

# Interim Financial Statements

for the six months ended 30 June 2026

# BOV

Bank of Valletta



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## CONDENSED FINANCIAL STATEMENTS

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## On the cover

Our cover beautifully bridges Malta's timeless heritage with a sustainable future. Iconic local symbols, the protective gardjola, our historic salt pans, and the Mediterranean Sea, harmoniously blend with modern solar panels.

This collage represents the Bank's deep-rooted commitment to Environmental, Social, and Governance (ESG) principles. By preserving our cultural legacy while actively financing renewable energy and eco-friendly initiatives, we are driving Malta's green transition. We believe that safeguarding our past and investing in sustainable progress go hand in hand, ensuring a resilient, thriving community for generations to come.





Dr Gordon Cordina

# CHAIRPERSON'S STATEMENT

I am pleased to present the Financial Statements of Bank of Valletta Group for the first half of 2026. For the six-month period, the Group reported a Profit Before Tax of €119.8 million (2025H1: €135.1 million), with a Return on Average Equity of 15.9% (2025H1: 18.9%), and maintained a robust CET1 ratio of 19.32% (2025:20.88%).

These results reflect the Group's continued resilience and ability to generate strong results despite an increasingly complex geopolitical environment. A further expansion in lending volumes, deposit-taking and balance sheet optimisation reinforced the business momentum and produced a higher operating income.

The reduction in profitability when compared to the first half of 2025 is largely attributable to a number of specific items outside the Bank's underlying operating performance. These include impairment charges recognised during the first half of 2026, compared to impairment reversals recorded in the comparative period, negative fair value movements on a limited portion of the Bank's investment portfolio, and the absence

of certain one-off income items that had positively impacted the 2025 financial results.

The Group further strengthened its balance sheet during the period, with total assets exceeding €17.6 billion, customer lending surpassing €8.6 billion and customer deposits approaching €14.5 billion. These developments reflect the continued confidence placed in the Bank by households and businesses and reinforce its role as one of the principal financiers of the Maltese economy. At the same time, the Bank maintained strong capital and liquidity buffers, providing the flexibility required to support future growth opportunities while navigating evolving regulatory and market conditions.

In line with the Bank's shareholder distribution framework, the Board remains committed to delivering sustainable and attractive returns to shareholders while preserving the financial strength required to support future growth and maintain resilience through changing market conditions. The Board is recommending an interim net dividend of €33.6 million, representing around 42.5% of profit

after tax for the period. This reflects the Bank's continued confidence in the strength of its underlying performance, capital position and future prospects.

**€300M raised**



The Bank's second **issuance** in the **international capital markets**



**TWICE OVERSUBSCRIBED**

Shareholder value continues to be assessed through a broader lens than cash dividends alone. During the first half of 2026, the Bank proceeded with its share buy-back programme, capital-market issuances and enhanced market communication to support investor confidence, improve liquidity in the Bank's listed instruments and reinforce the credibility of its long-term strategy.

# CHAIRPERSON'S STATEMENT

Continued

Worthy of note is the Bank's successful issuance of a €300 million Senior Preferred note in the international capital markets at a coupon of 4.467% per annum during the period. The transaction attracted strong demand from a broad and diversified base of international and domestic institutional investors, reinforcing the Bank of Valletta's credibility in the international capital markets and its ability to access diversified funding sources on competitive terms.



The Maltese economy continues to demonstrate notable resilience, significantly outperforming the euro area average, supported by a level of diversification that remains exceptional among microstates. The country's credit ratings reports issued over the past months, confirm the positive assessment about the Maltese economy. Forecasts by leading independent institutions continue to project dynamism, with economic growth of around 4% per annum over this year and the next, broadly in line with current estimates of the country's potential growth. Stable energy prices via subsidies to the energy suppliers have continued to shield households and businesses alike, a policy which is made possible by the improved fiscal position. The reduction in the fiscal deficit to below 3% of GDP in 2025 has paved the way for Malta to exit the European Union's Excessive Deficit Procedure this year. It is paramount that the country maintains sound public finances, not simply to safeguard compliance with the EU's fiscal rules but as a proactive build-up of buffers which can be deployed to mitigate other shocks which might impact the country in future.

The international environment during the first half of 2026 remained characterised by heightened geopolitical uncertainty, driven by ongoing conflicts, evolving trade dynamics and continued volatility across global markets. Given

the potential implications for economic activity, inflation and financial markets, the Bank has continued to closely monitor developments through a dedicated geopolitical dashboard developed specifically to assess potential impacts on its customers, portfolios and overall risk profile.

The evolving situation was subject to detailed review within the Bank's governance framework, including a comprehensive assessment of

while continuing to future-proof its business model, strengthen operational resilience, invest in digital capabilities and address emerging risks, including cybercrime and financial fraud. The strategic direction being developed is therefore centred on sustainable growth, customer relevance, operational efficiency, risk discipline and long-term value creation.

Looking beyond the first half of the year, the Board remains encouraged

## long-term value creation



sustainable  
growth



customer  
relevance



operational  
efficiency



risk  
discipline

potential implications for credit risk and expected credit loss provisions. Following this analysis, it was concluded that no additional management overlays or manual Expected Credit Loss provisions were warranted for the period. This outcome reflects both the resilience of the Bank's portfolios and the prudent risk management standards that continue to underpin the Group's operations.

The Bank is well positioned to operate effectively within this evolving interest-rate environment. Over recent periods, we have continued to strengthen the governance framework through which credit portfolio base-rate decisions are assessed and communicated. This supports transparency, discipline and consistency in market communication, while ensuring that pricing decisions remain aligned with funding dynamics, competitive conditions, customer considerations and the Bank's risk appetite.

Over the past months, the Bank has been actively developing its strategy for the period 2027 to 2029, with approval anticipated towards the end of this year. While our performance will remain influenced by broader economic and competitive conditions, the prevailing operating environment remains broadly favourable. The Bank is well placed to support the next phase of Malta's economic development,

by the progress achieved against the financial and strategic objectives communicated to the market at the commencement of FY2026. Based on performance to date, the Group remains firmly on track to achieve its financial targets for the year, including those relating to profitability, income growth and balance sheet expansion. While the external environment continues to present challenges, the resilience of the Bank's underlying business model, together with its strong capital position, disciplined execution and diversified earnings profile, provides confidence in the Group's ability to deliver on its commitments and continue creating sustainable value for shareholders and other stakeholders.

I extend my sincere appreciation to our shareholders for their continued trust, to the Executive Team for its leadership, and to all employees for their ongoing commitment to supporting our customers, our communities and the Maltese economy.

**Dr. Gordon Cordina**  
Chairperson  
29 July 2026



Mr Kenneth Farrugia

# CHIEF EXECUTIVE OFFICER'S COMMENTARY

## Growing from Strength - Delivering Today, Investing for Tomorrow

The first half of 2026 demonstrated Bank of Valletta Group's continued ability to deliver resilient performance and execute on its strategic priorities in an environment characterised by elevated uncertainty and rapid change. Geopolitical developments, market volatility and evolving monetary policy expectations continued to shape the international operating landscape during the period. Notwithstanding these external challenges, Malta's economy remained supportive, underpinned by strong labour market conditions, solid domestic demand, sustained tourism activity and ongoing business investment, providing a favourable backdrop for banking activity across both retail and commercial segments.

Against this backdrop, the Group continued to generate strong underlying operating performance, supported by growth in customer lending, resilient funding inflows and a further strengthening of its balance sheet. Significant progress was also achieved across a number of strategic initiatives designed to enhance customer experience, strengthen operational resilience, accelerate digital

transformation and support the Bank's long-term competitiveness.

Profit before tax for the six months amounted to €119.8 million. While this reflects the expected normalisation from the exceptionally strong profitability levels recorded in recent years, the underlying operating performance of the Group remained robust. Net interest income increased materially, operating income exceeded the comparative period and business volumes remained healthy across the Group's core activities. The year-on-year movement in profitability was primarily driven by specific items below the operating profit line, including impairment charges recognised during the period, less favourable fair value movements on a limited portion of the Bank's equity investment portfolio and the absence of certain non-recurring income items recorded in the comparative period.

Bank of Valletta continued to strengthen its position as Malta's Bank of Choice during the first half of 2026, supported by the resilience of its core banking franchise, the continued

diversification of its revenue streams and the disciplined management of its balance sheet. The Group's strategy of enhancing earnings quality through a balanced combination of lending growth, treasury optimisation and increased customer activity continued to deliver positive results, further strengthening the foundations for sustainable long-term growth.

Net interest income increased to €207.0 million, reflecting the continued expansion of the Group's lending activities, the benefits of prior balance sheet repositioning initiatives and the strength of its customer funding base. At the same time, customer-driven business activity remained healthy across the Group, with net fee and commission income of €39.1 million supported by strong volumes across payments, cards, trade finance, investments, wealth management and other core banking services. The continued development of recurring and customer-related income streams remains a key strategic objective as the Group seeks to further diversify earnings and enhance resilience throughout the economic cycle.

# CHIEF EXECUTIVE OFFICER'S COMMENTARY

Continued

Operating income increased to €251.3 million and continues to demonstrate the Bank's ability to generate sustainable earnings from its core business activities. Operating expenditure increased in line with management's strategic priorities and reflected deliberate investments designed to strengthen the Group's long-term competitiveness. These investments encompassed technology modernisation, digital transformation, cyber security, data and analytics capabilities, regulatory compliance, operational resilience and talent development. Whilst such initiatives place pressure on costs in the near term, they remain critical to ensuring that the Group is well positioned to meet evolving customer expectations, respond to a changing competitive environment and continue delivering sustainable value over the longer term.

The balance sheet continued to expand in a prudent and disciplined manner. Total assets exceeded €17.6 billion as at June 2026, demonstrating the strength of customer demand for credit alongside sustained confidence in the Bank as reflected in deposit growth on the liabilities side. The customer lending portfolio expanded to approximately €8.6 billion whilst deposits grew to approximately €14.5 billion, reflecting continued confidence in the Bank from households, businesses and institutional customers alike. These trends reaffirm the Bank's central role in supporting economic activity and demonstrate the strength of the franchise across both retail and commercial banking segments.

Particularly encouraging was the broad-based nature of this growth. Lending activity remained robust across a diversified range of sectors and customer segments, supporting home ownership, business expansion and investment across the Maltese economy. Deposit inflows remained equally resilient, reinforcing the Bank's strong liquidity profile and providing a stable source of funding to support future growth. Beyond scale and reach, these developments reflect the trust that customers continue to place in Bank of Valletta, as well as the value they attribute to the Bank's expertise, relationship model and commitment to service excellence.

A further strategic milestone during the period was the successful completion of the Group's €300 million Senior

Preferred bond issuance. Beyond strengthening funding diversification and financial flexibility, the transaction demonstrated the Bank's continued ability to access international capital markets efficiently and execute on its long-term balance sheet strategy. The proceeds support the Group's broader strategic objectives whilst contributing to the maintenance of a robust and well-balanced funding profile.

The Group's capital and liquidity position remained exceptionally strong and comfortably above regulatory requirements. At 30 June 2026, the CET1 ratio stood at 19.32%, whilst the Total Capital Ratio and Liquidity Coverage Ratio remained at 27.09% and 409.33% respectively. These robust capital and liquidity buffers provide the Bank with the capacity to support customers and business growth, absorb potential stress events and continue investing in strategic initiatives, whilst maintaining a prudent approach to risk management.

Our financial strength provides the platform for the continued execution of the Bank's transformation agenda. During the first half of the year, we maintained momentum across a number of key initiatives aimed at enhancing customer experience, strengthening data-driven decision making, improving operational resilience, accelerating digital transformation and increasing organisational efficiency. These investments are central to our ambition of building a more agile, customer-focused and future-ready institution capable of generating sustainable value for all stakeholders.

One of the most significant developments was the continued rollout of the Bank's new Omnichannel Banking Platform, which was progressively opened to increasing numbers of users through a carefully managed deployment programme. This marks a major step forward in the Bank's digital capabilities and in the customer experience we aspire to deliver.

Banking customers increasingly expect convenience, simplicity and consistency across all channels. Our Omnichannel strategy is therefore not simply about digital banking. It is about providing customers with the freedom to interact with the Bank whenever, wherever and however they choose. By integrating branch,

contact centre and digital experiences into a single customer journey, we are creating a more seamless and intuitive banking experience.

The platform will continue to evolve throughout 2026 and beyond, with the introduction of additional functionality, enhanced onboarding capabilities and further service improvements that are designed to improve customer convenience whilst maintaining the highest standards of resilience and security.

Alongside Omnichannel, we also made substantial progress in the implementation of our Customer Relationship Management (CRM) programme, which represents one of the most important strategic investments currently underway within the Group.

CRM is a key enabler of our ambition to place personalisation at the heart of our customer proposition. Through the creation of a comprehensive customer view, enhanced data insights and more intelligent relationship management capabilities, the programme will enable the Bank to better understand customer needs, anticipate requirements and deliver more relevant and timely solutions.

## Stronger Customer Engagement



Personalised



Proactive



Relationship-driven

# CHIEF EXECUTIVE OFFICER'S COMMENTARY

Continued

Together, CRM and Omnichannel provide the foundations for the next phase of the Group's strategic evolution. They will enable a shift from traditional product-centred banking towards a more personalised, proactive and relationship-driven model that creates greater value for customers while strengthening long-term loyalty and engagement.

The consolidation of key commercial functions at the Business Hub at The Quad Central also marked an important strategic milestone during the period. Bringing together specialist expertise under one roof strengthens collaboration, enhances customer engagement and improves service delivery to business customers, while supporting the Bank's ambition to remain the preferred banking partner for Malta's business community.

We also continued to invest in our branch network and physical service model. The launch of the Home Finance Hubs in Mosta and Gżira demonstrates our commitment to combining specialist expertise with improved customer journeys. These centres provide dedicated support to customers seeking mortgage and home financing solutions and form part of our broader strategy to make banking simpler and faster.

Risk discipline remained central to our approach. The quality of the Group's lending portfolio continued to improve throughout the first half of 2026. The non-performing loan ratio declined further and is now below the 1.5% threshold, representing another important milestone in the Bank's ongoing efforts to strengthen asset quality and enhance balance sheet resilience. This outcome reflects a combination of prudent risk appetite settings, disciplined lending practices, effective portfolio management and the generally favourable operating conditions experienced by many of the Bank's customers. Importantly, this improvement was achieved whilst continuing to grow the lending book, underlining the Bank's ability to combine sustainable growth with sound risk management.

Our commitment to responsible banking extends beyond financial performance. Through the BOV Foundation and our broader ESG agenda, we continue to invest in initiatives that support environmental sustainability, financial literacy, education, inclusion, cultural

heritage and community wellbeing. These initiatives reflect our belief that sustainable success is created not only through financial performance but also through the positive impact we have on society.

As Malta's largest locally-owned bank, we are particularly conscious of the important role we play in supporting national economic development. Since our establishment in 1974, generations of Maltese families and businesses



have entrusted us with their banking needs. That trust remains our most important asset.

The Maltese banking landscape is entering a period of increased competition and change, and we welcome developments that strengthen the sector and broaden customer choice. Bank of Valletta enters this next phase with a deep-rooted presence across Malta, strong customer relationships, a leading market position across deposits and lending, robust capital and liquidity, international market access and strengthening external ratings. These attributes, combined with our long-standing commitment to Malta and continued investment in innovation and service, position us well for the future.

Looking ahead, we remain confident but vigilant. Global uncertainty is expected to persist, influenced by geopolitical developments, interest rate expectations and evolving customer demands. Nevertheless, Malta's economic fundamentals remain supportive, and we are well positioned to continue executing our strategy successfully.

Our priorities for the second half of the year remain clear. We will continue to grow responsibly, preserve asset quality, maintain strong capital and liquidity buffers, expand our customer

franchise and invest in technology, cybersecurity, data capabilities and customer experience. We will also continue preparing for the Group's next strategic cycle, building on the strong foundations established over recent years.

We approach this next chapter with a clear strategic vision centred on personalisation, performance and sustainable growth, supported by the financial strength, customer relationships and market access required to execute it.

I would like to thank our customers for their continued trust, our shareholders for their confidence and our employees for their dedication, professionalism and commitment. The achievements of the first half of 2026 reflect their collective efforts. Together, we will continue to build a stronger, more relevant and more resilient Bank of Valletta, firmly committed to creating long-term value for customers, shareholders, colleagues and the wider community.

**Mr. Kenneth Farrugia**  
CEO & Executive Director  
29 July 2026

# Interim Directors' Report

for the six months ended 30 June 2026

## Performance Highlights

The Group delivered a resilient performance in the first half of 2026, supported by continued growth in core banking activities, further balance sheet expansion, strong capital and liquidity positions, and sustained progress against its strategic agenda. Profit before tax amounted to €119.8 million, compared with €135.1 million in the corresponding period of 2025. The year-on-year reduction reflected higher impairment charges, less favourable fair value movements, continued investment in strategic and regulatory priorities, and the non-recurrence of certain income items recognised in the prior year. Core operating income nevertheless increased to €251.3 million, underpinned by growth in net interest income and continued customer activity across the Group's main business lines.

Business momentum remained strong. Customer deposits increased to €14.5 billion, net loans and advances to customers reached €8.6 billion, and total assets increased to €17.6 billion. These developments reinforce the Group's position as Malta's leading banking institution and demonstrate its continued ability to support households, businesses and the wider economy while maintaining prudent balance sheet management.

Asset quality continued to improve, with the Non-Performing Exposure ratio declining to 1.49% from 1.68% at December 2025. Capital and liquidity remained well above regulatory requirements, with a CET1 ratio of 19.32% before the inclusion of first-half profits, a total capital ratio of 27.09%, and a Liquidity Coverage Ratio of 409.33% at 30 June 2026.

A major milestone during the period was the successful issuance of €300 million Senior Preferred Notes under the Group's EMTN Programme. The transaction, the Group's largest bond issuance to date, attracted strong demand from international institutional investors and further strengthened the Group's funding profile and regulatory resources.

The Board approved an interim gross cash dividend of €51.6 million, equivalent to €0.0805 gross and €0.0523 net per share. This represents a payout ratio of 42.5% of Profit after Tax and reflects the Group's earnings performance, capital strength and confidence in its outlook.

Overall, the Group enters the second half of 2026 from a position of strength. Its robust balance sheet, diversified income streams, improving asset quality, strong capital and liquidity buffers, and continued strategic execution provide a solid platform to support customers, deliver sustainable shareholder returns and contribute positively to the Maltese economy.

## H1 2026 highlights

| Metric                                                     | H1 2026 |
|------------------------------------------------------------|---------|
| Profit before tax                                          | €119.8m |
| Operating income                                           | €251.3m |
| Total assets                                               | €17.6bn |
| Customer deposits                                          | €14.5bn |
| Net loans and advances to customers, including FVTPL loans | €8.6bn  |
| NPE ratio                                                  | 1.49%   |
| CET1 ratio                                                 | 19.32%  |
| Total capital ratio                                        | 27.09%  |
| Liquidity Coverage Ratio                                   | 409.33% |
| Interim gross dividend                                     | €51.6m  |
| Senior Preferred Notes issuance                            | €300m   |

# Interim Directors' Report

for the six months ended 30 June 2026

## Interim Dividend

Reflecting the Group's first-half performance, capital strength and confidence in its future prospects, the Board of Directors approved an interim gross cash dividend of €51.6 million, equivalent to €0.0805 gross and €0.0523 net per share. The net dividend amounts to €33.6 million and represents a payout ratio of 42.5% of Profit after Tax.

The dividend is lower than the gross dividend distributed in respect of the comparable period. The reduction in dividend per share was partly mitigated by the share buyback programme, which reduced the average number of shares in issue and supported shareholder returns on a per-share basis.

|                             | Gross Dividend | Net Dividend | Gross Dividend Per Share | Net Dividend Per Share |
|-----------------------------|----------------|--------------|--------------------------|------------------------|
|                             | € m            | € m          | €                        | €                      |
| FY 2026                     | 51.6           | 33.6         | 0.0805                   | 0.0523                 |
| FY 2025                     | 55.0           | 35.7         | 0.0856                   | 0.0556                 |
| Change in €                 | (3.4)          | (2.1)        | (0.0051)*                | (0.0033)*              |
| Change in % in Net Dividend | (5.9%)         |              |                          |                        |

\*Although the dividend distribution reduced by 6% year-on-year, the decrease in the gross dividend per share was marginally lower, principally due to the impact of the share buyback programme on the average number of shares in issue.

## Share Buyback Programme

The regulated share buyback programme, launched during FY2025, continued during the first half of 2026 as part of the Group's capital management framework. The programme supported market liquidity and trading activity in the Bank's shares, reinforced investor confidence and contributed to shareholder value by reducing the number of shares in issue on a temporary basis.

Since launch, and up to 30 June 2026, the Bank repurchased 985,963 shares at a weighted average price of €1.98 per share, deploying €1.9 million from the €7.8 million shareholder-approved reserve.



# Interim Directors' Report

for the six months ended 30 June 2026

## Financial Performance Of The Group

The Group's financial performance in the first half of 2026 was characterised by resilient earnings, continued growth in core banking activities and further balance sheet expansion. Profit before tax amounted to €119.8 million, 11.3% lower than the €135.1 million reported in the first half of 2025. The lower result reflected higher impairment charges, less favourable fair value movements in a limited portion of the equity investment portfolio, and the absence of certain non-recurring income items recognised in the prior-year period.

| Key performance indicators         | 1H 2026  | 1H 2025 / Dec 2025 comparator | Change         |
|------------------------------------|----------|-------------------------------|----------------|
| Net interest income (€m)           | 207.0    | 188.7                         | +18.3 / +9.7%  |
| Net fee and commission income (€m) | 39.1     | 39.9                          | -0.8 / -2.0%   |
| Profit before tax (€m)             | 119.8    | 135.1                         | -15.3 / -11.3% |
| Cost-to-income ratio               | 51.4%    | 47.9%                         | +3.5 pts       |
| Pre-tax ROAE                       | 15.9%    | 17.9%*                        | -2.0 pts       |
| Gross loans-to-deposits ratio      | 59.7%    | 59.0%*                        | +0.7 pts       |
| CET1 ratio                         | 19.32%** | 20.88%*                       | -1.56 pts      |

\*December 2025 comparator where applicable. \*\*The CET1 ratio does not include H1 2026 profits.

**Net interest income** increased by €18.3 million, or 9.7%, to €207.0 million, supported by continued growth in customer lending, the benefits of balance sheet repositioning initiatives, and the strength of the Group's customer funding base. Net interest income represented approximately 82% of operating income and remained the principal contributor to the Group's earnings profile.

**Net fee and commission income** amounted to €39.1 million, compared with €39.9 million in the first half of 2025. The modest decrease was principally attributable to the revised accounting treatment of Advances Processing Fees, whereby fees deemed integral to the Effective Interest Rate of lending facilities are recognised over the expected life of the related loans within net interest income in accordance with IFRS 9.

**Operating income** increased by €7.3 million to €251.3 million. This was achieved despite the inclusion of a €6.4 million non-recurring gain in the comparative period and a €2.4 million fair value loss on FVTPL instruments in the current period, compared with a €0.7 million gain in the prior year. Adjusting for these items, the Group's operating income performance demonstrates continued growth in recurring revenue streams and sustained customer activity across its core businesses.

**Operating costs** amounted to €129.2 million, compared with €116.9 million in the first half of 2025. The increase reflected continued investment in people, technology, regulatory delivery and transformation. The pace of cost growth slowed materially compared with previous periods, and the cost-to-income ratio increased to 51.4%, broadly in line with expectations set at the start of the year.

**Expected credit losses** amounted to a net charge of €5.7 million, compared with a net release of €3.3 million in the first half of 2025. The charge was mainly attributable to provisioning on a limited number of Purchased or Originated Credit-Impaired facilities and higher write-offs, principally relating to legacy non-performing exposures. The charge did not reflect any material deterioration in the broader lending portfolio, which continued to perform satisfactorily across the Group's main lending segments.

The Group also enhanced its credit risk monitoring framework through the introduction of a Geopolitical Dashboard developed by the Economics Unit. This framework supported the assessment of geopolitical, macroeconomic and sector-specific developments and informed management's conclusion that no additional management overlays were required above model-generated expected credit loss provisions at 30 June 2026.

The **share of profit from insurance associates** decreased to €3.4 million, compared with €4.7 million in the first half of 2025. The reduction reflected lower contributions from the Group's insurance associates, driven by higher claims experience, increased operating expenses and movements in technical provisions, partly offset by premium growth.

**Earnings per share** amounted to €0.1231 at 30 June 2026, compared with €0.1393 at 30 June 2025.

# Interim Directors' Report

for the six months ended 30 June 2026

## Group Financial Position

The Group's balance sheet continued to strengthen during the first half of 2026. Total assets increased by €1.1 billion, or 6.6%, to €17.6 billion, compared with €16.5 billion at 31 December 2025. The increase was mainly driven by growth in customer deposits, customer lending and cash balances.

**Cash and short-term funds** increased to €1.4 billion at 30 June 2026, compared with €0.9 billion at December 2025. Together with the Group's substantial treasury investment portfolio and continued deposit growth, this supported a strong liquidity position and significant funding flexibility.

The **treasury portfolio** increased by €66.0 million to €7.0 billion at 30 June 2026, compared with €6.9 billion at December 2025. The portfolio represented approximately 40% of the Group's total balance sheet and remained predominantly invested in highly rated securities, supporting capital preservation, stable returns and efficient risk-weighted asset consumption.

**Net loans and advances to customers**, including FVTPL loans, increased by €544.0 million, or 6.8%, to €8.6 billion. Growth was recorded in both retail and corporate lending, reflecting the Group's ability to attract new business and support existing customers while maintaining a balanced and diversified credit portfolio. The gross loans-to-deposits ratio increased from 59.0% at December 2025 to 59.7% at 30 June 2026.

**Customer deposits** increased by €748.4 million to €14.5 billion, compared with €13.7 billion at December 2025. Growth was recorded across both retail and business segments, reflecting continued customer confidence in the Bank. The Liquidity Coverage Ratio stood at 409.33% at 30 June 2026, compared with 384.66% at 31 December 2025, remaining well above the minimum regulatory requirement.

**Long-term liabilities** increased to €1.2 billion, compared with €891.8 million at December 2025, principally reflecting the successful issuance of €300 million Senior Preferred Notes during the period. Investor demand peaked at approximately €0.8 billion and closed at around €0.6 billion, representing an oversubscription of approximately two times the issue size.

Total **Group equity** stood at approximately €1.5 billion at 30 June 2026, increasing by €26.7 million compared with December 2025. The CET1 ratio stood at 19.32%, before the inclusion of first-half profits, while the total capital ratio stood at 27.09%. Net asset value per share was €2.4 at 30 June 2026, compared with €2.3 at December 2025, restated for the outstanding number of shares following the bonus issue.



# Interim Directors' Report

for the six months ended 30 June 2026

## Strategy Implementation Update

The first half of 2026 marked the concluding phase of the Group's 2024–2026 strategic cycle. During the period, the Bank continued to advance its strategic priorities across four pillars: Customer, Operations, Risk and Governance, and People. The focus remained on strengthening the foundations established over the previous two years while preparing the organisation for its next strategic horizon.

### CUSTOMER

The Bank continued its transition towards a more relationship-driven customer model, supported by evolving customer insight capabilities, investment in customer relationship management, and further development of digital, branch and hybrid servicing channels. Structured customer research, surveys and frontline feedback continued to inform prioritisation and journey redesign, with the objective of delivering more consistent, personalised and accessible customer experiences.

### OPERATIONS

The Bank continued to modernise its operational and technology platforms to build a more resilient, efficient and scalable execution capability. Progress was made in data management, core banking capabilities and channel integration, while several regulatory and platform milestones were delivered during the period. Active portfolio management through Executive and Board-level governance forums supported the prioritisation of strategically and regulatorily important programmes.

### RISK AND GOVERNANCE

The Bank continued to reinforce its risk management, control environment and supervisory posture. Programmes relating to operational resilience, information and cyber security, third-party risk management, financial crime prevention and regulatory reporting progressed in line with the Bank's commitments and supervisory expectations, including requirements arising from the European framework on digital operational resilience.

### PEOPLE

The Bank continued to invest in leadership development, role clarity, accountability and future-oriented capabilities, including data, digital, artificial intelligence and cyber resilience. Employee engagement, learning and cultural initiatives continued to support the development of a workforce capable of delivering the Bank's transformation agenda while reinforcing the values underpinning its long-standing relationship with customers and stakeholders.

Overall strategic performance remained resilient. Where delivery pressures emerged, particularly in complex multi-year programmes, management responded through portfolio prioritisation, targeted governance interventions and re-sequencing of activity to maintain focus on outcomes of greatest strategic and regulatory importance.

## The Strategy Going Forward

Work on the Bank's next strategic cycle progressed during the first half of 2026 and is expected to be finalised for Board approval in the second half of the year. The forthcoming strategy is expected to represent an evolution of the current strategic direction rather than a change of course. It will build on the Group's established strengths: its position as Malta's largest banking group, its robust financial profile, its investment-grade credit rating, and its long-standing presence in the communities it serves.

The next strategic cycle will focus on mutually reinforcing execution portfolios designed to strengthen the Group's foundations, including technology, operational and financial resilience, and the workforce capabilities needed to sustain them. It will also seek to deepen customer relationships and generate long-term value through propositions that respond to evolving customer needs. This approach is intended to ensure that the Bank remains relevant to customers while strengthening the operational resilience that underpins the trust placed in it by customers, regulators and the wider community.

# Interim Directors' Report

for the six months ended 30 June 2026

## Environmental, Social And Governance (ESG) Update

The Group continued to advance its Environmental, Social and Governance agenda during the first half of 2026, further embedding sustainability considerations into its planning, risk management and reporting frameworks. The ESG update for the period focused on climate risk, regulatory preparedness, business practices, stakeholder transparency and the Group's broader objective of creating long-term sustainable value.

During the period, the ESG Department supported the Bank's ICAAP cycle through two scenario-based analyses: a normative scenario based on NGFS long-term pathways and an economic scenario based on NGFS short-term projections. These analyses provided a quantitative basis for assessing portfolio sensitivity to climate-related risks and informing capital planning and risk management decisions. Both models were independently validated, with no issues identified.

The Bank also progressed the preparation and publication of its Principal Adverse Impact Statement for the 2025 financial year, in line with its commitment to transparency and compliance with SFDR requirements. The statement, published on the Bank's website in May 2026, provides disclosure on adverse environmental and social impacts associated with the Bank's investment decisions.

The Bank continued to strengthen its ESG materiality framework. The governance pillar is undergoing its first dedicated materiality assessment, while the social and climate pillars are being enhanced to reflect last year's results and align with evolving regulatory expectations and best practice.

The Group also made progress on its climate transition plan, including enhanced targets and milestones relating to Scope 1 and Scope 2 emissions. Decarbonisation initiatives included branch refurbishment plans with energy-saving potential, replacement of photovoltaic panels with higher-efficiency models, further rollout of Building Management System connectivity, waste reduction initiatives, and greater use of digital solutions to reduce paper-based processes.

The Bank is progressing the automation of ESG data collection processes in preparation for publication of its first CSRD-aligned Sustainability Report for the 2026 financial year. This initiative is expected to improve the quality, traceability and consistency of sustainability data, while strengthening the efficiency and robustness of the reporting process.



# Interim Directors' Report

for the six months ended 30 June 2026

## Update On Financial Outlook

At the publication of the FY2025 Annual Financial Report, the Group communicated profit before tax guidance for FY2026 in the range of €215 million to €250 million, together with an expectation that pre-tax Return on Average Equity would remain above 15%. Based on performance in the first half of 2026, management remains satisfied that the Group is tracking broadly in line with these expectations.

The first-half performance was supported by growth in net interest income, resilient fee-generating activity, balance sheet expansion and continued improvement in asset quality, notwithstanding ongoing investment in strategic, regulatory and technology initiatives.

The operating environment continues to be influenced by geopolitical developments, market volatility and evolving monetary policy expectations. However, Malta's economic fundamentals remain supportive of banking activity, underpinned by strong labour market conditions, robust domestic demand, sustained tourism activity and healthy business investment. Against this backdrop, the Group continues to benefit from a diversified business model, a strong customer franchise and disciplined balance sheet management.

Management remains cautiously optimistic regarding the Group's prospects for the remainder of the financial year. Continued growth in customer lending and deposits, strong capital and liquidity positions, resilient asset quality indicators and the successful execution of the €300 million Senior Preferred Notes issuance provide a sound platform for future growth and sustainable earnings. Based on currently available information, the Group expects to remain within the previously communicated profit before tax guidance range and continues to anticipate a pre-tax Return on Average Equity comfortably above 15% for FY2026.

## Statement of responsibility by the Directors pursuant to the Capital Markets Rules issued by the MFSA

We, the undersigned, confirm that, to the best of our knowledge, the condensed interim financial statements for the six months ended 30 June 2026 have been prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of IAS 34 Interim Financial Reporting, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bank and its subsidiaries.

Approved by the Board of Directors and authorised for issue on 29 July 2026 and signed on its behalf by:



**Dr. Gordon Cordina**  
Chairperson



**Mr. Kenneth Farrugia**  
CEO & Executive Director

# Statements of profit or loss

for the six months ended 30 June 2026

|                                                                  | Note | The Group      |                | The Bank       |                |
|------------------------------------------------------------------|------|----------------|----------------|----------------|----------------|
|                                                                  |      | Jun-26<br>€000 | Jun-25<br>€000 | Jun-26<br>€000 | Jun-25<br>€000 |
| Interest and similar income                                      |      |                |                |                |                |
| - on loans and advances                                          |      | 154,028        | 138,296        | 154,028        | 138,296        |
| - on debt, other fixed income instruments and derivatives        |      | 86,953         | 78,595         | 86,953         | 78,594         |
| Interest expense                                                 |      | (33,974)       | (28,220)       | (33,974)       | (28,220)       |
| <b>Net interest income</b>                                       |      | <b>207,007</b> | <b>188,671</b> | <b>207,007</b> | <b>188,670</b> |
| Fee and commission income                                        |      | 50,093         | 48,863         | 45,568         | 44,488         |
| Fee and commission expense                                       |      | (10,951)       | (8,940)        | (10,947)       | (8,940)        |
| <b>Net fee and commission income</b>                             | 3    | <b>39,142</b>  | <b>39,923</b>  | <b>34,621</b>  | <b>35,548</b>  |
| Dividend income                                                  |      | 2,361          | 448            | 13,213         | 9,302          |
| Trading profits                                                  |      | 2,740          | 8,489          | 2,718          | 8,524          |
| Net (loss)/gain on investment securities and hedging instruments |      | (7)            | 3              | (7)            | 3              |
| Other income                                                     | 4    | 56             | 6,423          | 77             | 6,423          |
| <b>Operating income</b>                                          |      | <b>251,299</b> | <b>243,957</b> | <b>257,629</b> | <b>248,470</b> |
| Employee compensation and benefits                               |      | (74,155)       | (68,621)       | (72,665)       | (67,272)       |
| General administrative expenses                                  |      | (44,211)       | (38,126)       | (43,238)       | (37,263)       |
| Amortisation of intangible assets                                |      | (6,529)        | (6,390)        | (6,529)        | (6,379)        |
| Depreciation                                                     |      | (4,342)        | (3,732)        | (4,339)        | (3,729)        |
| Net impairment (charge)/reversal                                 | 11   | (5,696)        | 3,292          | (5,696)        | 3,292          |
| <b>Operating profit</b>                                          |      | <b>116,366</b> | <b>130,380</b> | <b>125,162</b> | <b>137,119</b> |
| Share of results of equity-accounted investees, net of tax       | 9    | 3,447          | 4,718          | -              | -              |
| <b>Profit before tax</b>                                         |      | <b>119,813</b> | <b>135,098</b> | <b>125,162</b> | <b>137,119</b> |
| Income tax expense                                               |      | (40,860)       | (45,617)       | (43,806)       | (47,991)       |
| <b>Profit for the period</b>                                     |      | <b>78,953</b>  | <b>89,481</b>  | <b>81,356</b>  | <b>89,128</b>  |
| <b>Earnings per share</b>                                        | 10   | <b>12.3c</b>   | <b>13.9c</b>   |                |                |

# Statements of profit or loss and other comprehensive income

for the six months ended 30 June 2026

|                                                                       | The Group      |                | The Bank       |                |
|-----------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                       | Jun-26<br>€000 | Jun-25<br>€000 | Jun-26<br>€000 | Jun-25<br>€000 |
| <b>Profit for the period</b>                                          | 78,953         | 89,481         | 81,356         | 89,128         |
| <b>Other comprehensive income</b>                                     |                |                |                |                |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |                |                |                |                |
| Debt investments at FVOCI                                             |                |                |                |                |
| - change in fair value                                                | 2,498          | 240            | 2,498          | 240            |
| tax thereon                                                           | (874)          | (84)           | (874)          | (84)           |
|                                                                       | 1,624          | 156            | 1,624          | 156            |
| <b>Items that will not be reclassified to profit or loss</b>          |                |                |                |                |
| Equity investments at FVOCI                                           |                |                |                |                |
| - change in fair value                                                | 984            | (573)          | 984            | (573)          |
| tax thereon                                                           | (344)          | 201            | (344)          | 201            |
| Actuarial gains on remeasurement of defined benefit obligations       | 422            | 99             | 422            | 99             |
| tax thereon                                                           | (148)          | (35)           | (148)          | (35)           |
| <b>Other comprehensive income for the period, net of tax</b>          | 2,538          | (152)          | 2,538          | (152)          |
| <b>Total comprehensive income for the period</b>                      | <b>81,491</b>  | <b>89,329</b>  | <b>83,894</b>  | <b>88,976</b>  |

# Statements of financial position

as at 30 June 2026

|                                                                                      |      | The Group         |                   | The Bank          |                   |
|--------------------------------------------------------------------------------------|------|-------------------|-------------------|-------------------|-------------------|
|                                                                                      | Note | Jun-26<br>€000    | Dec-25<br>€000    | Jun-26<br>€000    | Dec-25<br>€000    |
| <b>ASSETS</b>                                                                        |      |                   |                   |                   |                   |
| Balances with Central Bank of Malta, cash and other related assets                   |      | 1,398,214         | 921,224           | 1,398,214         | 921,224           |
| Investments and loans and advances to customers at fair value through profit or loss |      | 83,516            | 89,238            | 82,279            | 87,847            |
| Derivative financial assets                                                          |      | 3,658             | 2,987             | 3,658             | 2,987             |
| Investments at amortised cost                                                        |      | 6,845,051         | 6,781,209         | 6,845,051         | 6,781,209         |
| Investments at fair value through other comprehensive income                         |      | 77,364            | 73,830            | 77,364            | 73,830            |
| Loans and advances to banks                                                          |      | 268,272           | 258,754           | 268,272           | 258,754           |
| Loans and advances to customers at amortised cost                                    | 11   | 8,533,820         | 7,985,473         | 8,533,820         | 7,985,473         |
| Investments in equity-accounted investees                                            |      | 123,675           | 124,577           | 72,870            | 72,870            |
| Investments in subsidiary companies                                                  |      | -                 | -                 | 6,230             | 6,230             |
| Intangible assets                                                                    |      | 36,384            | 40,980            | 36,384            | 40,980            |
| Property and equipment                                                               |      | 169,668           | 172,205           | 169,643           | 172,179           |
| Deferred tax                                                                         |      | 29,817            | 28,954            | 29,827            | 28,963            |
| Other assets                                                                         |      | 54,683            | 50,892            | 52,516            | 48,105            |
| <b>Total Assets</b>                                                                  |      | <b>17,624,122</b> | <b>16,530,323</b> | <b>17,576,128</b> | <b>16,480,651</b> |
| <b>LIABILITIES</b>                                                                   |      |                   |                   |                   |                   |
| Derivative financial liabilities                                                     |      | 1,931             | 4,568             | 1,931             | 4,568             |
| Amounts owed to banks                                                                |      | 23,993            | 99,894            | 23,993            | 99,894            |
| Amounts owed to customers                                                            |      | 14,488,964        | 13,740,565        | 14,493,291        | 13,745,110        |
| Current tax                                                                          |      | 58,782            | 37,580            | 58,061            | 37,309            |
| Deferred tax                                                                         |      | 8,282             | 8,291             | 8,282             | 8,291             |
| Other liabilities                                                                    |      | 278,630           | 233,095           | 278,071           | 232,593           |
| Provisions                                                                           |      | 21,533            | 17,554            | 21,533            | 17,554            |
| Unsubordinated debt securities in issue                                              | 5    | 668,744           | 351,659           | 668,744           | 351,659           |
| Subordinated liabilities                                                             | 5    | 549,618           | 540,143           | 549,618           | 540,143           |
| <b>Total Liabilities</b>                                                             |      | <b>16,100,477</b> | <b>15,033,349</b> | <b>16,103,524</b> | <b>15,037,121</b> |
| <b>EQUITY</b>                                                                        |      |                   |                   |                   |                   |
| Called up share capital                                                              | 5    | 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                                  |      | 101,219           | 99,083            | 101,109           | 98,973            |
| Retained earnings                                                                    |      | 730,915           | 706,380           | 679,984           | 653,046           |
| <b>Total Equity</b>                                                                  |      | <b>1,523,645</b>  | <b>1,496,974</b>  | <b>1,472,604</b>  | <b>1,443,530</b>  |
| <b>Total Liabilities and Equity</b>                                                  |      | <b>17,624,122</b> | <b>16,530,323</b> | <b>17,576,128</b> | <b>16,480,651</b> |
| <b>MEMORANDUM ITEMS</b>                                                              |      |                   |                   |                   |                   |
| Contingent liabilities                                                               | 7    | 677,409           | 646,890           | 677,409           | 646,890           |
| Commitments                                                                          | 7    | 3,717,873         | 3,210,569         | 3,717,873         | 3,210,569         |

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on 29 July 2026 and signed on its behalf by:



**Dr. Gordon Cordina**  
Chairperson



**Mr. Kenneth Farrugia**  
CEO & Executive Director

# Statements of changes in equity

for the six months ended 30 June 2026

|                                                                                                                                 | Share Capital  | Share Premium Account | Revaluation reserves and other components of equity | Retained Earnings | Total            |
|---------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------|-----------------------------------------------------|-------------------|------------------|
| <b>The Group</b>                                                                                                                | €000           | €000                  | €000                                                | €000              | €000             |
| <b>At 1 January 2025</b>                                                                                                        | 583,849        | 49,277                | 89,977                                              | 684,696           | 1,407,799        |
| Profit for the period                                                                                                           | -              | -                     | -                                                   | 89,481            | 89,481           |
| <b>Other comprehensive income</b>                                                                                               |                |                       |                                                     |                   |                  |
| Debt investments at FVOCI                                                                                                       | -              | -                     | 156                                                 | -                 | 156              |
| - change in fair value, net of tax                                                                                              | -              | -                     | -                                                   | -                 | -                |
| Equity investments at FVOCI                                                                                                     | -              | -                     | (372)                                               | -                 | (372)            |
| - change in fair value, net of tax                                                                                              | -              | -                     | -                                                   | -                 | -                |
| Actuarial gains on remeasurement of defined benefit obligations, net of tax                                                     | -              | -                     | -                                                   | 64                | 64               |
| <b>Total other comprehensive income</b>                                                                                         | -              | -                     | <b>(216)</b>                                        | <b>64</b>         | <b>(152)</b>     |
| <b>Total comprehensive income for the period</b>                                                                                | -              | -                     | <b>(216)</b>                                        | <b>89,545</b>     | <b>89,329</b>    |
| <b>Other movements</b>                                                                                                          |                |                       |                                                     |                   |                  |
| Realisation of gains on sale of property, net of tax                                                                            | -              | -                     | (2,062)                                             | 2,062             | -                |
| Realisation of gains on sale of equity investments at FVOCI, net of tax                                                         | -              | -                     | (8)                                                 | 8                 | -                |
| Transfers to non-distributable reserves                                                                                         | -              | -                     | 625                                                 | (625)             | -                |
| <b>Transactions with owners, recorded directly in equity:</b>                                                                   |                |                       |                                                     |                   |                  |
| Bonus issue                                                                                                                     | 58,385         | -                     | -                                                   | (58,385)          | -                |
| Dividends to equity holders                                                                                                     | -              | -                     | -                                                   | (49,867)          | (49,867)         |
| <b>At 30 June 2025</b>                                                                                                          | <b>642,234</b> | <b>49,277</b>         | <b>88,316</b>                                       | <b>667,434</b>    | <b>1,447,261</b> |
| <b>At 1 January 2026 before adjustment referred to below</b>                                                                    | 642,234        | 49,277                | 99,083                                              | 706,380           | 1,496,974        |
| Adjustment relating to correction of application of effective interest method in prior financial periods, net of tax (Note 2.1) | -              | -                     | -                                                   | (5,041)           | (5,041)          |
| <b>Adjusted balance at 1 January 2026</b>                                                                                       | <b>642,234</b> | <b>49,277</b>         | <b>99,083</b>                                       | <b>701,339</b>    | <b>1,491,933</b> |
| Profit for the period                                                                                                           | -              | -                     | -                                                   | 78,953            | 78,953           |
| <b>Other comprehensive income</b>                                                                                               |                |                       |                                                     |                   |                  |
| Debt investments at FVOCI                                                                                                       | -              | -                     | 1,624                                               | -                 | 1,624            |
| - change in fair value, net of tax                                                                                              | -              | -                     | -                                                   | -                 | -                |
| Equity investments at FVOCI                                                                                                     | -              | -                     | 640                                                 | -                 | 640              |
| - change in fair value, net of tax                                                                                              | -              | -                     | -                                                   | -                 | -                |
| Actuarial gains on remeasurement of defined benefit obligations, net of tax                                                     | -              | -                     | -                                                   | 274               | 274              |
| <b>Total other comprehensive income</b>                                                                                         | -              | -                     | <b>2,264</b>                                        | <b>274</b>        | <b>2,538</b>     |
| <b>Total comprehensive income for the period</b>                                                                                | -              | -                     | <b>2,264</b>                                        | <b>79,227</b>     | <b>81,491</b>    |
| <b>Other movements</b>                                                                                                          |                |                       |                                                     |                   |                  |
| Realisation of gains on sale of property, net of tax                                                                            | -              | -                     | (86)                                                | 86                | -                |
| Realisation of gains on sale of equity investments at FVOCI, net of tax                                                         | -              | -                     | (79)                                                | 79                | -                |
| Transfers to non-distributable reserves                                                                                         | -              | -                     | 748                                                 | (748)             | -                |
| <b>Transactions with owners, recorded directly in equity:</b>                                                                   |                |                       |                                                     |                   |                  |
| Dividends to equity holders                                                                                                     | -              | -                     | -                                                   | (49,068)          | (49,068)         |
| Acquisition of treasury shares                                                                                                  | -              | -                     | (711)                                               | -                 | (711)            |
| <b>At 30 June 2026</b>                                                                                                          | <b>642,234</b> | <b>49,277</b>         | <b>101,219</b>                                      | <b>730,915</b>    | <b>1,523,645</b> |

# Statements of changes in equity

for the six months ended 30 June 2026 (continued)

|                                                                                                                                 | Share Capital  | Share Premium Account | Revaluation reserves and other components of equity | Retained Earnings | Total            |
|---------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------|-----------------------------------------------------|-------------------|------------------|
| <b>The Bank</b>                                                                                                                 | €000           | €000                  | €000                                                | €000              | €000             |
| <b>At 1 January 2025</b>                                                                                                        | 583,849        | 49,277                | 89,867                                              | 639,134           | 1,362,127        |
| Profit for the period                                                                                                           | -              | -                     | -                                                   | 89,128            | 89,128           |
| <b>Other comprehensive income</b>                                                                                               |                |                       |                                                     |                   |                  |
| Debt investments at FVOCI                                                                                                       |                |                       |                                                     |                   |                  |
| - change in fair value, net of tax                                                                                              | -              | -                     | 156                                                 | -                 | 156              |
| Equity investments at FVOCI                                                                                                     |                |                       |                                                     |                   |                  |
| - change in fair value, net of tax                                                                                              | -              | -                     | (372)                                               | -                 | (372)            |
| Actuarial gains on remeasurement of defined benefit obligations, net of tax                                                     | -              | -                     | -                                                   | 64                | 64               |
| <b>Total other comprehensive income</b>                                                                                         | -              | -                     | (216)                                               | 64                | (152)            |
| <b>Total comprehensive income for the period</b>                                                                                | -              | -                     | (216)                                               | 89,192            | 88,976           |
| <b>Other movements</b>                                                                                                          |                |                       |                                                     |                   |                  |
| Realisation of gains on sale of property, net of tax                                                                            | -              | -                     | (2,062)                                             | 2,062             | -                |
| Realisation of gains on sale of equity investments at FVOCI, net of tax                                                         | -              | -                     | (8)                                                 | 8                 | -                |
| Transfers to non-distributable reserves                                                                                         | -              | -                     | 625                                                 | (625)             | -                |
| <b>Transactions with owners, recorded directly in equity:</b>                                                                   |                |                       |                                                     |                   |                  |
| Bonus issue                                                                                                                     | 58,385         | -                     | -                                                   | (58,385)          | -                |
| Dividends to equity holders                                                                                                     | -              | -                     | -                                                   | (49,867)          | (49,867)         |
| <b>At 30 June 2025</b>                                                                                                          | <b>642,234</b> | <b>49,277</b>         | <b>88,206</b>                                       | <b>621,519</b>    | <b>1,401,236</b> |
| <b>At 1 January 2026 before adjustment referred to below</b>                                                                    | <b>642,234</b> | <b>49,277</b>         | <b>98,973</b>                                       | <b>653,046</b>    | <b>1,443,530</b> |
| Adjustment relating to correction of application of effective interest method in prior financial periods, net of tax (Note 2.1) | -              | -                     | -                                                   | (5,041)           | (5,041)          |
| <b>Adjusted balance at 1 January 2026</b>                                                                                       | <b>642,234</b> | <b>49,277</b>         | <b>98,973</b>                                       | <b>648,005</b>    | <b>1,438,489</b> |
| Profit for the period                                                                                                           | -              | -                     | -                                                   | 81,356            | 81,356           |
| <b>Other comprehensive income</b>                                                                                               |                |                       |                                                     |                   |                  |
| Debt investments at FVOCI                                                                                                       |                |                       |                                                     |                   |                  |
| - change in fair value, net of tax                                                                                              | -              | -                     | 1,624                                               | -                 | 1,624            |
| Equity investments at FVOCI                                                                                                     |                |                       |                                                     |                   |                  |
| - change in fair value, net of tax                                                                                              | -              | -                     | 640                                                 | -                 | 640              |
| Actuarial gains on remeasurement of defined benefit obligations, net of tax                                                     | -              | -                     | -                                                   | 274               | 274              |
| <b>Total other comprehensive income</b>                                                                                         | -              | -                     | 2,264                                               | 274               | 2,538            |
| <b>Total comprehensive income for the period</b>                                                                                | -              | -                     | 2,264                                               | 81,630            | 83,894           |
| <b>Other movements</b>                                                                                                          |                |                       |                                                     |                   |                  |
| Realisation of gains on sale of property, net of tax                                                                            | -              | -                     | (86)                                                | 86                | -                |
| Realisation of gains on sale of equity investments at FVOCI, net of tax                                                         | -              | -                     | (79)                                                | 79                | -                |
| Transfers to non-distributable reserves                                                                                         | -              | -                     | 748                                                 | (748)             | -                |
| <b>Transactions with owners, recorded directly in equity:</b>                                                                   |                |                       |                                                     |                   |                  |
| Dividends to equity holders                                                                                                     | -              | -                     | -                                                   | (49,068)          | (49,068)         |
| Acquisition of treasury shares                                                                                                  | -              | -                     | (711)                                               | -                 | (711)            |
| <b>At 30 June 2026</b>                                                                                                          | <b>642,234</b> | <b>49,277</b>         | <b>101,109</b>                                      | <b>679,984</b>    | <b>1,472,604</b> |

# Statements of cashflows

for the six months ended 30 June 2026

|                                                                                        | The Group        |                  | The Bank         |                  |
|----------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                                        | Jun-26           | Jun-25           | Jun-26           | Jun-25           |
|                                                                                        | €000             | €000             | €000             | €000             |
| <b>Cash flows from operating activities</b>                                            |                  |                  |                  |                  |
| Interest and commission receipts                                                       | 204,153          | 200,611          | 196,074          | 196,280          |
| Interest and commission payments                                                       | (12,572)         | (13,452)         | (12,568)         | (13,452)         |
| Recoveries on loans and advances previously written-off                                | 1,530            | 821              | 1,530            | 821              |
| Payments to employees and suppliers                                                    | (124,954)        | (111,422)        | (122,602)        | (108,713)        |
| Operating profit before changes in operating assets and liabilities                    | <b>68,157</b>    | <b>76,558</b>    | <b>62,434</b>    | <b>74,936</b>    |
| (Increase)/decrease in operating assets:                                               |                  |                  |                  |                  |
| Loans and advances to banks and customers                                              | (566,001)        | (537,266)        | (566,001)        | (537,266)        |
| Reserve deposit with Central Bank of Malta                                             | (5,586)          | (5,783)          | (5,586)          | (5,783)          |
| Fair value through profit or loss financial assets                                     | 3,738            | (2,598)          | 3,585            | (2,573)          |
| Treasury bills with original maturity of more than 3 months                            | (99,904)         | -                | (99,904)         | -                |
| Other assets                                                                           | (5,691)          | 1,269            | (5,718)          | 1,251            |
| Increase/(decrease) in operating liabilities:                                          |                  |                  |                  |                  |
| Amounts owed to customers                                                              | 745,644          | 262,825          | 748,980          | 262,304          |
| Other liabilities                                                                      | 52,470           | 54,959           | 51,929           | 54,264           |
| Net cash from/(used in) operating activities before tax                                | 192,827          | (150,036)        | 189,719          | (152,867)        |
| Net tax paid                                                                           | (19,182)         | (9,935)          | (22,579)         | (12,982)         |
| Net cash from/(used in) operating activities                                           | <b>173,645</b>   | <b>(159,971)</b> | <b>167,140</b>   | <b>(165,849)</b> |
| <b>Cash flows from investing activities</b>                                            |                  |                  |                  |                  |
| Dividends received                                                                     | 6,710            | 3,424            | 13,213           | 9,302            |
| Interest received from debt investments                                                | 90,680           | 76,383           | 90,678           | 76,383           |
| Payments for debt investments                                                          | (301,511)        | (710,355)        | (301,511)        | (710,355)        |
| Proceeds from sale or maturity of debt investments                                     | 234,794          | 336,321          | 234,794          | 336,321          |
| Proceeds from sale of equity investments                                               | 230              | 77               | 230              | 77               |
| Payments for purchase of property and equipment and intangible assets                  | (3,284)          | (6,557)          | (3,267)          | (6,555)          |
| Proceeds from disposal of property and equipment and intangible assets                 | -                | 2,500            | -                | 2,500            |
| Net cash from/(used in) investing activities                                           | <b>27,619</b>    | <b>(298,207)</b> | <b>34,137</b>    | <b>(292,327)</b> |
| <b>Cash flows from financing activities</b>                                            |                  |                  |                  |                  |
| Payments for acquisition of treasury shares                                            | (711)            | -                | (711)            | -                |
| Interest paid on unsubordinated debt securities in issue                               | (2,890)          | (2,890)          | (2,890)          | (2,890)          |
| Net proceeds from issue of subordinated liabilities                                    | -                | 150,000          | -                | 150,000          |
| Net proceeds from issue of unsubordinated liabilities                                  | 298,054          | -                | 298,054          | -                |
| Payments of lease liabilities                                                          | (659)            | (607)            | (672)            | (609)            |
| Dividends paid to equity holders                                                       | (49,068)         | (49,867)         | (49,068)         | (49,867)         |
| Net cash from financing activities                                                     | <b>244,726</b>   | <b>96,636</b>    | <b>244,713</b>   | <b>96,634</b>    |
| <b>Net change in cash and cash equivalents before effects of exchange rate changes</b> | <b>445,990</b>   | <b>(361,542)</b> | <b>445,990</b>   | <b>(361,542)</b> |
| Effect of exchange rate changes on cash and cash equivalents                           | (202)            | 499              | (202)            | 499              |
| <b>Net change in cash and cash equivalents after effects of exchange rate changes</b>  | <b>446,192</b>   | <b>(362,041)</b> | <b>446,192</b>   | <b>(362,041)</b> |
| <b>Net change in cash and cash equivalents</b>                                         | <b>445,990</b>   | <b>(361,542)</b> | <b>445,990</b>   | <b>(361,542)</b> |
| Cash and cash equivalents at 1 January                                                 | 896,190          | 1,277,225        | 896,190          | 1,277,225        |
| <b>Cash and cash equivalents at 30 June</b>                                            | <b>1,342,180</b> | <b>915,683</b>   | <b>1,342,180</b> | <b>915,683</b>   |

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 1. REPORTING ENTITY

Bank of Valletta p.l.c. ('the Bank') is a credit institution incorporated and domiciled in Malta with its registered address at 58, Triq San Żakkarija, Il-Belt Valletta. The condensed interim financial statements of the Bank for the six months ended 30 June 2026 include the Bank, subsidiaries and equity-accounted investees (together referred to as the 'the Group').

The ESEF Annual Report and Financial Statements of the Group as at and for the year ended 31 December 2025 can be viewed on the Malta Stock Exchange website (the official appointed mechanism) at <https://borzamalta.com.mt/>, can be provided upon request from the Bank's registered office or are available for viewing on its website at [www.bov.com](http://www.bov.com).

## 2. BASIS OF PREPARATION

The published figures have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting, as adopted by the EU. The condensed interim financial statements have been extracted from Bank of Valletta's unaudited management accounts for the six months ended 30 June 2026 and have been reviewed in accordance with the requirements of ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. The interim results are being published in terms of Chapter 5 of the Capital Markets Rules of the Malta Financial Services Authority.

These condensed interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2025. The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 December 2025 and are described in Note 1 of the said financial statements. New pronouncements which came into effect as of 1 January 2026 are mentioned in Note 2.2 below.

The amounts recognised in the financial statements are determined by reference to the accounting policies, assumptions and estimates that underlie the preparation of financial statements. The judgements made by management in applying the Group's accounting policies that have the most significant effect on the amounts recognised in these financial statements, together with information about the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, are consistent with those disclosed in the Group's audited financial statements for the year ended 31 December 2025.

As required by IAS 34 Interim Financial Reporting, these condensed interim financial statements include the comparative statements of financial position as of 31 December 2025, and the comparative statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the period ended 30 June 2025.

The Group's related party transactions during the interim period ended 30 June 2026 and the Group's related party balances as at that date, are not significantly different from the activity levels and balances disclosed within the Group's audited financial statements for the year ended 31 December 2025.

### 2.1 ADJUSTMENT TO THE BANK'S RETAINED EARNINGS AS OF 1 JANUARY 2026

During the current interim period, the Bank reviewed and revised its application of the effective interest method in respect of the amortisation of loan upfront processing fees generated upon origination of the Bank's loans and advances, over the estimated lives of the respective loans and advances. These processing fees are considered to be an integral part of the effective interest rate. This revision has given rise to an immaterial correction of prior period amounts in relation to loan processing fees recognised within profit or loss in preceding financial years. In view of the insignificance of the cumulative amount of the correction to prior period amounts, such cumulative amount has been reflected as an adjustment to the retained earnings as at 1 January 2026 and accordingly is presented within the statement of changes in equity.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 2. BASIS OF PREPARATION (continued)

### 2.2 ADOPTION OF NEW STANDARDS / AMENDMENTS

The Group has applied the following amendments for the first time for its annual reporting period commencing 1 January 2026:

- (I) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024), that clarify requirements relating to the classification of financial assets, settlement of financial liabilities through electronic payment systems, and related disclosure requirements.
- (II) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024), that introduce requirements for the accounting and disclosure of contracts referencing nature-dependent electricity, such as power purchase agreements linked to renewable energy generation.
- (III) Annual Improvements Volume 11 (issued on 18 July 2024), that contain minor amendments and clarifications to various IFRS Accounting Standards to improve consistency and remove ambiguities.

The above amendments did not have any impact on the Group's interim report.

### IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces key new concepts that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, particularly, those related to the statement of financial performance.

The Group will adopt IFRS 18 from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

Management is currently evaluating the detailed implications of applying the new standard on the Group's consolidated financial statements.

The Bank expects the most significant effects to relate to the presentation of the statement of profit or loss, including new required subtotals, and reclassification of certain income and expense items.

## 3. NET FEE AND COMMISSION INCOME

|                                                  | The Group      |                | The Bank       |                |
|--------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                  | Jun-26<br>€000 | Jun-25<br>€000 | Jun-26<br>€000 | Jun-25<br>€000 |
| Credit related fees and commissions              | 10,165         | 11,315         | 10,165         | 11,315         |
| Cards related fees and commissions               | 8,246          | 8,279          | 8,246          | 8,279          |
| Investment services related fees and commissions | 13,129         | 12,141         | 8,601          | 7,753          |
| Payments related fees                            | 4,415          | 4,598          | 4,415          | 4,598          |
| Other fees                                       | 3,187          | 3,590          | 3,194          | 3,603          |
|                                                  | <b>39,142</b>  | <b>39,923</b>  | <b>34,621</b>  | <b>35,548</b>  |

The fees and commissions earned by the Group are predominantly recognised at the point in time when the transaction takes place.

The other fee and commission income earned from contracts with customers is measured based on the consideration specified in the contract with a customer. The Group recognises revenue over time as the services are provided.

The fees and commission relating to financial assets and financial liabilities not measured at FVTPL are not considered to be significant.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 4. OTHER INCOME

During the interim period ended 30 June 2025, the Group recognised a significant amount of other income amounting to €6.4 million. This income arose from a one-off derecognition of a liability previously recognised under 'Other Liabilities' in the Statement of Financial Position. The derecognition of the liability and subsequent recognition as income was attributable to an update to the contractual terms with a third-party counterparty, which resulted in the extinguishment of the Group's obligation under the original agreement.

## 5. CAPITAL, RESERVES AND LONG-TERM LIABILITIES

### 5.1 DIVIDENDS

The amount of dividends recognised as distributions to equity holders during the period, and the related amount per qualifying share, are as follows:

|                               | June 2026<br>cents per<br>share | June 2025<br>cents per<br>share | June 2026<br>€000 | June 2025<br>€000 |
|-------------------------------|---------------------------------|---------------------------------|-------------------|-------------------|
| Gross of income tax           |                                 |                                 |                   |                   |
| - prior year's final dividend | 11.77                           | 13.14                           | 75,490            | 76,718            |
|                               | <b>11.77</b>                    | <b>13.14</b>                    | <b>75,490</b>     | <b>76,718</b>     |
| Net of income tax             |                                 |                                 |                   |                   |
| - prior year's final dividend | 7.65                            | 8.54                            | 49,068            | 49,867            |
|                               | <b>7.65</b>                     | <b>8.54</b>                     | <b>49,068</b>     | <b>49,867</b>     |

In addition to the amounts presented above, the Board of Directors declared an interim cash ordinary dividend of €0.0805 gross per share amounting to €51.6 million (net dividend of €0.0523 per share - €33.6 million) to be paid to shareholders appearing on the Bank's Register of Members, as maintained at the Central Securities Depository at the Malta Stock Exchange, as at the close of business of 6 August 2026 (record date). Interim dividends will be paid on 21 August 2026. Dividends will be paid out of profits taxed at 35%.

The dividend per share is calculated based on the number of ordinary shares in issue at period-end, adjusted for the number of shares bought back and held as treasury shares as at 30 June 2026. Any further reduction in the number of shares in circulation arising from the share buy back programme between 30 June 2026 and the record date will affect positively gross and net dividend per share.

### 5.2 BONUS SHARE ISSUE

During the comparative period, on 26 June 2025, €58,384,927 from the Group's reserves was capitalised for the purpose of a bonus share issue of 58,384,927 fully paid ordinary shares of a nominal value of €1.00 per share, representing one (1) bonus share for every ten (10) shares held by shareholders appearing on the Bank's register of members at the close of business on that date. This bonus issue has resulted in an increase in the issued share capital from 583,849,270 to 642,234,197 shares of €1.00 each share fully paid up, resulting in a paid-up capital of €642,234,197, but did not result in any change to the total equity of the Bank. Consequently, the total number of voting rights has increased to 642,234,197 votes. This information reflects the position immediately following the bonus issue and prior to any subsequent changes in issued share capital, including share repurchases undertaken under the Bank's share buyback programme. Following the bonus issue described above, no further bonus issues were effected up to 30 June 2026.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 5. CAPITAL, RESERVES AND LONG-TERM LIABILITIES (continued)

### 5.3 SHARE BUYBACK PROGRAMME

Following approval by shareholders at the 51st Annual General Meeting held on 29 May 2025, the Bank launched a share buyback programme on 18 August 2025 with the objective of enhancing liquidity and supporting the orderly trading of its shares on the Malta Stock Exchange.

From the commencement of the programme until 30 June 2026, the Bank had purchased 985,963 ordinary shares at a weighted average purchase price of €1.98 per share, for a total amount of €1.9 million. During the six-month period ended 30 June 2026, the Bank purchased 421,931 ordinary shares. Shares repurchased under the programme are held as treasury shares with the consideration paid recognised directly in equity.

### 5.4 BOND ISSUANCES

During the financial year ended 2025, the Bank issued €150 million 5% unsecured subordinated bonds, maturing between 2030 and 2035, under its €250 million Unsecured Euro Medium Term Note (EMTN) Programme and a further €125 million 5% unsecured subordinated Tier 2 bonds under a €325 million EMTN Programme approved by the Malta Financial Services Authority in October 2025. The bonds were issued at par value, with interest payable annually in arrears. The proceeds of these issuances were utilised to strengthen the Bank's regulatory capital base and support its strategic growth objectives.

During the six-month period ended 30 June 2026, the Bank successfully completed its second issuance in the international capital markets through the placement at par value of €300 million 4.467 per cent Fixed Rate Reset Callable Senior Preferred Notes due 28 May 2032 under its updated €650 million EMTN Programme. The Bank has the right to call the Notes in whole, but not in part, on 28 May 2031. The coupon of the Notes was set at the fixed rate of 4.467% per annum, payable annually in arrears on 28 May in each year up to and including the maturity date and commencing on 28 May 2027. If not called, interest on the Notes will be reset at a margin of 150 basis points plus the one-year euro mid-swap rate on 28 May 2031. The Notes were admitted to listing on the official list and to trading on the regulated market of the Irish Stock Exchange, trading as Euronext Dublin. The transaction attracted strong demand from a diversified base of domestic and international institutional investors and formed part of the Bank's strategy to diversify its funding sources, strengthen its Minimum Requirement for Own Funds and Eligible Liabilities (MREL) position and support future business growth.

In accordance with the requirements of IFRS 9 Financial Instruments, the bonds and notes are recognised as financial liabilities measured at amortised cost. Transaction costs directly attributable to the issuance are deducted from the initial carrying amount of the liabilities and are subsequently amortised over their respective terms using the effective interest method.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 6. SEGMENTAL INFORMATION BY CLASSES OF BUSINESS

|                                                                               | Retail Banking |                | Wealth Management |                | Business Banking |                | Treasury       |                | Others         |                | Total Reportable Segments |                |
|-------------------------------------------------------------------------------|----------------|----------------|-------------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|---------------------------|----------------|
|                                                                               | Jun-26<br>€000 | Jun-25<br>€000 | Jun-26<br>€000    | Jun-25<br>€000 | Jun-26<br>€000   | Jun-25<br>€000 | Jun-26<br>€000 | Jun-25<br>€000 | Jun-26<br>€000 | Jun-25<br>€000 | Jun-26<br>€000            | Jun-25<br>€000 |
| Interest income                                                               | 59,764         | 58,390         | -                 | 1              | 86,153           | 77,359         | 95,064         | 81,141         | -              | -              | 240,981                   | 216,891        |
| Interest expense                                                              | (446)          | (8,320)        | -                 | (114)          | (3,799)          | (10,566)       | (29,361)       | (8,070)        | (368)          | (1,150)        | (33,974)                  | (28,220)       |
| Fee and commission income                                                     | 22,709         | 23,357         | 12,303            | 11,335         | 13,686           | 12,520         | -              | 424            | 1,395          | 1,227          | 50,093                    | 48,863         |
| Fee and commission expense                                                    | (9,798)        | (8,253)        | (5)               | (24)           | (451)            | -              | (9)            | (10)           | (688)          | (653)          | (10,951)                  | (8,940)        |
| Dividend income                                                               | -              | -              | -                 | -              | -                | -              | 2,361          | 448            | -              | -              | 2,361                     | 448            |
| Trading profit                                                                | 1,272          | 1,630          | 114               | 51             | 367              | 504            | 3,347          | 5,609          | (2,360)        | 695            | 2,740                     | 8,489          |
| Net (loss)/gain on investment securities and hedging instruments              | -              | -              | -                 | -              | -                | -              | (7)            | 3              | -              | -              | (7)                       | 3              |
| Other income                                                                  | -              | 6,423          | (21)              | -              | -                | -              | 49             | -              | 28             | -              | 56                        | 6,423          |
| Employee compensation and benefits                                            | (35,265)       | (34,877)       | (11,495)          | (10,630)       | (22,587)         | (19,588)       | (4,488)        | (3,391)        | (320)          | (135)          | (74,155)                  | (68,621)       |
| General administrative expenses                                               | (20,374)       | (20,358)       | (6,061)           | (4,821)        | (11,783)         | (9,280)        | (4,963)        | (3,578)        | (1,030)        | (89)           | (44,211)                  | (38,126)       |
| Depreciation/Amortisation                                                     | (5,907)        | (5,800)        | (1,401)           | (1,175)        | (2,833)          | (2,294)        | (685)          | (795)          | (45)           | (58)           | (10,871)                  | (10,122)       |
| Impairment (charge)/reversal                                                  | 7              | 3,060          | -                 | -              | (5,659)          | 305            | (41)           | (73)           | (3)            | -              | (5,696)                   | 3,292          |
| Operating profit/(loss) before share of results of equity-accounted investees | 11,962         | 15,252         | (6,566)           | (5,377)        | 53,094           | 48,960         | 61,267         | 71,708         | (3,391)        | (163)          | 116,366                   | 130,380        |
| Group share results after tax of equity-accounted investees                   | -              | -              | -                 | -              | -                | -              | -              | -              | 3,447          | 4,718          | 3,447                     | 4,718          |
|                                                                               | Jun-26<br>€000 | Dec-25<br>€000 | Jun-26<br>€000    | Dec-25<br>€000 | Jun-26<br>€000   | Dec-25<br>€000 | Jun-26<br>€000 | Dec-25<br>€000 | Jun-26<br>€000 | Dec-25<br>€000 | Jun-26<br>€000            | Dec-25<br>€000 |
| <b>Total Assets</b>                                                           | 4,799,834      | 4,435,470      | 3,847             | 4,470          | 3,807,934        | 3,610,156      | 8,577,498      | 8,033,905      | 435,009        | 446,322        | 17,624,122                | 16,530,323     |
| <b>Total Liabilities</b>                                                      | 8,873,427      | 9,371,045      | 16,178            | 12,986         | 5,843,484        | 4,564,569      | 1,276,570      | 104,684        | 90,818         | 980,065        | 16,100,477                | 15,033,349     |

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 7. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities are backed by corresponding obligations from third parties.

### Contingent Liabilities

|                              | The Group      |                | The Bank       |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | Jun-26         | Dec-25         | Jun-26         | Dec-25         |
|                              | €000           | €000           | €000           | €000           |
| Acceptances and endorsements | 112            | 11             | 112            | 11             |
| Guarantees                   | 663,893        | 631,613        | 663,893        | 631,613        |
| Other contingent liabilities | 13,404         | 15,266         | 13,404         | 15,266         |
|                              | <b>677,409</b> | <b>646,890</b> | <b>677,409</b> | <b>646,890</b> |

### Commitments

|                                                                                    | The Group        |                  | The Bank         |                  |
|------------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                                                    | Jun-26           | Dec-25           | Jun-26           | Dec-25           |
|                                                                                    | €000             | €000             | €000             | €000             |
| Documentary credits                                                                | 46,458           | 36,133           | 46,458           | 36,133           |
| Undrawn formal standby facilities, credit facilities and other commitments to lend | 3,666,494        | 3,173,537        | 3,666,494        | 3,173,537        |
| Capital expenditure contracted but not provided for in the financial statements    | 4,921            | 899              | 4,921            | 899              |
|                                                                                    | <b>3,717,873</b> | <b>3,210,569</b> | <b>3,717,873</b> | <b>3,210,569</b> |

## 8. FAIR VALUE MEASUREMENT

### 8.1 FAIR VALUE HIERARCHY

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3 inputs are unobservable inputs for the asset or liability. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Bank determine when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

The disclosures within this Note do not encompass fair value information in respect of property and equipment in view of the insignificant impacts of the revaluation of the Group's property on the Group's financial information, covering results and financial position.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 8. FAIR VALUE MEASUREMENT (continued)

### 8.2 FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

| The Group                                                | Fair value measurement |                |              |                |
|----------------------------------------------------------|------------------------|----------------|--------------|----------------|
|                                                          | Level 1                | Level 2        | Level 3      | Total          |
|                                                          | €000                   | €000           | €000         | €000           |
| <b>At 30 June 2026</b>                                   |                        |                |              |                |
| <b>Assets</b>                                            |                        |                |              |                |
| Treasury Bills - FVOCI                                   | -                      | 144,661        | -            | 144,661        |
| Financial assets at fair value through profit or loss    |                        |                |              |                |
| - debt and other fixed income instruments                | 1,231                  | -              | 5            | 1,236          |
| - equity and other non-fixed income instruments          | 135                    | 47,735         | 2,075        | 49,945         |
| - loans and advances                                     | -                      | 32,335         | -            | 32,335         |
| - derivative financial instruments*                      | -                      | 3,658          | -            | 3,658          |
| Investments                                              |                        |                |              |                |
| Debt and other fixed income instruments                  |                        |                |              |                |
| - FVOCI                                                  | 596                    | 72,970         | -            | 73,566         |
| Equity and other non-fixed income instruments            |                        |                |              |                |
| - FVOCI                                                  | 3,798                  | -              | -            | 3,798          |
|                                                          | <b>5,760</b>           | <b>301,359</b> | <b>2,080</b> | <b>309,199</b> |
| <b>Liabilities</b>                                       |                        |                |              |                |
| Derivative contracts held for risk management            | -                      | 1,883          | -            | 1,883          |
| Derivative contracts designated as hedging instruments** | -                      | 48             | -            | 48             |
|                                                          | <b>-</b>               | <b>1,931</b>   | <b>-</b>     | <b>1,931</b>   |

\*Derivative financial instruments with a gross carrying amount of €5.3 million are offset by €1.7 million, netted against Amounts owed to banks in the Statement of Financial Position. This offsetting is enforceable by master netting agreements. The resulting net amount of €3.7 million is disclosed in table above.

\*\*Derivative contracts designated as hedging instruments with a gross carrying amount of €0.5 million are offset by €0.5 million, netted against Loans and advances to banks in the Statement of Financial Position. This offsetting is enforceable by master netting agreements. The resulting net amount of €0.05 million is disclosed in table above.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 8. FAIR VALUE MEASUREMENT (continued)

### 8.2 FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE (continued)

|                                                          | Fair value measurement |         |         |         |
|----------------------------------------------------------|------------------------|---------|---------|---------|
|                                                          | Level 1                | Level 2 | Level 3 | Total   |
|                                                          | €000                   | €000    | €000    | €000    |
| At 31 December 2025                                      |                        |         |         |         |
| Assets                                                   |                        |         |         |         |
| Treasury Bills - FVOCI                                   | -                      | 115,478 | -       | 115,478 |
| Financial assets at fair value through profit or loss    |                        |         |         |         |
| - debt and other fixed income instruments                | 1,386                  | -       | 6       | 1,392   |
| - equity and other non-fixed income instruments          | 135                    | 47,113  | 3,955   | 51,203  |
| - loans and advances                                     | -                      | 36,643  | -       | 36,643  |
| - derivative financial instruments*                      | -                      | 2,987   | -       | 2,987   |
| Investments                                              |                        |         |         |         |
| Debt and other fixed income instruments                  |                        |         |         |         |
| - FVOCI                                                  | 726                    | 70,060  | -       | 70,786  |
| Equity and other non-fixed income instruments            |                        |         |         |         |
| - FVOCI                                                  | 3,044                  | -       | -       | 3,044   |
|                                                          | 5,291                  | 272,281 | 3,961   | 281,533 |
| Liabilities                                              |                        |         |         |         |
| Derivative contracts held for risk management            | -                      | 4,532   | -       | 4,532   |
| Derivative contracts designated as hedging instruments** | -                      | 36      | -       | 36      |
|                                                          | -                      | 4,568   | -       | 4,568   |

\*Derivative financial instruments with a gross carrying amount of €4.8 million are offset by €1.8 million, netted against Amounts owed to banks in the Statement of Financial Position. This offsetting is enforceable by master netting agreements. The resulting net amount of €3.0 million is disclosed in table above.

\*\*Derivative contracts designated as hedging instruments with a gross carrying amount of €1.4 million are offset by €1.4 million, netted against Loans and advances to banks in the Statement of Financial Position. This offsetting is enforceable by master netting agreements. The resulting net amount of €0.04 million is disclosed in table above.

During the six-month period under review, there were no changes in levels within the fair value hierarchy for financial instruments measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income.

The valuation techniques utilised in preparing these condensed interim financial statements were consistent with those applied in the preparation of the Group's audited financial statements for the year ended 31 December 2025.

The fair value of Malta Government Treasury Bills is determined by reference to quoted bid prices which are observable within the market. The fair values of equity instruments categorised as Level 2 within the fair value hierarchy are mainly based on quoted prices in an active market, whereas the fair values of loans and advances and debt investments are principally derived from discounted cash flow models with observable market interest rates and credit spreads, where applicable, being the main inputs.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 8. FAIR VALUE MEASUREMENT (continued)

### 8.3 FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

The following tables provide an analysis of the fair value of financial instruments that are not measured at fair value subsequent to initial recognition:

|                                         | Fair value measurement |           |         |           | Carrying<br>Amount<br>€000 |
|-----------------------------------------|------------------------|-----------|---------|-----------|----------------------------|
|                                         | Level 1                | Level 2   | Level 3 | Total     |                            |
|                                         | €000                   | €000      | €000    | €000      |                            |
| At 30 June 2026                         |                        |           |         |           |                            |
| Financial assets                        |                        |           |         |           |                            |
| Investments                             |                        |           |         |           |                            |
| Debt and other fixed income             |                        |           |         |           |                            |
| -Amortised cost                         | 4,324,783              | 2,444,658 | -       | 6,769,441 | 6,845,051                  |
| Financial Liabilities                   |                        |           |         |           |                            |
| Unsubordinated debt securities in issue | 663,545                | -         | -       | 663,545   | 668,744                    |
| Subordinated liabilities                | 526,120                | -         | -       | 526,120   | 549,618                    |
|                                         | 1,189,665              | -         | -       | 1,189,665 | 1,218,362                  |

|                                         | Fair value measurement |           |         |           | Carrying Amount |
|-----------------------------------------|------------------------|-----------|---------|-----------|-----------------|
|                                         | Level 1                | Level 2   | Level 3 | Total     |                 |
|                                         | €000                   | €000      | €000    | €000      | €000            |
| At 31 December 2025                     |                        |           |         |           |                 |
| Financial assets                        |                        |           |         |           |                 |
| Investments                             |                        |           |         |           |                 |
| Debt and other fixed income             |                        |           |         |           |                 |
| -Amortised cost                         | 4,269,894              | 2,436,949 | -       | 6,706,843 | 6,781,209       |
| Financial Liabilities                   |                        |           |         |           |                 |
| Unsubordinated debt securities in issue | 370,195                | -         | -       | 370,195   | 351,659         |
| Subordinated liabilities                | 529,122                | -         | -       | 529,122   | 540,143         |
|                                         | 899,317                | -         | -       | 899,317   | 891,802         |

The following are all other financial instruments that are not measured at fair value subsequent to initial recognition and that are not included in the table above:

#### (i) Loans and advances to customers

Loans and advances to customers are the largest financial asset held by the Group, and are reported net of expected credit loss allowances to reflect the estimated recoverable amounts. The carrying amount of loans and advances to customers is a reasonable approximation of fair value because these are repriced to take into account changes in both benchmark interest rates and credit spreads. Their fair value estimate is considered Level 2.

#### (ii) Loans and advances to banks and balances with Central Bank

The majority of these assets reprice or mature in less than 1 year. Hence their fair value is not deemed to differ materially from their carrying amount at the respective reporting dates.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 8. FAIR VALUE MEASUREMENT (continued)

### 8.3 FINANCIAL ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE (continued)

#### (iii) Other financial assets

The fair value of other financial assets is not deemed to differ materially from their carrying amount at the respective reporting dates.

#### (iv) Amounts owed to banks and customers

These liabilities are carried at amortised cost. The majority of these liabilities reprice or mature in less than 1 year. Hence their fair value is not deemed to differ materially from their carrying amount at the respective reporting dates. Their fair value estimate is considered Level 2.

#### (v) Other financial liabilities

The fair value of other financial liabilities is not deemed to differ materially from their carrying amount at the respective reporting dates.

### 8.4 RECONCILIATION OF LEVEL 3 FAIR VALUES

The following table shows a reconciliation from the opening balances to the closing balances of the Group's financial assets measured at fair value with a Level 3 input.

|                                              | Fair value through<br>profit or loss                  |                                                              | Total        |
|----------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------|--------------|
|                                              | Debt and other<br>fixed income<br>instruments<br>€000 | Equity and other non-<br>fixed income<br>instruments<br>€000 |              |
| <b>2026</b>                                  |                                                       |                                                              | <b>€000</b>  |
| <b>Opening balance 1 January 2026</b>        | 6                                                     | 3,955                                                        | 3,961        |
| Total gains or losses<br>- in profit or loss | (1)                                                   | (1,880)                                                      | (1,881)      |
| <b>Closing balance 30 June 2026</b>          | <b>5</b>                                              | <b>2,075</b>                                                 | <b>2,080</b> |

|                                              | Fair value through<br>profit or loss                  |                                                              | Total        |
|----------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------|--------------|
|                                              | Debt and other<br>fixed income<br>instruments<br>€000 | Equity and other non-<br>fixed income<br>instruments<br>€000 |              |
| <b>2025</b>                                  |                                                       |                                                              | <b>€000</b>  |
| <b>Opening balance 1 January 2025</b>        | 7                                                     | 5,369                                                        | 5,376        |
| Total gains or losses<br>- in profit or loss | -                                                     | (68)                                                         | (68)         |
| <b>Closing balance 30 June 2025</b>          | <b>7</b>                                              | <b>5,301</b>                                                 | <b>5,308</b> |

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 8. FAIR VALUE MEASUREMENT (continued)

### 8.4 RECONCILIATION OF LEVEL 3 FAIR VALUES (continued)

The financial assets at fair value through profit or loss categorised as Level 3 within the fair value hierarchy as at 30 June 2026 and 30 June 2025 gave rise to €1.88 million of unrealised net losses during the current interim period compared to unrealised net losses of €0.07 million in the comparative period.

The main instruments classified within Level 3 comprise:

- an externally managed fund with the reported net asset value of the fund representing its fair value at the end of the reporting period; and
- shares in a global payments technology company valued using the intrinsic value of the conversion shares less a discount for liquidity and litigation risk.

Taking cognisance of the insignificance of the carrying amount of the Group's Level 3 assets, disclosures in respect of significant unobservable inputs and other related disclosures as required by IFRS 13 Fair Value Measurement were not deemed necessary in these condensed interim financial statements.

## 9. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEEES

Share of profit for the period amounted to €3.4 million compared to a share of profit of €4.7 million in the comparative period.

## 10. EARNINGS PER SHARE

The earnings per share are calculated by dividing the profit attributable to the shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. The profit attributable to shareholders amounted to €78,953,000 (June 2025: €89,481,000) whilst the weighted average number of ordinary shares in issue during the period was 641,507,798 shares (June 2025: 642,234,197 shares).

The weighted average number of ordinary shares reflects the total number of shares outstanding during the period, adjusted for the timing of changes to the Group's capital structure arising from the share buyback programme. The impact of the share buyback programme is incorporated by reducing the number of outstanding shares from the respective dates on which the repurchased shares were bought back, weighted according to the portion of the period for which those shares were no longer in issue. These adjustments result in a weighted average number of ordinary shares that reflect the time weighted reduction in shares arising from the buyback activity.

As at 30 June 2026, the Group had no outstanding instruments capable of diluting basic earnings per share. Accordingly, basic and diluted earnings per share are identical.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 11. EXPECTED CREDIT LOSSES

### 11.1 FORWARD-LOOKING INFORMATION

The assessment of SICR and the calculation of ECL allowances both incorporate forward-looking information. The Group performs historical analysis and identifies the key macro-economic variables (or macro-economic factors) impacting credit risk and expected credit losses for each portfolio.

For the purposes of the Bank's PD models in relation to loan portfolios, quarterly Central Bank of Malta (CBM) forecasts are used for those macro-economic variables that are found to be relevant for the Bank's portfolios. On an annual basis, as part of the model recalibration exercise an assessment is carried out to ensure that the selected macro-economic variables are adequate and relevant. During the financial year ended 31 December 2025, the Group performed linear regression analysis on a wide range of macro-economic variables to assess their significance with respect to historical default rates and accordingly the range of macro-economic variables was regressed against the Bank's observed default rates with the target variable for the macro-economic regression being the historically observed defaults. The Group utilises linear regression model to construct the Credit Cycle Factor from the respective regression coefficients used as weights for the individual macro-economic variables applied within the final model. The selected variables were GDP year-over-year (YY) change, Unemployment Rate year-over-year (YY) difference and Income Growth year-over-year (YY) change. These variables depicted the most appropriate combination in terms of the economic rationale and statistical significance. Additionally, the Group also included a dummy variable ('COVID dummy') to capture the exogenous shock during the COVID period.

In relation to the Bank's LGD model applied to loan portfolios, the Group developed an internal Housing Price Index (HPI) using historical data for the purposes of projecting the future evolution of immovable collateral values and indexing the Bank's collateral values at reporting date to the expected disposal date on the basis of forecasted movements in HPI. Once the HPI is estimated, the forecast is performed using autoregressive integrated moving average time series model with exogenous variables. The regression includes quarterly time series of year-on-year growth rates for prices per square metre in relation to immovable property, as outlined in the HPI, for an extensive historical period covering a significant number of years.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers the forecasts it selected in respect of the macro-economic variables referred to above to represent its best estimate of the possible outcomes. The Bank's calibrated ECL model includes three scenarios in respect of the derivation of PDs for the loan portfolios (baseline/optimistic/pessimistic), whereby the baseline scenario is mapped to the economic forecasts published quarterly by the Central Bank of Malta (CBM) for the Unemployment rate, and bi-annually in the Budgetary Plan and the Update of Stability Program issued by the Ministry for Finance and Employment for the GDP growth rate. The upside and downside scenarios within the PD model are then derived as follows:

- The Budgetary Plan and the Update of Stability Program publish upside and downside scenarios for real GDP growth (GDP fan chart) and the Group selects with an appropriate upper and lower boundary;
- Okun's law is used to derive the upside and downside scenarios for the Unemployment rate. Okun's law prescribes a presumably stable economic relationship between the Unemployment rate and the GDP growth rate;
- Fisher transformation formula is utilised to estimate Income growth using the HICP scenario-specific inflation paths to project baseline, optimistic and pessimistic scenarios.

Based on expert judgement, the Group assigns probability weights of 50% to the baseline scenario, and 25% for each of the optimistic and pessimistic scenarios.

In respect of the Bank's LGD models for the loan portfolios, the forecasts for the GDP growth rate and the Unemployment rate and the related scenarios are developed in the same manner as that utilised within the PD model, however with different probability weights being assigned to the three scenarios (baseline, optimistic, and pessimistic). Furthermore, the Group has also introduced an additional extreme pessimistic scenario whereby the respective forecasts are derived from the EIOPA stress test exercise. The assignment of probability weights for each scenario was based on expert judgement as follows: 60% for baseline, 5% for optimistic, 30% for pessimistic, and 5% for extreme pessimistic.

As at 30 June 2026, the IFRS 9 ECL model was updated with the CBM Quarter 1, 2026 baseline macro-economic projections for the period 2026 to 2028 for GDP growth, unemployment and income growth.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 11. EXPECTED CREDIT LOSSES (continued)

### 11.1 FORWARD-LOOKING INFORMATION (continued)

The following table compares the key forecasts as per CBM issue Quarter 3: 2025 to those issued by the CBM in Quarter 1: 2026

|                         | Jun-26    |           |           | Dec-25    |           |           |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
|                         | 2026<br>% | 2027<br>% | 2028<br>% | 2025<br>% | 2026<br>% | 2027<br>% |
| <b>GDP</b>              |           |           |           |           |           |           |
| Downside                | 1.18%     | 1.18%     | 1.18%     | 1.27%     | 1.18%     | 1.18%     |
| Baseline (CBM forecast) | 3.70%     | 3.70%     | 3.70%     | 3.90%     | 3.50%     | 3.30%     |
| Upside                  | 7.01%     | 7.01%     | 7.01%     | 6.72%     | 7.01%     | 7.01%     |
| <b>Unemployment</b>     |           |           |           |           |           |           |
| Downside                | 3.23%     | 3.23%     | 3.23%     | 3.25%     | 3.09%     | 3.06%     |
| Baseline (CBM forecast) | 2.80%     | 2.80%     | 2.80%     | 2.80%     | 2.70%     | 2.70%     |
| Upside                  | 2.24%     | 2.24%     | 2.24%     | 2.32%     | 2.10%     | 2.07%     |
| <b>Income Growth</b>    |           |           |           |           |           |           |
| Downside                | 6.88%     | 6.77%     | 5.96%     | 8.31%     | 5.66%     | 4.55%     |
| Baseline (CBM forecast) | 7.01%     | 6.90%     | 6.08%     | 8.44%     | 5.78%     | 4.65%     |
| Upside                  | 7.17%     | 7.06%     | 6.24%     | 8.58%     | 5.95%     | 4.83%     |

The credit cycle coefficients together with their relative weights in the credit cycle weightings utilised within the PD models for the loan portfolios remained unchanged during H1 2026.

During the first six months of 2026, the Bank's ECL model has remained unchanged, reflecting the judgements and assumptions utilised in the preparation of the Group's audited financial statements for the year ended 31 December 2025. The sensitivity of ECL to assuming that the upside and downside scenarios are the baseline and are weighted at 100%, as well as to shifts in macro-economic variables, such as GDP growth rate, unemployment rate and income growth, remains fairly consistent with the outcome of the sensitivity analysis performed as at 31 December 2025. The assessment of potential shifts in such variables, including their impact on PD curves and ECL allowances, is therefore consistent with the disclosures in the Group's audited financial statements for the year ended 31 December 2025.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 11. EXPECTED CREDIT LOSSES (continued)

### 11.2 RECONCILIATION OF ECL AND GROSS LOAN PORTFOLIO

The following table explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the ECL allowances. Gross carrying amount comprises of loans and advances to customers at amortised cost and loans and advances to customers designated at fair value through profit or loss.

|                                                                    | Stage 1<br>€000  | Stage 2<br>€000 | Stage 3<br>€000 | Total<br>€000    |
|--------------------------------------------------------------------|------------------|-----------------|-----------------|------------------|
| <b>Total Gross Carrying Amount as at 1 January 2026 (Note 2.1)</b> | <b>7,386,477</b> | <b>576,806</b>  | <b>136,381</b>  | <b>8,099,664</b> |
| Transfer from:                                                     |                  |                 |                 |                  |
| Stage 1                                                            | (128,807)        | 122,464         | 6,343           | -                |
| Stage 2                                                            | 58,478           | (63,103)        | 4,625           | -                |
| Stage 3                                                            | 1,188            | 4,342           | (5,530)         | -                |
| New financial assets originated or further lending                 | 1,126,646        | 40,920          | 9,790           | 1,177,356        |
| Financial assets that have been derecognised or repaid             | (525,267)        | (81,720)        | (15,459)        | (622,446)        |
| Write-offs                                                         | -                | -               | (7,097)         | (7,097)          |
| Others (Note 2.1)                                                  | 2,017            | -               | -               | 2,017            |
| <b>Total Gross Carrying Amount as at 30 June 2026</b>              | <b>7,920,732</b> | <b>599,709</b>  | <b>129,053</b>  | <b>8,649,494</b> |
| Less ECL Allowances                                                | (17,211)         | (12,481)        | (53,647)        | (83,339)         |
| <b>Net Loans and Advances to customers</b>                         | <b>7,903,521</b> | <b>587,228</b>  | <b>75,406</b>   | <b>8,566,155</b> |
| Less Loans and Advances at FVTPL                                   |                  |                 |                 | (32,335)         |
| <b>Loans and Advances to customers at amortised cost</b>           |                  |                 |                 | <b>8,533,820</b> |

Newly originated financial assets during the period comprises of:

- In stage 2 - all facilities originate in stage 1 and deteriorate to stage 2 if they experience a significant increase in credit risk. An exception to this arises when new accounts are opened and suffer significant increase in credit risk during the year.
- In stage 3 - include €2.3 million (June 2025: €1.2 million) of originated credit-impaired assets which relate to new facilities granted to counterparties in default as part of existing commitments. The remainder consists of additional lending to existing Stage 3 exposures and exposures that were originated in Stage 1 but experienced significant credit deterioration during the year and transitioned to Stage 3.

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 11. EXPECTED CREDIT LOSSES (continued)

### 11.2 RECONCILIATION OF ECL AND GROSS LOAN PORTFOLIO (continued)

The following tables explain the changes in the ECL allowances on loans and advances to customers between the beginning and the end of the reporting period due to the following factors:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases of credit risk or becoming credit-impaired during the period, and backward migrations in this respect. The impact of changes in the staging allocation of balances existing at 1 January 2026 (and associated ECL changes) are presented within 'transfer from';
- The 'Net remeasurement of ECL arising from stage transfers' presents the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional ECL allowances for new financial instruments and further drawdowns on existing financial instruments during the year, are presented within 'New financial assets originated or further lending'. Any repayments done on new loans opened during the year are also captured within this line item;
- Financial assets derecognised related to settlements during the period and corresponding reversals of ECL allowances and provisions are presented within 'Financial assets that have been derecognised or repaid';
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs during the period, arising from regular refreshing of inputs to models and impacts on the measurement of ECL due to changes effected to models and assumptions, updates to reflect changes in collateral and changes in credit gradings which do not impact IFRS 9 staging, are presented within 'Changes in risk parameters'; and
- Write-offs related to assets written off during the period (see note 11.3).

|                                                        | Stage 1<br>€000 | Stage 2<br>€000 | Stage 3<br>€000 | Total<br>€000   |
|--------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Total ECL Allowances as at 1 January 2026</b>       | <b>13,939</b>   | <b>10,827</b>   | <b>60,537</b>   | <b>85,303</b>   |
| Transfer from:                                         |                 |                 |                 |                 |
| Stage 1                                                | (1,193)         | 1,188           | 5               | -               |
| Stage 2                                                | 491             | (554)           | 63              | -               |
| Stage 3                                                | 142             | 1,104           | (1,246)         | -               |
| Net remeasurement of ECL arising from stage transfers  | (533)           | 922             | 1,386           | <b>1,775</b>    |
| New financial assets originated or further lending     | 5,950           | 1,219           | 6,950           | <b>14,119</b>   |
| Financial assets that have been derecognised or repaid | (1,367)         | (2,225)         | (8,407)         | <b>(11,999)</b> |
| Write-offs                                             | -               | -               | (5,635)         | <b>(5,635)</b>  |
| Change in risk parameters                              | (218)           | -               | (6)             | <b>(224)</b>    |
| <b>Total ECL Allowances as at 30 June 2026</b>         | <b>17,211</b>   | <b>12,481</b>   | <b>53,647</b>   | <b>83,339</b>   |

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 11. EXPECTED CREDIT LOSSES (continued)

### 11.2 RECONCILIATION OF ECL AND GROSS LOAN PORTFOLIO (continued)

The table below presents the changes in ECL provisions on commitments, guarantees and unused portions of other credit facilities, such as loans and overdrafts during the six months up to 30 June 2026.

|                                                                | Stage 1<br>€000 | Stage 2<br>€000 | Stage 3<br>€000 | Total<br>€000  |
|----------------------------------------------------------------|-----------------|-----------------|-----------------|----------------|
| <b>Total ECL Provisions as at 1 January 2026</b>               | <b>9,987</b>    | <b>1,170</b>    | <b>3,831</b>    | <b>14,988</b>  |
| Transfer from:                                                 |                 |                 |                 |                |
| Stage 1                                                        | (402)           | 387             | 15              | -              |
| Stage 2                                                        | 274             | (277)           | 3               | -              |
| Stage 3                                                        | 92              | 25              | (117)           | -              |
| Net remeasurement of ECL arising from stage transfers          | (263)           | 582             | 1,542           | <b>1,861</b>   |
| New instruments originated or increase in unutilised limits    | 6,417           | 281             | 578             | <b>7,276</b>   |
| Instruments that have been derecognised or further withdrawals | (2,490)         | (244)           | (668)           | <b>(3,402)</b> |
| Write-offs                                                     | -               | -               | (1)             | <b>(1)</b>     |
| Change in risk parameters                                      | (2,137)         | (203)           | 172             | <b>(2,168)</b> |
| <b>Total ECL Provisions as at 30 June 2026</b>                 | <b>11,478</b>   | <b>1,721</b>    | <b>5,355</b>    | <b>18,554</b>  |

# Notes to the Condensed Interim Financial Statements

for the six months ended 30 June 2026

## 11. EXPECTED CREDIT LOSSES (continued)

### 11.3 NET IMPAIRMENT MOVEMENT

The following tables present an analysis of the net impairment (charge)/reversal recognised by the Bank during the first six months of 2026 and the corresponding period in 2025.

| <b>Net Impairment Movement June 2026</b>                           | Stage 1<br>€000 | Stage 2<br>€000 | Stage 3<br>€000 | Total<br>€000  |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------|----------------|
| ECL on the Credit Portfolio                                        | (4,763)         | (2,205)         | 5,367           | <b>(1,601)</b> |
| ECL on the Treasury Portfolio                                      | (66)            | (1)             | 2               | <b>(65)</b>    |
| Reclassification of the discount unwind element to interest income | -               | -               | 1,538           | <b>1,538</b>   |
| <b>Total ECL</b>                                                   | <b>(4,829)</b>  | <b>(2,206)</b>  | <b>6,907</b>    | <b>(128)</b>   |
| Amounts written off                                                | -               | -               | (7,097)         | <b>(7,097)</b> |
| Recoveries of amounts previously written off                       | -               | -               | 1,529           | <b>1,529</b>   |
| <b>Net write-offs</b>                                              | <b>-</b>        | <b>-</b>        | <b>(5,568)</b>  | <b>(5,568)</b> |
| <b>Net impairment (charge)/reversal</b>                            | <b>(4,829)</b>  | <b>(2,206)</b>  | <b>1,339</b>    | <b>(5,696)</b> |

  

| <b>Net Impairment Movement June 2025</b>                           | Stage 1<br>€000 | Stage 2<br>€000 | Stage 3<br>€000 | Total<br>€000  |
|--------------------------------------------------------------------|-----------------|-----------------|-----------------|----------------|
| ECL on the Credit Portfolio                                        | 2,239           | (1,621)         | 1,675           | <b>2,293</b>   |
| ECL on the Treasury Portfolio                                      | (71)            | (7)             | 81              | <b>3</b>       |
| Reclassification of the discount unwind element to interest income | -               | -               | 1,594           | <b>1,594</b>   |
| <b>Total ECL</b>                                                   | <b>2,168</b>    | <b>(1,628)</b>  | <b>3,350</b>    | <b>3,890</b>   |
| Amounts written off                                                | -               | -               | (1,419)         | <b>(1,419)</b> |
| Recoveries of amounts previously written off                       | -               | -               | 821             | <b>821</b>     |
| <b>Net write-offs</b>                                              | <b>-</b>        | <b>-</b>        | <b>(598)</b>    | <b>(598)</b>   |
| <b>Net impairment (charge)/reversal</b>                            | <b>2,168</b>    | <b>(1,628)</b>  | <b>2,752</b>    | <b>3,292</b>   |



## Report on review of interim financial information

To the Board of Directors of Bank of Valletta p.l.c.

### Introduction

We have reviewed the accompanying condensed consolidated and parent company (the “Bank”) interim statements of profit or loss and other comprehensive income of Bank of Valletta p.l.c. and its subsidiaries (the “Group”) for the six-month period ended 30 June 2026 and the related condensed interim statements of financial position as at 30 June 2026, the statements of changes in equity and statements of cashflows for the six-month period then ended and explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated and parent company interim financial information in accordance with International Accounting Standard 34, “Interim financial reporting”. Our responsibility is to express a conclusion on this condensed consolidated and parent company interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

- a) The maintenance and integrity of the Bank of Valletta p.l.c. website is the responsibility of the Directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed consolidated and parent company interim financial information since this was initially presented on the website.
- b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated and parent company interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim financial reporting”.

### **Other matter**

This report, including the conclusion, has been prepared for and only for the Group and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

A handwritten signature in blue ink, appearing to read 'Fabio Axisa'.

### **Fabio Axisa**

Principal

For and on behalf of

### **PricewaterhouseCoopers**

78, Mill Street

Zone 5, Central Business District

Qormi

Malta

29 July 2026

# BOV

Bank of Valletta

Issued by Bank of Valletta p.l.c., 58, Triq San Żakkarija, II-Belt Valletta VLT 1130

Bank of Valletta p.l.c. (C-2833) of 58, Zachary Street, Valletta VLT 1130 is a public limited company licensed by the Malta Financial Services Authority to carry out the business of banking in terms of the Banking Act, Cap. 371 of the Laws of Malta, and investment services in terms of the Investment Services Act, Cap. 370 of the Laws of Malta. Bank of Valletta p.l.c. is enrolled under the Insurance Distribution Act, Cap. 487 of the Laws of Malta, as a Tied Insurance Intermediary for both Mapfre Malta p.l.c. and Mapfre MSV Life p.l.c. Mapfre Malta p.l.c. (C-5553) is authorised by the MFSA to carry on both long term and general business under the Insurance Business Act, Cap. 403 of the Laws of Malta. Mapfre MSV Life p.l.c. (C-15722) is authorised by the MFSA to carry on long-term business under the Insurance Business Act. All entities are regulated by the MFSA.

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