



Merkanti Holding
p.l.c.

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Aragon House Business Centre
Dragonara Road
St. Julians, STJ 3140
Malta

COMPANY ANNOUNCEMENT

Reference: (02/2022)

Acquisition of Sparkasse (Holdings) Malta Ltd.

This is a company announcement issued by Merkanti Holding p.l.c. (C 70823) (the "**Company**") pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority (the "**MFSA**").

The Board of Directors of the Company hereby announces that the Company, a subsidiary of Scully Royalty Ltd. and the parent of Merkanti Bank Ltd. ("**Merkanti Bank**"), on Friday 4th March 2022, entered into an agreement to acquire Sparkasse (Holdings) Malta Ltd. a private limited liability company registered in Malta (C 35408) ("**Sparkasse Holdings**"), the parent of Sparkasse Bank Malta plc ("**Sparkasse Bank**"). Upon closing of this transaction, and subject to regulatory approval, it is the intention to merge Sparkasse Bank and Merkanti Bank, in order to form a larger independent institution with projected, on the basis of 31st December 2021 financial information: combined Own Funds of circa €60 million, total assets of €1.1 billion, assets under custody of €8.5 billion and revenues of €17 million.

The combined entity will be renamed and rebranded to reflect its focus and market footprint in corporate banking, custody, depositary and investments services in Malta and Ireland. The combination of the existing market presence and product offerings of Sparkasse Bank with the investment in resources and capital from Merkanti Bank creates a strong foundation for growth and development in the relative banks' core markets.

The business model of Sparkasse Bank will remain unchanged and will be supplemented with the additional resources and banking activities of Merkanti Bank. Subject to regulatory approval Mr. Paul Mifsud will be named the Chief Executive Officer of the merged entity and will also become a Director of the Company upon closing.

The Company is acquiring Sparkasse Holdings from Anteilsverwaltungssparkasse Schwaz. The total consideration payable by the Company for Sparkasse Holdings is approximately equal to the net tangible asset value of Sparkasse Holdings, less certain adjustments, and includes (i) a cash payment at closing of the transaction, (ii) three consecutive annual payments of €2.5 million; and (iii) a contingent payment, payable upon the recovery of an asset of Sparkasse Bank which was previously written off in its entirety. The consideration is expected to be satisfied through cash on hand, available liquidity within the Company's group, or through other means.

The transaction is conditional upon the satisfaction of certain standard conditions precedent for such as regulatory approval from various regulators, including the European Central Bank, the MFSA and the



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Central Bank of Ireland. The acquisition is currently expected to be concluded in the second half of calendar year 2022.

About Merkanti Holding plc

The Company, a subsidiary of Scully Royalty Ltd, is a public limited liability company in Malta with bonds traded on the Malta Stock Exchange and is the parent of Merkanti Bank, licensed as a Credit Institution under the Banking Act (Chapter 371 of the laws of Malta) and regulated by the MFSA which is involved in corporate and merchant banking.

About Sparkasse Bank

Sparkasse Bank is a public limited liability company registered in Malta with registration number C27152 and registered office at 101 Townsquare, Ix-Xatt ta' Qui-si-Sana, Sliema SLM3112, Malta. Sparkasse Bank is licensed by the MFSA to carry out the business of banking in terms of the Banking Act (Chapter 371 of the Laws of Malta), to provide investment services and custody and depositary services in terms of the Investment Services Act (Chapter 370 of the Laws of Malta), and is authorised to act as custodian of retirement schemes in terms of the Retirement Pensions Act (Chapter 514 of the Laws of Malta).

Founded in 2000, Sparkasse Bank is a leading custody and depositary provider, operating under four licences:

- *Credit Institution Licence*
 - Corporate & Private bank accounts, term deposits, online banking
 - Payment services: SEPA, SWIFT, and TARGET connectivity

- *Investment Firm Licence*
 - Execution and receipt of transmission of orders
 - Settlement, custody and asset servicing
 - Investment advisory and non-advisory services
 - Foreign exchange services

- *Depositary Licence*
 - Depositary Services for Alternative Investment Funds ("AIF") and Undertakings for the Collective Investment in Transferable Securities ("UCITS")

- *Registered Custodian Licence*
 - Custody Services for retirement schemes under the Retirement Pensions Act (Chapter 514 of the laws of Malta)



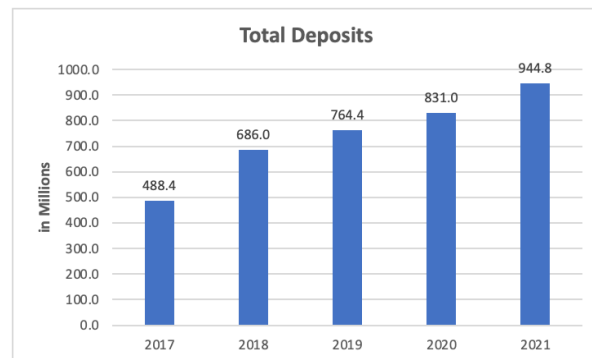
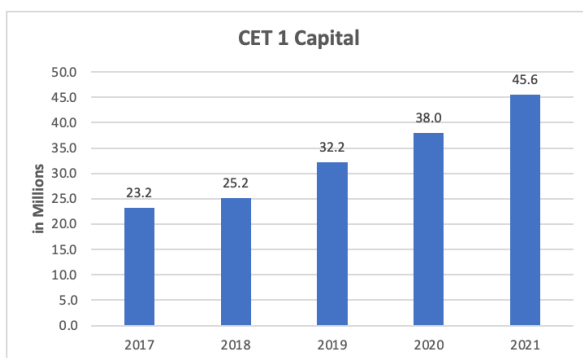
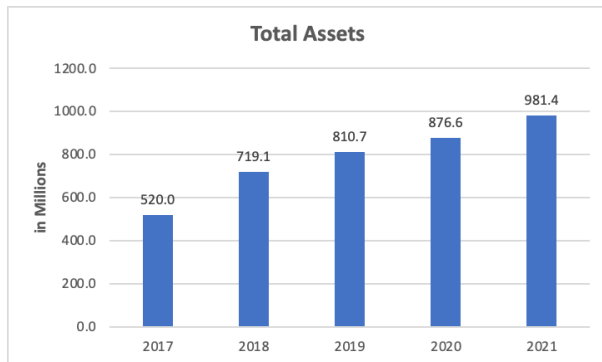
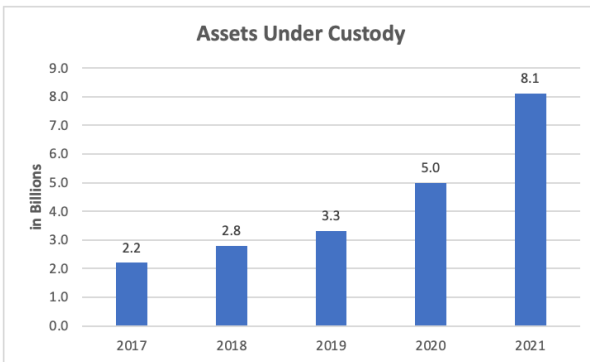
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In addition in 2018, Sparkasse Bank has established a branch in Dublin, Ireland, for the provision of depositary services to collective investment schemes including Irish authorized investment funds.

Sparkasse Bank Key Figures:

Total Assets (2021)	Total Equity (2021)	Assets Under Custody	Tier 1 Capital Ratio (2021)	2021 Pre-Tax Income	Employees
~EUR 1.0 billion	EUR 48.3 million	EUR 8.1 billion	26.7%	EUR 4.1 million	90 Full time, 6 Directors



Additional information on Sparkasse Bank, including financial statements, can be found at www.sparkasse-bank-malta.com.

Executive Statements

For Sparkasse Bank: *“We are excited about merging our banks,”* said Paul Mifsud, Managing Director and CEO of Sparkasse Bank Malta. *“Merkanti offers Sparkasse Bank Malta the necessary enthusiasm and*



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resources to assist us sustain and grow the business both locally and in Ireland. It also provides us with the appetite for new opportunities and to pursue new projects that we had parked for a while,” said Mifsud. “Our team supports this development and we are confident that our clients and combined team of professionals will benefit from this transaction.”

For Merkanti Bank: “We are pleased to expand Merkanti's footprint in Malta with the acquisition of Sparkasse Bank Malta,” said Samuel Morrow, Chief Executive Officer Merkanti. “The combination of the existing market presence and product offerings of Merkanti with the corporate and custody banking experience and talented professionals of Sparkasse Bank creates a top-tier, diversified bank with critical mass. We believe that the additional scale and operational scope provided by this transaction will generate long-term value for all of our stakeholders. On behalf of Merkanti, we look forward to welcoming all of the employees and clients of Sparkasse Bank to our group and working with and alongside them going forward.”

Name: Dr. Andre Zerafa
For and on behalf of
Ganado Services Limited
Company Secretary
7 March, 2022