

Lombard Bank Malta p.l.c.

**Directors' Report &
Interim Condensed Financial Statements
30 June 2025**

Company Registration Number: C 1607

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Lombard Bank Malta p.l.c.

Directors' Report

The Lombard Bank Group (the Group) registered a Profit before tax of €12.9 million for the first half of the year, up from €11.4 million in the same period last year. Profit before Tax of the Bank was €9.5 million compared with €10.5 million in H1 2024.

Income Statement

The Group delivered a positive financial performance during the first half of the year, driven by: an increase in Bank Operating Income; a release in Expected Credit Losses; higher Profit before Tax of €3.2 million by the Bank's subsidiary, MaltaPost p.l.c.; and one-off gain of €2.4 million mainly from the disposal of assets by an associate company. Earnings per Share for the period, now stand at €0.06.

Gross interest revenues rose by 7%, reaching €19.7 million (H1 2024: €18.4 million) mainly from growth in customer lending. This was partially offset by lower interest income from Treasury activities, reflecting the impact of declining market interest rates.

Interest expense increased by 30%, reaching €6.6 million (H1 2024: €5.1 million), mainly due to competitive rates offered on longer-term fixed deposits.

Net interest income was lower by 1% at €13.1 million (H1 2024: €13.3 million).

Net fee and commission income remained stable at €2.8 million (H1 2024: €2.8 million), consistent with last year's levels.

Postal sales and other revenues at €21.4 million increased by 5% (H1 2024: €20.3 million), driven by consistent performance across key business lines at MaltaPost. Efforts continued to focus on the strengthening of the 'One Delivery' last-mile service, while mitigating the decline in Letter Mail volumes.

Operating Income rose by 2% to €38.1 million (H1 2024: €37.3 million).

Employee Compensation and Benefits increased by 8% to €14.2 million (H1 2024: €13.2 million), amid a tight and competitive labour market.

Other Operating Costs fell by 1% to €12.6 million (H1 2024: €12.8 million), reflecting effective cost management and enhanced operational efficiencies.

Cost Efficiency Ratio of the Bank was 54.4% (H1 2024: 51.5%). For the Group, the ratio was 74.9% (H1 2024: 73.8%), which operates on high volumes and low margins, with a substantial human resource component.

Expected Credit Losses (ECL) as defined and determined by International Financial Reporting Standard 9 (IFRS 9) resulted in a release of €1.0 million in the first half of this year, compared to a release of €1.6 million in the 2024 corresponding period. The release was mainly from Stage 3 customer exposures.

Financial Position and Capital

Loans and advances to customers rose by 4% to €903.6 million (FYE 2024: €872.7 million).

Amounts owed to customers decreased by 1% to €1,107.5 million from €1,120.0 million in FYE 2024.

Group Loan-to-Deposit ratio increased to 81.6% (FYE 2024: 77.9%). The Bank continued to rely on a diversified funding base, which over the years has proven to be stable. The Bank's liquidity ratios remained well in excess of minimum regulatory requirements.

Group Total assets rose to €1,391.8 million (FYE 2024: €1,388.4 million).

Lombard Bank Malta p.l.c.

Directors' Report

Equity attributable to equity holders of the Bank grew by an additional 3% to €215.9 million (FYE 2024: €209.4 million).

Group Net Asset Value (NAV) per share stood at €1.40 (FYE 2024: €1.36).

Group Earnings per Share (EPS) increased to 6 cents (H1 2024: 4 cents).

Group Return on Assets (ROA) was 1.1% (H1 2024: 1.1%) while **Group post tax Return on Average Equity (ROAE)** was 6.9% (H1 2024: 6.9%).

Total Capital Ratio at 19.2% (FYE 2024: 20.0%) exceeded the minimum regulatory requirements.

During the reporting period, the Group progressed further its key strategic initiatives. Investment in the retail network, infrastructure and insurance activities was maintained in line with business priorities. Following an internal evaluation, it was determined that the proprietary funds project was no longer aligned with the Group's evolving business strategy and will not be pursued further. The Group will focus on its Wealth Management function, rendering it better suited to its long-term vision and market positioning. The Group remained intent on ensuring that sustainability remained a central pillar of its business model and initiatives.

The Bank maintained a prudent and selective approach to business, preserving its robust financial position while effectively balancing the demand for credit and other banking services with sound risk management.

The Group investment in technology is geared towards supporting ongoing efforts to meet regulatory requirements, as well as addressing evolving business needs and enhancing operational efficiency. A number of projects are currently progressing in areas such as wealth management, SWIFT and instant payments, card services, core banking system upgrades and risk management.

The outlook for the rest of the year remains cautiously optimistic with the Group remaining well positioned to pursue growth in line with its strategic priorities, underpinned by a robust financial position and proven track record. It will continue to identify business opportunities arising from a growing local economy, aiming to meet its financial objectives while upholding its responsibilities to the community and shareholders.

27 August 2025

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

Statements of Financial Position

	Group		Bank	
	30 June	31 December	30 June	31 December
	2025	2024	2025	2024
	€ 000	€ 000	€ 000	€ 000
Assets				
Balances with Central Bank of Malta, treasury bills and cash	113,274	154,480	112,345	153,361
Cheques in course of collection	1,663	266	1,663	266
Financial investments	204,435	208,110	202,414	205,978
Loans and advances to banks	57,770	46,189	53,186	40,964
Loans and advances to customers	903,610	872,682	903,621	872,690
Trade and other receivables	14,442	12,979	4,755	3,443
Accrued income and other assets	5,894	5,435	4,546	4,612
Assets classified as held for sale	703	703	703	703
Inventories	2,100	1,731	1,201	878
Investments in subsidiaries	-	-	17,927	17,927
Investments in associates	7,682	4,250	1,645	1,645
Intangible assets	2,186	2,186	6	10
Property, plant and equipment	71,421	71,450	44,465	44,798
Deferred tax assets	6,603	7,961	6,525	7,772
Total assets	1,391,783	1,388,422	1,355,002	1,355,047

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

Statements of Financial Position - continued

	Group		Bank	
	30 June	31 December	30 June	31 December
	2025	2024	2025	2024
	€ 000	€ 000	€ 000	€ 000
Equity and Liabilities				
Equity				
Share capital	19,322	19,322	19,322	19,322
Share premium	56,534	56,534	56,534	56,534
Revaluation and other reserves	12,415	11,010	8,451	7,048
Retained earnings	127,592	122,582	122,644	119,917
Equity attributable to equity holders of the Bank	215,863	209,448	206,951	202,821
Non-controlling interests	9,515	9,473	-	-
Total equity	225,378	218,921	206,951	202,821
Liabilities				
Amounts owed to banks	3,006	438	3,006	438
Amounts owed to customers	1,107,526	1,120,006	1,110,140	1,121,816
Current tax liabilities	3,511	1,256	1,538	597
Accruals and deferred income	15,051	13,847	10,060	9,643
Other liabilities	29,920	26,497	18,475	14,880
Provisions for liabilities and other charges	2,567	2,633	1,553	1,573
Deferred tax liabilities	4,824	4,824	3,279	3,279
Total liabilities	1,166,405	1,169,501	1,148,051	1,152,226
Total equity and liabilities	1,391,783	1,388,422	1,355,002	1,355,047
Memorandum items				
Contingent liabilities	18,524	19,827	18,524	19,827
Commitments	290,175	292,036	291,078	292,833

The notes on pages 14 to 27 are an integral part of these interim condensed financial statements.

These interim condensed financial statements on pages 5 to 27 were approved and authorised for issue by the Board of Directors on 27 August 2025 and signed on its behalf by:



Michael C. Bonello, Chairman



Joseph Said, Director & Chief Executive Officer

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

Income Statements

	Group		Bank	
	30 June	30 June	30 June	30 June
	2025	2024	2025	2024
	€ 000	€ 000	€ 000	€ 000
Interest receivable and similar income				
- on loans and advances, balances with Central Bank of Malta and treasury bills	18,308	17,056	18,268	17,021
- on debt and other fixed income instruments	1,415	1,307	1,386	1,270
Interest expense	(6,578)	(5,058)	(6,538)	(5,035)
Net interest income	13,145	13,305	13,116	13,256
Fee and commission income	2,948	2,934	2,523	2,454
Fee and commission expense	(140)	(131)	(140)	(131)
Net fee and commission income	2,808	2,803	2,383	2,323
Postal sales and other revenues	21,399	20,343	547	131
Dividend income	243	176	2,346	1,620
Net trading income	376	332	294	339
Other operating income	141	300	33	168
Operating income	38,112	37,259	18,719	17,837
Employee compensation and benefits	(14,209)	(13,158)	(4,674)	(4,668)
Other operating costs	(12,575)	(12,765)	(4,903)	(3,947)
Depreciation and amortisation	(1,746)	(1,569)	(598)	(577)
Net movement in provisions for liabilities and other charges	(26)	(31)	-	-
Net movement in expected credit losses	958	1,649	958	1,835
Operating profit	10,514	11,385	9,502	10,480
Share of profit/(loss) attributable to investment accounted for using the equity method, net of tax	2,431	(15)	-	-
Profit before taxation	12,945	11,370	9,502	10,480
Income tax expense	(3,854)	(4,164)	(3,262)	(3,653)
Profit for the period	9,091	7,206	6,240	6,827
Attributable to:				
Equity holders of the Bank	8,523	6,707		
Non-controlling interests	568	499		
Profit for the period	9,091	7,206		
Earnings per share	€0.06	€0.04		

The notes on pages 14 to 27 are an integral part of these interim condensed financial statements.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

Statements of Comprehensive Income

	Group		Bank	
	30 June	30 June	30 June	30 June
	2025	2024	2025	2024
	€ 000	€ 000	€ 000	€ 000
Profit for the period	9,091	7,206	6,240	6,827
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Investments in debt securities measured at FVOCI				
Net gains from changes in fair value, before tax	1,675	2,493	1,685	2,434
Net movements in credit losses released to profit or loss, before tax	(34)	(225)	(34)	(225)
Income taxes relating to these items	(576)	(773)	(578)	(773)
Items that will not be subsequently reclassified to profit or loss				
Net gains/(losses) from changes in fair value of investments in equity instruments designated at FVOCI, before tax	358	(1,018)	358	(1,018)
Remeasurements of defined benefit obligations, before tax	16	(62)	-	-
Income taxes relating to these items	(131)	378	(125)	356
Other comprehensive income for the period, net of income tax	1,308	793	1,306	774
Total comprehensive income for the period, net of income tax	10,399	7,999	7,546	7,601
Attributable to:				
Equity holders of the Bank	9,831	7,495		
Non-controlling interests	568	504		
Total comprehensive income for the period, net of income tax	10,399	7,999		

The notes on pages 14 to 27 are an integral part of these interim condensed financial statements.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

Statements of Changes in Equity

Group

	Attributable to equity holders of the Bank					Non-controlling interests	Total Equity
	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total € 000	€ 000	€ 000
At 1 January 2024	19,322	56,534	1,420	113,107	190,383	8,409	198,792
Comprehensive income							
Profit for the period	-	-	-	6,707	6,707	499	7,206
Other comprehensive income							
Fair valuation of financial assets measured at FVOCI:							
Net movements in fair value arising during the period	-	-	963	-	963	16	979
Reclassification adjustment:							
- net movements attributable to changes in credit risk	-	-	(146)	-	(146)	-	(146)
Remeasurements of defined benefit obligations	-	-	(29)	-	(29)	(11)	(40)
Total other comprehensive income for the period	-	-	788	-	788	5	793
Total comprehensive income for the period	-	-	788	6,707	7,495	504	7,999
Transfers and other movements	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	(1,638)	(1,638)	(306)	(1,944)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Impacts of change in non-controlling interests in subsidiary	-	-	23	(68)	(45)	45	-
Total transactions with owners	-	-	23	(1,706)	(1,683)	(261)	(1,944)
At 30 June 2024	19,322	56,534	2,231	118,108	196,195	8,652	204,847

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

Statements of Changes in Equity – continued

Group

	Attributable to equity holders of the Bank					Non-controlling interests € 000	Total Equity € 000
	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total € 000		
At 1 January 2025	19,322	56,534	11,010	122,582	209,448	9,473	218,921
Comprehensive income							
Profit for the period	-	-	-	8,523	8,523	568	9,091
Other comprehensive income							
Fair valuation of financial assets measured at FVOCI:							
Net movements in fair value arising during the period	-	-	1,322	-	1,322	(3)	1,319
Reclassification adjustment:							
- net movements attributable to changes in credit risk	-	-	(22)	-	(22)	-	(22)
Remeasurements of defined benefit obligations	-	-	8	-	8	3	11
Total other comprehensive income for the period	-	-	1,308	-	1,308	-	1,308
Total comprehensive income for the period	-	-	1,308	8,523	9,831	568	10,399
Transfers and other movements	-	-	97	(97)	-	-	-
Transactions with owners, recorded directly in equity							
Distributions to owners							
Dividends to equity holders	-	-	-	(3,416)	(3,416)	(526)	(3,942)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Impacts of change in non-controlling interests in subsidiary	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	(3,416)	(3,416)	(526)	(3,942)
At 30 June 2025	19,322	56,534	12,415	127,592	215,863	9,515	225,378

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

Statements of Changes in Equity - continued

Bank	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total equity € 000
At 1 January 2024	19,322	56,534	(1,297)	111,444	186,003
Comprehensive income					
Profit for the period	-	-	-	6,827	6,827
Other comprehensive income					
Fair valuation of financial assets measured at FVOCI:					
Net movements in fair value arising during the period	-	-	920	-	920
Reclassification adjustment:					
- net movements attributable to changes in credit risk	-	-	(146)	-	(146)
Total other comprehensive income for the period	-	-	774	-	774
Total comprehensive income for the period	-	-	774	6,827	7,601
Transfers and other movements	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Distributions to owners					
Dividends to equity holders	-	-	-	(1,638)	(1,638)
Total transactions with owners	-	-	-	(1,638)	(1,638)
At 30 June 2024	19,322	56,534	(523)	116,633	191,966

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Interim Condensed Financial Statements – 30 June 2025

Statements of Changes in Equity - *continued*

Bank

	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total Equity € 000
At 1 January 2025	19,322	56,534	7,048	119,917	202,821
Comprehensive income					
Profit for the period	-	-	-	6,240	6,240
Other comprehensive income					
Fair valuation of financial assets measured at FVOCI:					
Net movements in fair value arising during the period	-	-	1,328	-	1,328
Reclassification adjustment:					
- net movements attributable to changes in credit risk	-	-	(22)	-	(22)
Total other comprehensive income for the period	-	-	1,306	-	1,306
Total comprehensive income for the period	-	-	1,306	6,240	7,546
Transfers and other movements	-	-	97	(97)	-
Transactions with owners, recorded directly in equity					
Distributions to owners					
Dividends to equity holders	-	-	-	(3,416)	(3,416)
Total transactions with owners	-	-	-	(3,416)	(3,416)
At 30 June 2025	19,322	56,534	8,451	122,644	206,951

The notes on pages 14 to 27 are an integral part of these interim condensed financial statements.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

Statements of Cash Flows

	Group		Bank	
	30 June 2025 € 000	30 June 2024 € 000	30 June 2025 € 000	30 June 2024 € 000
Cash flows from operating activities				
Interest, fees and commission receipts	22,076	19,295	22,108	19,326
Receipts from customers relating to postal sales and other revenue	20,866	18,807	547	131
Interest, fees and commission payments	(5,557)	(4,572)	(5,559)	(4,574)
Payments to employees and suppliers	(28,416)	(25,720)	(9,669)	(8,447)
Cash flows attributable to funds collected on behalf of third parties	691	730	-	-
Cash flows from operating profit before changes in operating assets and liabilities	9,660	8,540	7,427	6,436
<i>Movements in operating assets:</i>				
Treasury bills	-	2,935	-	2,935
Balances with Central Bank of Malta	150	133	150	133
Loans and advances to banks and customers	(28,711)	(43,722)	(30,211)	(44,222)
Other receivables	(1,670)	(3,769)	(1,632)	(3,767)
<i>Movements in operating liabilities:</i>				
Amounts owed to banks and to customers	(12,477)	31,914	(11,675)	31,086
Other payables	735	12,608	697	12,606
Net cash (used in) / generated from operating activities, before tax	(32,313)	8,639	(35,244)	5,207
Income tax paid	(950)	(448)	(1,074)	(878)
Net cash flows (used in) / generated from operating activities	(33,263)	8,191	(36,318)	4,329
Cash flows from investing activities				
Dividends received	243	176	243	176
Interest received from debt securities	1,877	1,996	1,805	1,925
Purchase of financial investments	(198)	(7,331)	(198)	(7,331)
Proceeds from maturity/disposal of investments	4,165	2,979	4,065	2,979
Purchase of property, plant and equipment and intangible assets	(810)	(749)	(217)	(202)
Investment in subsidiary, net of cash acquired	(262)	-	-	-
Investment in associate	(1,000)	-	-	-
Net cash flows generated from / (used in) investing activities	4,015	(2,929)	5,698	(2,453)
Cash flows from financing activities				
Dividends paid to non-controlling interests	(516)	(306)	-	-
Principal element of lease payments	(784)	(206)	(597)	(62)
Net cash flows used in financing activities	(1,300)	(512)	(597)	(62)
Net movement in cash and cash equivalents	(30,548)	4,750	(31,217)	1,814
Cash and cash equivalents at beginning of period	189,210	171,705	185,367	168,436
Cash and cash equivalents at end of period	158,662	176,455	154,150	170,250

The notes on pages 14 to 27 are an integral part of these interim condensed financial statements.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

Notes to the Condensed Interim Financial Statements

1. *Reporting Entity*

Lombard Bank Malta p.l.c. ('the Bank') is a credit institution incorporated and domiciled in Malta with its registered address at 67, Republic Street, Valletta. The condensed consolidated interim financial statements of the Bank as at and for the six-month period ended 30 June 2025 include the Bank and its subsidiaries and equity-accounted investees (together referred to as 'the Group'). These financial statements should be read in conjunction with the Annual Report and Financial Statements 2024.

The audited financial statements of the Group for the year ended 31 December 2024 are available upon request from the Bank's registered office and are also available for viewing on its website at <https://www.lombardmalta.com/en/financial-results>.

The condensed interim financial statements have been extracted from the unaudited group's management accounts for the six months ended 30 June 2025 and have not been subjected to a review in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

The comparative statements of financial position have been extracted from the audited financial statements for the year ended 31 December 2024.

2. *Basis of preparation*

The condensed interim financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard 34 - 'Interim Financial Reporting'. These include the comparative statements of financial position as of 31 December 2024 and the comparative income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the six-month period ended 30 June 2024. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The end of the reporting period for the condensed interim financial information of MaltaPost p.l.c. that has been utilised in the preparation of this condensed interim financial information is 31 March 2025, since the financial information prepared as of this date constitutes the most recent reviewed financial information of MaltaPost p.l.c.. The Bank has considered the utilisation of the subsidiary's consolidated financial information as at 30 June 2025 as impractical for the purposes of preparation of its condensed consolidated interim financial information.

3. *Accounting policies*

The accounting policies applied in the preparation of this interim financial information are consistent with those presented within the annual consolidated financial statements of Lombard Bank Malta p.l.c. for the year ended 31 December 2024, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2025

The Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2025. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group's accounting policies impacting the Group's financial performance and position.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

3. *Accounting policies - continued*

Standards, interpretations and amendments to published standards that are not yet effective in 2025

Certain new amendments and interpretations to existing standards have been published by the date of authorisation of these interim financial statements but are not yet effective for the Group's current reporting period. The Group did not early adopt any new standards, amendments and interpretations to existing standards applicable to periods after 1 January 2025 and the Bank's management is of the opinion that there are no requirements that will have a possible significant impact on the Group's consolidated financial statements in the period of initial application.

4. *Accounting estimates and judgements*

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions present a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group's management also makes judgements, apart from those involving estimations, in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognised in the financial statements.

In particular, the measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour, requiring a number of significant judgements. The critical accounting estimates and judgements as set out in Note 3 of the Annual Report and Financial Statements 2024 were applicable to the six-month period under review.

5. *The Group's financial position and appropriateness of the going concern assumption in the preparation of the interim financial information*

The Group continues to monitor the developments in the international and local economy with a view to take action in an agile manner as events which warrant action unfold.

The international economic environment remains uncertain, with global growth projected to stay moderate in 2025. Persistent geopolitical tensions, combined with the lingering effects of tight monetary policy and weak global trade, are dampening the recovery. In the euro area, economic activity is expected to pick up slightly as inflation pressures ease and consumer confidence improves. However, high interest rates and slow external demand continue to pose challenges, and risks remain tilted to the downside.

Against this backdrop, the Maltese economy continues to perform robustly, though growth is expected to slow from 6.0% in 2024 to 4.0% in 2025. The deceleration reflects a normalization following the post-pandemic rebound, but underlying momentum remains strong. Domestic demand is the main engine of growth, driven by rising household income, favourable labour market conditions, and ongoing investment. Export growth is expected to moderate, while public and private consumption remain resilient.

Inflation in Malta is forecast to decline to 2.3% in 2025, supported by government measures to contain energy prices and easing supply-side pressures. The labour market remains one of the strongest in the EU, with unemployment holding steady at 3.0% and wage growth moderating from previous highs. Public finances are gradually improving, with the government deficit and debt ratio expected to decline steadily over the forecast horizon. While the overall outlook remains positive, external risks such as rising global uncertainty and labour supply constraints could weigh on the pace of future expansion.

Lombard Bank Malta p.l.c.

Interim Condensed Financial Statements – 30 June 2025

5. *The Group's financial position and appropriateness of the going concern assumption in the preparation of the interim financial information - continued*

Notwithstanding the improving economic situation, the Bank is mindful that areas of weaknesses may still exist as a result of the prevailing macro-economic scenario, leading to customers potentially experiencing liquidity pressures. Therefore, the Bank continues to closely monitor activities on its loan portfolio and, where required, continues to provide support to customers.

6. *Summary of financial instruments to which the impairment requirements in IFRS 9 are applied*

The Group is exposed to a number of risks, which it manages at different organisational levels, in particular credit risk, which stems from the possible non-prompt repayment or non-payment of existing and contingent obligations by the Group's counterparties, resulting in the loss of equity and profit.

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from the Bank's consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees and letters of credit.

The Group is also exposed to other credit risks arising from the Bank's investments in debt securities and other exposures arising from its investing activities.

Credit risk constitutes the Bank's largest risk in view of its significant lending and securities portfolios, which is monitored in a structured and formal manner through several mechanisms and procedures. The credit risk management and control functions are centralised.

As part of the ECL model, the Bank classifies its exposures to loans and advances to customers into homogeneous groups with similar credit risk characteristics that include instrument type and credit risk gradings.

In this respect, the Bank considers the following categories for ECL measurement:

- personal portfolio, which includes loans and advances to individual customers such as mortgages, credit cards and other consumer credit;
- construction and real estate portfolio, which includes loans and advances to customers in respect of financing construction of real estate projects for the purpose of re-sale or rental; and
- corporate and commercial portfolio, which includes loans and advances to business entities, other than construction and real estate related borrowers.

The Bank's maximum credit risk with respect to on and off-balance sheet items can be classified into the following categories:

- Financial assets recognised on-balance sheet comprising principally of balances with Central Bank of Malta, financial investments and loans and advances to banks and customers. The maximum exposure to credit risk of these financial assets equals their gross carrying amounts.
- Documentary credits and guarantee obligations incurred on behalf of third parties. The latter carry the same credit risk as loans, whilst documentary credits are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a loan to a customer. The maximum exposure to credit risk is the full amount that the Bank would have to pay if the guarantees are called upon or if documentary credits are exercised.
- Loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities. The maximum exposure to credit risk is the full amount of the committed facilities. However, the likely amount of loss is less than the total unused commitments as most commitments to extend credit are contingent upon customers maintaining specific credit standards. These exposures are monitored in the same manner in respect of loans and advances.

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6. Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued

The following is a summary of financial instruments to which impairment requirements in IFRS 9 were applied for the Bank.

All figures presented in this note exclude the balances relating to the subsidiaries, as the financial instruments subject to IFRS 9 impairment requirements for such subsidiaries are deemed immaterial.

The following tables set out information about the credit quality of the Bank's financial assets measured at amortised cost and financial investments at FVOCI excluding equity investments.

	30 June 2025			Total € 000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL € 000	ECL € 000	ECL € 000	
Loans and advances to customers at amortised cost	726,359	120,999	63,588	910,946
Loans and advances to banks at amortised cost	53,189	-	-	53,189
Accrued income and other financial assets	121,230	241	112	121,583
Debt securities measured at FVOCI	173,560	-	-	173,560
Debt securities measured at amortised cost	20,498	-	-	20,498
Gross carrying amount	1,094,836	121,240	63,700	1,279,776
Contingent liabilities	12,535	-	323	12,858
Undrawn commitments	274,684	13,385	2,894	290,963
Total	1,382,055	134,625	66,917	1,583,597

	31 December 2024			Total € 000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL € 000	ECL € 000	ECL € 000	
Loans and advances to customers at amortised cost	699,264	131,159	50,687	881,110
Loans and advances to banks at amortised cost	40,973	-	-	40,973
Accrued income and other financial assets	159,495	365	45	159,905
Debt securities measured at FVOCI	176,696	-	-	176,696
Debt securities measured at amortised cost	21,132	-	-	21,132
Gross carrying amount	1,097,560	131,524	50,732	1,279,816
Contingent liabilities	12,619	-	-	12,619
Undrawn commitments	280,423	11,642	689	292,754
Total	1,390,602	143,166	51,421	1,585,189

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6. Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued

The following tables set out information on the allowance for expected credit losses of the Bank's financial assets measured at amortised cost and financial investments at FVOCI excluding equity investments.

	30 June 2025			Total € 000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL € 000	ECL € 000	ECL € 000	
Loans and advances to customers at amortised cost	853	560	5,912	7,325
Loans and advances to banks at amortised cost	3	-	-	3
Accrued income and other financial assets	67	-	-	67
Debt securities measured at FVOCI	191	-	-	191
Debt securities measured at amortised cost	26	-	-	26
Allowance for expected credit losses	1,140	560	5,912	7,612
Contingent liabilities	7	-	3	10
Undrawn commitments	10	1	42	53
Total	1,157	561	5,957	7,675

	31 December 2024			Total € 000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL € 000	ECL € 000	ECL € 000	
Loans and advances to customers at amortised cost	979	446	6,995	8,420
Loans and advances to banks at amortised cost	9	-	-	9
Accrued income and other financial assets	67	-	-	67
Debt securities measured at FVOCI	224	-	-	224
Debt securities measured at amortised cost	25	-	-	25
Allowance for expected credit losses	1,304	446	6,995	8,745
Contingent liabilities	12	-	-	12
Undrawn commitments	70	-	1	71
Total	1,386	446	6,996	8,828

Measurement of expected credit losses

Methodology

The recognition and measurement of expected credit losses involves the use of significant judgement and estimation. The Bank's methodology in relation to the generation and adoption of economic scenarios is described in Note 2.3.4 on pages 116 to 124 of the Bank's 2024 Annual Report and Financial Statements.

Forward-looking information incorporated in the ECL model

The calculation of ECL incorporates forward-looking information. As explained in the Note 2.3.4.4 in the Bank's Annual Report and Financial Statements, the Group has identified key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has analysed relationships between macro-economic variables, credit risk and credit losses. The key drivers constitute Gross Domestic Product ('GDP') at constant prices, unemployment rates and inflation rates.

6. *Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued*

Modelling of the economic scenarios, i.e. the forecast values of these variables for optimistic and pessimistic scenarios, is performed on the basis of the historical values while annual forecast values for base scenario is based on the published three-year forecasts of the Central Bank of Malta.

The pessimistic and optimistic scenarios are deemed to represent management's best forecast of an economically plausible upside and downside scenario.

The global economy continues to face an uncertain environment in 2025. While growth is projected to continue at a moderate pace, it remains constrained by the lingering effects of high interest rates, geopolitical tensions—particularly in Eastern Europe and the Middle East—and a slowdown in global trade. Advanced economies are seeing a gradual easing of inflation, which is helping to stabilise consumer confidence and investment sentiment. However, persistent structural challenges, such as tight labour markets and weak productivity growth, continue to weigh on the global recovery.

Within the European Union, economic activity is expected to gradually strengthen over the forecast horizon. Real GDP growth in the EU is projected to reach 1.1% in 2025, with the euro area slightly lower at 0.9%, before rising to 1.5% and 1.4%, respectively, in 2026. Inflation is decelerating and moving towards the ECB's target rate of 2.0%, with headline rates expected to ease from 2.6% in the EU (and 2.4% in the euro area) in 2024, to 2.3% and 2.1%, respectively, in 2025. This trend is largely attributed to falling energy prices and the normalisation of supply chains. Labour markets remain resilient across the bloc, with unemployment forecast to decline to 5.7% in the EU and 6.1% in the euro area by 2026. Nevertheless, significant downside risks persist particularly from renewed geopolitical tensions, the emergence of uncertainties with trade tariffs, weaker global demand, and volatility in energy and commodity markets.

The Maltese economy is expected to maintain solid momentum, even as growth moderates from 6.0% in 2024 to 4.0% in 2025, 3.5% in 2026 and 3.3% in 2027. This reflects a return to more balanced growth following the strong post-pandemic rebound. Domestic demand remains the primary engine of growth, supported by steady private consumption, increased investment, and favourable financing conditions. Household spending continues to rise, driven by improved income levels and a historically strong labour market.

The labour market remains tight, with unemployment holding at a record low of 3.0%. Employment growth is expected to continue, albeit at a slightly slower pace, while wage pressures begin to ease compared to recent years. Nonetheless, wage growth remains above historical averages, reflecting ongoing labour shortages in key sectors and strong demand for workers, particularly in services and construction.

Inflation is forecast to decline further in 2025, reaching 2.3%, before approaching the European Central Bank's target of 2.0% in 2027. This easing is driven by lower energy prices, government price-support measures, and the gradual fading of supply-side disruptions. However, core inflation, particularly in services, is expected to remain somewhat persistent due to sustained wage pressures and robust domestic demand.

On the downside, possible persistent supply bottlenecks stemming from effects of geopolitical developments and the possibility of extreme weather events could adversely affect growth throughout the projection horizon.

Significant judgement in the estimation of ECL impairment allowances as of 30 June 2025 continues to relate to the determination of forward-looking scenarios reflecting potential future economic conditions under different scenarios and their impact on PDs and LGDs.

The 'base', 'upside' and 'downside' scenarios were used for all portfolios:

- The 'Base' Scenario captures business-as-usual macro-economic expectations, whereby the current rhythm of economic activity is maintained;

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6. Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued

- The 'Downside' Scenario is based on a subdued level of economic activity hypothesised to correspond to prolonged period of an economic contraction;
- The 'Upside' Scenario is based on the assumption that it would be possible to marginally improve further over the already benign economic conditions considered in the 'Base' Scenario.

	As of 30 June 2025		
	2025	2026	2027
Gross Domestic Product, constant prices (YoY)*			
'Base'	4.00%	3.50%	3.30%
Range of forecasts for alternative scenarios	[1.0 - 7.0]%	[0.5 - 6.5]%	[0.3 - 6.3]%
Unemployment rate (YoY)*			
'Base'	3.00%	3.00%	3.00%
Range of forecasts for alternative scenarios	[1.6 - 4.4]%	[1.6 - 4.4]%	[1.6 - 4.4]%
Inflation rate (YoY)*			
'Base'	2.30%	2.10%	2.00%
Range of forecasts for alternative scenarios	[0.9 - 3.7]%	[0.7 - 3.5]%	[0.6 - 3.4]%
	As of 31 December 2024		
	2025	2026	2027
Gross Domestic Product, constant prices (YoY)*			
'Base'	3.90%	3.60%	3.40%
Range of forecasts for alternative scenarios	[0.9 - 6.9]%	[0.6 - 6.6]%	[0.4 - 6.4]%
Unemployment rate (YoY)*			
'Base'	3.2%	3.1%	3.1%
Range of forecasts for alternative scenarios	[1.8 - 4.6]%	[1.7 - 4.5]%	[1.7 - 4.5]%
Inflation rate (YoY)*			
'Base'	2.2%	2.0%	2.0%
Range of forecasts for alternative scenarios	[0.8 - 3.6]%	[0.6 - 3.4]%	[0.6 - 3.4]%

*YoY = year on year % change

As of 30 June 2025, the weightings assigned to each economic scenario were 68% for the 'Base' Scenario, 16% for the 'Downside' scenario and 16% for the 'Upside' scenario. The weightings assigned as of 31 December 2024 were 68% for the 'Base' Scenario, 16% for the 'Downside' scenario and 16% for the 'Upside' scenario.

Economic scenarios sensitivity analysis of ECL estimates

The outcome of the Bank's credit loss allowances estimation process is sensitive to judgements and estimations made through the reflection of several forward-looking economic conditions. Management has assessed the sensitivity of the Bank's expected credit losses by assigning a 100% weighting to the baseline, downside and upside scenarios respectively. The Bank's credit loss allowances would decrease by €2.8 million if the provisions had to be calculated solely on the baseline scenario; ECLs would increase by €2.3 million if these had to be estimated using only the downside scenario and would reduce by €4.2 million if the upside scenario only were to be taken into consideration. This demonstrates the Bank's resilience in overcoming negative shocks and its ability to absorb such allowance changes, if necessary.

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6. Summary of financial instruments to which the impairment requirements in IFRS 9 are applied - continued

The following tables explain the changes in the loss allowance on loans and advances to customers between the beginning and end of the reporting period:

	2025			
	Stage 1 12-month ECL € 000	Stage 2 Lifetime ECL € 000	Stage 3 Lifetime ECL € 000	Total € 000
Loans and advances to customers at amortised cost				
Loss allowance as at 1 January 2025	979	446	6,995	8,420
Transfers of financial instruments				
Transfer from Stage 1 to Stage 2	(36)	36	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	13	(13)	-	-
Transfer from Stage 2 to Stage 3	-	(18)	18	-
Transfer from Stage 3 to Stage 1	87	-	(87)	-
Net remeasurement of ECL arising from stage transfers	(24)	224	3	203
Total remeasurement of loss allowance arising from transfers in stages	40	229	(66)	203
New financial assets originated	110	23	17	150
Changes to risk parameters (model inputs PDs/LGDs/EADs)	(262)	(131)	(701)	(1,094)
Financial assets derecognised	(14)	(7)	(136)	(157)
Total net income statement movement during the period	(126)	114	(886)	(898)
Other movements				
Write-offs	-	-	(377)	(377)
Unwinding of discount	-	-	180	180
Loss allowance as at 30 June 2025	853	560	5,912	7,325

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6. Summary of financial instruments to which the impairment requirements in IFRS 9 are applied – continued

	2024			Total € 000
	Stage 1 12-month ECL € 000	Stage 2 Lifetime ECL € 000	Stage 3 Lifetime ECL € 000	
Loans and advances to customers at amortised cost				
Loss allowance as at 1 January 2024	1,580	1,887	7,984	11,451
Transfers of financial instruments				
Transfer from Stage 1 to Stage 2	(5)	5	-	-
Transfer from Stage 1 to Stage 3	(1)	-	1	-
Transfer from Stage 2 to Stage 1	31	(31)	-	-
Transfer from Stage 2 to Stage 3	-	(51)	51	-
Transfer from Stage 3 to Stage 1	2	-	(2)	-
Net remeasurement of ECL arising from stage transfers	-	2	(1)	1
Total remeasurement of loss allowance arising from transfers in stages	27	(75)	49	1
New financial assets originated	190	156	6	352
Changes to risk parameters (model inputs PDs/LGDs/EADs)	(880)	(629)	19	(1,490)
Financial assets derecognised	(238)	(81)	(91)	(410)
Total net income statement credit during the period	(901)	(629)	(17)	(1,547)
Other movements				
Write-offs	-	-	(78)	(78)
Unwinding of discount	-	-	135	135
Loss allowance as at 30 June 2024	679	1,258	8,024	9,961

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6. Summary of financial instruments to which the impairment requirements in IFRS 9 are applied – continued

The following tables explain the changes in the gross carrying amounts of loans and advances to customers between the beginning and end of the reporting period:

	2025			
	Stage 1 12-month ECL € 000	Stage 2 Lifetime ECL € 000	Stage 3 Lifetime ECL € 000	Total € 000
Loans and advances to customers at amortised cost				
Gross carrying amount as at 1 January 2025	699,264	131,159	50,687	881,110
Transfers of financial instruments				
Transfer from Stage 1 to Stage 2	(25,123)	25,123	-	-
Transfer from Stage 1 to Stage 3	(13)	-	13	-
Transfer from Stage 2 to Stage 1	11,290	(11,290)	-	-
Transfer from Stage 2 to Stage 3	-	(13,894)	13,894	-
Transfer from Stage 3 to Stage 1	87	-	(87)	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Total changes in gross carrying amounts arising from transfers in stages	(13,759)	(61)	13,820	-
New financial assets originated	79,411	968	660	81,039
Changes in gross carrying amount in respect of facilities present as at 1 January 2025	(18,302)	(1,198)	(62)	(19,562)
Financial assets derecognised	(20,255)	(9,869)	(1,140)	(31,264)
Write-offs	-	-	(377)	(377)
Total net change during the period	27,095	(10,160)	12,901	29,836
Gross carrying amount as at 30 June 2025	726,359	120,999	63,588	910,946

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6. Summary of financial instruments to which the impairment requirements in IFRS 9 are applied – continued

	2024			
	Stage 1 12-month ECL € 000	Stage 2 Lifetime ECL € 000	Stage 3 Lifetime ECL € 000	Total € 000
Loans and advances to customers at amortised cost				
Gross carrying amount as at 1 January 2024	611,313	129,224	29,218	769,755
Transfers of financial instruments				
Transfer from Stage 1 to Stage 2	(19,122)	19,122	-	-
Transfer from Stage 1 to Stage 3	(25)	-	25	-
Transfer from Stage 2 to Stage 1	6,862	(6,862)	-	-
Transfer from Stage 2 to Stage 3	-	(1,222)	1,222	-
Transfer from Stage 3 to Stage 1	3	-	(3)	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Total changes in gross carrying amounts arising from transfers in stages	(12,282)	11,038	1,244	-
New financial assets originated	75,717	11,216	2,030	88,963
Changes in gross carrying amount in respect of facilities present as at 1 January 2024	(7,442)	(9,994)	(411)	(17,847)
Financial assets derecognised	(19,936)	(4,382)	(2,361)	(26,679)
Write-offs	-	-	(248)	(248)
Total net change during the period	36,057	7,878	254	44,189
Gross carrying amount as at 30 June 2024	647,370	137,102	29,472	813,944

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7. Segmental information

	Banking services		Postal services		Group	
	30 June 2025 € 000	30 June 2024 € 000	30 June 2025 € 000	30 June 2024 € 000	30 June 2025 € 000	30 June 2024 € 000
Operating income	16,326	16,118	21,786	21,141	38,112	37,259
Segment result - profit before taxation	9,763	8,886	3,182	2,484	12,945	11,370

	Banking services		Postal services		Group	
	30 June 2025 € 000	31 December 2024 € 000	30 June 2025 € 000	31 December 2024 € 000	30 June 2025 € 000	31 December 2024 € 000
Segment total assets	1,338,698	1,335,804	53,085	52,618	1,391,783	1,388,422

8. Fair values of financial assets and liabilities

The Group's financial instruments categorised as Investments within the Statement of Financial Position are measured at fair value. The Group is required to disclose fair value measurements according to the following hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2).
- Inputs for the asset that are not based on observable market data i.e. unobservable inputs (Level 3).

As at 30 June 2025 and 31 December 2024, investments were principally valued using Level 1 inputs. No transfers of financial instruments measured at fair value between different levels of the fair value hierarchy have occurred during the interim period under review.

As at 30 June 2025, investments measured at amortised cost comprise debt instruments amounting to €20,472,000 (2024: €21,107,000). The fair value of these financial instruments as at 30 June 2025, determined by reference to quoted market prices is €20,967,000 (2024: €21,400,000).

The fair values of all the Group's other financial assets and liabilities that are not measured at fair value are considered to approximate their respective carrying values due to their short-term nature, short periods to repricing or because they are repriceable at the Group's discretion. The current market interest rates utilised for fair value estimation, which reflect essentially the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

The valuation techniques utilised in preparing these condensed interim financial statements were consistent with those applied in the preparation of the financial statements as at and for the year ended 31 December 2024.

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9. Financial investments

Financial investments include the following:

	Group		Bank	
	30 June 2025 € 000	31 December 2024 € 000	30 June 2025 € 000	31 December 2024 € 000
Measured at FVOCI				
Debt and other fixed income instruments	175,581	178,828	173,560	176,696
Equity instruments	8,382	8,175	8,382	8,175
Measured at amortised cost				
Debt and other fixed income instruments	20,472	21,107	20,472	21,107
	204,435	208,110	202,414	205,978

Debt and other fixed income instruments are analysed as follows:

	Group		Bank	
	30 June 2025 € 000	31 December 2024 € 000	30 June 2025 € 000	31 December 2024 € 000
Government debt securities measured at FVOCI				
- local and listed on the Malta Stock exchange	142,192	141,008	141,110	139,805
- foreign government and listed on other exchanges	6,222	6,224	6,222	6,224
- supranational and listed on other exchanges	1,109	4,010	1,109	4,010
	149,523	151,242	148,441	150,039
Other debt securities measured at FVOCI				
- local and listed on the Malta Stock Exchange	14,555	15,033	13,616	14,104
- foreign and listed on other exchanges	11,503	12,553	11,503	12,553
	26,058	27,586	25,119	26,657
Government debt securities measured at amortised cost				
- local and listed on the Malta Stock exchange	12,013	12,016	12,013	12,016
- foreign government and listed on other exchanges	2,541	2,860	2,541	2,860
-supranational and listed on other exchanges	2,404	2,695	2,404	2,695
	16,958	17,571	16,958	17,571
Other debt securities measured at amortised cost				
- local and listed on the Malta Stock Exchange	1,834	1,636	1,834	1,636
- foreign and listed on other exchanges	1,706	1,925	1,706	1,925
Less: Expected credit loss allowances	(26)	(25)	(26)	(25)
	3,514	3,536	3,514	3,536

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10. Earnings per share

Earnings per share is based on the net profit for the year divided by the weighted average number of ordinary shares in issue during the period.

	Group	
	2025	2024
Net profit attributable to equity holders of the Bank (€ 000)	8,523	6,707
Weighted average number of ordinary shares in issue	154,572,263	154,572,263
Earnings per share	€0.06	€0.04

The Bank's issued share capital did not change during the reporting period ended 30 June 2025.

The Bank has no instruments or arrangements which give rise to dilutive potential ordinary shares, and accordingly diluted earnings per share is equivalent to basic earnings per share.

11. Dividends

In respect of the financial year ended 31 December 2023, a gross dividend of 1.63 cent per nominal €0.125 share (net dividend of 1.06 cent for a total amount of €1,638,000) was proposed by the Board of Directors and approved by the shareholders at the Annual General Meeting held on 27 June 2024.

In respect of the financial year ended 31 December 2024, a gross dividend of 3.40 cent per nominal €0.125 share (net dividend of 2.21 cent for a total amount of €3,416,000) was proposed by the Board of Directors and approved by the shareholders at the Annual General Meeting held on 25 June 2025.

12. Related party transactions

During the financial period from 1 January to 30 June 2025 the Group did not enter into any related party transactions which had a material effect on the financial results and financial position of the Group.

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Additional Regulatory Disclosures

1. Asset encumbrance

Banking Rule 07 transposed the provisions of the EBA Guidelines on Disclosure of Encumbered and Unencumbered Assets (EBA/GL/2014/03) and introduced the requirement to disclose information about asset encumbrance.

This disclosure is meant to facilitate an understanding of available and unrestricted assets of the Bank that could be used to support potential future funding and collateral needs. An asset is defined as encumbered if it has been pledged as collateral against an existing liability, and as a result is no longer available to secure funding, satisfy collateral needs or be sold to reduce the funding requirement.

The disclosure is not designed to identify assets which would be available to meet the claims of creditors or to predict assets that would be available to creditors in the event of a resolution or bankruptcy.

	Carrying amount of encumbered assets € 000	Fair value of encumbered assets € 000	Carrying amount of unencumbered assets € 000	Fair value of unencumbered assets € 000
Bank				
At 30 June 2025				
Equity instruments	-	-	8,382	8,382
Debt securities	7,842	7,842	187,135	187,630
Other assets	2,661	2,661	1,148,982	1,148,982
	10,503	10,503	1,344,499	1,344,994
At 31 December 2024				
Equity instruments	-	-	8,175	8,175
Debt securities	8,013	8,013	190,780	191,073
Other assets	2,613	2,613	1,145,466	1,145,466
	10,626	10,626	1,344,421	1,344,714

The Bank does not encumber any collateral received. As at 30 June 2025, the Bank did not have any outstanding liabilities associated with encumbered assets and collateral received.

The Bank undertakes the following types of encumbrance:

- Pledging of a deposit with the Central Bank of Malta in favour of the Depositor Compensation Scheme.
- Pledging of Malta Government Stocks held in terms of Directive No. 8 (Chapter 204 of the Central Bank of Malta Act) as security for a facility not currently utilised.

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Additional Regulatory Disclosures

2. Key Metrics (EU KM1)

Amounts in €000s		Jun-25	Dec-24
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	190,896	196,508
2	Tier 1 capital	190,896	196,508
3	Total capital	190,896	196,508
	Risk-weighted exposure amounts		
4	Total risk exposure amount	993,696	982,444
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	19.21%	20.00%
6	Tier 1 ratio (%)	19.21%	20.00%
7	Total capital ratio (%)	19.21%	20.00%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)		
7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.25%	3.25%
7b	of which: to be made up of CET1 capital (percentage points)	1.83%	1.83%
7c	of which: to be made up of Tier 1 capital (percentage points)	2.44%	2.44%
7d	Total SREP own funds requirements (%)	11.25%	11.25%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-
9	Institution specific countercyclical capital buffer (%)	0.01%	0.01%
9a	Systemic risk buffer (%)	0.07%	0.17%
10	Global Systemically Important Institution buffer (%)	-	-
10a	Other Systemically Important Institution buffer (%)	-	-
11	Combined buffer requirement (%)	2.58%	2.68%
11a	Overall capital requirements (%)	13.83%	13.93%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.96%	8.75%
	Leverage ratio		
13	Total exposure measure	1,405,962	1,414,974
14	Leverage ratio (%)	13.58%	13.89%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)		
14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
14b	of which: to be made up of CET1 capital (percentage points)	-	-
14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)		
14d	Leverage ratio buffer requirement (%)	-	-
14e	Overall leverage ratio requirement (%)	3.00%	3.00%

Lombard Bank Malta p.l.c.

Additional Regulatory Disclosures

2. Key Metrics (EU KM1) – continued

	Liquidity Coverage Ratio¹		
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	281,775	297,086
16a	Cash outflows - Total weighted value	188,337	192,886
16b	Cash inflows - Total weighted value	75,578	72,492
16	Total net cash outflows (adjusted value)	115,759	120,395
17	Liquidity coverage ratio (LCR) (%)	243.41%	246.76%
	Net Stable Funding Ratio¹		
18	Total available stable funding	1,182,046	1,116,311
19	Total required stable funding	806,489	759,378
20	NSFR ratio (%)	146.57%	147.00%

¹In line with EU Regulation No. 575/2013 LCR is disclosed as an average over 12 months, whereas NSFR is disclosed as at the reporting date.

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Statement pursuant to Capital Markets Rules issued by MFSA

I confirm that to the best of my knowledge:

- The interim condensed financial statements, prepared in accordance with IAS 34 give a true and fair view of the financial position of the Group and the Bank as at 30 June 2025, as well as of their financial performance and cash flows for the six-month period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting, IAS 34' Interim Financial Reporting'; and
- The Director's Report includes a fair review of the information required in terms of Capital Markets Rules.

A handwritten signature in black ink, appearing to read 'Joseph Said', with a small mark below it.

Joseph Said, Chief Executive Officer