

Bank of Valletta p.l.c.
Half Yearly Report
1 January 2025 to 30 June 2025



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Chairperson's Statement



Dr Gordon Cordina

I am pleased to present to our shareholders the Financial Statements for the first half of 2025, which show that Bank of Valletta Group continued to deliver a solid financial performance in line with its expectations. During the period, the Group registered a profit before tax of €135.1 million (1H2024: €148.2 million), which corresponds to a pre-tax return on average equity (ROAE) of 18.9% (1H2024: 22.8%). Furthermore, the Group maintained a very strong capital base, with the Common Equity Tier 1 Capital (CET1) ratio standing at 21.30% (December 2024: 22.31%). This performance was also reflected in the share price, which, when adjusted for the bonus issue, rose by 19.6% during the first half of 2025. The strong response of investors to the issue of unsecured subordinated bonds by the Bank in June 2025 also attests to the ongoing strength of its financial position and the positive prospects for its future growth.

During the first half of 2025, the European Central Bank reduced official interest rates by a total of 100 basis points, spread over four consecutive cuts of 25 basis points each. These developments were in line with our expectations, which had led us to invest more of our treasury portfolio into top-quality longer-term debt instruments which are held to maturity. This has attenuated significantly the impact of reductions in official rates on our financial results. Based on the current consensus, and in the absence of new shocks, we anticipate that the monetary policy easing cycle has neared its end, if not fully completed.

Global political developments are however unravelling into significant stresses. The war in Ukraine is ongoing, while fighting in the Middle East is escalating. The threats of trade wars have compounded uncertainties and risks. Concerns about supply chain disruptions have resurfaced, while volatility has been high across various markets, including in currencies and equities.

For an economy of the size and openness of Malta, the maintenance of stable growth in the wake of this turmoil is of paramount importance. Fiscal sustainability and support are key, as is the resilience of business enterprises, particularly those oriented towards export activity. Bank of Valletta will retain a posture that is supportive of the sustainability of competitive business operating from Malta, underpinned by the strength of its balance sheet and the continued profitability of its operations. The Bank will remain especially vigilant in the circumstances and keep close contact with its customers.

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Bank of Valletta Group registered a profit before tax of €135.1 million
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This said, the Bank's outlook for the Maltese economy at this juncture remains cautiously optimistic. The Bank anticipates a sustained pipeline for new credit, supported by the robust labour market, and buoyant activity in real estate and tourism.

The possible direct repercussions of tariff wars are likely to impact Malta's service-driven economy to a lesser extent than most other EU economies. Forecasts for Malta by various independent entities continue to indicate sustained growth, normalising towards a long-term average of around 4%, with the unemployment rate at a historic low of around 3%. Inflation is expected to stabilise in the region of 2%. The fiscal deficit is expected to continue narrowing to below the 3% of GDP level, while the public debt ratio is expected at below 60% of GDP. Adverse risks to economic performance can however emerge in situations of extreme deterioration in global stresses, particularly if these lead to higher prices of energy and other imports, or if they have marked consequences on export and tourism demand.

Developments in the first half of 2025 lead us to upgrade slightly our earlier indications for the year, as the Bank is on track to achieve a Profit Before Tax of between €215 - €250 million, with a dividend payout at a maximum of 50%. Over the next few months, we expect to implement, following the recent regulatory approval, a share buy-back scheme (involving no cancellation of shares) to support the liquidity of the Bank's equity on the secondary market, as mandated by shareholders at the latest Annual General Meeting.

I thank our Shareholders for their continued support, as well as the Executive Team and staff for their valuable work and commitment to support the Bank's performance and to become more customer centric, while improving our digital maturity.



Gordon Cordina
Chairperson
31 July 2025

Chief Executive Officer's Message



Kenneth Farrugia

A STRONG FINANCIAL PERFORMANCE

At the halfway point of 2025, BOV Group is reporting strong financial results for the first six months driven by the initiatives carried in our three-year strategic plan launched in 2024.

As of 30 June 2025, our half-yearly results highlight a robust profit before tax of €135.1 million. This outcome is consistent with our expectations for the period underpinned by strong growth across the Bank's principal business segments compared to the previous year, despite the impact of a lower interest rate environment following four consecutive rate reductions.

SUSTAINED GROWTH IN CORE OPERATIONS

During the first six months of 2025, the BOV Group registered a strong financial performance, with a net interest income of €188.7 million and a net fee and commission income of €39.9 million (an increase of €3.2 million when compared to the same period in 2024). This reflects successful strategic initiatives and continued income generation despite lower interest rates compared to last year. The first half's results met our targets, and even after four interest rate cuts, profitability remains resilient and competitive.

These results are a reflection of the remarkable resilience and agility of the Bank that is capitalising on the evolving economic and market conditions as a result of the execution of various strategic initiatives in the process. When compared to the record-setting performance witnessed in 2024, whilst this set an exceptionally high benchmark in profits, core business income, net interest income and cost optimisation, our current results affirm the solid foundations and prudent risk management reflect the sustained progress being registered by the Bank.

Operational momentum in our core business areas remains strong, with continued expansion and prudent stewardship ensuring the Bank is well positioned for future growth. We remain resolute in our strategic direction as we enter the second phase of our three-year transformation journey, setting the stage for further innovation and value creation.

PAVING THE PATH TO SUSTAINABLE GROWTH: A MID-YEAR FINANCIAL MILESTONE

The Bank's balance sheet continued to grow during the H1 2025. The credit portfolio increased by 7.9% to €7.4 billion, and customer deposits saw a continuous growth with the closing balance as at end of June of €13.1 billion. The steady increase registered in customer deposits underscores the ongoing trust and confidence placed in the Bank by both retail and corporate clients. The resulting strong liquidity position is in being used to support the growth of our credit financing business as well as our treasury investments.

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During the first six months of 2025, the BOV Group registered a strong financial performance
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The optimisation of the balance sheet remained a core focus area with cash and short-term funds declining by a further €79.7 million and the treasury portfolio increasing to reach a balance sheet position of €6.7 billion.

H1 2025 also saw the Bank successfully issuing a €150 million Medium Term Bond Programme in June, which was oversubscribed, reflecting strong investor confidence. The initial €100 million was fully subscribed on its launch and in response to the overwhelming demand, the Bank exercised the over-allotment option, increasing the offer by an additional €50 million. This expanded offer was also fully taken up, resulting in oversubscription. The total €150 million issuance now stands as the largest corporate issue ever recorded on the domestic market and reflects the confidence that the Bank enjoys in the investor market today.

Throughout the first six months, the Bank maintained healthy capital ratios, serving as a testament to the prudent risk management framework and forward-looking capital planning. The Common Equity Tier 1 (CET1) and Total Capital Ratios remained well above regulatory requirements providing an ample buffer against unforeseen market fluctuations, this underpinning both resilience and the capacity to support sustainable growth. This strong capital position not only safeguards stakeholders' interests but also empowers the Group to pursue new business opportunities and innovation, while preserving financial soundness in an evolving regulatory and economic landscape.

CHARTING THE FUTURE: STRATEGIC PLAN 2024-2026

In a dynamic financial landscape marked by shifting economic conditions and rapid technological advancement, the Group has continued to demonstrate strength and adaptability. As we reflect on the first half of 2025, it is evident that our unwavering commitment to innovation, prudent management, and customer-focused service has enabled us to sustain momentum and achieve significant milestones – ambitions which are strongly etched in our strategic plan.

On the customer front, 2025 has so far proved to be a game-changer in the way we have delivered our services to both personal and business customers. Our efforts to ensure a customer centric approach continued to strengthen our various customer experience metrics such as the Customer Satisfaction Metrics as well as our Net Promoter Score.

Earlier this year, the concept of customer financial well-being was introduced in Gozo with the opening of a Financial Well-Being Centre in Ta' Sannat. Moreover, in response to fast changing trends and consumer behaviours, branch opening hours were extended, with half of the branches now open for longer hours twice a week. Customers can set appointments through the Bank's website to access banking services during these extended hours.

We have continued to install new ATMs aiming to full replace our ATM fleet, currently 94 in total across Malta and Gozo, with new generation ATMs. We have also recently introduced contactless technology on these new ATMs, giving added comfort, flexibility, and convenience to customers managing their finances through this channel.

The Bank is also focusing on its strong branch network, the largest in Malta, through a renovation programme that saw both Luqa and Buġibba branches re-opening for business after a refurbishment process. A brand-new branch was also inaugurated in the centre of Mosta. So far ten branches have been renovated, while works are ongoing at our Haż-Żebbuġ Branch. We will also soon be commencing renovation works at our Żejtun and Qormi branches.

The service proposition to business customers is also evolving. Earlier this year, we launched BOV SmartPay brand, which incorporates several business services aimed at merchants and retailers. The BOV SmartPay suite includes SoftPOS services, eCommerce, as well as Corporate Debit and Credit Cards. In line with our commitment to support the changing needs of our business clients, we recently announced the launch of our new commercial card product suite and accompanying digital platform. This innovative offering is specifically designed to empower businesses with greater control over their corporate spending and provide real-time visibility of transactions enabling our clients to efficiently manage their finances and simplify day-to-day operations.

On the technology front, the Bank is actively pushing forward its digital transformation program, by harnessing the power of technology which will allow us to deliver a myriad of solutions that not only enhances convenience but also strengthens the financial oversight and agility of our valued personal and business customers. Other service improvements that will change the way we will change the servicing of our Business and Corporate clients will be announced later this year.

FORGING AHEAD: BANK OF VALLETTA'S STRATEGIC RENEWAL AND CUSTOMER-CENTRIC EVOLUTION

As we look ahead and navigate forward through our strategic journey, our core aim remains to further strengthen our service delivery across all touchpoints, improve the customer experience in the process, innovate and digitise, enhance internal processes to be leaner and more efficient, and embrace new technologies to the benefit of the Bank and its customers. To this effect, by year-end we will be launching our new Mobile and Internet Banking platform which will offer a much wider suite of functionalities, using the latest technological developments.

An exciting era for BOV awaits, as we look to diversify our business model by extending our current service proposition to strengthen existing lines of business and open up new ones. Thanks to our association with MAPFRE MSV Life, we will shortly be offering general insurance products. We are also intensifying our efforts to grow our market share in the second and third pillar pension schemes. The Bank remains firmly anchored as a strong advocate for long-term financial well-being

aiming to provide its clients with the relevant financial planning solutions. In the process, we will seek to remain compliant with our regulatory obligations, strengthening our cybersecurity efforts, and adhere to strict anti-money laundering and anti-financial crime principles aiming to protect the Bank and its customers in the process.

We also remain committed to reaching our ESG commitments, reducing our carbon footprint and emissions, while driving our customers to transition to eco-friendly practices in their capital projects and daily operations. Whether offering interest rate incentives on green lending and/or providing green investment products, the Bank will continue to be at the forefront as we transition to a green and sustainable economy.

Our people remain our greatest asset, and we will continue to enhance the talent of our human capital through BOV Academy's learning and development programs. We appreciate our customers for choosing Bank of Valletta, our shareholders for their ongoing trust, my Executive Team and Board for their guidance, and our employees for their dedication to the Bank's continued progress in our journey from good to great.



Kenneth Farrugia

Chief Executive Officer

31 July 2025

Interim Directors' Report

For the six months ended 30 June 2025

EXECUTIVE SUMMARY

In the first half of 2025, the BOV group delivered a strong financial performance, achieving a Profit Before Tax ("PBT") of €135.1 million, equating to a pre-tax return on average equity of 18.9%. Favourable economic conditions, underpinned by robust business fundamentals, continued to provide the Bank with a supportive operating environment. This contributed to stability in terms of operating income where equivalent levels registered in previous years have been achieved despite the external challenge of a decreasing interest rate environment.

Income: As the ECB announced four rate cuts during H1 2025, bringing the deposit facility rate down from 3% to 2%, the impact on the Group's NII was marginal with a 2.5% drop, effectively confirming the Bank's balance sheet optimisation strategy which focused on reducing volatility in its revenue. This drop was nearly fully compensated with an increase of 8.7% in net fee and commission income, resulting in a total operating income of €244 million (FY24: €233 million). The latter also includes a €6.4 million one-off gain relating to an amount which was held as deferred expenditure in previous years, and which could be released to the income statement this year.

Costs, Impairment and Asset Quality: A 23% increase in costs was registered during H1, reflecting continued investment in human and technology resources and fully aligned with the Group's expectations and targets for the period. This resulted in an increase in the cost to income ratio to 47.9%, which is up by 7.2% from previous year but which is still below peer benchmarks on both the domestic and international markets. Asset Quality and related impairments continued to be a main point of focus during this reporting period with the NPE ratio going down by nearly 40bps to close at a 2.31% mark and leading to a €3.3 million reversal in terms of impairment.

Balance Sheet: The Group's balance sheet continued to grow during the period under review registering a 5.4% increase, with total assets reaching €15.9 billion as at the end of June 2025. Customer deposits were up by €263.2 million, mainly coming from retail customers, leading to improved liquidity ratios with the LCR closing at levels above the 400% mark. Long term liabilities also increased, primarily through the successful issuance of the €150 million Tranche 2 of the EMTN Programme, leading to improved capital ratios with the Capital Adequacy Ratio reaching 28.53%. On the assets side, the credit portfolio was up by 7.9% with both commercial and retail registering healthy growth rates leading to an increase of more than 3% in the loan to deposit ratio. The Bank also continued to deploy excess cash in investments, with the portfolio increasing by 5.8% when compared to the start of the year.

Shareholder Value Initiative and Share Buy Back Reserve: Continued focus during the period with various initiatives being taken forward to include the roll-out of the bonus issue following the approval at the AGM, advancements on the share buy-back with the establishment of a €7.8 million share-buyback reserve, as well as the approval of an interim dividend which is in line with the record amount distributed in H1 2024. The share buy-back is expected to come in operation in H2 following the recent approval from the regulator.

Cash Dividend: The Board of Directors have approved an interim gross dividend of €55 million (net dividend of €35.7 million) representing a 39.9% payout ratio from Profit After Tax ("PAT"). On a gross basis, this is €1.1 million above the amount paid at interim stage in FY 2024. Over and above this amount, the Bank has also allocated the share buy-back reserve from the H1 PAT. This underscores the Group's ongoing commitment to delivering value to its shareholders, reflecting both strong earnings and capital management. In parallel, the Group continues to invest in its operational capabilities and long-term strategic initiatives, balancing shareholder returns with future-oriented growth.

Forward Looking: Expectations for FY2025 continue to trend towards a solid year with a PBT in a range between €215 million and €250 million, with distributions (including share buy-back reserve) subject to a maximum distribution amount of 50% of PAT.

INTERIM DIVIDEND

Following strong financial results in the first half of the year and a review of its dividend policy, the Board of Directors have declared a gross cash ordinary dividend to be paid to shareholders of €55 million (€0.0856 gross/€0.0556 net per share) from H1 profits of €35.7 million net, reflecting a 39.9% payout ratio of PAT.

	Gross Dividend	Net Dividend	Gross Dividend Per Share	Net Dividend Per Share
	€ m	€ m	€	
FY 2025	55.0	35.7	0.0856	0.0556
FY 2024	53.9	35.1	0.0924*	0.0601*
(based on amounts prior to bonus issue)				
Change in €	1.1	0.6	(0.0068)*	(0.0045)*
Change in % in Net Dividend		1.6%		

* The dividend calculations for FY24 in the table are based on the number of shares prior to the bonus issue. Taking the same base of shares for FY2024 would mean that the amount distributed per share in FY25 would have been higher than FY24 by €0.0016 gross dividend per share (€0.0010 net dividend per share).

Interim Directors' Report (continued)

For the six months ended 30 June 2025

SHARE BUYBACK PROGRAMME

Following the Annual General Meeting approval in the first half of 2025 and subsequent regulatory approval, the Bank will set into play the operationalisation of a share buyback programme during H2 2025.

The objective of this programme is to repurchase, acquire and hold for re-sale from any shareholder(s) up to 3,060,000 shares from the Issued and paid-up Share Capital of the company to enhance the Bank's liquidity and optimise shareholder value. This programme will be active for a maximum period of 18 months (from AGM approval) with the aim to support the liquidity of the Bank's shares.

FINANCIAL PERFORMANCE OF THE GROUP

The following table provides information on the Group's financial performance during the period. The decrease in pre-tax profit relative to the June 2024 results aligns with the forward-looking guidance presented during the publication of the financial year-end 2024 report. During the period, the Group has seen noticeable growth from the key business areas, including Credit and Investments, as well as in Net Fee and Commission income which supports its drive towards sustainable growth.

	Net Interest Income	Net fee & Commission income	Profit before tax	Return on Average Equity Ratio (pre-tax)*	Cost to Income Ratio	Gross Loans to Deposit Ratio	CET 1 Ratio
	€ m	€ m	€ m				
1H2025	188.7	39.9	135.1	18.9%	47.9%	57.6%	21.30%
1H2024	193.6	36.7	148.2	22.8%	40.7%		
Dec2024						54.5%	22.31%
Change in €	-4.9	+3.2	-13.1				
Change in %	-2.5%	+8.7%	-8.8%	-3.8%	+7.2%	+3.1%	-1.0%

* ROAE is calculated as annualised Profit Before Tax divided by the interim average shareholders' equity.

- Profit Before Tax (PBT):** The first half of 2025 has seen a decline in PBT from €148.2 million as at the end of June 2024 to €135.1 million in 2025. The drop of 8.8% compared to previous year aligns with expectations due to lower interest rates environment and increased HR and technology investments, which reduced revenue and raised costs. Despite the marginal decline in interim profits, the Group has delivered a strong and resilient performance and remain on track to meet the full year targets, supported by a growing balance sheet and a forward-looking digital transformation agenda.
- Earnings Per Share (EPS):** The Bank executed a 1-for-10 bonus share issue on 26 June 2025, increasing its issued share capital from €583.8 million to €642.2 million. This was approved at the 51st Annual General Meeting and aimed at capitalising €58.4 million from reserves. As such, the comparative EPS has been restated to take into consideration the number of outstanding shares as at end of June 2025 for comparability purposes and in line with accounting standards. Consequently, the Group's EPS stood at €0.1393 at the end of June 2025 compared with €0.1520 restated as at the end of June 2024.
- Net Interest Income (NII):** NII remained the primary driving force for the Group with an amount of €188.7 million being registered and equivalent to a decrease of €4.9 million or 2.5% when compared to prior year (1H2024: €193.6 million). The overall decline in interest rates announced by the ECB is impacting NII both from a floating rate perspective, insofar as benchmark reference rate-based credit facilities are concerned, as well as the interest income receivable on balances held with the Central Bank of Malta. This downside was partially cushioned by an increase in interest income generated from proprietary investments and reflecting the strategic balance sheet repositioning effected by the Bank since 2022. Continued efforts in this core business area of the Bank brought about an additional expansion in both the customer lending and proprietary investment portfolios. The interest expense increased, with the main impact driven by the issuing of the Subordinated Bonds during H2 in 2024 and the second issue in the second quarter of 2025.
- Net fee and commission income (NFCI):** NFCI stood at €39.9 million as at June 2025 which was up by €3.2 million, or 8.7% when compared to the comparative period (1H2024: €36.7 million). Cards-related, Credit-related, and Investments-related finance activities were the main drivers behind the increase when compared to the income in the first six months of 2024. This source of income continues to play a vital role in the Bank's income streams contributing to a well-diversified revenue that is expected to support sustained operating profitability in the future.

Interim Directors' Report (continued)

For the six months ended 30 June 2025

- **Operating Performance:** Operating income reached €244.0 million in June 2025, marking a solid increase of €10.8 million or 4.6% compared to the same period in 2024 (1H2024: €233.2 million). This growth reflects the Group's continued ability to generate stable revenues, even when excluding the impact of a one-off income item of €6.4 million, which has been transparently disclosed separately in the Statement of Profit or Loss. While NII experienced a decline of €4.9 million, this was largely mitigated by a €3.2 million uplift in NFCL, underscoring the strength and diversification of the Bank's core income streams.
- **Costs:** The total costs recorded for the period added up to €116.9 million (1H2024: €94.9 million), an increase of €22.0 million or 23.2% over the comparative period. During this interim, personnel costs remained the primary cost driver, followed by technology-related expenses, which together they make 75% of total operational cost. These reflect the Group's continuous commitment to enriching talent, improving compensation and benefits as well as enhancing processes through the investment in technology. During the first half of 2025, the Bank advanced its strategic objectives expenditure with a 68.3% increase when compared to the same period in 2024.

The Cost-to-Income Ratio has, as a result of the above, increased slightly from 44.6% at the end of December 2024 to 47.9% at the end of the period being reported. This performance is attributed to strategic cost control, digital transformation and stable income streams.

- **Net Expected Credit Losses (ECL):** ECL for the six months to June 2025 amounted to a net release of €3.3 million (1H2024: €5.2 million net release) which was influenced by improved credit quality and collateral movements. The Group continues to build on its commitment to enhance the credit quality of its loan portfolio which has in fact led to a further reduction in the non-performing loans ratio, closing at 2.3% at the end of June 2025 (December 2024: 2.7%). ECL coverage for credit-impaired assets was up to 47.8% compared to 42.7% at the end of December 2024 also influenced by increased prudential provisions which are deductible directly from capital reserves.

The Bank commissioned a study with its top corporate customers to assess US Tariff risks as part of the key risk assessment for the period, to determine if an ECL provision is needed at the portfolio or customer level. This was undertaken with a view of understanding whether there are reasonable grounds to apply an ECL provision at portfolio or at customer level. From the results obtained to date, and as things stand, it was concluded that there are no concerns at this stage which merit an additional ECL provision.

- **Profits from Associates:** The share of profit from insurance associates remained stable when compared to the comparative period at €4.7 million (1H2024: €4.6 million).

GROUP FINANCIAL POSITION

- **Total Assets:** The Group's total assets continued to expand by 5.4% reading €15.9 billion at the mid-point of 2025, resulting in an increase of €811.8 million compared to the end of 2024 (December 2024: €15.1 billion). This upward movement in assets is mainly driven by increases in both the Credit and Investment portfolios which together with the Cash and Short-term funds account for 95% of total assets.
- **Cash and Short-Term Funds:** The trend towards the optimisation of the balance sheet continued during the first half of 2025 with cash and short-term funds declining by a further €79.7 million despite a €150 million inflow from the issuance of unsecured subordinated bonds as well as income from the maturity of debt instruments. The cumulative effect has brought the Group's June period-end position down to €1.0 billion (December 2024: €1.1 billion).
- **Treasury Investments:** The Group's treasury portfolio has seen further growth, with a 5.8% or €368.1 million uplift in balances during the first six months of 2025 to reach a balance sheet position of €6.7 billion (December 2024: €6.3 billion). These investments were supported through the allocation of Cash and Short-term funds and REPOS agreements, ensuring the Bank maintains the necessary level of liquid assets. Funding was optimised through loans from other banks, capitalising on favourable market rates. The portfolio is made up of highly rated securities ensuring a low-risk profile, stable returns and manageable risk weighted assets consumption.
- **Net Loans and Advances to Customers:** The Credit portfolio (on a net basis and including Fair Value Through Profit and Loss loans) stood at €7.4 billion at the end of June 2025 (December 2024: €6.9 billion), resulting in the increase of €543.4 million or 7.9% with such expansion approximately evenly split between additional household and corporate lending, as our Bank remains active and competitive on both fronts. This led to a favourable increase in the Group's Gross Loans-to-Deposits ratio from 54.5% in December 2024 to 57.6% as at the end of June 2025 in line with the Bank's intended direction towards efficiently using its deposits to generate income whilst still maintaining enough liquidity to meet withdrawal demands and regulatory requirements.

Interim Directors' Report (continued)

For the six months ended 30 June 2025

- **Customer Deposits:** The first half of 2025 has seen a continuous growth in customer deposits with the closing balance as at end of June reading €13.1 billion, an increase of €263.2 million equivalent to 2.1% (December 2024: €12.8 billion) with the main increase resulting from retail deposits. The Group continues to maintain strong liquidity, with the Liquidity Coverage Ratio (LCR) standing at 441.44% as at end of June 2025, comfortably exceeding the minimum regulatory threshold and up from the 368.78% as at 31 December 2024.
- **Total Group Equity:** Equity stood at €1.4 billion, an increase of €39.5 million compared to December 2024 position (December 2024: €1.4 billion). The Group's capital ratios remained strong and above regulatory requirements, with the CET 1 and total capital ratios as at June 2025 of 21.30% (December 2024: 22.31%) and 28.53% (December 2024: 27.13%), respectively. The Net Asset Value per share at the end of June 2025 stood at €2.3 per share (December 2024: €2.2 per share, restated using the amount of outstanding shares following the bonus issue).

STRATEGY IMPLEMENTATION

The Strategic initiatives portfolio remains directionally sound, with active execution management in place to address emerging risks, alongside internal governance, to ensure that initiatives are undertaken in full alignment with organisational priorities. BOV maintained project execution momentum, covering initiatives started in the previous year and new ones spanning customer engagement, business process re-engineering, IT and Cyber Security, and regulatory compliance. Continued leadership focus, tighter execution oversight, and clearer portfolio hygiene are key to sustaining delivery momentum and realising the intended strategic outcomes.

People – Strategic initiatives continued to evolve in the realm of the Bank's human capital, with the most significant being the comprehensive capacity planning exercise that reached an advanced stage of completion by end of June 2025. This was aimed at optimizing resource allocation and enhancing organizational efficiency and will be coupled with other efforts to ensure that the identified capabilities become fully embedded within the organization to meet future challenges and achieve its strategic objectives. The Bank notes with satisfaction that career advancement opportunities kept strengthening over the past six months, with training initiatives in Compliance now even attracting international recognition.

Customers – The launch of BOV SmartPay reflects Bank of Valletta's commitment to support its business clients with modern customer-focused payment solutions alongside eCommerce integration that drive automatic settlements into our clients' business accounts. For personal customers, the ATMs upgrade program is ensuring a more consistent and advanced service availability, marking BOV as a forward-thinking and customer-centric institution. Whilst benefiting customers, these initiatives also reduce operational costs. The opening of the new branch in Mosta reflects the Bank's commitment to maintaining a strong physical presence and providing high-quality services to its customers, contributing to the Bank's long-term growth and shareholder value.

Internal Operations – Over the first half of 2025, the Bank has registered continued progress in automating various processes to improve efficiency and reduce manual workload. Notable projects include the credit review automation for collating and updating financial statements and the automation of the Appointment of Bankers documentation amongst various others.

Governance and Risk Management – On the governance side, BOV has integrated ESG considerations in its business and operational model ensuring that sustainability is at the core of our operations. The Bank is also fully prepared to meet the requirements of the Corporate Sustainability Reporting Directive (CSRD) and other relevant regulations.

The ongoing review of our strategic execution is a critical component of our robust governance framework. The Board of Directors continued to monitor the Strategic KPIs, providing necessary guidance and direction to ensure alignment with the Bank's long-term goals, to align with dynamic market conditions and at the same time to address emerging challenges, and capitalise on opportunities for growth and improvement

Data as an Enabler – The Bank's data management initiatives are ongoing, with several foundational projects targeting the enhancement of the Bank's data handling capabilities ensuring that they support better decision-making and improved governance.

ESG as an Enabler – BOV has made significant strides in integrating ESG principles into its operations and strategic framework ensuring a strong focus on promoting green loans and investments, including the financing of renewable energy projects, energy-efficient buildings, and other sustainable initiatives. In parallel, the Bank is striving towards achieving net-zero carbon emissions by implementing energy-saving measures within its operations and investing in carbon offset projects. Climate risk assessments are now integrated into the Bank's strategic initiatives and decision-making processes.

As for social and community engagement, BOV supports the communities through a significant number of initiatives aimed at improving financial literacy, by contributing to the protection of Maltese heritage, as well as social welfare programs through the involvement in corporate philanthropy activities. The Bank also places a strong emphasis on employee well-being and development alongside inviting its employees to contribute to its mission to strengthen community ties via the voluntary leave program.

Interim Directors' Report (continued)

For the six months ended 30 June 2025

Conscious of the Bank's role in supporting economic growth, BOV remains focused on executing its strategy and targets paying close attention to the current unsettling international landscape and the way this may impact Malta's resilient economy. The Bank remains confident in the execution of its strategic plan and is positioning itself diligently to navigate towards a successful H2 2025 and beyond.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Bank of Valletta continued to make meaningful progress on its environmental, social, and governance (ESG) commitments during the first half of 2025, advancing initiatives to strengthen sustainability integration across its operations, client engagement, and risk management frameworks.

Building on its climate journey, the Bank progressed towards devising its own Climate Transition Plan, as mandated under the CSRD, a key milestone in translating environmental objectives into actionable strategies. This structured framework ought to include greenhouse gas (GHG) inventory assessments, science-aligned target setting, and scenario and resilience analysis. The plan also aims to support BOV's alignment with the Paris Agreement objectives.

During the 2024–2026 strategic cycle, the Bank's core environmental priority remains the reduction of Scope 1 and Scope 2 carbon emissions. BOV continues to implement measures to improve energy efficiency, shift towards cleaner energy sources, and reduce its reliance on carbon-intensive systems. Progress against these targets is being tracked and will be reported regularly, ensuring transparency and accountability.

Over the reporting period, the Bank sought to bring together representatives from Corporate Finance, Risk, Consumer Finance, Wealth Management, and Operations to ensure the implementation of the Bank's climate objectives. Building on the foundation set in late 2024, the Group developed 14 strategic climate and environmental initiatives across key business areas, including Operations, Commercial and Consumer Lending, Risk, and Wealth Management. These initiatives are being closely aligned with the Bank's Climate Transition Plan as mandated by the Corporate Sustainability Reporting Directive, and in line with the European Banking Authority guidelines. This cross-functional collaboration is ensuring that climate-related priorities are systematically embedded into the Bank's strategic planning, lending practices, and day-to-day operations.

In parallel, the Bank's Climate Transition Plan is expected to have a wider impact beyond its own operations by reshaping its portfolio alignment strategy. This includes evaluating the carbon exposure of its lending and investment activities and steering capital flows toward low-carbon, climate-resilient sectors. These insights will be integrated into BOV's broader business strategy, embedding climate risk and opportunity assessments into product design, client interaction, and capital allocation processes. Besides, the Bank is currently in the process of evaluating its portfolio against another subset of ESG namely the Social. The Social Materiality Assessment is currently being devised to ascertain that the banking portfolio is screened for any Social Risks.

Recognising the growing regulatory and risk landscape, BOV launched a comprehensive review of its internal policies during the first quarter of 2025. This review is aimed at better identifying, assessing, and managing the Bank's Impacts, Risks, and Opportunities (IROs) tied to climate and environmental issues. This proactive step supports BOV's ESG integration goals while aligning with supervisory expectations.

A key part of BOV's strategy also includes supporting its customers on their own sustainability journeys. In the first half of 2025, the Bank took forward a number of customer engagement initiatives, working closely with its clients to develop individual transition plans, provide guidance on climate-related disclosures, and offer sustainable financial solutions tailored to their sector-specific needs.

As part of enhancing its approach to climate-related financial risks, BOV concluded a robust enhancement of its climate and environmental materiality assessment. This involved evaluating both physical risks (e.g., extreme weather events) and transition risks (e.g., regulatory and technological shifts), assessing their potential financial impacts across the Bank's local and European exposures. Key sectors vulnerable to these risks were identified, and the quantification of potential financial effects across short, medium, and long-term horizons was carried out. A quantification of the impact of climate and environmental risks was also carried out in the first quarter of 2025.

Additionally, the ESG Unit played an active role in promoting internal capacity-building through a series of focus groups and workshops. These sessions covered a range of environmental and climate-related topics, including climate risk, sustainable finance, and regulatory developments, aimed at strengthening internal awareness, fostering cross-functional collaboration, and embedding sustainability more deeply into the Bank's risk culture and decision-making processes.

Through these initiatives, Bank of Valletta is reaffirming its long-term commitment to responsible banking, climate action, and aligning its strategy with global sustainability goals

Interim Directors' Report (continued)

For the six months ended 30 June 2025

UPDATE ON FINANCIAL OUTLOOK

Looking ahead to H2 2025, the Group maintains a cautiously optimistic stance underpinned by a resilient business model, execution of its strategic priorities, and a robust capital and liquidity position. Despite a marginal year-on-year decline in interim Profits Before Tax, performance remains aligned with internal forecasts and reflects the Group's proactive response to a lower interest rate environment and elevated investment in digital transformation initiatives.

The Group reaffirms its full-year guidance, projecting a profit before tax in the range of €215 million to €250 million for full year FY25 together with a Return on Average Equity (pre-tax) above the 15% mark, currently standing at circa 19%. The lower bound of the PBT guidance has been adjusted upwards from €200 million to €215 following updated forecasts being issued by the Bank and is supported by increased stability in NII, continued momentum in fee and commission income and the continued expansion of the credit and investment portfolios, supported by strong capital and liquidity positions. Dividend distributions for FY25 will continue to be guided by a well-defined policy which seeks to balance out capital requirements and shareholder expectations.

BOV group remains committed to delivering long-term value through its execution of its 2024-2026 strategy, which prioritises customer-centric innovation, digitalisation, ESG integration and a dynamic balance sheet management. These pillars will continue to guide BOV's transformation journey and reinforce its role as a key enabler of economic and sustainable development in Malta.

CLOSING STATEMENT

These interim results substantiate how the BOV Group is continuing to implement growth initiatives while investing in efficient processes, focusing on its customers, employees and sustainability while assessing progress with measurable outcomes. As the Group strengthens its internal frameworks for identifying, assessing, and managing emerging risks and opportunities, the groundwork for resilient long-term growth is being laid. The wide-ranging improvements undertaken in the first half of 2025, demonstrate the commitment to value creation for all BOV's stakeholders.

Shareholders trust enables the Group to invest in systemic changes that position it to respond proactively to an evolving landscape. Together, we will continue to shape a responsible and future-oriented institution, ensuring that our journey from good to great does not waver.

These achievements are a testament to the dedication of our people and the trust of our customers. As we look ahead to the second half of the year, we remain focused on delivering value, driving innovation, and building a more sustainable future.

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 as at 30 June 2025 have been prepared, in all material respect, in accordance with International Financial Reporting Standards as adopted by the EU applicable to 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 31 July 2025 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 2025

	Note	The Group		The Bank	
		Jun-25	Jun-24	Jun-25	Jun-24
		€000	€000	€000	€000
Interest and similar income:					
- on loans and advances		138,296	160,911	138,296	160,911
- on debt, other fixed income instruments and derivatives		78,595	59,574	78,594	59,567
Interest expense		(28,220)	(26,912)	(28,220)	(26,912)
Net interest income		188,671	193,573	188,670	193,566
Fee and commission income		48,863	44,526	44,488	40,326
Fee and commission expense		(8,940)	(7,804)	(8,940)	(7,804)
Net fee and commission income	3	39,923	36,722	35,548	32,522
Dividend income		448	326	9,302	8,068
Trading profits		8,489	2,706	8,524	2,678
Net income/(loss) on investment securities and hedging instruments		3	(102)	3	(102)
Other income	4	6,423	-	6,423	-
Operating income		243,957	233,225	248,470	236,732
Employee compensation and benefits		(68,621)	(58,281)	(67,272)	(56,960)
General administrative expenses		(38,126)	(26,507)	(37,263)	(25,648)
Amortisation of intangible assets		(6,390)	(6,497)	(6,379)	(6,447)
Depreciation		(3,732)	(3,571)	(3,729)	(3,554)
Net impairment reversal	11	3,292	5,162	3,292	5,162
Operating profit		130,380	143,531	137,119	149,285
Share of results of equity-accounted investees, net of tax	9	4,718	4,624	-	-
Profit before tax		135,098	148,155	137,119	149,285
Income tax expense		(45,617)	(50,523)	(47,991)	(52,250)
Profit for the period		89,481	97,632	89,128	97,035
Earnings per share¹	10	13.9c	15.2c		

¹ The comparative earnings per share have been restated to take into consideration the total number of shares following the bonus issue.

Statements of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	The Group		The Bank	
	Jun-25	Jun-24	Jun-25	Jun-24
	€000	€000	€000	€000
Profit for the period	89,481	97,632	89,128	97,035
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Debt investments at FVOCI				
- change in fair value	240	(646)	240	(646)
tax thereon	(84)	226	(84)	226
	156	(420)	156	(420)
Items that will not be reclassified to profit or loss:				
Equity investments at FVOCI				
- change in fair value	(573)	(2,882)	(573)	(2,882)
tax thereon	201	1,009	201	1,009
Actuarial gains / (losses) on remeasurement of defined benefit obligation	99	(47)	99	(47)
tax thereon	(35)	16	(35)	16
Other comprehensive income for the period, net of tax	(152)	(2,324)	(152)	(2,324)
Total comprehensive income for the period	89,329	95,308	88,976	94,711

Statements of Financial Position

As at 30 June 2025

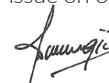
	Note	The Group		The Bank	
		Jun-25 €000	Dec-24 €000	Jun-25 €000	Dec-24 €000
ASSETS					
Balances with Central Bank of Malta, cash and other related assets		1,006,221	1,085,871	1,006,221	1,085,871
Financial assets at fair value through profit or loss		98,164	106,220	96,590	104,678
Investments		5,896,785	5,771,727	5,896,785	5,771,727
Pledged investments		808,043	564,969	808,043	564,969
Loans and advances to banks		313,541	328,547	313,541	328,547
Loans and advances to customers at amortised cost	11	7,397,294	6,846,302	7,397,294	6,846,302
Investments in equity-accounted investees		118,902	117,160	72,870	72,870
Investments in subsidiary companies		-	-	6,230	6,230
Intangible assets		41,410	45,317	41,410	45,306
Property and equipment		151,204	153,519	151,177	153,487
Deferred tax		30,352	29,032	30,335	29,004
Assets held for realisation		11,183	11,870	11,183	11,870
Other assets		18,204	18,786	18,203	18,767
Prepayments		19,636	19,779	17,475	17,564
Total Assets		15,910,939	15,099,099	15,867,357	15,057,192
LIABILITIES					
Derivative contracts held for risk management		6,117	4,200	6,117	4,200
Derivative contracts designated as hedging instruments		79	-	79	-
Amounts owed to banks		269,900	9,150	269,900	9,150
Amounts owed to customers		13,067,153	12,803,915	13,070,675	12,807,957
Current tax		45,322	8,173	44,914	8,427
Deferred tax		7,890	8,119	7,890	8,119
Other liabilities		266,311	225,373	265,640	224,842
Provisions		16,518	18,388	16,518	18,388
Debt securities in issue		368,595	350,846	368,595	350,846
Subordinated liabilities		415,793	263,136	415,793	263,136
Total Liabilities		14,463,678	13,691,300	14,466,121	13,695,065
EQUITY					
Called up share capital	5	642,234	583,849	642,234	583,849
Share premium account		49,277	49,277	49,277	49,277
Revaluation reserves		60,033	62,319	59,921	62,207
Retained earnings		695,717	712,354	649,804	666,794
Total Equity		1,447,261	1,407,799	1,401,236	1,362,127
Total Liabilities and Equity		15,910,939	15,099,099	15,867,357	15,057,192
MEMORANDUM ITEMS					
Contingent liabilities	7	587,110	414,181	587,110	414,181
Commitments	7	3,764,941	3,000,258	3,764,589	3,000,258

Banking Rule 09 requires banks in Malta to hold additional reserves for general banking risks against non-performing loans. The appropriation to the "Reserve for General Banking Risks" shall be effected from the profits for the year. As at the reporting date this reserve amounts to €4.0 million.

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on 31 July 2025 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 2025

	Called up Share Capital	Share Premium Account	Revaluation Reserves	Retained Earnings	Total Equity
	€000	€000	€000	€000	€000
The Group					
At 1 January 2024	583,849	49,277	59,628	574,979	1,267,733
Profit for the period	-	-	-	97,632	97,632
Other comprehensive income					
Debt investments at FVOCI					
- change in fair value, net of tax	-	-	(420)	-	(420)
Equity investments at FVOCI					
- change in fair value, net of tax	-	-	(1,873)	-	(1,873)
- realisation of loss on sale, net of tax	-	-	278	(278)	-
Actuarial losses on remeasurement of defined benefit obligation, net of tax	-	-	-	(31)	(31)
Total other comprehensive income	-	-	(2,015)	(309)	(2,324)
Total comprehensive income for the period	-	-	(2,015)	97,323	95,308
Transactions with owners, recorded directly in equity:					
Dividends to equity holders	-	-	-	(26,565)	(26,565)
At 30 June 2024	583,849	49,277	57,613	645,737	1,336,476
At 1 January 2025	583,849	49,277	62,319	712,354	1,407,799
Profit for the period	-	-	-	89,481	89,481
Other comprehensive income					
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)
- realisation of gain on sale, net of tax	-	-	(8)	8	-
Realisation on sale of property, net of tax	-	-	(2,062)	2,062	-
Actuarial gains on remeasurement of defined benefit obligation, net of tax	-	-	-	64	64
Total other comprehensive income	-	-	(2,286)	2,134	(152)
Total comprehensive income for the period	-	-	(2,286)	91,615	89,329
Transactions with owners, recorded directly in equity:					
Bonus issue	58,385	-	-	(58,385)	-
Dividends to equity holders	-	-	-	(49,867)	(49,867)
Total transactions with owners	58,385	-	-	(108,252)	(49,867)
At 30 June 2025	642,234	49,277	60,033	695,717	1,447,261

Statements of Changes in Equity (continued)

For the six months ended 30 June 2025

	Called up Share Capital €000	Share Premium Account €000	Revaluation Reserves €000	Retained Earnings €000	Total Equity €000
The Bank					
At 1 January 2024	583,849	49,277	59,516	536,496	1,229,138
Profit for the period	-	-	-	97,035	97,035
Other comprehensive income					
Debt investments at FVOCI					
- change in fair value, net of tax	-	-	(420)	-	(420)
Equity investments at FVOCI					
- change in fair value, net of tax	-	-	(1,873)	-	(1,873)
- realisation of loss on sale, net of tax	-	-	278	(278)	-
Actuarial losses on remeasurement of defined benefit obligation, net of tax	-	-	-	(31)	(31)
Total other comprehensive income	-	-	(2,015)	(309)	(2,324)
Total comprehensive income for the period	-	-	(2,015)	96,726	94,711
Transactions with owners, recorded directly in equity:					
Dividends to equity holders	-	-	-	(26,565)	(26,565)
At 30 June 2024	583,849	49,277	57,501	606,657	1,297,284
At 1 January 2025	583,849	49,277	62,207	666,794	1,362,127
Profit for the period	-	-	-	89,128	89,128
Other comprehensive expense					
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)
- realisation of gain on sale, net of tax	-	-	(8)	8	-
Realisation on sale of property, net of tax	-	-	(2,062)	2,062	-
Actuarial gains on remeasurement of defined benefit obligation, net of tax	-	-	-	64	64
Total other comprehensive income	-	-	(2,286)	2,134	(152)
Total comprehensive income for the period	-	-	(2,286)	91,262	88,976
Transactions with owners, recorded directly in equity:					
Bonus issue	58,385	-	-	(58,385)	-
Dividends to equity holders	-	-	-	(49,867)	(49,867)
Total transactions with owners	58,385	-	-	(108,252)	(49,867)
At 30 June 2025	642,234	49,277	59,921	649,804	1,401,236

Statements of Cash Flows

For the six months ended 30 June 2025

	The Group		The Bank	
	Jun-25 €000	Jun-24 €000	Jun-25 €000	Jun-24 €000
Cash flows from operating activities				
Interest and commission receipts	200,611	194,207	196,280	189,986
Interest, commission and compensation payments	(13,452)	(13,375)	(13,452)	(13,375)
Recoveries on loans and advances previously written-off	821	829	821	829
Payments to employees and suppliers	(111,422)	(89,305)	(108,713)	(87,028)
Operating profit before changes in operating assets and liabilities	76,558	92,356	74,936	90,412
(Increase)/decrease in operating assets:				
Loans and advances to banks and customers	(537,266)	(375,343)	(537,266)	(375,343)
Reserve deposit with Central Bank of Malta	(5,783)	(386)	(5,783)	(386)
Fair value through profit or loss financial assets	(2,598)	5,684	(2,573)	6,835
Other assets	1,269	(1,550)	1,251	(1,550)
Increase/(decrease) in operating liabilities:				
Amounts owed to banks and to customers	262,825	(91,599)	262,304	(93,447)
Other liabilities	54,959	7,903	54,264	7,342
Net cash used in operating activities before tax	(150,036)	(362,935)	(152,867)	(366,137)
Net tax paid	(9,935)	(12,300)	(12,982)	(14,446)
Net cash used in operating activities	(159,971)	(375,235)	(165,849)	(380,583)
Cash flows from investing activities				
Dividends received	3,424	2,713	9,302	8,068
Interest received from debt and other fixed income instruments	76,383	48,822	76,383	48,815
Purchase of debt instruments	(710,355)	(982,330)	(710,355)	(982,330)
Proceeds from sale or maturity of debt instruments	336,321	273,059	336,321	273,059
Proceeds from sale of equity instruments measured at FVOCI	77	-	77	-
Purchase of property and equipment and intangible assets	(6,557)	(8,017)	(6,555)	(8,014)
Proceeds from sale of property	2,500	-	2,500	-
Net cash used in investing activities	(298,207)	(665,753)	(292,327)	(660,402)
Cash flows from financing activities				
Interest paid on long-term liabilities	(2,890)	(2,890)	(2,890)	(2,890)
Proceeds from issue of unsecured subordinated bonds	150,000	-	150,000	-
Payment of lease liabilities	(607)	(686)	(609)	(689)
Dividends paid to equity holders	(49,867)	(26,565)	(49,867)	(26,565)
Net cash from / (used) in financing activities	96,636	(30,141)	96,634	(30,144)
Net change in cash and cash equivalents after effect of exchange rate changes	(361,542)	(1,071,129)	(361,542)	(1,071,129)
Effect of exchange rate changes on cash and cash equivalents	499	48	499	48
Net change in cash and cash equivalents before effect of exchange rate changes	(362,041)	(1,071,177)	(362,041)	(1,071,177)
Net change in cash and cash equivalents	(361,542)	(1,071,129)	(361,542)	(1,071,129)
Cash and cash equivalents at 1 January	1,277,225	2,218,734	1,277,225	2,218,734
Cash and cash equivalents at 30 June	915,683	1,147,605	915,683	1,147,605

Notes to the Condensed Half Yearly Financial Statements

For the six months ended 30 June 2025

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 2025 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 2024 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.

2. Basis of preparation

The published figures have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU. The condensed half yearly financial statements have been extracted from Bank of Valletta's unaudited management accounts for the six months ended 30 June 2025 and have been reviewed in accordance with ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. The half yearly results are being published in terms of Chapter 5 of the Capital Markets Rules of the Malta Financial Services Authority.

These condensed half yearly financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2024. The material accounting policies applied in the preparation of these condensed half yearly financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 December 2024 and are described in Note 1 of the said financial statements. New pronouncements which came into effect as of 1 January 2025 are mentioned in Note 2.1 below.

The amounts recognised in the financial statements are sensitive 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 material 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 2024.

As required by IAS 34 *Interim Financial Reporting*, these condensed half yearly financial statements include the comparative statements of financial position as of 31 December 2024, 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 2024.

The Group's related party transactions during the interim period ended 30 June 2025 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 2024.

2.1 Adoption of new standards / amendments

The Group has applied the following amendment for the first time for its annual reporting period commencing 1 January 2025:

- (i) Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (issued on 15 August 2023), that contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

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

A number of new accounting standards and amendments to accounting standards endorsed by the EU are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The Group has not early adopted any of these new or amended accounting standards in preparing these condensed consolidated interim financial statements.

Notes to the Condensed Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

3. Net Fee and Commission Income

	The Group		The Bank	
	Jun-25 €000	Jun-24 €000	Jun-25 €000	Jun-24 €000
On loans and advances, similar activities and local business	24,001	21,781	24,016	21,796
On life assurance, fund management and similar activities	12,143	10,861	7,753	6,646
On other activities	3,779	4,080	3,779	4,080
	39,923	36,722	35,548	32,522

The fees and commissions presented in this note include income of €16.2 million (June 2024: €14.3 million) relating to financial assets and financial liabilities not measured at FVTPL.

A significant portion of the fees and commissions earned by the Group are recognised at the point in time when the transaction takes place. These include service charges, processing fees and card related income.

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.

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. Whilst the resultant income recognised during the interim period under review is non-recurring in nature, future income arising from the revised contractual arrangement will be recognised on an ongoing basis within 'Net Fee and Commission Income'.

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:

The Bank	Jun-25	Jun-24	Jun-25	Jun-24
	cents per share	cents per share	€000	€000
Gross of income tax				
- prior year's final dividend	13.14	7.00	76,718	40,869
	13.14	7.00	76,718	40,869
Net of income tax				
- prior year's final dividend	8.54	4.55	49,867	26,565
	8.54	4.55	49,867	26,565

In addition to the amounts presented above, the Board of Directors declared an interim cash ordinary dividend of €0.0856 gross per share amounting to €55.0 million (net dividend of €0.0556 per share - €35.7 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 18 August 2025 (record date). Interim dividends will be paid on 2 September 2025. Dividends will be paid out of profits taxed at 35%.

Notes to the Condensed Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

5. Capital, Reserves and Long-term Liabilities (continued)

5.2 Bonus share issue

On 26 June 2025, the Bank effected a bonus issue of 58,384,927 fully paid ordinary shares of a nominal value of €1.00 each, representing one (1) bonus share for every ten (10) shares held by shareholders on the register as at that date. The bonus issue was funded through the capitalisation of €58.4 million from retained earnings, as approved by shareholders at the Bank's 51st Annual General Meeting held in May 2025. In accordance with IAS 33 *Earnings per Share*, the earnings per share (EPS) for all periods presented in the interim report have been restated retrospectively to reflect the bonus issue as if it had occurred at the beginning of the earliest period presented.

The bonus issue did not result in any change to the total equity of the Bank but has increased the number of issued shares from 583,849,270 to 642,234,197.

5.3 Bond issue

On 2 June 2025, the Bank issued €150 million in 5% Unsecured Subordinated Bonds, maturing between 2030 and 2035, under the €250 million Unsecured Euro Medium Term Bond Programme approved by the Malta Financial Services Authority in the second half of 2024. The bonds were issued at par value, with interest payable annually in arrears. The proceeds from the bond issue are intended to strengthen the Bank's Tier 2 capital and support its strategic growth initiatives. In accordance with the requirements of IFRS 9 *Financial Instruments*, the bonds have been classified as long-term financial liabilities at amortised cost. Transaction costs directly attributable to the issuance have been deducted from the carrying amount of the liability and will be amortised over the life of the bonds using the effective interest method.

6. Segment information

	Retail Banking		Wealth Management		Business Banking		Treasury		Associates, Investments & Others		Total Reportable Segments	
	Jun-25 €000	Jun-24 €000	Jun-25 €000	Jun-24 €000	Jun-25 €000	Jun-24 €000	Jun-25 €000	Jun-24 €000	Jun-25 €000	Jun-24 €000	Jun-25 €000	Jun-24 €000
The Group												
Interest income	58,390	70,771	1	7	77,359	86,955	81,141	62,752	-	-	216,891	220,485
Interest expense	(8,320)	(8,082)	(114)	(36)	(10,566)	(8,543)	(8,070)	(7,445)	(1,150)	(2,806)	(28,220)	(26,912)
Net interest income	50,070	62,689	(113)	(29)	66,793	78,412	73,071	55,307	(1,150)	(2,806)	188,671	193,573
Fee and commission income	23,357	21,499	11,335	10,204	12,520	10,902	424	1,210	1,227	711	48,863	44,526
Fee and commission expense	(8,253)	(7,227)	(24)	-	-	-	(10)	-	(653)	(577)	(8,940)	(7,804)
Net fee and commission income	15,104	14,272	11,311	10,204	12,520	10,902	414	1,210	574	134	39,923	36,722
Operating income/(loss)	73,229	78,084	11,249	10,290	79,816	89,847	79,545	55,956	118	(952)	243,957	233,225
Profit / (loss) before tax	17,259	32,858	(5,516)	(4,226)	47,094	67,021	71,707	52,277	4,554	225	135,098	148,155
Total Assets	4,057,680	3,742,693	4,120	4,647	3,409,299	3,202,373	8,023,510	7,780,527	416,330	368,859	15,910,939	15,099,099
Total Liabilities	8,927,030	8,493,556	13,003	14,408	4,306,449	4,549,056	326,810	100,932	890,386	533,348	14,463,678	13,691,300

Notes to the Condensed Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

7. Contingent liabilities and Commitments

Contingent liabilities are backed by corresponding obligations from third parties.

Contingent Liabilities

	The Group		The Bank	
	Jun-25	Dec-24	Jun-25	Dec-24
	€000	€000	€000	€000
Acceptances and endorsements	16	278	16	278
Guarantees	570,089	395,536	570,089	395,536
Other contingent liabilities	17,005	18,367	17,005	18,367
	587,110	414,181	587,110	414,181

Commitments

	The Group		The Bank	
	Jun-25	Dec-24	Jun-25	Dec-24
	€000	€000	€000	€000
Documentary credits	47,896	45,873	47,896	45,873
Undrawn formal standby facilities, credit facilities and other commitments to lend	3,702,720	2,936,765	3,702,721	2,936,765
Capital expenditure contracted but not provided for in the financial statements	14,325	17,620	13,972	17,620
	3,764,941	3,000,258	3,764,589	3,000,258

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 Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

8. Fair value measurement (continued)

8.2 Fair Value hierarchy of financial assets and liabilities measured at fair value

The Group	Fair Value Measurement			Total €000
	Level 1 €000	Level 2 €000	Level 3 €000	
At 30 June 2025				
Assets				
Financial assets at fair value through profit or loss				
- debt and other fixed income instruments	1,412	-	7	1,419
- equity and other non-fixed income instruments	205	44,758	5,301	50,264
- loans and advances	-	43,056	-	43,056
- derivative financial instruments*	-	3,425	-	3,425
Investments				
- debt and other fixed income instruments - FVOCI	736	71,289	-	72,025
- equity and other non-fixed income instruments - FVOCI	4,247	-	-	4,247
	6,600	162,528	5,308	174,436
Liabilities				
Financial liabilities at fair value through profit or loss				
- derivative financial instruments	-	6,117	-	6,117
Derivative contracts designated as hedging instruments**	-	79	-	79
	-	6,196	-	6,196

* Derivative financial instruments with a gross carrying amount of €5.0 million are offset by €1.6 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 €3.4 million is disclosed in the table above.

** Derivative contracts designated as hedging instruments with a gross carrying amount of €1.5 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 €0.08 million is disclosed in the table above.

Notes to the Condensed Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

8. Fair value measurement (continued)

8.2 Fair Value hierarchy of financial assets and liabilities measured at fair value (continued)

	Fair value measurement			Total €000
	Level 1	Level 2	Level 3	
	€000	€000	€000	
At 31 December 2024				
Assets				
Treasury Bills - FVOCI	-	64,777	-	64,777
Financial assets at fair value through profit or loss				
- debt and other fixed income instruments	1,408	5	7	1,420
- equity and other non-fixed income instruments	274	44,409	5,369	50,052
- loans and advances	-	50,677	-	50,677
- derivative financial instruments*	-	4,071	-	4,071
Investments				
- debt and other fixed income instruments - FVOCI	2,702	77,839	-	80,541
- equity and other non-fixed income instruments - FVOCI	4,898	-	-	4,898
	9,282	241,778	5,376	256,436
Liabilities				
Financial liabilities at fair value through profit or loss				
- derivative financial instruments	-	4,200	-	4,200
Derivative contracts designated as hedging instruments**	-	-	-	-
	-	4,200	-	4,200

* Derivative financial instruments with a gross carrying amount of €5.8 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 €4.1 million is disclosed in the table above.

** Derivative contracts designated as hedging instruments with a gross carrying amount of €0.6 million are offset against Loans and advances to banks in the Statement of Financial Position. This offsetting is enforceable by master netting agreements. The net amount is therefore nil as reflected in the 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 2024.

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 instruments 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 Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

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			Total €000	Carrying Amount €000
	Level 1 €000	Level 2 €000	Level 3 €000		
At 30 June 2025					
Assets					
Investments at amortised cost	4,092,725	2,510,014	-	6,602,739	6,628,556
Liabilities					
Financial liabilities					
Debt securities in issue	378,840	-	-	378,840	368,595
Subordinated liabilities	255,905	-	-	255,905	415,793
	634,745	-	-	634,745	784,388
	Fair value measurement			Total €000	Carrying Amount €000
	Level 1 €000	Level 2 €000	Level 3 €000		
At 31 December 2024					
Assets					
Investments at amortised cost	3,761,542	2,414,844	-	6,176,386	6,251,257
Liabilities					
Financial liabilities					
Debt securities in issue	384,545	-	-	384,545	350,846
Subordinated liabilities	259,405	-	-	259,405	263,136
	643,950	-	-	643,950	613,982

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.

(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.

Notes to the Condensed Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

8. Fair value measurement (continued)

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 categorised as Level 3 within the fair value hierarchy.

	Fair value through profit or loss		Fair value through other comprehensive income		Total
	Debt and other fixed income instruments	Equity and other non-fixed income instruments	Debt and other fixed income instruments	Equity and other non-fixed income instruments	
2025	€000	€000	€000	€000	€000
Opening balance					
1 January 2025	7	5,369	-	-	5,376
Net change in fair value	-	(68)	-	-	(68)
Closing balance					
30 June 2025	7	5,301	-	-	5,308

	Fair value through profit or loss		Fair value through other comprehensive income		Total
	Debt and other fixed income instruments	Equity and other non-fixed income instruments	Debt and other fixed income instruments	Equity and other non-fixed income instruments	
2024	€000	€000	€000	€000	€000
Opening balance					
1 January 2024	8	6,060	62,533	-	68,601
Net change in fair value	-	434	489	-	923
Closing balance					
30 June 2024	8	6,494	63,022	-	69,524

The financial assets at fair value through profit or loss categorised as Level 3 within the fair value hierarchy as at 30 June 2025 and 30 June 2024 gave rise to €0.07 million of unrealised net gains during the current interim period compared to unrealised net gains of €0.43 million in the comparative period.

The 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 investees

Share of profit for the period amounted to €4.7 million compared to a share of profit of €4.6 million in the comparative period.

Notes to the Condensed Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

10. Earnings per share

The earnings per share was calculated on profit attributable to shareholders of the Group amounting to €89,481,000 (June 2024: profit of €97,632,000) divided by 642,234,197 outstanding shares as at 30 June 2025.

The Bank has on the close of business of 26 June 2025 allotted 58,384,927 bonus shares (1 for every 10 shares held) of a nominal value of €1.00 each fully paid up. The Earnings per share (EPS) for the current and comparative periods have been adjusted retrospectively to account for the increased number of shares in issue as if the bonus shares had been issued at the beginning of the earliest period presented.

11. Expected Credit Losses

11.1 Assumptions and judgements in respect of forward-looking

Expected Credit Losses (ECL) are sensitive to judgements and underlying assumptions, particularly those related to the forward-looking scenarios and their probability weighting. The Group calibrates its Probability of Default (PD) model on an annual basis, while macro-economic variable forecasts, which are key inputs affecting expected credit losses for each portfolio, are updated quarterly. This approach ensures that the ECL model consistently incorporates the latest forecasts issued by official authorities. The most statistically significant macro-economic factors for all portfolios continue to be Gross Domestic Product (GDP) growth rate and Unemployment rate. 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 calibrated model includes three scenarios (base/optimistic/adverse) whereby the baseline scenario is mapped to the economic forecasts published quarterly by the Central Bank of Malta (CBM) and the Budgetary Plan and the Update of Stability Program issued by the Ministry for Finance and Employment. The optimistic and adverse scenarios are derived as follows:

- The Budgetary Plan and the Update of Stability Program publish upside and downside scenarios for real GDP growth (GDP fan chart);
- 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 GDP growth rate.

The table below reflects the scenarios for a single year prepared from the June 2025 publications of the CBM and the Government of Malta as well as the calculation of the upside and downside scenarios.

Q2 2025	Baseline %	Adverse scenario %	Optimistic scenario %
GDP growth rate	4.0	1.7	7.5
Unemployment rate	3.0	3.4	2.4
Probability	50.0	25.0	25.0

During the first six months of 2025, 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 2024. 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, remains fairly consistent with the outcome of the sensitivity analysis performed as at 31 December 2024. 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 2024.

Notes to the Condensed Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

11. Expected Credit Losses (continued)

11.2 Reconciliation of ECL and Gross Loan portfolio

The following tables explain the key changes in the loss allowance between the beginning and the end of the period due to the following factors:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired during the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL. Changes in the staging allocation of balances existing at 1 January 2025 (and associated ECL changes) are presented in “transfers to/(from)”, whereas subsequent changes in the staging allocation of new assets originated during the period are presented in “new financial assets originated”;
- Additional allowances for new instruments recognised during the period;
- Impact on the remeasurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Financial assets derecognised related to settlements during the period and corresponding reversals of allowances and provisions; and
- Write-offs related to assets written off during the period.

Allowances on On-Balance Sheet Exposures (Loans and Advances to Customers)

	Stage 1 12-month ECL €000	Stage 2 Lifetime ECL €000	Stage 3 Lifetime ECL €000	Total €000
Total Allowances at 1 January 2025	14,738	10,426	62,125	87,289
Transfer to/(from):				
Stage 1	(716)	3,771	5,721	8,776
Stage 2	172	(1,761)	2,557	968
Stage 3	2	609	(2,900)	(2,289)
New financial assets originated*	1,956	590	919	3,465
Financial assets that have been derecognised	(504)	(517)	(1,850)	(2,871)
Write-offs	-	-	(1,419)	(1,419)
Changes to model assumptions and methodologies	(291)	(44)	(20)	(355)
Other movements**	(1,657)	(606)	(4,510)	(6,773)
Total Allowances at 30 June 2025	13,700	12,468	60,623	86,791

Notes to the Condensed Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

11. Expected Credit Losses (continued)

11.2 Reconciliation of ECL and Gross Loan portfolio (continued)

The below includes the impact of the expected credit losses on loan commitments and financial guarantee contracts during the six months up to 30 June 2025.

Provisions on Off-Balance Sheet Exposures	Stage 1	Stage 2	Stage 3	Total
	12-month ECL €000	Lifetime ECL €000	Lifetime ECL €000	
Total Provisions at 1 January 2025	10,644	1,311	4,258	16,213
Transfer to/(from):				
Stage 1	(66)	201	284	419
Stage 2	54	(404)	99	(251)
Stage 3	20	8	(311)	(283)
New financial assets originated*	2,858	59	1,023	3,940
Financial assets that have been derecognised	(1,330)	(56)	(225)	(1,611)
Write-offs	-	-	(4)	(4)
Changes to model assumptions and methodologies	(105)	(5)	-	(110)
Other movements**	(2,632)	(224)	(1,039)	(3,895)
Total Provisions at 30 June 2025	9,443	890	4,085	14,418

Notes to the Condensed Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

11. Expected Credit Losses (continued)

11.2 Reconciliation of ECL and Gross Loan portfolio (continued)

The following table discloses changes in the gross carrying amount of the loan portfolio to help further explain their significance to the changes in the loss allowance for the same portfolio as reflected above:

Carrying Amount of Loans and Advances to Customers	Stage 1	Stage 2	Stage 3	Total
	12-month ECL €000	Lifetime ECL €000	Lifetime ECL €000	
Total Gross Carrying Amount at 1 January 2025	6,423,559	373,766	186,943	6,984,268
Transfer to/(from):				
Stage 1	(88,166)	77,331	9,056	(1,779)
Stage 2	30,647	(37,653)	5,306	(1,700)
Stage 3	2,303	12,581	(15,501)	(617)
New financial assets originated*	304,582	3,511	1,209	309,302
Financial assets that have been derecognised	(110,963)	(31,789)	(9,376)	(152,128)
Write-offs	-	-	(1,419)	(1,419)
Drawdown/(repayment) on existing assets***	414,330	(20,912)	(2,204)	391,214
Total Gross Carrying Amount at 30 June 2025	6,976,292	376,835	174,014	7,527,141
Less Allowances	(13,700)	(12,468)	(60,623)	(86,791)
Net Loans and Advances to customers	6,962,592	364,367	113,391	7,440,350
Less Loans and advances at FVTPL				(43,056)
Loans and advances to customers at amortised cost				7,397,294

The carrying amount at 30 June 2025 includes loans and advances to customers designated at fair value through profit or loss of €43.1 million (31 December 2024: €50.7 million).

* Newly originated financial assets during the period comprise of:

Stage 2 - assets that have been originated to counterparties in stage 2 that are still subject to the Bank's cure/probation criteria,
Stage 3 - €1.2 million of originated credit impaired assets which relate to new facilities granted to counterparties in default as part of existing commitments.

** Other movements comprise changes in ECL in respect of accounts which have not been upgraded or downgraded.

*** Drawdown/(repayment) on existing assets comprises changes in carrying amount of accounts which have not been upgraded or downgraded.

Notes to the Condensed Half Yearly Financial Statements (continued)

For the six months ended 30 June 2025

11. Expected Credit Losses (continued)

11.3 Net impairment reversal

The following tables present a summary of the net impairment reversal recognised by the Bank during the first six months of 2025 and the corresponding period in 2024.

	Stage 1		Stage 2		Stage 3		Total ECL
	Allowance	Provision	Allowance	Provision	Allowance	Provision	
Jun-25	€000	€000	€000	€000	€000	€000	€000
Model ECL - Credit	1,038	1,201	(2,042)	421	1,054	(361)	1,311
Model ECL - Treasury	(72)	1	-	(7)	-	81	3
NPLs ECL	-	-	-	-	2,042	534	2,576
Total ECL	966	1,202	(2,042)	414	3,096	254	3,890
Write-offs	-	-	-	-	(1,419)	-	(1,419)
Recoveries	-	-	-	-	821	-	821
Net Write-offs	-	-	-	-	(598)	-	(598)
Net Impairment reversal/(charge)	966	1,202	(2,042)	414	2,498	254	3,292

	Stage 1		Stage 2		Stage 3		Total ECL
	Allowance	Provision	Allowance	Provision	Allowance	Provision	
Jun-24	€000	€000	€000	€000	€000	€000	€000
Model ECL - Credit	(1,174)	(3,201)	1,664	1,463	3,103	2,227	4,082
Model ECL - Treasury	4	(10)	26	-	-	(117)	(97)
NPLs ECL	-	-	-	-	1,503	(521)	982
Total ECL	(1,170)	(3,211)	1,690	1,463	4,606	1,589	4,967
Write-offs	-	-	-	-	(634)	-	(634)
Recoveries	-	-	-	-	829	-	829
Net Write-offs	-	-	-	-	195	-	195
Net Impairment (charge)/reversal	(1,170)	(3,211)	1,690	1,463	4,801	1,589	5,162

12. Subsequent events

Following the approval obtained in the Annual General Meeting in the first half of 2025, the Bank has received regulatory approval subsequent to the reporting period on the share buyback program to be operationalised during the second half of 2025. In support of this initiative, the Bank has established a €7.8 million share buy-back reserve. The objective of the programme is to repurchase, acquire, and hold for re-sale up to 3,060,000 shares from the Bank's issued and paid-up share capital, with the aim of enhancing liquidity and optimising shareholder value. The buyback programme will be effective for a maximum of 18 months from the date of AGM approval, with a particular focus on supporting the liquidity of the Bank's shares.



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 2025 and the related condensed interim statements of financial position as at 30 June 2025, the statements of changes in equity and statements of cash flows 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.

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 that reads 'Fabio Axisa'.

Fabio Axisa
Principal

For and on behalf of

PricewaterhouseCoopers

78, Mill Street

Zone 5, Central Business District

Qormi

Malta

31 July 2025

a) The maintenance and integrity of the Bank of Valletta p.l.c. website is the responsibility of the Directors of the Bank; 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.



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

Bank of Valletta p.l.c. is a public limited company regulated by the MFSA and is licensed to carry out the business of banking and investment services in terms of the Banking Act (Cap. 371 of the Laws of Malta) and the Investment Services Act (Cap. 370 of the Laws of Malta). Bank of Valletta p.l.c. is an enrolled Tied Insurance Intermediary under the Insurance Distribution Act, Cap. 487 of the Laws of Malta for MAPFRE MSV Life p.l.c. (MMSV). MMSV (C 15722) is authorised under the Insurance Business Act, Cap. 403 of the Laws of Malta.

Both entities are regulated by the Malta Financial Services Authority.