

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

MEDIA RELEASE

Fitch Ratings London have issued a press statement through which they advised that they have downgraded BOV's Long Term Issuer Default Rating and Viability Ratings from BBB+ to BBB with a stable outlook.

Bank of Valletta has meanwhile issued its own Press Release, through which the bank explained the steps that it has already taken and will continue to take in the near future in order to address the concerns expressed by the rating agency.

In their statement, Fitch has made certain comments regarding the Maltese Regulatory framework which it is claimed "albeit improved over the past few years, is being implemented less thoroughly than in the most stringent EU countries". In this regard, the Authority wishes to draw attention to the annual visits conducted by the IMF Article IV delegations which have always concluded that Malta's Regulatory Framework is of a high level.

Moreover the MFSA would also remark that in the case of BOV, the overall supervision of the bank falls under the auspices of the ECB through an SSM Joint Supervisory Team (JST) which is led by the ECB but includes members of the MFSA's Banking Supervision Unit. The JST overseeing BOV's operations is undertaking supervision of the bank on an ongoing basis as well as through on-site missions which are initiated by the ECB. Such missions are conducted by the ECB, MFSA, or Joint inspection teams which follow the ECB's SSM Manual when undertaking such Missions.

In 2014 the bank has successfully undergone an asset quality review followed by a stress testing exercise conducted during the same year by the ECB. Another stress testing exercise was carried out in 2016 and here again Bank of Valletta was positively certified.

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