



Bank of Valletta

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BOV/178

COMPANY ANNOUNCEMENT

The following is a company announcement issued by Bank of Valletta p.l.c. pursuant to Malta Financial Services Authority Listing Rules 9.51 to 9.53:

Quote

Bank of Valletta plc hereby announces that during the financial period commencing on 1st October 2009 up to the date of this Announcement, no material events and/or transactions have taken place that would have an impact on the financial position of the Bank or the Group, such that they would require specific mention, disclosure or announcement pursuant to the applicable Listing Rule.

Overall, the operating profits of the Bank for the first quarter of the current financial year have been satisfactory. Some improvement has been seen in the net interest margin as deposits have continued to re-price, and commission and trading income has been ahead of expectations. Fair Value movements for the quarter on the Financial Markets portfolio have been marginal. As anticipated, the current difficult economic environment has been reflected in an increased impairment charge. However, overall credit quality remains sound. Operating expenses remain under tight control.

It is apparent from the prospectus issued by Middlesea Insurance plc and the subsequent company announcement, that the financial performance of our associated company investment will once again involve a negative charge to the consolidated income statement of the Bank of Valletta Group for the current financial year.

During the first quarter, a sustained and encouraging growth in customers' deposits has been experienced, and the Bank has continued to provide credit to the economy in a responsible manner. Bank of Valletta's deliberately prudent funding, asset quality, liquidity and capital ratio policies have also been maintained.

As previously announced, it is the Board's intention that longer term bond issues should become a more regular feature of the Bank's funding policy. Subject to regulatory approval, it is therefore intended to come to the market with a new issue during the second quarter of the current financial year, to coincide with the redemption of the current subordinated bond issue due on 15th March 2010, thus providing existing investors with an opportunity to re-invest the redemption proceeds in a fresh issue.

Unquote

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

29th January 2010