European Union on 7 June 2019 and which consists of an additional EU Regulation (CRR II which amended the CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, amongst others) and an EU Directive (CRD V which amended the CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers, amongst others).

Further to this, the CRD IV Package has also been amended by way of the CRD VI Package which was published in the Official Journal on 19 June 2024. The CRD VI Package introduces changes to the CRD through CRD VI and the CRR III, whilst introducing further amendments to the CRR and the BRRD in the area of resolution by way of the Daisy-Chain Regulation which was published in the Official Journal on 25 October 2022. The CRR III's provisions became applicable as of 1 January 2025, with some exceptions in respect of provisions that became applicable as of 9 July 2024. With respect to the CRD VI, the deadline imposed on Member States to transpose the provisions thereof is 10 January 2026 and measures transposing such provisions into national law will become applicable from 11 January 2026.



The CRD VI Package revisions are aimed at implementing the remaining elements of the BCBS international standards (whilst introducing additional regulatory changes applicable to EU banks beyond the BCBS standards) and at enabling EU banks to become more resilient to potential future economic shocks. The CRD VI Package introduces key adjustments to the current standardised approach for credit risk in ensuring it is sufficiently risk sensitive in several areas, the inclusion of the fundamental review of the trading book in respect of market risk, the introduction of a new standardised measurement approach for measuring the minimum capital requirements for operational risk and the enhancement of the legislative provisions surrounding ESG requirements.

BRRD and SRMR

The BRRD was published in the Official Journal of the European Union on 12 June 2014 and came into force on 2 July 2014. The SRMR, which complements the BRRD, subsequently entered into force on 19 August 2016. The BRRD establishes a legal regime which requires entities to prepare recovery plans and resolution authorities to prepare resolution plans and provides competent authorities with early intervention powers to intervene sufficiently early and quickly in an unsound or failing institution. The BRRD also gives resolution authorities powers and tools to ensure the continuity of critical functions, to safeguard the resolution objectives and to manage the failure of an institution in an orderly manner if deemed to be in the public interest.

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

Normal insolvency proceedings are the default outcome in the event of a bank failure, unless the resolution authorities consider that resolution action is feasible and credible in the circumstances. Before deciding whether or not to take resolution action, a Public Interest Assessment (“PIA”) needs to be carried out by the resolution authorities in order to analyse the feasibility of winding up a bank under normal insolvency proceedings as well as to assess the feasibility of any foreseen resolution action.

The SRMR and the BRRD were amended in 2016 by way of the SRMR II and BRRD II. The SRMR II entered into force on 28 December 2020 and BRRD II had to be transposed by European Union Member States into national law by no later than 28 December 2020. SRMR II incorporates the amendments to the BRRD at the level of the SRM. The BRRD II aims to enhance the framework for bank resolution by, among other things, adjusting the MREL requirements of resolution entities and subsidiaries to align it with the Total loss Absorbing Capacity (“TLAC”) standard. The more stringent new rules aim to increase the bail-inable capital available in case of a bank resolution, thus improving resolvability and consequently reducing the risk of public funds being used for bank resolutions.

The Recovery & Resolution Regulations transpose into Maltese law the provisions of the BRRD, as amended by BRRD II. Pursuant to article 7B of the MFSA Act, the Board of Governors of the MFSA acts as the Resolution Authority for the purposes of article 3 of the BRRD. The Resolution Authority has appointed a Resolution Committee which has all the powers assigned to the Resolution Authority under the BRRD and whose composition, powers and functions are governed by provisions set out in the First Schedule to the MFSA Act and the Recovery & Resolution Regulations. In certain instances, the Resolution Committee needs to work hand in hand with the SRB. The SRB assesses, in cooperation with the NRAs, the resolvability of banks and drafts resolution plans for banks falling under its direct supervision.

Amongst other amendments, the BRRD and the SRMR were also amended by the Daisy Chain Act which was published in the Official Journal of the European Union on 22 April 2024. The amendments to the BRRD introduced by the Daisy Chain Act were transposed by way of amendments to the Recovery & Resolution Regulations that entered into force on 15 November 2024 pursuant to the Recovery and Resolution Regulations (Amendment No. 2) Regulations, 2024 (L.N. 302 of 2024). These changes were primarily aimed at incorporating liquidation entities within the scope of the BRRD and SRMR, with a specific MREL treatment being included in the framework for such liquidation entities.

The SRB is responsible for the resolution of systemically important institutions and the relative NRA would be entrusted with the implementation of the resolution scheme adopted by the SRB. In the case of banks falling under the direct supervision of the NRAs, the latter would be responsible for the resolution of the bank in question. In the case of credit institutions that meet the applicable conditions for resolution, the SRB or the Resolution Committee, as the case may be, has the following tools available at its disposal:

- (i) the sale of business tool: enabling the SRB or the Resolution Committee, as the case may be, to affect a sale of the whole or part of the business;
- (ii) the bridge institution tool: providing for a temporary bridge institution to continue to provide essential services to clients of the institution under resolution;
- (iii) the asset separation tool: enabling the transfer of ‘bad’ assets to a separate asset management vehicle. This tool can only be used in conjunction with any other tool; and
- (iv) the bail-in tool: ensuring that most unsecured creditors bear losses and bail-in the institution under resolution.

The BRRD, as amended by BRRD II, specifies that where the SRB or the Resolution Committee, as the case may be, determines that a credit institution meets the relevant conditions for resolution, but a resolution action would not be in the public interest, then such credit institution shall be wound up in an orderly manner in accordance with the applicable national insolvency proceedings.

The SRB or the Resolution Committee, as the case may be, must exercise the power to write down and convert shares and other capital instruments and eligible liabilities immediately before or together with the application of a resolution tool if such resolution tool would result in losses being borne by creditors or their claims being converted. The power to write down or convert capital instruments and eligible liabilities may be exercised by the SRB or the Resolution Committee, as the case may be, either: (i) independently of resolution action; or (ii) in combination with a resolution action, where the conditions for resolution are met. Regulation 34 of the Recovery & Resolution Regulations sets out a number of general principles which are applicable when applying such resolution tools and exercising such resolution powers, including that (i) the shareholders of the institution under resolution bear first losses and (ii) the creditors of the institution under resolution bear losses after the shareholders in accordance with the order of priority of their claims under normal insolvency proceedings, save as expressly provided otherwise in the Recovery & Resolution Regulations. The SRB or the Resolution Committee, as the case may be, has very wide powers as necessary to apply the above-mentioned resolution tools, including the power to take control of an institution under resolution and exercise all the rights and powers conferred upon the shareholders, other owners and the board of directors of the institution under resolution and the power to transfer shares or other instruments of ownership issued by an institution under resolution, amongst others.

The Daisy Chain Regulation, published on the Official Journal on 25 October 2022, brought about further amendments to the BRRD and the CRR and introduced targeted adjustments that aim to improve the resolvability of banks. The CRR amendments under the Daisy Chain Regulation became applicable as of 14 November 2022 whilst the amendments to the BRRD in relation to MREL instruments have been transposed in the Recovery & Resolution Regulations by way of Legal Notice 129 of 2024, namely the Recovery and Resolution (Amendment) Regulations, 2024.

Furthermore, on 18 April 2023, the European Commission published another set of legislative proposals to amend the EU framework on credit institutions' crisis management and deposit insurance ("CMDI"), including proposals to amend the BRRD and the SRMR. This package focuses on improving the effectiveness of the resolution tools for the purposes of managing small and medium-sized credit institutions that are failing or likely to fail so as to ensure that resolution is a viable solution and an easily accessible alternative to national insolvency proceedings. The final CMDI legislative changes are yet to be finalised as at the date of this Prospectus.

Depositor Compensation

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

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

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

The European Commission's CMDI package proposing amendments relating to banks' crisis management also amends the framework relating to depositor compensation by proposing amendments to Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (recast), which is transposed locally through the DCSR. The Commission's proposal incorporates a number of changes, including amendments relating to the manner in and priority with which a failed bank's creditors and depositors are repaid their assets in case the bank is insolvent and subsequently wound up.

Payment Services Directive

Directive (EU) 2015/2366 on payment services in the internal market (known as PSDII) entered into force in January 2016 and this was transposed into local legislation on 13 January 2018 by means of Central Bank of Malta Directive no 1 (repealing the previous Central Bank of Malta Directive no. 1). PSDII seeks to enhance consumer protection when effecting online payments, whilst at the same time promoting the use of innovative online and mobile payment solutions. On 28 June 2023, a proposal for a new Payment Services and Electronic Money Services Directive (PSDIII) and a proposal for a new Payment Services Regulation (PSR) were published, revising and replacing PSDII (both proposals are referred to as the "Payment Services Package").

The proposed Payment Services Package is targeted at updating and modernising legislation on payment services, addressing the safe and secure access to electronic payment transactions by payment services users within the EU, whilst also aiming to provide a greater choice of payment service providers on the market. The Commission *inter alia* proposes to amend the rules on strong customer authentication to strengthen this feature and ensure it is widely accessible and to increase transparency regarding certain payments. The Payment Services Package remains at proposal stage as at the date of this Prospectus.

Other Regulation

Prevention of Money Laundering and Funding of Terrorism

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

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

On the 19 June 2024, the AML/CFT legislative package was published in the Official Journal of the EU. This package comprises of: (i) the AMLR; (ii) the AMLA Regulation; and (iii) the AMLD VI.

The AMLR harmonises AML rules and requirements and aims to increase transparency on beneficial ownership for legal entities, trusts and other arrangements, whilst minimising the misuse of anonymous financial instruments. Amongst others, the AMLR extends the list of 'obliged entities', lowers the threshold which triggers customer due diligence for occasional transactions and imposes additional enhanced due diligence requirements. These changes will apply from 10 July 2027, with some exceptions.

The AMLA Regulation establishes the Anti-Money Laundering Authority ("AMLA"), ensuring effective enforcement of the EU's rules on fighting money laundering and the financing of terrorism. The AMLA will have direct supervision on high-risk obliged entities in the financial sector, oversight on the non-financial sector, coordination and harmonisation responsibilities in respect of financial intelligence units (FIUs) across the EU and the role of issuing technical standards, guidance notes, recommendations and opinions. The AMLA Regulation will apply from 1 July 2025, with certain provisions having already become applicable on 26 June 2024.

The AMLD VI repeals the previous directive (the 4th AML Directive) and imposes on Member States requirements to conduct national risk assessments every four years and set up systems providing a single-access point for information, namely central beneficial ownership registers, bank account information registers and real-estate registers. Furthermore, the AMLD VI provides for powers to national FIUs to issue penalties and suspend or withhold consent for transactions, amongst other powers. The deadline for Member States to transpose the AMLD VI is 10 July 2027.

Data Protection

The GDPR came into full effect from 25 May 2018 and replaced the previous EU Directive 95/46 EC. The GDPR applies to all controllers of personal data (such as banks) established in the European Union or who otherwise (i) offer goods or services, or (ii) monitor the behaviour to/of natural persons within the EU. As an EU Regulation, the GDPR is directly applicable into Maltese law without the need for any local transposition. On 28 May 2018, Malta enacted the Data Protection Act (Chapter 586 of the laws of Malta), which replaced the previous Data Protection Act (Chapter 440 of the laws of Malta) and was used to further specify certain provisions of the GDPR.

The GDPR introduced increased obligations on data controllers and enhanced rights for data subjects. The requirements established by these laws affect the Bank's ability to collect, handle, store, retain, process, and use (collectively "process") personal data and transfer data to countries outside of the EU and the EEA (particularly in relation to those non-EEA countries which have not yet been recognised as offering an adequate level of data protection under their laws). The GDPR also requires data controllers to demonstrate and record compliance with the GDPR (including by means of appropriate documentation), as well as to notify personal data breaches to their competent data protection supervisory authority (which in Malta would be the Information and Data Protection Commissioner) without undue delay (within 72 hours from becoming aware of the breach) and, in certain cases, to the individuals whose data has been impacted by the breach. Various other compliance obligations arise for controllers under the GDPR, including in relation to data protection impact assessments, data subject rights, the use of adequate technical and organisational measures, the conditions on which processors may be engaged and ensuring data protection by design and by default within their organisation.

The GDPR, as supplemented by the revised Maltese Data Protection Act, also provides for separate tiers of administrative fines in the event of an infringement (amongst other corrective powers available to supervisory authorities). The amounts that are contemplated by these tiers are significant and sizeable, but they also represent maximum limits, and the imposition of a fine is not an automatic consequence for non-compliance. The Information and Data Protection Commissioner may at its discretion utilise other corrective measures, if considered by it to be more proportionate in the circumstances. Furthermore, guidelines issued by the European Data Protection Board, the designated EU body in charge of the application of the GDPR, also identify a list of criteria which supervisory authorities such as the Information and Data Protection Commissioner should take into account when investigating an alleged infringement and considering whether to impose an administrative fine, including amongst others, the nature, the risk, severity and the duration of the infringement. Criminal penalties are also envisaged in certain exceptional and particularly severe cases set out at law, such as where a person does not comply with any lawful request pursuant to an investigation by the Information and Data Protection Commissioner.

4.8 Material Contracts

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

4.9 Legal and Arbitration Proceedings

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



5. FINANCIAL INFORMATION

5.1 Historical Financial Information

The historical financial information of the Bank is set out in the audited financial statements for the financial period 1 July 2021 to 31 December 2022 and those for the financial years ended 31 December 2023 and 31 December 2024.

During 2022, the Bank changed its financial year end from June to December. As a result, audited financial statements for 2022 cover an 18-month period and are therefore not directly comparable to the subsequent two financial years, which each cover a 12-month period. Also, during the period under consideration the Bank undertook a rebranding exercise and in late 2023, the Bank changed its legal name from AgriBank plc to Lidion Bank plc.

The Bank's audited financial statements, and the auditors' reports thereon, for financial period 1 July 2021 to 31 December 2022, and those for the financial years ended 31 December 2023 and 31 December 2024 shall be deemed to be incorporated by reference in, and form part of, this Base Prospectus. These financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and endorsed by the European Union. The Bank's audited financial statements are available for inspection at the Bank's registered office and on the Bank's website (<https://www.lidionbank.com/investor-relations>) as set out in section 14 of this Base Prospectus.

As at the date of this Base Prospectus there has been no material adverse change in the prospects of the Bank, nor has there been a significant change in the financial position or performance of the Bank since 31 December 2024 (being the date of the Bank's last published audited financial statements).

Key References

The following table provides a list of cross-references to specific items of information in the Bank's audited financial statements for the financial period 1 July 2021 to 31 December 2022 and those for the financial years ended 31 December 2023 and 31 December 2024 respectively.

Information incorporated by reference in the Base Prospectus	Page number in annual report		
	Financial year ended 31 December 2024	Financial year ended 31 December 2023	Financial period 31 December 2022
Directors' Report	10-14	10-14	7-10
Statements of Profit or Loss	16	16	11
Statements of Financial Position	17	17	12-13
Statements of Cash Flows	19	19	15
Notes to the Financial Statements	20-61	20-61	16-70
Independent Auditors' Reports	62-67	62-67	71-76

5.1.1 Key Financial Information

Set out below are summarised extracts from the Issuer's audited financial statements for the financial period 1 July 2021 to 31 December 2022, and those for the financial years ended 31 December 2023 and 2024. The below tables provide an overview of the main financial information and relevant ratios of the Bank.

Lidion Bank plc - Statement of Comprehensive Income

For the financial period / year	01 January 2024 to 31 December 2024	01 January 2023 to 31 December 2023	01 July 2021 to 31 December 2023
	€'000	€'000	€'000
Period covered	12 months	12 months	18 months
Net interest income	8,579	6,005	2,659
Net fee and commission income	1,988	1,208	3,090
Net operating income before net impairment losses	10,566	7,213	5,749
Net impairment losses	(855)	(279)	(158)
Net operating income	9,711	6,934	5,592
Operating expenses	(6,515)	(5,318)	(5,038)
Profit before tax	3,196	1,615	554
Income tax (expense) / income	(501)	(565)	972
Profit after tax	2,695	1,050	1,526
Other comprehensive income for the year, net of tax	-	-	(70)
Total comprehensive income	2,695	1,050	1,455



Lidion Bank plc - Statement of Financial Position

As at 31 December	2024	2023	2022
	€'000	€'000	€'000
Assets			
Balance with Central Bank of Malta, and cash and cash equivalents	169,449	77,037	33,223
Loans to customers	34,261	24,727	17,486
Factored receivables	68,156	42,643	31,865
Other assets	10,309	10,265	11,718
Total assets	282,175	154,672	94,292
Liabilities			
Amounts owed to customers	255,332	135,772	77,773
Other liabilities	3,770	5,183	3,851
Total liabilities	259,102	140,955	81,624
Total equity	23,073	13,718	12,668
Total liabilities and equity	282,175	154,672	94,292

Lidion Bank plc - Statement of Cash Flows

For the financial period/year	01 January 2024 to 31 December 2024	01 January 2023 to 31 December 2023	01 July 2021 to 31 December 2023
	€'000	€'000	€'000
Period covered	12 months	12 months	18 months
Net cash from operating activities	88,862	44,326	7,710
Net cash used in investing activities	(1,317)	(438)	(319)
Net cash (used in) / from financing activities	4,867	(75)	4,824
Net movement in cash and cash equivalents	92,412	43,814	12,215
Cash and cash equivalents at the beginning of the period/year	77,037	33,223	20,833
Cash and cash equivalents at the end of the period/year	169,449	77,037	33,048

Lidion Bank plc - Performance, Liquidity, and Capital Ratios

As at 31 December	2024	2023	2022
Liquidity and Capital Ratios			
Common Equity Tier 1 Ratio	22.5%	18.3%	21.3%
Tier 1 Ratio	22.5%	18.3%	21.3%
Total Capital Ratio	22.5%	18.8%	22.5%
Leverage Ratio	7.1%	8.3%	12.1%
Liquidity Coverage Ratio	340.1%	844.8%	326.2%
Net Stable Funding Ratio	352.0%	214.6%	167.9%
Performance Ratios			
Net operating income to Total average assets	4.5%	5.6%	7.8%
Operating expense to Total average assets	3.0%	4.3%	7.0%
Cost-to-income Ratio	61.7%	73.7%	87.6%
Profit before tax to average Equity	17.4%	12.2%	5.6%
Profit after tax to average Equity	14.6%	8.0%	15.3%

5.1.2 Financial Review: FY2022 -2024

Over the period under consideration, the Bank's results were positively impacted by the Bank's change in strategic direction. The Bank is strategically focused on providing essential working capital to the rapidly growing digital advertising sector, broadening its suite of account, payment, and foreign exchange services. In parallel, the Bank is committed to harness cutting-edge technology to enhance the accessibility, security, and efficiency of its banking services.

A key initiative in this technological advancement is the Lidion Integration Suite, a significant leap towards integrating the Bank's banking solutions seamlessly into the digital ecosystem. In tandem reducing the cost-to-income ratio remains a priority for the Bank which is reflective of its commitment to efficiency and sustained profitability. This demands not only a vigilant control over expenses but also a proactive approach in boosting operational efficiencies and adopting smarter, cost-effective technological solutions. Additionally, the Bank is seeking to expand its suite of high-margin services, particularly in areas where it possesses a competitive edge, such as the factoring business and treasury and cash management solution.

As a result, in 2022, the Bank stopped growing its agricultural portfolio (the Bank's legacy business which comprised asset finance solutions tailored to the UK agricultural sector) which is now in run-off, introduced factoring of receivables in the digital advertising industry as part of its service offerings and broadened its service lines to corporate banking clients.



Over the past three financial periods / years, the Bank registered a substantial improvement in profitability, with profits before tax increasing from €0.6 million in 2022 to €1.6 million in 2023 and €3.2 million in 2024. The increase in profitability was mainly driven by a significant increase in net interest income which was only in part offset by an increase in expenses.

During the period under consideration, interest income which is the Bank's main revenue component, increased from €3.2 million in 2022 to €8.1 million in 2023 and €11.9 million in 2024. This growth was attributable to growth in the Bank's factored receivables (the "**Factoring Book**") and loans to customers (the "**Lending Portfolio**") as well as a substantial increase in treasury and cash management.

The Bank's Factoring Book consists of invoices purchased at a discount and tenors between 30 and 120 days. The Bank's Factoring Book stood at €68.1 million as at 31 December 2024 (December 2023: €42.6 million), net of expected credit losses of € nil (2023: €0.2 million). In 2024, the Bank's Factoring Book registered an increase of 59.8% over the prior year and 105.9% when compared to the balance of €31.9 million as at 31 December 2022 driven by the shift in the Bank's strategic direction in particular the introduction of factoring of receivables in the digital advertising industry as part of its service offerings.

The Bank's Lending Portfolio largely consists of property-backed facilities to European corporate and private clients, covering both residential and commercial properties. The Bank's Lending Portfolio stood at €34.3 million as of 31 December 2024 (2023: €24.7 million), net of expected credit losses of €0.9 million (2023: €0.1 million).

The Bank also holds a portfolio of liquid assets comprising primarily balances with the Central Bank of Malta but also some Malta Government Stocks. As at 31 December 2024 the Bank's treasury portfolio stood at €171.9 million registering an increase of 116.2% when compared to the prior year (31 December 2023: €79.5 million).

The Bank funded its asset base from deposits with customers and subordinated debt which matured in late 2024. The growth of the Bank's deposit base in the European market, especially following increased advertising on its online deposit platform, which is accessible to the European network, and the rise in interest rates, has strengthened and made more robust the Bank's funding platform. The Bank's core deposit offering comprises a range of fixed-term and other saving products such as non-interest-bearing current accounts and notice accounts which are repayable once notice is given, and the stipulated notice period has passed. As at 31 December 2024, the Bank's deposit base reached €255.3 million (2023: €135.8 million).

Due to higher funding costs (interest expense increased from €0.5 million in 2022 to €2.1 million in 2023 and €3.4 million in 2024), following the increase in interest rates by the ECB, the Bank's interest margin (i.e. net interest income ÷ interest income) declined from 83.5% in 2022 to 71.9% in 2024.

The Bank also generated net fee and commission income over the period under consideration which comprises mainly account maintenance, opening, and payment fees. A significant portion of such fees and commissions earned by the Bank are of a one-time nature and are recognised at the point in time when the transaction takes place. Net fee and commission income fluctuated from €3.1 million in 2022 to €1.2 million in 2023 and €2.0 million in 2024. The decrease in 2023, which in part is explained by the fact that 2022 covers an 18-month period as opposed to 12 months, was due to initiatives undertaken by the Bank in lowering fees to factoring clients to partly counteract the increase in interest rates. Subsequently, in 2024, net fee and commission income bounced back largely driven by the growth in business across all products.

Net impairment losses in 2024 increased to €0.9 million (from €0.3 million and €0.2 million in 2023 and 2022 respectively), primarily due to the write-off of a non-performing loan relating to the Bank's legacy business which is now in run-off and a provision in relation to sports financing, a new service offering launched in 2024 but which the Bank has since decided not to pursue. The Bank monitors its loan portfolio and applies risk management practices to identify any potential deterioration in credit quality early on. The percentage of total loans to customers, factoring receivables and finance lease receivables that were non-performing as at 31 December 2024 amounted to 3.3% (December 2023: 2.9%), with €3.5 million (December 2023: €2.0 million) total non-performing exposures. These exposures were covered by collateral totalling to €2.9 million (December 2023: €1.2 million).

In 2024, the Bank invested heavily in its technology, maintaining its commitment to becoming a dynamic, tech-driven institution. In fact, the book value of intangible assets and property, plant, and equipment increased from €0.5 million to €1.2 million and from €0.1 million to €0.4 million respectively as at 31 December 2024 when compared to the prior year thereby also increasing the related amortisation and depreciation. As a result, operating expenses in 2024 amounted to €6.5 million increasing from €5.3 million in 2023 and €5.0 million in 2022 (with the latter covering an 18-month period). Despite this increase in operating expenses, the Bank has over the period under consideration managed to improve its cost-to-income ratio decreasing it from 87.6% in 2022 to 73.7% in 2023 and 61.7% in 2024.

Capital, specifically instruments that qualify as CET1 in terms of the CRR is key to the Bank's growth. The Bank remains committed to operating with strong regulatory ratios and a robust liquidity position. As at 31 December 2024, the Bank's Own Funds stood at €21.8 million (December 2023: €13.2 million) resulting a Total Capital Ratio of 22.5% (December 2023: 18.8%). Following the redemption of the subordinated debt, as at 31 December 2024 the Bank's Tier 1 Capital and Common Equity Tier 1 Capital also stood at €21.8 million (December 2023: €12.9 million) resulting in Tier 1 and Common Equity Tier 1 Ratios of 22.5% (December 2023: 18.3%).

To further optimise the equity position of the Bank, an additional €6.7 million of shareholders' advances were injected, reaching €13.1 million as of 31 December 2024 (December 2023: €6.5 million). This increase contributed to further fuel the growth in the Bank's factoring business and resulted in a further 68.2% growth in total equity, reaching €23.1 million as of 31 December 2024 (December 2023: €13.7m).

The Bank's liquidity position also remained strong, as reflected in the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio which as at 31 December 2024 stood at 340.1% (31 December 2023: 844.8%) and 352.0% (31 December 2023: 214.6%) respectively. The Bank's LCR has therefore remained well above the regulatory limit of 100%.



6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

6.1 The Board of Directors

The Memorandum of Association of the Bank provides that the business and affairs of the Bank shall be managed and administered by a Board of not less than three (3) and not more than nine (9) Directors. Directors of the Bank are appointed by means of an ordinary resolution taken in general meeting.

As at the date of this Base Prospectus, the Board is composed of six (6) Directors who are responsible for the overall direction, management and strategy of the Bank, each of whom is listed below:

Name & Surname	Designation
Mr Trond Dale	Non-Executive Independent Director & Chairman
Mr Jonathan Bellizzi	CEO & Executive Director
Dr Desiree Cassar	Non-Executive Independent Director
Mr Stephen Muscat	Non-Executive Independent Director
Mr Frank J Sekula	Non-Executive Director
Mr Mehmet Zafer Karataş	Non-Executive Director

The Board currently consists of one (1) executive Director entrusted with the Bank's day-to-day management, and five (5) non-executive Directors, the majority of whom are independent of the Bank. The business address of the Directors is that of the Bank. The *curriculum vitae* of each the Directors is set out in section 6.2 below.

The company secretary of the Bank is Dr Francesca Briffa Polidano.

6.2 Curriculum Vitae of the Directors

Mr Trond Dale

Committee Memberships: Audit Committee, Risk Committee

Trond Dale has served as Chairman of the Board of Fortnox Aktiebolag (a business platform with the objective of connecting people, companies and organizations to help companies to start, grow and develop their businesses) since 27 March 2019, and has been Director of the Parent since 21 March 2018. On 12 July 2022 Mr Dale was authorised by the MFSA to hold the position of Chairman of the Board of Directors of the Bank. He holds a degree in Economics and Business Administration from University of St. Gallen and has had a career within investment banking at Chemical Bank in Oslo, Goldman Sachs in London and Credit Agricole in Stockholm where he held senior positions such as Managing Director and Head of Capital Markets. For the past five years he has focused on financial solutions for small and medium technology and growth companies through ABS Global Factoring and Beringer Finance. Mr Dale is also a Board Member of Racom AS.

Mr Jonathan Bellizzi

Committee Memberships: Credit Committee, Financial Crime Compliance Committee, Executive Committee, Asset-Liability Committee (Chairperson)

Mr Bellizzi's career within the financial services industry spans over 17 years, covering various roles including operations, product, project, relationship management and business development where he has garnered a wealth of experience in payments, cards, electronic money, factoring, and risk management. He joined the Bank as CEO in February 2019 and was appointed as an Executive Director in 25 February 2019. His career in the banking sector commenced in 2006 with a short stint at Lombard Bank Malta plc (C 1607), followed by a role at APS Bank plc (C 2192). After completing his studies in Financial Services and Associateships at the University of Manchester, UK, he transitioned to Novum Bank Ltd (C 46997). During his time at Novum he spearheaded the setting up the Mastercard licence and launch of various card programmes on the German, Austrian and Swiss markets. In 2017, Jonathan moved to Insignia Cards Ltd (C 54426), serving first as COO and then as General Manager thereof.

Dr Desiree Cassar

Committee Memberships: Audit Committee (Chairman), Risk Committee⁴

Dr Desiree Cassar is a lawyer and heads the Financial Services and Tax Department at DC-Advocates. She has extensive experience in advising local and international clients across a variety of key industry sectors. Her legal practice focuses on banking, tax and financial law as well as general commercial and corporate law. She started her career in the financial services department of a local law firm before moving on to PricewaterhouseCoopers, Malta where she progressed to Manager within the firm's Tax and Legal Department. During this period, she was also seconded to PricewaterhouseCoopers, Utrecht. Dr Cassar was the Company Secretary of the Bank and the Parent for a number of years. Currently she is a member of the Board of Directors of Malita Investments p.l.c. (C 53047) and secretary to the Malta Financial Services Advisory Council (MFSAC), established by the Malta Government, for the purpose of *inter alia* setting up a long-term strategy for Financial Services in Malta and overseeing its implementation. Dr Cassar graduated with a doctorate of law from the University of Malta in 2003 and was subsequently awarded the diploma in taxation by the Malta Institute of Taxation.

⁴ Both of Dr. Cassar's Committee positions are subject to regulatory approval by the MFSA's Banking Unit.

Mr Stephen Muscat

Committee Membership: Audit Committee, Risk Committee (Chairman)⁵

Mr Muscat is a Certified Public Accountant and a graduate of the University of Malta with a BA (Honours) Accountancy degree, a fellow of the Malta Institute of Accountants, the Malta Institute of Taxation and the Institute of Directors (UK). He is the former CEO and Director of Maltacom p.l.c., today GO p.l.c. (C 22334). Mr Muscat is an authorized Company Service Provider serving as a Non-executive Director of holding and trading companies, as well as a Director of locally licensed financial institutions. Currently he is a member of the Board of Directors and chairs or is a member of the Audit Committee of public bond issuers listed on the official list of the MSE. Mr Muscat is also a director of the Parent.

Mr Frank Sekula

Committee Memberships: N.A.

Mr Sekula founded the Bank (formerly AgriBank) in 2012 using a combination of his financial services and farming expertise. He has over thirty years of financial services experience which includes: credit risk management, liability management, debt and equity capital markets, M&A and restructuring advisory; and has experience executing transactions for companies across various sectors in Europe, the US, and Asia. Mr Sekula began his career in investment banking in New York in various roles with CS First Boston, Bankers Trust, and PaineWebber. In 1997, he joined Barclays Capital in London to help build its high yield debt business. Mr Sekula also spent nearly 10 years with Barclays Capital in various senior roles. At the height of the financial crisis, he joined Kaupthing Bank as Head of Debt Products to restructure its £4.5 billion portfolio of principal finance and in 2009, he joined Jefferies International as Head of Recapitalisation and Restructuring. In 2009, Mr Sekula formed his family office, New Kensington Capital, which manages a portfolio of public and private investments, including its stake in Lidion Bank.

Mr Mehmet Zafer Karataş

Committee Memberships: N.A.

Mr. Zafer Karataş is a seasoned expert in business management, mergers and acquisitions, reorganizations, and financial audit. Graduating from Uludağ University in 1987 with a degree in Electronic Communications Engineering, Mr. Karataş has since held key positions in prominent organizations, showcasing his extensive industry knowledge and leadership skills. Currently serving as the Chairman of the Board at MeritGrup, a technology company, Mr. Karataş also sits on the Supervisory Boards of DVA Bilisim and Most Teknoloji. His previous roles include CEO of 3-D Bilisim A.S. and management positions at KPN Telecom, Intime Group, and Nortel Networks in the Netherlands from 1991 to 1998.

6.3 Conflicts of Interest

As at the date of this Base Prospectus, the Bank has identified and manages the following roles which may give rise to conflicts of interest:

- Mr Trond Dale, Mr Stephen Muscat and Mr Frank Sekula are also directors of the Parent.
- Mr Frank Sekula is also the indirect shareholder of 8.27% of the Bank.
- Mr. Mehmet Zafer Karatas is a shareholder and a director of Azerion, the Bank's largest factoring client.

Save for the above, there are no other identified conflicts of interest between the duties of the Directors towards the Bank and/or the Group and their private interests and/or other duties. The Corporate Governance Code provides that Directors' primary responsibility is always to act in the interest of the Bank and its shareholders as a whole irrespective of which shareholder nominated him/her to the Board. Accordingly, a Director should avoid conflicts of interest at all times and the personal interests of a Director must never take precedence over those of the Bank and its shareholders.

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

The Audit Committee of the Bank has the task of ensuring that any potential conflicts of interest that might arise pursuant to these different roles held by the directors are handled in the best interest of the Bank and according to law. The fact that the Audit Committee is constituted in its entirety by independent, non-executive Directors provides an effective measure to ensure that related party transactions (that will be vetted by the Audit Committee) have been entered into on an arms-length basis.

6.4 Board Committees and Corporate Governance

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

6.4.1 Board Committees

Board committees are composed entirely of Directors and each Board Committee has its own terms of reference, setting out the Board Committee's mandate, scope and working procedure. Minutes are kept of all the business transacted during Committee meetings. All Directors have access to Board Committee papers and minutes. Board Committee Chairs report on Board Committee business at the subsequent Board meetings, also through written briefs. Overleaf are descriptions of the functions of each Board Committee and of the composition thereof as at the date of this Base Prospectus. The Company Secretary acts as secretary to both Board committees.

⁵ Mr. Muscat's appointment as Chairman of the Risk Committee is currently subject to regulatory approval by the MFSA's Banking Unit.



Audit Committee

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

The Audit Committee, which meets at least 4 times a year, is a committee of the Board and is directly responsible and accountable to the Board.

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

The Audit Committee is composed of the following members:

- Dr. Desiree Cassar (Chairperson)⁶
- Mr Stephen Muscat
- Mr Trond Dale

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

BDO Malta currently acts as the internal auditor for the Bank, with the function being fully outsourced. BDO reports directly and regularly to the Audit Committee, ensuring appropriate oversight and governance. An annual Internal Audit Plan is prepared and agreed upon in advance, which plan is outlined on a risk-based approach to identify and prioritise areas of focus. This ensures that audit activities remain aligned with the Bank's risk profile and regulatory expectations.

Risk Committee

The Risk Committee acts as the Risk Council of the Board on all risk related matters. The Risk Committee has overall responsibility for the establishment and oversight of the risk management framework. It is made up of three non-executive members of the Bank's Board. The Committee assists the Board in identifying, measuring monitoring and controlling the Bank's key risks as well as reviewing current practices employed by the overall risk management structure within the Bank. The Risk Committee's responsibilities extend to supervising regulatory capital management and risk-based performance measurement. This Committee is also responsible for ensuring the Bank's exposures are in line with the risk appetite approved by the Board of Directors on an annual basis.

The Risk Committee is composed of the following members:

- Mr Stephen Muscat (Chairperson)⁷
- Mr Trond Dale
- Dr. Desiree Cassar⁸

6.4.2 Management Committees

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

Credit Committee

This Committee has the overall responsibility for the development, implementation, and enforcement of the Bank's credit risk principles. This includes establishing risk control frameworks, formulating risk policies, and determining methodologies for measurement and assessment of credit risk. The Credit Committee assesses the creditworthiness of individual counterparties and the adequacy and effectiveness of any security or credit hedges, monitors large client exposures and any conditions for the impairment of assets and allowances. The Committee also evaluates credit risk in portfolios, sub-portfolios and other aggregations, including country risk.

The Credit Committee is composed of the following members:

- Mr Luke Calleja (Chairman)
- Mr Jonathan Bellizzi
- Mr Stephen Said Sarreo

Financial Crime Compliance Committee

The Financial Crime Compliance Committee is responsible to carry out comprehensive evaluation, oversight, reduction, and prevention of all forms of risks associated with Anti-Money Laundering, Counter Financing of Terrorism, Anti-Bribery and Corruption, and Sanctions. Furthermore, the Financial Crime Compliance Committee has the overall responsibility for the onboarding of high-risk customers. The Financial Crime Compliance Committee is composed of the following members:

- Dr. Francesca Briffa Polidano (Chairperson)
- Mr Stephen Said Sarreo
- Mr Jonathan Bellizzi

⁶ As previously indicated Dr. Cassar's appointment as Chairperson of the Audit Committee is currently subject to regulatory approval by the MFSA's Banking Unit.

⁷ As previously indicated Mr. Muscat's appointment as Chairman of the Risk Committee is currently subject to regulatory approval by the MFSA's Banking Unit.

⁸ As previously indicated Dr. Cassar's appointment as a member of the Risk Committee is currently subject to regulatory approval by the MFSA's Banking Unit.

Asset-Liability Committee (“ALCO”)

The ALCO is responsible for overseeing the effective management of the Bank's balance sheet, with a focus on optimizing returns while adhering to risk constraints and regulatory requirements. Its key responsibilities include identifying, measuring, and managing market risks inherent in the Bank's balance sheet, as well as overseeing interest rate risk exposure and recommending appropriate mitigation strategies. ALCO also plays a critical role in liquidity management by ensuring the Bank maintains a strong liquidity position to meet its obligations and withstand financial shocks. Furthermore, the committee supports strategic decision-making by providing guidance on asset allocation, funding sources, and liability management, thereby contributing to the Bank's overall financial stability and performance.

The Asset-Liability Committee is composed of the following members:

- Mr Jonathan Bellizzi (Chairman)
- Mr Luke Calleja
- Mr. Nazim Durlu;
- Mr. Stephen Said Sarreo.

6.5 Compliance with Corporate Governance Requirements

As a result of the Bond Issue and pursuant to the terms of the Capital Markets Rules, the Bank is required to comply with the provisions of the Corporate Governance Code. The Bank declares its full support for the Corporate Governance Code and undertakes to fully comply with the Corporate Governance Code to the extent that this is considered complementary to the size, nature, and operations of the Bank. The Bank shall also, on an annual basis in its annual report, detail the level of the Bank's compliance with the principles of the Corporate Governance Code, explaining the reasons for noncompliance, if any. As at the date of this Prospectus, the Board considers the Bank to be in compliance with the Corporate Governance Code, save for the following exceptions:

Principle 7 (Evaluation of the Board's Performance): The Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of the Board itself (three (3) of which are independent non-executive Directors), the Bank's shareholders, the market and all of the rules and regulations to which the Bank is subject as a company with its securities listed on a regulated market.

Principle 8 (Committees): The Board considers that the size and operations of the Bank do not warrant the setting up of remuneration and nomination committees. The Bank does not believe it is necessary to establish a nomination committee as appointments to the Board are determined by the shareholders of the Bank in accordance with nomination and appointment process set out in the Bank's Memorandum and Articles of Association. Without prejudice to the suitability requirements which are required to be satisfied by members of the Board in accordance with the banking legislation, the Bank considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Corporate Governance Code.

7. SHARE CAPITAL STRUCTURE AND MAJOR SHAREHOLDERS

7.1 Share Capital Structure

As at the date of this Base Prospectus, the Bank's authorised share capital is €58,786,411, divided into 43,049,650 Ordinary Shares of €1.1654 each; 6,950,349 Ordinary A Shares and 1 Ordinary B Share, both of €1.2397 each respectively. The Bank's issued share capital is €8,616,348.90 divided into 6,950,350 Ordinary A Shares and 1 Ordinary B Share, both of €1.2397 each respectively, all fully paid up. The Ordinary A Shares and the Ordinary B Shares are the only authorised and issued classes of Shares in the Bank.

In terms of the Bank's Memorandum and Articles of Association, the holder of the Ordinary B Shares shall not be entitled to vote in respect of its shares nor to receive any dividends distributed. On the return of asset on a liquidation or otherwise, the holder of the Ordinary B Shares shall only be entitled to a repayment of the nominal amount paid up on such Ordinary B Shares to the extent that there are sufficient assets of the Bank available for distribution and remaining after payment of the Bank's debts and liabilities and after payment of the nominal amount paid up on Ordinary A Shares of the Bank. The holder of the Ordinary B Shares shall not be entitled to any bonus shares upon the capitalisation of any share premium or other reserve by the Bank. Save for the aforesaid all of the ordinary Shares in the Bank rank *pari passu* in all respects, including in terms voting rights, participation in dividends and other distributions of profits of the Bank or otherwise.

7.2 Major Shareholders

To the extent known by the Bank, the Bank's largest shareholders (or beneficial owners) are Atilla Aytekin and Umut Akpinar who own 36.37% each indirect and beneficial interest in the Bank via their holdings in the Parent through Armoza Beheer B.V. and Monde Celeste B.V., respectively. Monde Celeste B.V. holds 5,458,250 Ordinary A shares in the Parent, whilst Armoza Beheer B.V. holds 5,458,250 Ordinary A shares and 1 Ordinary B Share in the Parent, respectively. There are no arrangements currently known to the Bank the operation of which may, at a subsequent date, result in a change of control in the Bank.



8. USE OF PROCEEDS AND OTHER KEY INFORMATION

8.1 Use of Proceeds

The net proceeds from each issue of Bonds will constitute an integral part of the Bank's capital plan to further strengthen its Tier 2 Capital requirements in terms of the CRR and will be used by the Bank to meet part of its general financing requirements. If, in respect of any particular issue, there is a particular use of proceeds identified, this will be stated in the applicable Final Terms.

8.2 Expenses of Programme

The Programme will involve expenses, including professional fees and costs related to publicity, advertising, printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred all of which will be borne by the Bank. The expenses of each Bond Issue shall be set out in the relevant Final Terms.

9. TERMS AND CONDITIONS OF THE PROGRAMME

9.1 General Terms and Conditions

Bonds issued under the Programme are issued in Series and each Series may comprise one or more Tranches. Final Terms will be published in respect of each Tranche and will complete the Terms and Conditions set out in section 10.

The Bonds issued under the Programme may be denominated in any currency as set out in the relevant Final Terms, up to a maximum aggregate principal amount of the Bonds that may be issued under the Programme not exceeding €10,000,000 (or its equivalent in other currencies).

The Programme and the publication of the Base Prospectus were authorised by a resolution of the Board passed on 10 June 2025.

9.2 Terms and Conditions of Application

UNLESS OTHERWISE SUPPLEMENTED AND/OR COMPLETED BY THE RELEVANT FINAL TERMS, THE FOLLOWING TERMS AND CONDITIONS SHALL APPLY TO ANY APPLICATION.

- 9.2.1 Applications for subscription to the Bonds may be made through the Authorised Intermediaries. Applications must be accompanied by the full price of the Bonds applied for in Euro, or in the currency of the Bonds as set out in the relevant Final Terms, and in cleared funds at the Issue Price.
- 9.2.2 Applications shall in all cases be subject to a minimum subscription amount of €10,000 in Nominal Value of Bonds in relation to each underlying client to which an Application relates.
- 9.2.3 The contract created by the Bank's (or an Authorised Intermediary's) acceptance of an Application shall be subject to the terms and conditions set out in this Base Prospectus as well as the Terms and Conditions, as completed by the relevant Final Terms.
- 9.2.4 If the subscription is made on behalf of another person, legal or natural, the person making such subscription will be deemed to have bound that person and will be deemed also to have given the confirmations, warranties, and undertakings contained in these terms and conditions on their behalf. Such Applicant may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Sponsor or the relevant Authorised Intermediary, as applicable.
- 9.2.5 In the case of joint Applicants, reference to the Bondholder in the Application 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 CSD Register 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 CSD Register in respect of such Bond shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held.
- 9.2.6 In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the CSD Register. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Bank to be the holder of the Bond so held and shall have the right to receive interest on the Bond and to vote at meetings of Bondholders, but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.
- 9.2.7 Any Bonds held by minors shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents/legal guardian/s 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. This is provided that the Bank has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 9.2.8 Legal entities, including corporates or corporate entities or association of persons, applying for the Bonds need to have a valid Legal Entity Identifier ("LEI") which needs to be valid and unexpired, at least, until the admission to listing of the Bonds. Without a valid LEI, the Application will be cancelled by the Sponsor and/or the Authorised Intermediary (as applicable) and subscription monies will be returned to the Applicant.
- 9.2.9 No person receiving a copy of the Base Prospectus and/or the Final Terms, as the case may be, in any territory other than Malta may treat the same as constituting an invitation or offer to such person, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to subscribe for the Bonds to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 9.2.10 It shall be incumbent on the respective Authorised Intermediaries to ascertain that all other applicable regulatory requirements relating to the subscription of the Bonds by an Applicant are complied with, including without limitation, the obligation to comply with all anti-money laundering and counter-terrorist financing rules and regulations, all applicable requirements of MiFIR as well as the applicable Conduct of Business Rulebook and MFSA rules for investment services providers.



- 9.2.11 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, all appointed Authorised Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws. Furthermore, such information shall be held and controlled by the MSE in terms of the Data Protection Act and/or the GDPR, each as amended from time to time, for the purposes, and within the terms of the MSE’s Data Protection Policy as published from time to time.
- 9.2.12 Subject to all other terms and conditions set out in this Base Prospectus and/or the Final Terms, as the case may be, the Bank or the Sponsor (acting on the Bank’s behalf) reserves the right to reject, in whole or in part, or to scale down, any Application, for any and/or reason whatsoever, including but not limited to multiple or suspected multiple Applications or any Application which in the opinion of the Bank or the Sponsor (acting on the Bank’s behalf) is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Both original and electronic copies of Applications submitted to the Bank by Authorised Intermediaries will be accepted.
- 9.2.13 By submitting a completed and signed Application, any Applicant:
- (a) agrees and acknowledges to have had the opportunity to read the Base Prospectus, the relevant Final Terms and any other document entered into in relation to the Programme, and to be deemed to have had notice of all information and representations concerning the Bank and the issue of the Bonds contained therein;
 - (b) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Bank, which is available on the Bank’s website at <https://www.lidionbank.com/privacy-policy>. 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 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;
 - (c) warrants that the information submitted by the Applicant when subscribing for the Bonds is true and correct in all respects. All Applicants must have a valid MSE account number that will be used for the purposes of registering the Bonds by the CSD. In the event of a discrepancy between the details provided by the Applicant and those held by the MSE in relation to the MSE account number indicated by the Applicant, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - (d) authorises the Bank (or its service providers, including the CSD and/or the Sponsor) and/or the relevant Authorised Intermediary, as applicable, to process the personal data provided by the Applicant, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act 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 addressed to the Bank and sent to the CSD at the MSE. The requests must be signed by the Applicant to whom the personal data relates;
 - (e) confirms that in making such Application, no reliance was placed on any information or representation in relation to the Bank or the Programme other than what is contained in this Base Prospectus, the relevant Final Terms and any other document entered into in relation to the Programme, and accordingly agree/s that no person responsible solely or jointly for this Base Prospectus, the relevant Final Terms and any other document entered into in relation to the Programme, or any part thereof will have any liability for any such other information or representation;
 - (f) 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 PMLA, and that such monies will not bear interest;
 - (g) agrees to provide the Authorised Intermediary, Sponsor and/or the Bank, as the case may be, with any information which it/they may request in connection with the Application;
 - (h) warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her Application in any territory, and that the Applicant has not taken any action which will or may result in the Bank, Authorised Intermediary, or the Sponsor, as applicable, acting in breach of the regulatory or legal requirements of any territory in connection with the Bond Issue and/or his/her Application;
 - (i) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
 - (j) represents that s/he 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 or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
 - (k) agrees that the advisors to the Bank in relation to the Programme will owe the Applicant no duties or responsibilities concerning the Bonds or their suitability for the Applicant;
 - (l) agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant’s own risk to the address indicated by the Applicant in its Application; and
 - (m) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Bank against any amount due under the terms of these Bonds.

9.3 Distribution to Retail Clients

The Bonds are complex investment products, including as a result of their subordination, callability and the potential resolution action which may be taken in respect thereof.

Subject to the provisions of the relevant Final Terms, the Bonds may be open for subscription to all categories of investors, provided that an Authorised Intermediary may only distribute the Bonds to Retail Clients subject to a Suitability Test to be performed in respect of such Applicants.

In such an event, an Authorised Intermediary shall not accept an application from a Retail Client unless it is satisfied, based on the results of such Suitability Test, that an investment in the Bonds is suitable for the Applicant.

A similar requirement exists in respect of acquisitions of Bonds on the secondary market whereby, investment services license holders must ensure that Bonds are only sold to Retail Clients if they are satisfied, based on the results of a Suitability Test, that an investment in the Bonds is suitable for the Retail Client.

The requirement to carry out a Suitability Test arises in terms of Regulation 44A of the Recovery & Resolution Regulations and Rule 4.1.49 of the Conduct of Business Rule Book, and applies in all cases irrespective of the investment service being provided i.e. both for advisory and non-advisory investment services.

For the purpose of this Base Prospectus, the term “**Suitability Test**” means the process through which an Authorised Intermediary providing an investment service in relation to the subscription for the Bonds obtains such information from the Applicant as is necessary to enable the Authorised Intermediary to assess whether the Bonds are considered suitable for him/her in accordance with the Conduct of Business Rulebook. The information obtained pursuant to this assessment must be such as to enable the Authorised Intermediary to understand the essential facts about the Applicant and to have a reasonable basis for believing that the specific transaction satisfies the following criteria, it:

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

9.4 Plan of Distribution and Allotment

The plan of distribution and allotment of each Tranche shall be set out in the relevant Final Terms.

9.5 Allocation Policy

The allocation policy of each Tranche shall be set out in the relevant Final Terms.

10. TERMS AND CONDITIONS OF THE BONDS

10.1 General

The terms and conditions applicable to any particular Tranche of Bonds shall be the Terms and Conditions set out below as completed by the relevant Final Terms. In the event of any inconsistency between these Terms and Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

All Applicants (or purchasers from time to time on the secondary market) of the Bonds are deemed to have knowledge, accept and be bound by these Terms and Conditions, as completed by the relevant Final Terms.

In the event of any inconsistency or conflict between the provisions of these Terms and Conditions and any laws or regulations applicable to the Bank from time to time, such laws and regulations shall govern and control and these Terms and Conditions shall be construed accordingly.

10.2 Currency and Denomination, Form and Title

10.2.1 Currency and Denomination

All Bonds issued under the Programme will, unless otherwise specified in the relevant Final Terms, have a denomination of €100 (or, if the Bonds are denominated in a currency other than Euro, the equivalent amount in such currency at the date of issue). Bonds may be denominated in any currency or currencies, subject to any applicable legal or regulatory restrictions. The currency/ies, and if applicable the denomination, of Bonds issued under each Tranche shall be specified in the relevant Final Terms.

10.2.2 Form and Title

The Bonds are to be issued in fully registered and dematerialised form without coupons and are to be represented in uncertificated form by the appropriate entry in the CSD Register. There will be entered in the CSD Register, the names, addresses, identity card numbers (or details of some other official document, in the case of natural persons), registration numbers and LEI numbers (in the case of companies), and account details of the Bondholders and the particulars of the Bonds held by them respectively. Bondholders will also have, at all reasonable times during business hours, access to the CSD Register only in so far and for the purposes limited to the inspection of information held on their respective accounts. Each Bondholder consents to the Bank having a right to obtain, from the CSD Register, any available information on the Bondholders including contact details and their holdings of Bonds.

Certificates will not be delivered to Bondholders and title to the Bonds shall be evidenced by an electronic entry in the CSD Register. The CSD will issue, upon a request by a Bondholder, a statement of holdings to a Bondholder evidencing that Bondholder's entitlement to Bonds held in the register CSD Register. Except as ordered by a court of competent jurisdiction or as required by law, the Bank shall be entitled to treat the person in whose name a Bond shall be registered in the CSD Register as the absolute owner thereof for the purpose of making payment and for all other purposes, regardless of any notice of any nominee relationship or trust.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond.

10.3 Status

The Bonds (their repayment and the payment of interest thereon) shall constitute the general, direct, subordinated, unsecured and unconditional obligations of the Bank to the Bondholders, and shall at all times rank *pari passu*, without any priority or preference among themselves. In the event of the dissolution and winding up of the Bank, the claims of Bondholders in respect of the payment of capital and interest on the Bonds constitute, so long as the Bonds qualify as Tier 2 Instruments, Tier 2 Claims under the Ranking Legislation, and will have the ranking set out in the Ranking Legislation.

The claims in respect of the principal and interest of the Bonds will, in the event of the dissolution and winding-up of the Bank and provided such Bonds qualify as Tier 2 Instruments:

- (a) be subordinated in right of payment in the manner provided in the Ranking Legislation to:
 - (i) all Preferred Claims,
 - (ii) all Ordinary Unsecured Claims;
 - (iii) all Secondary Unsecured Claims; and
 - (iv) all Senior Subordinated Claims;
- (b) rank *pari passu* with all other Tier 2 Claims (including claims in respect of other Bonds that qualify as Tier 2 Instruments;
- (c) rank in priority to (i) the claims in respect of all Additional Tier 1 Instruments of the Bank and (ii) the claims in respect of all Common Equity Tier 1 Instruments of the Bank.

If any Bonds cease to qualify as Tier 2 Instruments, the claims in respect of such Bonds will, in the event of the dissolution and winding-up of the Bank, rank *pari passu* with all Senior Subordinated Claims, subject to Ranking Legislation.

In the event of a resolution of the Bank or outside of resolution, at the early intervention stage, the Bonds are subject to conversion or write down by the applicable resolution authority as provided by law.

No security or guarantee of whatever kind is being, or shall at any time be, provided by the Bank or by any other person for the purpose of securing the obligations of the Bank to Bondholders in respect of the Bonds.

10.4 Limited Remedies / No Set-Off

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 these Terms and Conditions, as completed by the relevant Final Terms, (including the non-payment of interest and principal) shall be the right available to the Bondholders under applicable law to file an application in court for the dissolution and winding-up of the Bank in those instances set out by law.

Claims in respect of any Bonds may not be set-off or netted, by the relevant Bondholder against or in respect of any of its obligations to the Bank and every Bondholder waives, and shall be treated for all purposes as if it had waived, any right that it might otherwise have to set-off or net any of its claims in respect of any Bonds, against or in respect of any of its obligations to the Bank. If, notwithstanding the preceding sentence, any Bondholder receives or recovers any sum or the benefit of any sum in respect of any Bonds by virtue of any such set-off or netting, it shall hold the same on trust for the Bank and shall pay the amount thereof to the Bank or, in the event of the winding up of the Bank, to the liquidator of the Bank.

10.5 Acceleration Event

In the event that an extraordinary resolution passed at a general meeting for the dissolution, winding-up or liquidation of the Bank or an order by the applicable judicial authorities is made for the dissolution, liquidation or winding-up of the Bank or an order for liquidation is made by the competent authority in respect of the Bank under the Controlled Companies (Procedure for Liquidation) Act (Chapter 383 of the laws of Malta) or the dissolution, winding-up or liquidation of the Bank is carried out in terms of any other law that may come into force from time to time, the Bonds shall immediately become due and payable at their Nominal Value, together with interest accrued up to the date of repayment, if any, in accordance with the ranking established by law. Such an acceleration event shall be subject to any overriding provisions of the Recovery & Resolution Regulations and any other applicable law, provided that the acceleration event will not be triggered solely by any resolution carried out under the Recovery & Resolution Regulations or any moratorium provided for thereunder.

10.6 Rights Attached to the Bonds

There are no special rights attached to the Bonds other than the right of the Bondholders to: (i) attend, participate in and vote at meetings of Bondholders in accordance with these Terms and Conditions (as completed by the relevant Final Terms); (ii) receive payment of capital and interest in accordance with the ranking as provided in these Terms and Conditions (as completed by the relevant Final Terms); and (iii) enjoy such other rights attached to the Bonds emanating from this Base Prospectus and the relevant Final Terms.

10.7 Interest

Each Bond shall bear interest on its outstanding principal amount at the fixed rate specified in the Final Terms from (and including) the Interest Commencement Date up to (but excluding) the Maturity Date. Interest on Bonds shall be payable in arrears in Euro, or in the specified currency of the Bonds, on each Interest Payment Date and on the Maturity Date. The first payment of interest shall be made on the first Interest Payment Date. In the event that any Interest Payment Date falls due on a day other than a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day.

In respect of Bonds, when interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 365-day year, and in the case of an incomplete month, the number of days elapsed. Interest shall cease to accrue on each Bond on the day preceding the Maturity Date unless payment of principal is improperly withheld or refused or unless the Bank defaults in respect of payment, in which event, interest shall continue to accrue at the rate specified in the relevant Final Terms until the date of payment thereof.

10.8 Yield

The gross yield, calculated on the basis of the interest rate of the Bonds, the Issue Price, and the redemption value of the Bonds shall be set out in the relevant Final Terms.

10.9 Payments

- 10.9.1 The Bank will discharge all of its payment obligations under the Bonds by making payments to the bank accounts of the Bondholders indicated in the CSD Register. Payments will be made only by bank transfer into the bank accounts of Bondholders that are provided in the relevant Application or as otherwise provided to the CSD. If no bank account number is provided, payments will be withheld (without interest) until a bank account number is provided. The Bank has no responsibility or liability for the records relating to, or payments made in respect of, holdings of Bonds through the CSD. The Bank shall not be responsible for any loss or delay in transmission or any charges in connection therewith.
- 10.9.2 Repayment of the principal amount of the Bonds will be made in Euro, or in the specified currency of the Bonds, on the Maturity Date or an Early Redemption Date or on an Early Redemption (Exceptional Event) Date as the case may be by the Bank to the person in whose name such Bonds are registered as at the close of business on the Maturity Date, together with interest accrued up to (but excluding) the Maturity Date. The Bank shall not be responsible for any loss or delay in transmission. Upon repayment of the principal the Bonds shall be redeemed and the appropriate entry made in the CSD Register.
- 10.9.3 In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Bank/ or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.
- 10.9.4 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the relevant Interest Payment Date. Such payment shall be effected within seven (7) days of the relevant Interest Payment Date. The Bank shall not be responsible for any loss or delay in transmission.
- 10.9.5 All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments by the Bank in respect of the Bonds may be made gross of any amount to be deducted or withheld for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, collected, withheld, assessed or levied by or on behalf of the Government of Malta or any other authority thereof or therein having power to tax.
- 10.9.6 No commissions or expenses shall be charged by the Bank to Bondholders in respect of such payments. The Bank shall not be liable for charges, expenses and commissions levied by parties other than the Bank.
- 10.9.7 Any claim against the Bank by Bondholders in connection with all payments due to them in respect of the Bonds shall be prescribed (time-barred) upon the lapse of five (5) years from the day on which an action in relation to the same can be exercised.

10.10 Redemption

- 10.10.1 Unless redeemed on an Early Redemption Date or on an Early Redemption (Exceptional Event) Date in accordance with the terms of this section (or purchased and cancelled in accordance with section 10.11 below), the Bonds shall be redeemed at their Nominal Value on the Maturity Date.
- 10.10.2 If provided for in the relevant Final Terms, the Bank may in terms of article 78(1) of the CRR, at any time following the fifth anniversary of the Issue Date, redeem the Bonds on any Early Redemption Date, subject to:
- (a) obtaining the prior permission of the MFSA and provided that one of the following conditions is met:
 - (i) before or at the same time of the redemption, the Bank replaces the Bonds being redeemed with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Bank; or
 - (ii) the Bank has demonstrated to the satisfaction of the MFSA that the own funds and eligible liabilities of the Bank would, following the redemption, exceed the requirements for own funds and eligible liabilities laid down in the CRR, the CRD and the BRRD by a margin that the MFSA considers necessary at such time;
 - or
 - (b) obtaining a general prior permission of the MFSA in terms of article 78(1) subparagraph 2 of the CRR for a specified period (which shall not exceed one year, but which may be renewed) and for a certain predetermined amount set by the MFSA, which amount shall not exceed 10% of the relevant Series and shall not exceed 3% of the total amount of all outstanding Tier 2 instruments issued by the Bank, subject to criteria set by the MFSA that ensure that any such future action will be in accordance with one of the conditions set out in points (i) and (ii) of paragraph (a) above and provided that the Bank provides sufficient safeguards as to its capacity to operate with own funds above the amounts required in the CRR and the CRD.
- 10.10.3 The Bank may in terms of article 78(4) of the CRR, at any time prior to the fifth anniversary of the Issue Date, redeem the Bonds on an Early Redemption (Exceptional Event) Date, subject to obtaining the prior permission of the Resolution Committee, the satisfaction of the conditions set out in 10.10.2 above, and the satisfaction of one of the conditions set out in article 78(4) of the CRR.
- 10.10.4 To the extent that the Bonds qualify as Eligible Liabilities Instruments and if provided for in the relevant Final Terms, the Bank may redeem the Bonds on an Early Redemption Date, subject to obtaining the prior permission of the Resolution Committee and the satisfaction of one of the conditions set out in article 78a(1) of the CRR.
- 10.10.5 In order to redeem the Bonds in terms of sections 10.10.2 and 10.10.3, the Bank must also give the Bondholders at least 30 days' notice in writing, which notice shall be given in the manner set out in section 10.15 below and by way of a Company Announcement published by the Bank. The notice of redemption shall be effective upon the date of publication of the aforementioned company announcement, shall be irrevocable and shall oblige the Bank to make, and the Bondholder to accept, such redemption on the date specified in the notice.



10.10.6 Each Bond may be redeemed only in whole and not in part and any partial redemption of the Bonds held by a Bondholder shall be made only in multiples of equal to the Nominal Value thereof. Any redemption of the Bonds prior to the Maturity Date shall take place by payment of all principal together with interest accrued and unpaid on the Bonds being redeemed until the relevant Early Redemption Date or Early Redemption (Exceptional Event) Date.

10.11 Purchase and Cancellation

10.11.1 The Bank and/or its subsidiaries may in terms of Article 78(1) of the CRR, at any time following the fifth anniversary of the Issue Date, purchase the Bonds in the open market or otherwise and at any price, subject to:

- (a) obtaining the prior permission of the MFSA and provided that one of the following conditions is met:
 - (i) before or at the same time of the purchase, the Bank (or its subsidiary) replaces the Bonds being purchased with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Bank; or
 - (ii) the Bank has demonstrated to the satisfaction of the MFSA that the own funds and eligible liabilities of the Bank would, following the purchase, exceed the requirements for own funds and eligible liabilities laid down in the CRR, the CRD and the BRRD by a margin that the MFSA considers necessary at such time;

or

- (b) obtaining a general prior permission of the MFSA in terms of article 78(1) subparagraph 2 of the CRR for a specified period (which shall not exceed one year, but which may be renewed) and for a certain predetermined amount set by the MFSA, which amount shall not exceed 10% of the relevant Series and shall not exceed 3% of the total amount of all outstanding Tier 2 instruments issued by the Bank, subject to criteria set by the MFSA that ensure that any such future action will be in accordance with one of the conditions set out in points (i) and (ii) of paragraph (a) above and provided that the Bank provides sufficient safeguards as to its capacity to operate with own funds above the amounts required in the CRR and the CRD.

10.11.2 The Bank and/or its subsidiaries may in terms of article 78(4) of the CRR, at any time prior to the fifth anniversary of the Issue Date, purchase Bonds in the open market or otherwise and at any price, subject to obtaining the prior permission of the MFSA, the satisfaction of the conditions set out in 10.11.1 above, and the satisfaction of one of the conditions set out in article 78(4) of the CRR.

10.11.3 To the extent that the Bonds qualify as Eligible Liabilities Instruments and if provided for in the relevant Final Terms, the Bank may, in terms of article 77(2) of the CRR, purchase the Bonds in the open market or otherwise and at any price on any Early Redemption Date, subject to obtaining the prior permission of the Resolution Committee and the satisfaction of one of the conditions set out in article 78a(1) of the CRR.

10.11.4 All Bonds purchased by or on behalf of the Bank or its subsidiaries will be cancelled and may not be re-issued or re-sold. Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Bank in respect of any such Bonds shall be discharged.

10.12 Transferability

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

10.12.2 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Bank or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the Bond.

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

10.12.4 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.

10.12.5 As the Bonds will be held at the CSD, investors will have to rely on its procedures for transfers. The CSD will not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of principal or interest on the Bonds.

10.13 Further Issues

The Bank may from time to time, without the consent of the Bondholders, 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 Bank may determine 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. Although the amount of Bonds that may be issued under the Programme is limited to €10,000,000 (or its equivalent in other currencies), there is no other restriction on the amount of debt that the Bank may incur (whether through the issuance of debt securities or otherwise). Accordingly, the Bank may incur additional indebtedness (other than the indebtedness incurred in relation to the issue of the Bonds), which indebtedness may be secured by the whole or any part of its 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 Bank.

10.14 Meetings of the Bondholders, Amendment

The Bank may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Base Prospectus require the approval of a Bondholders' meeting, including *inter alia* to affect amendments to the Terms and Conditions and/or the applicable Final Terms in respect of one or more Tranches. In the event that the Bank 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.

10.14.1 A meeting of Bondholders or Affected Bondholders shall be called by the Board by giving all Bondholders or all Affected Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable,



sufficient information on any amendment of these Terms and Conditions, the Base Prospectus and/or the applicable Final Terms, as the case may be, that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders or the Affected Bondholders. Following a meeting of Bondholders or Affected Bondholders held in accordance with the provisions contained hereunder, the Bank shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders or the Affected Bondholders whether the necessary consent to the proposal made by the Bank has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders or the Affected Bondholders in accordance with the provisions of this section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Bank.

- 10.14.2 The amendment of any of the provisions of these Terms and Conditions may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof. The amendment of any of the provisions of (a) these Terms and Conditions in so far as they relate to Affected Bondholders only or (b) the applicable Final Terms in respect of one or more Tranches may only be made with the approval of the relevant Affected Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- 10.14.3 In any case where the Bank is required, in terms of the CRR or applicable law, to notify or obtain the prior permission of (as the case may be) the MFSA in respect of an amendment to the provisions of these Terms and Conditions and/or the applicable Final Terms, then such amendment can only be undertaken subject to such prior notice being given or consent obtained.
- 10.14.4 Subject to the provisions of section 10.14.3 above, the Bank may amend the Terms and Conditions and/or the applicable Final Terms without the approval of the Bondholders or the Affected Bondholders (as applicable) if such amendment is of a formal, minor or technical nature or is made to correct a manifest error.
- 10.14.5 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, at least two (2) Bondholders or Affected Bondholders present, in person or by proxy, representing not less than 50% in Nominal Value of the Bonds then outstanding, shall constitute a quorum. Provided that in respect of a meeting of all Bondholders, the Bondholders present must represent at least 50% in Nominal Value of all Bonds then outstanding, while in respect of a meeting of Affected Bondholders, the Affected Bondholders present must represent at least 50% in Nominal Value of all Bonds outstanding in that Series or Tranche, as the case may be. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders or Affected Bondholders present at that meeting. The Bank shall, within two (2) days from the date of the original meeting, publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than 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.
- 10.14.6 Any person who in accordance with the Articles of Association of the Bank is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders or Affected Bondholders.
- 10.14.7 Once a quorum is declared present by the chairperson of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders or Affected Bondholders to present their views to the Bank and the other Bondholders or Affected Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Bank to a vote of the Bondholders or Affected Bondholders present at the time at which the vote is being 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.
- 10.14.8 The voting process shall be managed by the company secretary of the Bank under the supervision and scrutiny of the Bank's auditors.
- 10.14.9 The proposal placed before a meeting of Bondholders or Affected Bondholders shall only be considered approved if at least 75% in Nominal Value of the Bonds held by the Bondholders or Affected Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.
- 10.14.10 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Bank shall apply *mutatis mutandis* to meetings of Bondholders or Affected Bondholders.

10.15 Notices

Notices to Bondholders shall be mailed to them at their respective addresses contained in the CSD Register and shall be deemed to have been served at the expiration of three (3) calendar days after the date of mailing. In proving such service, it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at the address contained in the CSD Register.

10.16 Governing Law and Jurisdiction

10.16.1 Governing Law

The Bonds, all the rights and obligations of the Bondholder and the Bank, and any non-contractual obligations arising out of or in connection with the Bonds, shall be governed by and construed in accordance with Maltese law.

10.16.2 Jurisdiction

The Courts of Malta shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, all the rights and obligations of the Bondholder and/or the Bank, and any non-contractual obligations arising out of or in connection with the Bonds. The Bank and the Bondholders hereby irrevocably submit to the exclusive jurisdiction of the Courts of Malta to hear and determine any proceedings and to settle any dispute which may arise out of, or in connection with the Bonds.

Each of the Bank and the Bondholder waives any objection to the Maltese Courts on grounds of inconvenient forum or otherwise as regards proceedings in connection herewith and agrees that a judgment or order of such a Court shall be conclusive and binding on it and may be enforced against it in the Courts of any other jurisdiction.

11. FORM OF FINAL TERMS

Final Terms dated [•]



Lidion Bank plc (the “Bank”)

Issue of [•] unsecured subordinated bonds (the “Bonds”)

€10,000,000 Unsecured Subordinated Bond Issuance Programme

ISIN: [•]

[Series: [•]]

Tranche No: [•]

Part A – Contractual Terms

These are the Final Terms for the issue of a Tranche of Bonds under the Bank’s €10,000,000 Unsecured Subordinated Bond Issuance Programme (the “Programme”) [and comprise the final terms required for the issue and admission to trading on the Official List of the MSE of the Bonds described herein pursuant to the Programme].

Capitalised terms used herein which are not defined shall have the definitions assigned to them in the Base Prospectus dated [date] which was approved by the MFSA in Malta on [date] [and the Supplement[s] to the Base Prospectus dated [date]] which [together]⁹ 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 the Base Prospectus [as so supplemented]. Full information on the Bank 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 any Supplement (if applicable), and these Final Terms are available for viewing at the office of the Bank 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 Bank (<https://www.lidionbank.com/investor-relations/>). Copies of the Base Prospectus and these Final Terms may be obtained free of charge from the registered office of the Bank. A summary of this individual issue is annexed to these Final Terms (Annex 1).

THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS

1. Issuer	Lidion Bank plc
2. [Series Number]	[•]
3. Tranche Number	[•]
4. Specified Currency	[•]
5. Aggregate Nominal Value:	
i. Series	[•]
ii. Tranche	[•]
6. Issue Price of the Bonds	[•]
7. Specified denomination (Nominal Value)	[•]
8. Number of Bonds offered for subscription	[•]
9. Issue Date	[•]
Interest Commencement Date	[•]
10. Maturity Date	[•]
11. Early Redemption Date/s	[•]/[Not applicable]
12. Redemption Value	Redemption at par
INTEREST	
13. Rate of Interest	[•]
14. Interest Payment Date/s	[•]
15. Calculation agent (if applicable)	[•]
GENERAL PROVISIONS	
16. Corporate authorisations for issuance of the Bonds	The issuance of the Bonds was authorised pursuant to a resolution of the Board of Directors passed on 10 June 2025
17. Taxation	As per “Taxation” section of the Base Prospectus.

⁹ Delete if no Supplement has been published.



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 Bank dated 18 June 2025.

Responsibility

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

Signed on behalf of Lidion Bank plc

Duly represented by:

Mr Jonathan Bellizzi

as CEO and Director of the Bank and on behalf of each of
Trond Dale, Dr Desiree Cassar, Stephen Muscat, Frank J Sekula and Mehmet Zafer Karataş.

Part B - Other Information

1. ADMISSION TO TRADING AND LISTING

i. Listing	Official List of the Malta Stock Exchange
ii. Admission to trading	Application to the MSE has been made for the Bonds to be admitted to trading on the Official List. The Bonds are expected to be listed on [or around] [♦] with trading expected to commence on[or around] [♦].
iii. Previous admission to trading	[♦]
iv. Estimate of total expenses related to admission to trading	[♦]

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE BOND ISSUE

The Bank has an interest in the issue of Bonds pursuant to these Final Terms by virtue of the fact that the net proceeds from the Bond issue will constitute an integral part of the Bank's capital plan (to further strengthen its Tier 2 Capital requirements in terms of the CRR) and will be used by the Bank to meet part of its general financing requirements.

[♦] / [Save for the above and the possible subscription for Bonds by Authorised Intermediaries (which include the Sponsor) and any fees payable to the various professional advisors and service providers in connection with the issue of Bonds, the Bank is not aware of any person involved in the Bond Issue that has a material interest in the issue of Bonds pursuant to these Final Terms.]

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	[♦]
ii. Estimated net proceeds and total expenses of the Bond Issue	[♦]
iii. Conditions to which the offer is subject	[♦]

5. YIELD

i. Indication of yield	[♦]
ii. Method of calculating the yield	[♦]

6. OPERATIONAL INFORMATION

i. ISIN code	[♦]
ii. Delivery	Delivery against payment.

7. DISTRIBUTION

i. Categories of potential investors to which the Bonds are offered	[♦]
ii. Conditions for use of the Base Prospectus by the Authorised Intermediary/ies	[♦]
iii. Plan of distribution and allotment	[♦]
iv. Placing and/or Underwriting	[♦]
v. Selling commission	[♦]
vi. Expected timetable	[♦]

8. ADDITIONAL INFORMATION

i. Reservation of a Tranche, or part non-retail investors or categories of either	[♦]
ii. Time period, including any possible will be open	[♦]
iii. Manner and date in which results of the offer are to be made to public	[♦]
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. 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	[♦]
ix. Process for notification to applicants of the amount of Bonds allotted and indication whether dealing may begin before notification is made	[♦]
x. Credit rating of the Bonds	Not applicable.

Annex 1: Issue Specific Summary

[♦]

Annex 2: List of Authorised Intermediaries

Name	Address	Telephone
[♦]	[♦]	[♦]

Annex 3: Specimen Application Form

[♦] / [Not applicable]

12. TAXATION

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 the acquisition, holding and disposal of Bonds, as well as any interest payments made by the Bank. The following is a summary of the anticipated tax treatment applicable to the Bonds and to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive and refers only to Bondholders who do not deal in securities in the course of their normal trading activity.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Bank at the date of the Base Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and their interpretation and practice, 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 who do not deal in the acquisition and disposal of securities in the course of their normal trading activities. 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.

Upon Acquisition of Bonds

The acquisition of Bonds in the Bank does not trigger any Maltese income tax or duty liability for the Bondholders.

Malta Tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Bank is otherwise instructed by a Bondholder to receive the interest gross of any withholding tax or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% (10% in the case of certain types of collective investment schemes – in this case there is no option to receive interest gross of the final withholding tax) of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek professional advice on the taxation of such income as special rules may apply.

Article 41(c) of the Income Tax Act defines the term “Recipient”, which includes (*inter alia*) a person (both corporate or non-corporate) who is resident in Malta during the year in which investment income is payable to him/her, and EU/EEA nationals (and their spouse where applicable) who are not resident in Malta for Maltese tax purposes but who apply (at their option) the tax rates applicable to Maltese residents on the basis that the income that arises in Malta is at least 90% of their worldwide income.

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/her income tax return (to the extent that the interest is paid net of tax). No person (whether corporate or non-corporate) shall be charged further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient's tax liability or available as a refund, as the case may be.

The Bank will render an account to the Commissioner for Tax and Customs of all amounts of interest paid and tax so deducted, including the identity of the recipient.

In the case of a valid election made in writing 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 their Maltese income tax return and be subject to tax on such interest at the standard rates applicable to that person at that time. Additionally, in this latter case, the Bank will advise the Commissioner for Tax and Customs 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 Bank. 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 therein, 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 Bank in terms of law.

Exchange of Information

In terms of the applicable Maltese legislation, the Issuer and/or its agent may be required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Commissioner for Tax and Customs. The Commissioner for Tax and Customs 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:

1. 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 entitled the Exchange of Information (United States of America) (FATCA) Order (the “**FATCA Legislation**”). Under the FATCA Legislation, foreign financial institutions (“**FFIs**”) in Malta (defined as such for the purposes of FATCA) are obliged to identify and report financial accounts held by Specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to the Maltese tax authorities. The Maltese Government and the Government of the U.S. shall annually exchange the information obtained pursuant to the FATCA Legislation on an automatic basis. Financial account information in respect of Bondholders could fall within the scope of FATCA and they may therefore be subject to reporting obligations; and

2. Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU on Administrative Cooperation in the field of Taxation which provides for the implementation of the regime known as the Common Reporting Standard (“CRS”) – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015. The CRS has been proposed by the OECD as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. Malta based financial institutions (“FIs”) (defined as such for the purposes of CRS) are obliged to identify and report to the Maltese tax authorities financial accounts held by a Reportable Person, as defined under the Maltese CRS legislation, and certain entities with one or more Controlling Persons, as defined under the Maltese CRS legislation, which is classified as a Reportable Person. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions. 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 are advised to seek professional advice in relation to the CRS and FATCA Legislation. Not complying with the legislation may give rise to certain fines or closure of financial accounts.

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 income tax on capital gains should be chargeable in respect of a transfer of the Bonds.

Duty on documents and transfers

In terms of the Duty on Documents and Transfers Act, 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”.

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

Furthermore, even if the Bonds are considered to be marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act, in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should in any case be exempt from Maltese duty.

13. THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS

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

14. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Memorandum and Articles of Association of the Bank; and
- (b) the audited financial information of the Bank for the financial years ended 31 December 2024, 31 December 2023 and the financial period ended 31 December 2022, together with the auditor’s reports thereon.