

Dr Gordon Cordina is a leading economist in the Maltese islands.

He has professional experience spanning 30 years, covering banking, policy-making, academia and private sector consultancy. He serves as Chairperson of the Board of Directors, the Nominations Committee and is a member of the Technology and Digital Strategy Committee.

Dr Cordina is a graduate of the University of Cambridge and the University of Malta. His main area of academic interest is the growth and macroeconomic dynamics facing economies that are prone to heightened risks.

Dr Cordina has several years of Board and Risk Committee experience in major local financial institutions, other than his current role at Bank of Valletta p.l.c. He has served as Manager of the Research Department of the Central Bank of Malta, Director General of the National Statistics Office of Malta, Head of the Economics Department of the University of Malta and Economic Advisor to the Malta Council for Economic and Social Development. Through the private consultancy firm he co-founded in 2006, he is involved in a number of local and international research projects and consultancy assignments with institutions including the EU Commission, NGOs and private sector entities. Dr Cordina is also a visiting senior lecturer at the University of Malta.

*Dr Cordina was appointed Chairperson of the Bank of Valletta p.l.c. in October 2020, of Mapfre Msv Life p.l.c. in September 2021 and director of Mapfre Middlesea p.l.c. in September 2022.*



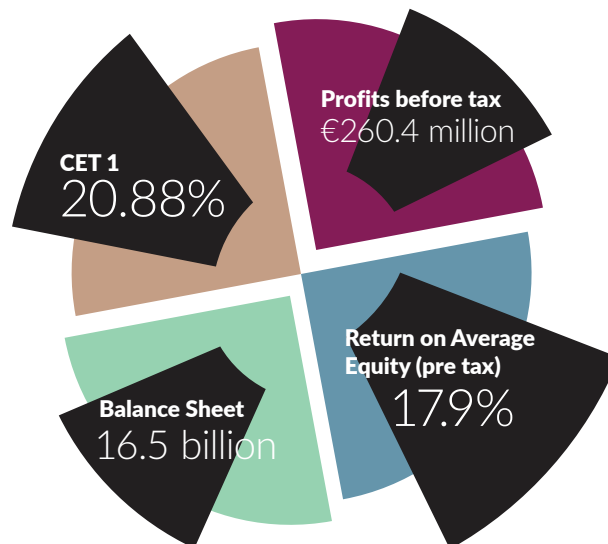
# Chairperson's Statement

**Dr Gordon Cordina**  
Chairperson

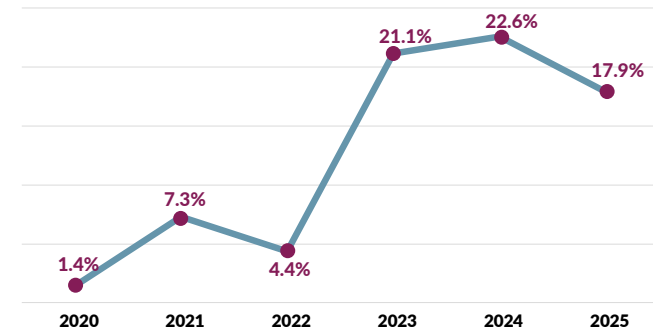


## PERFORMANCE HIGHLIGHTS

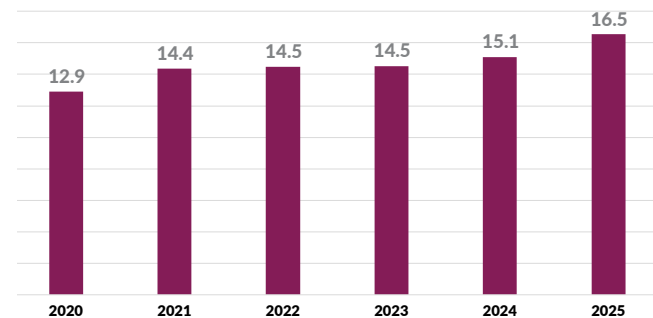
BOV Group delivered another year of strong performance in 2025. Profits before tax amounted to €260.4 million, corresponding to a pre-tax return on average equity of 17.9%. The Group's balance sheet expanded to €16.5 billion, equivalent to 67.1% of Malta's nominal GDP. Our capital position remained robust, with a CET1 capital ratio of 20.88%. These results were achieved despite the significant geopolitical tensions abroad, supported by benign domestic economic conditions. The Bank delivered strong profits notwithstanding the normalisation of interest rates and upward pressures on operating expenses. All this highlights the resilience of our business model, the prudence of our strategic decisions, and our commitment to sustainable performance and effective risk management.



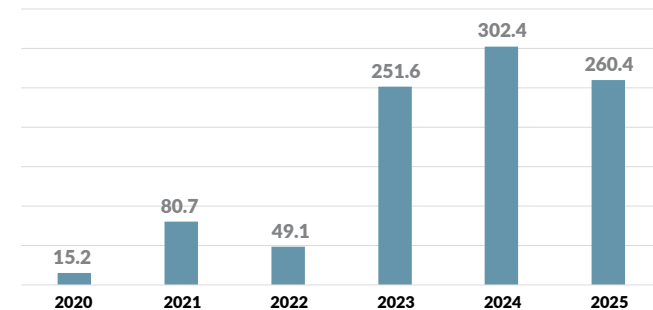
## ROAE



## Balance Sheet Size (€b)



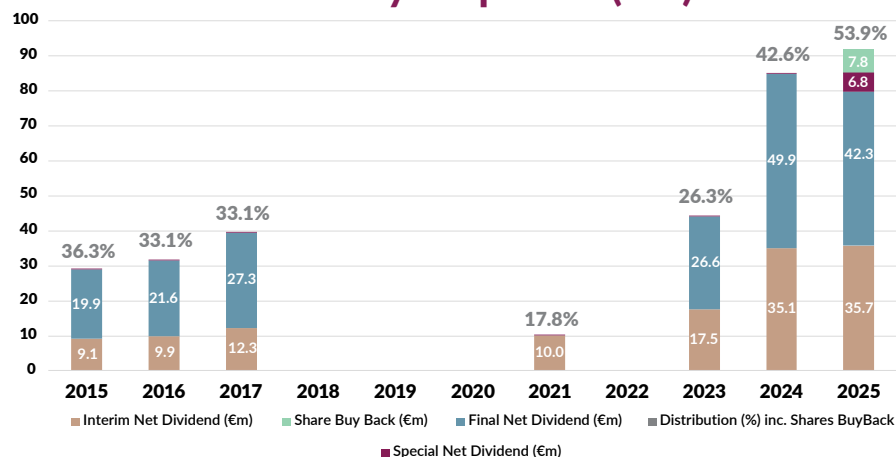
## Profit before tax (€m)



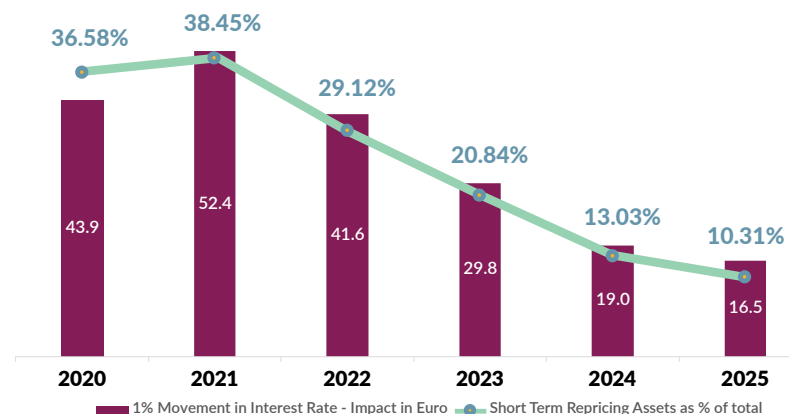
## STRONG DIVIDEND DISTRIBUTION

The strength of the Group's 2025 performance enabled the Board to recommend one of the most significant dividend distributions in recent years. Reflecting the Bank's solid profitability, resilient capital position and disciplined balance-sheet management, the Board approved a final gross cash dividend of €65.1 million (€42.3 million net) from H2 profits, together with a special distribution reflecting profitability above forward-looking expectation. The special dividend represents €0.0162 gross (€0.0105 net) per share resulting in a total cash dividend for FY25 (including interim payment) of €0.2032 gross (€0.1320 net) per share. This is equivalent to a total gross dividend of €130.5 million (€84.8 million) out of the year's profits. This level of return is firmly aligned with the Group's Shareholder Distribution Policy and corresponds to a 49.4% cash dividend payout ratio relative to profit after tax (excl share buyback reserve). The distribution underscores the Board's continued commitment to deliver sustainable, predictable and responsible returns to shareholders, while ensuring that the Bank maintains the strategic flexibility and capital strength required to support future growth, ongoing transformation, and the long-term resilience of the franchise.

## Net shareholder distribution over 10 year period (€m)



## Interest income sensitivity to 1% movement (€m)



## GLOBAL ECONOMIC CONTEXT

International developments unfolded largely as anticipated. Geopolitical tensions persisted, economic growth in the euro area remained subdued, and inflationary pressures eased. Tariffs dominated the economic landscape in 2025, driven by the US administration's push to reshape global trade and investment flows. The European Central Bank implemented further interest rate cuts totalling 100 basis points, lowering the Deposit Facility Rate to 2% by year-end, down from the 4% peak in 2023.

Benefiting from our strategic focus on long-term assets, the impact of declining interest rates on profitability was contained. A period of interest rate stability is expected, absent unforeseen shocks, and this should stabilise our net interest income going forward.

## MALTA'S RESILIENCE AND ECONOMIC OUTLOOK

In Malta's case, the direct impact of tariffs has so far been limited, reflecting the country's modest trade exposure to the United States and its advantage of enjoying the lowest effective tariff rates in the European Union, owing to the composition of its exports. Malta's resilience continues to be underpinned by the broad diversification achieved since joining the European Union. The economy rests on multiple pillars, financial services, tourism, gaming, aviation, maritime, and high-end manufacturing, allowing shocks to be absorbed as weaker performance in some areas is offset by stronger momentum in others. This structural strength has allowed the country to sustain a solid growth trajectory along the years, despite numerous adverse shocks originating abroad. This is a remarkable achievement when compared to other small island states that remain vulnerable due to reliance on a narrow set of activities. Moreover, the rapid expansion of Malta's economy has helped contain public debt as percentage of GDP, creating fiscal space for the government to offer significant direct support in cushioning severe shocks over the past five years, including a pandemic, a surge in international energy prices, and a spike in global inflation.

Such benign economic context has been instrumental for BOV's positive financial performance over the years and augurs well for the future. Nevertheless, the Bank remains highly vigilant, acknowledging that in an increasingly complex global environment, economic conditions can shift rapidly and unexpected shocks may arise, which may prove more challenging if idiosyncratic to our country.

There are grounds for measured optimism. In 2025, Malta's economy delivered solid real GDP growth of 4%. Tourism reached new highs, setting records in both arrivals and total expenditure, while the property market remained buoyant, with prices rising steadily by around 5% annually and transactions averaging 12,000 per year. Household consumption also continued to drive growth, increasing by nearly 4% year-on-year. These developments are particularly encouraging given the Bank's significant exposure to tourism, property and wholesale and retail trade.

Independent forecasts indicate that Malta's economic momentum will extend into 2026 and beyond, with real GDP growth projected at approximately 4%. Although this reflects a degree of normalisation compared to the earlier boom years, it remains well above the euro area average. The recent tightening of Malta's migration policy has been absorbed without disruption. The labour market is expected to remain tight with the unemployment at historic lows near 3% and inflation converging toward the ECB's 2% target. Fiscal policy is set to continue supporting growth, following a gradual and orderly path toward the 3% deficit-to-GDP threshold, without resorting to outright consolidation measures. Malta remains shielded from debt-related pressures, with its public debt ratio forecast to hover below 50%, providing a comfortable buffer relative to the 60% of GDP ceiling.

## STRATEGIC DIRECTION

While global uncertainty continues to shape the landscape and multiple scenarios may unfold, it remains essential to plan with a long-term perspective. Malta's Vision 2050 provides a valuable framework, guiding collective efforts toward shared aspirations and the pathways to achieve them. As the country's largest bank, developments within the Maltese economy directly influence our performance, just as our actions have a significant impact on households and businesses. Against this backdrop, throughout 2026 we will dedicate ourselves to shaping our next three-year strategy covering the period 2027 to 2029.

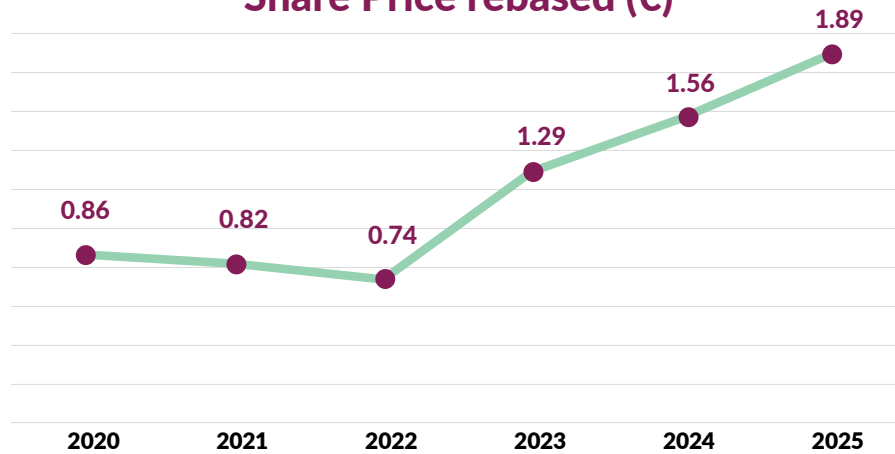
The Group will remain mindful of the risks, opportunities, and responsibilities it carries, not only under a 'business as usual' scenario but also across alternative futures that may prove more, or less, favourable. Building on the study conducted in 2025, which outlined possible futures for our economy, this foresight equips us to make informed decisions that drive positive change and reinforce BOV's resilience. It also deepens our understanding of the implications of major structural trends shaping Malta, including persistently low birth rates and an ageing population. At the same time, it highlights areas where BOV can play a pivotal role in supporting the transformation of the country, in line with the aspirations of its citizens. Effective planning requires moving beyond the notion of a purely deterministic world. We acknowledge that the future is inherently uncertain and recent international experience has demonstrated that risks once considered remote or tail events are occurring with increasing frequency.

## CAPITAL MARKET ACTIONS

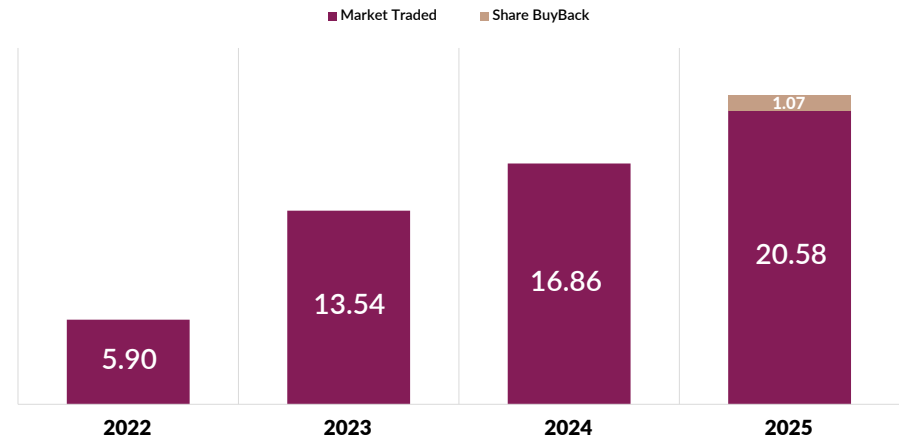
In 2025, the Bank has actively engaged in the domestic capital market, successfully placing a total of €275 million in bonds via two issues on the Malta Stock Exchange. The proceeds provide additional flexibility to support business expansion while preserving our strong capital ratios. By year-end, the nominal value of our bonds listed on the MSE reached €0.54 billion, accounting for 16.1% of all private sector bonds listed on the local stock exchange. This underscores the solid confidence investors continue to place in our Bank. In 2026, we expect to return to the capital market, as we further optimise our liabilities.

We also launched our share buyback programme designed to enhance the liquidity of our shares. Importantly, the repurchased shares are not being cancelled, as the programme's sole objective is to strengthen market liquidity. Throughout 2025, BOV acquired approximately 0.09% of its share capital. This initiative had a positive impact on market dynamics, with our share price ending the year at €1.89, up from €1.56 (as re-based following the bonus issue) at the end of 2024. Our shares also ranked as the most actively traded on the Malta Stock Exchange.

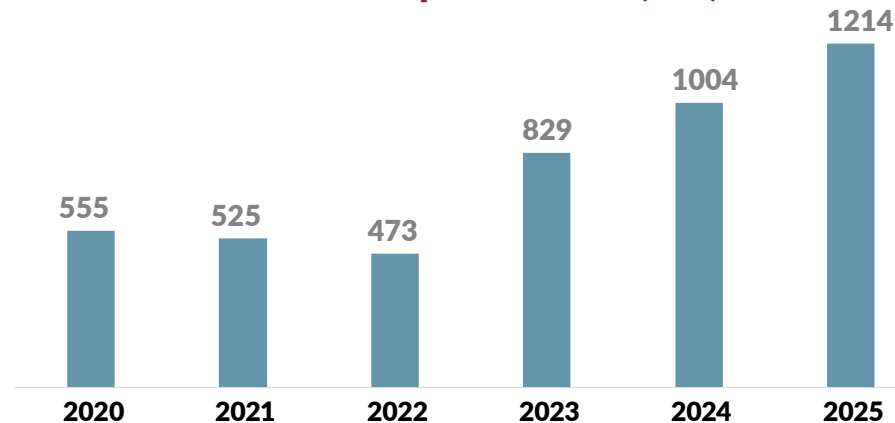
### Share Price rebased (€)



### Trading in BOV Shares in Euro Equivalent (€m)



### Market Capitalisation (€m)



### CREDIT PORTFOLIO

Our credit portfolio delivered another year of strong and broad-based expansion, reflecting healthy demand across households, SMEs, and corporate clients operating in key economic sectors. The Bank recorded high levels of loan disbursements across a diversified range of industries, supporting investment, innovation, and economic activity throughout the country. This sustained lending momentum underlines the Bank's central role in financing the Maltese economy and demonstrates our continued focus on responsible credit growth, supported by robust underwriting standards and close engagement with our clients.

### DEPOSITS

Deposit growth remained exceptionally strong during 2025, further consolidating BOV's position as the leading banking institution in Malta. The Bank registered stable retail inflows, reaffirming the deep trust placed in us by households, businesses, and institutions alike. This highlights the Bank's longstanding strength in funding markets, which ensures ample liquidity to support lending growth, strategic investment, and continued balance sheet optimisation. Our funding profile continues to serve as a central pillar of the Bank's stability and long-term resilience.

## GROWTH OPPORTUNITIES AND DIVERSIFICATION

We look to the future with confidence and optimism. By leveraging our resilient business model and consistent strategic vision, we are well positioned to capture new opportunities and deliver positive financial results in the years ahead. Significant potential exists in the areas of private pensions and insurance, where BOV has long advocated for the expansion of these markets. We welcome the government's initiatives in this regard. The introduction of vocational pensions for public employees, together with the lifting of restrictions that now allow banks to offer the full suite of insurance products, provide a strong foundation for these financial products to gain traction in Malta.

We believe both markets have considerable potential for growth. In partnership with Mapfre, BOV will continue to raise awareness of the vital role private pensions and insurance play in supporting household financial wellbeing. Payroll savings schemes, which enable employees to save directly from their salaries, are a proven mechanism to encourage and sustain saving habits, particularly for those who find it challenging to set money aside.

BOV also remains committed to promoting better wealth management. By encouraging clients to rebalance their wealth portfolios, households can structure their finances more effectively, moving away from excessive liquidity, which erodes value in an inflationary environment, and reducing overreliance, or in some cases exclusive dependence, on property investment. Equally, wider adoption of insurance products is essential to help households better withstand unexpected shocks. Beyond strengthening the economy and supporting households, closing these gaps will also enable us to diversify our income streams, with stronger non-interest income expected to complement our growth trajectory.

## DIGITAL TRANSFORMATION, SECURITY AND ARTIFICIAL INTELLIGENCE

Another objective is to continue advancing our digitalisation journey. As Malta's leading incumbent bank, we benefit from strong customer loyalty, yet we remain mindful of the growing competition posed by digital-only institutions. In 2025, we introduced same-day transfers, marking another important milestone in our technology maturity journey. A major enhancement of our mobile app is scheduled for 2026, aimed at delivering a more seamless and intuitive customer experience. Ongoing investment in technology ensures we can meet evolving customer expectations in an increasingly digital environment.

At the same time, safeguarding clients against scams remains a top priority. Our systems have already provided effective protection, and we are determined to strengthen controls further, offering customers greater peace of mind amid the rising global threat of financial fraud. Given the pivotal role banks play in financial systems, through deposit-taking, credit provision, and their central function in payment mechanisms, they inevitably feature prominently among potential targets of hybrid threats posed by malicious actors. Although our investment projects are costly, we fully realise the importance that security plays in modern day financial services, and this is fully factored in our budgets.

Artificial Intelligence (AI) is set to be a defining force in the decade ahead. Its global adoption has been swift, and expectations point to continued rapid progress. While estimates of potential productivity gains vary widely, our experience has been encouraging. As a Bank, we will continue to explore and apply AI in a measured and responsible manner, ensuring that its use remains firmly anchored within our established risk parameters and governance frameworks. Our aim is to leverage AI in a way that enhances our operations and supports improved outcomes for our clients and stakeholders.



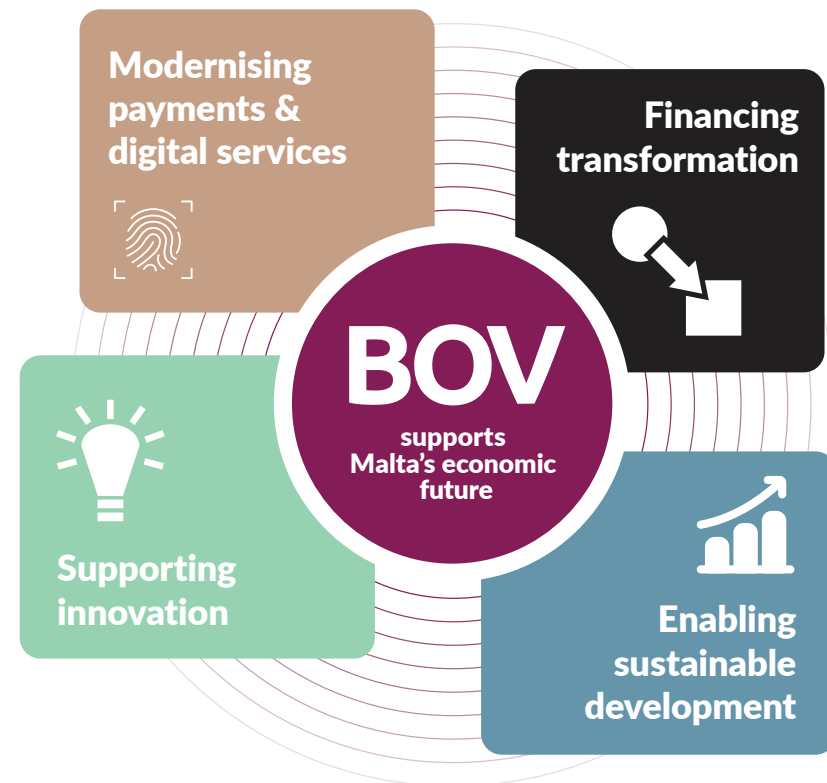
## CORPORATE SOCIAL RESPONSIBILITY

Sustainability remains a central priority for the Bank, with a strong commitment to supporting the national economy's transition toward more responsible practices. Our objective is to work closely with clients, addressing their needs while contributing to the broader goal of a sustainable economy. Environment, social and governance considerations have gained momentum, and in the coming year we aim to build further progress on two key fronts: expanding our evaluation of ESG scores for clients and better aligning our pricing structures with ESG factors. Through this approach we aim to encourage and reward positive transformation in client behaviour, while reinforcing our catalyst role as a driver of change.

Corporate social responsibility remains central to our mission, reflecting our genuine commitment to giving back to society. Our employees embrace our core values and the importance of contributing to the community, and this is supported by our one-day dedicated CSR vacation leave. In addition to the numerous CSR events carried out throughout the year, in 2025, 645 employees, representing 26% of our year-end full-time workforce, made use of this scheme.

## CONCLUSION

In conclusion, I am confident that our future is bright and we will continue to generate value for all stakeholders. I extend my sincere appreciation to our shareholders for their enduring trust, and to our executive team and staff for their dedication and commitment, without which these achievements would not have been possible. The progress we have made in recent years inspires us to aim even higher and to pursue even greater success in the years ahead.



Kenneth Farrugia is the Chief Executive Officer of Bank of Valletta Group.

He sits on the Bank's Board of Directors, chairs the Executive Committee and is a member of several management committees. Mr Farrugia is also a director on the Board of Directors of BOV Fund Services Limited, BOV Asset Management Limited and Mapfre Msv Life p.l.c. He serves as the current Chair of the Malta Bankers' Association. Kenneth is also a director on the board of the European Savings Banking Group as well as the European Banking Federation.

Mr Farrugia began his career at Bank of Valletta in 1985 and has occupied various executive positions covering the Bank's asset management, retail banking and credit business areas. Over the course of his career, he has also held various financial services related industry positions, including Chair of the Malta Asset Servicing Association, Board Member of the European Fund and Asset Management Association, Chair of FinanceMalta, Malta's national promotional body for the financial services industry.

*Kenneth Farrugia is an alumnus of Harvard Business School having completed the General Management Program.*



**Kenneth Farrugia** Director & CEO • ED \*

# CEO Commentary

**Kenneth Farrugia**  
Director & CEO



## Key Highlights

- Profit before tax of €260.4 million, exceeding targets and forward-looking guidance.
- Total assets reached €16.5 billion, supported by strong deposit inflows and solid loan growth.
- Asset quality strengthened further, with the NPL ratio improving to 1.68%.
- Liquidity remained very strong, with the LCR increasing to 384.4% and capital ratios remaining comfortably above regulatory requirements.
- Enhanced international capability through a new correspondent banking relationship with The Bank of New York Mellon; Fitch upgraded the Bank to BBB with a Stable outlook.



## 2025 at a glance

Performance	Balance sheet	Strength & resilience
Profit before tax: <b>€260.4m</b>	Total assets: <b>€16.5bn</b>	NPL ratio: <b>1.68%</b>
Operating income: <b>€496.8m</b>	Customer deposits: <b>€13.7bn</b>	ECL coverage: <b>59.35%</b>
Net interest income: <b>€387.4m</b>	Net loans & advances: <b>€8.0bn</b>	LCR: <b>384.41%</b>
Net fee & commission income: <b>€88.1m</b>	Treasury portfolio: <b>€6.9bn</b>	CET1: <b>20.88%</b>
		Total capital: <b>29.32%</b>

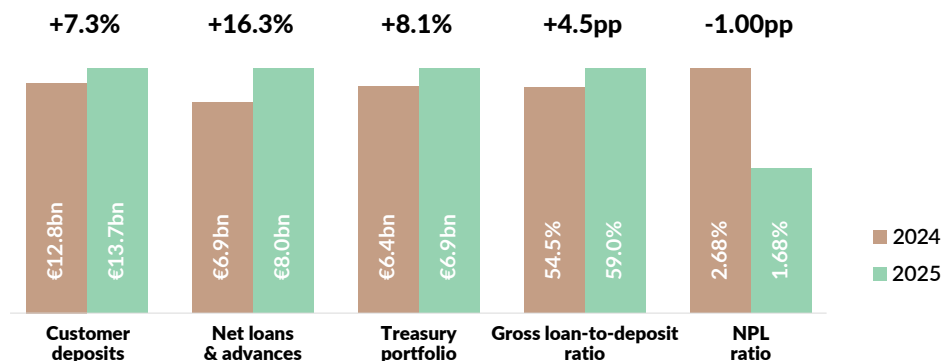
## RESILIENCE, STRATEGIC PROGRESS, AND SUSTAINABLE VALUE CREATION

The Bank of Valletta Group closed 2025 with a resilient financial and strategic performance, demonstrating its ability to deliver stability, progress, and long term value in an operating environment characterised by shifting monetary conditions, intensified competitive pressures, evolving customer behaviours, and heightened regulatory expectations. Despite these external dynamics, the Group maintained strong profitability, deepened customer engagement, advanced its transformation programme, and strengthened its financial foundations. These achievements reaffirm the effectiveness of the Group's strategic direction and position it strongly for future growth as it enters 2026 with clarity, focus, and disciplined execution.

The year was shaped by global and regional recalibrations across the banking sector. Monetary policy normalisation continued to influence asset yields and funding costs, while European regulatory developments, technological disruption, and rising customer expectations placed increasing demands on banks to modernise, simplify, and strengthen their operating models. Against this backdrop, the Group delivered a resilient financial performance, reflecting stable revenue generation, disciplined balance sheet management, enhanced fee based income, and a continued improvement in asset quality.

At the same time, the Group accelerated its transformation agenda, embedding stronger governance, enhancing digital capabilities, modernising core processes, and investing in talent and organisational readiness. These enhancements are not only strengthening current performance but also laying down the foundations for the forthcoming strategic cycle spanning 2027-2029.

The progress achieved during the year further cements the Group's role as Malta's leading financial institution, entrusted by families, businesses, and communities across the country for over five decades. The Group remains committed to serving as a strong, stable partner to its stakeholders while driving positive economic, social, and environmental impact.



## 1. FINANCIAL PERFORMANCE: STRONG, BALANCED AND AHEAD OF EXPECTATIONS

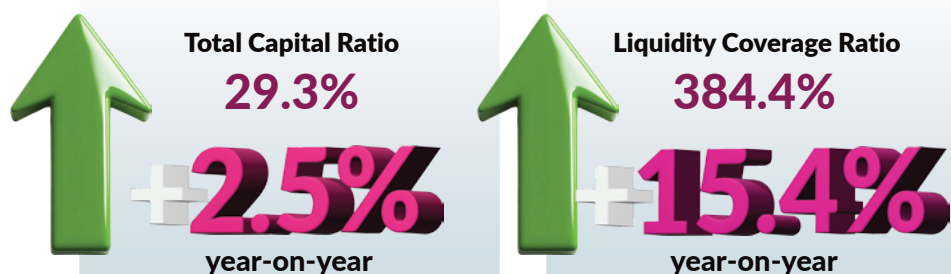
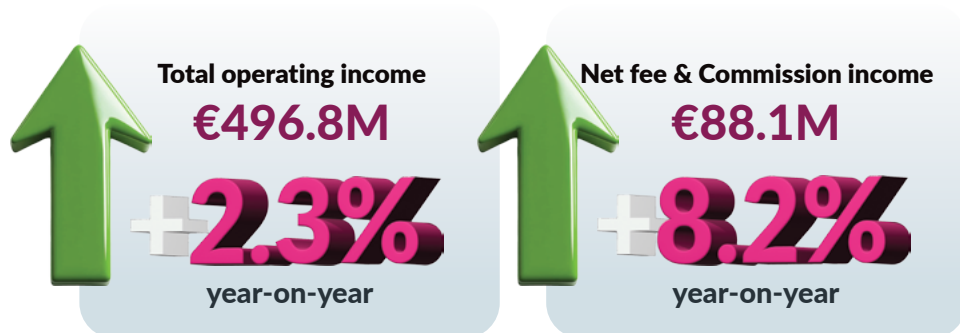
The Group delivered a solid financial performance for the year ended 31 December 2025, achieving a Profit Before Tax of €260.4 million. Although this represents a 13.9% decline relative to the exceptionally strong result achieved in 2024, profitability remained ahead of expectations and demonstrates the resilience of the Group's core operations in a year characterised by shifting interest rate dynamics and competitive pressures. The results reflect stable revenue generation, continued portfolio growth, and effective balance sheet optimisation measures that softened the impact of declining ECB facility rates experienced during the period.

Operating income increased by 2.3% to €496.8 million, driven by expansion in the lending portfolio, a stronger contribution from fee based activities, and strategic redeployment of liquidity into longer-term, high-quality interest bearing assets. This redeployment was instrumental in stabilising interest income despite a 1% reduction in ECB facility rates.

Net Interest Income remained the primary driving force for the Group with an amount of €387.4 million being registered, equivalent to an increase of €1.5 million, or 0.4% when compared to prior year (2024: €385.9 million). Despite the ECB's continued reduction in facility rates, the Group sustained a strong net interest performance owing to a well-executed balance sheet optimisation strategy that helped stabilise earnings in a declining rate environment. Meanwhile, interest expense increased approximately 15%, mainly influenced by higher funding costs on recently issued Tier 2 instruments.

Net fee and commission income increased by 8.2% to €88.1 million, supported by higher activity across credit services, payments, trade finance, and investment related operations. The contribution from fee based products continues to reinforce revenue diversification and reduces reliance on interest income, contributing to a stronger and more balanced income profile overall.

Operating expenditure rose to €246.8 million, an increase of 13.9% year on year, reflecting targeted investment in talent, technology, compliance, and cyber security infrastructure. These expenditures are aligned with the Group's medium term transformation objectives, which prioritise infrastructure modernisation, strengthened governance, and enhanced customer centricity. Despite this increase, the cost to income ratio remained competitive at 49.7%, compared with 44.6% in 2024, and continues to compare favourably with peers across the European banking landscape.



Credit quality further improved during the year, with the Non-Performing Loans ratio declining to 1.68%, down from 2.68% in 2024. This marks one of the strongest credit risk outcomes observed in recent years and is the result of disciplined credit underwriting, strengthened recovery processes, and proactive monitoring. Expected Credit Losses remained contained, resulting in a minimal impact on profitability. The ECL coverage ratio for credit impaired assets improved significantly to 59.4% (including additional provisions relating to aged non-performing loans deducted from regulatory capital), demonstrating the Group's conservative approach to provisioning and its commitment to preserving asset quality in a dynamic operating environment.

The balance sheet expanded to €16.5 billion, an increase of 9.5% compared with the prior year. Customer deposits rose by €936.7 million to €13.7 billion, underscoring continued trust in the Group and providing a stable foundation for lending and investment activities. Net loans and advances to customers (including Fair Value Through Profit or Loss loans) grew by €1.1 billion to €8.0 billion, representing a year-on-year increase of 16.3%, with growth recorded across business lending, home loans, and personal financing. The gross loan to deposits ratio increased from 54.5% to 59.0%, remaining well within the Group's liquidity risk appetite and supporting long term sustainability.

The Treasury portfolio increased by 8.1% to €6.9 billion, now representing 42% of total assets. This growth reflects the Group's continued commitment to optimising returns through investment in longer term, high quality securities while maintaining an appropriate liquidity buffer. Cash and short-term funds remained strong at €921.2 million, despite a reduction from the prior year due to the planned redeployment of liquidity into longer term instruments that support more predictable future income streams.

Capital and liquidity metrics remained well above regulatory thresholds. The CET1 ratio closed at 20.88%, while the Total Capital Ratio reached 29.32%, reaffirming the Group's strong capital position and prudent approach to risk weighted asset growth. Liquidity remained strong and well above regulatory thresholds, with the Liquidity Coverage Ratio improving to 384.4%, compared with 369.0% in 2024. In line with its pricing policy framework, the Board maintained the Business Bank Base Rate and Home Loans Bank Base Rate at 2.15%, and the Personal Loans Base Rate at 2.45% for the upcoming quarter, reflecting the Group's commitment to pricing stability amid evolving market conditions.

## 2. COMPARATIVE PERFORMANCE VERSUS LOCAL PEERS AND EUROPEAN INSTITUTIONS

The Group's financial performance for FY2025 stands out strongly when viewed in the context of both the Maltese banking sector and peer institutions across Europe. BOV continues to demonstrate financial scale, earnings strength, and capital resilience that position it distinctly ahead of domestic competitors, while its prudential metrics compare favourably with broader European banking trends.

Across the Maltese market, BOV remains the clear leader in profitability, balance-sheet scale, and customer franchise strength. These indicators reflect a franchise that continues to outperform domestic peers in both commercial reach and balance-sheet strength. The Group's market valuation relative to local peers further underscores its strong comparative position. At a market capitalisation of approximately €1.2 billion, BOV remains one of the most significant listed entities on the Malta Stock Exchange, highlighting investor confidence in its sustained performance and long-term growth trajectory.

Viewed alongside European mid-cap institutions, the Group demonstrates levels of capital strength, liquidity resilience, and credit-quality stability that compare favourably with broader EU banking metrics. The EBA reports that EU/EEA banks maintained CET1 ratios averaging around 16–16.3% and liquidity buffers exceeding regulatory minima, with NPL ratios below 2%. BOV's results compare well with these benchmarks, particularly in liquidity, where its LCR of 384.4% far surpasses the EU average of 160.7%, and in capital strength, where its CET1 ratio comfortably outperforms the median.

Taken together, the Group's comparative performance underscores its leading position within Malta's financial system and its strong standing relative to similarly sized European institutions. Its superior deposit base, strong loan franchise, and consistent profitability continue to differentiate it from domestic peers, while its capital, liquidity, and credit metrics compare favourably with the best-performing mid-tier institutions across the EU.

## 3. STRATEGIC PROGRESS ACROSS THE FOUR PILLARS

The Group's Strategy 2024–2026 continued to serve as the central framework for its transformation journey, anchored in the four core pillars of Customer, Risk & Governance, People, and Operations. Across each pillar, the Group registered tangible, measurable progress that has strengthened its business model and advanced its long-term strategic direction.



### Customer

#### *Enhancing Value, Accessibility, and Market Leadership*

The Group strengthened its leadership position across key segments during 2025. In the retail business, home loans and personal lending achieved double digit growth, supported by targeted product innovation, demand for stability and predictability, and continued trust in the Bank's advisory capability. Upgraded and modernised branches, including Mosta, Bugibba, and Luqa, improved customer experience, while the opening of the new Investment Centre in Sliema broadened the Group's wealth advisory offering.

Commercial banking performance remained strong. The relocation of commercial operations to The Quad Central in Malta's Central Business District marked a strategic upgrade in service delivery, offering businesses a modern, collaborative environment with enhanced access to dedicated support. The establishment of a corporate outreach team further expanded market coverage, strengthened relationships, and enabled more proactive engagement with enterprises and entrepreneurs.

Digital enhancements also progressed. A substantial upgrade of the ATM network, with nearly two-thirds replaced, improved reliability and service availability, while digital adoption across online and mobile channels continued to accelerate. The CRM transformation programme delivered a 42% improvement in resolution time for digital feedback, signalling tangible progress in the Group's customer-centric agenda.

The Group also progressed significantly in its omni-channel transformation programme, designed to fully integrate digital and physical service delivery. Currently in testing phase and scheduled for launch in 2026, this initiative is expected to materially enhance customer experience, operational consistency, and service accessibility.

These initiatives collectively strengthened the Group's ability to meet customer expectations across all channels, reinforcing its position as the Bank of Choice for both personal and commercial banking needs.

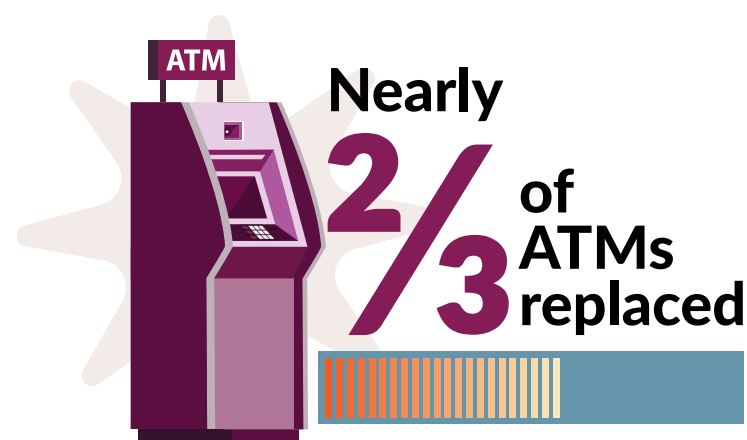
## Operations

### *Modernising the Operating Model and Driving Efficiency*

Operational excellence and long-term resilience remained central priorities for the Group throughout 2025, as the organisation continued to modernise its operating model and reinforce the foundations required for sustainable future growth. The transformation agenda progressed meaningfully across all major operational domains, supported by targeted investments in systems, processes, data, and automation that are reshaping the way the Group delivers value to customers and manages internal execution.

Significant momentum was achieved through the Group's Business Process Reengineering programme, which continued to streamline and standardise critical workflows across the lending lifecycle and broader operational functions. Re-designed processes supported measurable improvements in speed-to-decision, operational consistency, and control effectiveness, ensuring that key activities are executed with greater precision and accountability. These enhancements are enabling business lines to operate with greater clarity and discipline, while reducing friction across front-to-back processes and elevating the overall quality of service delivery.

At the same time, the Group expanded the deployment of automation across a broader set of operational routines. The introduction of additional software-based automation tools reduced manual intervention, improved processing accuracy, and freed employees from repetitive, low-value tasks. This has allowed operational teams to shift their focus toward higher-value activities, including risk assessment, service quality, and analytical insights, supporting a more efficient and capability-led operating environment.



Technological resilience remained a central pillar of the operational agenda. The Group made substantial progress in strengthening its IT architecture, enhancing core infrastructure reliability, and reinforcing cyber-security safeguards in line with emerging regulatory expectations and the increasing sophistication of external threats. These investments ensure that the Group's technology environment remains secure, scalable, and future-ready, capable of supporting both regulatory change and the operational demands of a growing customer base.

Data management and business intelligence also advanced significantly during the year. Enhanced data-governance frameworks, upgraded reporting tools, and stronger analytical capabilities improved the quality, visibility, and timeliness of data across the organisation. These upgrades are supporting more informed decision-making across credit, treasury, risk oversight, and customer engagement, while enabling the Group to respond more effectively to emerging trends and supervisory expectations. Improved data lineage, quality controls, and model governance further strengthened the Group's analytical infrastructure, reinforcing its operational and risk-management capabilities.

Together, these operational, technological, and data-driven enhancements reflect a deliberate, long-term investment in building a stronger, more agile institution. By reducing complexity, modernising legacy processes, strengthening system resilience, and embedding digital capability across the organisation, the Group is creating an operating model that is more efficient, responsive, and secure, one that supports sustained value creation and enables the organisation to meet the evolving needs of customers, regulators, and stakeholders in a rapidly transforming financial environment.

## Risk & Governance

### *Deepening Resilience and Regulatory Alignment*

The Group continued to reinforce its risk management framework and governance structure in line with evolving supervisory expectations and the increasing complexity of the regulatory landscape. During the year, significant enhancements were made across core risk disciplines, underscoring the Group's commitment to maintaining a resilient, well-controlled, and forward-looking risk environment. Strengthened oversight structures, deeper integration of risk considerations into decision-making, and continued improvements in control effectiveness contributed to a more mature and cohesive risk-governance architecture.

Substantial progress was made in upgrading the Group's anti-financial crime (AFC) framework, including enhancements to transaction-monitoring capabilities, customer-risk assessment methodologies, and the overall financial-crime control environment. These improvements were complemented by stronger governance around sanctions compliance, AML processes, and fraud-risk mitigation, supporting the Group's proactive stance in safeguarding the integrity of its operations. Parallel advancements in the internal audit control environment strengthened assurance mechanisms, ensuring clearer oversight of priority risk areas and sharper escalation of control gaps that require management action.

The risk function also expanded its analytical and modelling capabilities, with improved data aggregation, early-warning indicators, and model-risk governance. These upgrades enhanced the Group's ability to identify emerging risk signals, monitor portfolio-level trends, and respond to market or credit developments in a timely and informed manner. In addition, the refinement of methodologies and improved consistency in model oversight further aligned the Group with best-practice supervisory expectations.

During the year, the Group also strengthened its interaction with regulatory bodies, ensuring timely remediation of supervisory recommendations and elevating the oversight of risk and control activities across all business lines. Improvements in reporting clarity, governance processes, and risk-data quality supported more effective supervisory engagement and positioned the Group to continue meeting rising regulatory standards. These developments were central to reinforcing organisational resilience and ensuring the Group remains well-equipped to navigate the increasing scrutiny placed on systemically important financial institutions.

Taken together, these enhancements reflect the Group's continued commitment to maintaining a strong, transparent, and forward-looking risk culture. The maturing of the risk and governance framework remains a foundational element of long-term institutional stability and is essential in sustaining stakeholder confidence, safeguarding operational integrity, and supporting the disciplined delivery of the Group's strategic objectives.



## People

*Investing in Talent, Culture and Future Capabilities*

The Group's people remain central to its ability to deliver sustainable value. Throughout 2025, significant investment was directed toward strengthening workforce capability, attracting talent in specialist areas such as data, technology, cyber security, ESG, financial forecasting and product innovation, and enhancing retention across critical roles.

Training and leadership development expanded meaningfully, with new digital literacy programmes, advanced analytical training, and targeted development initiatives for high potential employees. The Group also introduced enhanced mental health support, expanded wellbeing programmes, and strengthened flexible working arrangements, all aimed at fostering an inclusive, supportive, and high performing workplace.

These initiatives underpin the Group's future readiness as it enters the final year of its current strategy and prepares for the next strategic cycle.

## 4. ESG PROGRESS: DELIVERING SUSTAINABLE IMPACT

ESG remained a cornerstone of the Group's long term strategic agenda. The Group made substantial progress on its Climate Transition Plan, achieving meaningful reductions in Scope 1 and Scope 2 greenhouse gas emissions through energy efficiency upgrades, operational improvements, and investment in cleaner energy sources. EV charging stations and green parking initiatives supported reductions in commuting emissions.

Climate considerations were further integrated across lending practices, portfolio evaluation, and risk management. Enhanced climate stress testing capabilities and updated materiality assessments strengthened the Group's ability to assess and respond to climate related risks.

The Group continued promoting financial literacy and inclusion, delivering community outreach, educational talks on fraud prevention, and initiatives aimed at fostering resilience within Maltese society. Through the BOV Foundation, the Group supported heritage, culture, sport, and social initiatives, further reaffirming its commitment to contributing to Malta's social and economic wellbeing.

ESG integration continues to mature, reflected in both internal reforms and the expansion of green lending products across retail and commercial segments.

## 5. CAPITAL MARKETS AND SHAREHOLDER VALUE

2025 marked a pivotal year in the Group's capital markets development, balance-sheet optimisation, and long-term funding strategy, reflecting disciplined execution, strengthened market confidence, and a clear commitment to generating sustainable value for shareholders. The Group continued to advance its multi-year capital structure strategy through measured issuance activity, enhanced market engagement, and progressive alignment with regulatory expectations, particularly in relation to MREL requirements.

A key milestone during the year was the successful execution of capital markets transactions under the Group's Euro Medium-Term Note (EMTN) Programmes. The Group completed the issuance of €150 million in Tier 2 instruments, which formed the second and final tranche of the €250 million unsecured bond programme launched in previous periods. This issuance was fully subscribed, demonstrating strong investor confidence in the stability and long-term creditworthiness of the Group. In addition, the Group obtained regulatory approval for a new €325 million EMTN Programme, under which €125 million in unsecured subordinated bonds were issued during November 2025, further diversifying the funding base and reinforcing the Group's long-term funding profile.



Building on this progress, preparations commenced for the planned issuance of a Senior Preferred note in the international capital markets, which would require regulatory approval. This prospective issuance represents a strategic step in enhancing the Group's wholesale funding resilience, strengthening its MREL position, and ensuring an optimal maturity structure that supports continued balance sheet expansion. The planned transaction also reflects proactive alignment with evolving supervisory expectations and the Group's strategic objective of maintaining a diversified, stable, and forward-looking funding platform.

Complementing these funding initiatives, the Group advanced its shareholder value agenda. The regulated share buyback programme, activated during FY2025, contributed to improved equity liquidity and more efficient capital management. Throughout the programme, 564,032 shares were repurchased at an average price of €1.90, with €1.1 million utilised from the €7.8 million approved reserve. This initiative supported enhanced market liquidity and contributed to increased investor confidence, positioning the Bank's equity among the more actively traded instruments on the Malta Stock Exchange.

Dividend distribution remained a central element of shareholder value delivery. Based on the strong financial and capital performance registered during the year, the Board recommended a final gross cash dividend of €0.1014 per share making for a final net dividend of €0.0659 per share. In addition, the Board has also recommended a special one-time gross dividend of €0.0162 per share (€0.0105 net), bringing the total gross dividend inclusive of interim dividend for FY2025 to €130.5 million (€84.8 million net). This level of distribution reflects disciplined stewardship, solid profitability, and the Group's ongoing commitment to maintain a balanced and predictable dividend policy in line with its four guiding distribution principles. The payout ratio aligns with sustainable long-term capital planning and further solidifies the Bank's reputation for providing stable and competitive shareholder returns.

The strength of the Group's capital markets activity and shareholder initiatives was further validated by positive share-price momentum throughout 2025 and into early 2026. The equity registered a consistent upward trajectory, rising from the €1.76–€1.80 range at the start of 2025 to approximately €1.94 by year-end, and further to around €2.06 by mid-February 2026, representing a gain of over 11% in early 2026 alone. This improvement translated into a notable increase in market capitalisation, which expanded by more than €200 million over a 14-month period, reflecting investor recognition of the Group's strengthened balance sheet, enhanced profitability, and progress across its strategic agenda.

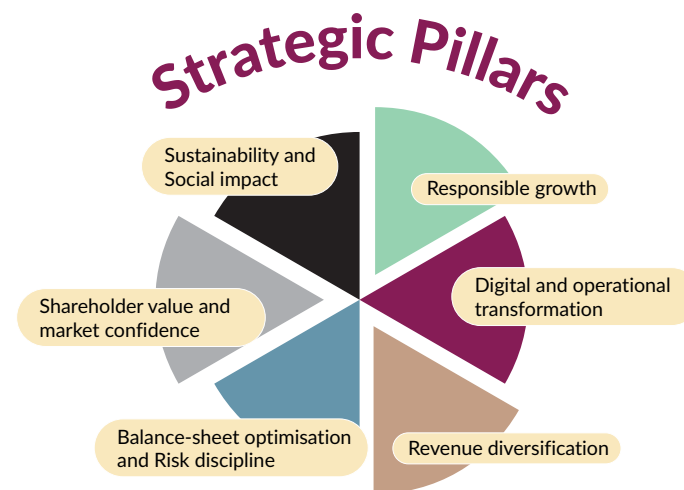
Taken together, the Group's capital markets execution, strategic funding initiatives, and shareholder return measures underscore a deliberate and disciplined approach to capital management. Through proactive engagement in the capital markets, balanced dividend distribution, strengthened funding diversification, and targeted buybacks, the Group continues

to reinforce financial resilience, enhance investor confidence, and position itself for sustainable long-term value creation.

## 6. STRATEGIC OUTLOOK

As the Group enters 2026, it does so with a strengthened financial foundation, enhanced organisational capability, and a clearly defined strategic trajectory endorsed by the Board of Directors. The forward-looking statements approved during the year articulate a confident yet disciplined outlook, reflecting the Group's deep understanding of evolving market conditions, the regulatory landscape, and the opportunities ahead. These statements also reaffirm the Group's commitment to maintaining sustainable financial performance, well-capitalised and highly liquid position, and the prudent execution of its multi-year strategic transformation.

The Group's outlook for the year is anchored in responsible growth, strategic investment, and operational resilience. Lending activity is expected to continue expanding at a healthy pace across retail, commercial, and SME segments, supported by the insights emerging from the Group's Four Futures Study, which assesses long-term structural trends within Malta's economy, demographic changes, regulatory evolution, and technological disruption. By integrating these advanced scenario analyses into planning frameworks, the Group aims to remain responsive to shifts within the domestic economic landscape while continuing to provide stable, high-quality financing that supports productive sectors and long-term national development.



Digitalisation will be a defining priority for 2026. The Group will intensify the execution of its multi-year digital and operational modernisation programme, with particular emphasis on end-to-end process transformation, customer-journey redesign and the enhancement of cyber-resilience. Investments in data intelligence, customer analytics, and digital onboarding will accelerate, positioning the Group to deliver more seamless, personalised and efficient services across channels. These initiatives are expected to drive improvements in service accessibility and operational agility, while supporting ongoing cost discipline and productivity gains over the medium term.

Revenue diversification remains central to the Group's medium-term strategy. Building on the strong momentum achieved in payments, cards, trade finance, wealth management and insurance partnerships during 2025, the Group will continue strengthening non-interest income lines to mitigate the effects of interest-rate normalisation and enhance earnings stability. This approach mirrors global best practice across European banking peers and aligns with the Group's objective to develop a more balanced, sustainable revenue profile that is resilient to economic and monetary fluctuations.

Balance-sheet optimisation will continue to guide the Group's financial management priorities. Through disciplined liquidity deployment, diversified funding initiatives, including the forthcoming Senior Preferred issuance (subject to regulatory approval), and prudent interest-rate risk management, the Group aims to safeguard net interest income resilience and maintain strong capital buffers. This forward-looking approach is complemented by strengthened risk governance, enhanced model oversight, and ongoing improvements in data aggregation and credit-risk monitoring, ensuring the Group remains well-positioned to navigate market shifts and supervisory expectations.

The Group's strategic priorities for 2026 also reinforce its longstanding commitment to sustainable value creation for shareholders. Consistent with the shareholder distribution policy, dividends will continue to be managed within a disciplined and transparent framework that reflects profitability, capital requirements, and external conditions. Recent improvements in capital markets engagement, including investor days, market communication enhancements, and a more structured approach to wholesale funding, have strengthened investor confidence and will remain integral to the Group's long-term capital strategy. Sustainability and social impact will also play an increasingly prominent role in the Group's strategic agenda.



The ongoing execution of the Climate Transition Plan, the expansion of green lending products, integration of ESG considerations into investment decisions, and the strengthening of community initiatives through the BOV Foundation all underline the Group's commitment to responsible banking. These actions not only support Malta's long-term environmental and social objectives but also reinforce the Group's position as a trusted and progressive institution within the national financial ecosystem.

Looking ahead to the formulation of the Strategy 2027–2029, the Group intends to build on the foundations laid during the current strategic cycle. The next phase will be guided by a forward-looking assessment of customer expectations, regulatory priorities, digital evolution and competitive dynamics. This new strategic period will seek to consolidate the transformation achieved to date while charting a clear course for continued modernisation, operational excellence, and sustainable growth. As the Group continues to strengthen its capital, technology, people and governance platforms, it remains firmly committed to delivering enduring value for its stakeholders and supporting the long-term prosperity of the Maltese economy.

## 7. CONCLUSION

FY2025 marks another year in which the Group has demonstrated its capacity to deliver meaningful progress across financial, operational, strategic, and sustainability dimensions, despite the evolving complexities of the external environment. The Group's strong financial results, the successful execution of its funding and capital-markets agenda, and the continued strengthening of its balance sheet all highlight an organisation that is not only performing today but is also laying firm foundations for the future. The disciplined execution of strategic initiatives, coupled with significant investment in technology, people, and risk governance, has enhanced the Group's resilience and sharpened its competitive positioning across Malta's financial landscape.

As the Group enters FY2026, it does so with a strong capital base and a resilient liquidity position, reaffirmed by top-tier regulatory ratios and supported by diversified funding sources, strategic issuances, and a well-established deposit base. The Board's approval of forward-looking statements and financial outlook for the year ahead reflects strong confidence in the Group's long-term direction, its ability to navigate an evolving macroeconomic and regulatory landscape, and the continued sustainability of its operating model. These forward-looking expectations anticipate stable income generation, healthy credit growth, sound asset quality, and a cost base that remains aligned with strategic investment cycles, all underpinned by disciplined balance-sheet management and prudent risk oversight.

The Group's commitment to sustainable value creation for shareholders remains unwavering. The recommended dividend for FY2025, together with the positive trajectory of the Bank's share price and the strengthening of market capitalisation during 2025 and early 2026, underscores the confidence placed by investors in the Group's strategic direction, its improved operational performance, and its strengthened financial fundamentals. These outcomes are reinforced by the Group's enhanced engagement with the investment community through initiatives such as Investor Days, which have further improved transparency and trust.

Equally important is the Group's commitment to driving positive social and environmental impact. Meaningful progress on the Climate Transition Plan, increased availability of sustainable financial products, continued community investment through the BOV Foundation, and a strengthened focus on financial literacy collectively demonstrate an institution deeply rooted in its national responsibility. These initiatives remain fundamental to the Group's long-term strategy and reflect its aspiration to lead not only in financial performance but also in responsible banking.

Looking ahead, the Group will continue to advance the final year of the Strategy 2024–2026 while laying the groundwork for the forthcoming Strategy 2027–2029. The next strategic cycle will build on the achievements of recent years, informed by the insights of the Four Futures Study, and will chart the path for continued transformation, innovation, and sustainable growth. The opportunities and challenges that lie ahead, from digital acceleration and data-driven operations to evolving regulatory expectations and shifting customer behaviours, will require an organisation that is agile, forward-looking, and uncompromising in its pursuit of operational excellence. The Group is well-positioned to meet this moment.

The Board expresses deep appreciation to the Group's employees, whose commitment and professionalism remain central to every achievement of the past year. The loyalty and trust of customers continue to underpin the Bank's progress, while the support of regulators, business partners, and shareholders provides essential reinforcement to the Group's long-term ambitions. Looking to the year ahead, the Group remains firmly committed to delivering sustainable value, supporting Malta's economic development, and strengthening its leadership role within the financial sector, guided by prudence, responsibility, and ambition.