



Bank of Valletta

Bank of Valletta p.l.c.
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BOV/268

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Bank of Valletta p.l.c. pursuant to the Malta Financial Services Authority Listing Rules:

Quote

Bank of Valletta p.l.c. hereby announces that during the financial period commencing on 1 April 2015 up to the date of this Announcement, no material events and/or transactions have taken place that would have an impact on the financial position of the Bank or the Group, such that they would require specific mention, disclosure or announcement pursuant to the applicable Listing Rule.

Financial performance to date is broadly in line with expectations. Demand for credit was primarily driven by strong growth in home loans, boosted by Government measures aimed to enhance the ability of first time buyers to acquire property. Despite the lower interest rates, customer deposits continued to grow across all segments, mostly in the call and short dated categories. The continuing preference for short term deposits is leaving a positive impact on the net interest margin. However, the resulting situation of higher liquidity, poses additional challenges due to the persisting low interest rate environment and negative rates on overnight deposits held with other banks.

The Group registered a satisfactory increase in commission income across key business lines. The card related transactions exceeded last year's, and higher demand for investment products was experienced during the period under review. Foreign exchange earnings are also up, reflecting the growth in turnover. The price gains recognised on the proprietary portfolio were mostly driven by the performance of local equities and the disposal of investments. The costs incurred during the period under review, while in line with expectations, exceed those of the comparative period last year. This increase is largely due to the higher regulatory costs applicable as from this year.

During the period under review, the Bank, for reasons of prudence, set aside provisions on certain accounts taken on in past years, which show signs of deteriorating quality. The provision charge also reflects the Bank's continuing cautious view towards the valuation of collateral.

The Bank has started work on the replacement of the core IT system, and the subsequent transformation of business processes and practices. This is a project that will involve considerable expense, but that will enable the Bank to position itself as a truly customer-centric organisation.

Unquote

Dr. Catherine Formosa B.A., LL.D.
Company Secretary

13 July 2015