

Bank of Valletta plc Stress Test Results

Actual results

At December 31, 2009 **EUR (millions)**

| | |
|---|--------|
| Total Tier 1 capital | 343 |
| Total regulatory capital | 436 |
| Total risk weighted assets | 3,269 |
| Pre-impairment income (including operating expenses) | 115 |
| Impairment losses on financial assets in the banking book | -6 |
| 1 yr Loss rate on Corporate exposures (%) ⁽¹⁾ | 0.23% |
| 1 yr Loss rate on Retail exposures (%) ⁽¹⁾ | 0.26% |
| Tier 1 ratio (%) | 10.5 % |

Outcomes of stress test scenarios

The stress test was carried out under a number of key common simplifying assumptions (e.g. constant balance sheet, uniform treatment of securitisation exposures). Therefore, the information relative to the benchmark scenarios is provided only for comparison purposes. Neither the benchmark scenario nor the adverse scenario should in any way be construed as a forecast.

Benchmark scenario at December 31, 2011⁽²⁾ **EUR (millions)**

| | |
|---|--------|
| Total Tier 1 capital after the benchmark scenario | 374 |
| Total regulatory capital after the benchmark scenario | 468 |
| Total risk weighted assets after the benchmark scenario | 3,269 |
| Tier 1 ratio (%) after the benchmark scenario | 11.5 % |

Adverse scenario at December 31, 2011⁽²⁾ **EUR (millions)**

| | |
|---|--------|
| Total Tier 1 capital after the adverse scenario | 359 |
| Total regulatory capital after the adverse scenario | 453 |
| Total risk weighted assets after the adverse scenario | 3,269 |
| 2 yr cumulative pre-impairment income after the adverse scenario (including operating expenses) ⁽²⁾ | 112 |
| 2 yr cumulative impairment losses on financial assets in the banking book after the adverse scenario ⁽²⁾ | -31 |
| 2 yr cumulative losses on the trading book after the adverse scenario ^{(2),(4)} | -30 |
| 2 yr Loss rate on Corporate exposures (%) after the adverse scenario ^{(1),(2)} | 0.41% |
| 2 yr Loss rate on Retail exposures (%) after the adverse scenario ^{(1),(2)} | 1.94% |
| Tier 1 ratio (%) after the adverse scenario | 11.0 % |

Additional sovereign shock on the adverse scenario at December 31, 2011 **EUR (millions)**

| | |
|---|-------|
| Additional impairment losses on the banking book after the sovereign shock ⁽²⁾ | -5 |
| Additional losses on sovereign exposures in the trading book after the sovereign shock ^{(2),(4)} | -62 |
| 2 yr Loss rate on Corporate exposures (%) after the adverse scenario and sovereign shock ^{(1),(2),(3)} | 0.67% |
| 2 yr Loss rate on Retail exposures (%) after the adverse scenario and sovereign shock ^{(1),(2),(3)} | 2.10% |
| Tier 1 ratio (%) after the adverse scenario and sovereign shock | 9.3 % |
| Additional capital needed to reach a 6 % Tier 1 ratio under the adverse scenario + additional sovereign shock, at the end of 2011 | - |

⁽¹⁾ Impairment losses as a % of corporate/retail exposures in AFS, HTM, and loans and receivables portfolios.

⁽²⁾ Cumulative for 2010 and 2011.

⁽³⁾ On the basis of losses estimated under both the adverse scenario and the additional sovereign shock.

⁽⁴⁾ These losses represent estimated fair value markdowns on holdings classified as at Fair Value Through Profit or Loss and as Available for Sale.