LOMBARD

Company Announcement

The following is a Company Announcement issued by Lombard Bank Malta p.l.c. pursuant to the Capital Markets Rules of the Malta Financial Services Authority.

Quote

During a meeting held on 26 August 2026, the Board of Directors of Lombard Bank Malta p.l.c. approved the Group and Bank interim condensed financial statements for the six-month period 1 January 2026 to 30 June 2026.

2026 Interim Results – Highlights & Financial Performance

Group Profit before Tax in H1 2026 amounted to €11.5 million (H1 2025 - €12.9 million), while for the Bank, Profit before Tax was €10.1 million (H1 2025 - €9.5 million).

Summary of Group Financial Performance for the period 1 January 2026 to 30 June 2026

	Group		**Bank**	
	Jun-26	Jun-25	**Jun-26**	Jun-25
€ 000				
Profit Before Taxation	**11,509**	12,945	**10,133**	9,502
Net Interest Income	**14,173**	13,145	**14,175**	13,116
Net Fee and Commission Income	**3,671**	2,808	**3,037**	2,383
Operating Income	**41,545**	38,112	**19,853**	18,719
Operating Costs	**(28,114)**	(26,784)	**(9,194)**	(9,577)
Net movement in ‘Expected Credit Losses’	**40**	958	**37**	958
Operating Profit	**11,615**	10,514	**10,133**	9,502
	%	%	**%**	%
Cost Efficiency Ratio	**72.1**	74.9	**49.1**	54.4
ROAE	**5.9**	6.9	**5.4**	5.4
	Jun-26	Dec-25	**Jun-26**	Dec-25
€ 000				
Loans and Advances to Customers	**1,002,718**	929,111	**1,002,724**	929,120
Total Assets	**1,554,989**	1,497,621	**1,519,814**	1,459,653
Amounts Owed to Customers	**1,242,361**	1,207,256	**1,248,868**	1,210,294
Provision for Liabilities and Other Charges	**2,907**	2,962	**2,007**	2,023
Equity Attributable to Equity Holders of the Bank	**227,743**	223,716	**219,161**	215,170

LOMBARD

Income Statement

During the first half of this year the financial performance of the Group reflected higher core Bank Operating Income and improved operational efficiency. MaltaPost p.l.c., the Bank's main subsidiary, also contributed to this positive result with a 12% increase in Profit Before Tax, reaching €3.6 million (H1 2025: €3.2 million). During this period a one-off share of profit recorded in 2025 from the disposal of assets by an associate company was not repeated.

Earnings per Share for the period, now stand at €0.04.

Gross Interest Revenues rose by 11% to €21.8 million (H1 2025: €19.7 million), primarily driven by growth in customer lending. Treasury activities also contributed to the increase in interest income through continued optimisation of the Bank's balance sheet with excess liquidity being employed in Treasury Bills and higher-yielding investment-grade debt securities.

Interest Expense increased by 16% to €7.7 million (H1 2025: €6.6 million), driven by both higher volumes of customer deposits and higher interest rates paid on longer-term deposits.

Net Interest Income increased by 8% to €14.2 million (H1 2025: €13.1 million).

Net Fee and Commission Income rose by 31% to €3.7 million (H1 2025: €2.8 million), supported by higher business volumes, particularly across commercial and retail lending and wealth management activities.

Postal Sales and other Revenues were up by 8% to €23.1 million (H1 2025: €21.4 million), driven by a steady performance across key business areas, particularly parcel and logistics-related activities. The continued shift from traditional Letter Mail to digital communication channels persisted during the reporting period, while e-commerce and parcel-related services continued as important contributors to revenue growth.

Operating Income improved by 9% to €41.5 million from €38.1 million in H1 2025.

Employee Compensation and Benefits increased by 7% to €15.2 million (H1 2025: €14.2 million), reflecting a tight and competitive labour market.

Other Operating Costs rose by 3% to €12.9 million (H1 2025: €12.6 million), reflecting continued investment in the business, while remaining well contained through ongoing operational improvements and cost management.

Cost Efficiency Ratio of the Bank improved to 49.1% (H1 2025: 54.4%), reflecting stronger income growth and continued cost discipline. At Group level, the cost efficiency ratio also improved to 72.1% (H1 2025: 74.9%). The higher ratio, when compared with that of the Bank reflects the nature of the postal services industry, which is typically characterised by high volumes, low margins and a labour-intensive operating model.

Expected Credit Losses (ECL), as set by International Financial Reporting Standard 9 (IFRS 9), resulted in a lower net release of €0.04 million during the first half of the year, compared with a release of €1.0 million in H1 2025.

Financial Position and Capital

Loans and Advances to Customers rose by 8% to €1,002.7 million from €929.1 million at FYE 2025.

Amounts Owed to Customers increased by 3% to €1,242.4 million from €1,207.3 million at FYE 2025.

Bank Loan-to-Deposit ratio increased to 82.9% (FYE 2025: 79.6%). The Bank continued to rely on a diversified funding base, which over the years has proven to be stable. The Bank's liquidity ratios remained well in excess of minimum regulatory requirements.

Group Total Assets rose to €1,555.0 million (FYE 2025: €1,497.6 million).

Equity Attributable to Equity Holders of the Bank increased by 2% to €227.7 million (FYE 2025: €223.7 million).

Group Net Asset Value (NAV) per share stood at €1.47 (FYE 2025: €1.45).

Group Earnings per Share (EPS) stood at €0.04 (H1 2025: €0.06).

Group Return on Assets (ROA) was 1.0% (H1 2025: 1.1%) while **Group Post Tax Return on Average Equity** (ROAE) was 5.9% (H1 2025: 6.9%).

Total Capital Ratio at 18.0% (FYE 2025: 19.9%) exceeded the minimum regulatory requirements.

During the first half of 2026, the Group continued to focus on its strategic priorities, including investment in digital transformation, operational efficiency and customer service. The Bank's planned replacement of legacy systems with a modern core banking platform and enhanced digital channels forms part of a wider programme aimed at improving service delivery, strengthening operational capacity in the areas of regulatory compliance and wealth management services, and enhancing the overall customer experience.

The Bank continued to strengthen its physical distribution channels, complemented by sustained investment in human resources and compliance. These initiatives are expected to contribute to the Bank's long-term competitiveness while preserving the prudent and conservative business model that has historically underpinned its performance.

At MaltaPost p.l.c., the traditional postal environment is expected to remain challenging, while the potential impact of Customs tariff measures on cross-border postal and logistics activities continues to unfold. That said, MaltaPost remains on the lookout for new and diverse business opportunities.

Looking ahead, the Group will continue to pursue measured growth, supported by a strong capital base, sound liquidity, and ongoing investment in technology, operational resilience and customer-facing capabilities. It anticipates sustained stability throughout the latter half of 2026, driven primarily by the continuation of its cautious business strategy.

The attached Interim Condensed Financial Statements of the Group and the Bank and the Directors' Report for the six-month period 1 January 2026 to 30 June 2026 may also be viewed on the Bank's website at https://www.lombardmalta.com/en/financial-results.

Unquote

Helena Said
Company Secretary
26 August 2026

[Ref. LOM324]

Lombard Bank Malta p.l.c.

Directors' Report &
Interim Condensed Financial Statements
30 June 2026

Company Registration Number: C 1607

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Statement pursuant to Capital Markets Rules issued by MFSA 30

The Lombard Bank Group (the Group) registered a Profit before tax of €11.5 million for the first half of the year, down from €12.9 million in the same period last year. Profit before Tax of the Bank was €10.1 million compared with €9.5 million in H1 2025.

Income Statement

During the first half of this year the financial performance of the Group reflected higher core Bank Operating Income and improved operational efficiency. MaltaPost p.l.c., the Bank's main subsidiary, also contributed to this positive result with a 12% increase in Profit Before Tax, reaching €3.6 million (H1 2025: €3.2 million). During this period a one-off share of profit recorded in 2025 from the disposal of assets by an associate company was not repeated.

Gross interest revenues rose by 11% to €21.8 million (H1 2025: €19.7 million), primarily driven by growth in customer lending. Treasury activities also contributed to the increase in interest income through continued optimisation of the Bank's balance sheet with excess liquidity being employed in Treasury Bills and higher-yielding investment-grade debt securities.

Interest expense increased by 16% to €7.7 million (H1 2025: €6.6 million), driven by both higher volumes of customer deposits and higher interest rates paid on longer-term deposits.

Net interest income increased by 8% to €14.2 million (H1 2025: €13.1 million).

Net fee and commission income rose by 31% to €3.7 million (H1 2025: €2.8 million), supported by higher business volumes, particularly across commercial and retail lending and wealth management activities.

Postal sales and other revenues were up by 8% to €23.1 million (H1 2025: €21.4 million), driven by a steady performance across key business areas, particularly parcel and logistics-related activities. The continued shift from traditional Letter Mail to digital communication channels persisted during the reporting period, while e-commerce and parcel-related services continued as important contributors to revenue growth.

Operating Income improved by 9% to €41.5 million from €38.1 million in H1 2025.

Employee Compensation and Benefits increased by 7% to €15.2 million (H1 2025: €14.2 million), reflecting a tight and competitive labour market.

Other Operating Costs rose by 3% to €12.9 million (H1 2025: €12.6 million), reflecting continued investment in the business, while remaining well contained through ongoing operational improvements and cost management.

Cost Efficiency Ratio of the Bank improved to 49.1% (H1 2025: 54.4%), reflecting stronger income growth and continued cost discipline. At Group level, the cost efficiency ratio also improved to 72.1% (H1 2025: 74.9%). The higher ratio, when compared with that of the Bank reflects the nature of the postal services industry, which is typically characterised by high volumes, low margins and a labour-intensive operating model.

Expected Credit Losses (ECL), as set by International Financial Reporting Standard 9 (IFRS 9), resulted in a lower net release of €0.04 million during the first half of the year, compared with a release of €1.0 million in H1 2025.

Financial Position and Capital

Loans and advances to customers rose by 8% to €1,002.7 million from €929.1 million at FYE 2025.

Amounts owed to customers increased by 3% to €1,242.4 million from €1,207.3 million at FYE 2025.

Bank Loan-to-Deposit ratio increased to 82.9% (FYE 2025: 79.6%). The Bank continued to rely on a diversified funding base, which over the years has proven to be stable. The Bank's liquidity ratios remained well in excess of minimum regulatory requirements.

Group Total assets rose to €1,555.0 million (FYE 2025: €1,497.6 million).

Equity attributable to equity holders of the Bank increased by 2% to €227.7 million (FYE 2025: €223.7 million).

Group Net Asset Value (NAV) per share stood at €1.47 (FYE 2025: €1.45).

Group Earnings per Share (EPS) stood at €0.04 (H1 2025: €0.06).

Group Return on Assets (ROA) was 1.0% (H1 2025: 1.1%) while **Group Post Tax Return on Average Equity** (ROAE) was 5.9% (H1 2025: 6.9%).

Total Capital Ratio at 18.0% (FYE 2025: 19.9%) exceeded the minimum regulatory requirements.

During the first half of 2026, the Group continued to focus on its strategic priorities, including investment in digital transformation, operational efficiency and customer service. The Bank's planned replacement of legacy systems with a modern core banking platform and enhanced digital channels forms part of a wider programme aimed at improving service delivery, strengthening operational capacity in the areas of regulatory compliance and wealth management services, and enhancing the overall customer experience.

The Bank continued to strengthen its physical distribution channels, complemented by sustained investment in human resources and compliance. These initiatives are expected to contribute to the Bank's long-term competitiveness while preserving the prudent and conservative business model that has historically underpinned its performance.

At MaltaPost p.l.c., the traditional postal environment is expected to remain challenging, while the potential impact of Customs tariff measures on cross-border postal and logistics activities continues to unfold. That said, MaltaPost remains on the lookout for new and diverse business opportunities.

Looking ahead, the Group will continue to pursue measured growth, supported by a strong capital base, sound liquidity, and ongoing investment in technology, operational resilience and customer-facing capabilities. It anticipates sustained stability throughout the latter half of 2026, driven primarily by the continuation of its cautious business strategy.

26 August 2026

Statements of Financial Position

	Group		Bank	
	30 June 2026 € 000	31 December 2025 € 000	**30 June 2026 € 000**	31 December 2025 € 000
Assets				
Balances with Central Bank of Malta, treasury bills and cash	**143,852**	182,564	**143,036**	181,858
Cheques in course of collection	**1,071**	150	**1,071**	150
Financial investments	**229,414**	213,136	**227,421**	211,126
Loans and advances to banks	**65,341**	62,423	**60,046**	55,936
Loans and advances to customers	**1,002,718**	929,111	**1,002,724**	929,120
Trade and other receivables	**15,518**	16,427	**8,645**	7,238
Accrued income and other assets	**9,755**	5,727	**7,755**	4,593
Assets classified as held for sale	**703**	703	**703**	703
Current tax assets	**2**	291	**-**	288
Inventories	**1,181**	1,149	**300**	291
Investments in subsidiaries	**-**	-	**17,926**	17,926
Investments in associates	**4,608**	4,714	**503**	503
Intangible assets	**2,125**	2,136	**1**	3
Property, plant and equipment	**72,093**	72,635	**43,286**	43,670
Deferred tax assets	**6,608**	6,455	**6,397**	6,248
Total assets	**1,554,989**	1,497,621	**1,519,814**	1,459,653

Statements of Financial Position - *continued*

	Group		Bank	
	30 June 2026 € 000	31 December 2025 € 000	**30 June 2026 € 000**	31 December 2025 € 000
Equity and Liabilities				
Equity				
Share capital	**19,322**	19,322	**19,322**	19,322
Share premium	**56,534**	56,534	**56,534**	56,534
Revaluation and other reserves	**14,309**	13,354	**10,368**	9,404
Retained earnings	**137,578**	134,506	**132,937**	129,910
Equity attributable to equity holders of the Bank	**227,743**	223,716	**219,161**	215,170
Non-controlling interests	**10,284**	10,144	**-**	-
Total equity	**238,027**	233,860	**219,161**	215,170
Liabilities				
Amounts owed to banks	**626**	345	**626**	345
Amounts owed to customers	**1,242,361**	1,207,256	**1,248,868**	1,210,294
Current tax liabilities	**5,367**	2,401	**1,756**	-
Accruals and deferred income	**16,872**	15,825	**12,266**	11,468
Other liabilities	**44,031**	30,174	**31,878**	17,101
Provisions for liabilities and other charges	**2,907**	2,962	**2,007**	2,023
Deferred tax liabilities	**4,798**	4,798	**3,252**	3,252
Total liabilities	**1,316,962**	1,263,761	**1,300,653**	1,244,483
Total equity and liabilities	**1,554,989**	1,497,621	**1,519,814**	1,459,653
Memorandum items				
Contingent liabilities	**23,487**	22,055	**23,488**	22,055
Commitments	**372,270**	356,458	**372,917**	356,852

The notes on pages 14 to 29 are an integral part of these interim condensed financial statements.

These interim condensed financial statements on pages 5 to 29 were approved and authorised for issue by the Board of Directors on 26 August 2026 and signed on its behalf by:

Michael C. Bonello, *Chairman*

Joseph Said, *Director & Chief Executive Officer*

Income Statements

	Group		Bank	
	30 June 2026 € 000	30 June 2025 € 000	**30 June 2026 € 000**	30 June 2025 € 000
Interest receivable and similar income				
- on loans and advances, balances with Central Bank of Malta and treasury bills	**20,127**	18,308	**20,104**	18,268
- on debt and other fixed income instruments	**1,701**	1,415	**1,681**	1,386
Interest expense	**(7,655)**	(6,578)	**(7,610)**	(6,538)
Net interest income	**14,173**	13,145	**14,175**	13,116
Fee and commission income	**3,806**	2,948	**3,172**	2,523
Fee and commission expense	**(135)**	(140)	**(135)**	(140)
Net fee and commission income	**3,671**	2,808	**3,037**	2,383
Postal sales and other revenues	**23,063**	21,399	**-**	547
Dividend income	**208**	243	**2,299**	2,346
Net trading income	**317**	376	**290**	294
Other operating income	**113**	141	**52**	33
Operating income	**41,545**	38,112	**19,853**	18,719
Employee compensation and benefits	**(15,177)**	(14,209)	**(4,892)**	(4,674)
Other operating costs	**(12,937)**	(12,575)	**(4,302)**	(4,903)
Depreciation and amortisation	**(1,834)**	(1,746)	**(563)**	(598)
Net movement in provisions for liabilities and other charges	**(22)**	(26)	**-**	-
Net movement in expected credit losses	**40**	958	**37**	958
Operating profit	**11,615**	10,514	**10,133**	9,502
Share of profit/(loss) attributable to investment accounted for using the equity method, net of tax	**(106)**	2,431	**-**	-
Profit before taxation	**11,509**	12,945	**10,133**	9,502
Income tax expense	**(4,199)**	(3,854)	**(3,539)**	(3,262)
Profit for the period	**7,310**	9,091	**6,594**	6,240
Attributable to:				
Equity holders of the Bank	**6,640**	8,523		
Non-controlling interests	**670**	568		
Profit for the period	**7,310**	9,091		
Earnings per share	**€0.04**	€0.06		

The notes on pages 14 to 29 are an integral part of these interim condensed financial statements.

Statements of Comprehensive Income

	Group		Bank	
	30 June 2026 € 000	30 June 2025 € 000	**30 June 2026 € 000**	30 June 2025 € 000
Profit for the period	**7,310**	9,091	**6,594**	6,240
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Investments in debt securities measured at FVOCI				
Net gains from changes in fair value, before tax	**63**	1,675	**79**	1,685
Net movements in credit losses released to profit or loss, before tax	**(42)**	(34)	**(42)**	(34)
Income taxes relating to these items	**(13)**	(576)	**(13)**	(578)
Items that will not be subsequently reclassified to profit or loss				
Net gains from changes in fair value of investments in equity instruments designated at FVOCI, before tax	**809**	358	**809**	358
Remeasurements of defined benefit obligations, before tax	**5**	16	**-**	-
Income taxes relating to these items	**(2)**	(131)	**-**	(125)
Other comprehensive income for the period, net of income tax	**820**	1,308	**833**	1,306
Total comprehensive income for the period, net of income tax	**8,130**	10,399	**7,427**	7,546
Attributable to:				
Equity holders of the Bank	**7,463**	9,831		
Non-controlling interests	**667**	568		
Total comprehensive income for the period, net of income tax	**8,130**	10,399		

The notes on pages 14 to 29 are an integral part of these interim condensed financial statements.

Statements of Changes in Equity

Group

	Attributable to equity holders of the Bank						
	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total € 000	Non-controlling interests € 000	Total Equity € 000
At 1 January 2025	19,322	56,534	11,010	122,582	209,448	9,473	218,921
Comprehensive income							
Profit for the period	-	-	-	8,523	8,523	568	9,091
Other comprehensive income							
Fair valuation of financial assets measured at FVOCI:							
Net movements in fair value arising during the period	-	-	1,322	-	1,322	(3)	1,319
Reclassification adjustment:							
- net movements attributable to changes in credit risk	-	-	(22)	-	(22)	-	(22)
Remeasurements of defined benefit obligations	-	-	8	-	8	3	11
Total other comprehensive income for the period	-	-	1,308	-	1,308	-	1,308
Total comprehensive income for the period	-	-	1,308	8,523	9,831	568	10,399
Transfers and other movements	-	-	97	(97)	-	-	-
Transactions with owners, recorded directly in equity							
Distributions to owners							
Dividends to equity holders	-	-	-	(3,416)	(3,416)	(526)	(3,942)
Total transactions with owners	-	-	-	(3,416)	(3,416)	(526)	(3,942)
At 30 June 2025	19,322	56,534	12,415	127,592	215,863	9,515	225,378

Statements of Changes in Equity *– continued*

Group

	Attributable to equity holders of the Bank						
	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total € 000	Non-controlling interests € 000	Total Equity € 000
At 1 January 2026	**19,322**	**56,534**	**13,354**	**134,506**	**223,716**	**10,144**	**233,860**
Comprehensive income							
Profit for the period	**-**	**-**	**-**	**6,640**	**6,640**	**670**	**7,310**
Other comprehensive income							
Fair valuation of financial assets measured at FVOCI:							
Net movements in fair value arising during the period	**-**	**-**	**848**	**-**	**848**	**(4)**	**844**
Reclassification adjustment:							
- net movements attributable to changes in credit risk	**-**	**-**	**(27)**	**-**	**(27)**	**-**	**(27)**
Remeasurements of defined benefit obligations	**-**	**-**	**2**	**-**	**2**	**1**	**3**
Total other comprehensive income for the period	**-**	**-**	**823**	**-**	**823**	**(3)**	**820**
Total comprehensive income for the period	**-**	**-**	**823**	**6,640**	**7,463**	**667**	**8,130**
Transfers and other movements	**-**	**-**	**132**	**(132)**	**-**	**-**	**-**
Transactions with owners, recorded directly in equity							
Distributions to owners							
Dividends to equity holders	**-**	**-**	**-**	**(3,436)**	**(3,436)**	**(527)**	**(3,963)**
Total transactions with owners	**-**	**-**	**-**	**(3,436)**	**(3,436)**	**(527)**	**(3,963)**
At 30 June 2026	**19,322**	**56,534**	**14,309**	**137,578**	**227,743**	**10,284**	**238,027**

Statements of Changes in Equity *- continued*

Bank

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

Statements of Changes in Equity *- continued*

Bank

	Share capital € 000	Share premium € 000	Revaluation and other reserves € 000	Retained earnings € 000	Total Equity € 000
At 1 January 2026	**19,322**	**56,534**	**9,404**	**129,910**	**215,170**
Comprehensive income					
Profit for the period	-	-	-	**6,594**	**6,594**
Other comprehensive income					
Fair valuation of financial assets measured at FVOCI:					
Net movements in fair value arising during the period	-	-	**860**	-	**860**
Reclassification adjustment:					
- net movement attributable to changes in credit risk	-	-	**(27)**	-	**(27)**
Total other comprehensive income for the period	-	-	**833**	-	**833**
Total comprehensive income for the period	-	-	**833**	**6,594**	**7,427**
Transfers and other movements	-	-	**131**	**(131)**	-
Transactions with owners, recorded directly in equity					
Distributions to owners					
Dividends to equity holders	-	-	-	**(3,436)**	**(3,436)**
Total transactions with owners	-	-	-	**(3,436)**	**(3,436)**
At 30 June 2026	**19,322**	**56,534**	**10,368**	**132,937**	**219,161**

The notes on pages 14 to 29 are an integral part of these interim condensed financial statements.

Statements of Cash Flows

	Group		Bank	
	30 June 2026 € 000	30 June 2025 € 000	**30 June 2026 € 000**	30 June 2025 € 000
Cash flows from operating activities				
Interest, fees and commission receipts	**22,490**	22,076	**22,538**	22,108
Receipts from customers relating to postal sales and other revenue	**23,731**	20,866	**-**	547
Interest, fees and commission payments	**(6,601)**	(5,557)	**(6,616)**	(5,559)
Payments to employees and suppliers	**(32,402)**	(28,416)	**(11,850)**	(9,669)
Cash flows attributable to funds collected on behalf of third parties	**1,074**	691	**-**	-
Cash flows from operating profit before changes in operating assets and liabilities	**8,292**	9,660	**4,072**	7,427
Movements in operating assets:				
Treasury bills	**16,886**	-	**16,886**	-
Balances with Central Bank of Malta	**(612)**	150	**(612)**	150
Loans and advances to banks and customers	**(72,343)**	(28,711)	**(73,843)**	(30,211)
Other receivables	**(1,015)**	(1,670)	**(935)**	(1,632)
Movements in operating liabilities:				
Amounts owed to banks and to customers	**35,101**	(12,477)	**38,574**	(11,675)
Other payables	**11,493**	735	**11,412**	697
Net cash used in operating activities, before tax	**(2,198)**	(32,313)	**(4,446)**	(35,244)
Income tax paid	**(1,110)**	(950)	**(966)**	(1,074)
Net cash flows used in operating activities	**(3,308)**	(33,263)	**(5,412)**	(36,318)
Cash flows from investing activities				
Dividends received	**208**	243	**208**	243
Interest received from debt securities	**2,224**	1,877	**2,169**	1,805
Purchase of financial investments	**(18,496)**	(198)	**(18,496)**	(198)
Proceeds from maturity/disposal of financial investments	**3,088**	4,165	**3,088**	4,065
Purchase of property, plant and equipment and intangible assets	**(1,119)**	(810)	**(178)**	(217)
Acquisition of subsidiary, net of cash acquired	**-**	(262)	**-**	-
Investment in associate	**-**	(1,000)	**-**	-
Net cash flows (used in) / generated from investing activities	**(14,095)**	4,015	**(13,209)**	5,698
Cash flows from financing activities				
Dividends paid to non-controlling interests	**(514)**	(516)	**-**	-
Principal elements of lease payments	**(382)**	(784)	**(99)**	(597)
Net cash flows used in financing activities	**(896)**	(1,300)	**(99)**	(597)
Net movement in cash and cash equivalents	**(18,299)**	(30,548)	**(18,720)**	(31,217)
Cash and cash equivalents at beginning of period	**217,488**	189,210	**211,798**	185,367
Cash and cash equivalents at end of period	**199,189**	158,662	**193,078**	154,150

The notes on pages 14 to 29 are an integral part of these interim condensed financial statements.

Notes to the Condensed Interim Financial Statements

1. Reporting Entity

Lombard Bank Malta p.l.c. ('the Bank') is a credit institution incorporated and domiciled in Malta with its registered address at 67, Republic Street, Valletta. The condensed consolidated interim financial statements of the Bank as at and for the six-month period ended 30 June 2026 include the Bank and its subsidiaries and equity-accounted investees (together referred to as 'the Group'). These financial statements should be read in conjunction with the Annual Report and Financial Statements 2025.

The audited financial statements of the Group for the year ended 31 December 2025 are available upon request from the Bank's registered office and are also available for viewing on its website at https://www.lombardmalta.com/en/financial-results.

The condensed interim financial statements have been extracted from the unaudited group's management accounts for the six months ended 30 June 2026 and have not been subjected to a review in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

The comparative statements of financial position have been extracted from the audited financial statements for the year ended 31 December 2025.

2. Basis of preparation

The condensed interim financial information for the six months ended 30 June 2026 has been prepared in accordance with International Accounting Standard 34 - 'Interim Financial Reporting'. These include the comparative statements of financial position as of 31 December 2025 and the comparative income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the six-month period ended 30 June 2025. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2025, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The end of the reporting period for the condensed interim financial information of MaltaPost p.l.c. that has been utilised in the preparation of this condensed interim financial information is 31 March 2026, since the financial information prepared as of this date constitutes the most recent reviewed financial information of MaltaPost p.l.c.. The Bank has considered the utilisation of the subsidiary's consolidated financial information as at 30 June 2026 as impractical for the purposes of preparation of its condensed consolidated interim financial information.

3. Accounting policies

The accounting policies applied in the preparation of this interim financial information are consistent with those presented within the annual consolidated financial statements of Lombard Bank Malta p.l.c. for the year ended 31 December 2025, as described in those financial statements.

Standards, interpretations and amendments to published standards effective in 2026

The Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2026. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in material changes to the Group's accounting policies impacting the Group's financial performance and position.

3. *Accounting policies* - continued

Standards, interpretations and amendments to published standards that are not yet effective in 2026

Certain new amendments and interpretations to existing standards have been published by the date of authorisation of these interim financial statements but are not yet effective for the Group's current reporting period.

The Group did not early adopt any new standards, amendments and interpretations to existing standards applicable to periods after 1 January 2026 and the Bank's management is of the opinion that there are no requirements that will have a possible significant impact on the Group's consolidated financial statements in the period of initial application, other than what is described below.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027)

IFRS 18 (issued on 9 April 2024) was endorsed for use in the European Union on 16 February 2026 and is set to replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. While IFRS 18 will not change recognition criteria or measurement bases, it may have a significant impact on presenting information in the financial statements, in particular the income statement and the cash flow statement. IFRS 18 will also require the disclosure of management-defined performance measures within the financial statements.

The Group is currently assessing the implications of applying IFRS 18 on the consolidated financial statements.

The new standard will be applicable from its mandatory effective date of 1 January 2027, with retrospective application, meaning that comparative information will be restated to reflect the new presentation and disclosure requirements introduced.

4. *Accounting estimates and judgements*

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

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

In particular, the measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour, requiring a number of significant judgements. The critical accounting estimates and judgements as set out in Note 3 of the Annual Report and Financial Statements 2025 were applicable to the six-month period under review.

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

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

The global economy experienced a modest slowdown as a result of the war in the Middle East. In fact, the IMF expects global growth to be 3.0% in 2026 and 3.4% in 2027, down from the average of 3.5% observed in 2024–25. The Middle Eastern conflict also resulted in an increasing global headline inflation, with the IMF expecting it to increase from 4.1% in 2025 to 4.7% in 2026, before declining to 3.9% in 2027, stalling the disinflationary trend observed since 2024. This has also been observed in the Euro Area.[1]

In fact, the ECB's June 2026 macroeconomic projections expect an average inflation of 3.0% in 2026, 2.3% in 2027 and 2.0% in 2028. As a result, on 11 June 2026, the ECB decided to raise its three key interest rates by 25 basis points. Economic growth has been revised downwards to an average of 0.8% in 2026, 1.2% in 2027 and 1.5% in 2028. For both euro area inflation and economic growth, the ECB sees outlook remaining uncertain.[2]

Against this backdrop, the Maltese economy is expected to continue performing, with economic momentum remaining resilient in 2026. A delayed small impact on GDP and prices is expected for the latter part of 2026, going into 2027.[3]

Central Bank of Malta projections expect Malta's real GDP growth to moderate from 4.0% in 2025 to 3.7% in 2026, ending at 3.6% in 2027. This reflects the domestic impact of the conflict in the Middle East. However, growth is expected to pick up again to 3.8% in 2028. Domestic demand is expected to be the main driver of growth, supported also (albeit to a lesser extent) by net exports. The revision in the income tax brackets for parents will boost disposable income, supporting both private consumption and the savings rate.

Although demand for labour is envisaged to stay high, employment growth is expected to slow, in line with the envisaged moderation in economic growth. Similarly, the unemployment rate is forecast to edge down to 2.8% during 2026 and to settle at 2.9% in 2027 and 2028.

Meanwhile, inflation is expected to increase from 2.35% in 2025 to 2.5% in 2026, set to remain at 2.5% in 2027. The increase in overall inflation in 2025 is mainly due to stronger food inflation. By 2028, inflation is then expected to ease to 2.2%.

Public finances are expected to gradually improve, with the general government debt-to-GDP ratio expected to decline from 46.4% recorded in 2025 to 46.0% in 2026, and eventually to 44.1% by 2028.

While the overall outlook remains positive, risks to economic growth are tilted to the downside, mainly as a result of uncertainty surrounding the conflict in the Middle East and disruptions to transport through the Strait of Hormuz.

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

[1] IMF World Economic Outlook – June 2026
[2] ECB Economic Bulletin – Issue 4/2026
[3] Central Bank of Malta – Outlook for the Maltese Economy 2026-2028 (2026:2)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	30 June 2026			
	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	**760,557**	**201,955**	**47,892**	**1,010,404**
Loans and advances to banks at amortised cost	**60,049**	**-**	**-**	**60,049**
Accrued income and other financial assets	**155,602**	**543**	**100**	**156,245**
Debt and other fixed income instruments measured at FVOCI	**165,652**	**-**	**-**	**165,652**
Debt and other fixed income instruments measured at amortised cost	**52,659**	**-**	**-**	**52,659**
Gross carrying amount	**1,194,519**	**202,498**	**47,992**	**1,445,009**
Contingent liabilities	**15,801**	**-**	**277**	**16,078**
Undrawn commitments	**353,827**	**18,851**	**199**	**372,877**
Total	**1,564,147**	**221,349**	**48,468**	**1,833,964**

	31 December 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	738,041	152,513	45,922	936,476
Loans and advances to banks at amortised cost	55,934	5	-	55,939
Accrued income and other financial assets	191,482	432	99	192,013
Debt and other fixed income instruments measured at FVOCI	168,955	-	-	168,955
Debt and other fixed income instruments measured at amortised cost	33,903	-	-	33,903
Gross carrying amount	1,188,315	152,950	46,021	1,387,286
Contingent liabilities	14,848	-	266	15,114
Undrawn commitments	331,220	25,191	381	356,792
Total	1,534,383	178,141	46,668	1,759,192

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

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

	30 June 2026			
	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	**859**	**782**	**6,039**	**7,680**
Loans and advances to banks at amortised cost	**3**	**-**	**-**	**3**
Accrued income and other financial assets	**267**	**-**	**-**	**267**
Debt and other fixed income instruments measured at FVOCI	**171**	**-**	**-**	**171**
Debt and other fixed income instruments measured at amortised cost	**24**	**-**	**-**	**24**
Allowance for expected credit losses	**1,324**	**782**	**6,039**	**8,145**
Contingent liabilities	**11**	**-**	**-**	**11**
Undrawn commitments	**2**	**-**	**3**	**5**
Total	**1,337**	**782**	**6,042**	**8,161**

	31 December 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	678	754	5,924	7,356
Loans and advances to banks at amortised cost	3	-	-	3
Accrued income and other financial assets	268	-	-	268
Debt and other fixed income instruments measured at FVOCI	219	-	-	219
Debt and other fixed income instruments measured at amortised cost	13	-	-	13
Allowance for expected credit losses	1,181	754	5,924	7,859
Contingent liabilities	11	-	-	11
Undrawn commitments	-	-	22	22
Total	1,192	754	5,946	7,892

Measurement of expected credit losses

Methodology

The recognition and measurement of expected credit losses involves the use of significant judgement and estimation. The Bank's methodology in relation to the generation and adoption of economic scenarios is described in Note 2.3.4 on pages 87 to 95 of the Bank's 2025 Annual Report and Financial Statements.

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

Forward-looking information incorporated in the ECL model

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

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

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

The global economy continues to face an uncertain environment in 2026. While growth is projected to moderate, the outlook remains uncertain and tied to unfolding developments in the Middle Eastern and Eastern European conflicts, both of which are weighing on energy price developments, and consequently inflation. The impacts of these developments have been heterogenous across economies.

Developments in energy markets has brought to a halt the disinflationary process that was being observed in the Euro Area. In fact, the ECB now is expecting euro area headline inflation to average 3.0% in 2026, 2.3% in 2027 and 2.0% in 2028. In response, the ECB raised its three key interest rates by 25 basis points in its June decision.

The ECB also expects domestic demand to be weaker than what was projected in March 2026, a result of lower confidence and higher energy costs that erode real incomes and dent private investment. However, household balance sheets remain solid overall, with consumption remaining the main driver of growth. Euro area economic growth is expected to average 0.8% in 2026, 1.2% in 2027 and 1.5% in 2028, which would be downward revisions for 2026 and 2027.

The Maltese economy is expected to continue performing, with economic growth remaining resilient in 2026. Projections expect Malta's real GDP growth to moderate from 4.0% in 2025 to 3.7% in 2026, ending at 3.6% in 2027, reflecting domestic impact of the conflict in the Middle East. However, growth is expected to pick up again to 3.8% in 2028. Domestic demand is expected to remain the main driver of growth. Revisions to income tax brackets for parents are expected to lift disposable income, supporting both private consumption and the savings rate.

Employment growth is expected to slow, in line with the envisaged moderation in economic growth. Similarly, the unemployment rate is forecast to decrease slightly to 2.8% in 2026, reaching 2.9% in 2027 and 2028.

Meanwhile, inflation is expected to increase from 2.35% in 2025 to 2.5% in 2026, set to remain at 2.5% in 2027. The increase in overall inflation in 2025 is mainly due to stronger food inflation. By 2028, inflation is then expected to ease to 2.2%.

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

Significant judgement in the estimation of ECL impairment allowances as of 30 June 2026 continues to relate to the determination of forward-looking scenarios reflecting potential future economic conditions under different scenarios and their impact on PDs and LGDs.

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

The 'base', 'upside' and 'downside' scenarios were used for all portfolios:
- The 'Base' Scenario captures business-as-usual macro-economic expectations, whereby the current rhythm of economic activity is maintained;
- The 'Downside' Scenario is based on a subdued level of economic activity hypothesised to correspond to prolonged period of an economic contraction;
- The 'Upside' Scenario is based on the assumption that it would be possible to marginally improve further over the already benign economic conditions considered in the 'Base' Scenario.

	As of 30 June 2026		
	2026	**2027**	**2028**
Gross Domestic Product, constant prices (YoY)*			
'Base'	**3.70%**	**3.60%**	**3.80%**
Range of forecasts for alternative scenarios	**[0.6 – 6.8]%**	**[0.5 - 6.7]%**	**[0.7 - 6.9]%**
Unemployment rate (YoY)*			
'Base'	**2.8%**	**2.9%**	**2.9%**
Range of forecasts for alternative scenarios	**[1.4 - 4.2]%**	**[1.5 - 4.3]%**	**[1.5 - 4.3]%**
Inflation rate (YoY)*			
'Base'	**2.5%**	**2.5%**	**2.2%**
Range of forecasts for alternative scenarios	**[1.1 - 3.9]%**	**[1.1 - 3.9]%**	**[0.8 - 3.6]%**

	As of 31 December 2025		
	2026	2027	2028
Gross Domestic Product, constant prices (YoY)*			
'Base'	3.70%	3.70%	3.70%
Range of forecasts for alternative scenarios	[0.6 - 6.9]%	[0.6 - 6.9]%	[0.6 - 6.9]%
Unemployment rate (YoY)*			
'Base'	2.8%	2.8%	2.8%
Range of forecasts for alternative scenarios	[1.4 - 4.2]%	[1.4 - 4.2]%	[1.4 - 4.2]%
Inflation rate (YoY)*			
'Base'	2.3%	2.1%	2.1%
Range of forecasts for alternative scenarios	[0.9 - 3.7]%	[0.7 - 3.5]%	[0.7 - 3.5]%

*YoY = year on year % change

As of 30 June 2026, the weightings assigned to each economic scenario were 68% for the 'Base' Scenario, 16% for the 'Downside' scenario and 16% for the 'Upside' scenario. The weightings assigned as of 31 December 2025 were 68% for the 'Base' Scenario, 16% for the 'Downside' scenario and 16% for the 'Upside' scenario.

Economic scenarios sensitivity analysis of ECL estimates

The outcome of the Bank's credit loss allowances estimation process is sensitive to judgements and estimations made through the reflection of several forward-looking economic conditions. Management has assessed the sensitivity of the Bank's expected credit losses by assigning a 100% weighting to the baseline, downside and upside scenarios respectively. The Bank's credit loss allowances would decrease by €2.6 million if the provisions had to be calculated solely on the baseline scenario; ECLs would increase by €1.5 million if these had to be estimated using only the downside scenario and would reduce by €4.3 million if the upside scenario only were to be taken into consideration. This demonstrates the Bank's resilience in overcoming negative shocks and its ability to absorb such allowance changes, if necessary.

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

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

	2026			
	Stage 1 12-month ECL € 000	**Stage 2 Lifetime ECL € 000**	**Stage 3 Lifetime ECL € 000**	**Total € 000**
Loans and advances to customers at amortised cost				
Loss allowance as at 1 January 2026	**678**	**754**	**5,924**	**7,356**
Transfers of financial instruments				
Transfer from Stage 1 to Stage 2	**(19)**	**19**	**-**	**-**
Transfer from Stage 1 to Stage 3	**-**	**-**	**-**	**-**
Transfer from Stage 2 to Stage 1	**171**	**(171)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(87)**	**87**	**-**
Transfer from Stage 3 to Stage 1	**5**	**-**	**(5)**	**-**
Transfer from Stage 3 to Stage 2	**-**	**1**	**(1)**	**-**
Net remeasurement of ECL arising from stage transfers	**(135)**	**330**	**(17)**	**178**
Total remeasurement of loss allowance arising from transfers in stages	**22**	**92**	**64**	**178**
New financial assets originated	**259**	**1**	**-**	**260**
Changes to risk parameters (model inputs PDs/LGDs/EADs)	**(80)**	**(31)**	**(159)**	**(270)**
Financial assets derecognised	**(20)**	**(34)**	**(3)**	**(57)**
Total net income statement charge/ (credit) during the period	**181**	**28**	**(98)**	**111**
Other movements				
Write-offs	**-**	**-**	**(7)**	**(7)**
Unwinding of discount	**-**	**-**	**220**	**220**
Loss allowance as at 30 June 2026	**859**	**782**	**6,039**	**7,680**

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

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

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

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

	2026			
	Stage 1 12-month ECL € 000	Stage 2 Lifetime ECL € 000	Stage 3 Lifetime ECL € 000	Total € 000
Loans and advances to customers at amortised cost				
Gross carrying amount as at 1 January 2026	**738,041**	**152,513**	**45,922**	**936,476**
Transfers of financial instruments				
Transfer from Stage 1 to Stage 2	**(56,622)**	**56,622**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(80)**	**-**	**80**	**-**
Transfer from Stage 2 to Stage 1	**7,558**	**(7,558)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(1,737)**	**1,737**	**-**
Transfer from Stage 3 to Stage 1	**5**	**-**	**(5)**	**-**
Transfer from Stage 3 to Stage 2	**-**	**156**	**(156)**	**-**
Total changes in gross carrying amounts arising from transfers in stages	**(49,139)**	**47,483**	**1,656**	**-**
New financial assets originated	**90,886**	**1,303**	**64**	**92,253**
Changes in gross carrying amount in respect of facilities present as at 1 January 2026	**732**	**3,588**	**444**	**4,764**
Financial assets derecognised	**(19,963)**	**(2,932)**	**(187)**	**(23,082)**
Write-offs	**-**	**-**	**(7)**	**(7)**
Total net change during the period	**22,516**	**49,442**	**1,970**	**73,928**
Gross carrying amount as at 30 June 2026	**760,557**	**201,955**	**47,892**	**1,010,404**

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

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

7. *Asset encumbrance*

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

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

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

	Carrying amount of encumbered assets	**Fair value of encumbered assets**	**Carrying amount of unencumbered assets**	**Fair value of unencumbered assets**
	€ 000	**€ 000**	**€ 000**	**€ 000**
Bank				
At 30 June 2026				
Equity instruments	**-**	**-**	**9,134**	**9,134**
Debt securities	**7,463**	**7,463**	**212,058**	**212,303**
Other assets	**2,984**	**2,984**	**1,288,175**	**1,288,175**
	10,447	**10,447**	**1,509,367**	**1,509,612**
At 31 December 2025				
Equity instruments	-	-	8,281	8,281
Debt securities	7,676	7,676	196,141	196,397
Other assets	2,836	2,836	1,244,719	1,244,719
	10,512	10,512	1,449,141	1,449,397

The Bank does not encumber any collateral received. As at 30 June 2026, the Bank did not have any outstanding liabilities associated with encumbered assets and collateral received.

The Bank undertakes the following types of encumbrance:

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

8. Segmental information

	Banking services		Postal services		Group	
	30 June 2026 € 000	30 June 2025 € 000	**30 June 2026 € 000**	30 June 2025 € 000	**30 June 2026 € 000**	30 June 2025 € 000
Operating income	**17,457**	16,326	**24,088**	21,786	**41,545**	38,112
Segment result - profit before taxation	**7,930**	9,763	**3,579**	3,182	**11,509**	12,945

	Banking services		Postal services		Group	
	30 June 2026 € 000	31 December 2025 € 000	**30 June 2026 € 000**	31 December 2025 € 000	**30 June 2026 € 000**	31 December 2025 € 000
Segment total assets	**1,496,117**	1,439,636	**58,872**	57,985	**1,554,989**	1,497,621

9. Fair values of financial assets and liabilities

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

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

As at 30 June 2026 and 31 December 2025, investments were principally valued using Level 1 inputs. No transfers of financial instruments measured at fair value between different levels of the fair value hierarchy have occurred during the interim period under review.

As at 30 June 2026, the carrying amount of debt instruments measured at amortised cost, net of expected credit loss allowance was €52,635,000 (2025: €33,890,000). The fair value of these financial instruments as at 30 June 2026, determined by reference to quoted market prices is €52,880,000 (2025: €34,146,000).

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

The valuation techniques utilised in preparing these condensed interim financial statements were consistent with those applied in the preparation of the financial statements as at and for the year ended 31 December 2025.

10. Financial investments

Financial investments include the following:

	Group		Bank	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
	€ 000	€ 000	**€ 000**	€ 000
Measured at FVOCI				
Debt and other fixed income instruments	**167,645**	170,965	**165,652**	168,955
Equity instruments	**9,134**	8,281	**9,134**	8,281
Measured at amortised cost				
Debt and other fixed income instruments	**52,635**	33,890	**52,635**	33,890
	229,414	213,136	**227,421**	211,126

Debt and other fixed income instruments are analysed as follows:

	Group		Bank	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
	€ 000	€ 000	**€ 000**	€ 000
Government debt securities measured at FVOCI				
- local and listed on the Malta Stock Exchange	**139,355**	139,855	**138,296**	138,778
- foreign government and listed on other exchanges	**4,358**	5,561	**4,358**	5,561
- supranational and listed on other exchanges	**1,137**	1,106	**1,137**	1,106
	144,850	146,522	**143,791**	145,445
Other debt securities measured at FVOCI				
- local and listed on the Malta Stock Exchange	**14,430**	14,415	**13,496**	13,482
- foreign and listed on other exchanges	**8,365**	10,028	**8,365**	10,028
	22,795	24,443	**21,861**	23,510
Government debt securities measured at amortised cost				
- local and listed on the Malta Stock Exchange	**38,976**	22,012	**38,976**	22,012
- foreign government and listed on other exchanges	**3,683**	3,588	**3,683**	3,588
-supranational and listed on other exchanges	**4,319**	2,994	**4,319**	2,994
	46,978	28,594	**46,978**	28,594
Other debt securities measured at amortised cost				
- local and listed on the Malta Stock Exchange	**2,134**	1,834	**2,134**	1,834
- foreign and listed on other exchanges	**3,547**	3,475	**3,547**	3,475
Less: Expected credit loss allowances	**(24)**	(13)	**(24)**	(13)
	5,657	5,296	**5,657**	5,296

11. Earnings per share

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

	Group	
	2026	2025
Net profit attributable to equity holders of the Bank (€ 000)	**6,640**	8,523
Weighted average number of ordinary shares in issue	**154,572,263**	154,572,263
Earnings per share	**€0.04**	€0.06

The Bank's issued share capital did not change during the reporting period ended 30 June 2026.

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

12. Dividends

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

In respect of the financial year ended 31 December 2025, a gross dividend of 3.42 cent per nominal €0.125 share (net dividend of 2.22 cent for a total amount of €3,436,000) was proposed by the Board of Directors and approved by the shareholders at the Annual General Meeting held on 24 June 2026.

13. Related party transactions

During the financial period from 1 January to 30 June 2026 the Group did not enter into any related party transactions which had a material effect on the financial results and financial position of the Group.

Statement pursuant to Capital Markets Rules issued by MFSA

I confirm that to the best of my knowledge:

- The interim condensed financial statements, prepared in accordance with IAS 34 give a true and fair view of the financial position of the Group and the Bank as at 30 June 2026, as well as of their financial performance and cash flows for the six-month period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting, IAS 34' Interim Financial Reporting'; and

- The Director's Report includes a fair review of the information required in terms of Capital Markets Rules.

Joseph Said, *Chief Executive Officer*