



Bank of Valletta

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BOV/242

COMPANY ANNOUNCEMENT

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

Quote

Bank of Valletta p.l.c. hereby announces that during the financial period commencing on 1 April 2013 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.

The period under review was characterised by continuing low-key economic activity, with demand for credit remaining subdued, while deposits grew at a modest rate. Higher levels of liquidity, coupled with the continuing low interest rate scenario, resulted in narrowing margins on the Bank's proprietary operations, while local competition maintained pressure on interest margins in the retail business. Concurrently, net commission income registered a satisfactory year-on-year increase, primarily driven by investment related activities, trade finance and card related business. Control on costs continued to be exercised, and expenses to date are in line with last year's levels. The Bank retained its cautious approach towards provisioning, in line with the sentiment expressed by both local regulators and those at EU level. During the period under review price movements on the Bank's investment book remained positive.

The latest Central Bank of Malta projections for the Maltese economy indicate that, after last year's slowdown, economic growth is expected to gain momentum driven by domestic demand, in particular by private consumption, but also by Government spending, which is set to support the expansion of the local economy. While uncertainties remain in respect of the overall economic outlook at EU level, the ECB assures price stability. The renewed confidence in the financial markets, coupled with the possibility of some European economic recovery in late 2013, is expected to result in a more stable Eurozone scenario.

In this environment, Bank of Valletta will continue to extend strong support to the Maltese economy, ensuring an uninterrupted flow of credit to both business and personal borrowers, while ensuring that both capital and liquidity buffers are maintained in accordance with best international practice.

Unquote

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

1 August 2013

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