



Bank of Valletta

Office of the Company Secretary
House of the Four Winds,
Triq l-Imtiehen, Il-Belt Valletta VLT 1350 - Malta
T: (356) 2131 2020
E: iro@bov.com bov.com

BOV538

COMPANY ANNOUNCEMENT

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

Quote

QUARTERLY FINANCIAL UPDATE Financial Year 2025 – January to September

EXECUTIVE SUMMARY

Bank of Valletta p.l.c. delivered a robust performance in the first nine months of 2025, achieving a profit before tax of €192.1 million and surpassing the €16 billion mark in terms of total assets. This period was marked by continued balance sheet expansion, enhanced asset quality, year on year growth in income from core operations and the successful launch of strategic initiatives, including a regulated share buy-back programme and entry into the insurance intermediary market.

Our results reflect the disciplined execution of our 2024–2026 strategy, with targeted investments in technology, talent, and product diversification supporting long-term growth and resilience. Despite a challenging interest rate environment, the Group managed high levels of operating income supported by strong capital and liquidity metrics, underlining our commitment to prudent risk management and sustainable value creation. With a positive economic outlook and a reaffirmed profit guidance for the full year, Bank of Valletta remains focused on delivering sustainable value to shareholders and supporting Malta's economic resilience. The following are the main highlights for the period:

- **Profit before Tax:** The Group registered a profit before tax of €192.1 million for the first nine months, fully in line with expectations and underpinned by strong operating income. While profitability was 14.2% lower than the comparable period last year, this result reflects the Bank's ongoing strategic investment in its transformation journey, driving higher levels of process automation, data-driven decision-making, and digitalisation.
- **Operating Performance:** The Group's operating profit for the year amounted to €185 million which was achieved through higher operating income levels of €365.1 million (+1.6% over September 2024), with positive results being registered both on NII and NFCI. Operating expenses increased by 15.6% to €174.9 million, primarily reflecting targeted investments in talent and technology. These strategic outlays, which raised the cost-to-income ratio to 47.9%, are expected to deliver sustainable benefits and support the Group's long-term growth and competitive positioning.
- **Balance Sheet Growth:** The Group's total assets grew by nearly €1 billion during the nine months, with total assets surpassing the €16 billion mark by September 2025. This reflects strong growth momentum and strategic focus on expanding the balance sheet, further solidifying the Bank's position as Malta's leading financial institution with an asset base representing over two-thirds of the national GDP.

- Capital and Liquidity:** The Group's capital and liquidity positions remained exceptionally strong throughout the period, with key regulatory ratios well above the minimum requirements. As at the 30 September 2025, the Bank's CET1 ratio stood at 21.9% and the liquidity coverage ratio at 365.7%, reflecting prudent balance sheet management and a disciplined approach to risk. Continued growth in customer deposits and a robust capital base have also enabled the Bank to support ongoing strategic investments while maintaining ample buffers to ensure these meet the requirements of the business.
- Portfolio Asset Quality:** The Group's asset quality continued to strengthen during the period, underpinned by disciplined risk management and proactive credit portfolio oversight. Notably, the non-performing loans (NPL) ratio declined to 1.9% as at September 2025, marking its lowest level in many years and reflecting the effectiveness of ongoing initiatives to enhance credit quality and recover non-performing exposures. This improvement was further supported by a higher ECL coverage ratio for credit-impaired assets, which increased to 60.7% from 42.7% at the end of 2024, underscoring the Bank's prudent approach to provisioning and its commitment to maintaining a resilient balance sheet.
- Enhance Product Offering in the Insurance Business:** During the third quarter, Bank of Valletta broadened its insurance solutions following regulatory approval, and now offers a comprehensive range of general insurance products, including travel, health, and home insurance, directly through its branch network in close collaboration with Mapfre Middlesea p.l.c. This expansion supplements the Bank's established life insurance offerings with MAPFRE MSV Life p.l.c., enabling customers to access a full suite of protection solutions under one roof. This development not only strengthens the Bank's non-interest income streams but also reinforces its position as a leading provider of integrated financial services in Malta, delivering greater value and convenience to our clients.
- New Unsecured Euro Medium Term Bond Programme:** As specified in a recent announcement, Bank of Valletta received regulatory approval from the MFSA for a proposed Unsecured Euro Medium Term Bond Programme of up to €325 million. The initial series will involve the issue of €100 million (with an over-allotment option up to €125 million) in 5% unsecured subordinated bonds maturing between 2030 and 2035. This new capital issuance is a strategic initiative aimed at further strengthening the Bank's MREL (Minimum Requirement for Own Funds and Eligible Liabilities) position, optimising the capital structure, and ensuring the Bank is well-prepared to support sustainable growth and regulatory resilience in the years ahead.
- Share Buy-Back Programme:** In August 2025, Bank of Valletta became the first credit institution in Malta to launch a regulated share buy-back programme, following approval from both shareholders and the regulator. The Bank allocated €7.8 million from first-half profits to this initiative, which forms part of a broader Shareholder Value Optimisation Framework. The programme is designed to enhance market liquidity, provide an orderly liquidity mechanism for shareholders, and reinforce long-term shareholder value. Shares repurchased as at the 30 September amounted to 65,074 at an average price of €1.91 and are now retained as Treasury Shares, allowing for future reintegration into the Bank's capital structure.
- Financial Outlook:** The Group remains on track to deliver a profit before tax for FY2025 in the range of €215 million to €250 million, in line with previous guidance. Reflecting our ongoing commitment to shareholder value, the Bank intends to retain its policy of distributing up to 50% of after-tax profits, subject to prevailing market conditions.

SHORT-TERM ECONOMIC OUTLOOK

The European Central Bank has kept its Deposit Facility Rate steady at 2% since June. This supports our view that, barring major shocks, the interest rate easing cycle has either ended or is very near its end. The earlier strategic shift toward longer-term bonds has helped cushion the financial impact of declining interest rates. Looking ahead, the Bank now expects broad stability in its net interest income for the remainder of the year.

However, the geopolitical landscape remains uncertain and fluid. While the new US-EU trade agreement introduced higher tariffs on exports to the United States, it has somewhat reduced overall trade policy uncertainty. The Bank remains vigilant, as global tariff conditions are still subject to sudden changes driven by multiple policy objectives. BOV continues to monitor developments closely and engage with key clients to assess the evolving situation. Incoming data supports the initial assessment that, as a service-oriented economy, Malta is less exposed - both directly and indirectly - to US tariffs than many of its European counterparts.

The international economic outlook, though still weak, has been slightly upgraded. The euro area economy has shown greater resilience to rising tariffs and uncertainty than previously expected. Domestic demand conditions have also remained healthy, further supporting Malta's benign economic outlook, which remains broadly unchanged from the beginning of the year.

Malta's economic growth is projected to moderate to around 4% annually. Inflation is expected to stabilise at approximately 2%, while the unemployment rate is forecast to remain below 3%. Public finances are also projected to continue improving, with the fiscal deficit on track to fall below 3% of GDP without the need for outright consolidation measures. Meanwhile, the public debt ratio is expected to stabilise below 50% of GDP.

This anticipated economic trajectory underpins BOV's positive expectations for the evolution of its corporate and household loan book in the coming months.

FINANCIAL PERFORMANCE HIGHLIGHTS

The table hereunder provides a snapshot of the Group's financial performance over the period under review.

	Net Interest Income	Net fee & Commission Income	Profit before tax	Return on Average Equity Ratio (pre-tax)*	Cost-to- Income Ratio	Gross Loans to Deposit Ratio	CET 1 Ratio
	€ m	€ m	€ m				
3Q2025	286.4	61.9	192.1	17.9%	47.9%	58.0%	21.9%
3Q2024	290.5	56.6	223.7	22.5%	42.1%		
Dec2024						54.5%	22.3%
Change in €	-4.1	+5.3	-31.6				
Change in %	-1.4%	+9.5%	-14.2%	-4.6%	+5.8%	+3.4%	-0.4%

*ROAE is calculated as annualised Profit Before Tax divided by the average shareholders' equity.

- Profit Before Tax (PBT):** PBT generated for the three quarters of 2025 amounted to €192.1 million (3Q2024: €223.7 million). This performance aligns with the trend observed and projected for this year. The average return on equity ratio (pre-tax) dropped by 4.6 percentage points to 17.9%, reflecting a combination of continued equity strengthening and expected lower levels of profitability. The Group's RoAE levels continue to be on the high side when compared to peer Banks.
- Earnings Per Share (EPS):** The Group's EPS edged to €0.198 for the period ended September 2025 compared with the restated €0.229 in the same period in 2024 reflecting the lower Profit after Tax. The comparative restatement accounts for the bonus issue implemented at the end of the second quarter of 2025, which also contributed to an increase in share capital. The Earnings per Share for the current period also reflects the impact of the share buy-back programme initiated in August, under which 65,074 shares have been repurchased by the end of this period.
- Net Interest Income (NII):** NII for the nine-month period under review amounted to €286.4 million, decreasing by 1.4% from the same period in the previous year. This decline was primary driven by a rise in interest expense, largely due to the Tier 2 bond issuances in October 2024 and June 2025 as part of the €250 million Euro Medium Term Bond Programme. Additionally, the European Central Bank continued to reduce facility rates contributing to margin compression and further impacting the Net Interest Income. Despite these pressures, interest income increased year-on-year by circa €0.8 million, supported by stronger returns from both the proprietary investment portfolio as well as advances to customers. This demonstrates that while funding costs rose and rates declined, the Group's earning assets continued to perform well, partially offsetting the impact on NII.
- Net Fee and Commission Income (NFCI):** BOV group continues to strive towards expanding its non-interest income through various efforts evident in broader product offerings, enhanced digital channels as well as streamlining onboarding and advisory services. The Bank has during the period entered a new market sector and is now offering General Insurance Solutions from its branches becoming officially licensed by the Malta Financial Services Authority to act as a tied insurance intermediary of Mapfre Middlesea Insurance p.l.c. This diversification helps the Group maintain resilient income flows even amid a declining interest rate environment. Consequently, NFCI during the period being reported has markedly increased by 9.5% to €61.9 million. This was largely driven by growth in cards and credit commissions together with an increase in investments related activities.

- **Costs:** In comparison to previous year, BOV Group has experienced an overall cost increase of 15.6% with the balance as at the end of September standing at €174.9 million (3Q2024: €151.3 million). This rise was primarily attributed to targeted investments in human resource talent acquisition/retention, where employee related costs now account for 58% of operational costs, as well as technological enhancements aimed at driving innovation, operational efficiency and improved customer experience.

Furthermore, expenditure related to strategic initiatives also rose during the period, reflecting the Group's ongoing commitment to transformation and long-term value creation. As a result, the overall Cost-to-Income ratio was registered at 47.9% during this reporting period (3Q2024: 42.1%).

- **Expected Credit Losses (ECL):** For the first nine months of 2025, the Group recorded a net ECL charge of €5.2 million. This marked a shift from the net release outstanding as at end June 2025 and was influenced by a mid-tier credit exposure which transitioned to IFRS 9 Stage 3 (non-performing) during the quarter. The Bank is confident that through focused recovery efforts, the charge on such facility should be reversed within the foreseeable future.

During the period under review, the Bank continued to arduously improve its recovery positions especially with respect to Stage 3 assets. Such efforts resulted in improved asset quality ratios with the NPL ratio decreasing by 39bps over the quarter, with the ratio closing at 1.9% as of September 2025. Additionally, ECL coverage ratio for credit-impaired assets was up to 60.7% compared to 42.7% at the end of December 2024 reflecting an increase in prudential provisions that are directly deductible from capital reserves.

- **Profits from Associates:** The Group's share of profit from insurance associates for the period amounted to €7.0 million (3Q2024: €6.3 million).

FINANCIAL POSITION OF THE GROUP

- **Total Assets:** The Group's total assets surpassed the €16 billion mark as at the end of September 2025, up by circa one billion compared to the closing position as at the end of 2024. This growth was driven by strong lending activity, sustained inflow in customer deposits, and strategic investments in high-quality financial instruments.
- **Cash and Short-Term Funds:** As at the end of September 2025, the Group reported a balance of €0.9 billion (December 2024: €1.1 billion) reflecting a continued downward trend primarily attributed to increased investment activity and strategic redeployment of liquidity into longer-term interest-bearing assets. Despite the reduction in cash holdings, the Group maintained a strong liquidity position with strong LCR and NSFR positions.
- **Treasury Investments:** The Group's Treasury portfolio has seen significant growth during 2025, reaching €6.9 billion, with an increase of €518.7 million over the nine months (December 2024: €6.3 billion). These investments, 43% of total assets, now represent a substantial portion of the Group's assets ensuring that while the Bank maintains the necessary level of liquid assets, it deploys its funds to optimise returns and generate income in the most optimised manner and in accordance with its Treasury policies.
- **Net Loans and Advances to Customers:** The credit portfolio (on a net basis and including Fair Value through Profit and Loss loans) continued to grow at a steady pace, with the balance at end of September standing at €7.7 billion, representing an 11.2% increase when compared to the start of year position. The loan book showed consistent expansion across all key segments with Commercial and Retail year-to-date balances increasing by 8.7% and 13.2%, respectively. The Group's gross loan-to-deposits ratio increased from 54.5% in December 2024 to 58.0% as at the end of September 2025.
- **Customer Deposits:** Deposits experienced a strong increase of €576.9 million resulting in a closing balance of €13.4 billion as at end September. This upward trend was supported by stable inflows from personal customers reflecting strong market confidence and the Bank's ability to attract and retain liquidity resulting in an LCR ratio of 365.7% which is well above the minimum regulatory requirements.
- **Total Group Equity:** The Group's total equity closed at €1.4 billion, an increase of €41.3 million compared to December 2024 position with the Net Asset Value per share standing at €2.3 per share (December 2024: €2.2 per share, restated using the amount of outstanding shares following bonus issue and share buy-back). The Group's capital ratios remained strong and above regulatory requirements, with the CET 1 and total capital ratios as of September 2025 at 21.92%¹ (December 2024: 22.31%) and 29.08%¹ (December 2024: 27.13%), respectively.

¹ The capital ratios are exclusive of profits for the third quarter. Retained earnings are added to the capital ratio computations upon publication of the interim and annual results.

STRATEGY IMPLEMENTATION UPDATE

The Bank continues to strengthen its strategic governance and risk management framework by developing policies through a structured process that ensures robustness and transparency. These improvements are being implemented as an integral part of our ongoing strategic cycle and related initiatives. This approach aligns with the regulatory expectations for a systemically important financial institution (SIFI) and reflects best practices in fulfilling our duties responsibilities to shareholders and other stakeholders.

Building on this foundation, the Bank continued to deliver on its 2024–2026 Strategy with stable momentum. Throughout 3Q 2025, the Bank maintained strong focus on execution management, closely monitoring the allocation of resources and the effective collaboration between the multi-disciplinary teams involved in project implementation. Initiative governance continued to be prioritised to ensure that emerging risks are addressed in time, sustain delivery momentum into the last year of the current strategic cycle.

The Board notes with interest the Bank's contributions to the United Nations Sustainable Development Goals, which were recently recognised with the shortlisting and subsequent winning of the 2025 Award for Inclusive Banking and Social Impact, organised by the WSBI-ESBG (World Savings and Retail Banking Institute and the European Savings and Retail Banking Group).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) UPDATE

In 3Q 2025, Bank of Valletta continued to strengthen its ESG strategy, reinforcing its role in Malta's sustainable economic transition. The Bank's participation in the MHRA Conference showcased its commitment to sustainability in the hospitality sector, with CEO Kenneth Farrugia advocating for responsible financing, industry-wide adoption of green practices, and collaborative innovation to preserve Malta's long-term appeal.

The Bank revised its green financing targets, expanded support for retail and commercial sustainability projects, and progressed its Climate Transition Plan in line with CSRD requirements. Key developments included enhanced emissions tracking and the completion of a Double Materiality Assessment. To reduce Scope 3 emissions, BOV installed seven EV charging stations at its Head Office, promoting low-emission commuting among staff.

On the social front, BOV reinforced its Vulnerable Client Policy, ensuring inclusive service for individuals with dementia and other needs. The Bank also marked its second official participation in Malta Pride, reaffirming its commitment to diversity, equity, and inclusion.

Community engagement remained central, with the second edition of the SkolaSajf financial literacy programme reaching over two dozen schools. Internally, BOV invested in ESG capacity-building through employee sponsorships for an MQF Level 7 ESG qualification and organisation-wide training sessions to embed ESG principles into daily operations.

Through these initiatives, Bank of Valletta continues to lead by example, integrating sustainability across its operations and reaffirming its role as a trusted and inclusive financial partner to the Maltese community.

CONCLUDING REMARKS AND FINANCIAL OUTLOOK

The Group's performance over the first nine months of 2025 underscores its resilience and agility in navigating a dynamic economic landscape. Equity activity during this period was notably strong, marked by a bonus share issue, the launch of a regulated share buy-back programme, and the distribution of interim dividends, each reinforcing the Group's commitment to shareholder value and capital optimisation. Supported by a robust capital and liquidity position, the Group remains focused on sustainable growth, innovation, and long-term value creation, while maintaining ample regulatory buffers.

Looking ahead, Bank of Valletta maintains a cautiously optimistic outlook, underpinned by disciplined execution of its 2024–2026 strategy and a resilient business model. The Group reaffirms its full-year guidance, projecting a profit before tax in the range of €215 million to €250 million for FY2025, with a return on average equity (pre-tax) expected to remain above the 15% benchmark. This outlook is supported by stabilising net interest income, continued momentum in fee and commission income, and ongoing expansion of the credit and investment portfolios. Dividend distributions for FY2025 will continue to be guided by a well-defined policy targeting up to 50% of profits, subject to prevailing market conditions.

With plans for additional long-term debt issuances in the last quarter of the year, the Group is well-positioned to further optimise its capital structure and deliver stable returns to shareholders. Bank of Valletta remains committed to delivering long-term value through customer-centric innovation, digitalisation, ESG integration, and dynamic balance sheet management, reinforcing its role as a key enabler of economic and sustainable development in Malta.

The Bank thanks its stakeholders for their unwavering support and confidence in its vision, and its employees for their continued drive and commitment.

Notes

The financial information on which this Quarterly Financial Overview is based, is extracted from unaudited accounts of the Group which are prepared in accordance with the Group's accounting policies as described on pages 88 to 100 of 2024 ESEF Annual Report & Financial Statements.

Unquote



Dr. Ruth Spiteri Longhurst B.A., LL.D.
Company Secretary

29 October 2025

The purpose of this communication is purely informative and should not be considered as a service or offer of any financial product, service or advice, nor should it be interpreted as, an offer to sell or exchange or acquire, or an invitation for offers to buy securities issued by Bank of Valletta plc. The information contained herein is subject to, and must be read in conjunction with, all other publicly available information including the Annual Report and Audited Financial Statements. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purpose and only on such information as is contained in such public information set out in the relevant documentation published by the issuer in the context of such specific offer or issue and after taking any professional or any other advice as it deems necessary or appropriate under the relevant circumstances and not in reliance on the information contained in this presentation.

This communication may contain forward-looking statements concerning the development of the Bank, its Subsidiaries and Associate companies' business performance. While these statements are based on our current projections, judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

Such factors include, but are not limited to, the market general situation, macroeconomic factors, regulatory changes, geopolitical developments, movements in domestic and international securities markets, currency exchange rates and interest rates, changes in the financial position, creditworthiness or solvency of our customers, debtors or counterparties.

These risk factors could adversely affect our business and the levels of performance and results. Other unknown or unforeseeable factors, and those whose evolution and potential impact remain uncertain, could also make the results or outcome differ significantly from those projected.

Statements as to historical performance and historical share price are not intended to mean that future performance, future share price or future earnings for any period will necessarily match or exceed those of any prior year. Nothing in this presentation should be construed as a profit forecast.

Statements of profit or loss

For the nine months ended 30 September 2025

	The Group		The Bank	
	Sep-25	Sep-24	Sep-25	Sep-24
	€000	€000	€000	€000
Interest and similar income:				
- on loans and advances	209,765	237,438	209,765	237,438
- on debt, other fixed income instruments and derivatives	120,518	92,023	120,516	92,003
Interest expense	(43,870)	(38,919)	(43,870)	(38,919)
Net interest income	286,413	290,542	286,411	290,522
Fee and commission income	76,510	69,184	69,895	62,726
Fee and commission expense	(14,570)	(12,622)	(14,570)	(12,622)
Net fee and commission income	61,940	56,562	55,325	50,104
Dividend income	508	436	9,362	8,178
Trading profits	9,878	11,798	9,917	11,780
Net loss on investment securities and hedging instruments	(41)	(108)	(41)	(108)
Other income	6,423	-	6,423	-
Operating income	365,121	359,230	367,397	360,476
Employee compensation and benefits	(102,236)	(90,640)	(100,219)	(88,631)
General administrative expenses	(56,996)	(45,424)	(55,720)	(44,115)
Amortisation of intangible assets	(8,051)	(9,828)	(8,040)	(9,753)
Depreciation	(7,590)	(5,396)	(7,583)	(5,371)
Net impairment (charge)/reversal	(5,222)	9,539	(5,222)	9,539
Operating profit	185,026	217,481	190,613	222,145
Share of results of equity-accounted investees, net of tax	7,024	6,252	-	-
Profit before tax	192,050	223,733	190,613	222,145
Income tax expense	(64,743)	(76,408)	(66,714)	(77,751)
Profit for the period	127,307	147,325	123,899	144,394
Earnings per share¹	19.8c	22.9c		

¹ The comparative earnings per share have been restated to take into consideration the total number of shares following the bonus issue.

Statements of Financial Position

as at 30 September 2025

	The Group		The Bank	
	30-Sep-25	31-Dec-24	30-Sep-25	31-Dec-24
	€000	€000	€000	€000
ASSETS				
Balances with Central Bank of Malta, cash and other related assets	925,507	1,085,871	925,507	1,085,871
Financial assets at fair value through profit or loss	93,713	106,220	91,974	104,678
Investments	6,855,445	6,336,696	6,855,445	6,336,696
Loans and advances to banks	169,417	328,547	169,417	328,547
Loans and advances to customers at amortised cost	7,630,457	6,846,302	7,630,457	6,846,302
Investments in equity-accounted investees	121,208	117,160	72,870	72,870
Investments in subsidiary companies	-	-	6,230	6,230
Intangible assets	39,827	45,317	39,827	45,306
Property and equipment	151,377	153,519	151,350	153,487
Deferred tax	30,326	29,032	30,309	29,004
Assets held for realisation	11,284	11,870	11,284	11,870
Other assets	15,443	18,786	15,388	18,767
Prepayments	21,636	19,779	19,664	17,564
Total Assets	16,065,640	15,099,099	16,019,722	15,057,192
LIABILITIES				
Derivative contracts held for risk management	3,403	4,200	3,403	4,200
Derivative contracts designated as hedging instruments	297	-	297	-
Amounts owed to banks	158,794	9,150	158,794	9,150
Amounts owed to customers	13,380,835	12,803,915	13,384,996	12,807,957
Current tax	40,467	8,173	40,063	8,427
Deferred tax	7,890	8,119	7,890	8,119
Other liabilities	210,514	225,373	209,919	224,842
Provisions	19,385	18,388	19,385	18,388
Debt securities in issue	377,624	350,846	377,624	350,846
Subordinated liabilities	417,371	263,136	417,371	263,136
Total Liabilities	14,616,580	13,691,300	14,619,742	13,695,065
EQUITY				
Called up share capital	642,234	583,849	642,234	583,849
Share premium account	49,277	49,277	49,277	49,277
Treasury Shares	(124)	-	(124)	-
Revaluation reserves	59,766	62,319	59,654	62,207
Retained earnings	697,907	712,354	648,939	666,794
Total Equity	1,449,060	1,407,799	1,399,980	1,362,127
Total Liabilities and Equity	16,065,640	15,099,099	16,019,722	15,057,192