



CENTRAL GOVERNMENT DEBT MANAGEMENT

ANNUAL REPORT 2025

TREASURY DEPARTMENT

DEBT MANAGEMENT DIRECTORATE

© Treasury Department (Ministry for Finance), 2026

All Rights Reserved. Reproduction is permitted provided that the source is acknowledged.

Address

Development House, Level 3,
St. Anne Street,
Floriana FRN 9010
Malta

Website

<https://treasury.gov.mt>

Email

treasury.malta@gov.mt

Telephone

(+356) 2596 7100

Disclaimer

This report is intended solely for general information purposes. It is not to be used or considered as financial or investment advice, a recommendation, an offer to sell, or a solicitation to buy any securities or other financial assets. This document is not an offer document. It should not be regarded as investment research or an objective or independent analysis of the matters contained herein, and it is not prepared in accordance with regulations governing investment advice.

Reasonable care has been taken to ensure that material information contained in this report is accurate and free of omissions that could affect its understanding.

Figures in tables may not add up due to rounding.

Printed at the Government Printing Press.

MINISTERU GHALL-FINANZI
Uffiċċju tal-*Accountant General*
IT-TEŻOR



MINISTRY FOR FINANCE
Office of the Accountant General
TREASURY DEPARTMENT

Our Ref:
Your Ref:

9th March 2026

The Hon. Clyde Caruana
Minister for Finance
Maison Demandols
South Street
Valletta, VLT 1102

Dear Minister,

Annual Report on the Central Government Debt - 2025

In terms of Article 36 of the Government Borrowing and Management of Public Debt Act (Cap. 575 of the laws of Malta), I am transmitting to you a copy of the Annual Report on the management of the central government debt for the year 2025 to be published and tabled in Parliament.

Yours sincerely,

Paulanne Mamo
Accountant General



CENTRAL GOVERNMENT DEBT MANAGEMENT

ANNUAL REPORT

2025

TREASURY DEPARTMENT

DEBT MANAGEMENT DIRECTORATE

CONTENTS

1. The Debt Management Directorate	1
1.1 Organisation and Resources.....	1
1.2 Objectives and Legal Framework	1
1.2.1 Mandate	1
1.2.2 Legal Framework	2
2. Euro Area Rates Market Developments	3
2.1 ECB Monetary Policy Decisions	3
2.2 Euro Area Debt Capital Market Developments	4
3. Domestic Sovereign Debt Primary Market Developments	6
3.1 Debt Security & Debt Instrument Issuance Strategy	7
3.1.1 Malta Government Stocks.....	8
3.1.2 62+ Malta Government Retail Savings Bonds	9
3.1.3 Treasury Bills	10
3.2 Primary Market Coupons, Yields & Spreads.....	12
3.2.1 Malta Government Stocks.....	12
3.2.2 62+ Malta Government Retail Savings Bond.....	15
3.2.3 Treasury Bills	15
4. Central Government Debt Portfolio Composition	18
4.1 Malta Government Stocks.....	19
4.2 Malta Government Retail Savings Bonds	20
4.3 Treasury Bills	21
4.4 Foreign Loans	22
5. Debt Portfolio Risk Indicators	25
6. Investor Classification	27
7. Interest Expenditure	29
8. Sinking Funds	31
9. EU Emissions Trading System (EU ETS)	32
10. Credit Ratings	33
Appendix I: Statistical Highlights	34
Appendix II: Outstanding Debt Securities & Debt Instruments as at 31 December 2025	35

LIST OF TABLES

Table 1: Estimated Public Sector Borrowing Requirement for 2025	6
Table 2: Participation in MGS Issues during 2025	8
Table 3: Malta Government Stock Allocation by Maturity Bucket in 2025.....	9
Table 4: T-bills Issued by Tenor in 2025	10
Table 5: T-bill Borrowing Rates in 2025	16
Table 6: Central Government Outstanding Debt as at 31 December 2024 & 2025.....	19
Table 7: Outstanding Malta Government Retails Savings Bonds as at 31 December 2025	20
Table 8: Terms of the new EIB Loan	23
Table 9: Foreign Loans Outstanding as of 31 December 2025	24
Table 10: Debt Portfolio Risk Indicators	25
Table 11: Central Government Debt Interest Expenditure in 2024 & 2025.....	29
Table 12: Sinking Funds' Cash Balances & holdings of Government Debt Securities	31
Table 13: EU ETS Auctions Data	32
Table 14: Credit Ratings of the Republic of Malta.....	33

LIST OF CHARTS

Chart 1: Monthly T-bill Issues and Redemptions in 2025.....	11
Chart 2: MGS Primary Market Yields & Maturities 2023-2025	13
Chart 3: MGS Primary Market Spread over Bund 2023-2025	14
Chart 4: 3-month EURIBOR vs. Accepted 3-month T-bill Rates in 2025	15
Chart 5: 91-Day T-bill Funding Spread over EURIBOR in 2025	17
Chart 6: Debt Portfolio Composition as at 31 December 2024 & 2025	18
Chart 7: Outstanding MGS by Residual Maturity as at 31 December 2025	20
Chart 8: Early Redemptions of 62+ Malta Government Retail Savings Bonds in 2025	21
Chart 9: Composition of Outstanding T-bills by Maturity as at 31 December 2025	22
Chart 10: Composition of Outstanding Foreign Loans as at 31 December 2025	23
Chart 11: Total Central Government Debt Maturity Profile as at 31 December 2025	26
Chart 12: MGS Investor Distribution as at 31 December 2024 & 2025.....	27
Chart 13: Treasury Bills Investor Distribution as at 31 December 2024 & 2025.....	28

LIST OF ABBREVIATIONS

62+ MGRSB	62+ Malta Government Retail Savings Bond
bps	basis points
CBM	Central Bank of Malta
CDS	Credit-Default Swaps
CO₂	Carbon Dioxide
DFR	Deposit Facility Rate (ECB)
DMD	Debt Management Directorate
ECB	European Central Bank
EEX	European Energy Exchange
EIB	European Investment Bank
ESDM	EU Sovereign Debt Markets (EU Commission Sub-Committee)
EU	European Union
EU ETS	European Union Emissions Trading System
EURIBOR	Euro Inter-Bank Offer Rate
FRN	Floating-Rate Note
GBMPDA	Government Borrowing and Management of Public Debt Act
GDP	Gross Domestic Product
MGS	Malta Government Stock
MSE	Malta Stock Exchange
NAO	National Audit Office
p.a.	per annum
pp	percentage point(s)
PSBR	Public Sector Borrowing Requirement
QE	Quantitative Easing
SPL	Structural Programme Loan (EU Funds)
SURE	Support to mitigate Unemployment Risks in an Emergency
tCO₂	Tonne of Carbon Dioxide
T-Bills	Treasury Bills
US	United States (of America)
WAC	Weighted-Average Coupon
WAM	Weighted-Average Maturity
WAR	Weighted-Average (Interest) Rate
WAY	Weighted-Average Yield

1. The Debt Management Directorate

The Debt Management Directorate (DMD) is part of the Maltese Government's Treasury Department and is responsible for managing the country's central government debt. Established in 2006, the DMD has the authority to raise loans on behalf of the Government of Malta up to the statutory limits set by Parliament and manage its debt portfolio. A comprehensive legal framework for debt management, the Government Borrowing and Management of Public Debt Act (GBMPDA), was enacted in 2017, providing the legal foundation for borrowing and managing public debt.

1.1 Organisation and Resources

The DMD is structured into three main areas: Front Office, Middle Office, and Back Office. The Front Office handles the issuance of government debt securities, instruments and customer service. The Middle Office is responsible for the maintenance of debt-related databases, risk analysis, policy advice, and the implementation of risk controls. The Back Office focuses on processing debt servicing and recording of accounting transactions. The DMD operates in line with international best practices and is audited annually by the National Audit Office (NAO).

1.2 Objectives and Legal Framework

1.2.1 Mandate

Under Articles 5 and 8 of the GBMPDA, the Minister for Finance has the authority to borrow on behalf of the Government of Malta through loans, credit agreements, debt securities, or other instruments, domestically and outside Malta, in both local and foreign currencies. The DMD's main goal is to minimize long-term government financing costs while managing related risks, ensuring funds are raised in a prudent and cost-effective way. To achieve this, the DMD follows the principles of transparency, consistency, accountability, and fairness. Additionally, it aims to support the growth and functioning of Malta's domestic money and debt capital markets.

1.2.2 Legal Framework

The GBMPDA, which came into force on 1 September 2017, and the annual Budget Measures Implementation Act, give the government the power to borrow money.

In 2025, borrowing requirements were fulfilled under the GBMPDA, the Budget Measures Implementation (2025) Act, Cap. 648 of the Laws of Malta, and additional regulations, including:

1. Malta Government Stocks Regulations;
2. Malta Treasury Bills Regulations; and,
3. Malta Government Retail Savings Bonds Regulations.

2. Euro Area Rates Market Developments

2.1 ECB Monetary Policy Decisions

The year 2025 has been a year of doveish monetary policy among the world's major central banks with the European Central Bank (ECB) opting for four cuts. During the first quarter of 2025, the ECB continued its monetary loosening cycle which started in June 2024. The ECB decided to lower the three key policy rates by 25 basis points (bps) at both the January and March meetings. The Deposit Facility Rate (DFR), the rate through which the Governing Council steers monetary policy and therefore short-term rates, decreased from 3.00% in December 2024 to 2.50% in March 2025.

In the March meeting the ECB stated that the disinflation process remained overall well on track despite a slight revision upwards in headline inflation for 2025, averaging at 2.3%, due to higher energy prices. Most measures of underlying inflation indicated that inflation would settle at around the Governing Council's 2.0% medium-term target on a sustained basis.

With cumulative interest rate cuts of 150 basis points since June 2024, the ECB was confident that monetary policy was becoming meaningfully less restrictive as loan growth was picking up and borrowing costs were lower. However, the economic outlook remained weak due to high international trade policy uncertainty and geopolitical tensions, which led the ECB to revise downward its growth projections for 2025 and 2026.

The ECB lowered again the three key interest rates by 25 basis points on 17 April. Annual inflation edged down to 2.2% in March 2025 and was developing as expected. However, the ECB remarked that the growth outlook had deteriorated due to the escalation of global trade tensions. The high level of uncertainty was expected to weigh on business investment and exports, reduce confidence among households and firms, and the adverse market response to trade tensions was expected to lead to tighter financing conditions.

At its meeting on 5 June 2025, the ECB cut the DFR by another 25 bps, bringing it to 2.0%. The decision was based on its assessment that indicators of underlying inflation remained consistent with the 2.0% medium-term target. Headline inflation was projected to average 2.0% in 2025 and 1.6% in 2026.

The Governing Council decided to keep the three key rates unchanged for the rest of the year as inflation was expected to stabilise at the 2.0% medium-term target. In the last meeting of the year held on 18 December, the new Eurosystem staff projections showed headline inflation averaging 2.1% in 2025 and 1.9% in 2026. The economy continued to grow despite the challenging global environment. A strong labour market, higher real incomes, robust private sector balance sheets, easier financing conditions, and increased defence and infrastructure spending were expected to support economic growth over the medium term.

2.2 Euro Area Debt Capital Market Developments

Whilst euro area policy rates fell during 2025, longer-term bond yields that influence the borrowing costs for government debt, have fallen by far less, or have risen outright. Germany's ten-year yield of 2.86% at the end of the year was 49 bps higher than at the start of 2025.

During the first quarter of the year under review, the benchmark yield curve in the euro area steepened significantly, with long-term yields rising and short-term yields moving slightly down. The yield of the 10-year Bund rose steadily from the beginning of December 2024 to mid-January 2025 (+62 bps) due to global uncertainty. The expansionary fiscal stance announced by the German government on 4 March involving significant investment in the defence, infrastructure and energy sectors, triggered an immediate response in the financial markets.

The German Bund ended the week of the announcement 43 bps higher at 2.84% despite the interest rate cut by the ECB on 6 March. In addition, measures at European Union (EU) level, mainly the ReArm Europe/Readiness 2030 plan, which is planned to mobilise up to €800 billion for defence spending, and the decision to activate the National Escape Clause, also led to an increase in other euro-area government bond yields.

Euro area 10-year government bond yield spreads over the German Bund mostly decreased and the French spread stabilised after a period of high volatility that started in the summer of 2024. Credit default swap (CDS) prices mostly decreased for southern Member States and rose for Germany and most other core Member States.

In the second quarter of the year, developments in international trade relations were the main drivers in financial markets. On 2 April the United States (US) administration announced a 10% baseline tariff on all imports in addition to "reciprocal" tariffs on around 60 trading partners which led to the sharpest repricing of financial assets since the pandemic. A week later, an unexpected 90-day suspension of tariffs on most US trading partners provided partial respite.

The benchmark yield curves steepened, and long-term yields rose considerably in all main jurisdictions. Most of the Euro-area 10-year government bond spreads over the German Bund spiked at the beginning of April around the announcement of the new tariff regime and the subsequent uncertainty but receded after the 90-day pause was announced. CDS prices for euro area Member States mostly increased by a few bps.

In the second half of the year developments in international trade relations remained an important driver in financial markets. Trade agreements between the US and several of its main trading partners eased trade policy uncertainty from its April highs. A trade agreement between the US and the EU, announced on 21 August 2025, resulted in lower than initially feared tariffs on European exports. The US set a standard tariff rate ceiling of 15% on most EU imports. However, uncertainty continued to linger amid periodical geopolitical disputes.

International trade agreements, including between the US and the EU, have helped reduce near-term tail risks for global and euro area growth outlooks. Furthermore, euro area sovereign bond markets benefited from flight-to-safety dynamics following the April tariff turmoil as investors questioned the safe-haven status of US assets.

Other important drivers were increasing fiscal pressures in some euro area countries, in some cases heightened by political turmoil. For example, in Germany the general government budget deficit was projected to exceed 4.5% of Gross Domestic Product (GDP) due to the increased defence and infrastructure spending in response to elevated geopolitical tensions.

At the same time, there were shifts in the investor base towards more price sensitive investors, mainly due to concerns over sovereign debt sustainability. Demand for euro area longer-dated bonds weakened and borrowing costs surged. Furthermore, the Dutch pension industry's transition from a guaranteed payout to a defined contribution framework, is set to lower demand for longer-dated government debt. Despite these developments, financial markets accommodated high levels of sovereign issuance smoothly during the year, even in turbulent periods.

Improved fiscal fundamentals and sovereign rating upgrades in several euro area countries have compressed government bond spreads. For instance, Italy continued to improve its fiscal deficit trajectories with a stable political environment resulting in a lower 10-year yield of around 3.56% at the end of September and a tightening of its spread to approximately 85 bps, the narrowest level in several years. In contrast, spreads widened in countries facing fiscal challenges and rating downgrades, notably France due to its prolonged political instability exacerbated by disputes over fiscal consolidation measures. French 10-year government bond spreads were above 80 bps over German Bunds at the end of August, beginning of September, and then again in October.

3. Domestic Sovereign Debt Primary Market Developments

According to the 2025 Budgetary Financial Estimates, the maximum amount that could be borrowed from medium-to-long term debt securities and instruments during the year was estimated at €1,500 million. This amount was intended to finance the following expenditures, as exhibited in the Budget Speech for 2025, and ensuing Annual Borrowing Plan published by the Accountant General on 28 January 2025:

Table 1: Estimated Public Sector Borrowing Requirement for 2025	
	€ million
Consolidated Fund (Cash) deficit ¹	849.9
Bond redemptions	459.4
Repayment of Foreign loan (SURE)	80.0
62+ MGSRB Early redemptions	5.6
Annual contributions to Sinking Funds (Local & Foreign loans)	30.0
Equity acquisitions	50.4
Repayment of loans to Government	(2.8)
Total	1,472.5

The Public Sector Borrowing Requirement (PSBR) for 2025 was originally estimated to be 15% or €255 million lower than the 2024 estimate. However, the actual amount borrowed during 2025 turned out higher than the actual amount raised in 2024, mainly due to a significantly higher projected Consolidated Fund deficit. This inevitably led to an increase in the supply of debt securities in a small domestic debt capital market, which finally translated into higher borrowing costs (See Section 3.2 and Chapter 7).

However, the elevated supply of bonds is not the only variable that explains the rise in borrowing costs. As explained in Section 2.2, the year 2025 saw euro area sovereign yield curves steepen, principally on account of higher long-term interest rates (10-years and over). The drivers behind this steepening are various and include ECB divestment of its Quantitative Easing (QE) portfolio, higher future growth and inflation expectations due to expansionary fiscal policy announcements by Germany and debt sustainability concerns about some core member states such as France.

Although much of these variables are not applicable to Malta, changes in international sovereign bond market rates tend to pass through to the local capital market earlier than into bank deposit and loan rates. Concurrently, during 2025 the DMD pursued an issuance strategy that sought to extend the weighted-average maturity (WAM) of both new Malta Government

¹ Since the DMD is responsible for the central government's cash management, all references to the budget deficit in this report pertain to the cash-based measure rather than the accrual-based figure.

Stock (MGS) issues and the outstanding MGS portfolio, by allocating higher amounts to 10-year and 15-year paper (See Section 3.1.1). The ultimate aim was to reduce the already elevated 5-year refinancing risk (See Chapter 5).

The confluence of higher long-term secondary market yields and a concerted effort to expand the share of borrowing from the long-term segment of the curve led to a higher MGS weighted-average coupon (WAC), weighted-average yield (WAY) and ultimately interest expenditure (See Chapter 7 and Appendix I). Moreover, as already described in last year's annual report, low-coupon MGS issued during the height of the pandemic are now being refinanced via higher-coupon bonds, and this is also impacting debt servicing costs.

On the other hand, the looser monetary policy adopted by the ECB in 2025 has positively affected short-term borrowing expenditure, with the new Treasury bills (T-bills) weighted-average rate (WAR) falling 98 bps compared to 2024, whilst the equivalent rate for the outstanding T-bills portfolio at the end of the year dropped by 91 bps (See Section 3.2.3 and Appendix I). That said, in 2025, the increase in medium-to-long-term borrowing costs outweighed the downward impulse from lower short-term interest rates.

Further details on the 2025 borrowing operations and funding costs for each debt security or instrument can be found in the next sections.

3.1 Debt Security & Debt Instrument Issuance Strategy

In 2025, the gross amount borrowed by the DMD from the domestic² debt capital market through MGS issues and the 62+ Malta Government Retail Savings Bond (62+ MGRSB) rollover totalled €1,319.7 million. (2024: €1,259.2 million). Another €77.9 million were financed via a new bilateral loan from the European Investment Bank (EIB) (see Section 4.4). Thus, the total amount of funding raised through medium-to-long-term debt securities and instruments during 2025 adds up to €1,397.6 million.

During the year, the DMD borrowed €1,264.0 million through MGS issues (2024: €1,186.9 million) and rolled over €55.7 million of the 62+ MGRSB due for redemption in July (€72.2 million in 2024).

In 2025, the conventional fixed-rate MGS remained the primary debt instrument through which the DMD financed central government's actual borrowing requirements for the year, with 90% of medium- to long-term borrowing sourced from fixed-rate bonds (2024: 94%). By the end of the third quarter, 66% of the total amount borrowed via MGS had been raised, the same level as in 2024.

² Although MGS and Treasury bills (T-bills) are issued and listed on the domestic market, non-resident investors bearing Malta Stock Exchange (MSE) accounts also participate in MGS and T-bills issues and hold notable outstanding amounts of each type of debt security (See Chapter 6).

The residual balance of estimated funding requirements is accounted for by (i) the annual change in the outstanding T-bills balance; (ii) the annual change in the cash balance of the government's main bank account held at the Central Bank of Malta (CBM); and (iii) the actual Consolidated Fund (cash) deficit figure variance against the Budget estimate.

3.1.1 Malta Government Stocks

Nearly all MGS issued in 2025 were new bonds, except for two fungible MGS offered in November. The DMD issued five new MGS during the year, spread across three issues, focusing on the short-, medium- and long-term points of the yield curve³, reflecting investors' preferences. The fungible MGS issues consisted of bonds with residual maturities of 9.6 years and 14.9 years respectively.

The offer of 15-year bonds in two out of the three MGS issues held during 2025 raised the WAM of new MGS placed on the market from 7.3 years in 2024 to 10.0 years by the end of the year under review. This was the intended result of a strategy aiming to lengthen the overall outstanding MGS portfolio WAM to reduce refinancing risk (See Chapter 5). The overall bid-to-cover ratio for 2025 MGS issues was 1.77x, lower than the 2.18x recorded in 2024, but on account of a higher volume of issuance.

The MGS issuance strategy for 2025 consisted of three combined issues (i.e., bonds were available for subscription to both retail and institutional investors). Out of the total gross MGS issues, €858.0 million or 68% were allocated through the competitive multiple price Dutch auction mechanism (2024: €886.7 million or 75%). The balance of €406.0 million, or 32%, was allotted to retail investors (applications below €500,000 in each MGS) at fixed offer prices announced 8 days prior to the auction date (2024: €300.3 million or 25%). More details about each MGS issue held in 2025 can be found in **Table 2** below.

Month	Amount on Issue	Over-allotment option	Retail	Auction	Total Received (a+b)	Auction	Total Allotted (a+c)	Bid-To-Cover Ratio
			Amount Applied & Allotted (a)	Amount Bid (b)		Allotted (c)		
			(€ million)	(€ million)		(€ million)		
FEB	300	150	147.8	454.5	602.3	302.0	449.8	2.01
JUL	250	150	155.0	294.0	449.0	233.0	388.0	1.80
NOV	350	100	103.2	439.5	542.7	323.0	426.2	1.55
Total	900	400	406.0	1,188.0	1,594.0	858.0	1,264.0	1.77

³ Throughout this report, short-term bonds are defined as bonds having an initial term to maturity of between 2 and 7 years. Medium-term MGS are defined as debt securities having an initial term to maturity ranging between 8 and 14 years. Long-term bonds refer to MGS having an initial term to maturity of 15 years and over.

A total of €238.5 million, or 19% of MGS issued in 2025, were raised via short-term bonds (4-6 years), compared to €640.2 million or 54% in 2024. Medium-term (10-year) debt securities accounted for 64% or €813.1 million of the total yearly amount allotted (2024: €546.7 million or 46%). Finally, €212.5 million or 17% were funded via 15-year bonds, compared to no long-term bond issuance in 2024.

The bond with the longest maturity at issuance was offered in July 2025 (15.2 years) and matures in October 2040. Medium-term bonds (10-year) were always offered alongside either short-term or long-term bonds. The bond with the shortest term to maturity was issued in November 2025 and matures in February 2030 (4.2 years). **Table 3** underneath illustrates the MGS allocated during 2025 across the three issuances held during the year.

Month	Short-term	Medium-term	Long-term	Total
	(€ million)	(€ million)	(€ million)	(€ million)
February	111.6	338.2	-	449.8
July	-	302.7	85.3	388.0
November	126.9	212.8	86.5	426.2
Total	238.5	853.7	171.8	1,264.0

3.1.2 62+ Malta Government Retail Savings Bonds

In June 2025, the Ministry for Finance decided to offer existing holders of the 62+ MGRSB – 2020 Issue maturing in July, the possibility to rollover their holdings into a new 5-year 62+ MGRSB, maturing in July 2030. Out of a total of 11,963 eligible holders, 65% or 7,719 accepted the offer (2024: 79%). Hence, €55.7 million out of €86.9 million were re-invested into the new 62+ MGRSB – Issue 2025.

From a cash management perspective, the Treasury Department paid only the balance which was not rolled over (slightly above €31.2 million) to the 4,244 eligible holders of the 62+ MGRSB – Issue 2020 that elected not to re-invest their holdings (2024: €19.3 million). The new 62+ MGRSB – 2025 Issue was offered to eligible investors at a lower coupon than the maturing instrument (see Section 3.2.2).

During 2025, slightly more than €5.9 million worth of 62+ MGRSB were repaid prior to their set maturity date and subsequently cancelled from the Malta Stock Exchange (MSE) register (2024: nearly €5.1 million). The early redemptions were paid either to investors who wished to liquidate their investment or to the heirs of deceased 62+ MGRSB holders through the *causa mortis* legal process (See Section 4.2 and **Chart 8**).

3.1.3 Treasury Bills

During the year under review, the DMD issued a gross nominal amount of just over €2,056 million in T-bills, which represents an increase of 23%, or €378.8 million, compared to the slightly more than €1,677 million issued in 2024. Additionally, nominal T-bills redemptions increased in 2025, rising from nearly €1,654.2 million in 2024 to close to €1,948 million in 2025, an increase of 18% or €293.5 million.

These figures translate into nearly €39 million average weekly issues and close to €37 million average weekly redemptions during 2025. In 2024, both average weekly issues and redemptions were around €32 million. The flows for 2025 resulted in a net increase of slightly more than €108.5 million in the outstanding T-bills balance by the end of the year under review, compared to the nearly €23 million rise recorded in 2024.

In 2025 the issuance of T-bills remained heavily concentrated in the 91-day benchmark, with 69.1% of total issuance allotted in this tenor (2024: 77.9%). Circa 26% of total issuance was allocated in 182-day bills (21% in 2024). No 28-day T-bill issuances took place in 2025 as was the case in 2024. On the other hand, issues of 273-day bills rose from 0.5% in 2024 to 4.1% in the year under review. Finally, 364-day bill issues accounted for only 0.5% of the gross total nominal amount issued in 2025, a marginal increase over the 0.4% recorded during the preceding year (See **Table 4** below).

The higher proportion of 182-day and 273-day T-bills issuance, led to an 11.5-day increase in the WAM for new T-bills issues, from 112.2 days in 2024 to 123.7 days during 2025. Conversely, the WAM of T-bills redeemed during 2025 fell to 114.5 days from 124.5 days in 2024.

The decline in policy and market interest rates led to lower participation in T-bill auctions during 2025 compared to the preceding year. In 2025, the DMD received a total of just over €3.9 billion in bids, compared to nearly €5.4 billion in 2024. Hence, the overall bid-to-cover ratio for 2025 declined to 1.92x from 3.21x registered in 2024.

The gross outstanding T-bills balance at the end of 2025 stood at €803.4 million, a 15.6% increase over the equivalent figure for 2024.

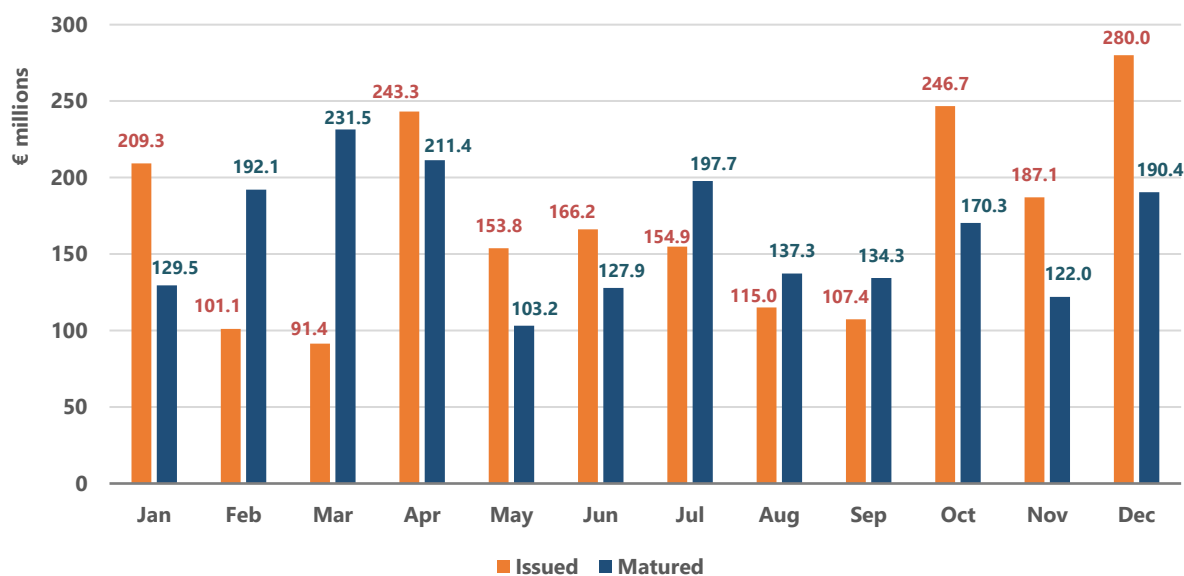
Tenor	Issued	% of Total	Redeemed	% of Total
(days)	(€ million)		(€ million)	
28	-	-	-	-
91	1,420.3	69.1	1,455.7	74.7
182	541.9	26.4	485.8	24.9
273	84.8	4.1	-	-
364	9.3	0.5	6.2	0.3
Total	2,056.2	100.0	1,947.7	100.0

Chart 1 below shows monthly gross nominal T-bills issuance and redemptions for 2025. Typically, periods of net redemptions (i.e. when redemptions are higher than issues) follow MGS issues, which lower short-term borrowing needs.

Similarly to 2024, from a quarterly perspective, net redemptions of just above €151 million and close to €92 million were predominant during the first and third quarter of 2025, respectively. These were periods characterised by two MGS issues and the 62+ MGRSB rollover. In contrast, the second quarter and particularly the fourth quarter registered a net issuance of €120.8 million and €231.1 million correspondingly, in the former case due to the absence of MGS funding.

On a monthly basis, the highest net T-bills issuances were predictably recorded in December at nearly €89.6 million, followed by January at slightly over €79.8 million. The highest monthly net redemptions were registered in March at close to €140.1 million, with February registering the second highest amount of just over €91 million.

Chart 1: Monthly T-bill Issues and Redemptions in 2025



3.2 Primary Market Coupons, Yields & Spreads

3.2.1 Malta Government Stocks

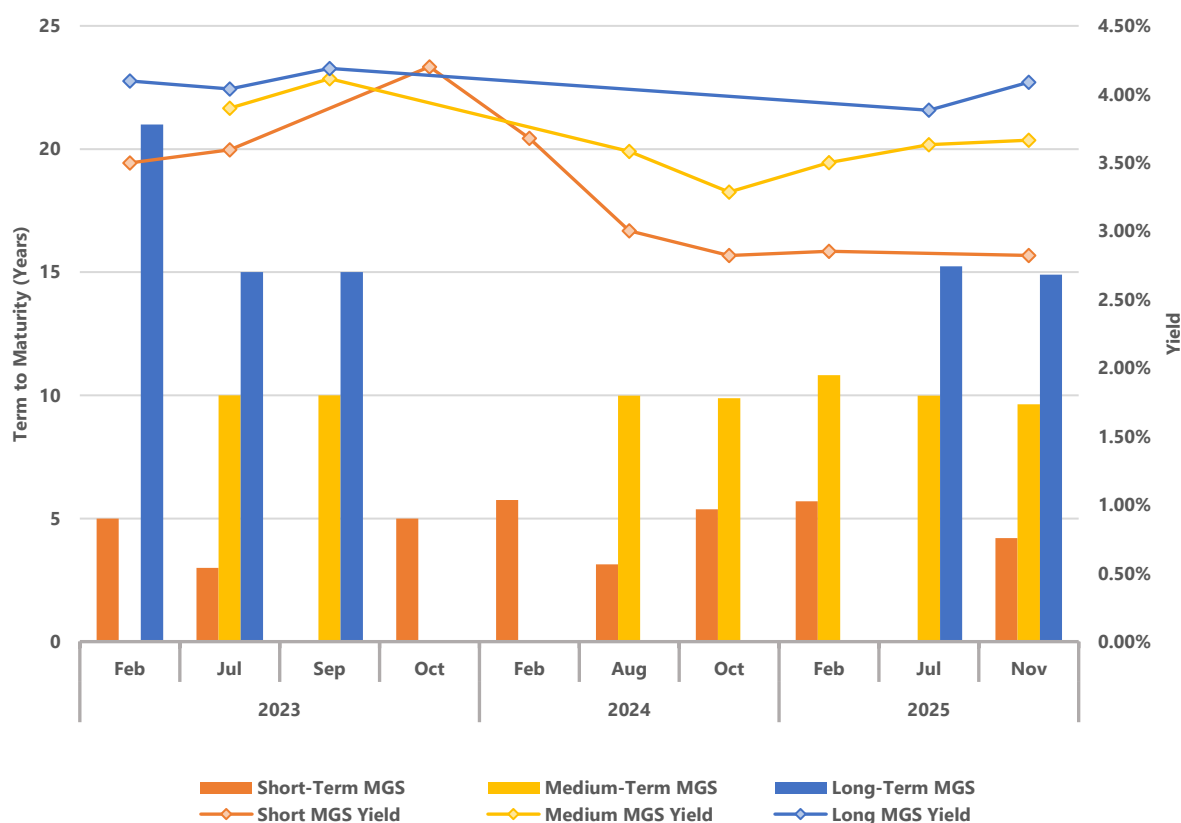
The MGS **coupons** offered during 2025 were 2.55% and 3.00% for short-term bonds (2024: between 2.80% and 3.40%); 3.40% and 3.50% for the 10-year paper (3.25% and 3.50% in 2024), and 3.80% for the 15-year MGS.

The lowest coupon (2.55%) was set in the November issue for the 4-year bond, reflecting the increasingly expansionary monetary policy adopted by the ECB as the year progressed. The highest coupon on a short-term bond was offered during the February issue maturing in 2030, which mirrored the relatively higher policy rates prevailing at the beginning of the year.

Medium-term bonds offered to investors in 2025 consisted of 10-year paper and were proposed in all three bond issues conducted during the year. In February, the 10-year bond carried a coupon of 3.50%, whilst the July issue paid 10 bps less. The latter bond was offered again in November as a fungible issue. This trend again reflected more accommodative financing conditions later in the year.

The long-term (15-year) MGS issued during 2025 carried a coupon of 3.80%. The bond was first offered in the July issue and then re-issued in November. Notwithstanding the steeper yield curve noted in 2025 due to higher medium-to-long term rates, this coupon is still 50 bps lower than the coupon of the last 15-year MGS issued in September 2023.

The WAC for new MGS issues in 2025 was recorded at 3.37%, 7 bps higher than the corresponding figure for 2024. This is principally attributable to the higher issuance of long-term bonds in 2025.

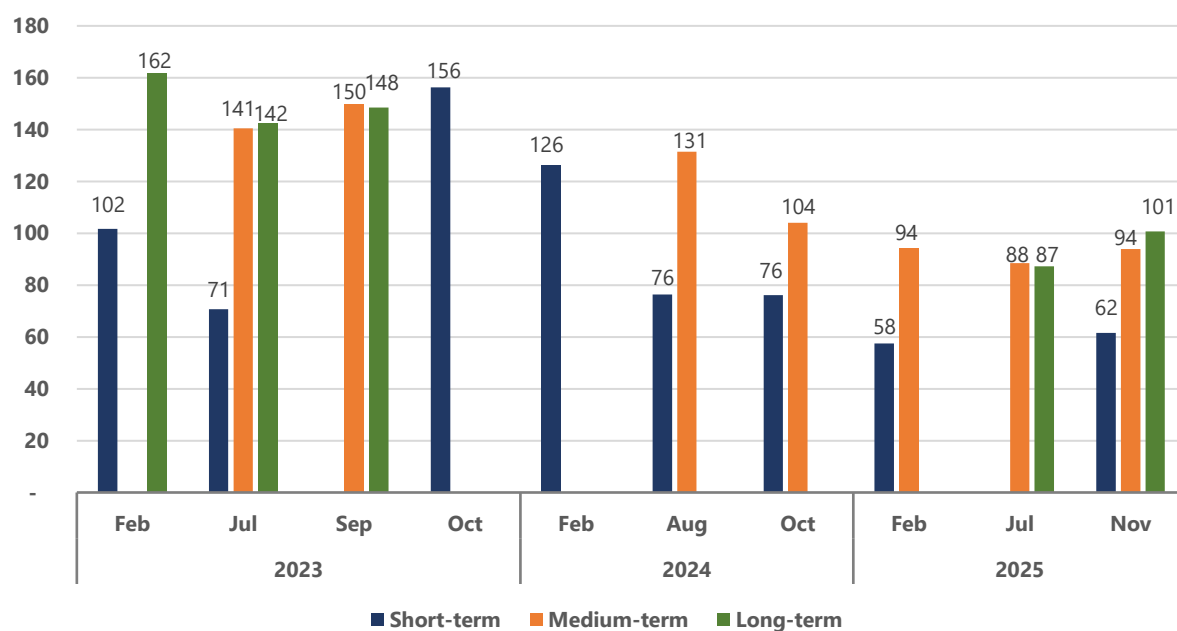
Chart 2: MGS Primary Market Yields & Maturities 2023-2025

Notes: The yield of combined MGS issues is calculated as the weighted-average of: (i) the retail yield on retail pricing date, and (ii) the auction's weighted-average yield.
For MGS issues where 2 short-term bonds were on offer, the one with the longer tenor was chosen.

In **Chart 2** above, the line graph illustrates the **primary market yields** conceded in respect of each fixed-rate MGS issue held between 2023 and 2025 (right-hand scale). The bar graph represents the maturity bucket of the bonds (left-hand scale) with respect to each issuance. The chart confirms that primary market yields for medium- and long-term bond issues rose in 2025, whilst those for short-term bonds remained relatively stable.

The WAY on short-term bonds fell from 2.83% in the February issue to 2.76% in the November offer, whereas the 10-year paper WAY rose from 3.46% in the first issue to 3.55% in July and 3.58% in the November issue. The WAY on long-term MGS issues increased as well from 3.81% in July to 3.97% in the last issue of the year.

Consequently, the overall WAY for MGS issues during 2025 rose to 3.45% from 3.36% for the previous year. This confirms the fact that although policy and market rates may be declining, other factors, such as the size of funding needs and the pricing strategy of bidders affect the actual rate of return for investors. Of course, from the DMD's perspective, the actual (cash-based) cost of borrowing is the coupon rate which determines the interest outlays (See Chapter 7).

Chart 3: MGS Primary Market Spread over Bund 2023-2025

Notes: The spread of combined MGS issues is calculated as the weighted-average of: (i) the retail spread on retail pricing date and, (ii) the auction spread.

For MGS issues where 2 short-term bonds were offered, the bond with the longer tenor was chosen.

Source: Deutsche Bundesbank (www.bundesbank.de) & DMD calculations.

Chart 3 above shows primary market **MGS yield spreads** on similar maturity benchmark German government bonds (Bund) for the last three years.

The primary market spread on new short-term bonds continued its downward trend until the last 2025 issue, falling from 76 bps in October 2024 to 58 bps by February 2025. Then the 5-year MGS issued in November 2025 registered a 4 bps spread increase to 62 bps. However, the mean 2025 spread for new short-term MGS issues dropped sharply to 60 bps from 93 bps in 2024 and 110 bps in 2023.

A similar pattern has been registered also in the medium-term part of the yield curve. In fact, 2025 spreads dropped from 104 bps in October 2024 to 88 bps in the July 2025 issue. The last issue of 2025 saw the spread rise by 6 bps to 94 bps. At 92 bps, the mean primary market spread for 2025 was 18 bps and 54 bps lower than the equivalent figure for 2024 and 2023, respectively.

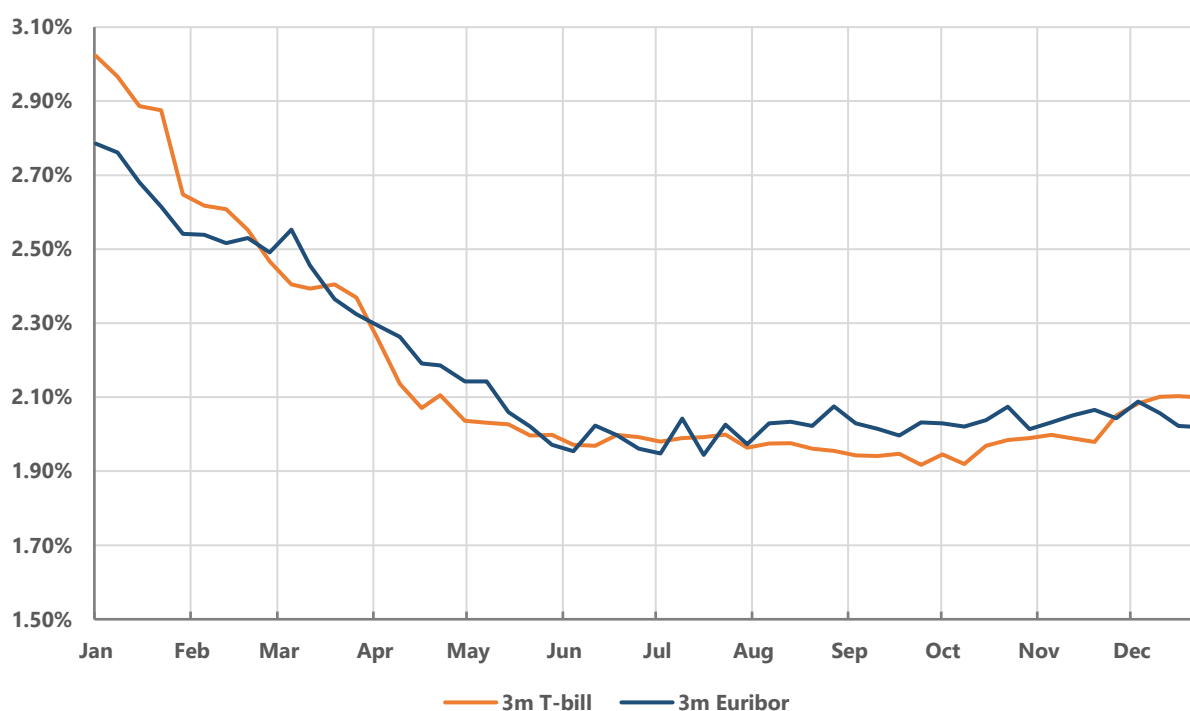
For long-term MGS, the decline in spreads throughout 2025 has been notable as well, dropping from 148 bps in September 2023 to 101 bps by November 2025. On average, the long-term bond spread decreased by 33%, from 151 bps in 2023 to 101 bps in 2025.

3.2.2 62+ Malta Government Retail Savings Bond

The new 62+ MGRSB – Issue 2025 bears a coupon of 2.70% per annum (p.a.) instead of the 3.00% p.a. offered on the maturing 62+ MGRSB originally issued in 2020. At the time, the 3.00% coupon was a very advantageous return for investors given that policy and market rates were in negative territory or close to zero due to the onset of the pandemic. Since then, economic and monetary conditions have normalised and the policy is that the coupon of rolled-over 62+ MGRSBs should reflect the prevailing 5-year yield in the domestic secondary market at the time of rollover.

3.2.3 Treasury Bills

Chart 4: 3-month EURIBOR vs. Accepted 3-month T-bill Rates in 2025



Source: [www.https://www.emmi-benchmarks.eu/benchmarks/euribor/rate/](https://www.emmi-benchmarks.eu/benchmarks/euribor/rate/) & DMD calculations.

The market standard 3-month euro inter-bank offered rate (EURIBOR) and the accepted 91-day T-bills **yield** for 2025 are plotted in **Chart 4** above.

The WAR for the benchmark 91-day T-bills started 2025 at the year's high of 3.08% and declined consistently until the end of May, reaching the level of 2.00% (1.997% at 3 decimal places). It slightly fluctuated around that value until the end of July and then continued its gentle descent towards the year's low of 1.92% at the end of September.

During the autumn the 91-day T-bills WAR started climbing up moderately until it reached close to 2.00% again by the end of November. However, this level was consistently exceeded

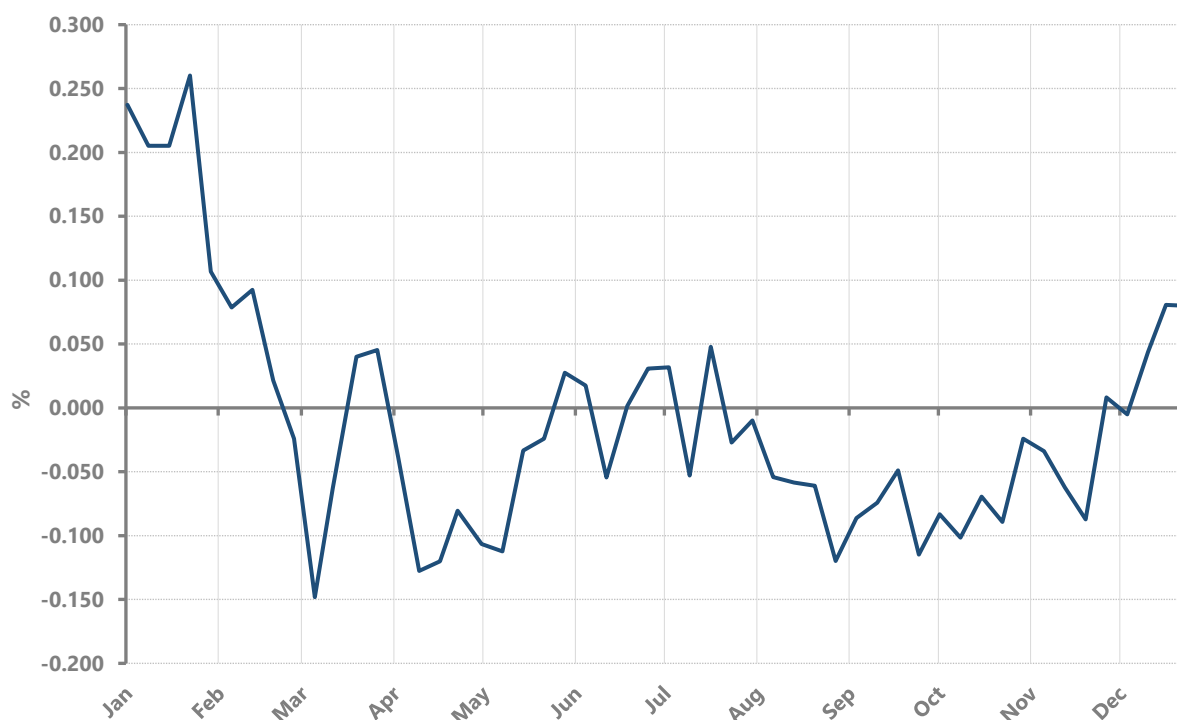
in all the December auctions, averaging 2.09%. Since the 2025 MGS funding programme was considered complete by the end of November, December was a month during which the DMD sourced all the required funding from T-bills, and this inflated the WAR of accepted bids.

Overall, the 3-month T-bill WAR followed the trajectory of the equivalent money market benchmark, which in turn mirrored the 100 bps in policy rate cuts implemented by the ECB in the first half of the year, and which guided the deposit rate towards 2.00%. In the second half of the year, the ECB paused its monetary policy loosening stance and money market rates swung modestly around that level. Moreover, the MGS issues conducted in 2025 lowered the WAR and spread of T-bill auctions conducted concurrently or immediately afterwards, to a lesser extent compared to 2024.

The highest 91-day T-bill WAR of 2025 was recorded at 3.08% (2024: 3.61%), whilst the lowest reached 1.92% (2024: 2.54%). The overall 91-day T-bill WAR for 2025 read 2.19%, compared to 3.21% in 2024.

Table 5 below shows the maximum and minimum accepted rates together with the WAR for all tenors.

Table 5: T-bill Borrowing Rates in 2025					
Tenor (months)	Max	Date	Min	Date	WAR
1	n/a	n/a	n/a	n/a	n/a
3	3.08%	30-Dec-24	1.92%	30-Sep-25	2.19%
6	2.64%	07-Jan-25	1.79%	23-Sep-25	2.09%
9	2.13%	22-Dec-25	1.95%	08-Jul-25	1.99%
12	1.99%	30-Sep-25	1.99%	30-Sep-25	1.99%

Chart 5: 91-Day T-bill Funding Spread over EURIBOR in 2025

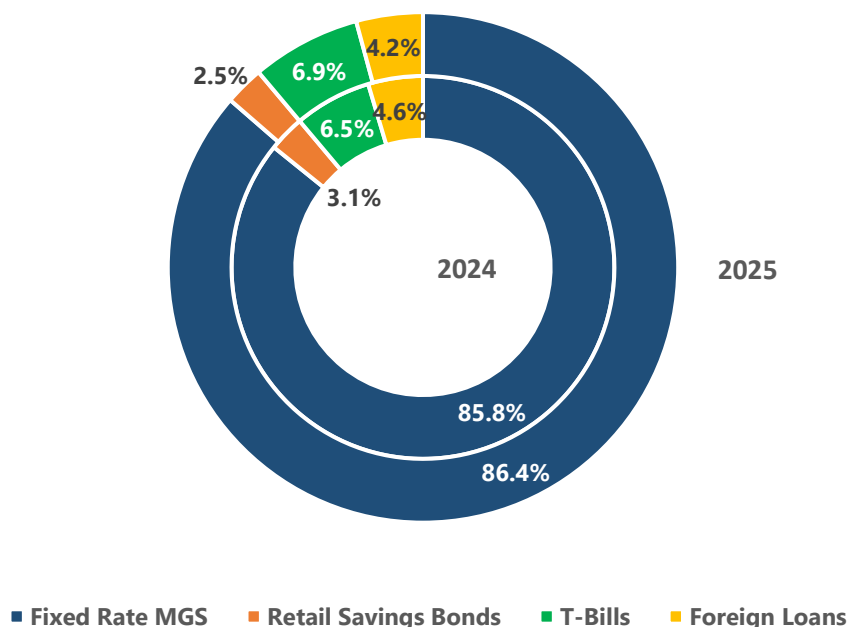
Source: <https://www.emmi-benchmarks.eu/benchmarks/euribor/rate/> & DMD calculations.

Chart 5 above shows the 3-month T-bill WAR **spread** over the equivalent EURIBOR during 2025. The 91-day bill funding spread was negative (WAR lower than EURIBOR) for 32 auctions out of 53 (60%). The above data series depicts a trend very similar to **Chart 4**, where the spread starts the year in considerable positive territory, then falls sharply for the first two months until it reaches zero, and subsequently fluctuates close to that level for much of the rest of the year. It is worth noting that the spread remained negative for 4 consecutive months between the end of July and the end of November at an average of -7 bps. Ultimately, the spread turned slightly positive again during December for the reasons stated above, averaging +4 bps.

The yearly low was registered on 11 March at -15 bps (2024: -107 bps), whilst the highest spread reached +26 bps on 28 January (2024: +28 bps).

4. Central Government Debt Portfolio Composition

Chart 6: Debt Portfolio Composition as at 31 December 2024 & 2025



As shown in **Chart 6** above, the overall composition of central government debt as at 31 December 2025 exhibited only slight changes compared to a year earlier. As at the end of 2025 fixed-rate MGS remained overwhelmingly the main component at slightly above 86% - a 0.6 percentage point (pp) rise over 2024 levels. The proportion of T-bills also increased marginally, by 0.4 pp to 6.9%. On the other hand, the share of foreign loans dropped, by 0.4 pp to 4.2%, whilst retail savings bonds declined by 0.6 pp to 2.5%.

Table 6: Central Government Outstanding Debt as at 31 December 2024 & 2025		
	2024	2025
	€000's	€000's
Local Loans		
Malta Government Stocks*	8,847,725	9,667,615
Malta Government Retail Savings Bonds	325,924	287,672
Treasury Bills	694,804	803,369
Sub-Total: Local Loans	9,868,453	10,758,656
Foreign Loans	492,342	490,079
Total	10,360,795	11,248,735
<i>*Consolidated figure (i.e. net of MGS held by the Special MGS Sinking Fund).</i>		

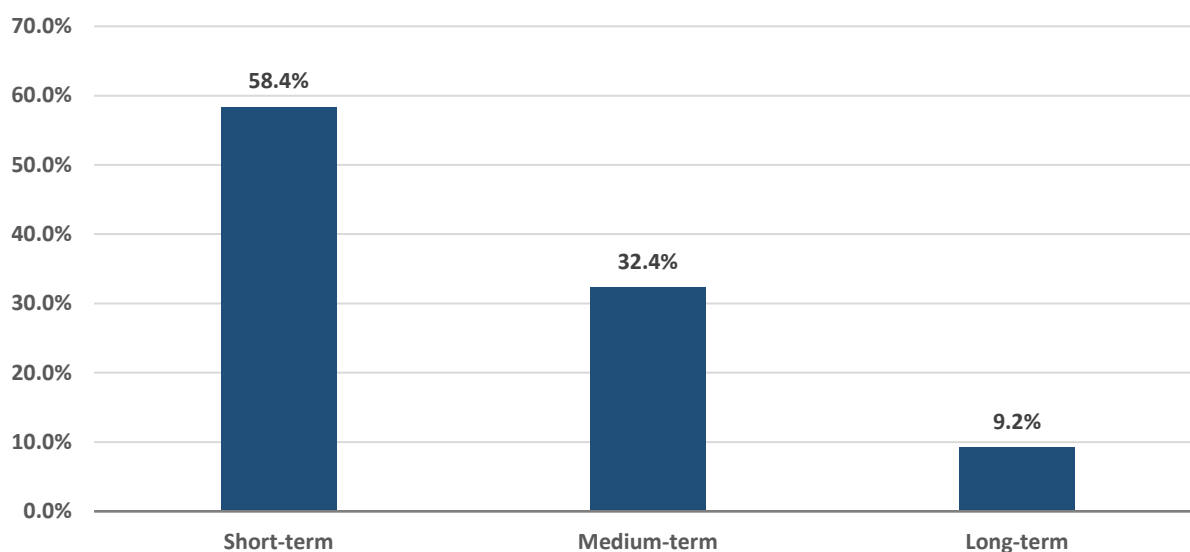
Table 6 above illustrates that in absolute terms, during 2025, the consolidated figure for total outstanding central government debt rose by nearly €888 million, or 8.6%. This rise was higher in magnitude than the growth registered in 2024, which amounted to 7.5% or €724 million. The following sub-sections analyse yearly changes in each component.

4.1 Malta Government Stocks

By the end of 2025, the outstanding consolidated balance of MGS recorded a substantial increase of close to €820 million or 9.3% over 2024 levels. In the previous year, the expansion in consolidated outstanding MGS compared to 2023 was slightly north of €726 million or 8.9% higher. The significant increase registered between 2025 and 2024 is partially due to the lower amount of the 62+ MGRSB rollover for 2025 (€55.7 million vs. €72.2 million in 2024), but mainly arose because of the materially higher projected 2025 Consolidated Fund (cash) deficit relative to 2024. Moreover, MGS redemptions in 2025 amounted to €371.4 million, or 6.3% lower than in 2024.

The WAC of the outstanding MGS portfolio as at end of 2025 stood at 2.96%, or 15 bps higher than the equivalent statistic for 2024. During 2025, the WAM of the same portfolio fell again, to 7.2 years from 7.6 years in 2024.

Chart 7 overleaf exhibits outstanding MGS by residual maturity as of 31 December 2025. Details of each outstanding MGS as at the end of 2025 are available in Appendix II to this report.

Chart 7: Outstanding MGS by Residual Maturity as at 31 December 2025

4.2 Malta Government Retail Savings Bonds

Table 7: Outstanding Malta Government Retail Savings Bonds as at 31 December 2025

Security	Redemption Date	Balance as of 31 December 2024	Early Redemptions in 2025	Balance as of 31 December 2025
		€	€	€
62+ MGRSB - Issue 2020	21/07/2025	89,131,700	1,085,100	-
62+ MGRSB - Issue 2021	15/10/2026	95,970,400	2,048,900	93,921,500
62+ MGRSB - Issue 2023	19/06/2028	68,909,500	1,410,400	67,499,100
62+ MGRSB - Issue 2024	20/03/2029	71,912,700	1,294,200	70,618,500
62+ MGRSB - Issue 2025	21/07/2030	-	66,800	55,633,200
Total		325,924,300	5,905,400	287,672,300

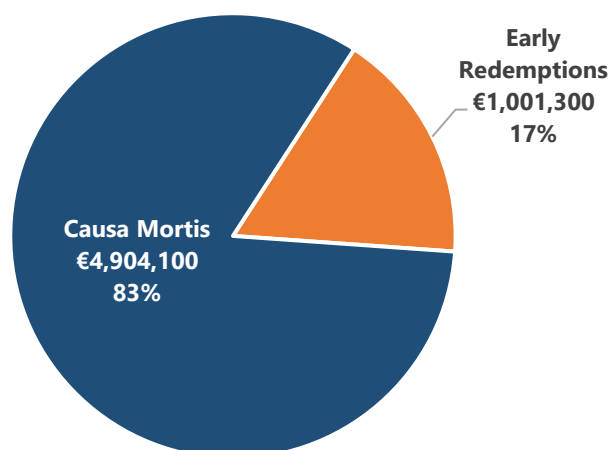
Table 7 above and **Chart 8** overleaf display developments in the 62+ MGRSB during 2025. As of 31 December 2025, the total outstanding balance of 62+ MGRSB was just over €38 million lower compared to a year earlier.

In 2025, €31.2 million were reimbursed to holders of the maturing 62+ MGRSB – Issue 2020 that elected not to re-invest in the 62+ MGRSB – Issue 2025, compared to €19.3 million in 2024. The lower coupon on the new 62+ MGRSB – Issue 2025 could have led more investors to choose not to rollover their holdings.

Additional repayments of slightly more than €5.9 million consisted of early redemptions from the entire outstanding 62+ MGRSB portfolio, which in 2024 totalled nearly €5.1 million.

Chart 8 below provides a breakdown of 62+ MGRSB early repayments during 2025. Causa Mortis claims continued to represent the primary basis for early redemption requests in 2025, comprising 83% of the total value, compared to 82% in 2024. Just over €1 million was paid to investors who chose to withdraw their investment before maturity (2024: €0.9 million).

Chart 8: Early Redemptions of 62+ Malta Government Retail Savings Bonds in 2025



4.3 Treasury Bills

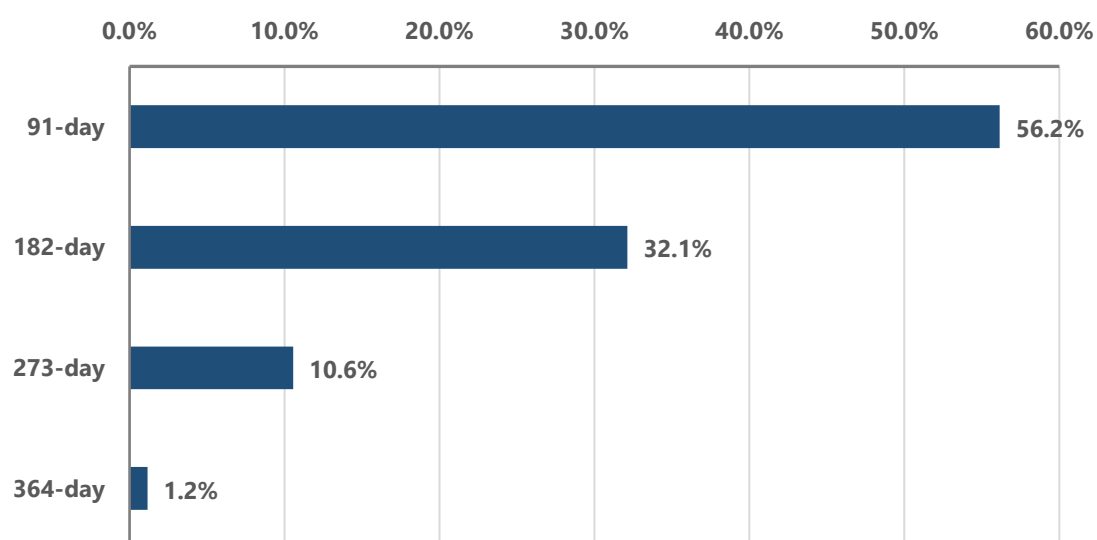
The nominal balance of outstanding T-bills as at the end of 2025 rose by €108.6 million or 15.6% compared to the end of 2024 figure. In fact, this component was the second biggest contributor to the overall increase in total outstanding central government debt in 2025. The corresponding change as at end of 2024 was an increase of €23 million. This considerable increase reflects (i) the higher actual funding requirements experienced as 2025 unfolded, driven by a substantially larger actual Consolidated Fund (cash) deficit, and (ii) a preference towards T-Bills as a funding source.

As already explained in Section 3.1.3, the outstanding T-bills balance registered net increases in the second and fourth quarter of 2025. During the former the DMD did not tap the capital market and was therefore dependant on T-bills funding, whereas in the latter, a sizeable net increase was recorded despite the presence of an MGS issue, which confirms the heightened funding needs during that period. That said, the government's main account at the CBM closed the year with a materially higher cash balance than initially projected.

The outstanding T-bills portfolio WAM as of 31 December 2025 stood at 85.2 days, 12.5 days longer than on 31 December 2024. **Chart 9** overleaf confirms that 56% of outstanding T-bills

as at the end of the year under review consisted of the benchmark 91-day T-bill (2024: 70%). The T-bills portfolio's WAR as at the end of 2025 read 2.00% compared to 2.87% a year earlier, reflecting the policy rate cuts implemented by the ECB during the year. Details of each outstanding T-bill as at 31 December 2025 are available in Appendix II to this report.

Chart 9: Composition of Outstanding T-bills by Maturity as at 31 December 2025

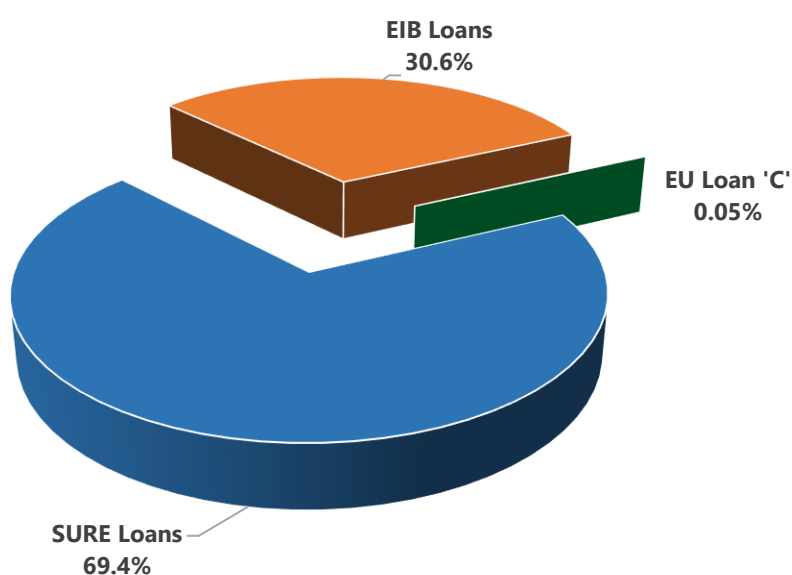


4.4 Foreign Loans

During 2025 the foreign loans component of outstanding central government debt exhibited a net drop of nearly €2.3 million (2024: a reduction of €121,000). This change is the result of the full repayment of the 0% Support to mitigate Unemployment Risks in an Emergency (SURE) (Tranche I) loan originally disbursed in 2020 amounting to €80 million; the scheduled capital repayments totalling €113,100 related to Loan 'C', granted by the EU through the EIB; and the disbursement of a new €77.85 million EIB loan in June. This latter loan has been allocated under the Malta-EU Funds Co-Financing Agreement signed on 13 February 2025, for the 2021-2027 programming period. **Table 8** overleaf provides a summary of the terms of the new EIB loan.

Table 8: Terms of the new EIB Loan	
Issue date:	6 June 2025
Maturity date:	7 April 2039
Loan type:	Fixed rate, bullet maturity loan
Rate of interest	3.348% p.a.
Nominal amount:	€77.85 million
Interest payment frequency:	Annual
Interest payment date:	7 April

Chart 10: Composition of Outstanding Foreign Loans as at 31 December 2025



The total outstanding foreign loans at the end of 2025 amounted to slightly over €490 million. **Chart 10** above shows that the majority (69% or €340 million) was made up of loans provided by the European Commission via its SURE instrument (2024: 85% or €420 million). The SURE loans total now consists of 4 distinct loan tranches with different maturity dates, principals, and rates of interest. More information on each outstanding tranche can be found in **Table 9** overleaf.

The two EIB loans now make up nearly 31% of the total outstanding foreign loans, double the end of 2024 level in percentage terms. The EU/EIB loan 'C' balance is accounting for a progressively very small portion of the total, at less than 0.1% or €229,200 as at the end of 2025.

Details of each outstanding foreign loan as at the end of 2025 are provided in **Table 9** overleaf:

Table 9: Foreign Loans Outstanding as of 31 December 2025

Foreign Loan	Financing Purpose	Year of Issue	Original Amount Disbursed	Interest Rate	Date of Maturity	Balance due as at 31 December 2025
				%		
European Union Loan 'C'	Solid Waste Composting Project	1987	€3 million	1.00	15/9/2027	€0.23 million
SURE Loan – Tranche 1	Support to mitigate Unemployment Risks in an Emergency	2020	€40 million	0.30	04/11/2050	€40 million
SURE Loan – Tranche 2	Support to mitigate Unemployment Risks in an Emergency	2021	€123 million	0.20	04/06/2036	€123 million
SURE Loan – Tranche 3	Support to mitigate Unemployment Risks in an Emergency	2021	€107 million	0.00	04/07/2029	€107 million
SURE Loan – Tranche 3	Support to mitigate Unemployment Risks in an Emergency	2021	€70 million	0.75	04/01/2047	€70 million
EIB Loan - EU Funds 2014-2020	Malta – EU Funds Co-Financing 2014-2020 (SPL)	2023	€72 million	3.717	31/08/2037	€72 million
EIB Loan - EU Funds 2021-2027	Malta – EU Funds Co-Financing 2021-2027 (SPL)	2025	€77.85 million	3.348	07/04/2039	€77.85 million

5. Debt Portfolio Risk Indicators

	31 December 2024	31 December 2025
Average Maturity (years)	7.1	6.8
1-Year Refinancing Risk Ratio	11.6%	15.2%
5-Year Refinancing Risk Ratio	48.7%	49.6%
Foreign Currency Debt-to-Total Debt Ratio	0.0%	0.0%
Floating-Rate Debt-to-Total Debt Ratio	0.0%	0.0%

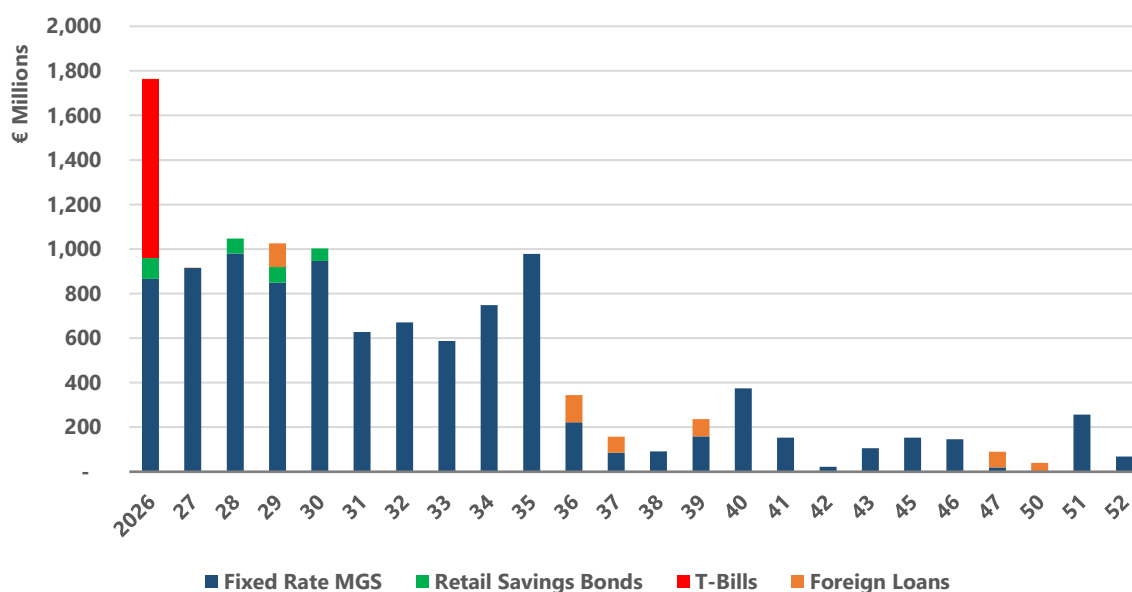
Table 10 above exhibits the main central government debt portfolio risk indicators as calculated by the European Sovereign Debt Markets (ESDM) Sub-Committee methodology.

The average time-to-maturity of the entire debt portfolio ended 2025 at 6.8 years from 7.1 years at the end of 2024. Thus, the overall debt refinancing risk faced by the central government rose as of 31 December 2025. This development was the result of two factors.

Firstly, despite managing to extend the WAM of newly issued MGS during the year under review, the WAM of the outstanding MGS portfolio at the end of the year continued to decline. Whereas the former rose from 7.3 years in 2024 to 10.0 years for 2025, the latter fell from 7.6 years on 31 December 2024 to 7.2 years by the end of 2025. This is attributable to the fact that, as of 31 December 2025, the largest proportion (37%) of outstanding MGS will still need to be refinanced within the subsequent five years. That said, the share of MGS maturing within 5 years as at the end of 2025 has fallen compared to the 45% recorded as at 31 December 2024.

A similar argument applies to T-bills. Notwithstanding the longer WAM of both new T-bills issued during 2025 (123.7 days in contrast to 112.2 days for 2024), and the outstanding T-bills portfolio at the end of 2025 (85.2 days vs. 72.7 days as at the end of 2024), the nearly €109 million increase in the outstanding T-bills balance for 2025 augmented the share of outstanding short-term debt in the overall debt portfolio by the end of 2025.

Hence, the shortening of the outstanding MGS portfolio WAM and the higher outstanding T-bills balance as of 31 December 2025 contributed to the decline of the overall central government debt portfolio WAM.

Chart 11: Total Central Government Debt Maturity Profile as at 31 December 2025

The points made above are clearly illustrated by the 1-year and 5-year refinancing risk statistics shown in **Table 10**. The proportion of debt maturing within 1 year rose by 3.6 pp by the end of 2025, compared to a 0.2 pp drop in 2024. The share of total debt falling due in the coming 5 years increased as well, but by 0.9 pp, in contrast to the 3.5 pp expansion noted in 2024. The latter indicator is also impacted by the relatively high levels of funding carried out through short-term MGS issues during the pandemic, which are now nearing redemption.

The outstanding debt maturity profile depicted in **Chart 11** above conveys the refinancing risks discussed in the previous paragraphs in graphical form.

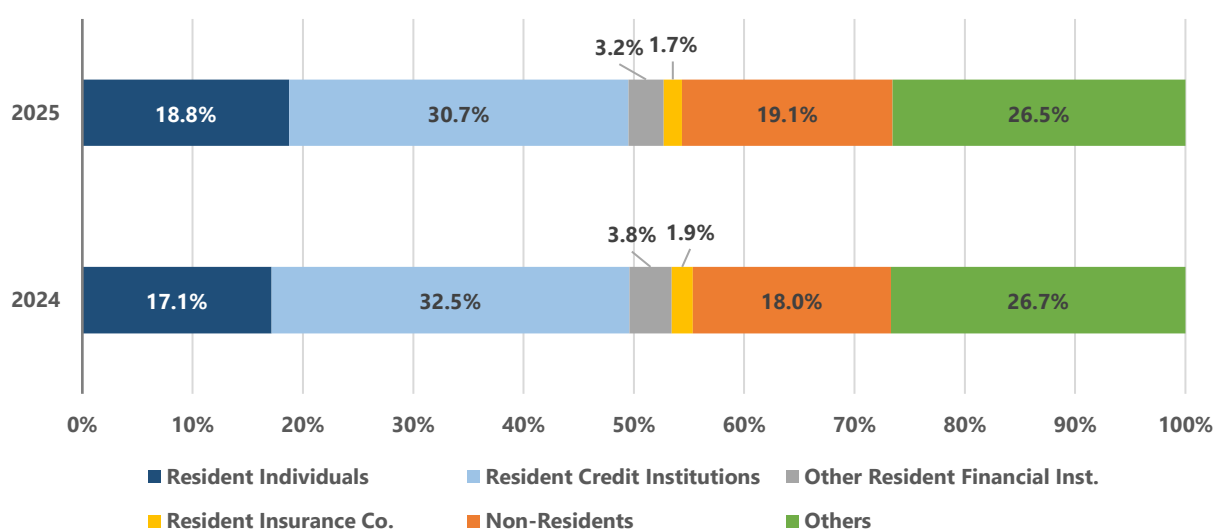
As of 31 December 2025, there was no outstanding debt denominated in foreign currency. The prevailing policy is to invariably borrow funds in domestic currency to avoid exposure to exchange rate risk and minimise foreign currency reserves outflows.

No Floating-rate Notes (FRNs) were outstanding as at the end of 2025. The outstanding T-bills balance is not included in the floating-rate debt ratio according to the ESDM's methodology.

6. Investor Classification

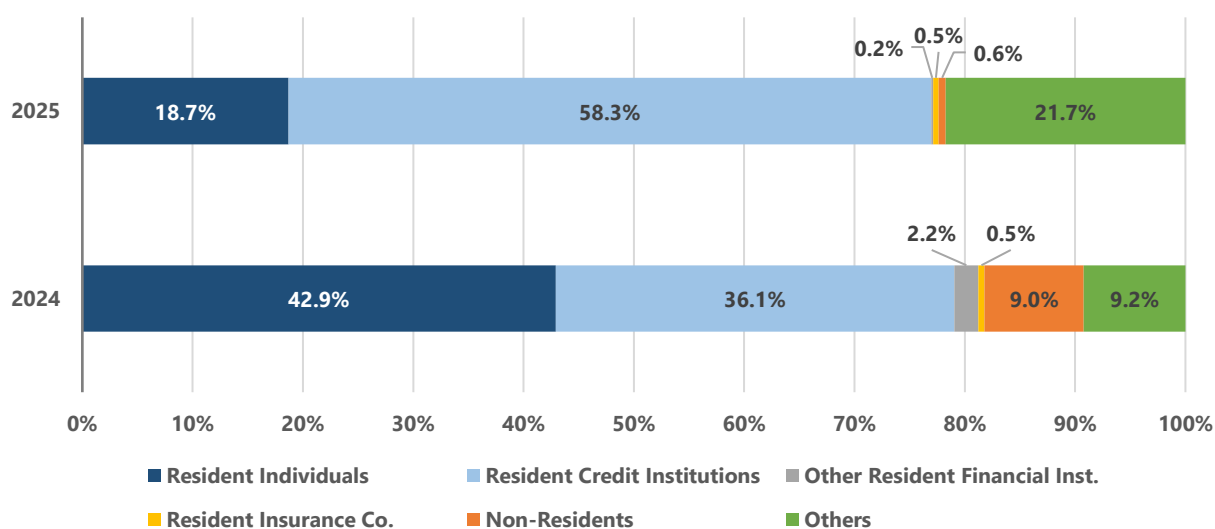
Chart 12 below and **Chart 13** overleaf depict changes in outstanding MGS and T-bills ownership proportions by the different investor categories between 31 December 2024 and 2025.

Chart 12: MGS Investor Distribution as at 31 December 2024 & 2025



When comparing the MGS investor distribution between 31 December 2025 and the end of 2024, one can observe that the 1.6 pp increase in the share held by 'Resident Individuals' was compensated by a nearly equivalent drop of 1.7 pp in the share held by 'Resident Credit Institutions'. The total reduction registered in the 'Other Resident Financial Institutions', 'Resident Insurance' and the 'Others'⁴ categories during 2025 were gained by the 'Non-Resident' investors grouping. In fact, during the year under review, a new euro area financial institution started participating in MGS auctions and was allotted a notable amount of MGS.

⁴ The 'Others' category of investors includes the CBM, ECB, resident public and private non-financial corporations, resident non-profit making organisations and investors that buy government debt securities through the nominee system.

Chart 13: Treasury Bills Investor Distribution as at 31 December 2024 & 2025

The ownership of T-bills saw substantial changes during 2025. The largest shift was recorded in the 'Resident Individuals' category, whose share of T-bill holdings fell by 24 pp compared to 2024. The main driver behind this drastic movement was the lower money market interest rate environment brought about by the four ECB policy rate cuts effected during the year under review. Conversely, the DMD recorded a significant rise in the share of T-bills held by resident banks—a 22 pp increase—which resulted in 'Resident Credit Institutions' holding over half of all outstanding T-bills at the end of 2025.

The 'Non-residents' and 'Other Resident Financial Institutions' groupings also saw their holdings shrink by 8 pp and 2 pp respectively in 2025, while the 'Others' investor class registered a 12 pp fall. Finally, no changes occurred in the proportion of outstanding T-bills held by the domestic insurance sector as at 31 December 2025.

7. Interest Expenditure

Table 11: Central Government Debt Interest Expenditure in 2024 & 2025		
	2024	2025
	(€ million)	(€ million)
Local Loans		
Treasury Bills	18.9	15.2
Malta Government Stocks	229.0	267.5
Malta Government Retail Savings Bonds	10.7	10.3
Sub-Total: Local Loans	258.6	293.0
Foreign Loans	2.8	3.6
Total	261.4	296.6

The historically high annual funding requirements caused by fiscal policy responses to the economic ramifications of the pandemic and recent geopolitical developments are feeding into higher domestic secondary market yields, which translate into higher new MGS coupons, and ultimately rising interest expenditure.

Total interest expenditure incurred on central government debt in 2025 surpassed €296 million, a 13% or €35.2 million increase over the equivalent figure for 2024. Nevertheless, relative to the latest estimated tax revenue figure, the 2025 interest burden is projected to remain stable at 4.0%.

The increase in interest outlay in 2025 was primarily due to a €38.5 million increase in MGS interest payments (2024: an increase of €45 million). The main cause of the higher MGS interest payments was the refinancing of maturing MGS with low coupons via new MGS with higher coupons. The drivers behind higher coupons were the normalisation of monetary policy rates and the rather high supply of bonds in a relatively small domestic debt capital market.

The other debt component that registered a €0.8 million growth in interest expenditure in 2025 is foreign loans. The rise is essentially accounted for by the EIB loan disbursed in December 2023, whose 2025 interest payment covered a full year after the first pro-rata payment made in 2024.

On the other hand, T-bills and 62+ MGRSB registered lower interest expenditure of €3.7 million and €0.4 million, respectively, in 2025.

The €108.6 million net issuance of T-bills recorded for 2025 was more than compensated for by the simultaneous fall of 98 bps in the WAY of accepted bids, and of 86 bps in the WAY for redemptions. Total interest due on outstanding T-bills as at the end of 2025 amounted to €6.3 million, 3.9% lower than the equivalent figure for 2024. As already explained in previous sections, this was the result of lower ECB monetary policy rates.

The €38.2 million lower total outstanding balance of 62+ MGRSB, the relatively high proportion of liquidations early in the year, and the decrease in coupon rates for rolled-over instruments reduced the total interest expenditure on this instrument in 2025.

8. Sinking Funds

In 2025, the DMD transferred the budgeted annual €30 million contribution to the Special MGS Sinking Fund in two equal instalments (June and December). In addition, in terms of article 27 of the Local Loans (Registered Stock and Securities) Ordinance and article 59 of the GBMPDA, during 2025 the DMD invested part of this annual Sinking Fund contribution, together with proceeds from redemptions and interest received from MGS holdings, in Malta government debt securities.

The budgeted annual contributions in the EU/EIB Loan 'C' Sinking Fund account totalling €30,000 were also made in two equal tranches, in June and December, according to the pre-established schedules.

Table 12 below shows the end-of-year bank account balances for the Special MGS and EU/EIB Loan 'C' Sinking funds, as well as the investments made by the Special MGS Sinking fund in Malta government debt securities.

Table 12: Sinking Funds' Cash Balances & holdings of Government Debt Securities		
	31 December 2024	31 December 2025
	€	€
Cash balance - Special MGS Sinking Fund	114,802,766.49	79,885,679.37
Cash balance - EU Loan 'C' Sinking Fund	267,790.54	184,690.54
Special MGS Sinking Fund holdings of Malta government debt securities (Nominal value)	288,497,600	361,448,900

9. EU Emissions Trading System (EU ETS)

During 2025, the Treasury Department continued to fulfil its role as auctioneer on behalf of the Government of Malta for carbon dioxide (CO₂) emission allowances, under the EU's Emissions Trading System (EU ETS).

In mid-2024, the European Commission announced that, starting in 2025, emission allowance auctions for Malta-based operators will cover all sectoral emissions — i.e. stationary, maritime, and aviation — under the unified term “general allowances.” Consequently, no disaggregated emission allowance auction data is available to distinguish between the three types of economic activity. The auctions are conducted by the European Energy Exchange (EEX). **Table 13** below displays comparative auction statistics for 2024 and 2025.

	2024		2025
	Stationary & Maritime Allowances	Aviation Allowances	General Allowances*
Quantity auctioned/allotted	640,000	40,000	719,500
Median price (€/tCO₂)	65.72	64.33	72.08
Highest price (€/tCO₂)	75.35	69.35	84.60
Lowest price (€/tCO₂)	50.65	57.90	59.76
Revenue (€ millions)	41.6	2.6	52.9

**As of 2025, Stationary installation, Maritime and Aviation emission allowances are all included under 'General Allowances'.*

Malta's total share of auctioned allowances for 2025 was 719,500. This represents an increase of 39,500 or 5.8% compared to 2024 levels.

In the year 2025 ETS auction prices registered a general ascent compared to the previous 12 months. Hence, the 2025 median auction clearing price rose by 9.8% relative to the 2024 weighted-average median price of €65.63 per tonne of CO₂ (tCO₂). This factor, together with the higher overall amount of allowances auctioned in 2025, led to an €8.7 million increase in revenue for the year under review from €44.2 million in 2024.

10. Credit Ratings

Table 14: Credit Ratings of the Republic of Malta						
Rating Agency	Domestic currency		Foreign currency		Outlook	Date of Latest Rating Review
	Long-term	Short-term	Long-term	Short-term		
Fitch	A+	F1+	A+	F1+	Stable	05-Sep-2025
Moody's	A2	n/a	A2	n/a	Stable	14-Nov-2025
Standard & Poor's	A-	A-2	A-	A-2	Stable	05-Dec-2025
Morningstar DBRS	A (high)	R-1 (middle)	A (high)	R-1 (middle)	Stable	10-Oct-2025
Scope	A+	S-1+	A+	S-1+	Stable	14-Nov-2025
Republic of Malta - Latest changes in Sovereign Credit Rating/Rating Outlook by Agency						
Date	Rating Agency	From		To		
18-Nov-2022	Moody's	A2 (Negative)		A2 (Stable)		
17-Apr-2020	Fitch	A+ (Positive)		A+ (Stable)		
13-Mar-2020	Standard & Poor's	A- (Positive)		A- (Stable)		
23-Feb-2018	DBRS	A (Positive)		A (high) (Stable)		

Table 14 above summarises Malta's sovereign credit ratings as at 31 December 2025. Over the course of the year, credit-rating agencies conducted their periodical reviews of the Maltese economy and public finances, which include central government debt management. There were no changes to Malta's credit ratings and their outlooks during the year following these evaluations.

Appendix I: Statistical Highlights		
	31-Dec-2025	31-Dec-2024
Central Government Debt		
Consolidated Outstanding Central Government Debt*	€11.2 billion	€10.4 billion
Weighted-average maturity of Gross Central Government Debt	6.8 years	7.1 years
Weighted-average rate on Gross Central Government Debt	2.83%	2.73%
Total interest expenditure on Gross Central Government Debt	€296.6 million	€261.4 million
Malta Government Stocks		
Gross Outstanding balance of MGS	€10.0 billion	€9.1 billion
Nominal MGS issues	€1,264 million	€1,187 million
Nominal MGS redemptions	€371.2 million	€396.2 million
Weighted-average maturity of outstanding MGS portfolio	7.2 years	7.6 years
Weighted-average rate of outstanding MGS portfolio	2.96%	2.81%
Weighted-average maturity of new MGS issues	10.1 years	7.3 years
Weighted-average coupon of new MGS issues	3.37%	3.30%
Weighted-average yield of new MGS issues	3.45%	3.36%
Weighted-average coupon of MGS redemptions	0.63%	1.06%
Malta Government Retail Savings Bonds		
Outstanding 62+ Malta Government Retail Savings Bonds	€287.7 million	€325.9 million
62+ Malta Government Retail Savings Bonds redemption	€88.0 million	€92.9 million
Early redemptions of 62+ Malta Government Retail Savings Bonds	€5.9 million	€5.1 million
Treasury Bills		
Gross outstanding balance of Treasury Bills	€803.4 million	€694.8 million
Gross amount of Treasury bill issues	€2.06 billion	€1.68 billion
Gross amount of Treasury bill redemptions	€1.95 billion	€1.65 billion
Weighted-average maturity of outstanding T-bills portfolio	85.2 days	72.7 days
Weighted-average rate of outstanding T-bills portfolio	2.00%	2.87%
Weighted-average maturity of T-bills issues	123.7 days	112.2 days
Weighted-average yield of T-bills issues	2.13%	3.11%
Weighted-average maturity of T-bills redemptions	114.6 days	124.5 days
Weighted-average yield of T-bills redemptions	2.47%	3.33%
Foreign Loans		
Outstanding amount of Foreign loans	€490.1 million	€492.3 million
Principal repayments of Foreign loans	€80.11 million	€0.12 million
Weighted-average interest rate on Foreign loans	1.26%	0.73%
* Central Government Debt excludes currency in circulation, re-routed debt, and extra-budgetary units/local councils' debt. Consolidated figure excludes government debt securities held by the Special MGS Sinking Fund.		

Appendix II: Outstanding Debt Securities & Debt Instruments as at 31 December 2025**Fixed Rate Malta Government Stocks**

ISIN Code	Debt Security Name	Redemption Date	Nominal Amount (€)
MT0000013731	3.55% MGS 2026 (V)	08/07/2026	175,564,200
MT0000013301	0.10% MGS 2026 (IV)	20/07/2026	183,000,000
MT0000013822	3.85% MGS 2026 (VI)	05/08/2026	177,500,000
MT0000013012	0.40% MGS 2026 (II)	20/10/2026	165,600,000
MT0000013228	0.25% MGS 2026 (III)	18/11/2026	163,711,000
MT0000012675	7.00% MGS 2026 (I) *	30/12/2026	734,400
MT0000013103	0.80% MGS 2027 (III)	29/04/2027	183,400,000
MT0000013848	3.15% MGS 2027 (VII)	20/05/2027	62,417,000
MT0000012832	1.50% MGS 2027 (I)	15/06/2027	90,954,500
MT0000013400	0.90% MGS 2027 (V)	12/08/2027	110,000,000
MT0000013582	3.40% MGS 2027 (VI)	24/09/2027	240,997,700
MT0000013186	0.40% MGS 2027 (IV)	19/11/2027	226,300,000
MT0000012873	7.00% MGS 2027 (II) *	30/12/2027	1,096,800
MT0000013491	2.60% MGS 2028 (V)	22/05/2028	120,028,100
MT0000013665	3.50% MGS 2028 (VI)	07/07/2028	243,427,200
MT0000013434	1.70% MGS 2028 (IV)	04/08/2028	58,100,000
MT0000013830	3.95% MGS 2028 (VII)	08/08/2028	164,400,000
MT0000012055	4.80% MGS 2028 (I)	11/09/2028	107,029,500
MT0000012139	4.50% MGS 2028 (II)	25/10/2028	286,651,500
MT0000012907	7.00% MGS 2028 (III) *	30/12/2028	260,500
MT0000012923	1.85% MGS 2029 (III)	30/05/2029	286,500,000
MT0000012535	2.30% MGS 2029 (II)	24/07/2029	143,518,400
MT0000011958	5.10% MGS 2029 (I)	01/10/2029	79,144,900
MT0000013871	3.35% MGS 2029 (V)	27/11/2029	336,728,600
MT0000012998	7.00% MGS 2029 (IV) *	30/12/2029	2,522,400
MT0000014143	2.55% MGS 2030 (V) Retail	06/02/2030	20,910,300
MT0000014150	2.55% MGS 2030 (V) Institutions	06/02/2030	106,000,000
MT0000013988	2.80% MGS 2030 (III)	27/02/2030	128,416,400
MT0000011651	5.25% MGS 2030 (I)	23/06/2030	440,165,700
MT0000014044	3.00% MGS 2030 (IV)	05/11/2030	111,558,900
MT0000013632	3.70% MGS 2030 (II)	25/11/2030	139,900,000
MT0000013020	1.00% MGS 2031 (II)	23/04/2031	255,000,000
MT0000013376	0.90% MGS 2031 (V)	11/07/2031	169,900,000
MT0000011883	5.20% MGS 2031 (I)	16/09/2031	201,343,600
MT0000013210	7.00% MGS 2031 (III) *	30/12/2031	212,000
MT0000013335	7.00% MGS 2031 (IV) *	30/12/2031	1,735,800
MT0000013616	4.00% MGS 2032 (VII)	30/03/2032	240,297,300
MT0000013442	2.10% MGS 2032 (IV)	15/04/2032	20,000,000
MT0000013418	1.60% MGS 2032 (III)	03/05/2032	58,400,000
MT0000012220	4.65% MGS 2032 (I)	22/07/2032	140,454,200
MT0000012337	4.45% MGS 2032 (II)	03/09/2032	153,111,700

MT0000013525	2.90% MGS 2032 (VI)	24/10/2032	57,720,300
MT0000013467	7.00% MGS 2032 (V) *	30/12/2032	677,400
MT0000012386	4.30% MGS 2033 (I)	01/08/2033	150,699,900
MT0000013749	3.75% MGS 2033 (III)	17/08/2033	155,500,000
MT0000013780	4.00% MGS 2033 (IV)	05/12/2033	280,469,500
MT0000013707	7.00% MGS 2033 (II) *	30/12/2033	1,078,200
MT0000013947	3.50% MGS 2034 (III)	31/07/2034	275,782,800
MT0000014010	3.25% MGS 2034 (IV)	05/09/2034	270,934,400
MT0000012451	4.10% MGS 2034 (I)	18/10/2034	200,075,700
MT0000013954	7.00% MGS 2034 (II) *	30/12/2034	1,119,000
MT0000014085	3.40% MGS 2035 (IV) Retail	16/07/2035	80,700,700
MT0000014093	3.40% MGS 2035 (IV) Institutions	16/07/2035	222,000,000
MT0000014176	3.40% MGS 2035 (IV) (F.I.) Retail	16/07/2035	41,689,800
MT0000014184	3.40% MGS 2035 (IV) (F.I.) Institutions	16/07/2035	130,500,000
MT0000013194	1.00% MGS 2035 (II)	23/08/2035	144,200,000
MT0000012865	2.20% MGS 2035 (I)	24/11/2035	20,539,100
MT0000014077	3.50% MGS 2035 (III)	18/12/2035	338,210,500
MT0000012642	2.50% MGS 2036 (I)	17/11/2036	221,733,100
MT0000013319	1.20% MGS 2037 (I)	13/05/2037	85,900,000
MT0000013756	4.00% MGS 2038 (I)	25/08/2038	68,484,800
MT0000013814	4.30% MGS 2038 (II)	15/11/2038	23,145,900
MT0000012774	2.10% MGS 2039 (I)	24/08/2039	159,102,100
MT0000012519	3.00% MGS 2040 (I)	11/06/2040	162,276,100
MT0000014135	3.80% MGS 2040 (II)	16/10/2040	85,340,200
MT0000014192	3.80% MGS 2040 (II) (F.I.) Retail	16/10/2040	40,638,700
MT0000014200	3.80% MGS 2040 (II) (F.I.) Institutions	16/10/2040	86,500,000
MT0000012725	2.40% MGS 2041 (I)	25/07/2041	153,669,800
MT0000013558	3.40% MGS 2042 (I)	26/08/2042	22,866,000
MT0000013699	4.00% MGS 2043 (I)	26/11/2043	105,752,300
MT0000013038	1.50% MGS 2045 (I)	22/10/2045	153,700,000
MT0000013202	1.40% MGS 2046 (I)	20/08/2046	145,800,000
MT0000013459	2.60% MGS 2047 (I)	27/09/2047	20,000,000
MT0000013368	2.00% MGS 2051 (II)	10/07/2051	129,100,000
MT0000013293	1.80% MGS 2051 (I)	28/08/2051	127,164,700
MT0000013426	2.40% MGS 2052 (I)	13/08/2052	69,000,000
Total			10,029,063,600

Malta Government Retail Savings Bonds

ISIN Code	Instrument Name	Redemption Date**	Nominal Amount (€)
MT4000010069	62+ MG Savings Bond - Issue 2021	15/10/2026	93,921,500
MT4000010077	62+ MG Savings Bond - Issue 2023	19/06/2028	67,499,100
MT4000010085	62+ MG Savings Bond - Issue 2024	20/03/2029	70,618,500
MT4000010093	62+ MG Savings Bond - Issue 2025	21/07/2030	55,633,200
Total			287,672,300

Malta Government Treasury Bills

ISIN Code	Debt Security Name	Redemption Date	Nominal Amount (€)
MT3100018204	91 Day T-Bill (09.10.25 - 08.01.26)	08/01/2026	32,625,000
MT3200016942	182 Day T-Bill (17.07.25 - 15.01.26)	15/01/2026	16,281,000
MT3100018212	91 Day T-Bill (16.10.25 - 15.01.26)	15/01/2026	40,589,000
MT3200016959	182 Day T-Bill (24.07.25 - 22.01.26)	22/01/2026	8,362,000
MT3100018220	91 Day T-Bill (23.10.25 - 22.01.26)	22/01/2026	19,449,000
MT3200016967	182 Day T-Bill (31.07.25 - 29.01.26)	29/01/2026	6,642,000
MT3100018238	91 Day T-Bill (30.10.25 - 29.01.26)	29/01/2026	25,212,000
MT3300011223	273 Day T-Bill (08.05.25 - 05.02.26)	05/02/2026	8,537,000
MT3200016975	182 Day T-Bill (07.08.25 - 05.02.26)	05/02/2026	8,191,000
MT3100018246	91 Day T-Bill (06.11.25 - 05.02.26)	05/02/2026	31,428,000
MT3300011231	273 Day T-Bill (15.05.25 - 12.02.26)	12/02/2026	12,746,000
MT3200016983	182 Day T-Bill (14.08.25 - 12.02.26)	12/02/2026	1,892,000
MT3100018253	91 Day T-Bill (13.11.25 - 12.02.26)	12/02/2026	27,704,000
MT3200016991	182 Day T-Bill (21.08.25 - 19.02.26)	19/02/2026	3,695,000
MT3100018261	91 Day T-Bill (20.11.25 - 19.02.26)	19/02/2026	20,935,000
MT3200017007	182 Day T-Bill (28.08.25 - 26.02.26)	26/02/2026	6,332,000
MT3100018279	91 Day T-Bill (27.11.25 - 26.02.26)	26/02/2026	21,589,000
MT3200017015	182 Day T-Bill (04.09.25 - 05.03.26)	05/03/2026	3,434,000
MT3100018287	91 Day T-Bill (04.12.25 - 05.03.26)	05/03/2026	37,350,000
MT3200017023	182 Day T-Bill (11.09.25 - 12.03.26)	12/03/2026	5,056,000
MT3100018295	91 Day T-Bill (11.12.25 - 12.03.26)	12/03/2026	38,580,000
MT3200017031	181 Day T-Bill (18.09.25 - 18.03.26)	18/03/2026	8,709,000
MT3100018303	90 Day T-Bill (18.12.25 - 18.03.26)	18/03/2026	50,540,000
MT3200017049	182 Day T-Bill (25.09.25 - 26.03.26)	26/03/2026	10,982,000
MT3100018311	92 Day T-Bill (24.12.25 - 26.03.26)	26/03/2026	51,330,000
MT3100018329	92 Day T-Bill (31.12.25 - 02.04.26)	02/04/2026	53,783,000
MT3300011249	273 Day T-Bill (10.07.25 - 09.04.26)	09/04/2026	13,639,000
MT3200017056	182 Day T-Bill (09.10.25 - 09.04.26)	09/04/2026	6,887,000
MT3200017064	182 Day T-Bill (16.10.25 - 16.04.26)	16/04/2026	21,216,000
MT3200017072	182 Day T-Bill (23.10.25 - 23.04.26)	23/04/2026	23,974,000
MT3200017080	182 Day T-Bill (06.11.25 - 07.05.26)	07/05/2026	25,275,000
MT3200017098	182 Day T-Bill (13.11.25 - 14.05.26)	14/05/2026	24,878,000
MT3200017106	182 Day T-Bill (20.11.25 - 21.05.26)	21/05/2026	14,018,000
MT3200017114	182 Day T-Bill (27.11.25 - 28.05.26)	28/05/2026	21,294,000
MT3200017122	182 Day T-Bill (04.12.25 - 04.06.26)	04/06/2026	17,280,000
MT3200017130	182 Day T-Bill (11.12.25 - 11.06.26)	11/06/2026	9,727,000
MT3200017148	182 Day T-Bill (18.12.25 - 18.06.26)	18/06/2026	7,716,000
MT3200017155	183 Day T-Bill (31.12.25 - 02.07.26)	02/07/2026	6,305,000
MT3300011256	273 Day T-Bill (30.10.25 - 30.07.26)	30/07/2026	42,470,000
MT3300011264	274 Day T-Bill (24.12.25 - 24.09.26)	24/09/2026	7,390,000
MT3400010406	364 Day T-Bill (02.10.25 - 01.10.26)	01/10/2026	9,327,000
		Total	803,369,000

*Redemption date on Ex-Church Property Stocks can take place between 1 January and 31 December of the year indicated.

**Bondholders may redeem the whole amount invested prior to the redemption date set in the prospectus subject to conditions laid out in it.