Company Announcement

The following is a company announcement issued by MeDirect Bank (Malta) plc (the "Bank") pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

Quote

On 12 August 2025, the Board of Directors of MeDirect Bank (Malta) plc considered and approved the condensed Interim Financial Statements of the Bank for the six-month financial period ended 30 June 2025. These Interim Financial Statements are available for viewing and downloading on the Bank's website under the Investor Relations section (https://www.medirect.com.mt/about-us/investor-relations/).

2025 Interim Results – Highlights

New products and services drive enhancements to MeDirect's platform

During the first half of the year, MeDirect continued to improve its best-in-class digital platform, which enables clients to manage their wealth with confidence and autonomy.

- The launch of MeDirect's Open Architecture Model Portfolios in Malta, Belgium and the Netherlands. This innovative service allows customers to choose from a range of globally diversified portfolios, managed by market leading portfolio managers, tailored to different risk profiles ranging from cautious to dynamic.
- The introduction of seamless asset transfer capabilities that make it easier than ever for clients to consolidate their investment portfolios under the MeDirect platform. New and existing customers can now transfer portfolios from other banks or wealth managers to MeDirect through a streamlined process, simply by completing an Asset Transfer Form and providing a holdings statement. MeDirect handles the entire transfer on the client's behalf and reimburses third-party transfer-out fees.
- Enhancements to MeDirect's digital payments platform with the introduction of a feature-rich card management system that gives clients greater control and security over their debit cards. New card controls implemented initially in Malta, allow customers to set custom spending limits, enable or disable online transactions and restrict card usage by geography directly via the MeDirect mobile app or online banking.
- Updates to MeDirect's omni-channel digital banking platform with new self-service features to its mobile app, including the ability for clients to view and update their personal details and account preferences, bringing the app's functionality in line with the desktop online banking portal.

Further growth in MeDirect's customer franchise

During the first six months of 2025, MeDirect remained focused on building its profile through multi-channel advertising and communication campaigns.

- The Group's client base grew by 12% since 30 June 2024 to reach 160,000 customers (Jun 2024: 143,000), with a current client base of 122,000 in Belgium, 34,000 in Malta and 4,000 in the Netherlands.
- Personal and corporate clients have continued to grow their financial assets with MeDirect, reaching an aggregate of €6.0 billion of financial assets held with MeDirect in June 2025, an increase of 12% since June 2024 (Dec 2024: €5.9 billion).

- Assets under custody amounted to €2.1 billion, a 12% increase from €1.9 billion in June 2024 (Dec 2024: €2.1 billion).

Financial results, capital and liquidity position

- The Group recorded net operating loss of €1.6 million in the first six months of 2025 (1H 2024: €5.4 million profit). Net operating profit was driven by the following factors:
    - Operating income decreased by €5.1 million, or 11.4%, to €39.6 million (1H 2024: €44.7 million), mainly as a result of continued de-risking of the Group's balance sheet through ongoing reduction of the International Corporate Lending ("ICL") portfolio. This resulted in lower net interest income of approximately €10 million. All sectors of mortgage lending and Maltese corporate lending generated solid year over year growth, supported by lower interest expense. Operating income also benefited from higher fees generated from the wealth business and other commissions.
    - Operating costs grew by €1.9 million to €41.2 million (1H 2024: €39.3 million), mainly as a result of €3.2 million increase in regulatory costs, such as the Depositor Compensation Schemes and supervisory fees in Belgium and Malta. It is noteworthy that the full-year impact of certain regulatory charges are recognised in the first half results. Excluding regulatory expenses, the remaining operating costs decreased by €1.3 million, or 4.0%, when compared with the same period of 2024 driven by lower personnel and amortisation costs.
- Net expected credit losses ("ECLs") for the six-month period ended 30 June 2025 amounted to a €2.3 million net charge (1H 2024: €6.0 million net charge), predominantly as a result of adverse changes within the ICL portfolio.
- With a net operating loss of €1.6 million and an ECL charge of €2.3 million, the Group's net result for the first half of 2025 was a loss before tax of €3.9 million (1H 2024: €0.6 million loss before tax).
- As at 30 June 2025, the Group's Non Performing Loan ("NPL") ratio was reduced to 1.6%, from 2.2% as at 31 December 2024.
- MeDirect's capital and liquidity positions remained adequate. As at 30 June 2025:
    - MeDirect's Tier 1 capital ratio stood at 17.0%, with a total capital ratio of 20.2%, both well above applicable regulatory requirements.
    - The Group's Liquidity Coverage Ratio stood at 168% (minimum requirement of 100%), and its Net Stable Funding Ratio stood at 118% (minimum requirement of 100%).

Balance sheet position

- The Group's balance sheet grew by 0.9% in first half of 2025 and stood at €5.12 billion (December 2024: €5.07 billion).
- In the first six months of 2025, the ICL portfolio was reduced by a further 28%, to €149 million (net of provisions).
- MeDirect grew its aggregate gross mortgage portfolio by 4% to €2.8 billion, mainly driven by:
    - MeDirect's Dutch-government guaranteed NHG mortgage activity which comprises 40% of the Group's total balance sheet. MeDirect's partnership with HollandWoont, a leading Dutch NHG origination and servicing platform, enables it to control the origination of NHG mortgages based on its strategic priorities and market conditions.
    - MeDirect's Dutch buy-to-let mortgage portfolio, in partnership with Build Finance, reached almost €140 million as at 30 June 2025. Using the Build Finance platform, MeDirect is growing its

Dutch buy-to-let business in a controlled manner and benefits from attractive risk-adjusted returns.
    - MeDirect further expanded its Belgian and Maltese mortgage lending businesses, which grew 17% and 7% respectively during the last six months.
- The corporate lending portfolio in Malta grew by 14% during the first half of 2025, demonstrating continued support of local businesses through fully collateralised facilities.

Focus on ESG

- During the first half of the year, MeDirect published its ESG Strategy for 2026-2030, which included a climate transition plan, and a corporate sustainability report, prepared in alignment with the Corporate Sustainability Reporting Directive.
- During the first half of 2025, MeDirect embedded ESG screening into its lending, procurement, corporate business and treasury operations.
- MeDirect and its employees continue to contribute actively to the community by supporting numerous charitable organisations, renewing sponsorships for cultural and sporting organisations and engaging in various community activities.
- MeDirect continues to play an active role in the Malta ESG Alliance, a platform for Maltese businesses which enables them to work together to lead and drive national ESG goals.
- EcoVadis, a renowned sustainability rating provider, awarded MeDirect the distinguished Gold Medal, ranking it within the top five per cent of all rated companies.

Looking ahead

A decision by MeDirect's regulators on the prospective acquisition of MeDirect by Banka CREDITAS a.s. ("Banka CREDITAS") is anticipated during the second half of 2025. All regulatory filings required to complete the acquisition have been made with the Malta Financial Services Authority and the National Bank of Belgium, and the application of Banka CREDITAS to acquire MeDirect is currently being reviewed by the European Central Bank. The completion of this acquisition is expected to provide MeDirect with a strong controlling shareholder, committed to expanding its capital base and facilitating its sustainable growth plans.

Notwithstanding the uncertainty surrounding its future ownership and its limited resources, MeDirect has been able to execute its business plan of de-risking and rebalancing its balance sheet. MeDirect has also been able to continue to develop its cutting edge, high quality digital customer platform. This transformation process has created a solid base on which a new shareholder can build.

With additional resources that will be brought by the completion of the Banka CREDITAS acquisition and its injection of new capital into the Group's business, MeDirect expects to be able to commence a new period of growth and sustainable profitability that will build upon the solid base that has been created through the dedication and hard work of MeDirect's staff, management and Board.

MeDirect looks forward to working with Banka CREDITAS to build MeDirect's businesses in its core markets and to continuing to build and enhance its technology and digital banking platform.

Unquote

Henry Schmeltzer
Company Secretary

12 August 2025

MeDirect Bank (Malta) plc

Condensed Consolidated Interim Financial Statements

30 June 2025

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Interim Directors' Report

Interim Directors' Report

During the first half of 2025, MeDirect made important progress toward completing a change in its controlling shareholder. As reported in MeDirect's 2024 annual report, on 28 November 2024, MeDirect's current controlling shareholder, AnaCap Financial Partners II LP ("AnaCap"), entered into a share purchase agreement with Banka CREDITAS a.s. ("Banka CREDITAS"), pursuant to which Banka CREDITAS agreed to purchase 100% of the share capital of MDB Group Limited, subject to receiving all required regulatory approvals.

Banka CREDITAS has made all regulatory filings required to complete its acquisition of MeDirect with the Malta Financial Services Authority ("MFSA") and the National Bank of Belgium ("NBB"). The application of Banka CREDITAS to acquire MeDirect is currently being reviewed by the European Central Bank, with a decision anticipated during the second half of 2025. If approval is received, AnaCap and Banka CREDITAS intend to take all required and necessary actions to complete the acquisition.

Banka CREDITAS is a Czech financial institution that is part of CREDITAS Group ("CG"), a privately-owned investment group with investments primarily in financial services, real estate (rental housing and development) and energy (distribution and generation). The financial services arm of CG has investments in banking, investment services, asset management, leasing and other related areas.

Banka CREDITAS is interested in using the MeDirect banks to diversify its financial services business and to grow into additional European markets. As such, it plans to retain both MeDirect banks and to invest additional capital in order to enable MeDirect to continue to build its businesses. MeDirect's Board, management and staff are looking forward to the opening of a new chapter in the MeDirect story and to working with Banka CREDITAS to continue to build a world-class multi-jurisdiction digital bank.

Update on MeDirect's cutting-edge digital platform

During the first half of the year, MeDirect continued to improve its best-in-class digital platform, which enables clients to manage their wealth with confidence and autonomy.

Expanded Investment Options: Open Architecture Model Portfolios

One of the year's highlights was the launch of MeDirect's Open Architecture Model Portfolios in Malta, Belgium and the Netherlands. This innovative service allows customers to choose from a range of globally diversified portfolios, managed by market leading portfolio managers, tailored to different risk profiles ranging from cautious to dynamic. Each portfolio is managed by a renowned asset management firm, leveraging their respective areas of particular expertise. Firms providing asset management services to MeDirect include Morningstar (independent investment research), Aegon (income-focused funds), Liontrust (sustainable growth strategies) and others. By collaborating with these top-tier fund managers, MeDirect provides its clients with diversified model portfolios designed to address various financial goals, whether building wealth or seeking regular income. This open-architecture approach reflects MeDirect's goal of equipping customers with a broad range of investment tools and information to enable them to build wealth on their own terms.

Simplified Asset Transfers and Portfolio Consolidation

MeDirect also introduced seamless asset transfer capabilities that make it easier than ever for clients to consolidate their investment portfolios under the MeDirect platform. New and existing customers can now transfer portfolios from other banks or wealth managers to MeDirect through a streamlined process, simply by completing an Asset Transfer Form and providing a holdings statement. Once submitted, MeDirect handles the entire transfer on the client's behalf and reimburses third-party transfer-out fees. This client-friendly feature has enabled investors to consolidate their assets with MeDirect while paying no entry costs and benefitting from MeDirect's attractive fees and unified portfolio tracking. By facilitating the easy consolidation of stocks, bonds, funds, and ETFs into one account, MeDirect saves time for customers and provides them with a holistic view of their finances.

Advanced Card Management and Security Features

MeDirect also enhanced its digital payments platform with the introduction of a feature-rich card management system that gives clients greater control and security over their debit cards. New card controls implemented initially in Malta, with plans to launch shortly into other markets, allow customers to set custom spending limits, enable or disable online transactions and restrict card usage by geography directly via the MeDirect mobile app or online banking. These advanced security features enable users to manage proactively when, where and how their card is used. For example, a client can instantly block the card's use in specific regions or for certain categories of payments. Online purchase capability can be turned on or off at will. Daily, weekly or monthly transaction limits can be established to help budget or prevent fraud, and a "freeze card" function is available for emergency suspensions. By year-end 2024, MeDirect had achieved full PCI DSS compliance[1] for card data security, ensuring protection of client assets at the highest standard.

Omni-channel Banking

MeDirect continued to enhance its omni-channel digital banking platform by unifying customer experience across web and mobile channels. The MeDirect mobile app was enhanced with new self-service features, including the ability for clients to view and update their personal details and account preferences, bringing the app's functionality in line with the desktop online banking portal. This improvement to MeDirect's mobile app is one of many upgrades aimed at ensuring customers can manage all aspects of their banking anytime and anywhere. It builds on MeDirect's philosophy of a seamless, multi-channel platform. Much like MeDirect's newly launched corporate portal, the retail banking platform has been developed so that key services are accessible through both web and mobile interfaces for maximum flexibility. The improved mobile app interface and user detail management capability reflect MeDirect's customer-centric design approach, which seeks to make everyday banking tasks intuitive and consistent across devices. Together with the integration into its payments platform of Apple Pay and Google Pay in Malta and Belgium, these enhancements underscore MeDirect's construction of a truly omni-channel digital bank.

1 The **Payment Card Industry Data Security Standard** (**PCI DSS**) is a set of security standards designed to ensure that all companies that process, store, or transmit credit card information maintain a secure environment. Compliance is mandatory for banks, merchants, and service providers handling cardholder data to prevent fraud, data breaches, and financial losses. Key requirements include encryption, access controls, network security, and regular vulnerability assessment.

Future Developments: Business Debit Cards and Direct Debits

Looking ahead, MeDirect remains dedicated to continuous innovation and has a robust pipeline of new services planned for release. In line with its strategy of expanding both retail and business banking capabilities, MeDirect will be introducing business debit card services on its business platform and enabling direct debit functionality for all client accounts in the coming months. The addition of business debit cards will complement the existing platform for businesses, providing our clients in Malta with convenient payment tools integrated with their MeDirect accounts. Meanwhile, the launch of direct debit facilities will allow both personal and business customers to automate recurring payments securely from their MeDirect bank accounts, a key feature that ensures that clients are able to use MeDirect as a primary bank for everyday banking needs. MeDirect Belgium has successfully established itself as the bank for Investment Funds and ETFs and it will be completing its retail banking offering in the coming months with the launch of its digital mortgage business as lender of record, subject to regulatory approval. By listening to client feedback and staying ahead of industry trends, MeDirect is ensuring that its digital banking platform offers the highest levels of convenience, flexibility and user experience.

Growing a pan-European retail franchise

During the first six months of 2025, MeDirect continued to deliver on its strategic roadmap by offering customers the tools and information they need to manage their wealth autonomously.

MeDirect's marketing efforts remained focused on building its profile through multi-channel advertising and communication campaigns. These promoted the wide range of investment, savings, borrowing and card services. MeDirect also continued to focus on providing customers with relevant educational information relating to banking, investment and home loans services as well as security awareness and fraud prevention.

The Group's client base grew by 12% since 30 June 2024 to reach 160,000 customers (Jun 2024: 143,000), with a current client base of 122,000 in Belgium, 34,000 in Malta and 4,000 in the Netherlands.

Personal and corporate clients have continued to grow their financial assets with MeDirect, reaching an aggregate of €6.0 billion of financial assets held with MeDirect in June 2025, an increase of 12% since June 2024 (Dec 2024: €5.9 billion). Assets under custody amounted to €2.1 billion, a 12% increase from €1.9 billion in June 2024 (Dec 2024: €2.1 billion).

Financial performance

The Group recorded a net operating loss of €1.6 million in the first six months of 2025 (1H 2024: €5.4 million profit). Net operating profit was driven by the following factors:

- Operating income decreased by €5.1 million, or 11.4%, to €39.6 million (1H 2024: €44.7 million). The Group's top line was adversely affected by continued de-risking of its balance sheet through ongoing reduction of the International Corporate Lending ("ICL") portfolio, which continued in 1H 2025. Lower net interest income from the ICL portfolio reduced top line revenues by approximately €10 million. All sectors of mortgage lending and Maltese corporate lending generated solid year over year growth, supported by lower interest expense. Operating income also benefited from higher fees generated from the wealth business and other commissions.

- Operating costs grew by €1.9 million to €41.2 million (1H 2024: €39.3 million), mainly as a result of a €3.2 million increase in regulatory costs, such as the Depositor Compensation Schemes and supervisory fees in Belgium and Malta. It is noteworthy that the full-year impact of certain regulatory charges are recognised in the first half results. Excluding regulatory expenses, the remaining operating costs decreased by €1.3 million, or 4.0%, when compared with the same period of 2024 driven by lower personnel and amortisation costs.

Net expected credit losses ("ECLs") for the six-month period ended 30 June 2025 amounted to a €2.3 million net charge (1H 2024: €6.0 million net charge), predominantly as a result of adverse changes within the ICL portfolio. The net ECL charge resulted primarily from a deterioration in two specific exposures and losses realised as a result of tactical divestment of two additional exposures. The continuing divestiture of certain ICL exposures reflects the Group's reduced risk appetite for ICL lending.

With a net operating loss of €1.6 million and an ECL charge of €2.3 million, the Group's net result for the first half of 2025 was a loss before tax of €3.9 million (1H 2024: €0.6 million loss before tax).

Balance Sheet Position

The Group's balance sheet grew by 0.9% in first half of 2025 and stood at €5.12 billion as of June 2025 (Dec 2024: €5.07 billion).

Balance sheet transformation

After reducing the size of the ICL portfolio to €206 million (net of provisions) by the end of 2024, MeDirect continued to de-risk its balance sheet. In the first six months of 2025, the ICL portfolio was reduced by a further 28%, to €149 million (net of provisions). The Group proactively managed the reduction of the ICL portfolio through non-replacement of asset class following repayments and specific loan sales.

During the same period, MeDirect grew its aggregate gross mortgage portfolio by 4% to €2.8 billion. Key developments in the mortgage asset class are as follows:

- MeDirect's Dutch-government guaranteed NHG mortgage activity continued to form the core of its mortgage portfolio, comprising 40% of the Group's total balance sheet. MeDirect's partnership with HollandWoont, a leading Dutch NHG origination and servicing platform, enables it to control the origination of NHG mortgages based on its strategic priorities and market conditions.
- MeDirect's Dutch buy-to-let mortgage portfolio, established in October 2022 in partnership with Build Finance, reached almost €140 million as at 30 June 2025. Using the Build Finance platform, MeDirect is growing its Dutch buy-to-let business in a controlled manner and benefits from attractive risk-adjusted returns.
- MeDirect further expanded its Belgian and Maltese mortgage lending businesses, which grew 17% and 7% respectively during the last six months.

The corporate lending portfolio in Malta grew by 14% during the first half of 2025, demonstrating continued support of local businesses through fully collateralised facilities.

Capital and liquidity position of the Group

As at 30 June 2025, MeDirect's Tier 1 capital ratio stood at 17.0%, with a total capital ratio of 20.2%, both well above applicable regulatory requirements.

The Group's Liquidity Coverage Ratio stood at 168% (minimum requirement of 100%), and its Net Stable Funding Ratio stood at 118% (minimum requirement of 100%).

Asset Quality

The Group continued to execute its de-risking strategy and to improve its asset quality by actively managing its Non-Performing Loan ("NPL") portfolio and reducing its NPL ratio by divesting certain non-performing loans, predominantly in the ICL portfolio. As at 30 June 2025, the NPL ratio was reduced to 1.6%, from 2.2% as at 31 December 2024.

Focus on environmental, social and governance principles

During the first half of the year, MeDirect published its ESG Strategy for 2026-2030, which included a climate transition plan, and a corporate sustainability report, prepared in alignment with the Corporate Sustainability Reporting Directive (CSRD). Additionally, MeDirect is working towards compliance with the EU Gender Pay Gap Transparency Directive, which will be effective as of June 2026.

The integration of ESG principles into the wider business strategy remains a key focus of the MeDirect ESG agenda. During the first half of 2025, MeDirect embedded ESG screening into its lending, procurement, corporate business and treasury operations.

MeDirect and its employees continue to contribute actively to the community by supporting numerous charitable organisations, renewing sponsorships for cultural and sporting organisations such as the Otters ASC water polo club and the Socjeta' Filarmonika La Stella'a Astra Theatre, and engaging in various community activities. MeDirect also sponsors organisations such as the Alive Foundation, which raises funds for cancer research, and staff volunteering activities including beach cleanups and charitable fundraising initiatives. MeDirect continues to offer all staff two days of additional leave per year to be used for volunteering.

MeDirect was one of the sponsors for an accelerator event for start-ups in the Blue Economy (its aim is sustainable use of marine resources for economic development) and continued to play an active role in the Malta ESG Alliance, a platform for Maltese businesses which enables them to work together to lead and drive national ESG goals. Through its educational focus, MeDirect continues to ensure an inclusive banking environment.

MeDirect's efforts and accomplishments continue to be recognised externally. EcoVadis, a renowned sustainability rating provider, awarded MeDirect the distinguished Gold Medal, ranking it within the top five per cent of all rated companies.

Looking ahead

The prospective acquisition of MeDirect by Banka CREDITAS is expected to provide the Group with a strong controlling shareholder, committed to expanding the Group's capital base and facilitating its sustainable growth plans.

In the recent past, MeDirect has been severely hampered by lack of resources and uncertainty about its future ownership. Notwithstanding those handicaps and limited resources, MeDirect has been able to execute its business plan of de-risking and rebalancing its balance sheet. MeDirect has also been able to continue to develop its crown jewel, its cutting edge, high quality digital customer platform. This transformation process has created a solid base on which a new shareholder can build.

With additional resources that will be brought by the completion of the Banka CREDITAS acquisition and its injection of new capital into the Group's business, MeDirect expects to commence a new period of growth and sustainable profitability that will build upon the solid base that has been created through the dedication and hard work of MeDirect's staff, management and Board. MeDirect looks forward to working with Banka CREDITAS to build MeDirect's businesses in its core markets and to continuing to build and enhance its technology and digital banking platform.

Bart Bronselaer
Chair

Jean-Claude Maher
Chief Executive Officer

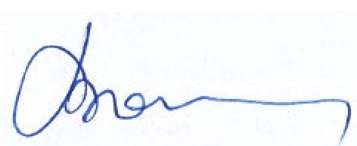
Financial Statements

Condensed consolidated interim statement of financial position

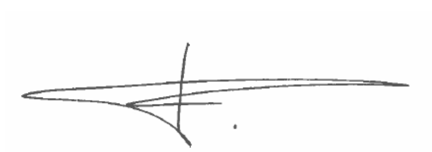
	Notes	As at 30 June 2025 € 000	As at 31 December 2024 € 000
ASSETS			
Balances with central banks and cash		**174,436**	206,870
Derivative financial instruments		**176,731**	175,310
Loans and advances to financial institutions		**302,632**	316,179
Loans and advances to customers		**2,997,779**	2,927,475
Investments			
- Securities portfolio		**734,709**	698,866
- Securitisation portfolio		**491,651**	514,669
- Asset-Backed Securitisation portfolio		**147,527**	145,285
Property and equipment		**3,837**	4,624
Intangible assets		**16,803**	16,366
Investment property		**17,169**	17,042
Current tax assets		**1,017**	1,040
Deferred tax assets	6	**17,512**	17,512
Prepayments and accrued income		**7,714**	5,437
Other assets		**27,872**	25,543
Total assets		**5,117,389**	5,072,218
EQUITY			
Called up issued share capital	8	**117,450**	117,450
Share premium	8	**13,464**	13,464
Shareholders' contributions	8	**133,196**	133,196
Other reserves	8	**880**	880
Accumulated losses		**(20,531)**	(16,327)
Total equity		**244,459**	248,663
LIABILITIES			
Derivative financial instruments		**24,752**	32,681
Amounts owed to financial institutions		**227,523**	179,777
Amounts owed to customers		**3,922,094**	3,880,035
Debt securities in issue		**612,443**	641,673
Subordinated liabilities		**68,023**	67,358
Current tax liabilities		**52**	2
Deferred tax liabilities	6	**175**	196
Provisions for liabilities and other charges		**190**	202
Accruals and deferred income		**10,720**	11,683
Other liabilities		**6,958**	9,948
Total liabilities		**4,872,930**	4,823,555
Total equity and liabilities		**5,117,389**	5,072,218
Memorandum items			
Commitments to extend credit, guarantees and other commitments	11	**252,661**	212,551

The notes on pages 15 to 41 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements on pages 10 to 41 were approved and authorised for issue by the Board of Directors on 12 August 2025 and signed on its behalf by:



Bart Bronselaer
Chair



Jean-Claude Maher
Chief Executive Officer

Condensed consolidated interim statement of comprehensive income

	Notes	Period from 1 January to 30 June 2025 € 000	Period from 1 January to 30 June 2024 € 000
Interest income	9	80,186	98,007
Interest expense		(47,546)	(57,512)
Net interest income		32,640	40,495
Fee and commission income	10	6,770	5,798
Fee and commission expense		(2,177)	(2,410)
Net fee and commission income		4,593	3,388
Net trading income		553	935
Other operating income			
- Realised gains on disposal of other investments measured at amortised cost		976	-
- Realised gains/(losses) on disposal of loans and advances		134	(141)
- Other income		704	22
Total operating income		39,600	44,699
Personnel expenses		(12,580)	(13,402)
Depreciation and amortisation		(2,668)	(2,854)
Other administrative expenses		(25,919)	(23,000)
Total operating expenses		(41,167)	(39,256)
Net operating (loss)/profit before changes in expected credit losses		(1,567)	5,433
Change in expected credit losses and other credit impairment charges		(2,334)	(5,993)
Loss for the period before tax		(3,901)	(550)
Tax expense	6	(303)	(708)
Loss for the period - Total comprehensive loss attributable to equity holders of the parent		(4,204)	(1,258)

The notes on pages 15 to 41 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

	Share capital	Share premium	Shareholders' contributions	Other reserves	Accumulated losses	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Balance at 1 January 2024	117,450	13,464	133,196	716	(10,285)	254,541
Total comprehensive income						
Loss for the period	-	-	-	-	(1,258)	(1,258)
Balance at 30 June 2024	117,450	13,464	133,196	716	11,543	253,283
Balance at 1 January 2025	**117,450**	**13,464**	**133,196**	**880**	**(16,327)**	**248,663**
Total comprehensive income						
Loss for the period	**-**	**-**	**-**	**-**	**(4,204)**	**(4,204)**
Balance at 30 June 2025	**117,450**	**13,464**	**133,196**	**880**	**(20,531)**	**244,459**

The notes on pages 15 to 41 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

	Period from 1 January to 30 June 2025 € 000	Period from 1 January to 30 June 2024 € 000
Cash flows from operating activities		
Interest and commission receipts	91,458	104,581
Interest and commission payments	(48,755)	(58,722)
Payments to employees and suppliers	(47,141)	(50,724)
Operating cash flows before changes in operating assets/liabilities	(4,438)	(4,865)
Increase in operating assets:		
- Reserve deposit with central banks	(1,696)	(3,068)
- Loans and advances to financial institutions and customers	(54,916)	(101,325)
Increase/(decrease) in operating liabilities:		
- Amounts owed to financial institutions and customers	44,146	149,987
- Other payables	(2,184)	5,741
Net tax paid	(251)	(1,912)
Net cash (used in)/from operating activities	(19,339)	44,558
Cash flows from investing activities		
Acquisitions of property and equipment and acquisition and development of intangible assets	(2,318)	(1,885)
Acquisition of investments measured at amortised cost	(107,500)	(77,505)
Redemption of investments measured at amortised cost	90,473	11,357
Redemption of investments measured at fair value through profit and loss	-	893
Net cash used in investing activities	(19,345)	(67,140)
Cash flows from financing activities		
Redemption of debt securities	(28,306)	-
Principal element of lease payments	(935)	(593)
Net advances to group companies	(536)	(506)
Net cash used in financing activities	(29,777)	(1,099)
Net decrease in cash and cash equivalents	(68,461)	(23,681)
Cash and cash equivalents at the beginning of the period	59,472	(22,313)
Cash and cash equivalents at the end of the period	(8,989)	(45,994)

The notes on pages 15 to 41 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

MeDirect Bank (Malta) plc ("MeDirect Malta" or the "Bank") is a limited liability company domiciled and incorporated in Malta with its registered address at The Centre, Tigne' Point, Sliema, Malta, TPO 0001.

These condensed consolidated interim financial statements as at and for the six months ended, 30 June 2025 comprise the company and its subsidiaries, together referred to as "the Group". Therefore, these interim financial statements report the consolidated financial results of MeDirect Malta for the financial period ended 30 June 2025, including the financial results of its principal subsidiary, namely MeDirect Bank SA ("MeDirect Belgium"); Bastion 2020-1 NHG B.V. ("Bastion 2020-1"), Bastion 2021-1 NHG B.V. ("Bastion 2021-1"), Bastion 2022-1 NHG B.V. ("Bastion 2022-1") and Bastion 2025-1 NHG B.V. ("Bastion 2025-1"), four controlled special purpose entities utilised as part of the Group's funding strategy in respect of the Dutch Mortgage business; MeDirect Tech Limited ("MeDirect Tech") that leases computer hardware and software to MeDirect Malta and MeDirect Belgium; and Medifin Estates, a property leasing partnership.

The financial statements of the Group as at and for the periods ended 30 June 2025 and 31 December 2024 are available upon request from MeDirect Malta's registered office, being The Centre, Tigné Point, Sliema TPO 0001, Malta, and are available for viewing on its website at www.medirect.com.mt.

MeDirect Belgium is a credit institution licensed in Belgium and is carrying out all of the Group's activities in Belgium.

The principal customer-related activities of MeDirect Malta and MeDirect Belgium include an easy-to-use wealth platform with access to fund houses and mutual funds, a suite of wealth products available through digital channels and attractive and innovative savings products in Malta, Belgium and in the Netherlands.

MeDirect Belgium invests in Dutch residential mortgages via an established third-party mortgage originator in the Netherlands and in Belgian residential mortgage loan products in partnership with Allianz Benelux S.A/N.V.. This offering is underpinned by a robust credit risk framework and continues to diversify the asset base of MeDirect Belgium into the residential mortgage sector. MeDirect Belgium also invests in Dutch buy-to-let mortgage business whereas MeDirect Malta offers innovative and attractive home loan products in a client-oriented process.

Both MeDirect Malta and MeDirect Belgium still hold a portfolio of senior secured loans and revolving credit facilities to finance the business of European corporates.

On April 30, 2025, the Group successfully closed Bastion 2025-1 NHG, its fourth and largest Dutch Residential Mortgage Backed Securities transaction, backed by a portfolio of Dutch prime NHG mortgage loans.

The Group retained both the Class A1 notes and the Class A2 notes amounting to €616.7 million and €76.6 million respectively, providing the group with a contingency funding source and offering the potential to secure external funding through future remarketing. Furthermore, on the first optional redemption date at the end of April 2025, MeDirect Belgium fully redeemed the remaining outstanding notes of its first RMBS transaction, Bastion 2020-1 NHG, equivalent to €278.8 million.

MeDirect Belgium, in line with article 6 of the Securitisation Regulation (EU) No 2017/2402 of the European Parliament and of the Council of 12 December 2017, undertook to retain, on an ongoing basis, a material net economic interest in the Bastion securitisation transactions. This implies that the Group retains substantially all risks and rewards pertaining to the activities of these securitisation structures and hence to the assets, liabilities and related income and expenditure attributable to the structures and as such, all assets, liabilities and related income and expenditure of the securitisation special purpose entities are reflected in the Group's financial statements.

The Group has retained substantially all risks and rewards pertaining to the activities of Bastion 2020-1, Bastion 2021-1, Bastion 2022-1 and Bastion 2025-1 and hence to assets, liabilities and related income and expenditure attributable to these entities, and as such, all assets, liabilities and related income and expenditure have been reflected within the Group's consolidated financial statements.

MeDirect Malta continues to support the Maltese real economy through convenient banking services such as payment services and foreign exchange and through lending to Maltese corporates on projects and to small and medium-sized enterprises through fully collateralised lending facilities. MeDirect Malta also holds a consumer finance receivables portfolio.

Medifin Estates, a property leasing partnership, was set up to lease property which is then leased back to the Group.

MeDirect Tech owns the key rights and licences, including software solutions that are utilised by both MeDirect Malta and MeDirect Belgium. It leases out amongst other equipment, software and motor vehicles and provides related support services to the other Group entities.

2. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (IAS 34 'Interim Financial Reporting'). They do not include all information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2024.

As required by IAS 34 'Interim Financial Reporting', adopted by the EU, these interim financial statements include a comparative statement of financial position presenting information as at the previous financial year end, and comparative statements of comprehensive income presenting information for the comparable interim periods of the immediately preceding financial year.

The condensed consolidated interim financial statements have been extracted from MeDirect Malta's unaudited Group management accounts for the six months ended 30 June 2025. The comparative statement of financial position has been extracted from the audited financial statements for the financial year ended 31 December 2024. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024.

The half-yearly results are being published in terms of Chapter 5 of the Capital Markets Rules, issued by the Malta Financial Services Authority ("MFSA"), and the Prevention of Financial Markets Abuse Act, 2005. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

3. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following amendment applies for the first time in 2025, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to IAS 21: Lack of Exchangeability.

4. Critical accounting estimates and judgements in applying the Group's accounting policies

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 are, by definition, seldom equal to 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements/assumptions made by management in applying the Group's accounting policies and the key sources of estimation uncertainty impacting the preparation of these interim financial statements are the same as those that applied to the preparation of the financial statements as at and for the year ended 31 December 2024, as disclosed in those financial statements.

Expected credit losses on loans and advances to customers

The measurement of credit loss allowances in respect of loans and advances to customers in line with IFRS 9 principles requires complex statistical analyses and modelling assumptions, with expected credit losses ("ECL") models built and calibrated principally by reference to historical information in respect of default levels and loss severities. However, due to the inherent level of estimation uncertainty in modelling such aspects of the ECL calculation, a significant element of expert judgement is required to ensure that model parameters produce an ECL output which is reasonable and appropriate in light of existing conditions.

For loans within the Group's International Corporate Lending and Maltese Business Lending portfolios, judgement is firstly required in determining whether there is objective evidence that an exposure is credit-impaired. In performing this assessment, management applies a significant level of judgement in evaluating all relevant information on indicators of unlikeliness-to-pay, including the consideration of factors that immediately indicate deterioration in the financial condition of borrowers, but also in respect of factors that impact the outlook of borrowers affecting their ability to pay. A higher level of judgement is required for loans to borrowers showing continued signs of financial difficulty similar to those experienced during the preceding financial year, and for borrowers that are performing better compared to the prior year to understand whether the improvements are sustainable going forward. These judgements are reflected within forecasted cash flow forecasts under different scenarios for Stage 2 borrowers particularly when assessing their unlikeliness to pay.

As mentioned in "7.4 Current Conditions and Forward-looking information incorporated in the ECL model", the Group's IFRS 9 models for estimating credit risk parameters, Expected Default Frequency data was used for modelling point-in-time, forward-looking parameters, and these were conditioned with forecasted macroeconomic variable data starting from 30 June 2025 onwards.

The methodology together with the assumptions and parameterisation used in the calibration of the ECL models are reviewed on a regular basis by management in order to ensure that the model output remains appropriate in view of the Group's observed default and credit loss history. A significant level of judgement is required in order to assess the continuing appropriateness and reasonableness of the Point in Time ("PiT") PDs and Loss Given Defaults ("LGDs") being determined by the statistical models. In this respect, it is noteworthy to mention that the Group's International Corporate Lending IFRS 9 model for determining PiT PDs is particularly sensitive to equity market data. As a result, given that equity prices are driven by factors unrelated to creditworthiness, a significant level of expert judgement is required to determine the reasonableness of ECL model outputs.

Significant judgement is also required in the modelling and selection of macroeconomic forecasts, as well as in calibration of the severities and respective probability weights of macroeconomic scenarios. This process involves several modelling assumptions based on expert judgement, in order to form a view on the impact of the tariffs being imposed by the U.S. on the EU and other trading partners, geopolitical tensions, inflation and global energy and commodity prices resulting from the conflicts. The development of multiple forward-looking macroeconomic scenarios taking into consideration all these variables represent a key element of estimation uncertainty in the measurement of credit loss allowances as at 30 June 2025.

The determination of expected maturities, which is particularly relevant for Stage 2 exposures within the International Corporate Lending portfolio, is based on behavioural maturity, reflecting management expectations on the exercise of prepayment options, based on borrowers' ability to refinance their debt in the open market. The level of subjectivity in determining expected maturities increases significantly when increased credit risk is experienced by such borrowers as it diminishes their refinancing abilities over the shorter term. In this context, management continues to monitor the expected maturities of borrowers in Stage 2 by reference to borrower specific information as well as by benchmarking the expected timing of future recoveries against actual outcomes to ensure that they remain appropriate.

The identification of SICR events, particularly in respect of the International Corporate Lending portfolio, requires significant judgement in order to assess the severity of the impact of significant events on the financial performance and financial condition of such borrowers. In this respect, during 2025 and 2024, increased reliance has continued to be made by the Group on its qualitative staging criteria, particularly through the introduction of caps on implied ratings and notch downgrades to ensure that borrower specific risks as at the end of the financial reporting period are captured in as timely a manner as possible.

Valuation of derivatives and hedge accounting

The level of subjectivity and degree of management judgment required is more significant for those derivative financial instruments valued using specialised and sophisticated models and where some or all of the parameter inputs are less liquid or less observable. Management judgment is required in the selection and application of appropriate parameters, assumptions and modelling techniques. Where no market data are available for a particular instrument then pricing inputs are determined by assessing other relevant sources of information such as historical data and making appropriate adjustment to reflect the actual instrument being valued and current market conditions. Further, some valuation adjustments may require the exercise of management judgment to achieve fair value.

5. Segmental information

The Group engages primarily in the business of lending conducted from Malta and Belgium through Dutch, Belgian and Maltese mortgage lending and retail consumer finance receivables together with the investment in high credit quality collateralised instruments such as covered bonds, guaranteed senior bank debt, sovereign related debt and investment in AAA tranches of securitisation special purpose entities and asset-backed securities. The Group also has a lending portfolio consisting of international corporate lending and Malta corporate lending. Revenues secured through the above-mentioned assets are complemented by the revenues generated by the Group on its wealth management business.

The Group's internal management reporting to the Board of Directors and Senior Management, is mainly analysed by jurisdiction. For each jurisdiction, the Senior Management, reviews internal management reports in order to make decisions about allocating resources and assessing performance. Where applicable, such as in the case of international corporate lending, these internal management reports are also supplemented by reports in respect of the Group's revenue streams on a consolidated basis.

The investment portfolio is spread across a large number of exposures diversified in government, financial institutions and other corporates.

	Period ended 30 June 2025			Period ended 30 June 2024		
	Malta	**Belgium**	**Total**	Malta	Belgium	Total
	€ 000	**€ 000**	**€ 000**	€ 000	€ 000	€ 000
Turnover *	**19,711**	**69,612**	**89,323**	23,831	80,790	104,621
of which interest income	**14,953**	**65,233**	**80,186**	19,760	78,247	98,007
of which fee and commission income	**3,519**	**3,251**	**6,770**	3,267	2,531	5,798
of which other operating income	**1,239**	**1,128**	**2,367**	804	12	816
(Loss)/profit after tax	**(3,694)**	**(510)**	**(4,204)**	(4,214)	2,956	(1,258)

	As at 30 June 2025			As at 31 December 2024		
	Malta	**Belgium**	**Total**	Malta	Belgium	Total
Total assets (€million)	**946**	**4,171**	**5,119**	960	4,112	5,072
Total liabilities (€million)	**897**	**3,976**	**4,873**	907	3,917	4,824

* Turnover is defined as interest income, fee and commission income, net trading income and other operating income. The turnover allocated to Belgium in the financial period ended 30 June 2024 included interest charged to MeDirect Malta amounting to €11 thousand.

The Group carried out its activities in the countries listed above under the name of MeDirect Malta in Malta and MeDirect Belgium in Belgium. Activities in Malta and Belgium include banking and wealth management.

6. Taxation

Current income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the financial year applied to the pre-tax income of the interim period.

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been substantively enacted by the end of the reporting period. The principal tax rates used are 35% in relation to the Maltese jurisdiction and 25% in respect of the Belgian fiscal authority. In applying judgement in recognising deferred tax assets, the Group's management has assessed all available information, in particular future business growth and profit projections.

7. Financial instruments

7.1 Summary of financial instruments to which the impairment requirements in IFRS 9 are applied

The following disclosures present the gross carrying amount (inclusive of accrued interest) and nominal amount of financial instruments measured at amortised cost to which the impairment requirements in IFRS 9 are applied and the associated credit loss allowance.

	As at 30 June 2025		As at 31 December 2024	
	Gross carrying / nominal amount € 000	Credit loss allowance € 000	Gross carrying / nominal amount € 000	Credit loss allowance € 000
Financial assets measured at amortised cost				
Balances with central banks	174,438	(2)	206,870	(2)
Loans and advances to financial institutions	302,633	(1)	316,180	(1)
Loans and advances to customers	3,005,927	(8,148)	2,942,417	(14,942)
- International Corporate Lending portfolio	154,729	(5,639)	218,206	(12,281)
- Dutch Mortgage portfolio	2,244,646	(286)	2,202,532	(251)
- Belgian Mortgage portfolio	428,417	(704)	365,934	(554)
- IFRS basis adjustment: International Mortgage portfolio *	(153,479)	-	(142,246)	-
- Maltese Business Lending portfolio	175,884	(996)	154,714	(1,122)
- IFRS basis adjustment: Maltese Business Lending portfolio *	1,285	-	686	-
- Maltese Mortgage portfolio	138,978	(323)	129,383	(332)
- Consumer Finance receivables portfolio	8,007	(144)	4,804	(76)
- Accrued interest	7,460	(56)	8,404	(326)
Investments measured at amortised cost	1,374,135	(248)	1,359,061	(241)
- Securities portfolio	734,813	(104)	698,961	(95)
- Securitisation portfolio	491,700	(49)	514,720	(51)
- Asset-Backed Securitisation portfolio	147,622	(95)	145,380	(95)
Accrued income	1,356	-	1,473	-
Loans to related parties (included in other assets)	50	-	48	-
Other receivables (included in other assets)	1,686	-	1,048	-
Other assets (included in other assets)	24,869	-	23,315	-
	4,885,094	(8,399)	4,850,412	(15,186)
Off balance sheet at nominal amount				
Commitments to extend credit, guarantees and other commitments	252,847	(186)	212,829	(278)
Total	5,137,941	(8,585)	5,063,241	(15,464)

* IFRS basis adjustment attributable to interest rate swaps entered into as part of the interest rate risk management in the Asset and Liability Management process to hedge the risk of change in fair value of the mortgage portfolios and corporate loans (hedged items) attributable to movements in market interest rates (the hedged risk).

The following table contains an analysis of the maximum credit risk exposure from financial assets not subject to impairment.

	As at 30 June 2025	As at 31 December 2024
	€ 000	€ 000
Instruments mandatorily measured at fair value through profit or loss		
- Held for trading derivative financial instruments	**511**	511
- Held for risk management derivative financial instruments	**176,220**	174,799
	176,731	175,310

7.2 Summary of credit risk (excluding financial instruments not subject to impairment requirements) by stage distribution and ECL coverage

The following table provides an overview of the Group's credit risk by stage and business segment, and the associated ECL coverage.

	Gross carrying amount (including accrued interest)/nominal amount					Credit loss allowance					ECL coverage				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	%	%	%	%	%
As at 30 June 2025															
On balance sheet at amortised cost:															
Balances with central banks	174,438	-	-	-	174,438	(2)	-	-	-	(2)	-	-	-	-	-
Loans and advances to financial institutions	302,633	-	-	-	302,633	(1)	-	-	-	(1)	-	-	-	-	-
Loans and advances to customers															
- International Corporate Lending portfolio	64,309	51,771	38,246	403	154,729	(362)	(1,160)	(3,736)	(381)	(5,639)	0.6	2.2	9.8	94.5	3.6
- Dutch Mortgage portfolio	2,235,277	8,133	1,236	-	2,244,646	(110)	(165)	(11)	-	(286)	-	2.0	0.9	-	-
- Belgian Mortgage portfolio	421,073	4,293	3,051	-	428,417	(324)	(52)	(328)	-	(704)	0.1	1.2	10.8	-	0.2
- IFRS basis adjustment: International Mortgage Portfolio	(153,479)	-	-	-	(153,479)	-	-	-	-	-	-	-	-	-	-
- Maltese Business Lending portfolio	165,143	4,566	6,175	-	175,884	(196)	(14)	(786)	-	(996)	0.1	0.3	12.7	-	0.6
- IFRS basis adjustment: Maltese Business Lending portfolio	1,285	-	-	-	1,285	-	-	-	-	-	-	-	-	-	-
- Maltese Mortgage portfolio	138,022	954	2	-	138,978	(289)	(34)	-	-	(323)	0.2	3.6	-	-	0.2
- Consumer Finance receivables portfolio	6,417	701	889	-	8,007	(17)	(5)	(122)	-	(144)	0.3	0.7	13.7	-	1.8
- Accrued interest	6,080	1,124	256	-	7,460	(1)	(17)	(16)	(22)	(56)	-	1.5	6.3	-	0.8
Investments measured at amortised cost															
- Securities portfolio	734,813	-	-	-	734,813	(104)	-	-	-	(104)	-	-	-	-	-
- Securitisation portfolio	491,700	-	-	-	491,700	(49)	-	-	-	(49)	-	-	-	-	-
- Asset-Backed Securitisation portfolio	147,622	-	-	-	147,622	(95)	-	-	-	(95)	0.1	-	-	-	0.1
Accrued income	1,356	-	-	-	1,356	-	-	-	-	-	-	-	-	-	-
Loans to related parties (included in other assets)	50	-	-	-	50	-	-	-	-	-	-	-	-	-	-
Other receivables (included in other assets)	1,686	-	-	-	1,686	-	-	-	-	-	-	-	-	-	-
Other assets (included in other assets)	24,869	-	-	-	24,869	-	-	-	-	-	-	-	-	-	-
Off balance sheet at nominal amount:															
Commitments to extend credit, guarantees and other commitments	251,091	1,067	689	-	252,847	(186)	-	-	-	(186)	0.1	-	-	-	0.1
	5,014,385	72,609	50,544	403	5,137,941	(1,736)	(1,447)	(4,999)	(403)	(8,585)	-	2.0	9.9	100.0	0.2

	Gross carrying amount (including accrued interest)/nominal amount					Credit loss allowance					ECL coverage				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	%	%	%	%	%
As at 31 December 2024															
On balance sheet at amortised cost:															
Balances with central banks	206,870	-	-	-	206,870	(2)	-	-	-	(2)	-	-	-	-	-
Loans and advances to financial institutions	316,180	-	-	-	316,180	(1)	-	-	-	(1)	-	-	-	-	-
Loans and advances to customers															
- International Corporate Lending portfolio	108,348	50,929	58,476	453	218,206	(676)	(476)	(10,906)	(223)	(12,281)	0.6	0.9	18.7	49.2	5.6
- Dutch Mortgage portfolio	2,196,574	5,197	761	-	2,202,532	(124)	(111)	(16)	-	(251)	-	2.1	2.1	-	-
- Belgian Mortgage portfolio	357,236	6,967	1,731	-	365,934	(284)	(86)	(184)	-	(554)	0.1	1.2	10.6	-	0.2
- IFRS basis adjustment: International Mortgage portfolio	(142,246)	-	-	-	(142,246)	-	-	-	-	-	-	-	-	-	-
- Maltese Business Lending portfolio	146,656	1,423	6,635	-	154,714	(357)	-	(765)	-	(1,122)	0.2	-	11.5	-	0.7
- IFRS basis adjustment: Maltese Business Lending portfolio	686	-	-	-	686	-	-	-	-	-	-	-	-	-	-
- Maltese Mortgage portfolio	129,383	-	-	-	129,383	(332)	-	-	-	(332)	0.3	-	-	-	0.3
- Consumer Finance receivables portfolio	3,701	339	764	-	4,804	(10)	(3)	(63)	-	(76)	0.3	0.9	8.2	-	1.6
- Accrued interest	6,150	1,454	800	-	8,404	(8)	(13)	(305)	-	(326)	0.1	0.9	38.1	-	3.9
Investments measured at amortised cost															
- Securities portfolio	698,961	-	-	-	698,961	(95)	-	-	-	(95)	-	-	-	-	-
- Securitisation portfolio	514,720	-	-	-	514,720	(51)	-	-	-	(51)	-	-	-	-	-
- Asset-Backed Securitisation portfolio	145,380	-	-	-	145,380	(95)	-	-	-	(95)	0.1	-	-	-	0.1
Accrued income	1,473	-	-	-	1,473	-	-	-	-	-	-	-	-	-	-
Loans to related parties (included in other assets)	48	-	-	-	48	-	-	-	-	-	-	-	-	-	-
Other receivables (included in other assets)	1,048	-	-	-	1,048	-	-	-	-	-	-	-	-	-	-
Other assets (included in other assets)	23,315	-	-	-	23,315	-	-	-	-	-	-	-	-	-	-
Off balance sheet at nominal amount:															
Commitments to extend credit, guarantees and other commitments	209,322	2,070	1,437	-	212,829	(185)	-	(93)	-	(278)	0.1	-	6.5	-	0.1
	4,923,805	68,379	70,604	453	5,063,241	(2,220)	(689)	(12,332)	(223)	(15,464)	-	1.0	17.5	49.2	0.3

7.3 Reconciliation of changes in gross carrying/nominal amount and credit loss allowances for loans and advances to customers, including accrued income, and other credit-related commitments

The following disclosure provides a reconciliation by stage of the Group's gross carrying/nominal amounts and credit loss allowances for loans and advances to customers for the International Corporate Lending portfolio, including credit-related commitments. On-balance sheet exposures are shown at their gross carrying amounts whereas off-balance sheet exposures are shown at their nominal amounts.

Within the following tables, the line items "New business" and "Repayments and disposals" represent movements within the Group's International Corporate Lending portfolio in respect of gross carrying/nominal amounts and associated credit loss allowances. "New business" represents new lending sanctioned during the financial reporting period ended 30 June 2025. Meanwhile, "Repayments and disposals" reflect loan repayments and disposals that occurred during the financial reporting period ended 30 June 2025, which however, would only have existed on the Group's balance sheet as at 31 December 2024. Accordingly, repayments and disposals relating to loans sanctioned during the financial reporting period are netted off against new lending included within "New business".

The line item “Transfers of financial instruments” represents the impact of stage transfers on gross carrying/nominal amounts and associated credit loss allowances determined as at 30 June 2025. The line item “Net re-measurement of ECL arising from stage transfers and changes in risk parameters, including climate risk” represents the increase or decrease in credit loss allowances due to modified measurement basis from 12-month to lifetime in relation to stage transfers. It also includes the effects of changes in other ECL measurement factors and model parameters such as, but not limited to, change in time to maturity of assets; changes in underlying credit ratings; changes in measurement of loss given default and changes in respect of multiple economic scenarios. Finally, this line item also comprises the increase in ECL in respect of assets written off during the period measured as the movement between 1 January and the date of write off.

The following table provides a reconciliation of movements in gross carrying/nominal amounts and credit loss allowances, by stage, for the International Corporate Lending portfolio.

	Non credit-impaired				Credit-impaired					
	Stage 1		Stage 2		Stage 3		POCI assets		Total	
	Gross carrying/ nominal amount	Credit loss allowance	Gross carrying/ nominal amount	Credit loss allowance	Gross carrying/ nominal amount	Credit loss allowance	Gross carrying/ nominal amount	Credit loss allowance	Gross carrying/ nominal amount	Credit loss allowance
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
International Corporate Lending portfolio										
Period ended 30 June 2025										
At beginning of period	124,621	(753)	52,350	(489)	60,258	(11,276)	453	(223)	237,682	(12,741)
Repayments and disposals	(44,338)	196	(9,470)	105	(61)	-	-	-	(53,869)	301
Transfers of financial instruments										
- Transfers from Stage 3	-	-	10,853	(267)	(10,853)	267	-	-	-	-
Net remeasurement of ECL arising from stage transfers and changes in risk parameters, including climate risk	-	84	-	(526)	-	(989)	-	(180)	-	(1,611)
Realisation of ECL through restructuring and disposals	-	-	-	-	(10,258)	8,246	-	-	(10,258)	8,246
Other	(1,631)	-	(1,010)	-	(628)	-	(50)	-	(3,319)	-
At end of period	78,652	(473)	52,723	(1,177)	38,458	(3,752)	403	(403)	170,236	(5,805)
ECL released for the period										6,936
Effect of foreign exchange differences										(70)
Realisation of ECL through restructuring and disposals										(8,954)
Change in expected credit losses and other credit impairment charges for the period										(2,088)

	As at 30 June 2025		Period ended 30 June 2025
	Gross carrying / nominal amount	Credit loss allowance	ECL (charge)/release
	€ 000	€ 000	€ 000
As per preceding table	170,236	(5,805)	(2,088)
Balances at central banks	174,438	(2)	-
Loans and advances to financial institutions	302,633	(1)	-
Loans and advances to customers			
- Dutch Mortgage portfolio: drawn exposures	2,244,646	(286)	(35)
- Dutch Mortgage portfolio: undrawn commitments	26,693	(3)	-
- Belgian Mortgage portfolio: drawn exposures	428,417	(704)	(150)
- Belgian Mortgage portfolio: undrawn commitments	7,161	(18)	(5)
- Maltese Business Lending portfolio: drawn exposures	175,884	(996)	(53)
- Maltese Business Lending portfolio: undrawn commitments	147,183	-	-
- Maltese Mortgage portfolio: drawn exposures	138,978	(323)	(15)
- Maltese Mortgage portfolio: undrawn commitments	32,943	(55)	(3)
- Consumer Finance receivables portfolio: drawn exposures	8,007	(144)	22
- Consumer Finance receivables portfolio: undrawn commitments	763	-	-
- Accrued interest	5,610	-	-
Investments measured at amortised cost			
- Securities portfolio	734,813	(104)	(9)
- Securitisation portfolio	491,700	(49)	2
- Asset-Backed Securitisation portfolio	147,622	(95)	-
Other accrued income	1,356	-	-
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied through the profit or loss	5,239,083	(8,585)	(2,334)
Total credit loss allowance/total income statement ECL charge for the period		(8,585)	(2,334)

The table below provides a reconciliation of movements in gross carrying/nominal amounts and credit loss allowances by stage for the International Lending portfolio for the financial period ended 30 June 2024:

	Non credit-impaired				Credit-impaired					
	Stage 1		Stage 2		Stage 3		POCI assets		Total	
	Gross carrying/ nominal amount	Credit loss allowance	Gross carrying/ nominal amount	Credit loss allowance	Gross carrying/ nominal amount	Credit loss allowance	Gross carrying/ nominal amount	Credit loss allowance	Gross carrying/ nominal amount	Credit loss allowance
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
International Corporate Lending portfolio										
Period ended 30 June 2024										
At beginning of period	303,411	(2,776)	21,459	(711)	56,082	(9,319)	426	(216)	381,378	(13,022)
New Business	21,488	(89)	-	-	-	-	-	-	21,488	(89)
Repayments and disposals	(38,271)	257	-	-	(17,438)	5,074	-	-	(55,709)	5,331
Transfers of financial instruments										
- Transfers from Stage 1 to Stage 2	(35,291)	356	35,291	(356)	-	-	-	-	-	-
Net remeasurement of ECL arising from stage transfers and changes in risk parameters, including climate risk	-	489	-	(444)	-	(3,679)	-	(8)	-	(3,642)
Realisation of ECL through restructuring and disposals	-	-	-	-	3,510	(3,510)	-	-	3,510	(3,510)
Other	385	-	704	-	(1,132)	-	10	-	(33)	-
At end of period	251,722	(1,763)	57,454	(1,511)	41,022	(11,434)	436	(224)	350,634	(14,932)
ECL charged for the period										(1,910)
Realisation of ECL through restructuring and disposals										(3,510)
Other										8
Change in expected credit losses and other credit impairment charges for the period										(5,412)

	As at 30 June 2024		Period ended 30 June 2024
	Gross carrying / nominal amount	Credit loss allowance	ECL (charge) / release
	€ 000	€ 000	€ 000
As per preceding table	350,634	(14,932)	(5,412)
Balances at central banks	226,572	(2)	-
Loans and advances to financial institutions	370,945	(1)	-
Loans and advances to customers			
- Dutch Mortgage portfolio: drawn exposures	2,165,663	(273)	12
- Dutch Mortgage portfolio: undrawn commitments	90,756	(2)	1
- Belgian Mortgage portfolio: drawn exposures	293,234	(393)	(40)
- Belgian Mortgage portfolio: undrawn commitments	32,791	(11)	4
- Maltese Business Lending portfolio: drawn exposures	151,887	(518)	(507)
- Maltese Business Lending portfolio: undrawn commitments	110,054	-	-
- Maltese Mortgage portfolio: drawn exposures	112,585	(416)	(37)
- Maltese Mortgage portfolio: undrawn commitments	31,783	-	-
- Accrued interest	4,990	(2)	
Investments measured at amortised cost			
- Securities portfolio	744,437	(80)	(14)
- Securitisation portfolio	604.770	(182)	-
- Asset-Backed Securitisation portfolio	32,034	-	-
- Asset-Backed Securitisation portfolio: commitments to purchase	24,500	-	-
Other accrued income	1,263	-	-
Summary of financial instruments to which the impairment requirements in IFRS 9 are applied through the profit or loss	5,348,898	(16,812)	(5,993)
Total credit loss allowance/total income statement ECL release for the period		(16,812)	(5,993)

Movements in ECL measured in respect of exposures within the Maltese Business Lending portfolio classified as Stage 1 and Stage 2 exposures, resulted in an increase in related credit loss allowances from €0.5 million to €1.0 million during the twelve-month period ending 30 June 2025 (Twelve-month period ending 30 June 2024: increase from €0.3 million to €0.5 million). The Group's credit risk on this portfolio is also mitigated through the maintenance of adequate levels of collateralisation, typically by charges on real estate properties.

The table also includes the credit loss allowances attributable to the Dutch Mortgage portfolio backed by the NHG guarantee scheme, the Belgian Mortgage portfolio and the Maltese Mortgage portfolio, the credit loss allowances attributable to the Securitisation Investment portfolio, which comprises the Group's investments in CLOs (acquired portions in Collateralised Loan Obligation ("CLO") transactions managed by third party entities), included within "Investments measured at amortised cost".

The ECL charge for the Group in respect of these portfolios is not considered significant in absolute terms and, as a result, no further disclosures were deemed necessary.

7.4 Current conditions and forward-looking information incorporated in the ECL model

Point-in-time, forward-looking PD and LGD modelling methodology

The modelling methodology used by the Group in the measurement of credit loss allowances in respect of Stage 1 and Stage 2 exposures leverages current and multiple scenarios of future projections of macroeconomic data beyond the reporting date in order to determine point-in-time PDs and incorporate forward-looking information. Statistical models used are developed by an external vendor.

For the International and Maltese Corporate Lending and Securities portfolios the models use rating scale to Through-the-cycle ("TTC") PD matrices calibrated on the basis of an underlying dataset of market observations to firstly determine a TTC PD and accordingly an implied rating for each borrower. The TTC PD/implied rating is determined by calibrating borrowers' financial and non-financial profile with those of observable rated peers. An exposure's implied rating is then converted to an unconditional PiT PD using a methodology which utilises market capitalisation/equity volatility and leverage of comparable firms, with shocks to a firm's stock price translated into corresponding shocks to the credit risk metric attributable to the underlying exposure. Therefore, equity market performance is a key variable for incorporating current conditions into the Group's ECL modelling methodology, particularly in the conversion from TTC to PiT PDs.

The methodology then utilises macroeconomic correlation models in order to determine the historical correlation of a borrower's financial performance with overall country or region-level macroeconomic conditions, with the correlation factors estimated principally by reference to borrower size as well as the industry in which the borrower operates. Multiple macroeconomic forecasts developed by an external vendor are then applied to PiT PDs to produce probability-weighted forward-looking conditioned PiT PDs in line with the requirements of IFRS 9. The conditioning of PDs by reference to multiple macroeconomic scenarios reflects forecasted quarter-on-quarter changes in macroeconomic variables (such as Gross Domestic Product ("GDP"), unemployment and House Price Index ("HPI")) over the PD term structure of the exposure. The Group's modelling methodology therefore estimates a point-in-time and forward-looking measure of default risk. The same methodology is also used to estimate PiT LGDs.

Input parameters similar to those of the Corporate and Securities portfolios do not exist for determining implied ratings of the Maltese Business Lending portfolio, mainly due to existing data limitations within the Maltese market. Therefore, implied ratings are assigned by the Credit Risk team using professional judgement by reference to default rates experienced in similar markets as well as the financial performance and position of the borrower in relation to financial performance and position at origination. A similar approach to that adopted for Corporate and Securities portfolios is applied to determine conditional PiT PDs, using the TTC implied risk ratings based on internal risk classifications by the Credit Risk team which are then adjusted to PiT forward looking PDs as described above.

The model used to measure credit loss allowances in respect of all exposures classified within the Dutch, Belgian and Maltese Mortgage portfolio estimates PDs and LGDs by reference to historical information observed in that jurisdiction for similar assets as well as multiple forward-looking macroeconomic forecasts for the respective economy developed by the external vendor.

Forecasts of future economic conditions

The Group applies macroeconomic scenarios sourced from an external vendor to the PD and LGD term structures for the estimation of credit loss allowances in respect of Stage 1 and Stage 2 exposures.

The macroeconomic scenarios represent the Group's view of the range of potential outcomes, and application of these scenarios captures the non-linearity of ECL under different scenarios for all portfolios.

The Group has chosen three macroeconomic scenarios that include a central, or baseline, scenario and two "alternative" scenarios to reflect upside and downside scenarios. The scenarios are constructed by the external vendor based on a target severity for each of the scenarios. While the baseline scenario is by design in the middle of possible future economic outcomes, the alternative scenarios capture alternative economic conditions that are equally distanced from the baseline in terms of their severity as per the assumptions of the external vendor. After their construction, the scenarios are each assigned probability weights based on the external vendor's severity distribution and on how well they approximate (simulated) possible future economic developments. The scenarios are generated/refreshed on a quarterly basis.

The macroeconomic scenarios used in the Group's modelling of credit loss allowances reflect possible macroeconomic paths taking into consideration a range of potential economic impacts driven by geopolitical tensions in respect of the conflict between Russia and Ukraine and between Israel and Hamas, assumptions on the tariffs due to potential trade wars between the U.S. and the EU and other trading partners, assumptions on the energy markets, monetary policy assumptions as the European Central Bank ("ECB") continues to cut rates, and supply chain assumptions. Therefore, economic forecasts remain subject to a high degree of uncertainty in the current environment.

The following table presents the year-on-year growth rates for the key macroeconomic variables ("MEVs") provided by the external vendor under the baseline and the alternative scenarios for the measurement of ECL for all portfolios as at 30 June 2025.

For the International Corporate Lending and Securities portfolios, MEVs are determined for each country, with the forecasted MEV data in respect of the countries to which the Group is mostly exposed being presented in the following tables. Eurozone MEVs are used in some cases, rather than country-level MEVs, as the former are deemed to have a higher correlation to the country specific portfolio assets. For exposures within the Maltese Business Lending portfolio and the Maltese Mortgages portfolio, Malta-specific MEVs are used for the measurement of credit loss allowances. The key MEVs used for the estimation of ECL for exposures classified within the Corporate and Securities portfolios comprise real GDP growth, the performance of stock market indices and unemployment rates.

With respect to the Dutch Mortgage portfolio (inclusive of the Dutch-Buy-to-Let portfolio), the Group utilises regional-level as well as national-level MEVs as appropriate in order to capture regional level peculiarities. The key MEVs used for the estimation of ECL in respect of exposures classified within these portfolios comprise the HPI, unemployment rates, 10-year treasury rates, and real GDP growth with the national level forecasts used in the ECL calculation being disclosed in the following table.

For the Belgian Residential Mortgages portfolio, the key MEVs used for the estimation of ECL are national levels of HPI, unemployment rates, real GDP growth, compensation of employees and claims on private sector.

With respect to the Maltese Residential Mortgages portfolio, the key MEVs used for the estimation of ECL are unemployment rates, real GDP growth, claims on private sector, compensation of employees and household disposable income.

Economic scenarios: Year-on-year Forecasts (2025 – 2028) for key MEVs

		International Lending & Treasury											
		UK				US				Eurozone			
Key Drivers	ECL Scenario	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Real GDP - Growth %	Upside	1.1%	4.4%	1.9%	1.8%	1.8%	3.1%	2.1%	2.5%	1.1%	2.9%	1.8%	1.8%
	Baseline	1.1%	0.9%	1.6%	1.8%	1.8%	1.2%	1.8%	2.3%	1.1%	0.7%	1.9%	2.0%
	Downside 2	1.1%	-4.4%	1.9%	3.0%	1.8%	-2.4%	1.5%	3.4%	1.1%	-4.7%	2.5%	3.2%
Unemployment Rate – Average %	Upside	4.4%	4.3%	4.1%	4.0%	3.9%	3.8%	3.6%	3.6%	6.3%	6.2%	6.2%	6.1%
	Baseline	4.6%	4.6%	4.6%	4.6%	4.2%	4.3%	4.4%	4.6%	6.4%	6.4%	6.5%	6.5%
	Downside 2	4.9%	5.2%	5.7%	6.3%	5.4%	6.3%	7.3%	7.9%	6.5%	6.7%	7.0%	7.3%
Stock Market Index – Growth %	Upside	4.7%	13.7%	0.4%	1.2%	8.6%	9.9%	1.2%	5.6%	10.8%	15.5%	2.5%	1.1%
	Baseline	4.7%	3.2%	3.1%	3.9%	8.6%	2.4%	1.6%	6.9%	10.8%	4.1%	3.9%	3.4%
	Downside 2	4.7%	-16.9%	12.1%	10.2%	8.6%	-34.1%	8.3%	21.3%	10.8%	-30.4%	17.4%	17.0%
10Yr Treasury Rate – Average %	Upside	-	-	-	-	-	-	-	-	-	-	-	-
	Baseline	-	-	-	-	-	-	-	-	-	-	-	-
	Downside 2	-	-	-	-	-	-	-	-	-	-	-	-
House Price Index %	Upside	-	-	-	-	-	-	-	-	-	-	-	-
	Baseline	-	-	-	-	-	-	-	-	-	-	-	-
	Downside 2	-	-	-	-	-	-	-	-	-	-	-	-
Household Disposable Income - Growth %	Upside	-	-	-	-	-	-	-	-	-	-	-	-
	Baseline	-	-	-	-	-	-	-	-	-	-	-	-
	Downside 2	-	-	-	-	-	-	-	-	-	-	-	-
Claims on Private Sector - Growth %	Upside	-	-	-	-	-	-	-	-	-	-	-	-
	Baseline	-	-	-	-	-	-	-	-	-	-	-	-
	Downside 2	-	-	-	-	-	-	-	-	-	-	-	-
Compensation of Employees - Growth %	Upside	-	-	-	-	-	-	-	-	-	-	-	-
	Baseline	-	-	-	-	-	-	-	-	-	-	-	-
	Downside 2	-	-	-	-	-	-	-	-	-	-	-	-

		Local Lending				Dutch Mortgages				Belgian Mortgages			
		Malta				Netherlands				Belgium			
Key Drivers	ECL Scenario	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Real GDP - Growth %	Upside	3.7%	9.5%	2.8%	3.7%	1.3%	2.9%	1.8%	1.7%	1.1%	2.3%	2.1%	2.5%
	Baseline	3.7%	6.4%	3.2%	4.1%	1.3%	0.2%	1.8%	2.0%	1.1%	0.1%	2.2%	2.6%
	Downside 2	3.7%	0.6%	3.7%	5.2%	1.3%	-5.0%	2.0%	4.0%	1.1%	-5.3%	2.7%	3.7%
Unemployment Rate – Average %	Upside	3.2%	3.2%	3.2%	3.2%	3.9%	3.9%	3.9%	3.8%	6.0%	6.0%	5.9%	5.8%
	Baseline	3.2%	3.2%	3.2%	3.2%	4.0%	4.0%	4.1%	4.2%	6.1%	6.1%	6.2%	6.2%
	Downside 2	3.2%	3.2%	3.3%	3.3%	4.0%	4.2%	4.6%	5.0%	6.2%	6.3%	6.6%	7.0%
Stock Market Index – Growth %	Upside	4.4%	32.0%	4.0%	9.1%	-	-	-	-	-	-	-	-
	Baseline	4.4%	23.4%	3.9%	9.3%	-	-	-	-	-	-	-	-
	Downside 2	4.4%	-2.5%	12.7%	15.8%	-	-	-	-	-	-	-	-
10Yr Treasury Rate – Average %	Upside	-	-	-	-	2.8%	2.8%	2.8%	2.8%	-	-	-	-
	Baseline	-	-	-	-	2.7%	2.7%	2.7%	2.7%	-	-	-	-
	Downside 2	-	-	-	-	2.4%	2.1%	1.8%	1.7%	-	-	-	-
House Price Index %	Upside	-	-	-	-	7.0%	5.1%	2.5%	1.9%	-3.9%	5.4%	4.2%	4.5%
	Baseline	-	-	-	-	7.0%	2.2%	2.1%	2.6%	-3.9%	3.9%	3.7%	3.8%
	Downside 2	-	-	-	-	7.0%	-5.8%	-2.6%	7.2%	-3.9%	-0.3%	1.2%	4.1%
Household Disposable Income - Growth %	Upside	4.6%	1.5%	3.2%	4.2%	-	-	-	-	-	-	-	-
	Baseline	4.6%	1.2%	3.0%	3.9%	-	-	-	-	-	-	-	-
	Downside 2	4.6%	-3.2%	2.6%	3.9%	-	-	-	-	-	-	-	-
Claims on Private Sector - Growth %	Upside	11.2%	10.8%	9.7%	8.1%	-	-	-	-	2.0%	2.9%	3.3%	3.2%
	Baseline	11.2%	9.9%	8.2%	7.0%	-	-	-	-	2.0%	2.4%	3.0%	3.1%
	Downside 2	11.2%	9.4%	6.5%	4.6%	-	-	-	-	2.0%	1.4%	2.2%	3.0%
Compensation of Employees - Growth %	Upside	6.8%	7.3%	6.3%	6.0%	-	-	-	-	2.8%	5.0%	4.7%	4.1%
	Baseline	6.8%	5.1%	6.4%	6.0%	-	-	-	-	2.8%	3.0%	3.8%	4.0%
	Downside 2	6.8%	3.8%	3.9%	4.6%	-	-	-	-	2.8%	-1.1%	1.1%	4.2%

With the current geopolitical tensions and the economic uncertainty arising from the new U.S. administration, rigorous monitoring of macroeconomic forecasts developed by the external vendor was performed by the Group in order to challenge the adequacy and reasonableness of the developed scenarios.

The scenarios have been benchmarked and assessed against the macroeconomic forecasts for the Euro area published by the ECB, in line with ECB guidance. In this respect, the Group's forward-looking macroeconomic scenarios are deemed to be aligned with the ECB's macroeconomic forecasts for the Euro area.

As at 30 June 2025 and 31 December 2024, Management selected to use three scenarios developed and recommended by the external vendor which are deemed to be mostly aligned with the ECB Staff projections. Specifically, Management selected the Baseline, the Upside, and the Downside 2 scenarios.

__Model adjustments__

ECB guidance states that subjective model inputs and post-core model adjustments (overlays) may be used given the current level of uncertainties. These need to be directionally consistent with objective and verifiable evidence such as observable macroeconomic variables and forward-looking forecasts.

To ensure that the Group is adequately capturing the level of credit risk in its International Corporate Lending portfolio, an assessment was performed and the Group introduced caps to implied internal ratings to borrowers that have undergone distressed restructuring and where necessary have applied notch downgrades to exposures that are classified as 'Under Surveillance' to reflect the increase in credit risk since origination.

7.5 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if the transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The judgement as to whether a market is active may include, but is not restricted to, the consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by the quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss only to the extent that it arises from a change in a factor (including time) that market participants would consider in setting a price.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

7.5.1 Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted market prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. Financial instruments which are generally included in this category include certain loans and advances to customers and over-the-counter derivatives where the fair value is based on observable inputs.

- Level 3: inputs that are unobservable. 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.

7.5.2 Use of valuation techniques

In the event that the market for a financial instrument is not active, a valuation technique is used. Valuation techniques may incorporate assumptions about factors that other market participants would use in their valuations, including:

- the likelihood and expected timing of future cash flows from the instrument;
- selecting an appropriate discount rate for the instrument; and
- judgement to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective.

A range of valuation techniques is employed, dependent on the instrument type and available market data. Most valuation techniques are based upon discounted cash flow analyses, in which expected future cash flows are calculated and discounted to present value using a discounting curve. Prior to considering credit risk, the expected future cash flows may be known, as would be the case for the fixed leg of an interest rate swap, or may be uncertain and require projection, as would be the case for the floating leg of an interest rate swap. Projections utilise market forward curves, if available.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and foreign currency exchange rates and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as interest rate and currency swaps, that use only observable market data and require minimal management judgement and estimation.

Fair value of investment securities in inactive markets are based on:

- quoted prices of similar instruments, performing numerical procedures such as interpolation when input values do not directly correspond to the most active market trade parameters; or
- price quotations in respect of orderly transactions between market participants provided by reputable dealers.

Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over the counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

7.5.3 Financial instruments measured at fair value

The following table analyses financial instruments measured at fair value at the end of the reporting period, in terms of the respective levels within the fair value hierarchy into which the respective fair value measurement is categorised. The fair value amounts are based on the carrying amounts reflected in the condensed consolidated interim statement of financial position.

	As at 30 June 2025				As at 31 December 2024			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	€ 000	**€ 000**	**€ 000**	**€ 000**	€ 000	€ 000	€ 000	€ 000
Assets								
Instruments mandatorily measured at fair value through profit or loss								
Derivative financial instruments	**-**	**176,220**	**511**	**176,731**	-	174,799	511	175,310
Liabilities								
Derivative financial instruments	**-**	**24,752**	**-**	**24,752**	-	32,681	-	32,681

Level 2 assets principally comprise derivatives held for risk management that are fair valued based on valuation models with the key methodology utilised comprising the calculation of the net present value of a series of expected cash flows, considering the different terms of each specific contract/instrument (discounted cash flow approach). These models use as their basis independently sourced market parameters including, for example, interest rate yield curves. Market parameters are either directly observable or are implied from observable instrument prices. The model may perform numerical procedures in respect of pricing such as interpolation when input values do not directly correspond to the most active market trade parameters.

Level 3 assets include the following:

- As at 30 June 2024, the Group's investment in the equity tranche of GH1 – 2019 with a carrying amount of €0.9 million, for which a fair value is determined using third party valuation models to estimate the net present value of a series of expected cash flows, taking into consideration instrument-specific contractual terms (discounted cash flow approach). Amongst other things, these models take into consideration the characteristics of the underlying portfolio of assets (including quality of underlying assets), historical portfolio performance, and the liability structure of the CLO transaction. These models also make use of independently sourced market parameters including, for example, interest rate yield curves. The investment in the equity tranche of GH1-2019 was repaid during the year ended 31 December 2024.

- Tax warrants and contingent value notes resulting from a loan restructuring arrangement, classified as derivative financial instruments amounting to €0.5 million (31 December 2024: €0.5 million).

The following table shows a reconciliation of the fair value measurements in Level 3 of the fair value hierarchy:

	Securitisation investment portfolio measured at fair value through profit or loss		Derivative financial instruments measured at fair value through profit or loss	
	2025	2024	**2025**	2024
	€ 000	€ 000	**€ 000**	€ 000
Period ended 30 June				
At beginning of period	**-**	1,018	**511**	511
Changes in fair value	**-**	(143)	**-**	-
At end of period	**-**	875	**511**	511

As at 30 June 2025, the Group's exposure to Level 3 assets consists only of tax warrants. As at 30 June 2024, the Group's exposure to Level 3 assets consisted of the equity tranche of GH1-2019 and tax warrants. Accordingly, a sensitivity analysis of the fair value measurement to changes in observable inputs is not deemed relevant.

7.5.4 Transfers between levels

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred.

There were no transfers between levels of the fair value hierarchy during the period from 1 January 2025 to 30 June 2025 and during the financial year ended 31 December 2024.

7.6 Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them in terms of the respective level within the fair value hierarchy into which the respective fair value measurement is categorised. This table includes only financial instruments in respect of which fair value is estimated to be materially different than the carrying amounts (excluding accrued interest).

	As at 30 June 2025				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
	€ 000	€ 000	€ 000	€ 000	€ 000
Assets					
Loans and advances to customers	-	23,633	2,465,185	2,488,818	2,695,930
- International Corporate Lending portfolio	-	23,633	-	23,633	23,857
- Dutch Mortgage portfolio *	-	-	2,061,283	2,061,283	2,244,360
- Belgian Mortgage portfolio *	-	-	403,902	403,902	427,713
Investments	721,978	147,330	487,643	1,356,951	1,364,608
- Securities portfolio	721,978	-	-	721,978	728,526
- Securitisation portfolio	-	-	487,643	487,643	488,791
- Asset-Backed Securitisation portfolio	-	147,330	-	147,330	147,291
Total financial assets	721,978	170,963	2,952,828	3,845,769	4,060,538
Liabilities					
Debt securities in issue	-	-	611,433	611,433	610,486
Subordinated liabilities	54,449	-	10,852	65,301	66,396
Total financial liabilities	54,449	-	622,285	676,734	676,882

	As at 31 December 2024				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
	€ 000	€ 000	€ 000	€ 000	€ 000
Assets					
Loans and advances to customers	-	45,475	2,392,614	2,438,089	2,640,404
- International Lending portfolio	-	45,475	27,187	72,662	72,743
- Dutch Mortgage portfolio *	-	-	2,026,328	2,026,328	2,202,281
- Belgian Mortgage portfolio *	-	-	339,099	339,099	365,380
Investments	679,792	144,838	509,459	1,334,089	1,348,339
- Securities portfolio	679,792	-	-	679,792	692,852
- Securitisation portfolio	-	-	509,459	509,459	510,628
- Asset-Backed Securitisation portfolio	-	144,838	-	144,838	144,859
Total financial assets	679,792	190,313	2,902,073	3,772,178	3,988,743
Liabilities					
Debt securities in issue	-	-	639,977	639,977	638,952
Subordinated liabilities	54,198	-	9,950	64,148	65,969
Total financial liabilities	54,198	-	649,927	704,125	704,921

* The International mortgage portfolios disclosed in the preceding tables are presented exclusive of the IFRS basis adjustment equivalent to €153.5 million (31 December 2024: €142.2 million).

In addition to the above, in February 2021 MDB Group Limited issued €11 million fixed rate reset callable subordinated notes. The proceeds from the issuance of these notes were lend to MeDirect Malta as a subordinated loan.

The fair value of €10.9 million (31 December 2024: €10.0 million) of these notes was determined by projecting the cashflows to the first call date and discounting with January-end Euro short-term rate ("ESTR") curves to obtain the spread over the said curve. The fair value calculation considers the impact of the rise in interest rates throughout this period which is the most likely meaningful contribution to the change in fair value. The spread over the ESTR curves during this period was utilised to measure the present values of future cashflows.

The Level 1 fair values reflected in the tables above consist of the closing bid price quoted in an active market in respect of debt securities classified under the Securities Investment portfolio and subordinated bonds issued by the Group.

The Level 2 and Level 3 fair value disclosures of the International Corporate Lending portfolio mainly comprise price quotations sourced from an online platform in respect of internationally traded loans and advances, consisting of the Group's international loan book with foreign corporates. Loans and advances to customers forming part of the International Corporate Lending portfolio amounting to €125.2 million (31 December 2024: €133.2 million), net of ECL, have not been reflected within the preceding table given that there were no observable market prices or any public information available but the contractual terms of these instruments, that mainly re-price within three months, and the nature of the borrowers, are similar to those of the instruments in the preceding table and thus their fair valuation characteristics would not differ significantly from those of the instruments included in the preceding table.

The Level 3 assets also include the following:

- Dutch mortgages amounting to €2,244.4 million (31 December 2024: €2,202.3 million) and Belgium mortgages amounting to €427.7 million (31 December 2024: €365.4 million) included in Loans and advances to customers. In order to derive their fair value as at 30 June 2025 and 31 December 2024, the Group bootstraps the average of the top three interest rate quotes offered by Dutch government-backed mortgage loan lenders in the Netherlands and Belgian mortgage loan lenders in Belgium respectively for every mortgage fixed rate tenor to create a zero coupon discount curve and applies this curve to discount the projected future cashflows. In addition, to estimate the future cashflows, the Group considers both instrument-specific contractual terms and estimated conditional prepayment rates.
- The Group's investments in tranches of securitisation structures amounting to €488.8 million (31 December 2024: €510.6 million) which are mainly rated AAA, and for which a fair value is determined using third party valuation models to estimate the net present value of a series of expected cash flows, taking into consideration instrument-specific contractual terms (discounted cash flow approach). Amongst other things, these models take into consideration the characteristics of the underlying portfolio of assets (including quality of underlying assets), historical portfolio performance, and the liability structure of the CLO transaction. These models also make use of independently sourced market parameters including, for example, interest rate yield curves.

As at 30 June 2025, the carrying amount for loans and advances to customers classified under the Maltese Business Lending portfolio amounting to €174.9 million (31 December 2024: €153.6 million), Maltese Mortgage portfolio amounting to €138.7 million (31 December 2024: €129.1 million) and Consumer Finance receivables portfolio amounting to €7.9 million (31 December 2024: €4.7 million) approximates their fair value because these loans are repriceable at the Group's discretion.

The Group's financial instruments not measured at fair value also comprise balances with central banks, loans and advances to financial institutions and amounts owed to financial institutions and customers. The fair values of these financial assets and liabilities are not disclosed given that the carrying amount is a reasonable approximation of fair value because these are either re-priced to current market rates frequently or are short-term in nature.

As at 30 June 2025, all exposures classified under loans and advances to financial institutions amounting to €269.0 million (31 December 2024: €299.6 million), and balances with central banks amounting to €174.4 million as at 30 June 2025 (31 December 2024: €206.9 million), all excluding accrued interest, reprice or mature in less than one year. Hence their fair value is not deemed to differ materially from their carrying amount at the reporting date.

Fair values referred to above are estimated using discounted cash flows, applying market rates. These estimates are considered Level 3 fair value estimates.

The majority of the 'Amounts owed to financial institutions' of the Group as at 30 June 2025 amounting to €196.1 million (31 December 2024: €168.6 million) and 'Amounts owed to customers' of the Group amounting to €3.8 billion (31 December 2024: €3.7 billion), all excluding accrued interest, sourced from the Maltese, Belgian and Dutch markets, re-price or mature in less than one year. Hence their fair value is not deemed to differ materially from their carrying amount at the reporting date. Fair values of these liabilities are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities. These are considered Level 3 fair value estimates. The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount payable is required to be paid.

8. Capital and reserves

Share capital

	30 June 2025 No.	31 December 2024 No.
Authorised:		
Ordinary 'A' shares of €1 each	**299,999,999**	299,999,999
Ordinary 'B' shares of €1 each	**1**	1
	300,000,000	300,000,000
Issued and fully paid up:		
Ordinary 'A' shares of €1 each	**117,450,106**	117,450,106
Ordinary 'B' shares of €1 each	**1**	1
	117,450,107	117,450,107

Rights and entitlements attached to ordinary shares

The holders of Ordinary 'A' shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Bank. Ordinary 'B' shareholders are not entitled to vote and do not carry any dividend entitlement. The holders of the Ordinary 'A' shares and the holders of the Ordinary 'B' shares shall be equally entitled to receive notice of general meetings of the Bank.

Share premium

Share premium as at the reporting date represents the issue of shares in prior periods as follows:

	Number of shares	Premium per share	Share premium	
			30 June 2025	31 December 2024
		€	€ 000	€ 000
Issue date				
10 August 2010	10,000,000	0.9155	**9,155**	9,155
29 September 2010	19,119,470	0.2254	**4,309**	4,309
			13,464	13,464

Shareholders' contributions

The terms and conditions of the contributions granted render these instruments equity in nature in accordance with the requirements of IAS 32: Financial Instruments - Presentation:

- The Bank has no obligation to bear any servicing cost or transfer any economic benefits of any kind to the Contributor or any other person in return; and
- The Bank has no obligation to repay the contributions.

The contributions are also eligible as own funds in terms of the Capital Requirements Regulation.

Other reserves

As at 30 June 2025, other reserves of the Group comprises of a legal reserve amounting to €0.9 million (31 December 2024: €0.9 million) that is required to be maintained by MeDirect Belgium in line with Article 7:211 of the Belgian Companies Code which requires MeDirect Belgium to assign at least 5% of MeDirect Belgium's net profits to the legal reserve until such legal reserve amounts to 10% of MeDirect Belgium share capital.

All reserves at the reporting date, except for the Bank's retained earnings and the shareholders' contribution, are non-distributable.

9. Interest income

Interest income for the financial period ended 30 June 2025 include a positive amount of €0.1 million (Period ended 30 June 2024: negative amount of €0.4 million) that is derived from hedge ineffectiveness from the interest rate swaps entered into to hedge the fixed-rate international retail mortgage portfolios.

10. Fee and commission income

	Period ended 30 June	
	2025	2024
	€ 000	€ 000
Fee and commission income		
Corporate secured lending fee income	**104**	1,020
Banking transactions fee income	**1,656**	945
Investment services fees	**4,627**	3,630
Other fee income	**383**	203
Total fee and commission income	**6,770**	5,798

11. Contingent liabilities and commitments

Guarantee obligations

As at 30 June 2025, the Group had cash secured guarantee obligations amounting to €24.4 million (31 December 2024: €24.2 million).

Commitments to lend

Commitments to lend represent undrawn formal standby facilities, credit facilities and other similar commitments to lend. As at 30 June 2025, the Group had undrawn commitments of €13.7 million (31 December 2024: €16.4 million) under international lending revolving credit facilities. In addition, lending commitments in relation to the Group's Dutch Mortgage portfolio amounted to €26.7 million (31 December 2024: €32.4 million), the Belgian Mortgage portfolio amounted to €7.2 million (31 December 2024: €8.0 million) and the Maltese Mortgage portfolio amounted to €32.9 million (31 December 2024: €27.2 million).

As at 30 June 2025, undrawn facilities on corporate term loans of the Group amounted to €147.1 million (31 December 2024: €103.5 million) and undrawn facilities under Consumer Finance receivables portfolio amounted to €0.8 million (31 December 2024: €1.1 million).

12. Related party transactions

There were no material changes in related party transactions from those detailed in the financial statements for the financial year ended 31 December 2024.

No further related party transactions materially affected the financial position or liquidity of the Group.

13. Events after the reporting date

There were no events after the reporting date that would have a material effect on the financial statements of the Group.

14. MDB Group Regulatory information

	Capital management			Liquidity management	
Key regulatory ratios	**Tier 1 capital ratio**	**Total capital ratio**	**Leverage ratio**	**LCR**	**NSFR**
30 June 2025	**17.0%**	**20.2%**	**4.3%**	**168%**	**118%**
31 December 2024	16.4%	19.8%	4.4%	183%	122%