

## **Bank of Valletta Group - detailed stress test results**

### **Actual results**

<b>At December 31, 2009</b>	<b>mIn EUR</b>
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 (%) <sup>1</sup>	0.23%
1 yr Loss rate on Retail exposures (%) <sup>1</sup>	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.

<b>Benchmark scenario at December 31, 2011<sup>4</sup></b>	<b>mIn EUR</b>
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 %

<b>Adverse scenario at December 31, 2011<sup>2</sup></b>	<b>mIn EUR</b>
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) <sup>2</sup>	112
2 yr cumulative impairment losses on financial assets in the banking book after the adverse scenario <sup>2</sup>	-31
2 yr cumulative losses on the trading book after the adverse scenario <sup>2,4</sup>	-30
2 yr Loss rate on Corporate exposures (%) after the adverse scenario <sup>1,2</sup>	0.41%
2 yr Loss rate on Retail exposures (%) after the adverse scenario <sup>1,2</sup>	1.94%
Tier 1 ratio (%) after the adverse scenario	11.0 %

<b>Additional sovereign shock on the adverse scenario at December 31, 2011</b>	<b>mIn EUR</b>
Additional impairment losses on the banking book after the sovereign shock <sup>2</sup>	-5
Additional losses on sovereign exposures in the trading book after the sovereign shock <sup>2,4</sup>	-62
2 yr Loss rate on Corporate exposures (%) after the adverse scenario and sovereign shock <sup>1, 2, 3</sup>	0.67%
2 yr Loss rate on Retail exposures (%) after the adverse scenario and sovereign shock <sup>1, 2, 3</sup>	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	-

<sup>1</sup> Impairment losses as a % of corporate/retail exposures in AFS, HTM, and loans and receivables portfolios

<sup>2</sup> Cumulative for 2010 and 2011

<sup>3</sup> On the basis of losses estimated under both the adverse scenario and the additional sovereign shock

<sup>4</sup> These losses represent estimated fair value markdowns on holdings classified as at Fair Value Through Profit or Loss and as Available for Sale