MULTITUDE BANK PLC

Condensed Interim Financial Statements
30 June 2025

Company Registration Number: C56251

Directors' interim report

The directors present the company's condensed interim financial statements for the six-month period ended 30 June 2025.

Principal activities

The principal activity of Multitude Bank PLC (the "Bank") is the operation of a credit institution under the Banking Act, Cap 371 of the Laws of Malta, in accordance with the credit institution licence granted by the Malta Financial Services Authority.

The Bank's principal activity comprises the origination of unsecured lending and credit products which are distributed through an online platform. During 2025, the Bank provided its services in Estonia, Latvia, Czech Republic, Germany, Bulgaria, Sweden, Norway, Croatia, Denmark, Finland, Romania, Poland and Slovenia. The Bank has also strengthened its investment portfolio during the year. To partly finance its lending activities, the Bank offers savings and term deposits to its customers in Germany, Sweden and Malta.

Business development

During the first six months of 2025, the Bank continued to offer unsecured lending and credit products to its customers, originated new corporate exposures and continued to build up its portfolio of investments.

As at June 2025, the Bank's debt investments are made up of investment in securitisation portfolio which amounted to €171.6 million and investments in bonds which amounted to €123.1 million.

The debt investments in securitisation portfolio are made up of notes in two private limited liability companies incorporated under the laws of Luxembourg and Lithuania as unregulated securitisation companies. As at June 2025, the Luxembourg company owns a portfolio of SME loans in Netherlands, Sweden, Finland, Denmark and Lithuania, whilst the Lithuanian company owns a portfolio of SME loans in Lithuania. In respect of both investments, the Bank is the holder of Class A Notes, which are senior notes, have a higher credit quality and the highest payment ranking amongst the other creditors.

The debt investments in bonds reflect the Bank's acquisition of secured bonds. Such bonds are secured by loan portfolios which are pledged in favour of the Bank and are subject to covenants including predetermined ratios of ageing portfolios and advance rates. Such covenants are monitored on a regular basis by management and the Investments Committee. Moreover, the Bank also has additional collateral in the form of cash deposited in its accounts, pledged financial instruments, or real estate in respect of each investment.

Directors' interim report – continued

Financial performance

The Bank registered a profit before tax of €9.5 million during the period ended 30 June 2025, compared with €6.2 million for the same period last year.

The statement of comprehensive income is set out on page 5. The net interest income earned by the Bank amounted to €76.1 million during the period ended 30 June 2025, reflecting a decrease of 6% over the same period last year. The net fee and commission income amounted to €4.2 million compared to €0.3 million during the same period last year. Overall, the Bank's operating income of €80.2 million remained in line with the same period last year.

The Bank's operating expenditure increased by 1% during the current financial period, and reached a total of €37.7 million, compared to €37.1 million during the same period last year. The increase mainly relates to the increase in personnel expense and the increase in the amounts provided for under the depositor compensation scheme. During the period ended 30 June 2025, the net impairment losses incurred by the Bank amounted to €33.0 million, compared to €37.3 million during the same period last year. The decrease is mainly driven by an initiative to reduce credit losses and by shifts in macroeconomic conditions during 2025 impacting the credit quality in some credit portfolios.

In view of the above, the Bank reported a profit after tax of €9.0 million during the period ended June 2025.

Financial position

The statement of financial position reflects total assets of €1,174.2 million, which increased from €1,017.9 million as at December 2024. The Bank's assets mainly comprise loans and advances to customers, which increased from €499.6 million as at 31 December 2024 to €563.3 million as at 30 June 2025. The increase is partly attributable to a significant growth in the Bank's credit limit portfolio, mainly in Sweden, Denmark, and Finland. The Bank's asset base also comprises of debt investments amounting to €294.7 million (31 December 2024: €261.0 million) and balances with Central Banks and other banks amounting to €229.0 million as at 30 June 2025 (31 December 2024: €194.6 million). The Bank acquired additional equity stakes in Lea Bank AB. This acquisition resulted in a total equity stake of 24.99% at the end of the period. The carrying amount of the investment in associate amounts to €19.8 million (31 December 2024: €8.4 million). This is after the attribution of profits and receipt of dividends.

The Bank continued to fund its business through customer deposits, which grew from €800.8 million as at the end of 2024 to €927.5 million as at 30 June 2025. The Bank offers savings and term deposit products with different maturities ranging from 3 months to 36 months, which are predominantly sourced from the German, Swedish and Maltese markets. During the period, the Bank issued €25 million (nil as at 31 December 2024) Tier 2 notes with a coupon rate of three-month Euribor plus 11.00%, maturing in March 2035.

The Bank registered strong regulatory ratios throughout the financial year. The Liquidity Coverage Ratio metric, designed to ensure that a bank has sufficient unencumbered high-quality liquid assets ('HQLA' consisting of cash or assets that can be converted into cash at little or no loss of value in markets) to meet its liquidity needs in a 30-calendar-day liquidity stress scenario was 750.71% as at 30 June 2025 (31 December 2024: 1338.09%).

The Bank is required to maintain a ratio of total regulatory capital to risk-weighted assets ("Capital requirements ratio") above a minimum level of 16.95%, as well as a CET 1 (Common Equity Tier 1) capital ratio above a minimum level of 13.83% as prescribed by banking regulations. The Bank's total capital ratio and CET1 capital ratio as at 30 June 2025 were at 23.00% (31 December 2024: 17.83%) and 17.24% (31 December 2024: 15.26%), respectively.

As at 30 June 2025, retained earnings amounted to €40.3 million.

Directors' interim report – continued

We, the undersigned, confirm that to the best of our knowledge the condensed interim financial statements as at 30 June 2025 have been prepared, in all material respect, in accordance with International Financial Reporting Standards as adopted by the EU applicable to IAS 34 Interim Financial Reporting and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bank.

Approved by the Board of Directors and signed on its behalf on 21 August 2025 by:

Charles Borg
Director

Victor Denaro
Director

Registered Office:
ST Business Centre,
120, The Strand,
Gzira, GZR1027
Malta

21 August 2025

Condensed statement of financial position

	Notes	As at 30 June 2025 €'000 (unaudited)	As at 31 December 2024 €'000 (audited)
ASSETS			
Balances with Central Banks		**74,313**	107,670
Loans and advances to banks		**154,646**	86,897
Loans and advances to customers	2	**563,253**	499,610
Loans and advances to group companies		**36,946**	35,602
Debt investments	8	**294,687**	260,951
Derivative financial instruments		**3,000**	3,000
Investments in associates	9	**19,771**	8,432
Right-of-use asset		**1,509**	1,531
Property and equipment		**223**	231
Intangible assets		**956**	1,070
Other assets		**24,854**	12,919
Total assets		**1,174,158**	1,017,913
EQUITY AND LIABILITIES			
Equity			
Share capital		**10,000**	10,000
Capital contribution reserve		**120,500**	120,500
Currency translation reserve		**553**	67
Retained earnings		**40,282**	31,240
Total equity		**171,335**	161,807
Liabilities			
Amounts owed to customers		**927,454**	800,805
Derivative financial instruments		**353**	418
Borrowings from group companies		**27,288**	40,477
Lease liability		**1,405**	1,429
Debt securities	10	**28,940**	5,027
Other liabilities		**17,383**	7,950
Total liabilities		**1,002,823**	856,106
Total equity and liabilities		**1,174,158**	1,017,913
MEMORANDUM ITEMS			
Commitments		**29,456**	21,892

These condensed interim financial statements were approved by the Board of Directors on 21 August 2025 and were signed on its behalf by:

Charles Borg
Director

Victor Denaro
Director

Condensed statement of comprehensive income

	Notes	For the six-month period ended 30 June 2025 €'000 (unaudited)	2024 €'000 (unaudited)
Interest and similar income	5	**94,942**	96,612
Interest and similar expense	6	**(18,834)**	(15,504)
Net interest income		**76,108**	81,108
Fee and commission income	7	**5,600**	865
Fee and commission expense	7	**(1,432)**	(607)
Net fee and commission income		**4,168**	258
Share of profit of investment accounted for using equity method		**847**	-
Net trading expense		**(886)**	(701)
Total operating income		**80,237**	80,665
Net impairment losses		**(33,047)**	(37,338)
Other operating costs		**(32,210)**	(32,054)
Employee compensation and benefits		**(4,927)**	(4,539)
Depreciation and amortisation		**(535)**	(528)
Profit before tax		**9,518**	6,206
Tax (expense) / credit		**(476)**	294
Profit for the period		**9,042**	6,500
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operation		**486**	-
Total comprehensive income		**9,528**	6,500

Condensed statement of changes in equity

	Share capital €'000	Capital contribution reserve €'000	Currency translation reserve €'000	Retained earnings €'000	Total equity €'000
At 1 January 2024	**10,000**	**78,500**	**-**	**48,691**	**137,191**
Comprehensive income					
Profit for the period	-	-	-	6,500	6,500
Total comprehensive income for the period	**-**	**-**	**-**	**6,500**	**6,500**
Transactions with owners					
Capital contribution from shareholders	-	7,000	-	-	7,000
Total transactions with owners	**-**	**7,000**	**-**	**-**	**7,000**
Balance at 30 June 2024	**10,000**	**85,500**	**-**	**55,191**	**150,691**
At 1 January 2025	**10,000**	**120,500**	**67**	**31,240**	**161,807**
Comprehensive income					
Profit for the period	-	-	-	9,042	9,042
Exchange differences on translation of foreign operations	-	-	486	-	486
Total comprehensive income for the period	**-**	**-**	**486**	**9,042**	**9,528**
Balance at 30 June 2025	**10,000**	**120,500**	**553**	**40,282**	**171,335**

Condensed statement of cash flows

	For the six-month period ended 30 June	
	2025	2024
	€'000	€'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Interest and commission receipts	**97,896**	96,852
Interest and commission payments	**(15,276)**	(13,663)
Net trading receipts	**1,161**	1,006
Income tax paid	**(369)**	(1,648)
Payments to employees and suppliers	**(40,184)**	(38,572)
Cash flows from operating profit before changes in operating assets and liabilities	**43,228**	43,975
Changes in operating assets and liabilities:		
Loans and advances to group companies	**(176)**	(4,186)
Loans and advances to customers	**(98,020)**	(32,359)
Amounts owed to customers	**122,000**	(57,741)
Amount paid in favour of Depositor Compensation Scheme	**(184)**	(2,322)
Net cash generated from/(used in) operating activities	**66,848**	(52,633)
Cash flows from investing activities		
Purchase of debt investments in securitisation portfolio	**(18,393)**	(37,593)
Purchase of debt investments in bonds	**(13,565)**	(34,472)
Purchase of investment in associate	**(13,958)**	-
Dividend received from associate	**2,851**	-
Purchase of property and equipment	**(70)**	(65)
Purchase of intangible assets	**(67)**	(66)
Net cash used in investing activities	**(43,202)**	(72,196)
Cash flows from financing activities		
Principal element of lease payments	**(278)**	(267)
Proceeds from shareholders' contribution	**-**	7,000
Proceeds from the issuance of debt securities	**24,024**	-
Repayment of loans received from group undertaking	**(13,000)**	-
Net cash generated from financing activities	**10,746**	6,733
Net movement in cash and cash equivalents	**34,392**	(118,096)
Cash and cash equivalents at beginning of the period	**194,567**	246,104
Cash and cash equivalents at end of period	**228,959**	128,008

Notes to the condensed financial statements

1. Basis of preparation and summary of material accounting policies

1.1 Basis of preparation

The condensed interim financial statements for the six-month period ended 30 June 2025 have been prepared in accordance with IAS 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) and as endorsed by the EU. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's Annual Report and Financial Statements 2024. Accordingly, they include an explanation of events and transactions that are significant for understanding the changes on the Bank's financial position and performance since the end of 2024.

1.2 New standards and amendments

The material accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards set out below.

Standards, interpretations and amendments to published standards effective in 2025

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2025:

- Lack of exchangeability – Amendment to IAS 21.

The amendment described above had no material impact on the Bank's financial statements.

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

Certain new standards, interpretations and amendments to existing standards which are mandatory for accounting periods beginning on or after 1 January 2026 have been published by the date of authorisation for issue of this financial information. The Bank has not early adopted these requirements of IFRSs as adopted by the EU.

As at 30 June 2025, the following standards and interpretations had been issued but were not mandatory for reporting periods ending on 31 December 2025:

- Amendments to IFRS 9 and IFRS 7 – Contracts referencing nature-dependent electricity;
- Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments;
- IFRS 18 Presentation and Disclosure in Financial Statements; and
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

1.3 Accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS Accounting Standards 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.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1, other than those related to the calculation of expected credit losses on loans and advances to customers and debt investments, and modifications of financial assets.

1. Basis of preparation and summary of material accounting policies - continued

1.4 Going concern

The Bank continues to monitor the economic developments in each of the territories in which it offers its lending products and have investment exposures, particularly the volatile interest rate environment, and the impact that the ongoing geo-political tensions could have on the Bank's customers repayment abilities. Furthermore, the Bank continues to assess its credit management process, the financial performance, the projected level of business and anticipated adherence to the regulatory ratios for the next twelve months.

Based on the outcome of these assessments and other cash flow projections, the Directors and senior management consider the going concern assumption in the preparation of the Bank's financial statements as appropriate as at the date of authorisation for issue of the Condensed Interim Financial Statements for the six-month period ended 30 June 2025.

1.5 Material accounting policies

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

2. Financial instruments

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

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Bank by failing to discharge an obligation.

Credit risk is the most important risk for the Bank's business; accordingly, management carefully manages its exposure to this risk. Credit exposures arise principally through the Bank's lending activities in various European countries, together with the placement of liquidity with banks domiciled in Malta and other European countries.

The Bank is also exposed to credit risk arising from the issuance of financial guarantee contracts to entities granting micro-loans and other related credit products to individuals and other corporate entities located in certain European countries.

The Bank is also exposed to credit risk arising on its exposure to the debt investments in securitisation portfolio and on its exposure to the debt investments in bonds.

Credit exposures through advances to group undertakings located in Finland and operating balances with other group undertakings located in European countries also give rise to credit risk.

2. Financial instruments - continued

2.1 Summary of financial instruments to which the IFRS 9 requirement are applied - continued

The Bank's credit risk exposures 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 carrying amount	**ECL allowance**	Gross carrying amount	ECL allowance
	€'000	**€'000**	€'000	€'000
Credit risk exposures relating to on-balance sheet assets:				
Subject to IFRS 9 impairment requirements				
Financial assets measured at amortised cost:				
Balances with Central Banks	**74,313**	**-**	107,670	-
Loans and advances to banks	**154,646**	**-**	86,897	-
Loans and advances to customers	**655,823**	**(92,570)**	598,894	(99,284)
Loans and advances to group companies	**37,093**	**(147)**	35,602	-
Debt investments in securitisation portfolio	**171,576**	**(10)**	151,967	(3)
Debt investments in bonds	**123,558**	**(437)**	109,383	(396)
Other financial assets	**24,231**	**(393)**	12,680	(186)
Not subject to IFRS 9 impairment requirements				
Derivative financial instruments	**3,000**	**-**	3,000	-
Credit risk exposure	**1,244,240**	**(93,557)**	1,106,093	(99,869)
Credit risk exposures relating to off-balance sheet instruments:				
Commitments	**29,456**	**(686)**	14,843	(864)
Credit risk exposure	**29,456**	**(686)**	14,843	(864)
Total credit risk exposure	**1,273,696**	**(94,243)**	1,120,936	(100,733)

2. Financial instruments - continued

2.2 Expected credit loss measurement

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or on a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

(a) Loans and advances to customers

The ECL is determined by projecting the PD, EAD and LGD at a collective portfolio level as allowable under IFRS 9 in the case of retail portfolios comprising individually insignificant exposures that are homogenous in nature. These three components are multiplied together effectively calculating the forward-looking ECL, which is then discounted back to the reporting date. The discount rate used in the ECL calculation is the actual effective interest rate or an approximation thereof.

The 12-month ECL is calculated by multiplying the 12-month PD, LGD, and EAD. Lifetime ECL is calculated on a similar basis for the residual life of the exposure.

The PD, EAD and LGD parameters are derived from internally developed statistical models and other historical data, adjusted to reflect forward-looking information as described below.

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. Accordingly, the 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument, respectively.

The Bank's expected credit loss allowances on loans and advances to customers are modelled on a collective basis. As a result, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group of financial assets are homogenous. In performing this grouping, the Bank ensures that there is sufficient information for the group of financial assets to be statistically credible. In this respect, the Bank considers the following categories for ECL measurement of loans and advances to customers:

i. Micro-credit portfolios which are subject to bullet repayment characteristics;
ii. Credit portfolios with instalment repayment features and revolving credit facilities; and
iii. Other amortising, long-term credit products with instalment repayment features.

In the case of micro lending facilities with bullet repayment characteristics, the Bank utilises roll-rate methodology in order to estimate its PDs. This methodology employs statistical analysis of historical data and experience of delinquency and default to estimate the amount of loans that will eventually be written off as unrecoverable. This methodology is applied at territory or country level with adaptations to reflect the different nature of the respective markets in which the Bank operates. Under this methodology, loans are grouped into ranges according to the number of days past due and statistical analysis is used to estimate the likelihood that loans in each range will progress through the various stages of delinquency and ultimately prove irrecoverable (PD).

2. **Financial instruments** - continued

2.2 Expected credit loss measurement – continued

(a) Loans and advances to customers – continued

In the case of credit facilities with characteristics similar to instalment loans or revolving facilities, the Bank utilises curve-stitching methodology to estimate its PDs. Under this approach, an analysis of historical default data is carried out in order to estimate cumulative monthly loss rates at various snapshot dates. Subsequently, statistical analysis is employed to combine curves with different historical performance windows into a single PD curve over the expected lifetime of the micro-credit exposures. This methodology is also applied at territory or country level in order to incorporate adaptations to reflect the nature of the different markets in which the Bank operates. Under this approach, loans are also grouped into ranges according to the number of days past due, with an individual lifetime PD curve being calculated for each range.

The conditional PD is adjusted to consider forward-looking information through macroeconomic modelling.

EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). EAD represents the expected exposure in the event of a default (including any expected drawdowns of committed facilities).

The 12-month and lifetime EADs are determined based on the total balance of loans receivable at the reporting date, taking into account the total amount receivable from borrowers inclusive of principal, interest and fees that are accounted for as part of the effective interest rate. This is deemed an adequate representation of the expected balance at default in the case of the Bank's credit facilities given that the Bank models its ECLs on a collective portfolio level with the modelling of the EAD for each future month on an individual loan-by-loan basis not being deemed practical. Additionally, in the case of revolving credit facilities the Bank also factors in expected drawdowns of committed facilities.

The Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. Hence, the LGD represents expected credit losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral values (if any) at the time it is expected to be realised and the time value of money. The LGD is determined based on the factors which impact the recoveries made post default.

Given that its credit facilities are generally unsecured in nature, the Bank estimates LGD parameters based on the history of recovery rates in respect of claims against defaulted customers, which rates are highly impacted by collective debt recovery strategies. Moreover, the Bank's LGDs comprise the effects of the Bank's ability to dispose of overdue loans originated in specific territories to other parties at pre-established prices, that are dependent on the credit quality or ageing of the loans, emanating from existing contractual arrangements. Estimated LGDs are also impacted by historical one-off portfolio sales and the expected future uncontracted portfolio sales activity. Recoveries from loan portfolio sales are calculated on a discounted cash flow basis using the contractual default interest rate as the discounting factor.

The Bank has a number of forward flow agreements in place with third parties whereby loans and advances which are more than certain days past due will be sold to the third party in batch at an agreed price. The Bank is also capable of selling loans and advances on the market which it cannot collect or recover internally in the form of debt sales. In respect of longer-term amortising products where there is no experience of sales, the Bank has developed a number of scenarios.

2. Financial instruments - continued

2.2 Expected credit loss measurement – continued

(a) Loans and advances to customers – continued

The ECL is measured from the initial recognition of the financial asset. The maximum period considered when measuring ECL (be it 12-month or lifetime ECL) is the maximum contractual period over which the Bank is exposed to credit risk. With respect to non-revolving credit facilities, the contractual life of the facility is considered. In the case of revolving credit facilities, provided that such facilities do not have a fixed term or repayment structure, the Bank defines the lifetime of such exposures as 24 months in line with observed borrower behaviour in specific territories. The lifetime of revolving credit facilities is re-assessed by the Bank at a territory level based on more recent borrower behaviour patterns on a periodic basis.

The calculation of ECL incorporates forward-looking information. The Bank performs a historical analysis to identify the key economic variables affecting credit risk and expected credit losses for each product portfolio at a territory level. These economic variables and their associated impact on the PD, EAD and LGD may vary by portfolio or territory.

The Bank's loans and advances to customers includes exposures to five corporate entities which in view of their individual significance are assessed on an individual basis. Consistent with regulatory and industry best practices, the Bank's ECL calculations are based on PD, EAD and LGD. The 12-month PD of the entity, applicable for a Stage-1 financial asset, is derived from information obtained by external credit bureaus, the EAD equates to the investment itself, whilst the LGD is derived based on historical data available from Multitude Group in relation to SME exposures in respective jurisdictions and pledged collaterals.

No major changes were made to this methodology during the first half of 2025.

(b) Debt investments in securitisation portfolio

The debt investments in securitisation portfolio are made up of notes in two companies, one registered in Luxembourg and one registered in Lithuania. In respect of both investments, the Bank is the holder of Class A notes, which are senior notes, have a higher credit quality and the highest payment ranking amongst the other creditors.

The management of 'expected credit losses' considers that an exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The expected credit risk of the underlying portfolio in SME loans which the securitisation vehicle invests in is measured using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is consistent to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9. Refer to Note 2.2 for more details.

In this respect, the Bank actively assesses the underlying loan portfolios which were acquired by the securitisation vehicle for indications of impairment. The Bank conducts periodical sensitivity analysis in relation to the respective portfolio, taking into consideration plausible worst-case scenarios, in order to assess whether the Bank should account for expected credit losses. The outcome of such sensitivity analysis, coupled with the fact that a substantial amount of potential losses would first be absorbed by Class B Notes holder, continues to indicate that the level of expected credit losses to be accounted for by the Bank is insignificant.

2. **Financial instruments** - continued

2.2 Expected credit loss measurement – continued

(c) Debt investments in bonds

The debt investments in bonds represent the acquisition by the Bank of secured bonds issued by corporate entities. These investments are evaluated and assessed at inception in order to determine the credit quality of the investment and potential credit risks that may arise. These investments in bonds are principally secured by a number of loan portfolios, other financial instruments and/or immoveable property which are pledged in favour of the Bank and are subject to a number of covenants including predetermined ratios of ageing portfolios and advance rates or loan-to-value. Such covenants are monitored on a regular basis by management and the Investments Committee. Moreover, the Bank also has additional collateral in the form of cash deposited in its accounts and/or pledged financial instruments in its favour in respect of each investment. Additionally, the debt investments in bonds encompass several clauses and covenants structured in a way which enable an effective management of credit risk.

The Bank also conducts periodical assessments to the respective collateral, in order to assess whether the Bank should account for expected credit losses. Such assessments are based on the credit information supplied by the bond issuers which the Bank has invested in. In order for its ECL methodology to represent an appropriate estimation of its credit risk emanating from said investments, the Bank assesses the ECL on each credit portfolio securing the Bank's investment separately. Consistent with regulatory and industry best practices, the Bank's ECL calculations are based on Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is consistent to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 for credit products originated by the Bank.

The Bank, on a selective basis, also elects to enforce specific rights arising from the contractual investment arrangements in place with the counterparties and through the engagement of external independent auditors obtains assurance reports in connection to specific credit and financial information supplied by the counterparties, on the basis of which the requirement for expected credit losses is calculated.

(d) Other financial assets

Other financial assets include Balances with the Central Banks of Malta, Sweden, Czech Republic and Lithuania, loans and advances to credit and financial institutions and loans and advances to group companies. Other than cash held with Central Banks, the Bank's excess liquidity is deposited with a large number of credit and financial institutions, according to the limits set in the Bank's Treasury Management Policy (TMP).

The Bank uses external risk grades to reflect its assessment of the probability of default of individual counterparties. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by rating agencies.

Other receivables are assessed in line with large exposure limits set in the Capital Requirements Regulation (CRR).

2. **Financial instruments** - continued

2.3 Forward-looking information incorporated in the ECL model

The Bank has identified key drivers of credit risk and credit losses for each portfolio of financial instruments, and using an analysis of historical data, has analysed relationships between macroeconomic variables, credit risk and credit losses. This analysis was conducted at a territory and sub portfolio level in order to take into consideration possible differences in customer behaviour and default experience arising from different product characteristics.

The determination impact of the territories specific macroeconomic variables has been determined by performing statistical regression analysis to understand the correlation between these macroeconomic variables and the historical default rates.

In those territories where due to certain risk data limitations, statistical relationships to macroeconomic variables were not deemed to be statistically significant (e.g. in those territories where the Bank has recently launched new products resulting in limited available historical default experience), the Bank has utilised proxy statistical data available in other territories with close geographical and demographic similarities.

The Bank incorporates multiple forward-looking economic conditions into its ECL estimates to utilise the country specific macroeconomic variable that is most relevant.

To be able to determine the way in which these economic conditions will be impacting the ECL estimates, the Bank first performs an assessment to select the macroeconomic variable (MEV') which has the highest correlation to credit risk factors for a certain country and product. The Bank does this through the implementation of a one-step Error Correction Model (ECM'). The ECM is a multiple regression model that automatically corrects short-term deviations from the long-term equilibrium relationship such that the defaulted loan amount is restored back to its long-term equilibrium at a specific speed of adjustment.

Through the utilisation of this model the Bank has determined a set of three MEVs to which the Bank's portfolios are the most sensitive, namely Gross Domestic Product ('GDP'), Personal Disposable Income ('PDI) and Unemployment Rate ('UR'). The choice of macroeconomic variable to be used for a particular country and product is determined through an optimised approach in which the ECM is run separately for each of these variables. The variable that is ultimately applied for the country / product is the one that produces the most statistically significant result.

In order to capture a range of possible future outcomes, three possible scenarios are considered in the determination of the Bank's ECL. The 'base line' scenario represents the most-likely outcome. It is based on forecasted economic variables, provided by Oxford Economics, referred to above and providing the best estimate view of each respective country within the Bank's lending portfolio. Apart from the 'base line' scenario, the Bank considers two other macroeconomic scenarios – 'Upside' and 'Downside' scenarios – which respectively represent a more optimistic and a more pessimistic outcome. The more optimistic and more pessimistic scenarios are economically plausible and will not necessarily be as severe as scenarios used in stress testing.

The weightings assigned to each economic scenario, which are unchanged from 2023 were 60%, for the 'Base' scenario, 20% for the 'Downside' scenario and 20% 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 probability weightings assigned to the respective scenarios reflect an unbiased evaluation of range of possible outcomes.

2. Financial instruments - continued

2.3 Forward-looking information incorporated in the ECL model – continued

On the basis of macroeconomic forecasts and data available as at 30 June 2025, the weightings applied take into account the following:

For *baseline scenario*, the expectation of the growth of the global economic outlook is a relatively steady recovery for H2 2025, 2026 and 2027. Oxford Economics highlight better-than-expected growth in H1, with quarterly growth expected to ease from here as the impact of order frontloading ahead of higher tariffs fizzles out, but the de-escalation of US-China tensions is expected to last. Trade policy is unsurprisingly viewed as a key global economic risk, with tariffs triggering a global slowdown in the baseline forecast. As a result, Oxford Economics forecast world GDP growth of 2.5%, 2.5% and 2.8 in 2025, 2026 and 2027 respectively.

For the *downside scenario*, management has considered a scenario revolving around trade negotiations deteriorating. In this scenario, trade tariffs between the US and its trading partners rise substantially, weaker confidence and increased uncertainty weigh on the economy, and the weakness in equity market demand is exacerbated by weaker investor sentiment. As a result, the global economy slows, and Oxford Economics forecast world GDP growth of 2.2%, 0.6% and 1.8% in 2025, 2026 and 2027 respectively.

An *optimistic scenario* was modelled for global economy in which trade tariffs between the US and its trading partners are negotiated down significantly. Tariff cuts support stronger growth in major economies and improved investor sentiment amplifies the boost to equity market demand. The global economy strengthens accordingly. Oxford Economics forecast, through this global recovery, World GDP growth of 2.6%, 2.8% and 2.9% in 2025, 2026 and 2027 respectively.

As with any macroeconomic forecasts, the projections and likelihoods of occurrence are subject to a degree of uncertainty, and therefore, the actual outcomes may be different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes.

2. Financial instruments - continued

2.3 Forward-looking information incorporated in the ECL model - continued

The respective macroeconomic variables used in the multiple regression were obtained from Oxford Economics and were as follows:

As of 30 June 2025	30 June 2026	30 June 2027	30 June 2028
Bulgaria			
Gross Domestic Product			
Lev Millions: chained 2015 Prices			
Baseline	147,456	154,285	157,649
Downside	148,972	148,972	155,219
Upside	151,738	155,127	158,440
Czech Republic			
Unemployment Rate			
%			
Baseline	4.47	3.95	3.67
Downside	4.69	4.69	4.27
Upside	4.22	3.78	3.44
Denmark			
Personal Disposable Income			
Kroner Billions: chained 2020 prices			
Baseline	1,342	1,402	1,431
Downside	1,361	1,361	1,415
Upside	1,373	1,403	1,432
Estonia			
Gross Domestic Product			
Euro Millions: chained 2020 prices			
Baseline	29,919	32,117	33,231
Downside	30,548	30,548	32,603
Upside	31,168	32,332	33,466
Finland			
Gross Domestic Product			
Euro Billions: 2015 Prices			
Baseline	232	237	239
Downside	229	229	235
Upside	235	238	241
Germany			
Personal Disposable Income			
Euro Billions: chained 2020 prices			
Baseline	2,166	2,235	2,263
Downside	2,185	2,185	2,246
Upside	2,201	2,238	2,266

2. Financial instruments - continued

2.3 Forward-looking information incorporated in the ECL model - continued

As of 30 June 2025	30 June 2026	30 June 2027	30 June 2028
Latvia			
Gross Domestic Product			
Euro Millions: chained 2015 Prices			
Baseline	33,389	35,231	36,160
Downside	33,892	33,892	35,587
Upside	34,400	35,405	36,353
Norway			
Personal Disposable Income			
Kroner Billions: chained 2021 Prices			
Baseline	2,079	2,155	2,198
Downside	2,113	2,113	2,194
Upside	2,113	2,154	2,197
Poland			
Unemployment Rate			
%			
Baseline	5.01	4.61	4.53
Downside	5.12	5.12	5.08
Upside	4.74	4.46	4.31
Romania			
Personal Disposable Income			
Lei Billions: 2020 Prices			
Baseline	874	902	915
Downside	890	890	908
Upside	892	905	919
Slovenia			
Gross Domestic Product			
Euro Millions: chained 2020 prices			
Baseline	55,036	57,502	58,658
Downside	55,420	55,420	57,359
Upside	56,494	57,860	59,069
Sweden			
Personal Disposable Income			
Kronor Millions: chained 2023 prices			
Baseline	3,207,316	3,269,532	3,314,678
Downside	3,208,839	3,208,839	3,289,279
Upside	3,234,617	3,275,359	3,320,591

2. **Financial instruments** - continued

2.3 Forward-looking information incorporated in the ECL model – continued

As of 31 December 2024	**2025**	**2026**	**2027**
Bulgaria			
Gross domestic product			
Lev millions: chained 2015 prices			
Baseline	116,347	118,945	120,550
Downside	116,310	116,310	119,868
Upside	116,570	119,451	121,125
Czechia			
Unemployment rate			
%			
Baseline	4.03	3.82	3.65
Downside	4.04	4.04	3.72
Upside	3.97	3.65	3.48
Denmark			
Personal Disposable Income			
Kroner Billions: chained 2020 prices			
Baseline	1,324	1,350	1,380
Downside	1,324	1,324	1,379
Upside	1,326	1,353	1,382
Estonia			
Gross domestic product			
Euro millions: chained 2020 prices			
Baseline	29,854	31,334	32,865
Downside	29,853	29,853	32,804
Upside	29,897	31,478	33,043
Finland			
Gross Domestic Product			
Euro billions: 2015 prices			
Baseline	231	233	235
Downside	230	230	230
Upside	231	234	237
Germany			
Personal Disposable Income			
Euro billions: chained 2020 prices			
Baseline	2,168	2,209	2,240
Downside	2,168	2,168	2,238
Upside	2,171	2,214	2,244
Latvia			
Gross Domestic Product			
Euro Millions: chained 2015 Prices			
Baseline	29,740	30,660	31,405
Downside	29,742	29,742	31,380
Upside	29,766	30,763	31,544

2. Financial instruments - continued

2.3 Forward-looking information incorporated in the ECL model – continued

As of 31 December 2024	**2025**	**2026**	**2027**
Norway			
Personal Disposable Income			
Kroner Billions: chained 2021 Prices			
Baseline	2,085	2,126	2,163
Downside	2,085	2,085	2,163
Upside	2,086	2,125	2,162
Poland			
Unemployment Rate			
%			
Baseline	4.97	4.61	4.52
Downside	4.98	4.98	4.60
Upside	4.87	4.42	4.39
Romania			
Personal Disposable Income			
Lei Billions: 2020 Prices			
Baseline	871	887	901
Downside	871	871	901
Upside	875	889	902
Slovenia			
Gross Domestic Product			
Euro Millions: chained 2020 Prices			
Baseline	55,129	56,522	57,705
Downside	55,122	55,122	57,620
Upside	55,240	56,757	57,954
Sweden			
Personal disposable income			
Kronor millions: chained 2023 prices			
Baseline	3,123,148	3,150,365	3,188,906
Downside	3,122,809	3,122,809	3,185,401
Upside	3,128,135	3,155,695	3,194,529

The chained prices in respect to Gross Domestic Product and Personal Disposable Income outlined above adjust the respective real currency amounts for inflation over time to allow the comparison of figures from different periods.

2. **Financial instruments** - continued

2.4 ECL sensitivity analysis in respect of macroeconomic scenarios

Notwithstanding the significant number of assumptions and different aspects forming part of the Bank's methodology for modelling expected credit loss allowances in respect of exposures classified within the Bank's portfolios of financial instruments, the ECL measurement is also sensitive to the estimations made in respect of forecasting of the macroeconomic scenarios described above.

In view of the above, the Bank assessed and is hereby presenting the sensitivity analysis in respect of credit loss allowances for loans and advances to customers and debt investments as at 30 June 2025, estimated by determining the range of credit loss allowances which would have been measured by assigning a 100% weighting to each of the three macroeconomic scenarios developed as presented in the table below.

(a) Loans and advances to customers

	(Decrease) / increase in ECL At 30 June 2025 €'000	(Decrease) / increase in ECL At 31 December 2024 €'000
100% Base	**(843)**	(202)
100% Downside	**6,486**	7,627
100% Upside	**(7,303)**	(7,000)

(b) Debt investments in bonds and securitisation portfolio

	(Decrease) / increase in ECL At 30 June 2025 €'000	(Decrease) / increase in ECL At 31 December 2024 €'000
100% Base	**(114)**	(82)
100% Downside	**782**	641
100% Upside	**(439)**	(396)

2. Financial instruments - continued

2.5 Information on credit quality of debt investments

(a) Debt investments in securitisation portfolio

The debt investments in securitisation portfolio are made up of notes issued by two entities, registered in Luxembourg and Lithuania, respectively. In respect of both investments, the Bank is the holder of Class A Notes, which are senior notes, have a higher credit quality and the highest payment ranking amongst the other creditors.

As at June 2025, the Luxembourg company owns a portfolio of SME loans in the Netherlands, Sweden, Finland, Denmark and Lithuania. According to the note purchase agreement dated 21 August 2020, this company acquires receivables which are not defaulted, disputed or insolvent. The acquired receivables consist of current and 1-30 days past due exposures with an underlying estimated probability of default which is not in excess of 20%.

In this respect, the Bank actively assesses the securitisation portfolio for indications of impairment. The Bank conducts periodical sensitivity analysis in relation to the respective portfolio, taking into consideration plausible worst-case scenarios, in order to assess whether the Bank should provide for expected credit losses. The outcome of such analysis, coupled with the fact that a substantial amount of potential losses would first be absorbed by Class B Notes holder, does not reflect any need for the Bank to provide for expected credit losses.

As at June 2025, the Lithuanian company owns a portfolio of SME loans in Lithuania.

Such investments are principally secured by loan portfolios that are pledged in favour of the Bank, taking into consideration pre-established collateralised ratios in relation to the amount invested and also encompass pre-established ratios of exposures by ageing of the underlying pledged portfolio. Moreover, the underlying pledged portfolio is also backed by a European Investment Fund ('EIF') guarantee. The Bank conducts periodical assessments in relation to the respective portfolio, in order to assess whether the Bank should account for expected credit losses. The outcome of such assessments considers the safeguards in favour of the Bank which are included within the investment covenants.

2. Financial instruments - continued

2.5 Information on credit quality of investments - continued

(a) Debt investments in securitisation portfolio - continued

	For the period ended 30 June 2025			
	Stage 1 12-month ECL €'000	**Stage 2 Lifetime ECL €'000**	**Stage 3 Lifetime ECL €'000**	**Total €'000**
Debt investments in securitisation portfolio at amortised cost				
Unrated	171,576	-	-	171,576
Gross carrying amount	**171,576**	**-**	**-**	**171,576**
Loss allowance	(10)	-	-	(10)
Net carrying amount	**171,566**	**-**	**-**	**171,566**
Off-balance sheet items:				
Gross carrying amount	**6,818**	**-**	**-**	**6,818**
Loss allowance	-	-	-	-
Net carrying amount	**6,818**	**-**	**-**	**6,818**

	For the year ended 31 December 2024			
	Stage 1 12-month ECL €'000	Stage 2 Lifetime ECL €'000	Stage 3 Lifetime ECL €'000	Total €'000
Debt investments in securitisation portfolio at amortised cost				
Unrated	151,967	-	-	151,967
Gross carrying amount	151,967	-	-	151,967
Loss allowance	(3)	-	-	(3)
Net carrying amount	151,964	-	-	151,964
Off-balance sheet items:				
Gross carrying amount	10,533	-	-	10,533
Loss allowance	-	-	-	-
Net carrying amount	10,533	-	-	10,533

2. Financial instruments - continued

2.5 Information on credit quality of debt investments - continued

(b) Debt investments in bonds

The debt investments in bonds reflect the Bank's acquisition of secured bonds. Such bonds are principally secured by immoveable property or loan portfolios that are pledged in favour of the Bank, taking into consideration pre-established collateralised ratios in relation to the amount invested and also encompass pre-established covenants, such as *inter alia* ratios in relation to exposures by ageing of the underlying pledged portfolio or loan-to-value. Moreover, the Bank also has an additional collateral in the form of cash deposited in its accounts or pledged financial instruments in favour of the Bank in respect of specific investments.

The Bank conducts periodical assessments at management and Investments Committee level in relation to the respective portfolio, in order to assess whether the Bank should account for expected credit losses. The outcome of such assessments considers the safeguards in favour of the Bank which are included within the investment covenants.

	For the period ended 30 June 2025			
	Stage 1 12-month ECL €'000	**Stage 2 Lifetime ECL €'000**	**Stage 3 Lifetime ECL €'000**	**Total €'000**
Debt investments in bonds at amortised cost				
Unrated	113,372	10,186	-	123,558
Gross carrying amount	**113,372**	**10,186**	-	**123,558**
Loss allowance	(58)	(379)	-	(437)
Net carrying amount	**113,314**	**9,807**	-	**123,121**
Off-balance sheet items:				
Gross carrying amount	**18,682**	-	-	**18,682**
Loss allowance	-	-	-	-
Net carrying amount	**18,682**	-	-	**18,682**

	For the year ended 31 December 2024			
	Stage 1 12-month ECL €'000	Stage 2 Lifetime ECL €'000	Stage 3 Lifetime ECL €'000	Total €'000
Debt investments in bonds at amortised cost				
Unrated	99,170	10,213	-	109,383
Gross carrying amount	99,170	10,213	-	109,383
Loss allowance	(49)	(347)	-	(396)
Net carrying amount	99,121	9,866	-	108,987

2. Financial instruments - continued

2.6 Information on credit quality of loans and advances to customers

The Bank manages the credit quality of its loans and advances to customers by using internal risk grades, which provide a progressively increasing risk profile ranging from 'Regular' (best quality, less risky) to 'Loss'. These risk grades are an essential tool for the Bank to identify both non-performing exposures and better-performing customers. The internal risk grades used by the Bank are as follows:

- Performing: Internal grade 'Regular';
- Under performing: Internal grades 'Watch' and 'Substandard'; and
- Non-performing: Internal grades 'Doubtful' and 'Loss'.

Regular

The Bank's loans and advances to customers which are categorised as 'Regular' are principally debts in respect of which payment is not overdue by 30 days and no recent history of customer default exists. Management does not expect losses from non-performance by these customers, which are considered as fully performing.

Watch

Loans and advances that attract this category principally comprise those where:

(i) payment becomes overdue by 30 days, but does not exceed 60 days where a loan is deemed to be as non-performing when past due for more than 90 days;
(ii) payment becomes overdue by 30 days but does not exceed 45 days where a loan is deemed to be as non-performing when past due for more than 60 days; or
(iii) there are indicators of a significant increase in credit risk in instances when loans were granted a payment holiday in a specific portfolios.

Substandard

Exposures that are categorised within this category comprise those where:

(i) payment becomes overdue by 61 days but does not exceed 90 days for where a loan is deemed to be as non-performing when past due for more than 90 days; or
(ii) where payment becomes overdue by 46 days, but does not exceed 60 days where a loan is deemed to be as non-performing when past due for more than 60 days.

Doubtful

Loans and advances which attract a 'Doubtful' grading are principally those assets in respect of which:

(i) repayment becomes overdue by 61 days and over but not exceeding 180 days for where a loan is deemed to be as non-performing when past due for more than 60 days;
(ii) repayment becomes overdue by 91 days and over but not exceeding 180 days for a loan is deemed to be as non-performing when past due for more than 90 days; or
(iii) have indicated Unlikeliness-To-Pay criteria.

Loss

Loans and advances in respect of which payment becomes overdue by more than 180 days.

The following table sets out information about the credit quality of loans and advances to customers measured at amortised cost.

2. Financial risk management - continued

2.6 Information on credit quality of loans and advances to customers - continued

	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				
Regular	514,070	-	-	514,070
Watch	-	21,813	-	21,813
Substandard	-	13,933	-	13,933
Doubtful	-	-	17,158	17,158
Loss	-	-	88,850	88,850
Gross carrying amount	**514,070**	**35,746**	**106,008**	**655,824**
Loss allowance	(22,717)	(8,945)	(60,909)	(92,571)
Carrying amount	**491,353**	**26,801**	**45,099**	**563,253**
Off-balance sheet items:				
Gross carrying amount	**3,919**	**1**	**35**	**3,955**
Loss allowance	(657)	(1)	(28)	(686)
Carrying amount	**3,262**	**-**	**7**	**3,269**

	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				
Regular	451,239	-	-	451,239
Watch	-	19,467	-	19,467
Substandard	-	20,784	-	20,784
Doubtful	-	-	21,329	21,329
Loss	-	-	86,075	86,075
Gross carrying amount	451,239	40,251	107,404	598,894
Loss allowance	(24,031)	(10,477)	(64,776)	(99,284)
Carrying amount	427,208	29,774	42,628	499,610
Off-balance sheet items:				
Gross carrying amount	4,272	2	36	4,310
Loss allowance	(835)	(1)	(28)	(864)
Carrying amount	3,437	1	8	3,446

2. Financial instruments – continued

2.7 Modification of financial assets

As explained in Note 2.5 of the Bank's Annual Report and Financial Statements 2024, the Bank sometimes modifies the terms of loans provided to customers. These modifications can take different forms, can happen at different stages during the maturity period of the loan. The Bank has in place procedures and policies to identify whether such modifications granted by the Bank constitute forbearance as defined by EU Regulation 575/2013 ('CRR2').

The Bank held renegotiated or rescheduled loans and advances to customers amounting to €75,217,000 as at June 2025 (31 December 2024: €114,940,000). These are analysed below by Stage as follows:

	For the six-month period ended 30 June 2025		Still outstanding at 31 July 2025	
	Gross carrying amount €'000	**Expected credit losses €'000**	Gross carrying amount €'000	Expected credit losses €'000
Stage 1	**67,710**	**(3,344)**	65,648	(3,293)
Stage 2	**5,041**	**(1,455)**	5,698	(1,650)
Stage 3	**2,466**	**(1,207)**	3,206	(1,534)
	75,217	**(6,006)**	74,552	(6,477)

	For the year ended 31 December 2024		Still outstanding at 31 January 2025	
	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000
Stage 1	98,158	(5,723)	90,298	(5,387)
Stage 2	7,706	(2,493)	7,413	(2,339)
Stage 3	9,076	(4,084)	10,540	(4,749)
	114,940	(12,300)	108,251	(12,475)

2. Financial instruments – continued

2.7 Modification of financial assets – continued

The Bank's rescheduled loans are analysed by geographical location as follows:

	For the six-month month period ended 30 June 2025 €'000	For the year ended 31 December 2024 €'000
Northern and Western Europe	**59,978**	93,249
Eastern Europe	**15,239**	21,691
	75,217	114,940

In cases where the Bank grants specific modifications to customers who are assessed by the Bank as experiencing financial difficulties, then these exposures are marked as forborne as explained above in line with the Bank's updated policies in relation to forbearance.

2.8 Reconciliation of 12-month and lifetime ECL provision

The loss allowance recognised in the period 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) of 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 PDs, EADs and LGDs 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 significant change in the gross carrying amount of financial assets that contributed to changes in loss allowances was mainly due to growth in the loan book, which was aligned with the Bank's growth objectives.

2. Financial instruments - continued

2.8 Reconciliation of 12-month and lifetime ECL provision - continued

The following table explains changes in the gross carrying amount of the financial assets to help explain their significance to the changes in the loss allowance for the same portfolios as discussed previously:

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000
Balances with Central Banks at amortised cost at 1 January 2025	107,670	-	-	-	-	-	107,670	-
Net movement in EAD and changes in risk parameters (PD/LGD)	(33,357)	-	-	-	-	-	(33,357)	-
At 30 June 2025	74,313	-	-	-	-	-	74,313	
Total net income statement change during the period		-		-		-		-
Debt investments at amortised cost at 1 January 2025	251,137	(52)	10,213	(347)	-	-	261,350	(399)
Financial assets originated or purchased during the period	3,595	(1)	-	-	-	-	3,595	(1)
Net movement in EAD and changes in risk paraments (PD/LGD)	30,216	(15)	(27)	(32)	-	-	30,189	(47)
At 30 June 2025	284,948	(68)	10,186	(379)	-	-	295,134	(447)
Total net income statement change during the period	-	(16)	-	(32)		-		(48)
Loans and advances to banks at amortised cost at 1 January 2025	86,897	-	-	-	-	-	86,897	-
Financial assets originated or purchased during the period	639	-	-	-	-	-	639	-
Net movement in EAD and changes in risk paraments (PD/LGD)	65,404	-	-	-	-	-	65,404	-
Financial assets derecognised during the period	1,706	-	-	-	-	-	1,706	-
At 30 June 2025	154,646	-	-	-	-	-	154,646	-
Total net income statement change during the period		-		-		-		-
Loans and advances with group companies at amortised cost at 1 January 2025	35,602	-	-	-	-	-	35,602	-
Net movement in EAD and changes in risk parameters (PD/LGD)	1,491	(147)	-	-	-	-	1,491	(147)
At 30 June 2025	37,093	(147)	-	-	-	-	37,093	(147)
Total net income statement change during the period		(147)		-		-		(147)

2. Financial instruments - continued

2.8 Reconciliation of 12-month and lifetime ECL provision - continued

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000
Balances with Central Banks at amortised cost at 1 January 2024	210,030	-	-	-	-	-	210,030	-
Net movement in EAD and changes in risk paraments (PD/LGD)	(102,360)	-	-	-	-	-	(102,360)	-
At 31 December 2024	107,670	-	-	-	-	-	107,670	-
Total net income statement change during the year		-		-		-		-
Debt investments at amortised cost at 1 January 2024	148,324	(33)	-	-	-	-	148,324	(33)
Financial assets originated or purchased during the year	42,847	(50)	-	-	-	-	42,847	(50)
Net movement in EAD and changes in risk paraments (PD/LGD)	59,966	31	10,213	(347)	-	-	70,179	(316)
At 31 December 2024	251,137	(52)	10,213	(347)	-	-	261,350	(399)
Total net income statement change during the year		(19)		(347)		-		(366)
Loans and advances to banks at amortised cost at 1 January 2024	36,074	-	-	-	-	-	36,074	-
Financial assets originated or purchased during the year	43,317	-	-	-	-	-	43,317	-
Net movement in EAD and changes in risk paraments (PD/LGD)	5,796	-	-	-	-	-	5,796	-
Financial assets derecognised during the year	1,710	-	-	-	-	-	1,710	-
At 31 December 2024	86,897	-	-	-	-	-	86,897	-
Total net income statement change during the year		-		-		-		-
Loans and advances to group companies at amortised cost at 1 January 2024	29,632	-	-	-	-	-	29,632	-
Net movement in EAD and changes in risk paraments (PD/LGD)	5,970	-	-	-	-	-	5,970	-
At 31 December 2024	35,602	-	-	-	-	-	35,602	-
Total net income statement change during the year		-		-		-		-

2. Financial instruments - continued

2.8 Reconciliation of 12-month and lifetime ECL provision - continued

The following tables explain the changes in the gross carrying amount and loss allowance between the beginning and the end of the period:

	Stage1		Stage2		Stage 3		Total	
	Gross carrying amount	Expected credit losses	Gross carrying amount	Expected credit losses	Gross carrying amount	Expected credit losses	Gross carrying amount	Expected credit losses
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans and advances to customers at amortised cost at 1 January 2025	**451,239**	**(24,031)**	**40,251**	**(10,477)**	**107,404**	**(64,776)**	**598,894**	**(99,284)**
Transfers of financial instruments								
Transfer from Stage 1 to Stage 2	(17,864)	1,578	17,864	(1,578)	-	-	-	-
Transfer from Stage 1 to Stage 3	(18,025)	1,941	-	-	18,025	(1,941)	-	-
Transfer from Stage 2 to Stage 1	5,870	(1,772)	(5,870)	1,772	-	-	-	-
Transfer from Stage 2 to Stage 3	-		(17,793)	6,159	17,793	(6,159)	-	-
Net remeasurement of ECL arising from stage transfers and changes in risk parameters		2,924		(3,557)		(13,529)	-	(14,162)
New and further lending	317,368	(14,158)	20,681	(4,218)	10,901	(5,197)	348,950	(23,573)
Repayments and disposals	(227,443)	10,994	(19,657)	3,033	(33,193)	(9,117)	(280,293)	4,910
Total net income statement charge during the period		**1,507**		**1,611**		**(35,943)**		**(32,825)**
Impact of unwinding ECL provisions		-		-		-	-	-
Loans to customers written off and sold during the period		-		-	(15,909)	40,211	(15,909)	40,211
Exchange differences and other movements	2,925	(193)	270	(79)	987	(401)	4,182	(673)
At 30 June 2025	**514,070**	**(22,717)**	**35,746**	**(8,945)**	**106,008**	**(60,909)**	**655,824**	**(92,571)**

ECL allowances on undrawn commitments to lend are incorporated within ECL allowances on loans and advances to customers so as not to distort the ECL-related disclosures.

The movement in ECL allowances illustrated above excludes the increase in ECL allowances amounting to €178,000 as at 30 June 2025 (31 December 2024: decrease of €184,000) in respect of off-balance sheet financial guarantees and commitments which are separately disclosed in the table on the following pages.

The unwind of discount on Stage 3 financial assets is reported within 'Interest Income' so that interest income is recognised on the amortised cost (after deducting the ECL allowance).

2. Financial instruments - continued

2.8 Reconciliation of 12-month and lifetime ECL provision – continued

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000
Loans and advances to customers at amortised cost at 1 January 2024	**436,277**	**(24,734)**	**37,197**	**(11,889)**	**75,892**	**(44,302)**	**549,366**	**(80,925)**
Transfers of financial instruments								
Transfer from Stage 1 to Stage 2	(32,209)	2,015	32,209	(2,015)	-	-	-	-
Transfer from Stage 1 to Stage 3	(48,296)	4,034	-	-	48,296	(4,034)	-	-
Transfer from Stage 2 to Stage 1	3,959	(1,181)	(3,959)	1,181	-	-	-	-
Transfer from Stage 2 to Stage 3	-		(23,695)	7,786	23,695	(7,786)	-	-
Net remeasurement of ECL arising from stage transfers and changes in risk parameters		617		(5,635)		(21,582)	-	(26,600)
Write-offs	-	-	-	-	(7,804)	(43,783)	(7,804)	(43,783)
New and further lending	535,303	(30,415)	28,891	(9,401)	55,026	(23,776)	619,220	(63,592)
Repayments and disposals	(440,121)	25,389	(30,000)	9,385	(86,754)	28,438	(556,875)	63,212
Total net income statement charge during the period		**459**		**1,301**		**(72,523)**	**-**	**(70,763)**
Impact of unwinding ECL provisions		-		-		144	-	144
Write-offs		-		-		51,438	-	51,438
Exchange differences and other movements	(3,674)	244	(392)	111	(947)	467	(5,013)	822
At 31 December 2024	**451,239**	**(24,031)**	**40,251**	**(10,477)**	**107,404**	**(64,776)**	**598,894**	**(99,284)**

2. Financial instruments - continued

2.8 Reconciliation of 12-month and lifetime ECL provision - continued

The following tables explain the changes in the gross carrying amount and loss allowance between the beginning and the end of the period in respect of financial guarantees and commitments:

	Stage1		Stage2		Stage 3		Total	
	Gross carrying amount	Expected credit losses	Gross carrying amount	Expected credit losses	Gross carrying amount	Expected credit losses	Gross carrying amount	Expected credit losses
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Financial guarantees and commitments at 1 January 2025	**4,272**	**(835)**	**2**	**(1)**	**36**	**(28)**	**4,310**	**(864)**
Transfers of financial instruments								
Transfer from Stage 1 to Stage 2	(63)	15	63	(15)	-	-	-	-
Transfer from Stage 1 to Stage 3	(57)	14	-	-	57	(14)	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	(2)	1	2	(1)	-	-
Net remeasurement of ECL arising from stage transfers and changes in risk parameters	-	(255)	-	(18)	-	(24)	-	(297)
New and further lending	26,064	(1,119)	1,114	(524)	25	(17)	27,203	(1,660)
Repayments and disposals	(7,615)	1,523	(1,176)	556	(85)	56	(8,876)	2,135
Total net income statement charge during the period		**178**		**-**		**-**		**178**
At 30 June 2025	**22,601**	**(657)**	**1**	**(1)**	**35**	**(28)**	**22,637**	**(686)**

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

Net changes in gross carrying amount in respect of financial guarantee and commitments during 2025 amounting to an increase of €18,327,000 (2024: decrease of €5,613,000) mainly related to the net effect of the expiry or enforcement of existing financial guarantees and commitments, and the issuance of new financial guarantees and commitments during 2025.

2. Financial instruments - continued

2.8 Reconciliation of 12-month and lifetime ECL provision - continued

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000	Gross carrying amount €'000	Expected credit losses €'000
Financial guarantees and commitments at 1 January 2024	**9,890**	**(661)**	**8**	**(3)**	**25**	**(16)**	**9,923**	**(680)**
Transfers of financial instruments								
Transfer from Stage 1 to Stage 2	(66)	12	66	(12)	-	-	-	-
Transfer from Stage 1 to Stage 3	(336)	56	-	-	336	(56)	-	-
Transfer from Stage 2 to Stage 3	-	-	(4)	2	4	(2)	-	-
Net remeasurement of ECL arising from stage transfers and changes in risk parameters	-	(288)	-	(25)	-	(179)	-	(492)
New and further lending	16,125	(2,668)	2,957	(1,559)	1,588	(1,052)	20,670	(5,279)
Repayments and disposals	(21,341)	2,714	(3,025)	1,596	(1,917)	1,277	(26,283)	5,587
Total net income statement charge during the period		**(174)**		**2**		**(12)**		**(184)**
At 31 December 2024	**4,272**	**(835)**	**2**	**(1)**	**36**	**(28)**	**4,310**	**(864)**

3. Fair value measurement of financial instruments

The Bank's financial instruments for the period ended 30 June 2025 and the financial year ended 31 December 2024, which are carried at fair value include the Bank's derivative financial instruments measured at fair value through profit and loss (FVPL). The Bank is required to disclose fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured in the Statement of Financial Position at fair value:

- 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).

3. Fair value measurement of financial instruments - continued

The IFRS 13 hierarchy of valuation techniques is based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

The following tables reflect an analysis of 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 instrument measured at FVPL	-	**3,000**	-	**3,000**
Total financial assets	-	**3,000**	-	**3,000**
Financial liabilities				
Derivative financial instrument measured at FVPL	-	**353**	-	**353**
Total financial liabilities	-	**353**	-	**353**

	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
At 31 December 2024				
Financial assets				
Derivative financial instrument measured at FVPL	-	3,000	-	3,000
Total financial assets	-	3,000	-	3,000
Financial liabilities				
Derivative financial instrument measured at FVPL	-	418	-	418
Total financial liabilities	-	418	-	418

3. Fair value measurement of financial instruments - continued

There were no transfers between levels 1, 2 and 3 during the period/year. The derivative financial instruments reflect the Bank's currency forwards, together with an option to acquire shares in a Finnish entity which was acquired during 2023. The valuation of the share option is based on a valuation report which has been commissioned from an independent third party valuing firm.

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 30 June of the respective year.

Financial instruments in Level 2

Fair values for the Bank's derivative contracts are generally determined utilising valuation techniques, involving primarily the use of discounted cash flow techniques and Black-Scholes option pricing model. 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. The Bank's derivative financial instruments are accordingly typically categorised as Level 2 instruments.

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.

Financial instruments not measured at fair value

As of the six-month period ended 30 June 2025 and the year ended 2024, the carrying amounts of balances with Central banks, loans and advances to banks, loans and advances to customers, other financial assets, borrowings from group companies, amounts owed to customers, loans and advances with group companies and other financial liabilities reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments and the short period of time between the origination of the instruments and their expected realisation or liquidation.

As at 30 June 2025, the debt investments in securitisation portfolio and the debt investment in bonds have an estimated fair value of €172,828,000 (2024: €151,882,000) and €121,111,144 (2024: €108,444,000), respectively, compared to their respective carrying amounts of €171,566,000 (2024: €151,964,000) and €123,121,000 (2024: €108,987,000), respectively. The estimated fair values were calculated based on cash flows discounted using the effective rate of the instrument. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

4. Segmental reporting

The Chief Executive Officer, supported by the Board of Directors, is considered to be the Chief Operating Decision Maker ('CODM') for the purposes of identifying the Bank's reportable segments. Through its consumer unsecured loans, the Bank serves customers in three main geographic areas being northern and western Europe, eastern Europe, and Malta. These three geographic areas are identified as operating segments and reported separately as they are operating segments exceeding the quantitative thresholds in IFRS 8.

The Northern and Western Europe reportable segment comprises the Nordic and Western countries, mainly Sweden, Norway, Finland, Denmark, United Kingdom, Spain, Luxembourg and Germany, while the remaining Eastern Europe reportable segment comprises Latvia, Czech Republic, Estonia, Romania, Bulgaria, Croatia, Cyprus, Poland, Slovakia, Lithuania and Slovenia.

The deposit business is principally sourced through Germany which is categorised under the Western Europe segment.

Since the Bank's activities and operations are closely interlinked, the below data includes internal allocations of support services of income and expense. While such allocations have been made on a systematic and consistent basis, they necessarily involve a degree of subjectivity.

In terms of segmental reporting of the Statement of Financial Position, the CODM reviews "Loans and advances to customers", "Amounts owed to customers", "Investments" and "Balances with Central Banks" as measures of the reportable segments' total assets and liabilities. These line items are consequently separately reported.

Segmental Reporting - Statement of Comprehensive Income

	For the six-month period ended 30 June 2025			
	Northern and Western Europe €'000	**Eastern Europe €'000**	**Malta €'000**	**Total €'000**
Operating profit	**42,137**	**35,875**	**2,225**	**80,237**
Operating expenses	**(3,985)**	**(2,995)**	**(30,692)**	**(37,672)**
Net impairment losses	**(17,592)**	**(15,455)**	**-**	**(33,047)**
Profit before tax	**20,560**	**17,425**	**(28,467)**	**9,518**

	For the six-month period ended 30 June 2024			
	Northern and Western Europe €'000	Eastern Europe €'000	Malta €'000	Total €'000
Operating profit	46,570	33,300	795	80,665
Operating expenses	(21,277)	(15,515)	(329)	(37,121)
Net impairment losses	(22,044)	(15,294)	-	(37,338)
Profit before tax	3,249	2,491	466	6,206

4. Segmental reporting - continued

Segmental Reporting - Statement of Financial Position

	For the six-month period ended 30 June 2025			
	Northern and Western Europe €'000	**Eastern Europe €'000**	**Malta €'000**	**Total €'000**
Loans and advances to customers	**351,398**	**211,855**	**-**	**563,253**
Debt investments	**227,485**	**67,202**	**-**	**294,687**
Balances with Central Banks	**7,062**	**31,656**	**35,595**	**74,313**
Amounts owed to customers	**912,070**	**9,085**	**6,299**	**927,454**

	For year ended 31 December 2024			
	Northern and Western Europe €'000	Eastern Europe €'000	Malta €'000	Total €'000
Loans and advances to customers	301,082	198,528	-	499,610
Debt investments	203,025	57,926	-	260,951
Balances with Central Banks	7,416	33,987	66,267	107,670
Amounts owed to customers	791,601	6,801	2,400	800,805

5. Interest and similar income

	For the six-month period ended 30 June	
	2025 €'000	2024 €'000
On loans and advances to customers	**82,634**	86,229
On debt investments	**10,517**	7,212
On loans and advances to group companies	**992**	998
On loans and advances to banks	**799**	2,173
	94,942	96,612

6. Interest and similar expense

	For the six-month period ended 30 June	
	2025	2024
	€'000	€'000
On amounts owed to customers	**16,002**	14,267
On loans and advances from group companies	**1,587**	475
On debt securities	**1,211**	152
On lease liability	**34**	9
On borrowings from group undertakings	**-**	601
	18,834	15,504

7. Fee and commission income and expense

(a) Fee and commission income

	For the six-month period ended 30 June	
	2025	2024
	€'000	€'000
Brokerage fees	**4,211**	785
Other fees	**1,389**	80
	5,600	865

(b) Fee and commission expense

	For the six-month period ended 30 June	
	2025	2024
	€'000	€'000
Sales and commissions and other loan handling fees	**1,062**	213
Interbank transaction fees	**38**	36
Other fees	**332**	358
	1,432	607

8. Debt investments

	As at 30 June 2025	As at 31 December 2024
	€'000	€'000
Debt investments in securitisation portfolio	**171,566**	151,964
Debt investments in bonds	**123,121**	108,987
	294,687	260,951

8. Debt investments - continued

The movement in debt investments is analysed as follows:

	Debt investments in securitisation portfolio €'000	Debt investments in bonds €'000	Total €'000
At 1 January 2024			
Gross carrying amount	91,224	57,100	148,324
Allowance for expected credit losses	-	(33)	(33)
Net carrying amount	**91,224**	**57,067**	**148,291**
Year ended 31 December 2024			
Opening net carrying amount	91,224	57,067	148,291
Acquisitions inclusive of directly attributable costs	60,380	51,271	111,651
Expected credit losses	(3)	(363)	(366)
Accrued interest and amortisation of brokerage fee	363	1,012	1,375
Closing net carrying amount	**151,964**	**108,987**	**260,951**
At 1 January 2025			
Gross carrying amount	151,967	109,383	261,350
Allowance for expected credit losses	(3)	(396)	(399)
Net carrying amount	**151,964**	**108,987**	**260,951**
Period ended 30 June 2025			
Opening net book amount	151,964	108,987	260,951
Acquisitions inclusive of brokerage fees	19,323	13,565	32,888
Expected credit losses	(7)	(41)	(48)
Accrued interest and amortisation of brokerage fee	286	610	896
Closing net carrying amount	**171,566**	**123,121**	**294,687**
At 30 June 2025			
Gross carrying amount	171,576	123,558	295,134
Allowance for expected credit losses	(10)	(437)	(447)
Net carrying amount	**171,566**	**123,121**	**294,687**

9. Investments in associates

In January 2025, the Bank applied for the approval of the Swedish Financial Supervisory Authority ("Authority") to acquire an additional stake in Lea Bank AB. This was subsequently approved by the Authority, and the Bank acquired 6.39% in several transactions during the following months. After the end of 2024, the Bank acquired a total of 15.09% stake (including the committed amount) which increased the total stake to 24.99% as at 30 June 2025.

Lea Bank AB, at its Annual General Meeting on 14 May 2025, resolved to distribute a dividend of SEK1.80 per share in accordance with the proposals of Lea Bank's Board of Directors. As a result, the Bank is entitled to receive gross SEK43.0 million, equivalent to €4.0 million.

Details of the Bank's material associate at the end of the reporting period are as follows:

At 30 June 2025:

Name of entity	**Place of business**	**Country of registration**	**% of ownership interest** %	**Quoted fair value** €'000	**Carrying amount** €'000
Lea Bank AB	Norway, Sweden, Finland, Spain	Sweden	24.99%	24,199	19,771

At 31 December 2024:

Name of entity	**Place of business**	**Country of registration**	**% of ownership interest** %	**Quoted fair value** €'000	**Carrying amount** €'000
Lea Bank AB	Norway, Sweden, Finland, Spain	Sweden	9.9%	8,338	8,432

	As at 30 June 2025 €'000
Opening carrying amount of Bank's interest in associate	**8,432**
Additions	**13,965**
Share of profit of investment accounted for using equity method	**847**
Dividend received	**(3,959)**
Currency translation adjustment	**486**
Closing carrying amount of the Bank's interest in associate	**19,771**

10. Debt securities

	As at 30 June 2025 €'000	As at 31 December 2024 €'000
Original face value of bonds issued		
5,000,000 6% unsecured Euro Bonds 2032	**5,052**	5,052
25,000,000 11% unsecured Euro Bonds 2035	**25,000**	-
Accrued interest on securities	**54**	208
	30,106	5,260
Gross amount of bond issue costs	**(1,272)**	(290)
Amortisation of gross amount of bond issue costs:		
Amortisation charge at beginning of period/year	**57**	36
Amortisation charge for the current period/year	**49**	21
Accumulated amortisation at end of period/year	**106**	57
Amortised cost and closing carrying amount of bonds	**28,940**	5,027

By virtue of the Base Prospectus dated 3 March 2022 and the Supplement dated 24 March 2022 relating to the Bank's Bond Issuance Program of up to €40,000,000, the Bank issued the 5,052 unsecured bonds with a nominal value of €1,000 each, representing the first tranche ('Tranche 1') of its bond offering. The bonds have a fixed coupon interest of 6% which is payable annually in arrears on the 27 of April of each year. The bonds are redeemable at par and are due for redemption on 27 April 2032. The bonds were admitted on the Official List of the Malta Stock Exchange on 27 April 2022. The quoted market price as at 30 June 2025 for the bonds was €1,000 each (2024: €1,000). As at 30 June 2025, €2,000,000 worth of bonds were held by the Bank's ultimate parent company while the remaining amount were held by third parties.

On 10 March 2025, the Bank issued an aggregate principal of €25,000,000 of Floating Rate Callable Tier 2 Notes due 2035 (ISIN: DE000A4D58U2) with a coupon rate of three-month Euribor plus 11.00%, maturing in March 2035. The issue and discount costs amounted to €900,000 and are being amortised over the term of the Bond. The bonds were admitted on the Official List of Frankfurt Stock Exchange on 10 March 2025.

11. Related party transactions

Multitude AG is the Bank's ultimate parent company. All entities, which are ultimately controlled by Multitude AG are considered by the directors to be related parties. The ultimate controlling party of Multitude Bank plc is Mr Jorma Jokela, who holds a majority stake in the share capital of Multitude AG.

As at 30 June 2025, other assets include amounts due from group companies amounting to €1,812,000 (31 December 2024: €1,733,000) which are repayable on demand, unsecured and bear no interest.

As at 30 June 2025, other liabilities include amounts due to immediate parent company, amounting to €452,000 (December 2024: nil) and amounts to group companies, amounting to €7,354,000 (31 December 2024: €4,446,000). Amounts due to immediate parent company and group companies are repayable on demand, unsecured and bear no interest.

The Bank has entered into a Foreign Exchange Risk Agreement with a group company, where the latter provides cover to the Bank over realised and unrealised foreign exchange differences. Any realised and unrealised gains or losses attributable foreign exchange rate movements registered by the Bank are allocated to the group company at the end of each month, in line with the terms of this agreement. During the period, the Bank reported net foreign exchange loss amounting to €280,000 (2024: net foreign exchange loss €2,728,000) which were allocated to the group company. Interest income and expense attributable to loans and advances under this arrangement are presented in the following table.

The following principal transactions were carried out with related parties, comprising mainly group companies:

	For the six-month period ended 30 June	
	2025	2024
	€'000	€'000
Income on loans and advances to group companies	**992**	998
Expense on loans and advances from group companies	**1,587**	1,076
Fee and other related income from group company	**527**	874
Recharge of information technology costs, marketing, credit management expenses and staff training expenses from other group companies	**(24,427)**	(25,980)
Foreign exchange risk management fees charged by group company	**(280)**	(3,484)
Interest expense on borrowing from group undertaking	**(788)**	(601)
Capital contributions	**-**	7,000

11. Related party transactions - continued

Loans and advances to group companies:

	As at 30 June 2025 €'000	As at 31 December 2024 €'000
Net advances to group companies	**36,946**	35,602

The movements in the loans and advances are analysed below:

	2025 €'000	2024 €'000
At beginning of the period/year	**35,602**	29,632
Net advances to group companies	**1,491**	5,970
Allowance for expected credit losses	**(147)**	-
At end of the period/year	**36,946**	35,602

Borrowings from group companies:

	2025 €'000	2024 €'000
At beginning of the period/year	**40,477**	18,073
Net advances effected from/(to) group companies	**(13,977)**	21,500
Accrued interest payable	**788**	904
At end of the period/year	**27,288**	40,477

During the period ended 30 June 2025 and the financial year ended 31 December 2024, the Bank effected financing transactions, comprising advances and repayments thereof, with a group company, Ferratum Capital Oy, in terms of a funding arrangement entered into with this entity. Advances were primarily secured against the entire consumer lending portfolio of all group companies that operate in the micro finance and other credit business. This security was held by the Bank as a continuing security for the payment of all sums of money which became due and payable by Ferratum Capital Oy.

In December 2023, the Bank entered into an €18,000,000 subordinated loan agreement with Multitude AG. The purpose of the loan is to enable the Bank to meet the interim targets for minimum requirement for own funds and eligible liabilities ('MREL') as set by the Single Resolution Board. The loan, which is unsecured and has been granted on normal commercial terms, is for a period of 18 months with maturity date of 20 June 2025, with no option of early repayment and subject to the terms and conditions of the Loan Agreement and applicable laws and regulations. It bears interest at a rate equal to three-month Euribor plus a margin of 9.5%. As at 31 December 2024, the interest rate was 12.83%. The loan is designated as the lower ranking liabilities referred to in regulation 108(4) of the Recovery and Resolution Regulations (Subsidiary Legislation 330.09). This loan was fully repaid during the period under review.

11. Related party transactions - continued

In 2024, the Bank entered into another three subordinated loan agreements with Multitude AG amounting to €5,000,000, €6,500,000 and €10,000,000. These loans bear interest at a rate equal to three-month Euribor plus a margin of 9.5%. As at 30 June 2025, the interest rate for these loan agreements was 11.83%. The term of these loan agreements is of 10 years.

During 2025, the Bank has continued to invest in securitisation vehicle along with another group company as explained in Note 8.

Furthermore, €2,000,000 worth of bonds issued by the Bank were held by the Bank's ultimate parent company.

Transactions with the Bank's associate are disclosed in Note 9.

The Bank's senior executives and directors are deemed to be its key management personnel taking cognisance of the Bank's activities. Key management personnel compensation, consisting of emoluments received by senior executives and directors for the six-month period ended 30 June 2025 amounted to €929,000 (2024: €856,000) and €108,000 (2024: €88,000), respectively.

Report on review of interim financial information

To the Shareholders of Multitude Bank PLC

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Multitude Bank PLC (the "Bank") as at 30 June 2025 and the related condensed interim statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and explanatory notes. The Directors are responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, "Interim financial reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 information 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 information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim financial reporting".

Other matter

This report, including the conclusion, has been prepared for and only for the Bank and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Stephen Mamo
Principal

For and on behalf of
PricewaterhouseCoopers
78, Mill Street
Zone 5, Central Business District
Qormi
Malta

21 August 2025

a) The maintenance and integrity of the **Multitude Bank PLC** website is the responsibility of the Directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed interim financial information since this was initially presented on the website.

b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.