COMPANY ANNOUNCEMENT

Condensed Interim Financial Statements for the Six-Month Period Ended 30 June 2025

Date of Announcement:	28 August 2025
Reference:	BNF36

The following is a Company Announcement issued by BNF Bank p.l.c. (or the "Bank"), pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

Quote

During a meeting held earlier today the 28th August 2025, the Board of Directors of the Bank approved the attached Condensed Interim Financial Statements for the six-month period ended 30 June 2025.

The first half of 2025 was marked by a major digital transformation, including the replacement of the core banking system and customer-facing platforms. While the transition presented operational challenges and service disruption, these investments are essential to strengthen the Bank's infrastructure, improve customer experience, and support sustainable growth.

Despite these challenges, the Bank maintained a resilient financial position. As at 30 June 2025:

- **Total customer deposits** stood at €1,230.8m, up 1.4% in the first six months of the year.
- **Total loans and advances to customers** stood at €1,049.2m, up 3.8% in the first six months of the year.
- **Asset quality** remained stable, with credit-impaired loans at 2.4%, largely collateralised and well provisioned.
- **Liquidity** remained strong, with an LCR of 200.5% and NSFR of 139.3%, both above regulatory requirements.
- **Capital adequacy** stood at 17.8%.

Profit before tax for the first six months amounted to €2.6m, reflecting lower interest rates and exceptional expenditure on system stabilisation and customer support.

Total net operating income was €17.4m, 6% lower than June 2024, while operating expenses (excluding credit losses) increased by 16% to €14.6m mainly due to technology and transition-related costs. Expected credit losses remained low at €0.2m, reflecting strong asset quality. Profit after tax amounted to €1.8m, net of €0.8m in income tax.

The Bank remains financially sound, with stable funding, strong capital and liquidity ratios, and continued customer confidence. This provides a solid foundation to pursue strategic and capital plans, and deliver long-term value for customers and shareholders.

The Bank's Condensed Interim Financial Statements for the six-month period ended 30 June 2025 can be accessed online on the Bank's website at https://www.bnf.bank/investor-relations

Unquote

Dr Jean Noel Cutajar
Company Secretary

Condensed Interim Financial Statements 2025

Company Registration No. C 41030

BNF BANK P.L.C.
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BNF Bank p.l.c. is also referred throughout the document as 'BNF Bank', 'BNF', or 'the Bank'.

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Directors' Report

Directors' Report

The Directors present their condensed interim financial statements for the six-month period ended 30 June 2025.

Principal activities

BNF Bank p.l.c. (the "Bank", "BNF Bank") was incorporated as Banif Bank (Malta) p.l.c. and licensed to operate as a credit institution in terms of the Banking Act, Cap. 371 of the Laws of Malta on 27 March 2007. On 4 October 2016, following the non-objection of the European Central Bank (ECB) by virtue of a decision dated 12 August 2016 made pursuant to Articles 4(1)(c) and 15(3) of Council Regulation EU no. 1024/2013, Article 87 of Regulation (EU) no. 468/2014 of the ECB (EC/2014/17) and Article 13(1) and Article 13A of the Banking Act (Cap. 371 of the laws of Malta), a controlling stake was purchased by Al Faisal International for Investment Malta Limited, a subsidiary of Al Faisal International for Investment Company Q.P.S.C. headquartered in Qatar. The Bank's name was subsequently changed to BNF Bank p.l.c. On 3 July 2018 Al Faisal International for Investment Malta Limited changed its name to JUD Investment Group Limited. At 30 June 2025 and 31 December 2024, JUD Investment Group Limited owned 92.4% of the ordinary shares of BNF Bank.

The Bank provides a comprehensive range of retail and commercial banking services through a network of thirteen branches and a corporate and business centre in Malta, and a branch in London.

The economic environment

In mid-2025, the global economic outlook deteriorated. The United Nations' World Economic Situation and Prospects (WESP) update, issued in June 2025, projects global growth to slow to 2.4% in 2025, down from 2.9% in 2024. This decline is mainly due to increased trade tensions and heightened policy uncertainty, which are expected to disrupt global supply chains, raise production costs, and delay crucial investment decisions, in addition to causing financial market volatility. Developed economies are forecast to grow at 1.3% in 2025, down from 1.8% in 2024, reflecting weakening private investment, trade tensions, and ongoing policy uncertainty.

In the Euro area, the economic outlook is clouded by trade tensions and elevated global uncertainty. For 2025, the European Central Bank (ECB) has further eased its monetary policy by lowering its deposit facility rate to 2.0, with one further rate cut expected in 2025. Despite these measures, the Euro area GDP growth is expected to be subdued, with an annual average real GDP growth of 0.9% in 2025. Inflationary pressures are fading more quickly than anticipated, with headline inflation stabilising around the ECB's 2.0% target.

In Malta, the economic performance has remained robust, with real GDP growth projected at 4.0% in 2025, down from 6.0% in 2024. This growth is driven by domestic demand, supported by a strong labour market and tax band adjustments. The unemployment rate reached a historic low of 2.7% in April 2025, compared with 2.8% in March. The annual inflation rate based on the Harmonised Index of Consumer Prices (HICP) rose to 2.7% in May 2025, from 2.6% in April. The government deficit is expected to remain above the 3.0% level, with the debt-to-GDP ratio forecast to increase in 2025, remaining below the 60% Maastricht criteria threshold.

In 2025, Malta continued to make strides in various sectors. The tourism sector has shown strong performance, contributing to economic growth. The Central Bank of Malta's outlook for the Maltese economy projects government consumption to grow by 4.6% in 2025 compared to 7.3% in 2024, the decrease due to sectoral wage agreements in 2024. Additionally, investment in 2025 is expected to largely be driven by private investment and is projected to grow at a rate of 3.0%, generally reflecting confidence in the economic environment.

There are notable risks that could affect the Maltese economy. Trade tensions expose the economy to risk by reducing exports and investment, disrupting supply chains, and increasing costs, slowing economic growth and affecting financial stability. According to European Commission surveys, economic sentiment in Malta has shown a downward trend, with the largest deterioration recorded in industry. Nevertheless, in recent months the Central Bank of Malta's Economic Policy Uncertainty Index dropped below its historical average, indicating lower economic policy uncertainty amid de-escalation in trade tensions.

Financial position and performance

The first six months of 2025 were about navigating change and rising to the challenge of a difficult transition: the overhaul of all customer-facing digital platforms, alongside the replacement of the core banking system. Despite substantial efforts, the transition did not unfold as smoothly as expected, with customers facing a disruption to services. As an organisation, whilst we deeply regret the frustration and inconvenience, we firmly believe that the transition was necessary to drive the Bank towards a more prosperous future for customers and shareholders alike.

Despite the operational challenges, the half-year results reflect a resilient organisation. The Bank retains a strong financial position, with healthy liquidity levels and growth in customer deposits. Deposit growth is a clear sign of sustained customer confidence, while the Bank's lending activity underscores the strength of BNF's long-term strategy.

As at 30 June 2025, total deposits from customers amounted to €1,230.8m, representing growth of 1.4% during the first six months of 2025. The Bank's total assets amounted to €1,415.5m (December 2024: €1,375.7m), of which loans and advances to customers amounted to €1,049.2m (December 2024: €1,010.4m).

The Bank also maintained robust asset quality. The percentage of gross loans and advances to customers which were credit impaired stood at 2.4% (December 2024: 2.4%), and the total gross credit-impaired exposure amounted to €25.2m (December 2024: €24.5m). Credit-impaired and non-credit-impaired loans and advances to customers are largely secured with collateral and are amply provisioned.

The Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) remained above regulatory requirements throughout the first half of 2025 and as at 30 June 2025 amounted to 200.5% (December 2024: 213.3%) and 139.3% (December 2024: 141.4%) respectively. The Bank's Capital Adequacy Ratio as at 30 June 2025 was 17.8% compared to 17.4% in December 2024.

Profitability was affected by lower interest rates, as well as considerable and deliberate expenditure in stabilising systems and supporting customers during the Bank's digital transition. Expenditure on system stabilisation is short-term by nature and forms part of a broader strategy to strengthen the Bank's infrastructure, improve customer experience, and enable sustainable growth.

Profit before tax amounted to €2.6m for the first half of 2025 (June 2024: €6.3m). Profitability continued to be driven predominantly by net interest income, which together with net fees and commission income, net trading, investment, and other income made up total net operating income of €17.4m (June 2024: €18.5m).

Operating expenses incurred during the period up to June 2025, excluding movements in expected credit losses, amounted to €14.6m (June 2024: €12.6m). The increase in operating expenses largely pertains to investment in technology, system stabilisation, and enhanced customer support. System stabilisation and associated costs are temporary and are expected to subside during the second half of the year.

Expected credit losses amounted to €0.2m in the first half of 2025 (June 2024: gains of €0.4m). During the period under review the Bank retained a judgemental temporary post-model adjustment in credit-related loss allowances.

Profit after tax for the first half of 2025 amounted to €1.8m (June 2024: €4.3m) and was net of income tax expense of €0.8m (June 2024: €2.0m).

The robust financial position set out in the enclosed condensed interim financial statements enables BNF Bank to advance with its capital and strategic plans, maintaining stability while financing profitable growth.

Approved by the Board of Directors and signed on its behalf on 28 August 2025 by

MARIO P. GALEA
Non-Executive Director

MICHAEL FRENDO
Chairman

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

It is hereby being confirmed that to the best of our knowledge, the condensed interim financial statements for the six-month period ended 30 June 2025 portray a true and fair view of the Bank's financial position, financial performance and cash flows for the period ended 30 June 2025, in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU.

The Directors' Report includes information as required under Listing Rule 5.81 to 5.84.

MARIO P. GALEA
Non-Executive Director

MICHAEL FRENDO
Chairman

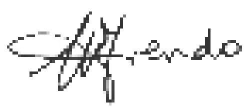
Condensed Primary Financial Statements

Condensed Statement of Financial Position
For the period ended 30 June 2025

	30 June 2025 €000	31 December 2024 €000
ASSETS		
Balances with Central Bank of Malta and cash	122,455	106,332
Cheques in course of collection	3,363	1,863
Financial investments	166,818	189,873
Loans and advances to banks	22,960	29,157
Loans and advances to customers	1,049,186	1,010,378
Derivative financial assets	2,565	-
Property and equipment	5,686	5,778
Intangible assets	5,496	3,155
Right-of-use assets	1,684	1,545
Deferred tax assets	6,397	5,572
Prepayments and accrued income	15,908	13,409
Other assets	12,934	8,640
TOTAL ASSETS	1,415,452	1,375,702
EQUITY		
Share capital	74,544	74,544
Perpetual capital notes	10,000	10,000
Revaluation reserve	250	494
Retained earnings	24,519	25,466
TOTAL EQUITY	109,313	110,504
LIABILITIES		
Amounts owed to banks and other institutions	12,855	405
Amounts owed to customers	1,230,752	1,214,401
Derivative financial liabilities	50	1,267
Current tax liabilities	690	4
Other liabilities	30,382	17,787
Accruals	11,521	11,470
Debt securities in issue	19,889	19,864
TOTAL LIABILITIES	1,306,139	1,265,198
TOTAL EQUITY AND LIABILITIES	1,415,452	1,375,702
Memorandum Items		
Contingent liabilities	16,862	13,817
Commitments	202,571	197,052

These condensed interim financial statements were approved by the Board of Directors on 28 August 2025 and were signed on its behalf by:

MARIO P. GALEA
Non-Executive Director



MICHAEL FRENDO
Chairman

Condensed Income Statement
For the period ended 30 June 2025

	Notes	30 June 2025 €000	30 June 2024 €000
Interest receivable and similar income			
- on loans and advances, balances with Central Bank of Malta and other instruments	6	21,760	23,194
- on debt and other fixed income instruments	6	3,260	2,552
Interest payable and similar expense	7	(10,101)	(9,929)
Net interest income		14,919	15,817
Fees and commission income	8	2,129	2,481
Fees and commission expense	8	(402)	(278)
Net fees and commission income		1,727	2,203
Net trading income		(848)	90
(Losses)/Gains from financial instruments at FVTPL		(212)	48
Gains on disposal of debt instruments measured at FVOCI		1,846	379
Net operating income		17,432	18,537
Employee compensation and benefits		(6,830)	(6,120)
Other administrative expenses		(6,898)	(5,879)
Depreciation of property and equipment and right-of-use assets		(482)	(439)
Amortisation of intangible assets		(364)	(108)
Movements in expected credit losses	3.7	(233)	350
Profit before tax		2,625	6,341
Income tax expense		(824)	(2,027)
Profit for the period		1,801	4,314
Earnings per share		1c8	4c4

Condensed Statement of Comprehensive Income
For the period ended 30 June 2025

	30 June 2025 €000	30 June 2024 €000
Profit for the period	1,801	4,314
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Debt instruments measured at FVOCI:		
- Net (losses)/gains in fair value, before tax	(2,220)	(879)
- Gains on financial assets reclassified to profit or loss on disposal, before tax	1,846	379
- Changes in allowance for expected credit losses, before tax	(1)	(9)
Income taxes on the above	131	178
Other comprehensive income for the period, net of tax	(244)	(331)
Total comprehensive income for the period, net of tax	1,557	3,983

Condensed Statement of Changes in Equity
For the period ended 30 June 2025

	Share capital €000	Perpetual capital notes €000	Revaluation reserve €000	Reserve for general banking €000	Retained earnings €000	Total €000
At 1 January 2024	74,544	10,000	(501)	-	22,143	106,186
Comprehensive income						
Profit for the period	-	-	-	-	4,314	4,314
Other comprehensive income						
Fair valuation of debt instruments measured at FVOCI:						
- net movement in fair value arising during the period	-	-	(571)	-	-	(571)
- reclassification – net amounts classified to profit or loss	-	-	246	-	-	246
- changes in allowance for expected credit losses	-	-	(6)	-	-	(6)
Total other comprehensive income for the period	-	-	(331)	-	-	(331)
Total comprehensive income	-	-	(331)	-	4,314	3,983
Transactions with owners						
Distributions to owners:						
Return on perpetual capital notes	-	-	-	-	(551)	(551)
Dividends paid	-	-	-	-	(4,489)	(4,489)
Total transactions with owners	-	-	-	-	(5,040)	(5,040)
At 30 June 2024	74,544	10,000	(832)	-	21,417	105,129
At 1 January 2025	**74,544**	**10,000**	**494**	**-**	**25,466**	**110,504**
Comprehensive income						
Profit for the period	-	-	-	-	**1,801**	**1,801**
Other comprehensive income						
Fair valuation of debt instruments measured at FVOCI:						
- net movement in fair value arising during the period	-	-	**(1,442)**	-	-	**(1,442)**
- reclassification – net amounts classified to profit or loss	-	-	**1,199**	-	-	**1,199**
- changes in allowance for expected credit losses	-	-	**(1)**	-	-	**(1)**
Total other comprehensive income for the period	-	-	**(244)**	-	-	**(244)**
Total comprehensive income	-	-	**(244)**	-	**1,801**	**1,557**
Transactions with owners						
Distributions to owners:						
Return on perpetual capital notes	-	-	-	-	**(516)**	**(516)**
Dividends paid	-	-	-	-	**(2,230)**	**(2,230)**
Total transactions with owners	-	-	-	-	**(2,746)**	**(2,746)**
At 30 June 2025	**74,544**	**10,000**	**250**	**-**	**24,519**	**109,313**

Condensed Statement of Cash Flows
For the period ended 30 June 2025

	30 June 2025 €000	30 June 2024 €000
Cash flows from operating activities		
Interest, fees and commission received	23,902	25,616
Interest, fees and commission paid	(8,920)	(8,470)
Net return from trading activities	(136)	(214)
Payments to employees and suppliers	(18,049)	(14,876)
Cash flows from operating profit before changes in operating assets and liabilities	(3,203)	2,056
Movement in operating assets:		
Balances with Central Bank of Malta	(682)	(830)
Loans and advances to customers	(39,438)	(24,628)
Other assets and cheques in course of collection	(5,907)	(668)
Movement in operating liabilities:		
Amounts owed to customers	16,333	31,947
Other liabilities	13,055	4,777
Net cash flows (used in)/generated from operating activities before tax	(19,842)	12,654
Income tax paid	(835)	(755)
Net cash flows (used in)/generated from operating activities	(20,677)	11,899
Cash flows from investing activities		
Net interest on financial assets	3,813	1,596
Purchase of property, equipment, and intangible assets	(2,866)	(1,293)
Purchase of financial investments	(48,456)	(45,723)
Proceeds from disposal and redemption of financial investments	68,040	20,826
Net cash flows generated from/(used in) investing activities	20,531	(24,594)
Cash flows from financing activities		
Return on perpetual capital notes	(517)	(551)
Dividends paid	(2,230)	(4,489)
Principal payments of lease liabilities	(304)	(220)
Net cash flows used in financing activities	(3,051)	(5,260)
Net decrease in cash and cash equivalents	(3,197)	(17,955)
Cash and cash equivalents at beginning of period	124,642	110,857
Cash and cash equivalents at end of period	121,445	92,902

Notes to the Condensed Interim Financial Statements

Notes to the Condensed Interim Financial Statements

For the period ended 30 June 2025

1. GENERAL INFORMATION

BNF Bank p.l.c. is a public limited liability company domiciled and incorporated in Malta. The Bank was incorporated on 27 March 2007 and started operating as a fully-fledged retail bank during January 2008.

The Bank provides a comprehensive range of retail and commercial banking services through a network of thirteen branches and a corporate and business centre in Malta, and a branch in London.

The financial statements of the Bank for the year ended 31 December 2024 are available upon request from the Bank's registered office at Level 2, 203, Rue D'Argens, Gzira, GZR 1368, Malta. They are also available for viewing on the Bank's website at www.bnf.bank.

The condensed interim financial information has been extracted from the unaudited management accounts of the Bank for the six months ended 30 June 2025. It has not been subject to an audit in accordance with the requirements of International Standards on Auditing nor to a review in accordance with the requirements of ISRE 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

2. BASIS OF PREPARATION

The following condensed interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board ('IASB') and as endorsed by the EU and should be read in conjunction with the Annual Report and Financial Statements 2024. Therefore, they include an explanation of events and transactions that are significant to an understanding of the changes in the Bank's financial position and performance since the end of 2024.

The condensed interim financial information has been extracted from the Bank's management accounts for the six months ended 30 June 2025.

The Bank's related party transactions during the interim period ended 30 June 2025 are not significantly different from the balances disclosed in the audited financial statements for the year ended 31 December 2024.

2.1 New and amended IFRS Accounting Standards adopted by the Bank

In 2025, the Bank adopted amendments and interpretations to existing standards that are mandatory for the Bank'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 Bank's accounting policies impacting the Banks's financial performance and position.

2.2 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 Bank 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 Bank'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 which require a number of significant judgements. The critical accounting estimates and judgements as set out in Note 4 of the Annual Report and Financial Statements 2024 were applied to the current period under review.

2.3 Accounting policies

The accounting policies that were applied in these interim condensed financial statements are consistent with those described in Note 2 of the *Annual Report and Financial Statements 2024*, as are the methods of computation.

2.4 Going concern

Having taken into consideration the Bank's performance and its future strategic goals, the Directors declare that the Bank is able to continue operating as a going concern for the foreseeable future. Such declaration is also being made on the basis of the consideration of macroeconomic and idiosyncratic stressed scenarios applied on the Bank's profitability, capital and liquidity, reflecting the uncertainty.

3. FINANCIAL INSTRUMENTS

3.1 Summary of financial instruments to which the IFRS 9 requirements are applied

The Bank's business model exposes it to financial risks, in particular credit risk, which is the risk of losses arising from untimely or non-repayment of existing or contingent credit obligations, generally resulting from deterioration in the financial condition of a borrower. These exposures can be classified into the following categories:

- Financial assets recognised on-balance sheet comprising principally balances with Central Bank of Malta, financial investments and loans and advances to banks and customers;
- Documentary credits and guarantee obligations incurred on behalf of third parties; and
- Lending commitments and other credit-related commitments that are irrevocable over the life of the respective facilities and are off-balance sheet items.

The Bank's credit risk exposure relating to on-balance sheet assets and off-balance sheet instruments, reflecting the maximum exposure to credit risk before collateral held or other credit enhancements, include the following:

	At 30 June 2025		At 31 December 2024	
	Gross exposure €000	ECL allowance €000	Gross exposure €000	ECL allowance €000
Credit risk exposure relating to on-balance sheet assets				
Subject to IFRS 9 impairment allowance				
Financial assets measured at amortised cost				
Balances with Central Bank of Malta	113,318	(15)	97,282	(11)
Cheques in course of collection	3,363	–	1,863	–
Financial investments	18,032	(51)	34,983	(52)
Loans and advances to banks	22,966	(6)	29,162	(5)
Loans and advances to customers				
- Corporate	275,161	(9,945)	273,209	(10,498)
- Retail	649,376	(3,204)	644,142	(2,699)
- International	138,330	(532)	106,582	(358)
Accrued income	4,952	–	5,363	-
Financial investments measured at FVOCI	148,351	(177)	154,244	(178)
Not subject to IFRS 9 impairment allowance				
Financial investments measured at FVTPL	485	–	698	-
Derivative financial instruments	2,565	–	-	-
Credit risk exposure	1,376,899	(13,930)	1,347,528	(13,801)
Credit risk exposure relating to off-balance sheet instruments				
Contingent liabilities	16,862	(102)	13,817	(116)
Undrawn commitments to lend	202,154	(153)	196,928	(165)
Credit risk exposure	219,016	(255)	210,745	(281)

Accrued income substantially arises from loans and advances to customers. Expected credit losses in respect of accrued income, which are not deemed material, have been allocated to loans and advances to customers.

3.2 Summary of financial instruments to which the IFRS 9 requirements are applied by stage distribution

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired upon initial recognition is classified in 'Stage 1'.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument becomes credit-impaired, the financial instrument is moved to 'Stage 3'.

As part of the ECL model, the Bank classifies its exposures to loans and advances to customers into groups with similar characteristics that include instrument type. In this respect, the Bank considers the following categories when measuring ECL:

- Corporate portfolio, which includes local loans and advances to business entities.

- International lending portfolio which represents exposures originated by the Bank's branch in London to finance prime properties in the United Kingdom.
- Retail portfolio, which includes loans and advances to individual customers such as mortgages, credit cards and other consumer credit.

The following tables set out information on the credit quality of financial assets measured at amortised cost and financial investments measured at FVOCI:

	At 30 June 2025			
	Stage 1 12-month ECL €000	Stage 2 Lifetime ECL €000	Stage 3 Lifetime ECL €000	Total €000
Balances with Central Bank of Malta at amortised cost				
Gross carrying amount	113,318	–	–	113,318
Loss allowance	(15)	–	–	(15)
Carrying amount	113,303	–	–	113,303
Financial investments measured at FVOCI				
Carrying amount – fair value	148,351	-	-	148,351
Loss allowance	(177)	-	-	(177)
Financial investments measured at amortised cost				
Gross carrying amount	18,032	-	-	18,032
Loss allowance	(51)	-	-	(51)
Carrying amount	17,981	-	-	17,981
Loans and advances to banks at amortised cost				
Gross carrying amount	22,966	-	-	22,966
Loss allowance	(6)	-	-	(6)
Carrying amount	22,960	-	-	22,960

	At 30 June 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				
Corporate				
Gross carrying amount	249,628	10,355	15,178	275,161
Loss allowance	(673)	(226)	(9,046)	(9,945)
Carrying amount	248,955	10,129	6,132	265,216
Retail				
Gross carrying amount	628,500	10,829	10,047	649,376
Loss allowance	(233)	(185)	(2,786)	(3,204)
Carrying amount	628,267	10,644	7,261	646,172
International				
Gross carrying amount	138,330	–	–	138,330
Loss allowance	(532)	–	–	(532)
Carrying amount	137,798	–	–	137,798
Total				
Gross carrying amount	1,016,458	21,184	25,225	1,062,867
Loss allowance	(1,438)	(411)	(11,832)	(13,681)
Carrying amount	1,015,020	20,773	13,393	1,049,186

	At 30 June 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, guarantees, documentary credits, and undrawn commitments to lend				
Corporate				
Gross carrying amount	390,252	12,744	15,338	418,334
Loss allowance	(833)	(254)	(9,046)	(10,133)
Carrying amount	389,419	12,490	6,292	408,201
Retail				
Gross carrying amount	700,385	11,416	10,268	722,069
Loss allowance	(243)	(192)	(2,837)	(3,272)
Carrying amount	700,142	11,224	7,431	718,797
International				
Gross carrying amount	141,478	–	–	141,478
Loss allowance	(532)	–	–	(532)
Carrying amount	140,946	–	–	140,946
Total				
Gross carrying amount	1,232,115	24,160	25,606	1,281,881
Loss allowance	(1,608)	(446)	(11,883)	(13,937)
Carrying amount	1,230,507	23,714	13,723	1,267,944

	At 31 December 2024 Stage 1 12-month ECL €000	Stage 2 Lifetime ECL €000	Stage 3 Lifetime ECL €000	Total €000
Balances with Central Bank of Malta at amortised cost				
Gross carrying amount	97,282	-	-	97,282
Loss allowance	(11)	-	-	(11)
Carrying amount	97,271	-	-	97,271
Financial investments measured at FVOCI				
Carrying amount – fair value	154,244	-	-	154,244
Loss allowance	(178)	-	-	(178)
Financial investments measured at amortised cost				
Gross carrying amount	34,983	-	-	34,983
Loss allowance	(52)	-	-	(52)
Carrying amount	34,931	-	-	34,931

	At 31 December 2024			
	Stage 1 12-month ECL €000	Stage 2 Lifetime ECL €000	Stage 3 Lifetime ECL €000	Total €000
Loans and advances to banks at amortised cost				
Gross carrying amount	29,162	-	-	29,162
Loss allowance	(5)	-	-	(5)
Carrying amount	29,157	-	-	29,157

	At 31 December 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				
Corporate				
Gross carrying amount	246,285	11,863	15,061	273,209
Loss allowance	(861)	(254)	(9,383)	(10,498)
Carrying amount	245,424	11,609	5,678	262,711
Retail				
Gross carrying amount	625,959	8,762	9,421	644,142
Loss allowance	(215)	(104)	(2,380)	(2,699)
Carrying amount	625,744	8,658	7,041	641,443
International				
Gross carrying amount	106,582	-	-	106,582
Loss allowance	(358)	-	-	(358)
Carrying amount	106,224	-	-	106,224
Total				
Gross carrying amount	978,826	20,625	24,482	1,023,933
Loss allowance	(1,434)	(358)	(11,763)	(13,555)
Carrying amount	977,392	20,267	12,719	1,010,378

	At 31 December 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, guarantees, documentary credits, and undrawn commitments to lend				
Corporate				
Gross carrying amount	370,525	13,487	15,091	399,103
Loss allowance	(1,018)	(289)	(9,385)	(10,692)
Carrying amount	369,507	13,198	5,706	388,411
Retail				
Gross carrying amount	705,940	9,028	9,721	724,689
Loss allowance	(224)	(111)	(2,450)	(2,785)
Carrying amount	705,716	8,917	7,271	721,904
International				
Gross carrying amount	110,886	-	-	110,886
Loss allowance	(359)	-	-	(359)
Carrying amount	110,527	-	-	110,527
Total				
Gross carrying amount	1,187,351	22,515	24,812	1,234,678
Loss allowance	(1,601)	(400)	(11,835)	(13,836)
Carrying amount	1,185,750	22,115	12,977	1,220,842

3.3 Expected credit loss measurement

Financial instruments in 'Stage 1' have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in 'Stage 2' or 'Stage 3' have their ECL measured based on expected credit losses on a lifetime basis. The expected credit loss requirements apply to financial assets measured at amortised cost and FVOCI, and certain loan commitments and financial guarantee contracts.

In 2025 the global economic outlook deteriorated, with global growth projected to slow to 2.4% in 2025, from 2.9% in 2024. This decline is mainly due to increased trade tensions and heightened policy uncertainty, which are expected to disrupt global supply chains, raise production costs, and delay crucial investment decisions, in addition to causing financial market volatility. Developed economies are forecast to grow at 1.3% in 2025, down from 1.8% in 2024, reflecting weakening private investment, trade tensions, and ongoing policy uncertainty.

In the Euro area, the economic outlook is clouded by trade tensions and elevated global uncertainty, and Euro area GDP growth is expected to be subdued.

In Malta, rising global trade tensions could reduce export volumes and foreign investment inflows, disrupt established supply chains, and raise operational costs for local businesses. These factors could slow economic growth and increase financial sector vulnerabilities.

In light of uncertainties and other emerging risks, the Bank continues to account for a judgemental temporary post-model adjustment which increases the expected credit losses being accounted for on Stage 1 and Stage 2 exposures as at 30 June 2025. This post-model adjustment addresses any potential limitations in statistical models.

ECL are the discounted product of the PD, EAD and LGD. ECL are determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. The PD, EAD and LGD parameters are derived from internally developed statistical models and other historical data, as set out in Note 3.2.3.3 in the Annual Report and Financial Statements 2024, adjusted to reflect forward-looking information as described in Note 3.2.3.4 in the Annual Report and Financial Statements 2024.

Due to the lack of internal history of defaults on the international lending portfolio, the Bank applies PDs which are sourced from renowned external service providers which assess the credit risk of small and medium-sized enterprises (SMEs), and determine PDs by reference to financial and non-financial aspects namely the entity size, country, industry sector, corporate governance and the macroeconomic environment in which the entity operates. Furthermore, these PDs used for IFRS9 modelling are Point in Time PDs and only take into account the situation of the debtor at the moment of assessment.

No significant changes were made to this methodology during the first half of 2025. The assumptions underlying the ECL calculations are monitored and reviewed on a regular basis.

3.4 Forward-looking information incorporated in the ECL model

The Bank performs a historical analysis to identify the key economic variables affecting credit risk and expected credit losses for each portfolio. These key drivers include:

(i) *Corporate Portfolio:* the Average Gross Salary Growth Rate, Unemployment Rate and Real Estate Price Index, given the significant impact these have on local investment and the financial performance of corporate obligors;

(ii) *Retail Portfolio:* the Real GDP Growth Rate, Unemployment Rate, Real Estate Price Index and Average Gross Salary Growth Rate, given the significant impact these have on local investment and the labour market. The performance of these economic indicators affects repayment feasibility of secured and unsecured retail obligors;

(iii) *International Portfolio:* The UK GDP Growth, UK Inflation Rate, UK Unemployment Rate and BOE Rate are being considered, given that together these four macroeconomic indicators contribute best to the model.

The impact of these economic variables on the PD is determined by performing statistical regression analysis to understand the historical impact that changes in these variables had on the Bank's default rates.

The forward-looking information applied to the international lending portfolio, within the Bank's corporate exposures, is also based on information sourced from reputable external service providers.

Three possible scenarios are considered to capture non-linearity across credit portfolios:

- The 'baseline' scenario captures business-as-usual macroeconomic expectations, whereby the current rhythm of economic activity is maintained;
- The 'downside' scenario is based on a subdued level of economic activity hypothesized to correspond to an economic recession; and
- The 'upside' scenario is based on the assumption that it would be possible to marginally improve further over the already benign economic conditions.

Each scenario is weighted by a probability of occurrence, determined by a combination of macroeconomic research and expert credit judgement, taking into account the range of possible outcomes each chosen scenario represents. The Bank measures ECL as either a probability-weighted 12-month ECL (Stage 1), or a probability-weighted lifetime ECL (Stages 2 and 3). Probability-weighted ECL are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any macro-economic forecast, the projections and likelihoods of occurrence are subject to a degree of uncertainty and actual outcomes could be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes after analysing different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

As at 30 June 2025, the Bank updated its macroeconomic forecasts until the end of 2027. Such forecasts reflect a moderation in inflationary pressures, sustained economic growth and a stable labour market. Nonetheless, in the light of the continued global economic uncertainty which is driven by increased trade tensions and heightened policy uncertainty, which are expected to disrupt global supply chains, raise production costs, and delay crucial investment decisions in addition to causing financial market volatility, as previously explained in note 3.3, the Bank continues to account for a post-model adjustment which increases expected credit losses being accounted for on Stage 1 and Stage 2 exposures as at 30 June 2025.

The most significant period-end assumptions projected by the Bank that were used for the ECL estimate as at 30 June 2025 and 31 December 2024 are set out below.

	As at 30 June 2025		
	2025	2026	2027
Average gross salary rate (YoY)*			
'Baseline'	1.37%	3.14%	3.72%
Range of forecasts for alternative scenarios	[-0.22 – 1.62]%	[0.72 – 3.53]%	[0.68 – 4.21]%
Real GDP rate (YoY)*			
'Baseline'	5.92%	6.34%	5.90%
Range of forecasts for alternative scenarios	[4.13 – 7.12]%	[3.62 – 8.17]%	[2.48 – 8.19]%
Unemployment rate (YoY)*			
'Baseline'	2.88%	3.09%	3.26%
Range of forecasts for alternative scenarios	[2.88 – 3.01]%	[2.32 – 3.28]%	[2.30 – 3.50]%
Real Estate Price Growth rate (REPI) (YoY)*			
'Baseline'	5.87%	5.36%	5.87%
Range of forecasts for alternative scenarios	[5.42 – 6.13]%	[4.72 – 5.72]%	[5.09 – 6.32]%

*YoY = year on year

	As at 31 December 2024		
	2024	2025	2026**
Average gross salary rate (YoY)*			
'Baseline'	1.93%	3.20%	3.48%
Range of forecasts for alternative scenarios	[-0.1 – 2.3]%	[0.4 – 3.7]%	[0.3 – 4.0]%
Gross Fixed Capital Formation (GFCF) (YoY)*			
'Baseline'	-5.90%	-3.06%	-1.45%
Range of forecasts for alternative scenarios	[-9.3 – -2.0]%	[-7.7 – 2.1]%	[-6.8 – 4.5]%
Real GDP rate (YoY)*			
'Baseline'	4.98%	4.88%	4.80%
Range of forecasts for alternative scenarios	[2.6 – 6.2]%	[1.7 – 6.5]%	[1.1 – 6.6]%
Unemployment rate (YoY)*			
'Baseline'	3.43%	3.62%	3.71%
Range of forecasts for alternative scenarios	[3.3 – 3.6]%	[3.4 – 3.8]%	[3.5 – 3.9]%
Real Estate Price Growth rate (REPI) (YoY)*			
'Baseline'	5.66%	5.65%	5.65%
Range of forecasts for alternative scenarios	[5.1 – 6.0]%	[5.0 – 6.1]%	[4.9 – 6.1]%

*YoY = year on year

** 2027 Q3 data forecast

The weightings assigned to each economic scenario were 50% (2024: 50%) for the 'baseline' scenario, 25% (2024: 25%) for the 'downside' scenario and 25% (2024: 25%) for the 'upside' scenario. The number of scenarios used is based on the analysis of each major product type to ensure that non-linearities are captured. The number of scenarios and their attributes are reassessed at each reporting date. The economic scenarios were simulated over a full economic cycle.

3.5 Economic scenarios sensitivity analyses of ECL estimates

The outcome of the Bank's credit loss allowances estimation process is sensitive to judgements and estimations made throughout the incorporation of 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' scenario respectively. The Bank's credit loss allowances would decrease by €0.6 million (December 2024: €0.6 million) if the provisions had to be calculated solely on the 'baseline' scenario; ECLs would increase by €1.8 million (December 2024: €2.2 million) if these had to be estimated using only the 'downside' scenario and would reduce by €1.8 million (December 2024: €1.7 million) if the 'upside' scenario only were to be taken into consideration. Considering any of these scenarios, the Bank would remain in a profitable position. This demonstrates the Bank's resilience in overcoming negative shocks and ability to absorb such changes, if necessary.

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative, or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This matter is reviewed and monitored for appropriateness on an ongoing basis.

As previously explained in Note 3.3, in view of the economic uncertainty which is influenced by increased trade tensions and heightened policy uncertainty, which are expected to disrupt global supply chains, raise production costs, and delay crucial investment decisions in addition to causing financial market volatility, the Bank continues to account for a temporary judgemental post model adjustment which increases the ECL on Stage 1 and Stage 2 exposures as at 30 June 2025.

3.6 Modification of financial assets

The contractual terms of a loan may be revised for a number of reasons, including changes in market conditions, customer retention and other factors that are not related to the credit quality of a customer. Forbearance measures comprise concessions made on the contractual terms of a loan in response to a customer's financial difficulties. The Bank categorises loans on which concessions have been granted under conditions of financial difficulties as 'forborne loans' when their contractual payment terms have been revised, because of significant concerns about the customer's ability to meet contractual payments when due. Further information on the Bank's treatment of forbearance is set out in Note 3.2.8 in the *Annual Report and Financial Statements 2024*.

The movement in the carrying amount of forborne loans and advances, before impairment allowances, is analysed below.

	Forborne exposures	
	At 30 June 2025	At 31 December 2024
	€000	€000
At 1 January	**7,287**	7,623
Loans to which forbearance measures have been extended during the period	**41**	430
Repayments	**(71)**	(107)
Retired from forborne	**(32)**	(659)
At end of period	**7,225**	7,287

3.7 Loss allowances

Reconciliation of 12-month and lifetime ECL provision

The loss allowance recognised is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) in credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PD, LGD or EAD in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis; and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.

The following tables explain the changes in the loss allowance between the beginning and the end of the period.

	Stage 1		Total	
	Gross carrying amount €000	Expected credit losses €000	Gross carrying amount €000	Expected credit losses €000
Balances with Central Bank of Malta at amortised cost				
At 1 January 2025	97,282	(11)	97,282	(11)
New financial assets originated or purchased	91,343	(1)	91,343	(1)
Net movement in EAD and changes in risk parameters	6,123	(3)	6,123	(3)
Financial assets derecognised during the period	(81,430)	–	(81,430)	–
At 30 June 2025	113,318	(15)	113,318	(15)
Total net income statement charge for the period				(4)
At 1 January 2024	104,119	(5)	104,119	(5)
New financial assets originated or purchased	81,430	–	81,430	–
Net movement in EAD and changes in risk parameters	9,082	(6)	9,082	(6)
Financial assets derecognised during the year	(97,349)	–	(97,349)	–
At 31 December 2024	97,282	(11)	97,282	(11)
Total net income statement charge for the year				(6)

Remeasurement of loss allowance arising from foreign-exchange movements was not considered significant.

	Stage 1		Total	
	Gross carrying amount €000	Expected credit losses €000	Gross carrying amount €000	Expected credit losses €000
Financial investments measured at FVOCI				
At 1 January 2025	154,244	(178)	154,244	(178)
New financial assets originated or purchased	54,728	(68)	54,728	(68)
Net movement in EAD and changes in risk parameters	3,089	26	3,089	26
Financial assets derecognised during the period	(63,710)	43	(63,710)	43
At 30 June 2025	148,351	(177)	148,351	(177)
Total net income statement credit for the period				1
At 1 January 2024	100,855	(152)	100,855	(152)
New financial assets originated or purchased	123,285	(76)	123,285	(76)
Net movement in EAD and changes in risk parameters	3,009	25	3,009	25
Financial assets derecognised during the year	(72,905)	(25)	(72,905)	(25)
At 31 December 2024	154,244	(178)	154,244	(178)
Total net income statement charge for the year				(26)

Remeasurement of loss allowance arising from foreign-exchange movements was not considered significant.

	Stage 1		Total	
	Gross carrying amount €000	Expected credit losses €000	Gross carrying amount €000	Expected credit losses €000
Financial investments measured at amortised cost				
At 1 January 2025	34,983	(52)	34,983	(52)
Financial assets derecognised during the period	(16,951)	1	(16,951)	1
At 30 June 2025	18,032	(51)	18,032	(51)
Total net income statement credit for the period				1
At 1 January 2024	33,931	(56)	33,931	(56)
New financial assets originated or purchased	1,908	(1)	1,908	(1)
Net movement in EAD and changes in risk parameters	126	5	126	5
Financial assets derecognised during the year	(982)	-	(982)	-
At 31 December 2024	34,983	(52)	34,983	(52)
Total net income statement credit for the year				4

Remeasurement of loss allowance arising from foreign-exchange movements was not considered significant.

	Stage 1		Total	
	Gross carrying amount €000	Expected credit losses €000	Gross carrying amount €000	Expected credit losses €000
Loans and advances to banks at amortised cost				
At 1 January 2025	29,162	(5)	29,162	(5)
New financial assets originated or purchased	19,463	(5)	19,463	(5)
Net movement in EAD and changes in risk parameters	(5,498)	–	(5,498)	–
Financial assets derecognised during the period	(20,161)	4	(20,161)	4
At 30 June 2025	22,966	(6)	22,966	(6)
Total net income statement charge for the period				(1)
At 1 January 2024	10,925	(3)	10,925	(3)
New financial assets originated or purchased	20,161	(4)	20,161	(4)
Net movement in EAD and changes in risk parameters	7,303	1	7,303	1
Financial assets derecognised during the year	(9,227)	1	(9,227)	1
At 31 December 2024	29,162	(5)	29,162	(5)
Total net income statement charge for the year				(2)

Remeasurement of loss allowance arising from foreign-exchange movements was not considered significant.

	2025							
	Stage 1		Stage 2		Stage 3		Total	
	Gross amount €000	Expected credit losses €000	Gross amount €000	Expected credit losses €000	Gross amount €000	Expected credit losses €000	Gross amount €000	Expected credit losses €000
Total loans and advances to customers at amortised cost, guarantees, documentary credits and undrawn commitments to lend								
At 1 January 2025	1,187,351	(1,601)	22,515	(400)	24,813	(11,836)	1,234,679	(13,837)
New and further lending	192,398	(544)	884	(82)	726	(808)	194,008	(1,434)
Repayments and disposals	(142,624)	527	(3,450)	94	(732)	855	(146,806)	1,476
Transfers of financial instruments								
Stage 1 to Stage 2	(7,257)	11	7,257	(11)	–	–	–	–
Stage 1 to Stage 3	(225)	–	–	–	225	–	–	–
Stage 2 to Stage 1	2,447	(38)	(2,447)	38	–	–	–	–
Stage 2 to Stage 3	–	–	(670)	12	670	(12)	–	–
Stage 3 to Stage 1	25	(3)	–	–	(25)	3	–	–
Stage 3 to Stage 2	–	–	71	(12)	(71)	12	–	–
Net remeasurement of ECL arising from stage transfers and changes in risk parameters	–	40	–	(85)	–	(97)	–	(142)
At 30 June 2025	1,232,115	(1,608)	24,160	(446)	25,606	(11,883)	1,281,881	(13,937)
Total net income statement credit for the period								(100)

Remeasurement of loss allowance arising from foreign-exchange movements was not considered significant.

	2024							
	Stage 1		Stage 2		Stage 3		Total	
	Gross amount €000	Expected credit losses €000	Gross amount €000	Expected credit losses €000	Gross amount €000	Expected credit losses €000	Gross amount €000	Expected credit losses €000
Total loans and advances to customers at amortised cost, guarantees, documentary credits and undrawn commitments to lend								
At 1 January 2024	1,155,600	(3,246)	20,686	(633)	25,908	(11,847)	1,202,194	(15,726)
New and further lending	295,208	(573)	479	(91)	659	(882)	296,346	(1,546)
Repayments and disposals	(255,028)	946	(5,789)	101	(3,044)	1,042	(263,861)	2,089
Transfers of financial instruments								
Stage 1 to Stage 2	(7,804)	9	7,804	(9)	–	–	–	–
Stage 1 to Stage 3	(998)	2	–	–	998	(2)	–	–
Stage 2 to Stage 1	369	(17)	(369)	17	–	–	–	–
Stage 2 to Stage 3	–	–	(304)	15	304	(15)	–	–
Stage 3 to Stage 1	4	(2)	–	–	(4)	2	–	–
Stage 3 to Stage 2	–	–	8	(8)	(8)	8	–	–
Net remeasurement of ECL arising from stage transfers and changes in risk parameters	–	1,280	–	208	–	(142)	–	1,346
At 31 December 2024	1,187,351	(1,601)	22,515	(400)	24,813	(11,836)	1,234,679	(13,837)
Total net income statement credit for the year								1,889

Remeasurement of loss allowance arising from foreign-exchange movements was not considered significant.

4. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The Bank's financial instruments as at 30 June 2025 which are carried at fair value include the Bank's financial investments measured at FVOCI and other financial investments measured at FVTPL. These fair value measurements follow the below fair value measurement 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).

There were no changes to the valuation techniques applied in the *Annual Report and Financial Statements 2024*

The following table reflects an analysis of the financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 €000	Level 2 €000	Level 3 €000	Total €000
At 30 June 2025				
Financial assets				
Derivative financial assets	-	2,565	-	2,565
Financial investments				
Government debt instruments	80,666	-	-	80,666
Corporate debt instruments	67,685	-	485	68,170
Total financial assets	148,351	2,565	485	151,401
Financial liabilities				
Derivative financial liabilities	-	50	-	50
Total financial liabilities	-	50	-	50
At 31 December 2024				
Financial assets				
Financial investments				
Government debt instruments	57,730	-	-	57,730
Corporate debt instruments	96,514	-	698	97,212
Total financial assets	154,244	-	698	154,942
Financial liabilities				
Derivative financial liabilities	-	1,267	-	1,267
Total financial liabilities	-	1,267	-	1,267

There were no transfers between levels 1, 2 and 3 during the period.

Financial instruments not measured at fair value

Loans and advances to banks and customers and amounts owed to banks, other institutions and customers are carried at amortised cost in the Condensed Statement of Financial Position. The Board considers the carrying amounts of loans and advances to banks and customers to be a reasonable estimate of their fair value principally in view of the relatively short periods to repricing or maturity from the end of the reporting periods. The fair values of fixed interest deposits and amounts owed to banks and other institutions are not deemed to be significantly different from their carrying amounts, based on the discounted cash flows at current market interest rates, particularly due to the relatively short periods to maturity.

Financial investments measured at amortised cost had a fair value of €18,233,000 as at 30 June 2025 (31 December 2024: €36,197,000), compared to the carrying amount of €17,982,000 (31 December 2024: €34,931,000). Debt securities issued measured at amortised cost had a fair value of €20,000,000 (31 December 2024: €20,000,000), compared to the carrying amount of €19,889,000 as at 30 June 2025 (31 December 2024: €19,864,000). As at 30 June 2025, financial investments and debt securities in issue were listed on an active market and the fair value was based on the market price at the reporting date.

5. SEGMENTAL REPORTING

The segment reporting of the Bank is made in terms of the business segments which it conducts its business in, as the risks and rates of return are affected predominantly by differences in the products and services produced. The Bank is currently organised into four main business segments:

- Retail banking - Principally handling customers' deposits, providing consumer loans, overdrafts, and funds transfer facilities;
- Corporate banking – Principally handling local loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- UK branch – Consisting of loan exposures to corporate entities in the UK and deposits written by the Bank's branch in London;
- Other- Principally treasury and other central functions.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Income taxes are managed on a group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, not the gross income or expense.

No reconciliation is required since there are no differences between the measurements of the reportable segments' profits or losses, assets and liabilities and the entity's profit or loss, assets and liabilities.

The following tables present income, profit and certain asset and liability information regarding the Bank's business segments:

	30 June 2025				
	Retail banking €000	Corporate banking €000	UK branch €000	Other €000	Total €000
Net interest income	5,329	5,852	965	2,773	14,919
Net fees and commission income	607	1,032	88	–	1,727
Net trading income (including net gains from financial instruments at FVTPL and gains on disposal of debt instruments at FVOCI)	–	–	–	786	786
Net operating income	5,936	6,884	1,053	3,559	17,432
Employee compensation and benefits	(2,818)	(1,967)	(324)	(1,721)	(6,830)
Other administrative expenses	(1,968)	(1,806)	(246)	(2,878)	(6,898)
Depreciation of property and equipment, right-of-use assets and amortisation of intangible assets	(447)	(263)	–	(136)	(846)
Credit impairment losses	(88)	32	(174)	(3)	(233)
Profit before tax					2,625
Income tax expense					(824)
Profit for the period					1,801
Assets					
Segment assets	641,782	248,086	137,821	352,547	1,380,236
Unallocated assets					35,216
Total assets					1,415,452
Liabilities					
Segment liabilities	1,062,306	152,562	1,639	27,802	1,244,309
Unallocated liabilities					61,830
Total liabilities					1,306,139
Additions to non-current assets	4	–	–	3,219	3,223

	30 June 2024				
	Retail banking €000	Corporate banking €000	UK branch €000	Other €000	Total €000
Net interest income	6,033	6,626	1,093	2,065	15,817
Net fees and commission income	774	1,316	113	–	2,203
Net trading income (including net gains from financial instruments at FVTPL and gains on disposal of debt instruments at FVOCI)	–	–	–	517	517
Net operating income	6,807	7,942	1,206	2,582	18,537
Employee compensation and benefits	(2,608)	(1,906)	(261)	(1,345)	(6,120)
Other administrative expenses	(1,996)	(1,812)	(250)	(1,821)	(5,879)
Depreciation of property and equipment, right-of-use assets and amortisation of intangible assets	(347)	(151)	–	(49)	(547)
Credit impairment losses	320	60	(39)	9	350
Profit before tax					6,341
Income tax expense					(2,027)
Profit for the period					4,314
Assets					
Segment assets	638,505	255,411	106,256	347,943	1,348,115
Unallocated assets					27,587
Total assets					1,375,702
Liabilities					
Segment liabilities	885,480	219,174	39,524	73,129	1,217,307
Unallocated liabilities					47,891
Total liabilities					1,265,198
Additions to non-current assets	492	-	-	3,025	3,517

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 30 June	
	2025 €000	2024 €000
On loans and advances to banks	453	334
On loans and advances to customers	20,586	20,498
On balances with Central Bank of Malta	721	2,362
	21,760	23,194
On debt and other fixed income instruments:		
Financial investments measured at FVOCI	2,556	1,618
Financial investments measured at amortised cost	735	815
Net amortisation of discounts and premiums	(31)	119
	3,260	2,552
Total interest receivable and similar income	25,020	25,746

7. INTEREST PAYABLE AND SIMILAR EXPENSE

	Period ended 30 June 2025 €000	2024 €000
On amounts owed to banks and other institutions	(76)	(51)
On amounts owed to customers	9,690	9,493
On debt securities in issue	446	449
Amortisation of debt issuance costs	25	24
On lease liabilities	16	14
	10,101	9,929

8. NET FEES AND COMMISSION INCOME

	Period ended 30 June 2025 €000	2024 €000
Fees and commission income		
Credit related fees and commissions	1,118	1,110
Other fees	1,011	1,371
	2,129	2,481
Fees and commission expense		
Credit related fees and commissions	(248)	(88)
Other fees	(154)	(190)
	(402)	(278)
Net fees and commission income	1,727	2,203

9. KEY REGULATORY RATIOS

	At 30 June 2025 %	At 31 December 2024 %
Common Equity Tier 1 (CET 1) ratio	13.3	13.2
Tier 1 ratio	14.8	14.6
Total capital ratio	17.8	17.4
Leverage ratio	6.8	7.4
Liquidity Coverage Ratio (LCR)	200.5	213.3
Net Stable Funding Ratio (NSFR)	139.3	141.4