

28 March 2024

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Izola Bank p.l.c. (“the Bank”) pursuant to the Capital Markets Rules.

Quote

The Board of Directors of Izola Bank p.l.c. has approved the Annual Report for the financial year ended 31 December 2023 and its publication. The Bank’s ESEF Annual Report and Financial Statements have been made available publicly on the Company’s website at <https://www.izolabank.com/mt-en/who-we-are/investor-information/annual-reports-financial-statements>.

The ESEF Annual Report & Financial Statements for the year ended 31 December 2023, and Directors’ Declaration on ESEF Annual Report & Financial Statements 2023 can be viewed on the Malta Stock Exchange website (the officially appointed mechanism) at <https://borzamalta.com.mt/>.

The Directors’ Declaration is attached to this company announcement.

Bank Performance

During the year ended 31 December 2023, the Bank saw substantial increases in its revenue streams, growing its interest income by 45% over 2022 levels. The Bank’s total assets increased by 18% during the year, surpassing the half-a-billion-euro mark and closing the year at €507,947,733. This was mainly driven by growth in the lending and factoring portfolios. Factored receivables increased by €21.6 million, or 18%, on the prior year, whilst lending increased by €20.6 million, or 13%, compared to 2022.

However, sharp increases in interest rates on deposits during the year led to a compression of net interest income of 9%. The financial year 2023 was also characterised by increased operational expenses, partially related to continued investment in staff and systems as well as an increased advertising spend. This resulted in an increase of 22% in staff costs and a 19% increase in other administrative expenses.

These factors resulted in an operational loss after tax for the year of €1,242,368. Taking into account a reversal of negative fair value movements from 2022 and a revaluation of the current head office, this resulted in a positive total comprehensive income for the year, net of tax, of €540,155.

As of 31 December 2023, the Bank remained well capitalised, with the Capital Adequacy Ratio (CAR) and Core Equity Tier 1 (CET1) Ratio standing at 18.96% and 12.63%, respectively.

In these financial statements, the Board sought to adjust an incorrect accounting treatment pertaining to the acquisition of sovereign bonds during the financial year ending 31 December 2021. This correction resulted in a restatement of the 31 December 2021, 31 December 2022 and Interim Financial results for 30 June 2023; specifically, the carrying amounts of the following line items - Financial Investments, Equity and Deferred Taxation as disclosed in Note 2.8.

Looking ahead

Looking ahead to 2024 and beyond, the Bank reaffirms its dedication to fostering growth in key areas such as factoring operations, corporate lending, and deposit-raising capacity. These strategic focuses underscore our commitment to providing comprehensive financial solutions while further strengthening our position in the market. As reported in 2022, the Bank launched its residential mortgage product to the retail market in Malta, with plans to grow also in the Dutch market. In view of the reduction in interest margins on such products, we have decided to put our growth plans for this business line on hold.

In 2024, the Bank will mark a significant milestone as it celebrates 30 years of successful operations. This commemoration will be highlighted by the inauguration of our new head office at Castille Square, Valletta. Consolidating our operations in this iconic location will not only bring our staff together under one roof but also enhance our brand visibility.

Unquote



Calvin Bartolo
Company Secretary

28 March 2024

**DIRECTORS' DECLARATION
ON ESEF ANNUAL REPORT AND FINANCIAL STATEMENTS 2023**

We, Andrew Mifsud and Francis Gouder, in our capacity as Directors of Izola Bank p.l.c. (Company registration number: C 16343), hereby **certify**:

- i. That the Annual Report and Financial Statements 2023 (“ARFS”) for the year ended 31 December 2023 has been approved by the Board of Directors of the Company and is hereby being made available to the public.
- ii. That the ARFS has been prepared in terms of the applicable rules and regulations, including the Commission Delegated Regulation on the European Single Electronic Format (“ESEF”)¹ and the Capital Markets Rules².
- iii. That the Audit Report on the ESEF ARFS is an exact copy of the original signed by the auditor and that no alterations have been made to the audited elements of the ARFS including the annual financial statements.
- iv. That the ARFS shall serve as the official document for the purposes of the Capital Markets Rules and the Companies Act (Chapter 386 of the Laws of Malta).



Mr. Andrew Mifsud
Director



Mr. Francis Gouder
Director

¹ Commission Delegated Regulation 2019/815 on the European Single Electronic Format, as may be further amended from time to time.

² Capital Markets Rules as issued by the Malta Financial Services Authority (MFSA).