



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](https://www.bov.com)

BOV606

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 2026: January to September

Performance Highlights

Bank of Valletta Group continued to deliver a **strong operating performance during the first nine months of 2026, generating profit before tax of €189.6 million**. Operating income increased by 6.0% when compared to the previous year, reaching €387.1 million, reflecting continued growth across the Group's core banking activities and the resilience of its underlying earnings capacity.

Net interest income increased by €30.4 million, or 10.6%, to €316.8 million, supported by continued expansion in customer lending and stronger contributions from the Treasury portfolio. Net fee and commission income remained resilient at €60.0 million and continued to provide an important source of diversified earnings. Strong income growth supported continued strategic investment, while the cost-to-income ratio remained controlled at 50.6% and within the Group's expected operating range.

Profit before tax was 1.3% below the corresponding period of 2025. The modest year-on-year reduction in profit principally reflects the non-recurrence of specific income items recognised in the corresponding period of 2025, together with continued investment in the Group's strategic priorities. The performance of the Group's core banking activities remained strong and largely absorbed these effects, demonstrating the resilience of the Bank's recurring earnings base.

Balance-sheet momentum remained strong, with total assets increasing by 7.4% to €17.8 billion. Customer deposits grew by 6.5% to €14.6 billion, while net loans and advances increased by 10.0% to €8.8 billion, reflecting broad-based growth across the Group's principal lending segments.

Asset quality remained sound, with the non-performing exposure ratio improving to 1.41% from 1.68% at December 2025. The ECL charge of €8.3 million reflected a limited number of customer-specific developments rather than broad-based deterioration in the portfolio.

The Group's capital and liquidity position remained strong and continued to provide significant capacity to support its strategic objectives, future business growth and evolving regulatory requirements. As of the 30 September 2026, the CET1 ratio stood at 19.5% and the Liquidity Coverage Ratio at 401.8%, comfortably above applicable regulatory requirements.

Based on the strong performance delivered during the first nine months of 2026 and the current outlook for the remainder of the year, **the Group is increasing the lower bound of its full-year profit before tax guidance from €210 million to €230 million, while retaining the upper bound at €250 million.** The Group also remains on track to deliver its other key financial guidance, including pre-tax ROAE of 14%–16%, a cost-to-income ratio in the low-to-mid 50% range and customer loan growth of approximately 10%. Net interest income is expected to remain ahead of the previously communicated trajectory, while fee and commission income is expected to remain stable to modestly higher after adjusting for the EIR-related accounting effect. Capital and liquidity are expected to remain comfortably above regulatory requirements, supported by sound asset quality and continued cost discipline.

Key Financial Metrics for the Nine Months Ended 30 September 2026

Key performance indicators	9M 2026	9M 2025 / Dec 2025 comparator	Change
Net interest income (€m)	316.8	286.4	+30.4 / +10.6%
Net fee and commission income (€m)	60.0	61.9	-1.9 / -3.1%
Operating income (€m)	387.1	365.1	+22.0 / +6.0%
Profit before tax (€m)	189.6	192.1	-2.5 / -1.3%
Pre-tax ROAE**	16.7%	17.9%*	-1.2 ppts
Cost-to-income ratio	50.6%	47.9%	+2.7 ppts
Total assets (€bn)	17.8	16.5*	+1.2 / +7.4%
Customer deposits (€bn)	14.6	13.7*	+0.9 / +6.5%
Net loans and advances to customers (€bn)	8.8	8.0*	+0.8 / +10.0%
Gross loans-to-deposits ratio	60.9%	59.0%*	+1.9 ppts
Net Asset Value (NAV) per share (€)	2.39	2.33*	+0.06 / +2.7%
Non-performing exposure ratio	1.41%	1.68%*	-0.27 ppts
CET1 capital (€bn)	1.36	1.31*	+0.05 / +4.0%
CET1 ratio	19.5%	20.9%*	-1.4 ppts
Total capital ratio	26.9%	29.3%*	-2.4 ppts
Liquidity Coverage Ratio	401.8%	384.7%*	+17.1 ppts

*December 2025 comparator where applicable. **ROAE is calculated as annualised Profit Before Tax divided by the average shareholders' equity.

Group Financial Performance

Profitability: The Group reported profit before tax of €189.6 million for the first nine months of 2026, compared with €192.1 million in the corresponding period of 2025. Pre-tax return on average equity remained robust at 16.7%. The €22.0 million increase in operating income was substantially offset by a €21.1 million increase in operating costs and a €3.1 million increase in expected credit losses, resulting in profit before tax remaining broadly stable year on year. The principal income and expenditure movements are outlined below.

Net Interest Income (NII): NII increased by 10.6%, to €316.8 million (9Mths 2025: €286.4 million), reflecting the continued growth in interest-earning assets across the lending and investment portfolios. This performance was driven by sustained growth in the commercial and home loan portfolios, together with enhanced contributions from the Group's strategically positioned longer-term investment portfolio. Importantly, this growth was achieved despite an increase in interest expense of approximately €10.9 million, principally reflecting the cost of additional bond issuances, highlighting the resilience of the Group's core earnings capacity.

Net Fee and Commission Income (NFCI): NFCI for the first nine months of 2026 amounted to €60.0 million, remaining broadly stable compared with the corresponding period last year and representing approximately 15% of total operating revenues. Cards and investment-related income increased by a combined €4.0 million. These gains were offset by lower advances processing fees following a revised accounting treatment under IFRS 9, whereby fees integral to the effective interest rate are recognised within net interest income over the expected life of the related loans. Accordingly, the year-on-year movement partly reflects the timing and presentation of income rather than an equivalent reduction in the underlying economic return. A €2.8 million increase in cards-related commission expense, driven by higher service and interchange charges, also reduced the net contribution.

Costs: Operating costs increased by €21.1 million to €196.0 million, reflecting continued investment in technology modernisation, operational and cyber resilience, regulatory delivery, data capabilities and specialist resources. Key areas of investment included the modernisation of the Bank's technology landscape, replacement of legacy platforms, increased use of cloud-based solutions and further deployment of automation capabilities aimed at enhancing efficiency, data quality and customer service. Despite these investments, the cost-to-income ratio remained at a prudent 50.6% and within the Group's expected operating range.

Expected Credit Losses (ECL): The Group recognised an ECL charge of €8.3 million, compared with €5.2 million in the corresponding period of 2025. The increase principally reflected a limited number of customer-specific credit developments rather than broad-based deterioration in the portfolio. Asset quality remained sound, with the NPE ratio improving to 1.41% from 1.68% at December 2025. ECL coverage of credit-impaired exposures stood at 55.8%, compared with 59.4% at December 2025, reflecting movements in exposures, collateral values and impairment allowances.

Profits from Associates: The share of profit amounted to €6.8 million for the period and is aligned to the contribution in the comparative year. This contributed positively to the Group's results, reflecting stable underlying performance of such investments and providing diversification to the Group's earnings profile. Their combined contribution represented approximately 4% of the Group's profit before tax for the period.

Earnings per share (EPS): EPS remained broadly stable at €0.196 for the first nine months of 2026, compared with €0.198 in the corresponding period of 2025. This reflects the resilience of the Group's profitability and the strength of its underlying earnings generation, supporting continued and sustainable value creation for shareholders.

Group Financial Position

The Group's balance sheet continued to expand during the first nine months of 2026, supported by growth in customer lending, deposits and Treasury investments. The principal movements are outlined below.

Cash and Short-Term Funds: Cash and short-term funds increased by more than €200 million to €1.1 billion, further strengthening the Group's liquidity position and providing additional capacity for disciplined deployment into customer lending, Treasury investments and other income-generating opportunities. This flexibility supports continued balance-sheet growth while preserving substantial liquidity headroom.

Treasury Investments: At €7.1 billion, the Group's investments portfolio remains a strategic component of the balance sheet rather than solely a liquidity reserve. Selective deployment into higher-yielding, predominantly high-quality securities has enhanced income generation while preserving capital and liquidity efficiency. Representing approximately 40% of total assets, the portfolio provides stable recurring income, supports collateral and liquidity capacity, and strengthens the Group's ability to manage interest-rate and funding risks across changing market conditions.

Gross Loans and Advances to Customers: The Group's gross loans and advances to customers, including assets measured at fair value through profit or loss, increased by €805 million, or 9.9%, during the first nine months of 2026 to reach €8.9 billion, compared with €8.1 billion at December 2025. Growth was broad-based across the main lending segments, led by home loans, which increased by €480 million, or 11.8%, followed by business loans, which grew by €292 million, or 8.0%, and personal loans, which increased by €33 million, or 8.6%. This sustained lending momentum reflects continued demand across both retail and commercial banking and supported a more productive deployment of the Group's deposit base. The gross loans-to-deposits ratio increased from 59.0% at December 2025 to 60.9%, while remaining consistent with the Group's prudent liquidity profile.

Customer Deposits: Customer deposits increased by €894.9 million, or 6.5%, during the first nine months of 2026 to €14.6 billion, further reinforcing the Group's stable and predominantly retail-funded deposit franchise. Personal deposits remain the principal funding anchor, providing a resilient source of funding to support continued growth in lending and Treasury investments. The strength of the franchise is reflected in both short-term liquidity and longer-term structural funding, with the LCR increasing to 401.8% from 384.7% at December 2025 and the NSFR remaining significantly above the 100% regulatory minimum. Together, these metrics demonstrate substantial liquidity and stable-funding headroom, supporting continued balance-sheet growth while maintaining a prudent funding profile.

Long-Term Liabilities: The Group's long-term funding base increased to €1.2 billion at the end of September 2026, from €892 million at December 2025, mainly reflecting the successful €300 million Senior Preferred issuance completed in May 2026 under the Bank's EMTN Programme. The transaction was twice oversubscribed at close, with strong participation from domestic and international institutional investors. As the Bank's second issuance in the international debt capital markets, the transaction broadened and diversified its funding base, reinforced market access and provided additional capacity to support sustainable balance-sheet growth.

Total Group Equity: The Group's total equity increased by €38.7 million to €1.5 billion at the end of September 2026, resulting in a net asset value of €2.39 per share, compared with €2.33 at December 2025. The CET1 and total capital ratios stood at 19.5% and 26.9%, respectively, compared with 20.9% and 29.3% at December 2025, and remained comfortably above regulatory requirements. The movement in capital ratios principally reflects continued balance-sheet and risk-weighted asset growth, together with the timing of profit recognition in regulatory capital, while regulatory capital headroom remains substantial.¹

¹ The capital ratios are inclusive of profits for the first half of the year.

Capital Strategy and Funding

During the period, the Bank continued to advance its capital strategy, balancing the efficient management of capital and funding with initiatives to enhance market liquidity and support sustainable shareholder value.

Share Trading Activity and Market Performance

Trading activity in Bank of Valletta plc shares remained strong throughout the period, with the value of shares traded exceeding €19 million, representing an increase of more than 21% when compared with the corresponding period of the previous year. Reflecting the Bank's continued strong financial performance and sustained execution of its strategic priorities, the Bank's share price reached €2.40 during the period, representing an increase of 27% since the beginning of the year and reaching a price-to-book ratio of 1.0x. As a result of this positive market performance, the Bank's market capitalisation exceeded €1.54 billion. Since the start of the year, shareholders have benefitted from an increase in market value of approximately €327 million, in addition to the distribution of net dividends amounting to €33.6 million.

Treasury Shares and Share Buy-Back Programme

During the reporting period, the Bank continued to implement its first authorised share buy-back programme, which concluded on 17 July 2026. Following the end of the reporting period and receipt of the required regulatory approval, the Bank commenced its second authorised share buy-back programme with effect from 19 October 2026. Furthermore, subject to prevailing market conditions and in line with the authority granted by shareholders at the Annual General Meeting, the Bank may, from time to time, make available for sale a portion of the shares currently held in treasury. This initiative is intended to support market liquidity and facilitate an orderly and efficient market in the Bank's shares.

Funding and Capital Management

The Bank successfully completed a Senior Preferred issuance in the second quarter of 2026, further strengthening its funding profile and supporting the continued optimisation of its Minimum Requirement for Own Funds and Eligible Liabilities (MREL) position. Following this transaction, the Bank received the necessary regulatory and supervisory approvals and is proceeding with the early redemption of its existing Senior Non-Preferred notes on 6 December 2026. In addition, and as part of its ongoing capital and funding planning activities, the Board has authorised preparatory work in relation to a potential future Senior issuance of up to €350 million. Any such transaction would remain subject to market conditions, regulatory approvals and the Bank's funding and capital requirements at the relevant time.

These initiatives form part of the Bank's broader capital management strategy aimed at maintaining a strong and efficient capital structure, supporting sustainable growth, and preserving long-term value for shareholders.

Short-term Economic Outlook

As anticipated, the resurgence of inflationary pressures led the European Central Bank (ECB) to further tighten monetary policy, increasing interest rates by 25 basis points in September following a similar increase in June. Looking ahead, the ECB's Deposit Facility Rate is expected to remain around its current level for an extended period, particularly if euro area inflation proves more persistent than currently anticipated. The Group continues to monitor developments closely and incorporates changes in official interest rates into the range of factors considered during its quarterly base rate review process. Following its latest assessment, the Group has decided to maintain its base rate unchanged until at least the end of 2026.

The geopolitical landscape also remains fluid and subject to ongoing uncertainty. To date, the impact of external tensions has been relatively contained, supported in part by measures that have shielded households and businesses from higher international energy prices, although this has come at a fiscal cost. BOV continues to monitor developments closely, and remains in regular contact with key clients to assess any emerging risks and their potential implications.

Domestically, economic conditions continue to remain favourable. Strong growth in domestic demand and tourism continue to underpin Malta's economic performance, with the outlook largely unchanged since the beginning of the year. Updated forecasts continue to point to annual economic growth of around 4%, while inflation is expected to stabilise below 3% and unemployment to remain close to 3%.

This positive economic backdrop continues to support BOV's expectations for further growth in both its corporate and household lending portfolios over the coming months. Based on performance during the first nine months of 2026, management is satisfied with the Group's progress and remains confident that it is broadly on track to achieve its strategic and financial objectives.

Strategy Execution, Resilience and ESG

The financial performance achieved during the first nine months of 2026 provides a strong platform for the continued transformation of the Bank. During the period, the Group maintained significant investment in technology modernisation, operational and cyber resilience, regulatory delivery, data capabilities and specialist resources. These investments are strengthening the operating foundations required to support sustainable growth, protect the Bank's trusted franchise and enhance its capacity to respond to evolving customer, regulatory and market expectations.

The Group's growth also provides tangible evidence of progress in strengthening its customer proposition. Gross lending increased by €805 million during the first nine months of 2026, including growth of €480 million in home loans, €292 million in business lending and €33 million in personal lending. This broad-based expansion reflects the continued development of the Bank's personal and business banking franchises and the more productive deployment of its funding base. The strategic priority is to build on this momentum by deepening customer relationships, improving service and advice, and progressively using stronger data and digital capabilities to deliver more relevant and personalised propositions.

As the Bank approaches the completion of its current strategic cycle, work is progressing on the development of its strategic direction for FY2027–FY2029, which remains subject to Board consideration and approval. The emerging direction is expected to build on the strength of the Bank's franchise and financial position, with continued emphasis on resilience, customer relationships, technology and data capabilities, operational effectiveness and sustainable value creation. The investments and transformation undertaken during 2026 are strengthening the foundations for the Bank's next phase of development, while maintaining disciplined alignment with its risk appetite, regulatory obligations and capital and liquidity position.

ESG considerations remain integrated within this direction through the Group's governance, risk-management and customer-proposition frameworks. During the period, the Group progressed its Climate, Environmental and Governance Materiality Assessments, strengthened ESG reporting and risk-appetite measures, and continued its preparations for evolving EBA and Pillar 3 disclosure requirements. The Group remains focused on ensuring that future growth is responsible, inclusive and aligned with the long-term interests of customers, shareholders and the communities it serves.

CONCLUDING REMARKS AND UPDATE ON FINANCIAL OUTLOOK

The Group's performance during the first nine months of 2026 demonstrates the continued strength of its operating model, supported by growth in core income and customer lending, sound asset quality and resilient funding. Capital and liquidity remain comfortably above regulatory requirements, providing capacity to support disciplined growth.

While the external environment remains uncertain, Malta's economic fundamentals continue to provide a supportive backdrop for the Group's activities. The performance achieved to date reinforces confidence in the full-year outlook. Accordingly, the lower bound of the Group's 2026 profit before tax guidance is being increased from €210 million to €230 million, while the upper bound is retained at €250 million.

The Group remains well positioned to support customers and the Maltese economy, while delivering sustainable long-term value to shareholders.

NOTES

The financial information on which this Quarterly Financial Update 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 85 to 102 of 2025 ESEF Annual Report & Financial Statements.

Unquote



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

28 October 2026

Statements of profit or loss

for the nine months ended 30 September 2026

	The Group		The Bank	
	Sep-26 €000	Sep-25 €000	Sep-26 €000	Sep-25 €000
Interest and similar income				
- on loans and advances	239,685	209,765	239,685	209,765
- on debt, other fixed income instruments and derivatives	131,848	120,518	131,848	120,516
Interest expense	(54,735)	(43,870)	(54,735)	(43,870)
Net interest income	316,798	286,413	316,798	286,411
Fee and commission income	77,395	76,510	70,566	69,895
Fee and commission expense	(17,352)	(14,570)	(17,346)	(14,570)
Net fee and commission income	60,043	61,940	53,220	55,325
Dividend income	2,432	508	13,284	9,362
Trading profit	6,754	9,878	6,724	9,917
Net loss on investment securities and hedging instruments	(26)	(41)	(26)	(41)
Other income	1,128	6,423	1,160	6,423
Operating income	387,129	365,121	391,160	367,397
Employee compensation and benefits	(107,858)	(102,236)	(105,667)	(100,219)
General administrative expenses	(71,664)	(56,996)	(70,217)	(55,720)
Amortisation of intangible assets	(9,781)	(8,051)	(9,781)	(8,040)
Depreciation	(6,656)	(7,590)	(6,650)	(7,583)
Net impairment charge	(8,312)	(5,222)	(8,312)	(5,222)
Operating profit	182,858	185,026	190,533	190,613
Share of results of equity-accounted investees, net of tax	6,755	7,024	-	-
Profit before tax	189,613	192,050	190,533	190,613
Income tax expense	(64,130)	(64,743)	(66,686)	(66,714)
Profit for the period	125,483	127,307	123,847	123,899
Earnings per share	19.6c	19.8c		

Statements of financial position

as at 30 September 2026

	The Group		The Bank	
	Sep-26	Dec-25	Sep-26	Dec-25
	€000	€000	€000	€000
ASSETS				
Balances with Central Bank of Malta, cash and other related assets	1,122,440	921,224	1,122,341	921,224
Investments and loans and advances to customers at fair value through profit or loss	82,176	89,238	80,864	87,847
Derivative financial assets	2,412	2,987	2,412	2,987
Investments at amortised cost	6,931,397	6,781,209	6,931,397	6,781,209
Investments at fair value through other comprehensive income	115,850	73,830	115,850	73,830
Loans and advances to banks	290,707	258,754	290,707	258,754
Loans and advances to customers at amortised cost	8,792,393	7,985,473	8,792,393	7,985,473
Investments in equity-accounted investees	126,983	124,577	72,870	72,870
Investments in subsidiary companies	-	-	6,230	6,230
Intangible assets	35,681	40,980	35,681	40,980
Property and equipment	171,419	172,205	171,393	172,179
Deferred tax	31,869	28,954	31,879	28,963
Other assets	49,400	50,892	47,167	48,105
Total Assets	17,752,727	16,530,323	17,701,184	16,480,651
LIABILITIES				
Derivative financial liabilities	3,091	4,568	3,091	4,568
Amounts owed to banks	31,743	99,894	31,743	99,894
Amounts owed to customers	14,635,476	13,740,565	14,639,884	13,745,110
Current tax	17,782	37,580	17,495	37,309
Deferred tax	8,244	8,291	8,244	8,291
Other liabilities	273,119	233,095	272,535	232,593
Provisions	20,204	17,554	20,204	17,554
Unsubordinated debt securities in issue	681,240	351,659	681,240	351,659
Subordinated liabilities	546,116	540,143	546,116	540,143
Total Liabilities	16,217,015	15,033,349	16,220,552	15,037,121
EQUITY				
Called up share capital	642,234	642,234	642,234	642,234
Share premium account	49,277	49,277	49,277	49,277
Revaluation reserves and other components of equity	92,060	99,083	91,950	98,973
Retained earnings	752,141	706,380	697,171	653,046
Total Equity	1,535,712	1,496,974	1,480,632	1,443,530
Total Liabilities and Equity	17,752,727	16,530,323	17,701,184	16,480,651