



Condensed Interim Financial Statements

2026

BNF BANK P.L.C.

Company Registration No. C 41030 | Condensed Interim
Financial Statements 30 June 2026

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

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Interim Directors' Report

The Directors present their condensed interim financial statements for the six-month period ended 30 June 2026.

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 2026 and 31 December 2025, JUD Investment Group Limited owned 92.44% 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

During the first half of 2026, the global economy demonstrated resilience despite continued uncertainty arising from geopolitical tensions, energy price volatility, trade fragmentation and changing financial market expectations. While economic activity remained generally supportive, downside risks persist, and growth prospects continue to be influenced by developments in global trade, inflation dynamics and geopolitical events.

In the euro area, economic growth remained subdued and is projected to slow down further. Higher energy prices, partly driven by tensions in the Middle East, contributed to inflationary pressures during the first half of the year. Monetary policy continues to be guided by the evolving inflation outlook, while financing conditions remain an important factor for households, businesses and the banking sector. Looking ahead, economic activity is expected to remain moderate amid ongoing external uncertainties.

Economic conditions in Malta remained generally positive supported by sustained GDP growth, stable unemployment levels, and inflation remaining below the euro area average. Government support measures continued to mitigate the impact of energy-related volatility on households and businesses. Nevertheless, as a small open economy, Malta remains exposed to external developments, including shifts in global demand, transport costs and imported price pressures.

Financial position and performance

The first six months of 2026 marked an important stage in BNF Bank's transformation journey. Following the investment made in the Bank's digital capabilities, core banking platform and operational infrastructure during 2025, management continued to focus on the related transition and operational matters during the period.

The Bank delivered an improved financial performance during the first half of the year, supported by stronger operating income, continued cost discipline and a stable funding base. Profit before tax increased to €3.0 million for the six months ended 30 June 2026, compared with €2.6 million for the corresponding period in 2025, while profit after tax increased to €2.2 million from €1.8 million in the prior year. Net operating income rose to €19.1 million, reflecting improving earnings momentum as the benefits of the Bank's strategic investments continued to emerge.

Total assets amounted to €1,360.8 million as at 30 June 2026, compared with €1,368.8 million at 31 December 2025. Customer deposits remained stable at €1,198.3 million, providing the Bank with a diversified and reliable funding base that continues to underpin its conservative liquidity profile.

Loans and advances to customers remained the Bank's principal income-generating asset, amounting to €1,006.7 million compared with €1,026.3 million at year-end. Throughout the period, the Bank maintained its disciplined approach to lending, focusing on quality origination, appropriate risk-adjusted returns and active portfolio management rather than pursuing growth for its own sake.

Asset quality remained sound, supported by prudent underwriting standards, ongoing portfolio monitoring and robust collateral coverage. Expected credit loss movements for the period remained modest at €0.3 million, compared with €0.2 million for the corresponding period in 2025, reflecting the continued resilience of the Bank's credit portfolio.

The Bank continued to maintain strong liquidity and capital positions, significantly above regulatory minimum requirements. As at 30 June 2026, the Liquidity Coverage Ratio stood at 166.7%, while the Capital Adequacy Ratio was 19.1%, providing capacity to support future business growth while maintaining a conservative risk profile. Further detail on capital risk management and capital adequacy requirements is set out in the 'BNF Pillar 3 Disclosures June 2026' report published as a separate document on the Bank's website.

Overall, the first half of 2026 reflected profitability ahead of the prior year, improved efficiency indicators and continued strength in capital and liquidity. Management's priorities remain focused on restoring sustainable profitability, improving operational efficiency, further strengthening digital capability and executing the Bank's capital plan in a disciplined manner.

Events occurring after the reporting period

Following the end of the reporting period, the shareholders of the Bank approved a net dividend of €0.013 per nominal share of €0.7552, for a total amount of €1,309,946, in respect of the financial year ended 31 December 2025, at the last Annual General Meeting.

Furthermore, at the same Annual General Meeting, a resolution was passed re-appointing seven of the retiring directors and appointing one new director (subject to the necessary regulatory approval) on the Board of Directors. Five other retiring directors were not re-appointed.

Other than the above, there were no other significant events subsequent to the financial reporting period that require adjustment to or disclosure in these condensed interim financial statements.

Approved by the Board of Directors and signed on its behalf on 27 August 2026 by:



DAVID POWER
Chief Executive Officer &
Managing Director



MARIO P. GALEA
Non-Executive Director

Statement pursuant to Capital Market Rule 5.75.3 issued by the Malta Financial Services 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 2026 portray a true and fair view of the Bank's financial position, financial performance and cash flows, in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU.

The Directors' Report includes information as required under Capital Market Rules 5.81 to 5.84.

A handwritten signature in blue ink, consisting of a large, stylized 'D' followed by a horizontal stroke.

DAVID POWER
Chief Executive Officer &
Managing Director

A handwritten signature in blue ink, featuring a stylized 'M' and 'G'.

MARIO P. GALEA
Non-Executive Director

Condensed Interim Financial Statements

Condensed Statement of Financial Position

As at 30 June 2026

	30 June 2026 €000	31 December 2025 €000
ASSETS		
Balances with Central Bank of Malta and cash	112,303	118,457
Cheques in course of collection	1,519	1,866
Financial investments	172,508	150,117
Loans and advances to banks	25,688	27,689
Loans and advances to customers	1,006,729	1,026,299
Derivative financial assets	4	120
Prepayments and accrued income	12,326	13,684
Property and equipment	5,985	5,899
Intangible assets	5,317	5,646
Right-of-use assets	1,599	1,504
Other assets	6,851	7,323
Deferred tax assets	6,346	6,539
Current tax assets	3,634	3,617
TOTAL ASSETS	1,360,809	1,368,760
EQUITY		
Share capital	74,544	74,544
Perpetual capital notes	10,000	10,000
Revaluation reserve	(640)	(776)
Retained earnings	26,484	24,826
TOTAL EQUITY	110,388	108,594
LIABILITIES		
Debt securities in issue	19,941	19,915
Amounts owed to banks and other institutions	6	18
Amounts owed to customers	1,198,346	1,210,024
Derivative financial liabilities	943	432
Other liabilities	22,388	19,473
Accruals	8,797	10,304
TOTAL LIABILITIES	1,250,421	1,260,166
TOTAL EQUITY AND LIABILITIES	1,360,809	1,368,760
Memorandum Items		
Contingent liabilities	16,550	17,333
Commitments	219,743	211,774

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on 27 August 2026 and signed on its behalf by:



DAVID POWER
Chief Executive Officer &
Managing Director



MARIO P. GALEA
Non-Executive Director

Condensed Income Statement

For the period ended 30 June 2026

	Notes	30 June 2026 €000	30 June 2025 €000
Interest receivable calculated using the effective interest method			
- on loans and advances, balances with Central Bank of Malta and other instruments	6	21,490	21,760
- on debt and other fixed income instruments	6	2,669	3,260
Interest payable and similar expense	7	(6,291)	(10,101)
Net interest income		17,868	14,919
Fees and commission income	8	2,134	2,129
Fees and commission expense	8	(218)	(402)
Net fees and commission income		1,916	1,727
Dividend income		13	-
Net trading loss		(976)	(848)
Net gain/(loss) from financial instruments at FVTPL		8	(212)
Gains on disposal of debt instruments		258	1,846
Net operating income		19,087	17,432
Employee compensation and benefits		(6,764)	(6,830)
Other administrative expenses		(7,728)	(6,898)
Depreciation of property and equipment and right-of-use assets		(506)	(482)
Amortisation of intangible assets		(813)	(364)
Movements in expected credit losses	3.7	(269)	(233)
Profit before tax		3,007	2,625
Income tax expense		(843)	(824)
Profit for the period		2,164	1,801
Earnings per share (Basic and Diluted) (€ cents)		2c2	1c8

Condensed Statement of Comprehensive Income

For the period ended 30 June 2026

	30 June 2026 €000	30 June 2025 €000
Profit for the period	2,164	1,801
Other comprehensive income		
<i>Items that are or may be subsequently reclassified to profit or loss</i>		
Debt instruments measured at FVOCI:		
- Net gains from change in fair value, before tax	463	674
- Gains on financial assets reclassified to profit or loss on disposal, before tax	(258)	(1,048)
- Net movements in credit losses released to profit or loss, before tax	5	(1)
Income taxes relating to these items	(74)	131
Other comprehensive income for the period, net of tax	136	(244)
Total comprehensive income for the period	2,300	1,557

Condensed Statement of Changes in Equity

For the period ended 30 June 2026

	Share capital €000	Perpetual capital notes €000	Revaluation reserve €000	Retained earnings €000	Total €000
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 on ordinary shares	-	-	-	(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
At 1 January 2026	74,544	10,000	(776)	24,826	108,594
Comprehensive income					
Profit for the period	-	-	-	2,164	2,164
Other comprehensive income					
Fair valuation of debt instruments measured at FVOCI:					
- net movement in fair value arising during the period	-	-	301	-	301
- reclassification – net amounts classified to profit or loss	-	-	(168)	-	(168)
- changes in allowance for expected credit losses	-	-	3	-	3
Total other comprehensive income for the period	-	-	136	-	136
Total comprehensive income	-	-	136	2,164	2,300
Transactions with owners					
Distributions to owners:					
Return on perpetual capital notes	-	-	-	(506)	(506)
Total transactions with owners	-	-	-	(506)	(506)
At 30 June 2026	74,544	10,000	(640)	26,484	110,388

Condensed Statement of Cash Flows

For the period ended 30 June 2026

	30 June 2026 €000	30 June 2025 €000
Cash flows from operating activities		
Interest, fees and commission received	24,473	23,902
Interest, fees and commission paid	(7,604)	(8,920)
Net cash inflows from trading activities	(945)	(136)
Payments to employees and suppliers	(13,484)	(18,049)
Cash flows from/(used in) operating profit before changes in operating assets and liabilities	2,440	(3,203)
<i>Movement in operating assets:</i>		
Reserve Deposit with Central Bank of Malta	(103)	(682)
Loans and advances to customers	19,406	(39,438)
Other assets and cheques in course of collection	800	(5,907)
<i>Movement in operating liabilities:</i>		
Amounts owed to customers	(11,676)	16,333
Other liabilities	2,778	13,055
Net cash flows generated from/(used in) operating activities before tax	13,645	(19,842)
Income tax paid	(733)	(835)
Net cash flows generated from/(used in) operating activities	12,912	(20,677)
Cash flows from investing activities		
Interest received on financial assets	1,782	3,813
Purchase of property, equipment, and intangible assets	(822)	(2,866)
Purchase of financial investments	(32,353)	(48,456)
Proceeds from disposal and redemption of financial investments	10,493	68,040
Net cash flows (used in)/generated from investing activities	(20,900)	20,531
Cash flows from financing activities		
Return on perpetual capital notes	(506)	(517)
Dividends paid	–	(2,230)
Principal payments of lease liabilities	(292)	(304)
Net cash flows used in financing activities	(798)	(3,051)
Net decrease in cash and cash equivalents	(8,786)	(3,197)
Cash and cash equivalents at beginning of period	134,925	124,642
Effect on exchange rate fluctuations on cash and cash equivalents held	540	–
Cash and cash equivalents at end of period	126,679	121,445

Notes to the Condensed Interim Financial Statements

For the period ended 30 June 2026

1. GENERAL INFORMATION

BNF Bank p.l.c. ("the Bank") 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 has issued debt instruments which are listed on the Malta Stock Exchange. 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 ESEF Annual Report and Financial Statements of the Bank as at and for the year ended 31 December 2025 can be viewed on the Malta Stock Exchange website at <https://borzamalta.com.mt> and 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.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU and should be read in conjunction with the Bank's audited financial statements for the year ended 31 December 2025. Therefore, these financial statements 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 2025.

The condensed interim financial information has been extracted from the Bank's management accounts for the six months ended 30 June 2026 and has been reviewed in accordance with the requirements of International Standard on Review Engagements 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The information presented in the condensed income statement, condensed statements of comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2025, and the related notes was not reviewed in accordance with the applicable International Standard on Review Engagements.

The Bank's related party transactions during the interim period ended 30 June 2026 are not significantly different from the activity levels and balances disclosed within the Bank's audited financial statements for the year ended 31 December 2025.

2.1 New and amended IFRS Accounting Standards adopted by the Bank

In 2026, the Bank adopted amendments and interpretations to existing standards that are mandatory for the Bank's accounting period beginning on 1 January 2026. 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 Bank's financial performance and position.

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

A number of new accounting standards and amendments to accounting standards are effective for annual period beginning after 1 January 2026 and earlier application is permitted. The Bank has not early adopted any new or amended accounting standards in preparing these financial statements.

Except for IFRS 18, none of the standards and amendments issued but not yet effective are expected to have a material impact on the Bank's financial statements upon initial application. The Bank is currently assessing the potential impact of IFRS 18, and further information is provided below.

IFRS 18 'Presentation and Disclosure in Financial Statements'

IFRS 18, which replaces IAS 1 "Presentation of Financial Statements", will be effective for annual reporting periods beginning on or after 1 January 2027. The standard introduces a revised framework for the presentation of financial performance, aimed at improving comparability and enhancing the transparency of financial information for users of financial statements. While IFRS 18 does not affect the recognition or measurement of balances, it is expected to have a significant impact on presentation and disclosure, particularly within the statement of profit or loss, including the introduction of management defined performance measures.

The Bank will adopt IFRS 18 from its mandatory effective date and will not apply the standard early. As retrospective application is required, comparative information for the year ending 31 December 2026 will be restated accordingly. Management is currently assessing the implications of the new standard, with particular focus on the reclassification of income and expenses, the introduction of new required subtotals, the alignment of internal performance measures with disclosure requirements, and the system and process changes necessary to support implementation. The most significant impact is expected to relate to the presentation and disaggregation of performance information in the statement of profit or loss.

2.3 Accounting estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Bank's accounting policies and the key sources of estimation uncertainty are the same as those described in Note 4 of the *Annual Report and Financial Statements 2025*.

2.4 Material accounting policies

The material accounting policies applied in the preparation of these condensed interim financial statements are consistent with those described in Note 2 of the *Annual Report and Financial Statements 2025*, as are the methods of computation.

2.5 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 2026		At 31 December 2025	
	Gross exposure €000	ECL allowance €000	Gross exposure €000	ECL allowance €000
Credit risk exposure relating to on-balance sheet assets				
<i>Subject to IFRS 9 impairment allowance</i>				
Financial assets measured at amortised cost				
Balances with Central Bank of Malta	103,944	(2)	108,657	(2)
Cheques in course of collection	1,519	-	1,866	-
Financial investments	13,032	(1)	13,032	-
Loans and advances to banks	25,693	(5)	27,694	(5)
Loans and advances to customers				
- Corporate	262,565	(9,504)	272,798	(9,305)
- Retail	650,156	(3,561)	644,601	(3,550)
- International	107,410	(337)	122,137	(382)
Accrued income	5,014	-	5,076	-
Financial investments measured at FVOCI	159,087	(181)	136,703	(177)
<i>Not subject to IFRS 9 impairment allowance</i>				
Financial investments measured at FVTPL	390	-	382	-
Derivative financial instruments	4	-	120	-
Credit risk exposure	1,328,814	(13,591)	1,333,066	(13,421)
Credit risk exposure relating to off-balance sheet instruments				
Contingent liabilities	16,550	(46)	17,333	(33)
Undrawn commitments to lend	219,743	(181)	211,589	(112)
Credit risk exposure	236,293	(227)	228,922	(145)

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 included within the expected credit loss on 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:

	Stage 1 12-month ECL €000	At 30 June 2026 Stage 2 Lifetime ECL €000	Stage 3 Lifetime ECL €000	Total €000
Balances with Central Bank of Malta at amortised cost				
Gross carrying amount	103,944	–	–	103,944
Loss allowance	(2)	–	–	(2)
Carrying amount	103,942	–	–	103,942
Financial investments measured at FVOCI				
Carrying amount – fair value	159,087	–	–	159,087
Loss allowance	(181)	–	–	(181)
Financial investments measured at amortised cost				
Gross carrying amount	13,032	–	–	13,032
Loss allowance	(1)	–	–	(1)
Carrying amount	13,031	–	–	13,031
Loans and advances to banks at amortised cost				
Gross carrying amount	25,693	–	–	25,693
Loss allowance	(5)	–	–	(5)
Carrying amount	25,688	–	–	25,688
	Stage 1 12-month ECL €000	At 30 June 2026 Stage 2 Lifetime ECL €000	Stage 3 Lifetime ECL €000	Total €000
Loans and advances to customers at amortised cost				
<i>Corporate</i>				
Gross carrying amount	236,053	13,240	13,272	262,565
Loss allowance	(235)	(355)	(8,914)	(9,504)
Carrying amount	235,818	12,885	4,358	253,061
<i>Retail</i>				
Gross carrying amount	625,422	12,577	12,157	650,156
Loss allowance	(255)	(142)	(3,164)	(3,561)
Carrying amount	625,167	12,435	8,993	646,595
<i>International</i>				
Gross carrying amount	107,410	–	–	107,410
Loss allowance	(337)	–	–	(337)
Carrying amount	107,073	–	–	107,073
<i>Total</i>				
Gross carrying amount	968,884	25,817	25,430	1,020,131
Loss allowance	(826)	(498)	(12,078)	(13,402)
Carrying amount	968,058	25,320	13,351	1,006,729

	Stage 1 12-month ECL €000	At 30 June 2026 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				
<i>Corporate</i>				
Gross carrying amount	381,950	22,898	13,293	418,141
Loss allowance	(312)	(411)	(8,914)	(9,637)
Carrying amount	381,638	22,487	4,379	408,504
<i>Retail</i>				
Gross carrying amount	692,167	14,879	12,586	719,632
Loss allowance	(267)	(168)	(3,220)	(3,655)
Carrying amount	691,900	14,711	9,366	715,977
<i>International</i>				
Gross carrying amount	118,650	-	-	118,650
Loss allowance	(337)	-	-	(337)
Carrying amount	118,313	-	-	118,313
<i>Total</i>				
Gross carrying amount	1,192,767	37,777	25,879	1,256,423
Loss allowance	(916)	(579)	(12,134)	(13,629)
Carrying amount	1,191,851	37,198	13,745	1,242,794
	Stage 1 12-month ECL €000	At 31 December 2025 Stage 2 Lifetime ECL €000	Stage 3 Lifetime ECL €000	Total €000
Balances with Central Bank of Malta at amortised cost				
Gross carrying amount	108,657	-	-	108,657
Loss allowance	(2)	-	-	(2)
Carrying amount	108,655	-	-	108,655
Financial investments measured at FVOCI				
Carrying amount – fair value	136,703	-	-	136,703
Loss allowance	(177)	-	-	(177)
Financial investments measured at amortised cost				
Gross carrying amount	13,032	-	-	13,032
Loss allowance	-	-	-	-
Carrying amount	13,032	-	-	13,032

	At 31 December 2025			Total €000
	Stage 1 12-month ECL €000	Stage 2 Lifetime ECL €000	Stage 3 Lifetime ECL €000	
Loans and advances to banks at amortised cost				
Gross carrying amount	27,694	-	-	27,694
Loss allowance	(5)	-	-	(5)
Carrying amount	27,689	-	-	27,689
	At 31 December 2025			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				
<i>Corporate</i>				
Gross carrying amount	241,720	16,064	15,014	272,798
Loss allowance	(253)	(71)	(8,981)	(9,305)
Carrying amount	241,467	15,993	6,033	263,493
<i>Retail</i>				
Gross carrying amount	621,005	13,219	10,377	644,601
Loss allowance	(254)	(188)	(3,108)	(3,550)
Carrying amount	620,751	13,031	7,269	641,051
<i>International</i>				
Gross carrying amount	122,137	-	-	122,137
Loss allowance	(382)	-	-	(382)
Carrying amount	121,755	-	-	121,755
<i>Total</i>				
Gross carrying amount	984,862	29,283	25,391	1,039,536
Loss allowance	(889)	(259)	(12,089)	(13,237)
Carrying amount	983,973	29,024	13,302	1,026,299

	Stage 1 12-month ECL €000	At 31 December 2025 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				
<i>Corporate</i>				
Gross carrying amount	410,249	22,624	15,015	447,888
Loss allowance	(555)	(91)	(8,981)	(9,627)
Carrying amount	409,694	22,533	6,034	438,261
<i>Retail</i>				
Gross carrying amount	692,466	13,916	10,592	716,974
Loss allowance	(262)	(198)	(3,155)	(3,615)
Carrying amount	692,204	13,718	7,437	713,359
<i>International</i>				
Gross carrying amount	103,594	-	-	103,594
Loss allowance	(139)	-	-	(139)
Carrying amount	103,455	-	-	103,455
<i>Total</i>				
Gross carrying amount	1,206,309	36,540	25,607	1,268,456
Loss allowance	(956)	(289)	(12,136)	(13,381)
Carrying amount	1,205,353	36,251	13,471	1,255,075

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 loan commitments and financial guarantee contracts.

The global economic outlook remains challenging, with global growth projected to slow to 3.0% in 2026, primarily reflecting the impact of heightened geopolitical tensions followed by renewed energy price pressures, trade policy uncertainty and tighter financial conditions. While inflation is expected to remain elevated globally, its trajectory is likely to vary across countries, reflecting differences in exposure to geopolitical developments, energy price shocks and domestic economic conditions.

Economic growth in the euro area is expected to remain subdued with latest forecasts of the European Commission projecting GDP growth of 0.9% and inflation of 3.0% in 2026. The outlook continues to be influenced by renewed energy price pressures, geopolitical uncertainty and weaker external demand.

In Malta, the economic outlook remains comparatively resilient. Real GDP growth is forecast to moderate and grow by 3.7% in 2026 primarily supported by robust domestic consumption. Inflation is expected to rise marginally to 2.5% in 2026, while unemployment is projected to remain low at 2.8%. Heightened global uncertainty, higher international energy prices and weaker external demand could weigh on economic growth momentum and increase vulnerabilities.

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 2025, adjusted to reflect forward-looking information as described in Note 3.2.3.4 in the Annual Report and Financial Statements 2025.

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 2026. 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, were incorporated due to the significant influence these indicators exert on local investment activity and the overall performance of corporate entities;
- (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 Bank of England Bank 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 vary from 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 2026, the Bank applied its macroeconomic forecasts until the third quarter of 2028. Such forecasts reflect a moderation in inflationary pressures, sustained economic growth and a stable labour market.

The most significant period-end assumptions projected by the Bank that were used for the ECL estimate as at 30 June 2026 and 31 December 2025 are set out below.

	As at 30 June 2026		
	2026	2027	2028**
Average gross salary rate (YoY)*			
'Baseline'	4.50%	4.34%	4.23%
Range of forecasts for alternative scenarios	[2.3 – 4.8]%	[1.4 – 4.7]%	[1.1 – 4.7]%
Real GDP rate (YoY)*			
'Baseline'	4.63%	4.08%	4.11%
Range of forecasts for alternative scenarios	[2.9 – 5.4]%	[1.9 – 5.1]%	[1.7 – 5.2]%
Unemployment rate (YoY)*			
'Baseline'	3.45%	3.61%	3.67%
Range of forecasts for alternative scenarios	[3.4 – 3.6]%	[3.5 – 3.8]%	[3.6 – 3.9]%
Real Estate Price Growth rate (REPI) (YoY)*			
'Baseline'	5.74%	5.74%	5.74%
Range of forecasts for alternative scenarios	[5.1 – 5.9]%	[5.0 – 6.0]%	[4.9 – 6.0]%

*YoY = year on year

** 2028 Q3 data forecast

	As at 31 December 2025		
	2026	2027	2028**
Average gross salary rate (YoY)*			
'Baseline'	4.50%	4.34%	4.23%
Range of forecasts for alternative scenarios	[2.3 – 4.8]%	[1.4 – 4.7]%	[1.1 – 4.7]%
Real GDP rate (YoY)*			
'Baseline'	4.63%	4.08%	4.11%
Range of forecasts for alternative scenarios	[2.9 – 5.4]%	[1.9 – 5.1]%	[1.7 – 5.2]%
Unemployment rate (YoY)*			
'Baseline'	3.45%	3.61%	3.67%
Range of forecasts for alternative scenarios	[3.4 – 3.6]%	[3.5 – 3.8]%	[3.6 – 3.9]%
Real Estate Price Growth rate (REPI) (YoY)*			
'Baseline'	5.74%	5.74%	5.74%
Range of forecasts for alternative scenarios	[5.1 – 5.9]%	[5.0 – 6.0]%	[4.9 – 6.0]%

*YoY = year on year

** 2028 Q3 data forecast

The weightings assigned to each economic scenario were 50% (2025: 50%) for the 'baseline' scenario, 25% (2025: 25%) for the 'downside' scenario and 25% (2025: 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 €0.3 million (December 2025: €0.6 million) if the provisions had to be calculated solely on the 'baseline' scenario; ECLs would increase by €2.2 million (December 2025: €1.9 million) if these had to be estimated using only the 'downside' scenario and would reduce by €1.5 million (December 2025: €1.8 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.

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 2025*.

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

	Forborne exposures	
	At 30 June 2026	At 31 December 2025
	€000	€000
At 1 January	6,781	7,287
Loans to which forbearance measures have been extended during the period	23	39
Repayments	(31)	(98)
Retired from forborne	(1,805)	(447)
At end of period	4,968	6,781

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 2026	108,657	(2)	108,657	(2)
New financial assets originated or purchased	88,949	–	88,949	–
Net movement in EAD and changes in risk parameters	90	(1)	90	(1)
Financial assets derecognised during the period	(93,752)	1	(93,752)	1
At 30 June 2026	103,944	(2)	103,944	(2)
Total net income statement charge for the period				–
At 1 January 2025	97,282	(11)	97,282	(11)
New financial assets originated or purchased	93,752	–	93,752	–
Net movement in EAD and changes in risk parameters	(947)	9	(947)	9
Financial assets derecognised during the year	(81,430)	–	(81,430)	–
At 31 December 2025	108,657	(2)	108,657	(2)
Total net income statement credit for the year				9

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 2026	136,703	(177)	136,703	(177)
New financial assets originated or purchased	44,315	(38)	44,315	(38)
Net movement in EAD and changes in risk parameters	232	(6)	232	(6)
Financial assets derecognised during the period	(22,163)	40	(22,163)	40
At 30 June 2026	159,087	(181)	159,087	(181)
Total net income statement charge for the period				(4)
At 1 January 2025	154,244	(178)	154,244	(178)
New financial assets originated or purchased	66,691	(54)	66,691	(54)
Net movement in EAD and changes in risk parameters	(993)	(12)	(993)	(12)
Financial assets derecognised during the year	(83,239)	67	(83,239)	67
At 31 December 2025	136,703	(177)	136,703	(177)
Total net income statement credit for the year				1

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 2026	13,032	–	13,032	–
Net movement in EAD and changes in risk parameters	–	(1)	–	(1)
At 30 June 2026	13,032	(1)	13,032	(1)
Total net income statement charge for the period				(1)
At 1 January 2025	34,983	(52)	34,983	(52)
New financial assets originated or purchased	–	–	–	–
Net movement in EAD and changes in risk parameters	–	1	–	1
Financial assets derecognised during the year	(21,951)	51	(21,951)	51
At 31 December 2025	13,032	–	13,032	–
Total net income statement credit for the year				52

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 2026	27,694	(5)	27,694	(5)
New financial assets originated or purchased	12,338	(3)	12,338	(3)
Net movement in EAD and changes in risk parameters	2,615	(2)	2,615	(2)
Financial assets derecognised during the period	(16,954)	5	(16,954)	5
At 30 June 2026	25,693	(5)	25,693	(5)
Total net income statement charge for the period				–
At 1 January 2025	29,162	(5)	29,162	(5)
New financial assets originated or purchased	26,116	(5)	26,116	(5)
Net movement in EAD and changes in risk parameters	(7,423)	2	(7,423)	2
Financial assets derecognised during the year	(20,161)	3	(20,161)	3
At 31 December 2025	27,694	(5)	27,694	(5)
Total net income statement charge for the year				–

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

	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 2026	1,206,309	(956)	36,540	(289)	25,607	(12,136)	1,268,456	(13,381)
New and further lending	137,759	(220)	4,815	(414)	616	(432)	143,190	(1,066)
Repayments and disposals	(144,612)	258	(7,892)	118	(2,719)	798	(155,223)	1,174
Transfers of financial instruments								
Stage 1 to Stage 2	(6,489)	3	6,489	(3)	-	-	-	-
Stage 1 to Stage 3	(928)	1	-	-	928	(1)	-	-
Stage 2 to Stage 1	682	(16)	(682)	16	-	-	-	-
Stage 2 to Stage 3	-	-	(2,032)	33	2,032	(33)	-	-
Stage 3 to Stage 1	46	(22)	-	-	(46)	22	-	-
Stage 3 to Stage 2	-	-	539	(34)	(539)	34	-	-
Net remeasurement of ECL arising from stage transfers and changes in risk parameters	-	36	-	(6)	-	(386)	-	(356)
At 30 June 2026	1,192,767	(916)	37,777	(579)	25,879	(12,134)	1,256,423	(13,629)
Total net income statement charge for the period								(248)

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

	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)	22,514	(400)	24,813	(11,836)	1,234,678	(13,837)
New and further lending	280,285	(520)	3,939	(56)	1,079	(1,183)	285,303	(1,759)
Repayments and disposals	(244,466)	1,138	(5,097)	208	(1,962)	1,202	(251,525)	2,548
Transfers of financial instruments								
Stage 1 to Stage 2	(19,287)	27	19,287	(27)	-	-	-	-
Stage 1 to Stage 3	(1,168)	1	-	-	1,168	(1)	-	-
Stage 2 to Stage 1	2,789	(44)	(2,789)	44	-	-	-	-
Stage 2 to Stage 3	-	-	(1,618)	24	1,618	(24)	-	-
Stage 3 to Stage 1	805	(26)	-	-	(805)	26	-	-
Stage 3 to Stage 2	-	-	304	(32)	(304)	32	-	-
Net remeasurement of ECL arising from stage transfers and changes in risk parameters	-	69	-	(50)	-	(352)	-	(333)
At 31 December 2025	1,206,309	(956)	36,540	(289)	25,607	(12,136)	1,268,456	(13,381)
Total net income statement credit for the year								456

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 2026 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 2025*.

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 2026				
Financial assets				
Derivative financial assets	-	4	-	4
Financial investments				
Government debt instruments	27,762	62,309	-	90,071
Corporate debt instruments	53,782	15,234	390	69,406
Total financial assets	81,544	77,547	390	159,481
Financial liabilities				
Derivative financial liabilities	-	943	-	943
Total financial liabilities	-	943	-	943
At 31 December 2025				
Financial assets				
Derivative financial instrument	-	120	-	120
Financial investments				
Government debt instruments	20,354	58,006	-	78,360
Corporate debt instruments	48,974	9,369	382	58,725
Total financial assets	69,328	67,495	382	137,205
Financial liabilities				
Derivative financial liabilities	-	432	-	432
Total financial liabilities	-	432	-	432

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

Financial instruments in Level 1

The fair value of instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial instruments held by the Bank is the current bid price at the end of the reporting period.

Financial instruments in Level 2

Level 2 includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Fair values for the Bank's derivative contracts, which are classified as level 2, are generally determined utilising valuation techniques, involving primarily the use of discounted cash flow techniques. The fair values referred to are determined by reference to market prices or rates (forward foreign exchange rates) quoted at the end of the reporting period. The valuation techniques used are supported by observable market prices or rates since their variables include only data from observable markets.

Financial instruments in Level 3

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Instruments included in Level 3 are immaterial in the context of the Bank's Statement of Financial Position.

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 €13,032,000 as at 30 June 2026 (31 December 2025: €13,131,000), compared to the carrying amount of €13,031,000 (31 December 2025: €13,032,000). Debt securities issued measured at amortised cost had a fair value of €18,800,000 (31 December 2025: €19,400,000), compared to the carrying amount of €19,941,000 as at 30 June 2026 (31 December 2025: €19,915,000). As at 30 June 2026, 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 2026				
	Retail banking €000	Corporate banking €000	International €000	Other €000	Total €000
Net interest income	8,124	6,006	1,793	1,945	17,868
Net fees and commission income	778	880	258	–	1,916
Net trading income (including dividend income, net gains from financial instruments at FVTPL and gains on disposal of debt instruments)	–	–	–	(697)	(697)
Net operating income	8,902	6,886	2,051	1,248	19,087
Employee compensation and benefits	(3,919)	(2,229)	(275)	(341)	(6,764)
Other administrative expenses	(3,674)	(2,585)	(233)	(1,236)	(7,728)
Depreciation of property and equipment, right-of-use assets and amortisation of intangible assets	(792)	(447)	–	(80)	(1,319)
Credit impairment losses	(41)	(268)	47	(7)	(269)
Profit before tax	476	1,357	1,590	(416)	3,007
Income tax expense					(843)
Profit for the period					2,164
Assets					
Segment assets	642,357	237,372	107,079	352,160	1,338,968
Unallocated assets					21,841
Total assets					1,360,809
Liabilities					
Segment liabilities	959,557	233,796	4,173	4,623	1,202,149
Unallocated liabilities					48,272
Total liabilities					1,250,421
Additions to non-current assets	224	–	–	613	837

	30 June 2025				
	Retail banking €000	Corporate banking €000	International €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)	-	-	-	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

	31 December 2025				
	Retail banking	Corporate banking	International	Other	Total
Assets					
Segment assets	636,094	246,919	121,793	341,399	1,346,205
Unallocated assets					22,555
Total assets					1,368,760
Liabilities					
Segment liabilities	963,926	230,285	2,281	17,235	1,213,727
Unallocated liabilities					46,439
Total liabilities					1,260,166
Additions to non-current assets	131	36	-	4,443	4,610

6. INTEREST RECEIVABLE

	Period ended 30 June	
	2026 €000	2025 €000
On loans and advances to banks	397	453
On loans and advances to customers	20,202	20,586
On balances with Central Bank of Malta	891	721
	21,490	21,760
On debt and other fixed income instruments:		
Financial investments measured at FVOCI	2,523	2,556
Financial investments measured at amortised cost	224	735
Net amortisation of discounts and premiums	(78)	(31)
	2,669	3,260
Total interest receivable	24,159	25,020

7. INTEREST PAYABLE AND SIMILAR EXPENSE

	Period ended 30 June	
	2026	2025
	€000	€000
On amounts owed to banks and other institutions	(13)	(76)
On amounts owed to customers	5,813	9,690
On debt securities in issue	446	446
Amortisation of debt issuance costs	26	25
On lease liabilities	19	16
	6,291	10,101

8. NET FEES AND COMMISSION INCOME

	Period ended 30 June	
	2026	2025
	€000	€000
Fees and commission income		
Credit related fees and commissions	1,000	1,118
Other fees	1,134	1,011
	2,134	2,129
Fees and commission expense		
Credit related fees and commissions	(113)	(248)
Other fees	(105)	(154)
	(218)	(402)
Net fees and commission income	1,916	1,727

9. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Following the end of the reporting period, the shareholders of the Bank approved a net dividend of €0.013 per nominal share of €0.7552, for a total amount of €1,309,946, in respect of the financial year ended 31 December 2025, at the last Annual General Meeting.

Furthermore, at the same Annual General Meeting, a resolution was passed re-appointing seven of the retiring directors and appointing one new director (subject to the necessary regulatory approval) on the Board of Directors. Five other retiring directors were not re-appointed.

Other than the above, there were no other significant events subsequent to the financial reporting period that require adjustment to or disclosure in these condensed interim financial statements.



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Independent Auditors' Report on review of Condensed Interim Financial Statements

To the Board of Directors of BNF Bank p.l.c.

Introduction

We have reviewed the accompanying Condensed Interim Financial Statements of BNF Bank p.l.c. ("the Bank"), which comprise the condensed statement of financial position as at 30 June 2026, the condensed income statement, the condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the Condensed Interim Financial Statements. Management is responsible for the preparation and presentation of these Condensed Interim Financial Statements in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU. Our responsibility is to express a conclusion on these Condensed Interim Financial Statements based on our review.

This report is made solely to the Board of Directors in accordance with the terms of our engagement and is released for publication in compliance with the requirements of Capital Markets Rule 5.75.4 issued by the Malta Financial Services Authority. Our review has been undertaken so that we might state to the Board of Directors those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibilities to anyone other than the Board of Directors for our review work, for this report, or for the conclusion we have expressed.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements for the six-month period ended 30 June 2026 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU.



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Independent Auditors' Report on review of Condensed Interim Financial Statements (continued)

To the Board of Directors of BNF Bank p.l.c.

Other Matter

We draw attention to the fact that we have not reviewed the information presented in the accompanying condensed income statement, condensed statements of comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2025, and any of the related notes. Accordingly, we do not express a conclusion or any other form of assurance on the aforementioned information.

The Principal authorised to sign on behalf of KPMG on the review resulting in this independent auditors' report is Claude Ellul.

KPMG
Registered Auditors

27 August 2026

