



Bank of Valletta

Office of the Company Secretary

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BOV/398

COMPANY ANNOUNCEMENT

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

Quote

BANK OF VALLETTA p.l.c. INTERIM DIRECTORS' STATEMENT

Q3 July to September - Financial Year 2020

The COVID-19 situation continued to strongly influence the activities of Bank of Valletta p.l.c. during Q3 2020. Elements of improvement over Q2 were experienced as restrictions were eased, but the prolongation of the situation entails overall lower business volumes and revenues compared to last year. This is evident in, lower fees and commissions as travel, foreign exchange and transaction business activity remain subdued.

At this stage, we have not seen signs of significant businesses distress, while retail customer resilience remains relatively strong. Conditions can be expected to deteriorate through a prolongation of the COVID-19 situation. The Bank is thus regularly reviewing credit loss provisions and developing strategies to support customers who start to experience material difficulties. We are anticipating further management overlays into our economic forecasts which will increase overall credit loss provisions for the duration of the COVID-19 event.

Away from the COVID-19 impacts, we are expecting some tailwinds during the second half of the year as we see a recovery to P&L from the settlement of the Swedish Pension Agency 'Falcon Fund'. A reinforced focus on recoveries of long-standing lending assets previously written off is leading to positive outcomes. While we remain fully committed to resolving the Deiulemar situation, we are not able to report any further tangible progress at this point.

The Bank has extended over €200 million to its clients under its COVID-19 Assist scheme supported by the Malta Development Bank. Demand for home loans also picked up lately after the slowdown earlier in the year.

Corporate deposits decreased marginally in the recent months in line with the Bank's de-risking initiatives. This was offset by growth in the retail sector as personal spending was generally subdued. The Bank's capital and liquidity positions remained very strong as the Group continues to prioritise the optimisation of regulatory capital. Significant progress was registered in the risk management and compliance activities of the Bank.

The Bank of Valletta Group will continue to support the local economy and especially its customers in these unprecedented times, while pursuing its efforts to maximize long term value for its shareholders.

Unquote

A handwritten signature in black ink, appearing to read 'R. Longhurst', written in a cursive style.

**Dr. Ruth Spiteri Longhurst B.A., LL.D.
Company Secretary**

2 November 2020