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SECURITY TRUSTEE



REGISTRAR



FINAL TERMS

10 June 2010

Final Terms

Full information on the Issuer and the issue of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated 10 June 2010. The Final Terms will be available for inspection at the registered office of the Issuer.

FINAL TERMS

Date 10 June 2010

Final Terms

€7,000,000 5.35% Notes

(with an over-allotment option in the event of over-subscription for an additional amount of €2,000,000 5.35% Notes)

due 30 June 2015

Series 1/2010, Tranche 1

Issued pursuant to the €27,000,000 Debt Issuance Programme dated 10 June 2010

of

Izola Bank p.l.c.



IZOLA BANK

Issue Price: 100%

Issue Date: 21 June 2010

These are the applicable Final Terms of an Issue of Notes under the €27,000,000 Debt Issuance Programme of Izola Bank p.l.c. (the “**Programme**”). Full information on the Issuer and the issue of the Notes is only available on the basis of the combination of the Prospectus dated 10 June 2010, the “**Prospectus**” and these Final Terms.

1 PART I – TERMS AND CONDITIONS

This part of the Final Terms is to be read in conjunction with the Terms and Conditions of the Notes, the “**Terms and Conditions**” set forth in the Prospectus dated 10 June 2010 pertaining to the Programme, as the same may be supplemented from time to time. Capitalised terms not otherwise defined herein shall have the same meanings specified in the Terms and Conditions.

All provisions in the Terms and Conditions corresponding to items in the Final Terms which are either not selected or completed or which are deleted shall be deemed to be deleted from the terms and conditions applicable to the Notes, the “**Conditions**”.

1.1 *Language of Conditions*

English

1.2 *Currency, Denomination, Form and Title, Certain Definitions*¹

Specified Currency	Euro (“€”)
Aggregate Principal Amount	€7,000,000 (over-allotment option of additional €2,000,000 in the event of over subscription)
Specified Denomination	€1,000
Number of Notes to be issued in each Specified Denomination	7,000 (over-allotment of additional 2,000)
Minimum Subscription	€100,000 per financial intermediary

1.3 *Certain Definitions*

Clearing System

Central Securities Depository
Garrison Chapel, Castille Place,
Valletta VLT 1063, Malta.

Other - specify

1.4 *Interest*

Rate of Interest	5.35%
Interest Commencement Date	21 June 2010
Fixed Interest Date	30 June
First Interest Payment Date	30 June 2011
Initial Broken Amount(s) (per Specified Denomination)	n/a
Final Broken Amount(s) (per Specified Denomination)	n/a

Dual Currency Notes n/a

(set forth details in full here (including exchange rate(s) or basis for calculating exchange rate(s) to determine interest/fall-back provisions))

¹ The minimum denomination of the Notes will be, if in euro, €1,000 and if in any currency other than euro, in an amount in such other currency nearly equivalent to €1,000 at the time of issue of the Notes.

1.5 *Payments*

Repayment of Principal	Direct Credit
Specified Currency	Euro
Principal Financial Centre of Country of Specified Currency	Malta
Payments of Principal - Number of Business Days	5
Redemption Value	Principal Amount of the Notes
Entitlement of Interest Instalment	Payment will be made to the person in whose name such Note is registered at the close of business 15 days prior to the Interest Payment Date
Payment of Interest	Direct Credit

1.6 *Redemption*

Maturity Date	30 June 2015
Early Redemption	No
Early Redemption Date	n/a
Minimum Notice Period	n/a
Maximum Notice Period	n/a

Right of Acceleration – Section 13.11(i)(f) and (g) of the Prospectus:

13.11(i)(f) There shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of €1,250,000 or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed;

13.11(i)(g) Any default occurs and continues for ninety (90) days under any contract or document relating to any financial indebtedness of the Issuer in excess of €1,250,000 or its equivalent at any time.

1.7 *Paying Agent(s)*

n/a

1.8 *Notices*

n/a

1.9 *Place and Medium of Publication*

- Website of the Malta Stock Exchange
- Registered Office of the Issuer
- Other (specify)

Holders may request that notices be sent by post to the address in the register of Holders maintained by the CSD on behalf of the Issuer

1.10 *Governing Law*

Maltese Law

2 PART II - ADDITIONAL DISCLOSURE REQUIREMENTS RELATING TO NOTES

2.1 Risk Factors ¹

n/a

2.2 Interests of Natural and Legal Persons Involved in the Issue

n/a

2.3 Reasons for the Issue ² and Expenses

Reasons for the Issue	n/a
Expenses are estimated not to exceed	€250,000

2.4 ISIN

ISIN	MT0000531203
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2.5 Yield

Yield	5.35%
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Calculation	The gross yield calculated on the basis of the interest per annum (5.35%), the Issue Price (€1,000) and the Redemption Value (€1,000) of the Bonds at Maturity Date is five point three five per cent (5.35%).
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2.6 Selling Restriction

The Selling Restrictions set out in Section 19 of the Prospectus shall apply	Yes
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Additional Selling Restrictions (specify)	n/a
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2.7 Taxation

Information on taxes on the income from the Notes withheld at source in respect of countries where the offer is being made or admission to trading is being sought. ³	None
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¹ Include only product specific risk factors which are not covered under “Risk Factors” in the Prospectus.

² See “Use of Proceeds” section in the Prospectus. If the reasons of the issue are different, include those reasons here.

³ Unless specified in the Prospectus.

3 TERMS AND CONDITIONS OF THE ISSUE

Expected price at which the Notes will be offered, the amount of any expenses and taxes charged to the applicant.

Expected Price	€1,000
Expenses and Taxes Charged to Applicant	n/a
Conditions to which Offer is Subject	The issue and allotment of the Notes is conditional upon the Notes being admitted, in part or in whole, to the Regulated Market of the Malta Stock Exchange.

3.1 Method of Distribution

The Notes are being placed with authorised financial intermediaries pursuant to placement agreements with the Issuer for the acquisition of the Notes.

3.2 Form of Commitment

Underwriting	n/a
Other	n/a

3.3 Commissions

Selling Commission	1%
Other	n/a

3.4 Expected Timetable

Announcement of Basis of Acceptance	21 June 2010
Commencement of Interest on the Notes	21 June 2010
Refunds of Unallocated Monies	21 June 2010
Expected Dispatch of Allotment Advices	28 June 2010

3.5 Admission to Trading and Dealing Arrangements

Malta Stock Exchange	Yes
Regulated Market	Yes
Other (insert details)	n/a
Date of Admission	28 June 2010
Commencement of Dealing	30 June 2010
Regulated markets or equivalent markets on which, to the knowledge of the Issuer, notes of the same class of the Note to be offered or admitted to trading are already admitted to trading	n/a

3.6 Additional Information

Manner and Date of Publication of Results of Offer of Notes

The Issuer shall, by issuing a press release, notify the public of the results of the offer of the Notes on 22 June 2010.

Process of Notification of Amounts Allotted¹

The Issuer shall, by issuing a press release, notify the public of the results of the offer of the Notes on 22 June 2010.

Method and Time Limits for Paying Up, and for Delivery of, Notes

Authorised financial intermediaries are required to submit signed and completed placement agreements together with subscription proceeds in cleared funds on 21 June 2010. Notes shall be allotted according to an allocation policy still to be determined by the Issuer.

Reduction of Subscription and Refunds

In the event that pursuant to the allocation policy still to be determined by the Issuer, Notes are not allotted to applicants or a smaller number of Notes than the number applied for by applicants are allotted, the applicant shall receive a full refund or, as the case may be, the balance of the price of the Notes applied for but not allotted, without interest, by credit transfer to such account indicated in the placement agreement, at the applicant's sole risk, on 21 June 2010.

Other Relevant Terms and Conditions n/a

Information from a Third Party n/a

Source of Information n/a


The Issuer confirms that this information has been accurately reproduced

3.7 Listing

The above Final Terms comprise the details required to list this issue of Notes pursuant to the €27,000,000 Debt Issuance Programme of Izola Bank p.l.c. (as from 21 June 2010).

3.8 Responsibility

The Issuer accepts responsibility for the information contained in these Final Terms as set out in the section “**Responsibility Statement**” in the Prospectus.



Andrew Mifsud
General Manager
For and on behalf of
Izola Bank p.l.c.

¹ Dealings in the Notes may not commence prior to the said notification.



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