

Summary Note

dated 12 February 2010



Bank of Valletta

4.8% - €50 MILLION

Subordinated Bonds 2020

With an option to increase by an additional €20 million in case of over-subscription.

This Summary Note is to be read as an introduction to the Registration document dated 20 May 2009, as supplemented on the 12 February 2010 and the Securities Note dated 12 February 2010.

Sponsor



Manager & Registrar



Summary Note

Dated 12 February 2010

Bank of Valletta p.l.c.

(a public limited liability company registered under the laws of Malta with registration number C2833)

Issue of €50,000,000 4.8% Subordinated Bonds 2020

(subject to an Over-allotment Option not exceeding €20,000,000)

of a nominal value of €100 per Bond issued at par

Issue Period: from 08 March 2010 to 12 March 2010 (both days included)

(subject to the right of the Issuer to close the Issue early in the event of over-subscription)

ISIN:- MT0000021270

Manager & Registrar

Legal Counsel

Sponsor



CAMILLERI PREZIOSI
ADVOCATES



1. IMPORTANT INFORMATION

THIS SUMMARY NOTE, FORMING PART OF THE PROSPECTUS, CONTAINS INFORMATION ON AN ISSUE BY BANK OF VALLETTA P.L.C. (THE “ISSUER”) OF €50,000,000 SUBORDINATED BONDS 2020 OF A NOMINAL VALUE OF €100, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 4.8% PER ANNUM PAYABLE SEMI-ANNUALLY ON THE 15 MARCH AND ON THE 15 SEPTEMBER OF EACH YEAR. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 15 MARCH 2020. IN THE EVENT OF OVER-SUBSCRIPTION, THE ISSUER MAY, AT ITS SOLE DISCRETION, ISSUE ADDITIONAL BONDS NOT EXCEEDING €20,000,000 AT PAR.

THIS SUMMARY NOTE CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY AND THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) (THE “ACT”).

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF BONDS OF THE ISSUER OTHER THAN THOSE CONTAINED IN THE PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISORS.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THIS PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH BONDS AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFER OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO “QUALIFIED INVESTORS” (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

THE BONDS HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE “U.S.”) OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION “S” OF THE SAID ACT). FURTHERMORE THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES, IN ACCORDANCE WITH THE ACT.

STATEMENTS MADE IN THIS PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS PROSPECTUS. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE BONDS.

ALL THE ADVISORS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS TO THE ISSUER" IN SECTION 5.4 OF THIS SUMMARY NOTE HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTION PROPOSED IN THE PROSPECTUS.

DURING THE ISSUE PERIOD, APPLICATIONS FOR SUBSCRIPTION TO THE BONDS MAY BE MADE THROUGH THE ISSUER, THE SPONSOR OR ANY OF THE OTHER AUTHORISED FINANCIAL INTERMEDIARIES LISTED IN ANNEX 1 OF THE SECURITIES NOTE.

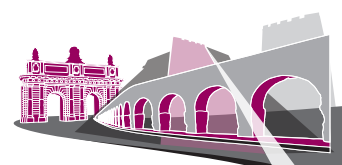
2. WARNINGS

THIS SUMMARY NOTE HAS TO BE READ AS AN INTRODUCTION TO THE REGISTRATION DOUCMENT DATED 20 MAY 2009 AND THE SECURITIES NOTE DATED 12 FEBRUARY 2010 WRITTEN IN ENGLISH (THE "**PROSPECTUS**").

ANY DECISION TO INVEST IN THE BONDS HAS TO BE BASED ON AN EXHAUSTIVE ANALYSIS BY THE INVESTOR OF THE PROSPECTUS AS A WHOLE.

THE DIRECTORS HAVE TABLED THIS SUMMARY NOTE AND APPLIED FOR ITS NOTIFICATION AND ASSUME RESPONSIBILITY FOR ITS CONTENT, BUT ONLY IF THE SUMMARY NOTE IS MISLEADING, INACCURATE OR INCONSISTENT WHEN READ TOGETHER WITH THE OTHER PARTS OF THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.



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4 DEFINITIONS

Words and expressions used in this Summary Note shall, except where the context otherwise requires, bear the same meaning as defined in the Registration Document dated 20 May 2009 as supplemented on the 12 February 2010 by virtue of, and the, Securities Note dated 12 February 2010 forming part of the Prospectus.

5 DIRECTORS, EXECUTIVE COMMITTEE, ADVISORS AND AUDITORS

5.1 DIRECTORS

Roderick E. D. Chalmers	<i>Chairman & Non-executive Director</i>
Joseph Borg	<i>Non-executive Director</i>
Joseph Brincat	<i>Non-executive Director</i>
Roberto Cassata	<i>Non-executive Director</i>
Gordon Cordina	<i>Non-executive Director</i>
George Portanier	<i>Non-executive Director</i>
Norman Rossignaud	<i>Non-executive Director</i>
Paul Testaferrata Moroni Viani	<i>Non-executive Director</i>
George Wells	<i>Non-executive Director</i>

5.2 COMPANY SECRETARY

Catherine Formosa

5.3 EXECUTIVE COMMITTEE

Tonio Depasquale	<i>Chief Executive Officer</i>
Charles Borg	<i>Chief Officer Financial Markets & Investments</i>
Michael Borg Costanzi	<i>Chief Officer Legal and Compliance</i>
Victor Denaro	<i>Chief Officer Information Technology</i>
Kenneth Farrugia	<i>Chief Officer Valletta Fund Services Limited</i>
Elvia George	<i>Chief Officer Finance</i>
Mario Mallia	<i>Chief Officer Risk Management</i>
Peter Perotti	<i>Chief Officer Valletta Fund Management Limited</i>
John Soler	<i>Chief Officer Credit</i>
Igino Xuereb	<i>Chief Officer Operations</i>

5.4 ADVISORS TO THE ISSUER

Legal Advisors

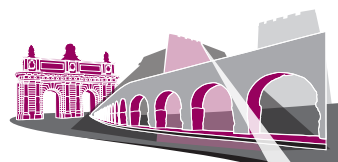
Camilleri Preziosi
Level 3, Valletta Buildings
South Street
Valletta VLT 1103
Malta

Manager & Registrar

Bank of Valletta p.l.c.
58, Zachary Street
Valletta VLT 1130
Malta

Sponsor

Rizzo Farrugia & Co. (Stockbrokers) Limited
Airways House, Third Floor
High Street
Sliema SLM 1549
Malta



5.5 STATUTORY AUDITORS

The annual statutory financial statements of the Issuer for the financial years ended 30 September 2009, 30 September 2008, 30 September 2007 and 30 September 2006 have been audited by Deloitte & Touche, Certified Public Accountants of Deloitte Place, Mriehel Bypass, Mriehel BKR 3000, Malta. Deloitte & Touche is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act 1979 (Cap. 281 of the Laws of Malta).

6 ISSUE STATISTICS AND EXPECTED TIMETABLE

6.1 ISSUE STATISTICS

Issuer:	Bank of Valletta p.l.c., a company registered in Malta with registration number C2833;
Amount:	€50,000,000 subject to the Over-allotment Option described below;
Over-allotment Option:	At the sole and absolute discretion of the Issuer, additional Bonds not exceeding €20,000,000 in nominal value may be issued at the Bond Issue Price in the event of over-subscription;
Form:	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Denomination:	Euro (€);
Minimum amount per subscription:	Minimum of €2,000 and multiples of €100 thereafter;
Redemption Date:	15 March 2020;
Event of Default:	Winding up of the Issuer;
Bond Issue Price:	At par (€100 per Bond);
Status of the Bonds:	The Bonds constitute the general, direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other subordinated debt. Thus the Bonds rank after other outstanding, unsubordinated and unsecured obligations of the Issuer, present and future;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
Issue Period:	The period between 08 March 2010 to 12 March 2010 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which the Bonds are on offer;
Interest:	4.8% per annum;
Interest Payment Date(s):	Semi annually on the 15 March and 15 September;
Redemption Value:	At par (€100 per Bond);
Categories of Investors:	The Bonds are open for subscription to the general public in Malta;
Underwriting:	The Bonds are not underwritten;
Preferred Applicant:	Maturing Bondholders;
Manager & Registrar:	Bank of Valletta p.l.c.;
Sponsor:	Rizzo Farrugia & Co. (Stockbrokers) Limited;
Governing Law of Bonds:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

6.2 EXPECTED TIME-TABLE OF BOND ISSUE

Application Forms available	Friday, February 19, 2010
Preferred Applications to be submitted by Preferred Applicants	Wednesday, March 03, 2010
Preferred Applications to be submitted by the Sponsor or any of the other Authorised Financial Intermediaries to the Issuer	Thursday, March 04, 2010
Opening of subscription lists	Monday, March 08, 2010
Closing of subscription lists	Friday, March 12, 2010
Commencement of interest on the Bonds	Monday, March 15, 2010
Announcement of basis of acceptance and allocation policy	Monday, March 22, 2010
Expected dispatch of allotment advices and refunds of unallocated monies	Monday, March 29, 2010

The Issuer reserves the right to close the Issue before 12 March 2010 in the event of over-subscription, in which case, the remaining events set out above (other than the commencement of interest) shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.

7 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The net proceeds from the issue of the Bonds will constitute Additional Own Funds (Tier II capital) of the Issuer in terms of the Banking Rule BR/03/2008 Own Funds of Credit Institutions authorised under the Banking Act (Cap. 371 of the Laws of Malta) and will also be used by the Issuer to finance its redemption obligations of the Maturing Bonds and meet part of its general financing requirements.

8 RISK FACTORS

8.1 GENERAL

AN INVESTMENT IN THE ISSUER INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED IN THIS PROSPECTUS. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL RESULTS, TRADING PROSPECTS AND THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE BONDS.

THE RISKS AND UNCERTAINTIES DESCRIBED BELOW ARE THOSE THAT THE DIRECTORS BELIEVE TO BE MATERIAL, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF OR DO NOT DEEM MATERIAL, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER THAT COULD LEAD IN A DECLINE IN VALUE OF THE BONDS. ACCORDINGLY PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

8.2 FORWARD LOOKING STATEMENTS

This Summary Note contains "forward looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that the future results or expectations will be achieved.



8.3 RISKS RELATING TO THE ISSUER

The Group is engaged in the business of banking and financial services. Exposure to credit risk, liquidity risk, interest rate risk, foreign currency risk and operational risk arises in the normal course of business.

- Credit risk is the current or prospective risk arising from an obligor's failure to meet a commitment that it has entered into and agreed with the Issuer. Credit risk arises primarily from the Issuer's lending activities, but also from guarantees and securities held by the Issuer. Credit risk includes but is not limited to default risk, counterparty risk, cross border (or transfer) risk and credit concentration risk. The purpose of credit risk management is to keep credit risk exposure to a permissible level relative to capital, to maintain the soundness of assets, and to ensure returns commensurate with risk. Credit risk is managed and controlled by the Issuer on the basis of established credit processes and within a framework of credit policy and delegated authorities based on responsibility, skills and experience.

These include the application of:

- high-level credit policies designed to ensure a balanced and managed approach to the identification and mitigation of credit risk;
 - lending guidelines defining the responsibilities of lending officers that seek to provide a disciplined and focused benchmark for credit decisions;
 - limits on investment, settlement and contingent liability exposures by country and counterparty;
 - independent reviews ("hindsight reviews") of credit exposures;
 - scoring systems which make use of quantitative modelling based on historical data to identify key predictive figures;
 - sector caps, encompassing both industry and specific product types, to communicate the Board's risk appetite for specific types of business;
 - large exposures and provisioning policies in accordance with regulatory reporting requirements;
 - communication and provision of general guidance on all credit-related risk issues, including regulatory changes to promote consistent and best practice throughout the Group.
- Liquidity risk is the risk that the Issuer will encounter difficulty in raising funds to meet financial commitments. Liquidity risk may result from an inability to realise a financial asset quickly at close to its fair value. The Issuer is exposed to daily calls on its available cash resources from overnight deposits, current and call deposits, maturing term deposits, loan drawdowns, guarantees and from margin calls. Liquidity risk is managed by the matching and controlled mismatching of the maturities of assets and liabilities.
 - Interest rate risk arises from the Issuer's mismatch between interest rate sensitive assets and liabilities. This risk is managed by the matching of repricing maturities of assets and liabilities, and by the use of interest rate swaps to reduce interest rate risk exposure on mismatches.
 - Foreign currency risk arises on monetary assets and monetary liabilities of the Issuer that are not denominated in Euro. Exposure arises as a result of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total, which are monitored daily.
 - Operational risk covers the losses arising from inadequate or failed internal processes and systems, the inability to retain key personnel, employee misconduct and unforeseen external events. The Issuer also takes into consideration reputational risk. The Issuer ensures that all processes, especially those which have been identified as critical, are protected by business continuity plans in the event of a business disruption or failure.

Such operational risks include incurring direct or indirect loss due to inadequate or inoperative internal control processes, staff errors, and/or illegal actions, IT system failures or external factors.

- The Group's and the Associates' overall performance and results may also be adversely affected by external factors beyond the Issuer's control. These include changes in economic conditions, business

cycles, volatility in financial markets and increased competitive pressure in the financial services sector. In particular, the current international financial turmoil has dramatically increased volatility in equity and bond prices and, together with further frequent fluctuations in interest rates and exchange rates, may reduce the demand for products promoted and distributed by the Group and its Associates.

Negative changes in overall local and international economic conditions, inflation, consumer and business spending, recession, unemployment, limited credit availability and such other factors which are beyond the Issuer's control, may also negatively affect the performance of the Group and its Associates, the value of the Issuer's investment portfolio and the market value of securities issued by the Issuer.

8.4 RISKS RELATING TO THE BONDS

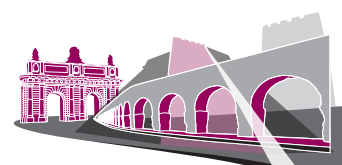
- The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance, also, that an investor will be able to sell the Bonds at or above the Bond Issue Price or at all.
- No prediction can be made about the effect which any future public offers of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- The Bonds are unsecured and subordinated to the claims of all holders of senior indebtedness. The Bonds constitute the general, direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other subordinated debt. Thus the Bonds rank after other present and future outstanding, unsubordinated and unsecured obligations of the Issuer. Subordination means that the rights and claims of Bondholders in respect of the payment of capital and interest on the Bonds will, in the event of dissolution and winding up of the Issuer, rank after the claims of all senior indebtedness and will not be repaid until all other senior indebtedness outstanding at the time has been settled.
- By purchasing the Bonds, the Bondholder agrees to waive his right of enforcement against the Issuer in the case of non-performance of the Issuer's obligations under the Bond, including the non-payment of interest and principal. The only remedy available to the Bondholder in the event of a default by the Issuer shall be the petitioning for the winding up of the Issuer, which shall constitute an Event of Default.

9 HISTORY AND DEVELOPMENT OF THE ISSUER

The Issuer was registered in Malta for an indefinite duration on the 21 March 1974 under the name Bank of Valletta Limited, a private limited company, with registration number C2833. The Issuer was incorporated on the 21 March 1974 under the Commercial Partnerships Ordinance (Cap. 168 of the Laws of Malta), the latter legislation being subsequently repealed and replaced by the Companies Act (Cap. 386 of the Laws of Malta). With effect from the 31 December 1997, Bank of Valletta Limited changed its status to a public limited liability company to comply with the provisions of the Act as result of which the Issuer changed its name from Bank of Valletta Limited to Bank of Valletta p.l.c. The ordinary shares of the Issuer were listed on the Malta Stock Exchange on the 26 August 1992.

Additional information about the Issuer: -

Full Legal & Commercial Name of Company:	Bank of Valletta p.l.c.
Registered Address:	58, Zachary Street, Valletta VLT 1130
Place of registration and domicile:	Malta
Telephone Number:	(00356) 2131 2020
Fax:	(00356) 2275 3730
Email:	customercare@bov.com
Website:	www.bov.com



The Issuer is currently rated by one international rating agency, namely Fitch Ratings. The Issuer has been assigned the following investment grade rating: an A- by Fitch.

Obligations within the 'A' rating category by Fitch are considered as being in the high credit quality category. Such ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

9.1 INCREASE IN NOMINAL VALUE OF SHARE CAPITAL AND BONUS ISSUE

Following approval by the shareholders of the Issuer during the annual general meeting held on the 16 December 2009, with effect from 15 January 2010, the amount of €40,000,000 from the Issuer's reserves was capitalised for the purpose of a bonus issue of 40,000,000 fully paid ordinary shares of a nominal value of €1.00 per share, representing 1 bonus share for every 4 shares held, allotted to the members appearing on the Register of Members as at the close of business on the Malta Stock Exchange on the 15 January 2010 (Eligible Members), thereby increasing the issued share capital from the current 160,000,000 shares to 200,000,000 shares of €1.00 each fully paid up, resulting in a paid up capital of €200,000,000.

9.2 SHARE BUYBACK

Following the necessary shareholder approvals granted during the Issuer's annual general meeting held on the 19 December 2007 and the subsequent renewal of authorisation granted by shareholders during the Issuer's annual general meeting of the 17 December 2008, the Directors were authorised to re-purchase and acquire from any shareholder(s) up to 10% of the issued and paid up share capital of the Issuer being a maximum number of 16 million shares, at a price ranging from a minimum of €1.67 per share and a maximum of €4.00 per share. Following the renewal of the share-buy back authorisation, such authority has been extended to 19 December 2010.

9.3 BUSINESS OVERVIEW

9.3.1 PRINCIPAL ACTIVITIES & MARKET

Pursuant to the various licences held, the Issuer provides a wide range of banking and other financial services. The objects of the Issuer essentially comprise the carrying on of the business of banking in all aspects including, without limitation, the transacting of all financial, monetary, investment and other business usually carried on by credit institutions.

The Issuer has a well-developed world-wide network of correspondent banks that provide it with the necessary backbone to service its customers in international banking and trade transactions. The Issuer has a number of representative offices in other countries, namely, Australia, Canada, Italy, Egypt, Tunisia and Libya. Although the Issuer has a presence in such other jurisdictions, the main market within which it competes is the Maltese market.

The Issuer is licensed by the MFSA:

- As a credit institution under the Banking Act (Cap. 371 of the Laws of Malta);
- To provide any investment service, to hold and control clients' money or customers' assets and to deal for their own account or underwrite and to act as trustees or custodians of collective investment schemes in terms of the Investment Services Act (Cap. 370 of the Laws of Malta).

The Issuer is also authorised to act as a trustee by the MFSA in terms of the Trusts and Trustees Act (Cap. 31 of the Laws of Malta) and is also a regulated tied insurance intermediary of Middlesea Valletta Life Assurance Company Limited and Middlesea Insurance p.l.c.

The Issuer is the parent of the Group which incorporates three Subsidiaries, namely, Valletta Fund Management Limited, BOV Investments Limited and Valletta Fund Services Limited. The Group also has two affiliates, namely Middlesea Insurance p.l.c., and Middlesea Valletta Life Assurance Company Limited.

9.3.2 THE SUBSIDIARIES

Valletta Fund Management Limited (“VFM”) is a joint venture between the Issuer and Insight Investment Management Limited, a member of the Bank of New York Mellon Group, that provides management services for investment companies. VFM is licensed by the MFSA to provide any investment service, to hold or control clients’ money or customers’ assets (but not to deal for own account or underwrite) in terms of the Investment Services Act (Cap. 370 of the Laws of Malta).

Valletta Fund Services Limited (“VFS”) is a recognised fund administrator by the MFSA. VFS is a fully-owned subsidiary of the Issuer and was incorporated on the 27 September 2006 as a limited liability company.

BOV Investments Limited acts as an investment holding company.

9.3.3 THE ASSOCIATES

Middlesea Valletta Life Assurance Company Limited is a joint venture between Middlesea Insurance p.l.c. and the Issuer. It operates as a life assurance company and is licensed by the MFSA under the Insurance Business Act (Cap. 403 of the Laws of Malta).

Middlesea Insurance p.l.c. is licensed by the MFSA under the Insurance Business Act (Cap. 403 of the Laws of Malta) to carry on the business of insurance.

10 TREND INFORMATION & FINANCIAL PERFORMANCE

10.1 TREND INFORMATION

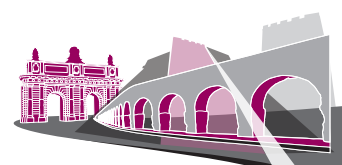
During the latter half of the financial year of the Issuer, which ended on 30 September 2009, international financial markets witnessed a gradual stabilisation as major governments provided much needed liquidity and support to their respective economies in a bid to recover from one of the most severe global recessions in decades. As a result, almost all major economies exited the recession by the end of 2009. However, the Issuer believes that recovery is still underway and the rate and extent thereof is expected to be uneven across regions and countries.

Given Malta's open economy, it has not been immune to the global recession, although the impact has been more gradual and relatively mild when compared with other developed economies. In fact, Malta's economy has entered the recessionary phase late in the day, but is expected to lag behind the others before returning to positive growth. Consequently, the local situation could continue to be challenging in the short to medium term.

In light of the above, the Issuer has doubled its pre-tax profit over the equivalent period ending 30 September 2008. This was mainly the result of write-backs of some of the unrealised fair value markdowns on the Issuer's investment portfolio previously recognised in its accounts for financial year ended 30 September 2008 and the first six months of 2009 financial year. Provided that global financial markets continue to experience the current momentum, the Issuer expects to continue to claw-back some, but not all, of the previous mark-downs over time.

As a result of the significant reductions in interest rates by the major central banks, the net interest margin for the last financial year declined by €10.7 million or 8.5% year-on-year. In fact, the European Central Bank has lowered its refinancing rate from 4.25% in October 2008 to 1% by May 2009. In consequence, whilst loans and advances are re-priced downwards immediately, certain deposits take longer to re-price due to the fact that their rates are fixed for a specific tenor. Furthermore, in a reducing interest rate scenario, the Issuer experiences rate compression on certain balance sheet items (such as shareholder's equity). Interest margin was also negatively influenced by the increased competition for deposits on the local market. Such competition is expected to remain strong in the coming months.

With the downside risks receding, central banks and governments have indicated that they will start implementing their exit strategies from extreme monetary accommodation and huge fiscal deficits. This means that going forward, interbank interest rates should start to rise. However, official interest rates may still remain low for some time given that inflation remains subdued in most economies.



On the other hand, the Issuer experienced a 10% increase in net commissions and trading income over the previous year. The positive increase was registered in various sectors including foreign trade business, card business, investment banking, stock broking and fund management and services. Such business is expected to continue to contribute positively to the bottom line, as the global economic scenario continues to improve.

The Issuer has also maintained its pledge to support the local economy and the business community in a responsible manner through the current economic downturn by providing credit to both the corporate and personal sectors. Growth of 6.8% in the loan portfolio was registered whilst preserving credit quality. The Issuer also experienced steady growth in customer deposits amounting to 3.05% over the previous year, notwithstanding fierce competition. The positive momentum in these sectors is expected to be maintained in the current financial year.

During the last financial year, the consolidated accounts of the Issuer include a charge representing its share of losses incurred by its associated entities. Losses incurred were specific to the Middlesea Group. Whereas the operations of Middlesea Insurance and Middlesea Valletta have performed satisfactorily, the operations of Progress Assicurazioni – the Middlesea subsidiary in Italy – have been most unsatisfactory, with substantial losses being reported. A re-capitalisation of the Middlesea Group through a rights issue has resulted in the Issuer raising its total shareholding in Middlesea Insurance to 31.077%.

Through its deliberate and conservative policies the Issuer also maintained high liquidity and strong capital ratios. Liquidity stood at 45% as opposed to the 30% regulatory requirement, whereas a Tier 1 capital ratio of 11.2% and a total capital ratio of 14% were well above European and US banking norms. Similarly, the Issuer's modest loan to deposit ratio at 69% means that the loan book is fully funded by retail liabilities, with no dependence for this purpose on the short term interbank market. Going forward, such prudent management of the balance sheet will continue to be observed.

10.2 FINANCIAL INFORMATION FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2009, 30 SEPTEMBER 2008, 30 SEPTEMBER 2007 AND 30 SEPTEMBER 2006

The following information is extracted from the Group's Audited Financial Statements for the years ended 30 September 2009, 30 September 2008, 30 September 2007 and 30 September 2006.

SUMMARISED INCOME STATEMENTS

For the year ended 30 September

	2009 €000	2008 €000	2007 €000	2006 €000
Net interest income	115,371	126,127	129,541	114,389
Net fee and commission income	37,870	32,966	34,487	31,073
Dividend Income	788	860	829	1,179
Trading (losses)/profits	17,236	(39,338)	4,798	16,154
Net gain/(losses) on investment securities & hedging instruments	1,518	(854)	(154)	184
Operating Income	172,783	119,761	169,501	162,979
Staff costs	(48,959)	(47,288)	(45,027)	(43,420)
General administrative expenses	(21,372)	(24,128)	(21,915)	(22,327)
Depreciation and amortisation	(6,724)	(6,354)	(6,976)	(6,641)
Net impairment (losses)/gains	(4,016)	(3,093)	352	(10,741)
Operating Profit	91,712	38,898	95,935	79,850
Share of (losses)/profits of associate & jointly controlled entity	(9,894)	1,705	5,795	9,499
Profit before tax	81,818	40,603	101,730	89,349
Income tax expense	(32,403)	(13,821)	(33,195)	(28,337)
Profit for the year	49,415	26,782	68,535	61,012

SUMMARISED BALANCE SHEETS

As at 30 September

	2009 €000	2008 €000	2007 €000	2006 €000
Assets				
Investments & short-term funds	2,746,375	2,934,381	2,821,964	2,891,090
Loans and advances to customers	3,245,899	3,039,184	2,621,232	2,299,377
Other assets	224,140	257,603	243,977	227,770
Total Assets	6,216,414	6,231,168	5,687,173	5,418,237
Liabilities				
Debt securities in issue, subordinated liabilities & amounts owed to banks	790,087	1,071,375	832,316	1,015,193
Amounts owed to customers	4,766,278	4,625,384	4,303,736	3,898,694
Other liabilities	225,414	141,019	150,063	135,251
Total Liabilities	5,781,779	5,837,778	5,286,115	5,049,138
EQUITY				
Total Equity	434,635	393,390	401,058	369,099
Total Liabilities and Equity	6,216,414	6,231,168	5,687,173	5,418,237



10.3 PERFORMANCE REVIEW FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

- Profit before taxation amounted to €81.8 million, slightly more than double the amount of profit registered the previous year, mainly due to write-backs of some of the unrealised fair value markdowns on the Issuer's investment portfolio recognised in its accounts for FY 2008 and the first six months of FY 2009;
- The share of losses of jointly controlled and associated entities at €9.9 million, relates to the Issuer's share of losses incurred by the Middlesea Group in the period under review. Whereas the results of Middlesea Insurance and Middlesea Valletta were satisfactory, the results of its Italian subsidiary Progress Assicurazioni were dismal;
- Net commission and trading income for the year was 10% above that earned in the previous year. Positive performance was registered across the board, including foreign trade business, card services, investment banking, stockbroking, fund management and fund services;
- Net interest margin for FY 2009 has declined by €10.7 million or 8.5% year-on-year as a result of the sharp and sustained reduction in interest rates implemented by the ECB in its efforts to encourage liquidity and combat growing recessionary pressures;
- Operating expenses have been maintained at fractionally below those of FY 2008, as a result of management's implementation of cost control measures, particularly in respect of discretionary expense items;
- The loan book registered an increase of €207 million or 6.8% over FY 2008, thereby reaching the figure of €3.3 billion at year end;
- The impairment charge for the year at €4 million is a little under €1 million up on the charge for FY 2008;
- Customer deposits increased by €141 million over the year to stand at €4.8 billion for FY 2009;
- Return on equity stood at 19.8%;
- Earnings per share amounted to €0.306;
- Capital Adequacy ratio (statutory minimum 8%) stood at 14%;
- Liquidity ratio (statutory minimum 30%) stood at 45%;
- Loans-to-deposits ratio stood at 69%.

11 DIRECTORS AND COMMITTEES

The Board of Directors of the Issuer consists of a minimum of seven and a maximum of ten members. Such maximum number of members may be increased to eleven (11) solely in the circumstances indicated in Article 60.2.5 of the Articles of Association of the Issuer. The appointment of a director is contemplated by Articles 60.1.1 to 60.2.5 of the Articles of Association. The removal of directors is contemplated in Article 62.1 of the Articles of Association of the Issuer. In the case where a director is appointed pursuant to Article 60.2.5, the removal thereof may only be made by the Board of Directors of the Issuer.

The Board meets regularly to establish and review the policies and strategies of the Issuer and to monitor the implementation thereof and the overall performance of the Issuer.

11.1 BOARD OF DIRECTORS

As at the date of this Summary Note, the Board of Directors of the Issuer is composed of the following persons:

Roderick E.D. Chalmers - *Chairman & Non-executive Director*

Appointed Chairman of the Board in November 2004. Mr. Chalmers also currently chairs the Middlesea Valletta Life Assurance Company Limited, Valletta Fund Management Limited and Valletta Fund Services Limited boards, and is a member on the boards of Middlesea Insurance p.l.c., Gasan Group Limited, Alfred Gera & Sons Limited, Simonds Farsons Cisk p.l.c., and Global Sources Limited, a NASDAQ listed company. Between 1984 and 2000, Mr Chalmers was a Partner and Managing Partner with Coopers and Lybrand, (later PricewaterhouseCoopers) Hong Kong; chairman of the firm's South East Asia Regional Executive and a member of the International Board of Directors. Upon the merger of Coopers & Lybrand and Price Waterhouse in 1998, he was appointed chairman, Asia-Pacific, for PricewaterhouseCoopers, until his retirement in 2000. He was also a member of the PwC Global Management Board. Mr. Chalmers served as non-executive director of the Hong Kong Securities and Futures Commission and was also a member of the Takeovers and Mergers Panel. He was appointed by the Financial Secretary of Hong Kong to sit on the Banking Advisory Committee.

Joseph Borg - Non-executive Director

Appointed to the Board in December 1998. Mr. Borg is currently the Managing Director of FXB Group of Companies, a post he has held since June 1986. He was formerly a director of the Malta Development Corporation; secretary and then chairman of the Gozo Committee of the Malta Federation of Industries. He has served on the council of the Malta Federation of Industries and was formerly a member of the council and secretary of the Gozo Business Chamber. He served as chairman of Gozo Channel Company Limited for three years up to July 2008. He is currently also a director of the Oasi Foundation (Foundation for Drug Rehabilitation) and has held this position since its inception.

Joseph Brincat - Non-executive Director

Appointed to the Board in December 2008. Mr. Brincat joined the Bank in 1974. He held a number of key senior executive positions, the most recent being that of Executive Head Business Lending. In 1999 he was elected as a member of the Malta Institute of Management and is presently one of the members of the Board of Trustees of the BOV Employees Foundation which position he has held since 2001. Between the years 2002 and 2003 he had already served as a director of the Bank.

Roberto Cassata - Non-executive Director

Appointed to the Board in September 2003. Mr Cassata is an Auditor and Accountant by profession and also studied Economics at the Palermo State University. He is Chief Financial Officer at Banco di Sicilia, and is presently chairman of the Board of Auditors of SE.TE.SI. S.p.A. - Palermo. Throughout his career Mr Cassata worked extensively with PricewaterhouseCoopers where he was responsible for the Sicilian Operational Department and was also senior manager for the Banking Sector in Southern Italy.

Gordon Cordina - Non-executive Director

Appointed to the Board in December 2008. Dr. Cordina is an economist, who heads the Economics Department of the University of Malta. During the period from August 2006 to January 2007, Dr. Cordina was the Director General of the National Statistics Office. He is a director of E-Cubed Consultants Limited, a position he has held since March 2007.

George Portanier - Non-executive Director

Appointed to the Board in May 1992. Mr. Portanier was formerly a member on the board of directors of Portanier Brothers Limited and served as a committee member of the Local Manufacturers Committee of the Federation of Industries, as well as council member of the Federation of Industries. Business interests include real estate development.

Norman Rossignaud - Non-executive Director

Appointed to the Board in December 1990. Mr. Rossignaud is a retired Bank Executive. In 2006 Mr. Rossignaud was appointed as Malta's non-resident Ambassador to the Republic of Serbia. He served as a director of Bank of Valletta International Limited, a former subsidiary of the Issuer and was also a director of Telemalta Corporation and of Malta Export Credit Insurance Company Limited. He was a founder member and for fourteen years president of the Malta Union of Bank Employees. He was also a Vice President of the Confederation of Malta Trade Unions.

Paul Testaferrata Moroni Viani - Non-executive Director

Appointed to the Board in December 2007. Mr. Testaferrata Moroni Viani is a director of companies owned by Mercury p.l.c. namely Moroni Investments Limited, Circles Limited, Euro Appliance Company Limited, Macapps Limited, Spinola Hotels Limited, St. George's Park Company Limited, Reliant Limited, and Cambridge Place Limited. He is a land owner and is involved in tourism, investment services and responsible for market and sales research, contracting, administration, property construction and development, managing operations, strategic planning and new business development. He is currently also a director of GO p.l.c., and Vltava Fund SICAV p.l.c.

George Wells - Non-executive Director

Appointed to the Board in December 2005. Mr. Wells is a Chartered Management Accountant and currently a member of the Bank's Asset Liability Management Committee (ALCO). Mr. Wells was a non-executive deputy chairman and a council member of the Malta Stock Exchange. Since 1974, he has been a director of Stainless Steel Products Limited, a subsidiary company of Jacuzzi Group of companies of the U.S.A. He was a director of U.K. company Pland Stainless Steel Limited and SSP Holdings Limited, both formerly within the Spring Ram Group of Companies and a director of Stainless Steel Products (Ireland) Limited, a former subsidiary company of Lonrho p.l.c. (currently named Lonmin p.l.c.).



11.2 BOARD COMMITTEES

The Board of Directors has established the following Committees:-

Audit Committee

The Audit Committee's terms of reference are modelled on the Principles laid out in the Listing Rules, and is responsible primarily to monitor the financial reporting process, the effectiveness of the Bank's internal controls, internal audit and the audit of the annual and consolidated accounts. The Committee is also responsible for managing the Board's relationships with internal and external auditors.

Remuneration Committee

The Remuneration Committee is responsible for the development and implementation of the remuneration and related policies of the Group, and for ensuring compliance with the relevant provisions and regulations of good corporate governance on remuneration and related matters.

Risk Management and Compliance Committee

The Risk Management and Compliance Committee assists the Board in assessing the different types of risk to which the organisation is exposed. This Committee is responsible for the proper implementation and review of the Group's risk policies, related mainly, but not restricted to, credit, market and operational risks. It reports to the Board on the adequacy, or otherwise, of such policies. The Committee is also responsible to review delegated limits, to oversee the Group's monitoring and reporting systems, to ensure regular and appropriate monitoring and reporting on the Group's risk positions. The Committee also monitors and investigates the procedures, practices and activities of the Group and of any person employed with or acting for or on behalf of the Group for the purpose of ensuring that the compliance obligations of the Group are being discharged according to Law and that the internal rules, procedures and guidelines are complied with.

11.3 MANAGEMENT COMMITTEES

The Board of Directors has established the following management committees: -

Executive Committee

The Executive Committee is responsible for the day-to-day management of the Bank's business, the development and implementation of approved strategy, policies, operational plans and budgets as well as the monitoring of operational and financial performance, assessment and control of risk, the prioritisation and allocation of resources and the monitoring of competitive forces in all areas of operation.

As at the date of this Summary Note the Executive Committee of the Issuer is composed of the following:

Tonio Depasquale	<i>Chief Executive Officer</i>
Charles Borg	<i>Chief Officer Financial Markets & Investments</i>
Michael Borg Costanzi	<i>Chief Officer Legal and Compliance</i>
Victor Denaro	<i>Chief Officer Information Technology</i>
Kenneth Farrugia	<i>Chief Officer Valletta Fund Services Limited</i>
Elvia George	<i>Chief Officer Finance</i>
Mario Mallia	<i>Chief Officer Risk Management</i>
Peter Perotti	<i>Chief Officer Valletta Fund Management Limited</i>
John Soler	<i>Chief Officer Credit</i>
Igino Xuereb	<i>Chief Officer Operations</i>

The Executive Committee of the Issuer also encompasses a Credit Committee and an Asset and Liability Management Committee, with specific and distinct responsibilities and reporting lines.

Credit Committee

The Credit Committee is composed of representatives from the risk and credit functions of the Issuer and it operates within a Board approved credit-sanctioning limit. Proposals falling outside this limit are referred, with the Committee's recommendations, to the Board for consideration and determination. To operate, the Committee needs to be fully constituted, therefore each member has an approved specific alternate.

Asset and Liability Management Committee (ALCO)

The Asset and Liability Management Committee (ALCO) is responsible for managing the Group's Balance Sheet so as to achieve an optimal balance between risk and return. This Committee reviews balance sheet risks and ensures their prudent management. It takes an integrated view of asset and liability cash flows, their uncertainties, and the management of such integrated exposures at a consolidated level so as to enable it to give strategic direction to the business. Consideration is given, *inter alia*, to solvency, liquidity and interest rate risks. ALCO also monitors the credit profile of the Issuer's Balance Sheet, and sets strategic direction in respect of credit risk, hedging strategies and hedge effectiveness, as well as asset mix, liabilities and balance sheet growth.

11.4 CONFLICTS OF INTEREST

The Issuer is not aware of any potential conflicts of interest between any duties to the Bank of the Directors and the persons on the Executive Committee and their private interests and/or other duties.

12 MAJOR SHAREHOLDERS

The following persons hold 5% or more of the share capital of the Issuer as at the date of this Summary Note:

Government of Malta	25.23%
UniCredit S.p.A.	14.55%

13 FINANCIAL INFORMATION

13.1 HISTORICAL FINANCIAL INFORMATION

Full historical financial information for the four financial years ended 30 September 2009, 30 September 2008, 30 September 2007 and 30 September 2006 are set out in the financial statements of the Group as audited by Deloitte & Touche. The latest audited financial information available in respect of the Group relates to the financial year ended 30 September 2009 and was approved for issuance by the Board of Directors on 30 October 2009.

13.2 SIGNIFICANT CHANGE IN THE ISSUER'S FINANCIAL OR TRADING POSITION

There has been no significant change in the financial or trading position of the Issuer or the Group which has occurred since 30 September 2009, being the date of the last audited financial information.

14 DETAILS OF THE OFFER

14.1 ADMISSION TO TRADING

Application has been made to the Listing Authority for the admission of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and to be traded on its Official List.

14.2 DISTRIBUTION

During the Issue Period, Applications for subscription to the Bonds may be made through any branch of the Issuer, the Sponsor and any of the other Authorised Financial Intermediaries listed in Annex 1 of the Securities Note. The Bonds are open for subscription to all categories of investors.



15 PLACING ARRANGEMENTS AND PUBLIC OFFER

The Bonds shall be available for subscription in two tranches: -

- a) By Preferred Applicants during the Pre-Placement Period pursuant to, *inter alia*, the provisions of Section 15.1 of this Summary Note;
- b) By the general public through the Issuer, the Sponsor or any of the other Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of Section 15.2 of this Summary Note.

The Bond Issue is not underwritten. The Issuer has not established an aggregate minimum subscription level for the Bond Issue. Accordingly, in the event that the Bond Issue is not fully subscribed, but provided that the Bonds are listed on the Official List of the Malta Stock Exchange, the subscribed portion of the Bonds shall be allocated to the respective Applicants in accordance with the terms of the Securities Note.

15.1 PRE-PLACEMENT PERIOD

15.1.1 The Issuer has reserved a portion of the Bonds which are equivalent to the value in Euro of the outstanding principal amount of the Maturing Bonds as at the Cut-Off Date (11 February 2010) together with the Cash-Top Up, as below defined, for subscription by Maturing Bondholders, (the “**Reserved Portion**”). Each Preferred Applicant shall receive a pre-printed application form by mail from the Issuer and shall submit same to Issuer or the Sponsor or any of the other Authorised Financial Intermediaries by not later than the 3 March 2010 (for onward submission to the Registrar on the 4 March 2010), the “**Preferred Application Period**”.

15.1.2 The terms contained in the said Application Form are to be deemed an integral part of the Terms and Conditions of Application for the Bonds.

15.1.3 The Issuer intends to allocate the Bonds to those Maturing Bondholders indicating their agreement by virtue of the submission of the duly completed Application Form to settle the consideration for the Bonds by surrendering in the Issuer’s favour the Maturing Bonds of an equivalent value in Euro, with preference over all other Applicants up to the level of the Reserved Portion. In applying for the Bonds in the Reserved Portion, the Maturing Bondholders will settle the consideration for the Bonds applied for by surrendering their respective Maturing Bonds to the Issuer. Such transfer shall be without prejudice to the rights of the Maturing Bondholders to receive interest on the Maturing Bonds up to and including the 15 March 2010.

15.1.4 Maturing Bondholders shall be preferred during the Preferred Application Period a) up to the amount of Maturing Bonds being surrendered to the Issuer, or b) in the event that less than €2,000 in value of Maturing Bonds are being transferred together with the Cash Top-Up, the value of €2,000.

15.1.5 The Reserved Portion is equal to the number of outstanding Maturing Bonds and the aggregate Cash Top-Ups, and accordingly, it is intended that all Applications submitted during the Preferred Application Period by Maturing Bondholders with respect to their holding of Maturing Bonds and the Cash Top-Up shall be satisfied in full.

15.1.6 Maturing Bondholders wishing to surrender their Maturing Bonds in exchange for the Bonds shall only be entitled to do so during the Preferred Application Period. Subsequent Applications by Maturing Bondholders are to be made by submitting the Application Form contained in Annex 2 and must be accompanied by cleared funds, at which stage, no preference shall be provided to their application.

15.1.7 The minimum application amount of Bonds for Applications lodged by Maturing Bondholders with Authorised Financial Intermediaries during the Preferred Application Period is for €2,000 in value. Applications in excess thereof shall be in multiples of €100.

All Maturing Bonds being surrendered to the Issuer for the purpose of acquiring Bonds shall be rounded up to the next €100 by settling the difference in cash (the “**100 Top-Up**”). Each €100 in value of Maturing Bonds surrendered to the Issuer shall entitle such Applicant to receive €100 in value of the Bonds issued by the Company.

15.1.8 In the event that Maturing Bondholders wish to surrender less than €2,000 in value of the Maturing Bonds in settlement of their Application for Bonds, such Maturing Bondholders shall be required to compensate for the difference between the €2,000 in value of the Bonds and the value in Euro of the Maturing Bonds being surrendered, by remitting the said amount in cleared funds, the “**2000 Top-Up**”.

The 100 Top-Up and the 2000 Top-Up shall be referred to as the “**Cash Top-Up**”.

Maturing Bondholders wishing to apply for Bonds in excess of the aggregate of the value of the Maturing Bonds held by him/her and the Cash Top-Up shall be entitled to do so by completing a separate Application Form, subject to a minimum application amount of €2,000.

15.1.9 In the event that Maturing Bondholders wish to transfer more than €2,000 in value of the Maturing Bonds in settlement of their Application for Bonds, such amount shall be preferred and the corresponding value of Bonds shall be allocated to him/her.

In the event that a Maturing Bondholder applies through the pre-printed Application Form for more Bonds than the value of Maturing Bonds held by him/her, subject to the Cash Top-Up, such amount in excess of the aggregate of his/her Maturing Bond and the Cash Top-Up, shall not be preferred but shall be disregarded and shall not participate together with other Applicants during the Offer Period.

15.2 PUBLIC OFFER

The Bonds shall be offered to the general public during the Issue Period.

16 MARKETS

Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List. The conditions contained in this Prospectus shall be read in conjunction with the Bye-Laws of the Malta Stock Exchange applicable from time to time.

17 ESTIMATED EXPENSES OF THE BOND ISSUE

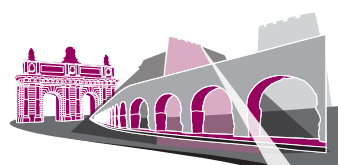
Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, a 0.75% selling commission, and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €725,000. Accordingly, the net amount of proceeds from the Bond Issue are estimated to be in the region of €49,425,000 and, in the case of the exercise of the Over-allotment option, to be in the region of €69,275,000.

18 DOCUMENTS ON DISPLAY

The following documents (or copies thereof), may be inspected at the registered office of the Issuer at 58, Zachary Street, Valletta VLT 1130, Malta for the life of the Prospectus:

- The Memorandum and Articles of Association of the Issuer;
- The Audited Financial Statements of the Group for each of the financial years ended 30 September 2009, 30 September 2008, 30 September 2007 and 30 September 2006;
- The Audited Financial Statements of each of the Subsidiaries for each of the financial years ended 30 September 2009, 30 September 2008 and 30 September 2007.
- The Unaudited Half-Yearly Report of the Group for the six months ended 31 March 2009;
- The Registration Document dated 20 May 2009, as supplemented on the 12 February 2010; and
- The Securities Note dated 12 February 2010

The Group's Audited Financial Statements and the Unaudited Half-Yearly Report may also be inspected on the Issuer's website: www.bov.com





Advisors to the Issuer:

Legal Advisors

Camilleri Preziosi
Level 3, Valletta Buildings
South Street
Valletta VLT 1103
Malta

Manager & Registrar

Bank of Valletta p.l.c.
58, Zachary Street
Valletta VLT 1130
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Sponsor

Rizzo Farrugia & Co. (Stockbrokers) Ltd
Airways House, Third Floor
High Street
Sliema, SLM 1549
Malta