

Pillar 3 Disclosures

31 December 2025



izola Bank

Contents

1.	Introduction and Regulatory Framework	2
1.1	Disclosure Policy.....	2
1.2	Non-material Proprietary or Confidential Information.....	2
1.3	Frequency of Disclosure	2
1.4	Means of Disclosure	2
2.	Statement of the Management Body	2
3.	Governance arrangements	3
4.	Risk Measurement and Key Risk Metrics	13
5.	Overview of own funds & risk-weighted exposure amounts.....	15
6.	Capital Management.....	26
6.1.	Internal Capital Adequacy Assessment Process.....	26
7.	Liquidity risk	31
8.	Credit Risk	41
9.	Market Risk	55
10.	Operational Risk	60
11.	Remuneration	63
11.1	Remuneration System	67
11.2	Senior Management.....	67
11.3	Senior Management.....	68
11.4	Directors.....	68
12.	Non- Applicable Disclosures	69

1. Introduction and Regulatory Framework

The Basel III capital adequacy framework consists of three complementary pillars. Pillar 1 provides a framework for measuring minimum capital requirements for credit, market, and operational risks. Pillar 2 establishes a system of supervisory review aimed at improving banks' internal risk management and capital adequacy assessment in line with their risk profile. Pillar 3 is intended to enhance market discipline and requires banks to publish a range of disclosures aimed at providing further insight into the capital and liquidity structures, including their adequacy and risk management practices. The Pillar 3 Disclosures bearing reference date 31 December 2025 comprise both quantitative and qualitative information required under Pillar 3. These disclosures are made in accordance with Part Eight of the Capital Requirements Regulation (CRR 3) and the European Banking Authority's (EBA) Pillar 3 Disclosure Guidelines. Furthermore, the Pillar 3 Disclosures are compliant with the 'Reporting Framework' issued by the European Banking Authority. This report provides an updated overview of the Bank's key metrics, in accordance with EBA Pillar 3 Disclosure Guidelines and EBA Pillar 3 Implementing Technical Standard.

1.1 Disclosure Policy

The Bank is accountable for documenting a policy to ensure that the disclosures follow the applicable regulatory Article 431 (3) CRR 3 disclosure standards. In the context of this requirement, the Bank adheres to a formal Disclosures Policy based on a set of internally defined principles and related processes. Other related requirements dictated by the EBA published guidelines are also established within the policy expectations. The Disclosures Policy defines overall objectives, roles, and responsibilities with regard to the preparation, verification, and approval processes. The policy is reviewed every twelve months.

1.2 Non-material Proprietary or Confidential Information

In line with Article 432 CRR 3, the Group may omit certain disclosures due to these disclosures being immaterial, non-applicable, or confidential. Disclosures not reported in the report are indicated within Section 14.

1.3 Frequency of Disclosure

The CRR stipulates different disclosure frequencies for different disclosure requirements and for different types of institutions. The Bank publishes these disclosures according to the frequency required for other large and listed institutions. In this regard, the Bank is required to publish the full disclosures on a semi-annual basis, with the aim of providing a timely and accurate view of the prevailing risk profile and position. In line with regulatory requirements and the Bank's policy, the Pillar 3 Disclosures are published on the Bank's website within a reasonable period after the publication of the Bank's annual financial statements.

1.4 Means of Disclosure

Due to environmental considerations, the Bank no longer provides a printed version of the report. A standalone electronic copy of the Pillar 3 Disclosures is available on the website: [Annual Reports & Financial Statements – Izola Bank](#)

2. Statement of the Management Body

In line with Article 431 (3) CRR 3, the Bank has disclosed all information within the Pillar 3 Disclosures in accordance with the disclosure requirements, formal policies and internal processes, systems, and controls. Furthermore, these disclosures are not subject to an external audit, with the exception of any disclosures that are equivalent to those made in the 2025 Financial Statements, which adhere to International Financial Reporting Standards as adopted by the

European Union (EU IFRS). Through its internal verification process, the Bank is satisfied that these disclosures are presented fairly. To further validate assurance of the disclosures, an external validation was conducted on the compliance and accuracy of the disclosure figures and material.

3. Governance arrangements

Table EU OVA - Institution risk management approach

Legal basis	Row number	Qualitative information - Free format
Point (f) of Article 435(1) CRR	(a)	The Board of Directors understands the risks associated with the current business model and has approved a risk appetite statement that sets out the overall tone for the Bank's approach to risk taking, with respect to its core business lines, for both financial and non-financial risks. The Bank's overall attitude towards risk is generally considered to be conservative and could be defined as low risk. Risk appetite components are categorized by the respective risk. This is done to facilitate the description behind the rationale and discussions. As a credit institution, Izola Bank recognises that it is in the business of taking and managing a wide range of risks. To this end, the Bank's Risk Appetite Statement distinguishes between those risks that are fundamental to achieving the Bank's strategic plan, such as credit, operational and interest rate risks in accordance with the Bank's activities. The risk appetite framework is designed accordingly, considering both financial and non-financial metrics.
Point (b) of Article 435(1) CRR	(b)	The Head of Risk and Compliance is responsible for planning, designing and implementing risk management processes, tools and systems to identify, assess, measure, manage, monitor and report risks. He must ensure alignment between the strategy and risk appetite adopted by the Board of Directors and the operations of the Bank, and take measures to strengthen the controls, accountability and risk culture throughout the Bank. In his role, the Head of Risk and Compliance is also responsible for proactively ensuring the Bank's ongoing compliance with local, European and international laws and regulations, and accepted business practices. Furthermore, an external services provider, is contracted to provide the Data Protection Officer (DPO) function.
Point (e) of Article 435(1) CRR	(c)	The Board of Directors is tasked with establishing the Bank's risk culture, determining its risk appetite, and defining its main long-term goals. Additionally, the Board ensures that Management implements a business strategy that aligns with these objectives and upholds the Bank's risk culture. To achieve this, the Board regularly reviews and challenges the Bank's risk management framework to confirm that growth is both sustainable and responsible. The Board has also created several

		committees to help develop, review, and critique the risk management framework. During Board meetings, members carefully analyze the Bank's current risk profile to ensure operations remain within approved risk limits. Meanwhile, Management is responsible for continuously monitoring risks, adhering to these limits, and recommending enhancements to the Bank's risk controls to maintain effective risk management practices.
Point (c) of Article 435(1) CRR, Point (c) of Article 435(1) CRR, Point (a) of Article 435(1) CRR, Points (a) and (d) of Article 435(1) CRR		The Bank's process for the management of its risks is outlined in the following phases: <u>Risk identification.</u> The Bank identifies its risks to capital, liquidity and profitability by considering the comprehensive list of risk categories and sub-categories outlined in the Supervisory Review and Evaluation Process (SREP) Guidelines and the European Central Bank (ECB) Expectations on ICAAP and ILAAP. This section helps define the methodology for the identification of risks resulting from the Bank's business model and core business lines. The Bank's Management starts by identifying and considering all the risk categories and subcategories as set out in the Supervisory Review and Evaluation Process (SREP) Guidelines and the European Central Bank (ECB) Expectations on ICAAP and ILAAP. The Board of Directors then classifies these risks according to materiality for the Bank's business model. <u>Assessment of material risks</u> Following the identification of risks, the Management carries out an assessment on the inherent nature of its material risks by considering the inherent risk drivers, the probability of occurrence and their potential impact. The Bank conducts a yearly risk assessment process through the risk register capturing the impacts and probabilities both at inherent and residual levels as part of the measurement process. The Bank utilises this process to cater for its Pillar I risk assessment and Pillar II assessment. Furthermore, through the ICAAP and ILAAP processes, the Bank's business model and strategy vulnerabilities are assessed and stress tested to identify any areas that require monitoring especially with regard to capital and liquidity. <u>Treatment of material risks</u> After the identification and assessment of material risks the Bank ensures a resilient internal controls framework by considering the following methods of treatment: - Avoid - o Avoidance of high-risk products that are inherently exposed to high-AML and/or compliance risks.
	(d), (e), (f), (g)	

		- Transfer - o Implementation of an effective insurance programme - Mitigate - o Ensuring allocation of collateral on some credit exposures. - Accept - o Accepting some elements of moderate risk to ensure a sustainable business model. As part of the risk treatment the Bank also allocates sufficient capital and liquidity for material risk exposures. <u>Monitoring and Reporting</u> Through the risk appetite framework, the Bank has in place key risk indicators (KRIs) to manage risks effectively and to ensure that the Bank operates within set threshold levels. Periodic reporting is ensured through the Risk and Compliance report and the ALCO report. Any occurred breaches will pass through the risk management process for efficient action. Furthermore, within the ICAAP and ILAAP these KRIs are assessed pre and post stress and scenario testing to provide visibility on the Bank's financial resilience. <u>Key Risks</u> Below is an illustration of the risks to capital, liquidity and profitability the Bank may face as a result of its business model and core business lines. - Credit Risk - o Credit risk is defined as the potential for loss due to the failure of a borrower to meet its contractual obligation to repay a debt in accordance with the agreed terms. The Bank's Management faces numerous exposures resulting from the positioning of its assets; however, these are classified in different classes for the derivation of a Credit Risk figure. Such classes are mainly sovereigns, institutions, corporates and retail exposures. Such classes carry varying credit risk weightings in accordance with their relative Articles within the CRR. Credit Risk is the primary risk category to which the Bank is exposed, namely through the granting of loans and advances to customers, factoring activity and balances held with other institutions. The Bank is also exposed to Credit Risk through its investment portfolio. The Bank has policies and procedures for accepting, measuring and managing Credit Risk. The objective of Credit Risk Management is to achieve an appropriate balance between risk and return and to minimise potential adverse effects of Credit Risk on the Bank's financial performance. Management calculates the Pillar 2 add-on for concentration risk by using the Herfindahl-Hirschmann Index ('HHI'), with HHI results mapped to capital requirements according to the UK Prudential Regulatory
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		Authority's methodology as set out in The PRA's methodologies for setting Pillar 2 capital. - Operational Risk - o Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology, and infrastructure, as well as from external factors other than credit, market, and liquidity risks, such as risks arising from legal and regulatory requirements and accepted standards of corporate behaviour. Operational risks arise from all the Bank's operations. The Bank's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness. The Bank's operational risk management activities comprise actions to: ▪ Adopt policies, processes, and procedures to control and/or mitigate material operational risks. ▪ Identify and assess the operational risk inherent in all material products, activities, processes, and systems. Before new products, activities, processes, and systems are introduced or undertaken, the inherent operational risk is subject to adequate assessment. ▪ Monitor all potential operational risks and material exposures to losses. ▪ Adopt contingency and business continuity plans to ensure the Bank's ability to operate on an ongoing basis and limit losses in the event of a severe business disruption. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. Periodic operational risk reports are submitted to the Bank's Audit and Risk Committee. A financial measurement of this risk is estimated through the Business Indicator Component under the Capital Requirements Regulations. An important risk for the Bank that falls within the operational risk realm is AML risk. This assessment evaluates the risks of money laundering and funding of terrorism (ML/FT) associated with its operations, considering various factors such as products, services, delivery channels, and customer base. - Liquidity Risk - o Liquidity risk is the risk that the Bank cannot meet its financial obligations as they fall due in the short term and medium term, either at all or without incurring unacceptable losses. The primary objective of the liquidity profile is to ensure that the Bank can operate and continue its core activities without disruption even during stressed market conditions. The liquidity portfolio is composed of high-quality
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		assets aimed at preserving the market value and liquidity of the assets during adverse market conditions. Having a strong liquidity position enables the Bank to carry out core activities even under severely stressed market conditions. The Bank must always maintain adequate liquidity levels ensuring a healthy buffer beyond all relevant regulatory requirements - Market Risk - o Market Risk is defined as the risk of losses arising from movements in market prices. The Bank does not currently maintain a securities trading book and/or commodities exposure book and does not have plans to operate one in the near future. As a result, the Bank's Pillar 1 Market Risk is composed of its foreign currency exposures and Interest Rate Risk in the Banking Book (IRRBB). Given the Bank's investment portfolio is not subject to Pillar 1 capital requirements for market risk, Management defines market risk as the risk of losses being incurred as a result of fluctuations in exchange rates and interest rates. ▪ Foreign Currency Risk- Foreign currency risks arise when claims or liabilities are accepted in a foreign currency that is not counterbalanced by a mirrored position or a derivative transaction. In principle, given its risk adverse attitude, Management never takes speculative risk on foreign currency fluctuations and always strives to close any open positions. The Bank is exposed to foreign exchange risk through the translation of assets and liabilities denominated in foreign currencies into the functional currency (Euro). ▪ Interest Rate Risk in the Banking Book (IRRBB)-The Bank's risk management framework around IRRBB complies with the EBA Guidelines on the management of interest rate risk arising from non-trading activities. The size of the Bank, as well as the specific interest rate profile, as driven by its business model, means that it falls within the 'Category 3' sophistication level of the EBA Guidelines. Category 3 institutions are small to medium operations with non-significant cross-border activity offering predominantly credit products with limited offerings of financial products and less significant market share. The Bank's assets are always priced at a premium over the price at which it is able to secure funding. Furthermore, a significant portion of the Bank's funding is provided at fixed interest rates. - Business and Strategic Risk - o Strategic risk refers to anything which can impact the Bank's long-term business strategy that may impact the Bank's profitability. The Bank offsets its business risk by maintaining
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		a diverse portfolio of products and services, continuously optimizing operations, and improving upon existing business strategies according to changing market conditions. Business and strategic risk is also the risk that the Bank may not be able to carry out its business plan or its desired strategy. The main contributor to business and strategic risk arises from the general business environment in Malta and Belgium. - Environmental, Social and Governance Risk (ESG) - o Environmental, Social and Governance are a set of holistic risks encompassing issues relating to the Bank's responsibility towards sustainability. Risks pertaining to ESG focus on the effect the Bank's actions have on its stakeholders and the environment. These risks can have a detrimental impact on the Bank's financial assets, income flows and reputation. The three pillars of ESG risk are: 1. Environmental risk, which is split into physical risk (increased frequency and severity of extreme weather events) and transition risk (uncertainty created by a global shift towards a more sustainable, net-zero economy). 2. Social Risk, which encompasses safe working conditions, ensuring supplier engagement and viable practices, seeking to provide employees with human rights, advocating for diversity, equity, and inclusion, and protecting data within the company. 3. Governance Risk, which encompasses the organisation's ethical and legal management, and the transparency, and accuracy of a company's financial performance. The Bank is exposed to ESG risks through its lending. As part of its forward-looking strategy, the Bank has already investigated the impact a climate scenario would have on its bottom line through the ICLAAP. The Bank also incorporated ESG considerations with respect to credit risk. Furthermore, the Bank has taken positive steps to further engrain ESG in its day-to-day operations. This is manifested through the development of training, emissions assessments, establishing risk appetite limits as well as analysing carbon off-setting opportunities and supporting a local NGO.
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Table EU OVB - Disclosure on governance arrangements

Legal basis	Row number	Free format
Point (a) of Article 435(2) CRR	(a)	<u>Board of Directors</u> The Board of Directors comprises seven non-executive directors and one executive director, as follows: Ms. Caroline Van Marcke (Chairperson and non-executive director) Ms Magdalena De Roeck (Non-executive director) Mr. Simon Azzopardi (Non-executive director) Mr Alain Malschaert (Non-executive director) Mr. Andrew Mifsud (Executive director and CEO) Mr. Guido Mizzi (Non-executive director) Mr. Patrick Van Leynseele (Non-executive director) Mr. David Demarco (Non-executive director) (appointed 1 October 2025) The following director resigned during the year 2025: Mr. Francis Gouder (Non-executive director) (Resigned 29 April 2025) The Bank's Memorandum and Articles of Association form the basis of the structure and authorities of the Board of Directors. The Memoranda stipulate that the Board shall consist of no less than three and no more than twelve directors at any given time. The Board is composed of eight directors in total, one of whom is an executive and four of whom are considered to be independent. The Board is responsible for the overall management of the Bank. It is tasked with the regular review and evaluation of corporate strategy, major operational and financial plans, performance objectives, risk policy and the monitoring of corporate performance. At a strategic level, the Board is responsible for: - Defining the strategy, policies, management performance criteria and business policies; - Continuously assessing and monitoring present and future operations, opportunities, threats and risks in the external environment and current and future strengths and weaknesses; - Seeking to institute an effective decision-making process to develop the Bank's business efficiently; and - Evaluating Management's implementation of corporate strategy and financial objectives. The strategy, processes and policies adopted for implementation should be regularly reviewed by the Board using key performance indicators so that corrective measures can be taken to address any deficiencies and ensure the Bank's future sustainability. Independently of any powers and functions that the Board may from time to time validly delegate to Management, it remains a fundamental responsibility of the Directors to effectively monitor the implementation of strategy and policy by Management. Board meetings are held at least four times a year.

Point (b) of Article 435(2) CRR	(b)	<u>Remuneration and Nomination Committee</u> In its nomination function, the Committee is primarily tasked with identifying and nominating new Board candidates for the approval of the Board. The Committee periodically assesses the structure, size, composition, and performance of the Board and makes recommendations to the Board regarding any changes. The Committee is also responsible to periodically assess the skills, knowledge, and experience of individual directors, and of the Board collectively, and report on this to the Board. It is also tasked with reviewing the remuneration structure for the Bank's senior management and all staff, evaluating the impacts of remuneration considerations on its overall risk profile and corporate culture. As part of its responsibility for proposing candidates for appointment to the Board of Directors, the Remuneration and Nomination Committee shall consider: • The collective knowledge, skills and experience required to oversee the business and risk profile of the Bank, including identified skills gaps and, in the case of a member's imminent retirement, the skillset that shall be lost; • The balance in the number of independent directors; • The potential for strengthening the diversity of the Board; and • The expected time commitment of non-executive directors, including anticipated involvement in specialized committees. All candidates shortlisted for appointment to the Board shall be subjected to a suitability assessment, which shall be submitted to the Board for review together with the Committee's recommendations. Proposals for appointment submitted to the Annual General Meeting shall also be supported by a summary of the key points of the suitability assessment prior to the Meeting to support shareholders in making an informed judgement about a proposal for appointment. Applicants proposed for appointment to the Board of Directors or as key function holders are required to obtain the prior written approval of the MFSA. Candidates for appointment shall be invited to submit a Personal Questionnaire to the MFSA following the Remuneration and Nomination Committee's completion of the suitability assessment exercise and the Board's approval of their candidature. Appointments approved by the Bank's AGM shall be made subject to the MFSA's approval.
Point (c) of Article 435(2) CRR	(c)	The Bank considers diversity to be a foundational element of collective suitability and strives to ensure it is managed by people that bring a broad set of qualities and competences to its leadership structures. This is all the more important considering the Bank's business is spread across jurisdictions, thereby necessitating a mix of geographical and professional competencies. In order to ensure

		diversity remains a core consideration, the Remuneration and Nomination Committee shall consider the diversity of its Board and committees whenever it conducts a suitability assessment exercise. Its suitability assessment report shall take into consideration gender, age, geographical, educational and professional backgrounds when determining the optimal composition of its management body. In carrying out its suitability assessment, the Remuneration and Nomination Committee shall benchmark the Bank's diversity against reports issued by the European Banking Authority and other international bodies. The Bank shall strive to maintain the following diversity targets: • Gender: benchmarked against reports issued by the European Banking Authority; • Age: benchmarked against reports issued by the European Banking Authority; • Geographical: a balance between its main markets (i.e. Malta and Belgium); • Professional and educational: aligned to its business model and strategy. The Bank promotes equal treatment of and opportunities for all individuals within the institution, regardless of their background, origin, gender, age or other non-performance-related characteristics. The Human Resources department shall also facilitate equal treatment through career planning aspects and measures. The Committee meets at least once annually.
Point (d) of Article 435(2) CRR	(d)	<u>Audit and Risk Committee</u> The Audit and Risk Committee is composed of three non-executive directors as follows: • Mr. Guido Mizzi (Chairperson and non-executive director-independent) • Mr. Simon Azzopardi (Non-executive director- independent) • Mr. Patrick Van Leynseele (Non-executive director- independent) The Audit and Risk Committee serves as an independent and objective body with oversight responsibilities over the Bank's accounting policies and practices, its compliance with financial and regulatory reporting obligations as well as the quality, adequacy, and scope of external and internal audits. The Committee oversees the Bank's risk governance structure, risk management and control framework, and reviews the Bank's internal control systems and policies. Meetings are held at least four times a year.
Point (e)	(e)	

Article 435(2) CRR		The Board of Directors is responsible for setting the tone of the Bank's risk culture, setting the Bank's risk appetite and outlining its key long-term objectives. Furthermore, the Board has the responsibility for ensuring that the Bank's Management implements a business strategy that enables the Bank to meet its objectives while respecting its risk culture. To this end, the Board of Directors challenges and periodically reviews the Bank's risk management framework to ascertain that growth is being achieved in a viable and sustainable manner. To assist it with the task of formulating, reviewing, and challenging the risk management framework, the Board of Directors has set up a number of committees as outlined above. The Board of Directors thoroughly engages in the analysis of the Bank's current risk situation in its meetings to verify whether the Bank is operating within its established risk limits. The Bank's Management is responsible for the ongoing monitoring of risks and observation of limits and provides recommendations for improving the Bank's risk controls, as necessary, ensuring the adequacy of the risk management arrangements.
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Additional information of on the composition and responsibilities of these Bank's Committees is laid out in the Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance, which is part of the Bank's Annual Report for the year ending 31 December 2025.

4. Risk Measurement and Key Risk Metrics

Table EU KM 1 Key Metrics gives an overview of the Bank's key metrics including the risk-weighted exposure amounts over the past relevant periods. The Bank's key metrics as of December 2025 were in line with the regulatory requirements.

The Bank's Capital Adequacy Ratio increased from 12.71% at end-December 2024 to 14.10% at end-December 2025. This improvement reflects the adoption of the CRR Provisions relating to the exemptions from deduction of intangible assets. The stronger position was further supported by a profit for year end.

EU KM1: Key metrics

		31 December 2025	a 30 June 2025	b 31 December 2024
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	29,527,852	25,450,589	25,578,977
2	Tier 1 capital	32,527,852	28,450,589	28,578,977
3	Total capital	46,527,852	42,450,589	42,578,977
	Risk-weighted exposure amounts			
4	Total risk exposure amount	209,349,548	218,868,491	201,293,381
4a	Total risk exposure pre-floor	209,349,548		
	Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	14.10%	11.63%	12.71%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	14.10%		
6	Tier 1 ratio (%)	15.54%	13.00%	14.20%
6b	Tier 1 ratio considering unfloored TREA (%)	15.54%		
7	Total capital ratio (%)	22.22%	19.40%	21.15%
7b	Total capital ratio considering unfloored TREA (%)	22.22%		
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.25%	3.25%	3.25%
EU 7e	of which: to be made up of CET1 capital (percentage points)	1.83%	1.83%	1.83%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	2.44%	2.44%	2.44%
EU 7g	Total SREP own funds requirements (%)	11.25%	11.25%	11.25%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.12%	0.15%	0.15%
EU 9a	Systemic risk buffer (%)	0.24%	0.23%	0.23%
11	Combined buffer requirement (%)	2.86%	2.88%	2.88%
EU 11a	Overall capital requirements (%)	14.11%	14.13%	14.13%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.10%	5.76%	5.76%
	Leverage ratio			
13	Total exposure measure	511,031,945.42	524,827,756.98	619,900,668.26
14	Leverage ratio (%)	6.37%	5.42%	4.61%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	96,028,509	112,491,634	119,679,334
EU 16a	Cash outflows - Total weighted value	11,665,424	12,717,580	24,336,557
EU 16b	Cash inflows - Total weighted value	45,317,806	49,721,151	52,837,193
16	Total net cash outflows (adjusted value)	2,916,356	3,179,395	6,084,139
17	Liquidity coverage ratio (%)	3293%	3538%	1967%
	Net Stable Funding Ratio			
18	Total available stable funding	286,463,205	304,102,742.16	372,312,587.00
19	Total required stable funding	206,726,915	234,744,377.76	264,077,258.80
20	NSFR ratio (%)	138.6%	129.5%	141.0%

EU KM2 below shows that as of December 2025, the Group's own funds and eligible liabilities as percentage of the total risk exposure amount (TREA) amounted to 22.22 % while the own funds and eligible liabilities as a percentage of total exposure measure (TEM) amounted to 9.10%. Consequently, the Bank's position was above the regulatory minimum requirements in relation to MREL.

EU KM2: Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities

		a
		Minimum requirement for own funds and eligible liabilities (MREL)
		31 December 2025
Own funds and eligible liabilities, ratios and components		
1	Own funds and eligible liabilities	46,527,852
EU-1a	Of which own funds and subordinated liabilities	46,527,852
2	Total risk exposure amount of the resolution group (TREA)	209,349,548
3	Own funds and eligible liabilities as a percentage of the TREA	22.22%
EU-3a	Of which own funds and subordinated liabilities	22.22%
4	Total exposure measure (TEM) of the resolution group	511,031,945
5	Own funds and eligible liabilities as percentage of the TEM	9.10%
EU-5a	Of which own funds or subordinated liabilities	9.10%
Minimum requirement for own funds and eligible liabilities (MREL)		
EU-7	MREL expressed as a percentage of the TREA	22.22%
EU-8	Of which to be met with own funds or subordinated liabilities	22.22%
EU-9	MREL expressed as a percentage of the TEM	9.10%
EU-10	Of which to be met with own funds or subordinated liabilities	9.10%

The Bank is not in scope for G-SII Requirement for own funds and eligible liabilities (TLAC) and hence columns T to T-4 and rows 6a to 6c were excluded from the above table.

5. Overview of own funds & risk-weighted exposure amounts

Template EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

		a	b	c
		Ordinary Shares	8% AT1 note (perpetual notes)	5.00% 2027-2032 (Subordinated Bond)
1	Issuer	Izola Bank p.l.c.	Izola Bank p.l.c.	Izola Bank p.l.c.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	MT0000531229
2a	Public or private placement	Private	Private	Public
3	Governing law(s) of the instrument	Maltese Law	Maltese Law	Maltese Law
3a	Contractual recognition of write down and conversion powers of resolution authorities	No	Yes	Yes
	<i>Regulatory treatment</i>			
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1	Tier 1	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 1	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Common Equity Tier 1 instrument	Tier 1 instrument	Tier 2 instrument
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	29	3	14
9	Nominal amount of instrument	58,000,000	3,000,000	14,000,000
EU-9a	Issue price	€0.50 per share	At par (€10,000 per note)	At par (€100 per bond)
EU-9b	Redemption price	N/A	At €10,000	At €100
10	Accounting classification	Shareholders' equity	Shareholders' equity	Liability – amortised cost
11	Original date of issuance	08/06/1994	28/08/2024	15/09/2022
12	Perpetual or dated	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	No maturity	15/09/2032
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A	Annual Post 15/09/2027 till maturity date

	<i>Coupons / dividends</i>			
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed
18	Coupon rate and any related index	N/A	8%	5%
19	Existence of a dividend stopper	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Non-Cumulative	Non-Cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-Convertible	Yes	Non-Convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	Statutory	Contractual
EU-34b	Ranking of the instrument in normal insolvency proceedings	1	2	3
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	AdditionalTier 1	Tier 2	Senior
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	Prospectus Link
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A	N/A

Template EU CC1 - Composition of regulatory own funds

		31 December 2025
		Amounts
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	31,032,675
2	Retained earnings	(3,937,413)
3	Accumulated other comprehensive income (and other reserves)	5,735,684
EU-3a	Funds for general banking risk	-
5	Minority interests (amount allowed in consolidated CET1)	-
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	595,032
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	33,425,978
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
8	Intangible assets (net of related tax liability) (negative amount)	(1,640,899)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(2,257,227)
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(3,898,126)
29	Common Equity Tier 1 (CET1) capital	29,527,852
Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	3,000,000
36	Additional Tier 1 (AT1) capital before regulatory adjustments	3,000,000
Additional Tier 1 (AT1) capital: regulatory adjustments		
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-
44	Additional Tier 1 (AT1) capital	3,000,000
45	Tier 1 capital (T1 = CET1 + AT1)	32,527,852
Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	14,000,000
51	Tier 2 (T2) capital before regulatory adjustments	14,000,000
Tier 2 (T2) capital: regulatory adjustments		
57	Total regulatory adjustments to Tier 2 (T2) capital	-
58	Tier 2 (T2) capital	14,000,000
59	Total capital (TC = T1 + T2)	46,527,852
60	Total risk exposure amount	209,349,548
Capital ratios and requirements including buffers		
61	Common Equity Tier 1	14.10%
62	Tier 1	15.54%
63	Total capital	22.22%
64	Institution CET1 overall capital requirements	9.19%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	0.12%
67	of which: systemic risk buffer requirement	0.24%

EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.83%
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	7.10%
Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	2,341,604

The regulatory requirement for CET1 capital is determined by adding together the Pillar I requirement at 4.5%, the Pillar II requirement at 3.25%, Pillar II guidance at 1.5%, and the Combined buffer requirement at 2.5%. To find the available CET1 capital, as shown in item 68, this total minimum requirement is subtracted from the reported CET1 capital in item 61. The deduction listed under item 8 refers to software assets, with their amortisation calculated according to the prudential rules set out in Article 13a of Commission Delegated Regulation (EU) No 241/2014, which provides further detail on own funds and eligible liabilities under the CRR.

Any template sections that have been left out are simply not applicable to the Bank.

Template EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Balance sheet as in published financial statements	Reconciling Items	Regulatory balance sheet
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
Balances with Central Bank of Malta and cash	47,626,503	-	47,626,503
Loans and advances to banks	5,760,799	-	5,760,799
Financial Investments	64,586,170	-	64,586,170
Factored receivables	116,591,575	-	116,591,575
Loans and advances to customers	136,701,167	-	136,701,167
Property and equipment	11,088,564	-	11,088,564
Investment Property held for sale	4,838,007	-	4,838,007
Intangible assets	5,190,144	(3,549,245)	1,640,889
Deferred tax asset	5,600,364	(3,343,137)	2,257,227
Current tax asset	74,252		74,252
Other assets	1,630,705		1,630,705
Total assets	399,688,250	(6,892,382)	392,795,868

Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
Balance owed to Central Bank of Malta	-	-	
Amount owed to institutions	10,000,000	-10,000,000	
Amounts owed to banks	-	-	
Amounts owed to customers	338,081,138	-338,081,138	
Debt securities issued	13,755,590	-	14,000,000
Deferred tax liability	1,365,993	-1,365,993	-
Accruals and other liabilities	4,937,363	-4,937,363	-
Total liabilities	368,140,084	-354,384,494	14,000,000
Shareholders' equity			
Share capital	29,000,000	-	29,000,000
Perpetual Note	3,000,000	-	3,000,000
Capital contribution	2,032,675	-	2,032,675
Property revaluation reserve	4,795,243	-	4,795,243
Fair value reserve	(5,402,405)	-	-5,402,405
Depositor compensation scheme reserve	1,465,033	-1,465,033	-
Reserve for general banking risk	-	-	-
Retained earnings	(1,877,347)	-	-1,877,347
Total equity	33,013,199	-1,465,033	31,548,166

Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

	a	f	g	h	i	j	k	l	m
	General credit exposures	Total exposure value	Own fund requirements			Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach		Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book				
010	Breakdown by country:								
	Country: Belgium	31,374,674	31,374,674	1,439,766	0	1,439,766	17,997,081	10.32%	1.00%
	Country: France	1,101,332	1,101,332	62,344	0	62,344	779,304	0.45%	1.00%
	Country: Germany	2,803	2,803	224	0	224	2,803	0.00%	0.75%
	Country: Ireland	692,517	692,517	55,401	0	55,401	692,517	0.40%	1.50%
	Country: Cyprus	2,236,480	2,236,480	178,918	0	178,918	2,236,480	1.28%	1.00%
	Country: Netherlands	582,347	582,347	45,670	0	45,670	570,875	0.33%	2.00%
	Country: Luxembourg	1,043,603	1,043,603	83,488	0	83,488	1,043,603	0.60%	0.50%
	Other Countries	243,359,222	243,359,222	12,084,709	0	12,084,709	151,058,865	86.97%	0.00%
020	Total	280,392,979	280,392,979	13,950,522	0	13,950,522	174,381,528	100%	

Only countries relevant for the calculation of the countercyclical buffer are listed explicitly as other countries are aggregated as “Other Countries”. Columns b to e were omitted from the template since Securitisation does not apply and the Bank does not utilise the IRB approach.

Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		a
1	Total risk exposure amount	209,349,548
2	Institution specific countercyclical capital buffer rate	0.12 %
3	Institution specific countercyclical capital buffer requirement	259,607

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		a
		Applicable amount
1	Total assets as per published financial statements	399,688,250
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	-
9	Adjustment for securities financing transactions (SFTs)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	125,643,578

11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-
12	Other adjustments	(14,299,883)
13	Total exposure measure	511,031,945

Template EU LR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a	b
		31 December 2025	31 December 2024
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	387,029,266	440,718,431
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(1,640,899)	
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	385,388,367	440,718,431
Other off-balance sheet exposures			-
19	Off-balance sheet exposures at gross notional amount	125,643,578	179,182,237
20	(Adjustments for conversion to credit equivalent amounts)	-	(143,345,790)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	Off-balance sheet exposures	125,643,578	35,836,447
Capital and total exposure measure			-
23	Tier 1 capital	32,527,852	28,578,977
24	Total exposure measure	511,031,945	619,900,668
Leverage ratio			-
25	Leverage ratio	6.37%	4.61%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.37%	4.61%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6.37%	4.61%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			-
EU-27b	Choice on transitional arrangements for the definition of the capital measure		-

Disclosure of mean values			
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	511,031,945	619,900,668
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	511,031,945	619,900,668
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.37%	4.61%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.37%	4.61%

Rows which are non-applicable to the Bank, i.e. Derivative exposures, Securities financing transaction (SFT) exposures and excluded exposures are being omitted from the table above.

Template EU LR3 - LRSpl: Split-up of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

		a
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	574,271,669
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	574,271,669
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	120,251,199
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
EU-7	Institutions	11,483,472
EU-8	Secured by mortgages of immovable properties	106,681,454
EU-9	Retail exposures	199,379,406
EU-10	Corporates	94,123,831
EU-11	Exposures in default	-
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	42,352,307

Table EU LRA - Disclosure of LR qualitative information

		a
Row		Free format
(a)	Description of the processes used to manage the risk of excessive leverage	The Bank manages the risk of excessive leverage through internal policies and governance structures. The leverage ratio is calculated and monitored as part of the Bank's risk appetite and limit system, with results reported to senior management and the Board Risk Committee. The Bank's leverage ratio policy establishes a minimum internal threshold of 3.68%, which is more conservative than the current regulatory minimum, thereby ensuring an adequate buffer is always maintained. Stress testing and scenario analysis are performed periodically to assess the potential impact of adverse developments on the leverage ratio. Any material changes or breaches trigger escalation procedures and prompt management action. This framework is reviewed at least annually to ensure its continued effectiveness and alignment with regulatory requirements and the Bank's business strategy
(b)	Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	During the reporting period, the leverage ratio remained stable, with no material factors significantly impacting its level. Minor fluctuations observed were attributable to ordinary business activities which include routine balance sheet management. These movements align with the Bank's risk appetite framework and fall within established internal thresholds.

Template EU LI1 - Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

	a	b	c	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Carrying values of items Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet in the published financial statements					
1 Balances with Central Bank of Malta and cash	47,626,503	47,626,503	47,626,503		
2 Loans and advances to banks	5,760,799	5,760,799	4,837,911	922,888	
3 Financial Investments	64,586,170	64,586,170	64,586,170		
4 Factored receivables	116,591,575	116,591,575	116,591,575		
5 Loans and advances to customers	136,701,167	136,701,167	136,701,167		
6 Property and equipment	11,088,564	11,088,564	11,088,564		
7 Property held for sale	4,838,007	4,838,007	4,838,007		
8 Intangible assets	5,190,144	5,190,144	-		5,190,144
9 Deferred tax asset	5,600,364	5,600,364	3,478,508		2,121,856
10 Current tax asset	74,252	74,252	74,252		
11 Other assets	1,630,705	1,630,705	1,630,705		
12 Total assets	399,688,250	399,688,250	391,453,362	922,888	7,312,000

Columns "d" and "e" were excluded from the above table since the Bank is not exposed to Counterparty Credit Risk and Securitisation exposures respectively.

	a	b	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by liability classes according to the balance sheet in the published financial statements				
1 Amounts owed to institutions	10,000,000	10,000,000		10,000,000
2 Amounts owed to banks	-	-		-
3 Amounts owed to customers	338,081,138	338,081,138	172,668	337,908,470
4 Debt securities in issue	13,755,590	13,755,590		13,755,590
5 Deferred tax liability	1,365,993	1,365,993		1,365,993
6 Accruals and other liabilities	4,937,363	4,937,363		4,937,363
7 Total liabilities	368,140,084	368,140,084	172,668	367,967,416

Columns “e” and “f” were excluded from the above table since the Bank is not exposed to Counterparty Credit Risk and Securitisation exposures respectively. Column “c” is not relevant for liability amounts and was hence excluded.

Template EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	a	b	c	d	e
	Total	Items subject to			
		Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1 Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	399,688,250	391,453,362			922,888
2 Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	(172,668)				(172,668)
3 Total net amount under the scope of prudential consolidation	399,515,582	391,453,362			750,220
4 Off-balance-sheet amounts	125,643,578	125,643,578			
5 <i>Differences in valuations</i>					
6 <i>Differences due to different netting rules, other than those already included in row 2</i>					
7 <i>Differences due to consideration of provisions</i>					
8 <i>Differences due to the use of credit risk mitigation techniques (CRMs)</i>					
9 <i>Differences due to credit conversion factors</i>	91,353,372	91,353,372			
10 <i>Differences due to Securitisation with risk transfer</i>					
11 <i>Other differences</i>					
12 Exposure amounts considered for regulatory purposes	525,159,160	517,096,940			750,220

Table EU LIA - Explanations of differences between accounting and regulatory exposure amounts

Row number	Qualitative information - Free format	
(a) Article 436(b) CRR	Differences between columns (a) and (b) in template EU LI1	No differences exist between accounting and regulatory consolidation scopes as of December

		2025. Regulatory consolidation aligns fully with accounting consolidation criteria.
(b) Article 436(d) CRR	Qualitative information on the main sources of differences between the accounting and regulatory scope of consolidation shown in template EU LI2	The main differences between the carrying values in the financial statements and the exposure amounts considered for regulatory purposes arise from the application of Credit Risk Mitigation (CRM) techniques. The Bank utilises cash collateral and insurance guarantees to reduce credit risk. For regulatory purposes, eligible cash collateral is recognised as funded credit protection, in accordance with Article 197(1)(a) of the CRR, which allows a reduction in the exposure amount used for capital calculation. Similarly, insurance guarantees that meet the eligibility criteria under the CRR are recognised as unfunded credit protection, further reducing the regulatory exposure amount compared to the accounting carrying value. Off-balance-sheet exposures are further adjusted using credit conversion factors as per Article 111 CRR.

6. Capital Management

6.1. Internal Capital Adequacy Assessment Process

Table EU OVC - ICAAP information

Legal basis	Row number	Free format
Article 438(a) CRR, Article 438(c) CRR	(a), (b)	In line with template EU OVC of the EBA Pillar 3 disclosures Template Annex II, the Bank performs an Internal Capital Adequacy Assessment Process (ICAAP) in compliance with the Pillar 2 requirements of Banking Rule BR/12/2022 – The Supervisory Review Process of Credit Institutions Authorised Under the Banking Act 1994 and the CRR. Article 73 of Directive 2013/36/EU (“CRDIV”) requires Izola Bank plc (“the Bank”) to have developed strategies and processes to carefully identify, assess, control and monitor the material risks to which the Bank’s business model is exposed to and has documented these processes in its Internal Capital Adequacy Assessment Process (“ICAAP”). The ICAAP document also determines whether the Bank has sufficient capital during a stressed period. An idiosyncratic stress scenario and a market-wide stress scenario are analysed to evaluate the effects on the Bank’s capital position, whilst sensitivity analysis is used to explore the sensitivity of the Bank’s capital position to isolated shocks of specific variables. The Bank’s ICAAP is a fundamental component of its risk management framework and is aligned with the rest of the components which form part of

		the framework. This document is prepared by the Risk and Compliance department and is approved by the Board of Directors of the Bank. The Bank's Board of Directors plays a key role in the development, challenge and ultimately the adoption of the Bank's ICAAP. Firstly, the Board conducts a risk identification exercise which identifies those risks that could pose a threat to the Bank's capital profile on the basis of its business model. Secondly, the Board makes use of the exercise to certify that risks which arise during the ordinary course of business, or which may arise in future potential business activity, are being mitigated by a robust internal control framework. Where this is not the case, the Board ensures that the necessary actions are taken to further enhance controls, in an effort to reduce the Bank's overall residual risk. Thirdly, the Board assures itself that the process satisfactorily determines the adequacy of the Bank's capital profile, in light of its overall risk exposure. Finally, the Board of Directors decides as to whether the Bank is in fact holding a sufficient amount of capital which would enable it to cover its overall risk exposure and for it to sustain its forecast business plan. The ICAAP document is referred to on a frequent basis, whenever the need arises. It is a crucial tool for the Bank's Management when mitigating risk and taking decisions with regards to anything which affects the Bank's operations. The Bank assesses the impact of a number of risks, namely Business and Strategic Risk, Market Risk, Operational Risk, ESG Risk, Liquidity Risk and Credit Risk on a regular basis to ensure these risks remain in line with the Bank's risk appetite. These risks are reviewed within respective committees. The Bank also ensures calibration with future plans and projections to ensure that these risks are factored within the risk appetite. Monitoring is crucial to ascertain that the Bank's Management takes the necessary capital charges whilst remaining with adequate levels of excess capital. Monitoring of key metrics is also periodically conducted and presented to the Audit and Risk Committee through the Risk and Compliance Report and the BOD through the Board Review Pack. The limits imposed within the ICAAP serve as a road map to ascertain that the policies, principles and risk limits adopted by the Bank via the ICAAP are adhered to. The pillars on which the ICAAP document are based are identifying, measuring, monitoring and aggregating risks while ascertaining enough capital is held in relation to the accepted risk. Through the ICAAP, the Bank ensures that each material risk is being accounted for in either Pillar 1, Pillar 2 or stress testing, and subsequently: (a) confirms whether Pillar 1 Capital is underestimating risks or not; (b) considers other risk sub-categories that are not fully captured under Pillar 1 Capital; and (c) assesses risks that are not at all captured under Pillar 1 Capital. Ultimately, the Bank compares its individual assessment results with the minimum Regulatory Requirements and determines the necessity for any additional capital. As part of its ICAAP, the Bank adopts the following methodologies: • Pillar 1 ◦ The use of the Standardised Approach to calculate capital requirements for credit risk.
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		○ The use of the Standardised Approach to calculate capital requirements for market risk on its foreign exchange risk positions. ○ The use of the Business Indicator Component Approach (BIC) to calculate the capital requirements for operational risks. • Pillar 2 ○ The use of a model similar to the Foundation Internal Rating Based (FIRB) approach, to analyse whether credit risk in Pillar 1 is underestimated or not. ○ The use of the Herfindahl-Hirschman Index (HHI), with reference to the Bank of England guidelines for single name, country and sector concentration risk. ○ The use of the Interest Rate Risk in the Banking Book (IRRBB). The Bank analyses different scenarios for both earnings and economic outlook. The shocks are based on the EBA Guidelines on the management of interest rate risk arising from non-trading activities (EBA/GL/2015/08; “EBA Guidelines on IRRBB”) and (EBA/GL/2022/14: EBA Guidelines on IRRBB & CSRBB) ○ The use of the Standardised Approach (SA) to analyse whether operational risk in Pillar 1 is underestimated or not. <u>Stress and scenario testing analysis.</u> The Bank capital stress and scenario testing was revised from previous years’ iterations. This covers both idiosyncratic and market-wide event considerations, including the impact of a stressed business model. Sensitivity analysis evaluates the isolated impact of fluctuations in relevant stress and scenarios under mild, severe and extreme implications. Furthermore, reverse stress testing is analysed to understand any possible events that could lead the Bank to breach regulatory ratios. The Bank’s internal stress testing framework aims at assessing the sensitivity of the Bank’s capital and liquidity positions to conditions of stress. Stress testing is a tool that supplements other risk management approaches and measures and plays a particularly important role in: • Providing forward-looking assessments of risk; • Overcoming limitations of models and historical data; • Supporting internal and external communications; • Feeding into capital and liquidity planning procedures; • Informing the setting of a Bank’s risk tolerance; and • Facilitating the development of risk mitigation or contingency plans across a range of stressed conditions. The main types of stress tests performed at the Bank are the following: • Scenario and sensitivity analysis: The Bank assesses the sensitivity of its financial position, performance as well as capital and liquidity adequacy to stress scenarios. ICAAP’s horizon is based a 3-year projected period • Reverse stress tests: The Management employs the technique of reverse stress testing to calibrate the severity of scenarios. This is achieved by applying reverse stress testing in its sensitivity analyses as well as the Recovery Plan.
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		The Bank's stress testing framework is built in line with EBA stress testing guidelines, and it employs both static and dynamic balance sheet approaches for ICAAP and ILAAP. <u>Governance around the stress testing framework</u> The Bank's Risk and Compliance department as well as the Finance & Treasury department actively take part in scenario design along with guidance from the Bank's CEO. Furthermore, the Board of Directors and the Bank's Management actively challenge scenario assumptions in all areas and finally approve the scenario. The results from stress tests are compared with the Bank's thresholds used for the monitoring of risk, namely the Bank's BAUs, EWIs and Triggers in respect of key ratios for the Bank. If the results indicate a breach in the Bank's thresholds, the Board of Directors determines whether remedial actions and other forms of risk treatment are necessary, depending on the severity of the impact and the probability of the breach.
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Template EU OV1 – Overview of total risk exposure amounts

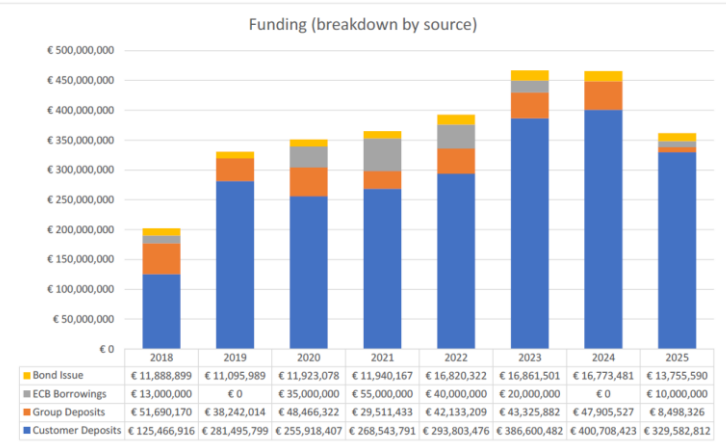
		Total risk exposure amounts (TREA)		Total own funds requirements
		a	b	c
		31 December 2025	31 December 2024	31 December 2025
1	Credit risk (excluding CCR)	187,088,170	187,564,923	14,967,054
2	Of which the standardised approach	187,088,170	187,136,050	14,967,054
20	Position, foreign exchange and commodities risks (Market risk)	639,107	722,545	51,129
EU 21a	Of which the Simplified standardised approach (S-SA)	639,107	722,545	51,129
EU 22a	Large exposures	-	-	-
23	Reclassifications between trading and non-trading books	-		-
24	Operational risk	16,114,900	13,005,913	1,289,192
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	8,696,270		695,702
29	Total	203,842,177	201,293,381	16,307,374

Rows 3 to 5 were not included since the Bank does not utilize the IRB approach. The Bank is not exposed to Counterparty Credit Risk hence rows 6 to 9 were excluded. CVA risk is not relevant to the Bank therefore, rows 10 to 10c were excluded. In addition, rows relating to settlement risk, securitisations, and crypto assets were not in scope for the Bank so rows 15 to 19a and row 24a were not applicable. Finally, the Bank applies the Simplified standardised approach for **Market** risk

so rows 21 and 22 were not applicable. The output floor was not applicable to the Bank and therefore rows 26-28 were not included.

7. Liquidity risk

Table EU LIQA - Liquidity risk management in accordance with Article 451a(4) CRR

Row number	Qualitative information - Free format																																														
(a)	Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding,	The Bank’s funding profile is characterized by two aspects which ensure that it remains stable and able to support the underlying objectives of the Bank’s business model, including its growth over time. The figure below demonstrates that the stability of the Bank’s funding lies in its diversity in source and in its longevity by maturity. Funding (breakdown by source) <table><tr><th></th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th></tr><tr><td>Bond Issue</td><td>€ 11,888,899</td><td>€ 11,095,989</td><td>€ 11,923,078</td><td>€ 11,940,167</td><td>€ 16,820,322</td><td>€ 16,861,501</td><td>€ 16,773,481</td><td>€ 13,755,590</td></tr><tr><td>ECB Borrowings</td><td>€ 13,000,000</td><td>€ 0</td><td>€ 35,000,000</td><td>€ 55,000,000</td><td>€ 40,000,000</td><td>€ 20,000,000</td><td>€ 0</td><td>€ 10,000,000</td></tr><tr><td>Group Deposits</td><td>€ 51,690,170</td><td>€ 38,242,014</td><td>€ 48,466,322</td><td>€ 29,511,433</td><td>€ 42,133,209</td><td>€ 43,325,882</td><td>€ 47,905,527</td><td>€ 8,498,326</td></tr><tr><td>Customer Deposits</td><td>€ 125,466,916</td><td>€ 281,495,799</td><td>€ 255,918,407</td><td>€ 268,543,791</td><td>€ 293,803,476</td><td>€ 386,600,482</td><td>€ 400,708,423</td><td>€ 329,582,812</td></tr></table> Figure 2-1: Funding profile – sources of funding The Bank’s funding profile is further strengthened by the fact that the Bank carries out most of its business in the Euro currency. Hence, funding can be obtained in one currency rather than a variety of currencies. This eliminates the risk of currency exchange fluctuations.		2018	2019	2020	2021	2022	2023	2024	2025	Bond Issue	€ 11,888,899	€ 11,095,989	€ 11,923,078	€ 11,940,167	€ 16,820,322	€ 16,861,501	€ 16,773,481	€ 13,755,590	ECB Borrowings	€ 13,000,000	€ 0	€ 35,000,000	€ 55,000,000	€ 40,000,000	€ 20,000,000	€ 0	€ 10,000,000	Group Deposits	€ 51,690,170	€ 38,242,014	€ 48,466,322	€ 29,511,433	€ 42,133,209	€ 43,325,882	€ 47,905,527	€ 8,498,326	Customer Deposits	€ 125,466,916	€ 281,495,799	€ 255,918,407	€ 268,543,791	€ 293,803,476	€ 386,600,482	€ 400,708,423	€ 329,582,812
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(b)	Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).	The Bank’s liquidity and funding profile is controlled by its Asset and Liability Committee (ALCO) and driven by the Bank’s strategy as set by the Board of Directors. The Bank has a limited amount of time-specific intra-day obligations; however, when these arise, the Finance & Treasury Department monitors these closely.																																													
(c)	A description of the degree of centralisation of liquidity management and interaction between the group’s units	The Bank’s liquidity management is centralized within the Treasury department. The Treasury department is responsible for establishing the Bank’s cost of funding framework, under the supervision of the Asset and Liability Committee (ALCO). Cross-departmental coordination is rigorous with daily cash pooling aggregates positions being allocated across all business lines, while ALCO-mandated limits ensure compliance with key liquidity metrics.																																													

(d)	Scope and nature of liquidity risk reporting and measurement systems.	Even though the Bank’s exposure to liquidity and funding risk is deemed low and immaterial, the Bank continues to quantify the risk for monitoring and reporting purposes. <table><tr><th>Risk Category</th><th>Sub-category</th><th>Captured under Pillar 1</th><th>Captured under Pillar 2</th><th>Stress Testing</th></tr><tr><td rowspan="2">Funding liquidity risk</td><td>Funding concentration risk</td><td>x</td><td>x</td><td>✓</td></tr><tr><td>Funding volatility risk</td><td>x</td><td>x</td><td>✓</td></tr><tr><td rowspan="8">Market liquidity risk</td><td>Liquidity coverage risk</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>Asset Convertibility risk</td><td>✓</td><td>x</td><td>✓</td></tr><tr><td>Maturity mismatch risk</td><td>x</td><td>x</td><td>✓</td></tr><tr><td>Market access risk</td><td>x</td><td>x</td><td>x</td></tr><tr><td>Cashflow mismatch risk</td><td>✓</td><td>✓</td><td>✓</td></tr><tr><td>FX settlement risk</td><td>x</td><td>x</td><td>x</td></tr><tr><td>Correspondent banking relationship risk</td><td>x</td><td>x</td><td>x</td></tr><tr><td>Asset Encumbrance Risk</td><td>x</td><td>x</td><td>x</td></tr></table> The liquidity coverage ratio (LCR) is one of the Bank’s key ratios and indicators used to measure the Bank’s performance and overall health. The LCR is periodically monitored by the Bank to give comfort on the Bank’s ability to meet its liquidity requirements on an ongoing basis. The Bank’s Risk Appetite Framework also establishes thresholds (BAUs, EWIs and Triggers). When the relevant threshold is breached, an escalation process is subsequently triggered, so appropriate actions are taken to counteract any identified weaknesses in the Bank’s liquidity profile. <table><tr><td></td><td>2024</td><td>2025</td></tr><tr><td>Liquidity buffer</td><td>119,607,080</td><td>96,028,509</td></tr><tr><td>Total net cash outflows</td><td>6,669,377</td><td>2,916,356</td></tr><tr><td>Liquidity Coverage Ratio (%)</td><td>2166%</td><td>3293%</td></tr><tr><td>Regulatory LCR</td><td>100%</td><td>100% %</td></tr></table> The Net Stable Funding Ratio (NSFR) is one of the Bank’s key ratios and indicators used to measure the Bank’s ability to meet its long-term liquidity requirements on an ongoing basis. The Bank’s Risk Appetite Framework also establishes thresholds (BAUs, EWIs and Triggers). When the relevant threshold is breached, an escalation process is subsequently triggered, so appropriate actions are taken to counteract any identified weaknesses in the Bank’s liquidity profile. <table><tr><td></td><td>2024</td><td>2025</td></tr><tr><td>Required stable funding</td><td>264,077,259</td><td>206,726,915</td></tr><tr><td>Available stable funding</td><td>372,312,587</td><td>286,463,205</td></tr></table>	Risk Category	Sub-category	Captured under Pillar 1	Captured under Pillar 2	Stress Testing	Funding liquidity risk	Funding concentration risk	x	x	✓	Funding volatility risk	x	x	✓	Market liquidity risk	Liquidity coverage risk	✓	✓	✓	Asset Convertibility risk	✓	x	✓	Maturity mismatch risk	x	x	✓	Market access risk	x	x	x	Cashflow mismatch risk	✓	✓	✓	FX settlement risk	x	x	x	Correspondent banking relationship risk	x	x	x	Asset Encumbrance Risk	x	x	x		2024	2025	Liquidity buffer	119,607,080	96,028,509	Total net cash outflows	6,669,377	2,916,356	Liquidity Coverage Ratio (%)	2166%	3293%	Regulatory LCR	100%	100% %		2024	2025	Required stable funding	264,077,259	206,726,915	Available stable funding	372,312,587	286,463,205
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(e)	Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.	Liquidity planning is the responsibility of several departments within the Bank. However, it is the Finance and Treasury department as well as the Risk and Compliance department which provide the greatest input into the overall determination of the required amount of liquidity commensurate with the Bank's projections in respect of the baseline scenario and the stress scenarios. The Bank develops its liquidity plan by designing a three-year business model which sets out the Bank's projected financial statements for a forward-looking horizon of three years. These projections incorporate assumptions about the future shape and direction of the Bank in line with the planned business model developments. The projected financials enable the Bank to determine whether the liquidity and funding position is sufficient to support the projections. With respect to the level of liquidity, the Bank has the following objectives: - To maintain, at all times, the Bank's LCR above minimum regulatory requirements. - To operate the Bank's LCR, Liquidity Ratio and Cash and Cash Equivalents within the Bank's Risk Appetite Framework (RAF) under both baseline and stressed scenarios. The RAF sets thresholds for LCR which exceeds the Bank's minimum regulatory obligation to allow for sufficient headroom and time to enact corrective measures in the event of a stressed scenario. - To maintain a level of liquidity which would enable the Bank to achieve its target ROE and successfully implement its business plan. The Bank's Liquidity, Interest Rate and Pricing Policy is fundamental to stress the Bank's key vulnerabilities with the view of verifying whether the Bank is holding a sufficient liquidity buffer to remain liquid, also during stressed scenarios. Stress tests also help the Bank's Management to better envisage any corrective measures which would need to be taken in the event of stress.																					
(f)	An outline of the bank's contingency funding plans.	The Bank has in place several options which can be initiated by direct order from the Board of Directors after internal discussions with the Bank's Senior Management. These liquidity-raising options may be resorted to in times of stress on the Bank's liquidity and whenever one of the Bank's liquidity thresholds are breached. The																					

		key actions which the Bank may undertake in this respect are set out below. Should liquidity issues lead to a situation where one of the Bank's recovery triggers is breached, recovery actions set out in the Recovery Plan may be put in action: - Sale of High-Quality Liquid Assets - Utilization of the ECB's Main Refinancing Operations - Raising Long-term Funding
(g)	An explanation of how stress testing is used.	The Bank uses stress testing as part of its ILAAP to determine whether it has sufficient liquidity during period of stress. In terms of stress testing a combination of the short-term and long-term stress test is evaluated, covering both idiosyncratic and market-wide events. The Bank's liquidity stress test is performed on the cash flow analysis methodology and on the forecasted LCR.
(h)	A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.	The Board of Directors expresses its satisfaction with the comprehensive and well-rounded nature of the Bank's liquidity risk management framework, which provides confidence that the Bank's liquidity risks are being effectively managed.
(i)	A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS), providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts	The Bank maintains a robust liquidity profile. The primary objective of the liquidity profile is to ensure that the Bank can operate and continue its core activities without disruption even during stressed market conditions. The liquidity portfolio is composed of high-quality assets aimed at preserving the market value and liquidity of the assets during adverse market conditions. A strong liquidity position enables the Bank to carry out core activities even under severely stressed market conditions. The Bank must always maintain adequate liquidity levels, ensuring a healthy buffer beyond all relevant regulatory requirements. The key liquidity metrics used by the Bank are the LCR and NSFR ratios, which are monitored and disclosed as pointed out in (d) above. The Bank diversifies borrowing in terms of maturities and investor geography to avoid excessive reliance on individual markets and funding sources. Deposit platforms are also diversified to ensure a healthy spread of funding reliance and reduce funding concentration risk to the best extent possible. As per the risk appetite, the Bank has set a concentration limit of 60% of deposits being funded through Online Deposit Platforms to ensure a healthy

	with the risk tolerance set by the management body.	spread of deposits amongst deposit platforms. The Bank also holds a Stable deposit base ratio limit of 30% to ensure a healthy mix of long- and short-term deposits.
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Table EU LIQB on qualitative information on LCR, which complements template EU LIQ1.

Row number	Qualitative information - Free format	
(a)	Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time	Throughout 2025, the Liquidity Coverage Ratio (LCR) was maintained at a prudent level, supported by a robust contingency liquidity buffer designed to mitigate key liquidity risks, including funding concentration, constrained access to the Money Market, and the potential for unforeseen reductions in funding limits. Retail deposits sourced through online deposit platforms continued to exhibit stability, with a well-balanced tenor composition of term deposits contributing to sustained funding reliability. Emphasis remains on maintaining a diversified funding profile, complemented by the continued utilisation of the European Central Bank (ECB) refinancing facilities.
(b)	Explanations on the changes in the LCR over time	Movements in the Liquidity Coverage Ratio (LCR) have primarily reflected changes in High-Quality Liquid Assets (HQLA), notably withdrawable central bank reserves and unencumbered sovereign securities such as Malta Government Stocks (MGS). These shifts arise from evolving liquidity management strategies, market dynamics, and regulatory developments. Periods of elevated term deposit maturities have occasionally led to higher outflow assumptions, temporarily increasing liquidity requirements. Throughout 2025, the Bank continued to monitor the Liquidity Coverage Ratio (LCR) daily, maintaining an average level well above the regulatory minimum of 100% and the internally defined threshold of 633%, as established through the Bank's Liquidity Recovery Plan. This internal threshold was recalibrated from 633% to 666% following the outcomes of the Internal Liquidity Adequacy Assessment Process (ILAAP) and associated stress testing exercises.
(c)	Explanations on the actual concentration of funding sources	The Bank maintains funding stability through a well-diversified deposit base, ensuring an appropriate balance across deposit tenors and funding sources. Key metrics, including the Stable Deposit Base Ratio and Funding Concentration, are monitored in alignment with the Bank's risk appetite and strategic objective to limit reliance on any single source, with a target threshold of 55%. The core funding base is composed of the Bank's own savings and term deposit products, predominantly held by households, which provide a stable and reliable foundation for liquidity management. This is further supplemented by deposits attracted through Online Deposit Platforms, expanding market reach.
(d)	High-level description of the composition of the institution's liquidity buffer.	The liquidity buffer comprises solely Level 1 assets, with approximately 43% consisting of withdrawable central bank reserves. Additionally, 57% of the Level 1 assets are composed of central government securities.

(e)	Derivative exposures and potential collateral calls	This field is not applicable to the Bank, as it is not involved in derivative transactions or activities.
(f)	Currency mismatch in the LCR	The Bank's operations are predominantly conducted in Euro, with non-Euro exposures accounting for only 0.23% of total assets or liabilities. As a result, currency mismatches within the Liquidity Coverage Ratio (LCR) remain limited and do not present a material risk to the Bank's liquidity position.
(g)	Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile	The Bank confirms that there are no additional items relevant to its liquidity profile included in the Liquidity Coverage Ratio (LCR) calculation beyond those disclosed in the LCR template. All factors impacting the Bank's liquidity position are appropriately captured within the prescribed disclosure framework.

EU LIQ1 - Quantitative information of LCR

Scope of consolidation: solo

		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending	Dec-25	Sept-25	Jun-25	Mar-25	Dec-25	Sept-25	Jun-25	Mar-25
EU 1b	Number of data points used in the calculation of averages	12 months preceding end of quarter							
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61					108,407,787	113,589,158	135,630,590	134,300,302
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	95,468,442	97,728,701	114,077,543	117,981,025	8,645,757	26,901,779	62,223,034	86,370,142
3	Stable deposits	52,183,531	49,481,943	47,438,700	43,879,061	2,609,177	12,549,480	22,184,064	31,001,996
4	Less stable deposits	43,284,911	47,426,914	64,669,000	71,532,120	6,036,580	13,532,455	38,069,126	52,798,302
5	Unsecured wholesale funding	55,835,991	49,754,332	51,665,790	43,858,648	7,007,183	21,354,590	38,216,852	37,046,934
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	55,581,258	49,499,599	51,411,056	43,858,563	6,752,450	21,099,857	37,962,119	37,046,848
7	Non-operational deposits (all counterparties)	-	-	-	86	-	-	-	86
8	Unsecured debt	254,733	339,644	509,467	-	254,733	254,733	254,733	-
9	Secured wholesale funding	-	-	-	-	-	-	-	-
10	Additional requirements	18,121,599	11,109,115	7,991,989	8,380,561	1,085,531	3,192,893	3,072,393	6,819,705
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	18,121,599	11,109,115	7,991,989	8,380,561	1,085,531	3,192,893	5,363,593	6,819,705
14	Other contractual funding obligations	-	-	-	-	-	-	-	-
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					16,738,471	51,449,262	105,803,479	130,236,781
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	72,157,960	71,852,626	69,434,423	69,041,866	44,470,423	41,950,587	40,510,755	38,960,073
19	Other cash inflows	37,038,487	41,878,555	44,369,929	45,648,235	7,705,045	8,536,069	9,022,319	9,277,980
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	TOTAL CASH INFLOWS	109,196,447	113,731,181	113,804,353	114,690,101	52,175,468	53,982,538	52,908,970	53,068,195
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	109,196,447	113,731,181	113,804,353	114,690,101	52,175,468	53,982,538	52,908,970	53,068,195
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					96,028,509	94,301,821	112,491,634	116,745,102
22	TOTAL NET CASH OUTFLOWS					2,916,356	3,043,379	3,647,833	7,273,283
23	LIQUIDITY COVERAGE RATIO					3293%	3099%	3084%	1605%

Template EU LIQ2: Net Stable Funding Ratio

ASF							
		a	b		c	d	e
(in EUR)		Unweighted value by residual maturity				Weighted value	
		No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr		
Available stable funding (ASF) Items							
1	Capital items and instruments	32,527,852	-	-	14,000,000	29,527,852	
2	Own funds	32,527,852	-	-	14,000,000	29,527,852	
3	Other capital instruments		-	-	-	-	
4	Retail deposits		107,977,660	31,598,461	52,053,421	184,285,783	
5	Stable deposits		101,061,923	31,215,135	52,053,421	177,716,627	
6	Less stable deposits		6,915,736	383,326	-	6,569,156	
7	Wholesale funding		130,388,006	1,555,486	23,355,649	72,649,571	
8	Operational deposits		120,388,006	1,555,486	23,355,649	72,213,366	
9	Other wholesale funding		10,000,000	-	-	436,205	
10	Interdependent liabilities		-	-	-	-	
11	Other liabilities	-	-	-	-	-	
12	NSFR derivative liabilities	-	-	-	-	-	
13	All other liabilities and capital instruments not included in the above categories		-	-	-	-	
14	Total available stable funding (ASF)					286,463,205	

RSF					
(in EUR)	a	b	c	d	e
	No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
Required stable funding (RSF) items					
15	Total high-quality liquid assets (HQLA)				7,342,404
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-
16	Deposits held at other financial institutions for operational purposes		-	-	-
17	Performing loans and securities:	67,541,506	17,550,543	181,201,554	187,251,439
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial	26,909,975	5,295,228	64,791,313	69,600,517
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	39,857,052	12,255,315	72,012,140	85,707,710
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit	929,091	86,960	9,918,964	6,955,352
22	Performing residential mortgages, of which:	774,480	-	29,287,071	19,098,836
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit	774,480	-	28,787,071	19,098,836
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet		-	15,111,030	12,844,376
25	Interdependent assets		-	-	-
26	Other assets:	24,266,145	-	47,625,002	12,133,073
27	Physical traded commodities			-	-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-
29	NSFR derivative assets		-		-
30	NSFR derivative liabilities before deduction of variation margin posted		-		-
31	All other assets not included in the above categories	24,266,145	-	47,625,002	12,133,073
32	Off-balance sheet items		-	-	-
33	Total RSF				206,726,915
34	Net Stable Funding Ratio (%)				138.57%

Template EU AE1 - Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible		of which notionally eligible		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	Assets of the reporting institution	5,000,000.00	5,000,000.00			449,092,355.50	51,999,280.59		
030	Equity instruments					65,052.48	46,322.48	65,052.48	46,322.48
040	Debt securities	5,000,000.00	5,000,000.00			69,416,402.52	51,953,091.37	17,423,006.88	
050	of which: covered bonds								
060	of which: securitisations								
070	of which: issued by general governments	5,000,000.00	5,000,000.00			51,953,091.37	51,953,091.37		
080	of which: issued by financial corporations					11,155,208.91		11,155,208.91	
090	of which: issued by non-financial corporations					6,198,765.98		6,198,765.98	
120	Other assets	-	-			379,610,900.50	-		

Table EU AE4 - Accompanying narrative information

Row number	Qualitative information - Free format	
(a)	General narrative information on asset encumbrance	The Bank only currently reports at a non-consolidated level. Assets are classified as encumbered where they have been pledged or otherwise committed as collateral in transactions that restrict the Bank's ability to freely transfer, sell, or dispose of those assets.

		During the reporting period, the Bank's encumbered assets consisted solely of general government debt securities amounting to €5.0 million. The exposure values used for the asset encumbrance disclosure are based on the carrying amounts and fair values of assets as required by the EU AE1 templates. The Bank reported €5.0 million of encumbered assets and €449.1 million of unencumbered assets. The full €5.0 million of encumbered assets comprised notionally eligible general government debt securities. Of the €449.1 million of unencumbered assets, €52.0 million was classified as EHQLA and HQLA, while €379.6 million related to other assets. The Median exposure values were determined using a consistent methodology across all four quarterly reporting periods during the year, with the median calculated based on the values reported in each quarter.
(b)	Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template EU AE1 and EU AE2.	The Bank's asset encumbrance arises primarily from the pledging of Malta Government Securities (MGSs) as collateral for ECB refinancing operations and cash deposits at the Central Bank pledged in favor of the Depositor Compensation Scheme. Encumbered assets amounted to €5.0 million. The Bank prepares its asset encumbrance disclosures on a solo basis and therefore the level of encumbrance does not stem from specific entities within a consolidated group structure. The Bank does not have any over-collateralisation requirements arising from covered bonds or securitisation activities. Therefore, there are no such activities that have an impact on the Bank's level of asset encumbrance. Asset encumbrance is reported solely in the Bank's reporting currency (EUR), with no encumbrance positions maintained in other currencies. Total unencumbered assets reported in template EU AE1 amounted to €449.1 million. A portion of these assets comprises intangible assets, accruals and tax assets, which would not normally be available for encumbrance in the ordinary course of business. Within template EU AE1, row 120 ("Other assets") amounted to €379.6 million and consisted of assets that are generally not used as collateral in the Bank's funding activities. No encumbered balances were reported under this category during the reporting period.

8. Credit Risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to the financial instrument fails to meet its contractual obligations. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

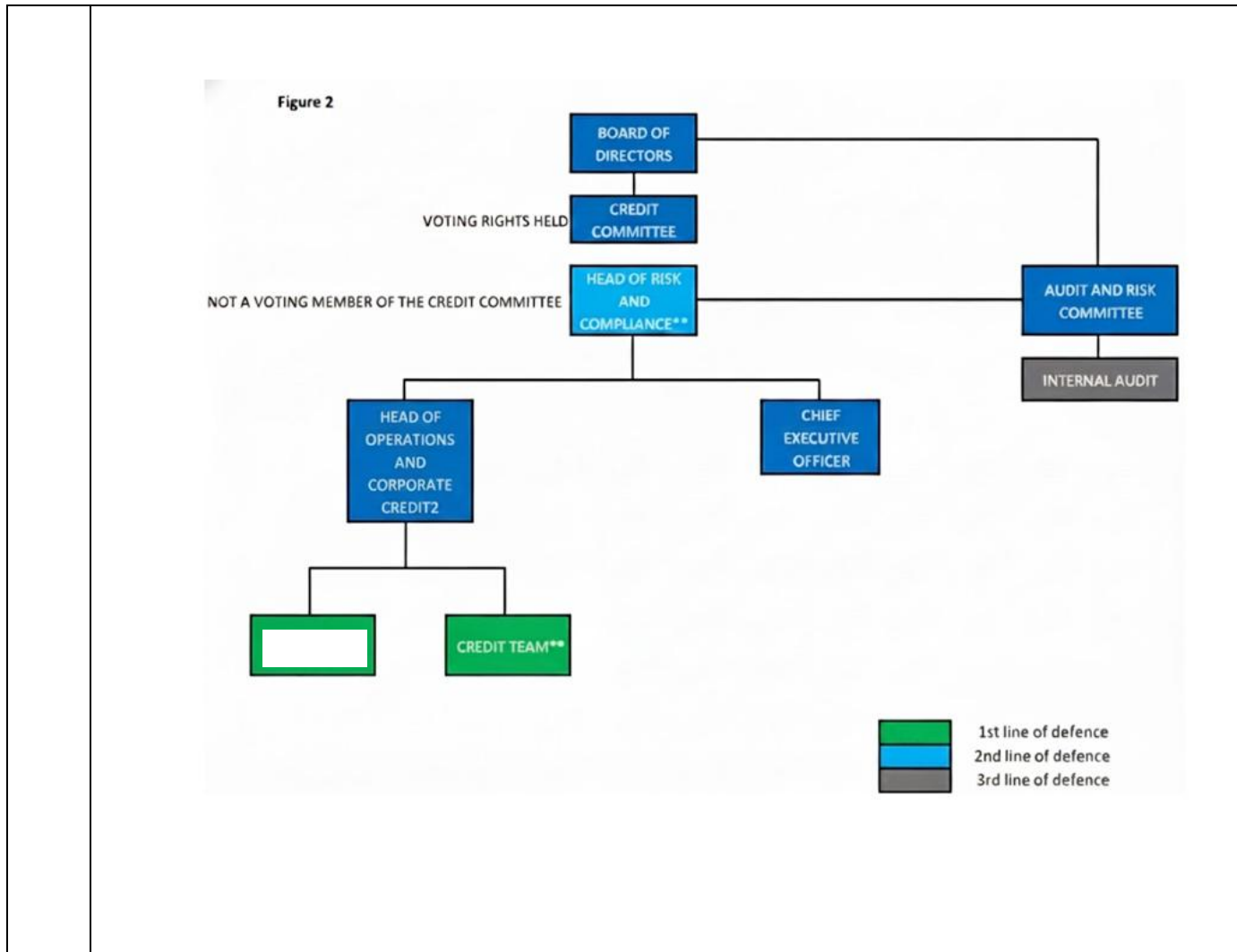
The Bank follows standards, policies, and procedures established by the Board of Directors to control and monitor all risks. The Board of Directors has delegated the responsibility for managing credit risk to the Credit Committee. The Bank's management is responsible for overseeing the Bank's credit risk. The Bank's credit risk policies and procedures are reviewed regularly through internal audit.

Table EU CRA: General qualitative information about credit risk

(a)	Credit risk pertains to the potential loss stemming from the default or decline in credit quality of a customer or counterpart to whom the Bank extends credit through lending activities. The Bank prudently manages its risk exposure by adopting a conservative lending approach, balancing risk-taking with the goal of maintaining robust returns. Rigorous processes for evaluating creditworthiness and continually monitoring repayment feasibility are firmly established, with ongoing updates actively pursued. The Bank prudently manages its risk exposure by adopting a conservative lending approach, balancing risk taking with the goal of maintaining robust returns. Rigorous processes for evaluating creditworthiness and continually monitoring repayment feasibility are firmly established, with ongoing enhancements being actively pursued. Moreover, credit concentration risk is deemed to be a risk linked to the wider macro-economic environment. A high number of exposures concentrated in a specific country, sector, or to a single counterparty can lead to an increased risk of losses related to countries, sectors or counterparties. Whilst residually the inherent exposure is high due to the business model structure, mitigations are in place to ensure that such risk is not breaching thresholds. The Bank ensures maintenance of this risk exposure through periodic monitoring of key ratios such as the NPL ratio and large exposure ratio which are kept lower than 5% and 25% of tier 1 capital respectively. The Bank's main business model focuses on corporate lending, factoring, and bills of exchange, and this is how the business model translates into the key components of its credit risk profile: - Corporate Lending: This inherently introduces the risk of significant exposure to individual corporate borrowers or specific industry sectors. The credit risk is directly tied to the financial health and repayment capacity of the borrowing corporations. This requires robust credit assessment processes, ongoing monitoring of borrowers, and appropriate loan structuring (collateral and covenants). Default risk is influenced by macroeconomic conditions, industry-specific challenges, and the individual performance of the borrowers. Loans may be secured by various forms of collateral (e.g. property). The quality, valuation, and enforceability of this collateral directly impact the bank's loss given default (LGD). - Factoring: While factoring involves lending against receivables, concentration risk can still arise from a heavy reliance on a few large clients whose financial health could impact the recoverability of the factored invoices. Additionally, concentration within specific industries whose clients are the underlying debtors also matters. The primary credit risk lies with the underlying debtors who are obligated to pay the invoices for non-recourse agreements, which make up the bulk of the factoring portfolio of the Bank. The financial stability of these debtors and the quality of the invoices (e.g., disputes, validity) are key determinants of default risk. The financial strength of the factoring client also plays a role, as they might be required to provide recourse for some recourse agreements. While not traditional collateral, the assigned receivables serve as the primary security. Risks include the validity and collectability of these receivables, potential disputes, and the administrative
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	processes of managing them. In addition to this, the Bank also employs credit insurance against the invoices to help mitigate credit risk. These insurance solutions protect the Bank against non-payment risks by covering a significant portion of potential losses if the underlying debtors default, thereby providing an additional layer of security and supporting the overall stability of the factoring portfolio. - Bills of Exchange: Concentration risk could stem from a large volume of acceptances or endorsements related to a limited number of counterparties. The credit risk is associated with the acceptor (the party obligated to pay the bill at maturity) and any endorsers. Assessing their creditworthiness is crucial. The nature of the underlying transaction also influences the likelihood of payment. Some bills might be linked to specific collateral, offering a degree of security.
(b)	The Bank's credit risk framework is mainly operationalised through the following set of policies and procedures: • Credit Policy; • Credit Manual; • Treasury Management Policy; and Periodically, and at least annually, the Bank carries out credit file reviews of all facilities. For non-performing exposures, reviews are carried out when classified as such and at more regular intervals thereafter. The items checked and assessed during the periodic review include: • General operation of the account, including account fluctuation, credit turnover, excesses required, and loan repayments. • Present limits, including whether these align with the customer's requirements and are marked correctly on the Bank's core system. Conditions of last approval, including whether these have been satisfied. Financial position. • Market conditions. • Security • The payment status of pledged policies' premia. • Credit grading • Limits and interest rates • Any indicators of unlikelihood to pay. The Bank's Facility Agreement and Sanction Letter are business contracts and contain terms and conditions that the customers must observe for the duration of the agreement. Monitoring covenants in addition to monitoring overall customer performance is essential to the process of lending and obtaining repayment, and is a responsibility carried out by the Credit Team. After disbursement, the Credit Team commences regular monitoring of the performance of covenants and other conditions of borrowing. Any violations are followed up in writing.
(c), (d)	Credit granting is a core activity performed by Izola Bank ('the Bank') in its role as a credit institution and consists of activities that involve an agreement to provide a sum of money for a specified purpose, for such period as may be agreed, and to be repaid in accordance with pre-agreed conditions. The Bank's credit policy is based on its core belief that credit propositions should be handled in a structured manner. The main phases credit exposures go through during their lifecycle include Credit Origination, Credit Risk Mitigation, Credit Risk Monitoring, Credit Allowances and Credit Portfolio Review. Additional phases that may apply depending on the performance of the exposure include Credit Default and Credit

	Recovery. The foundation to all these processes is the Bank's Credit governance framework based on the three lines of defence principle. The Bank's ultimate objective is to abide by sound lending principles whenever assessing lending propositions, and to ensure that the customer will be able to repay the facility in full and in accordance with the terms of the credit agreement. The Bank maintains a rigorous credit risk management framework centred on prudent lending to creditworthy counterparties and robust collateralization. The credit lifecycle is governed by a dual-layered oversight structure, where both the Credit and Risk Departments conduct at least annual reviews of all facilities, with the Board of Directors providing final sanctioning for major limits. To mitigate residual exposure, Management employs a multi-faceted strategy, covering credit default insurance for factoring, collateral and guarantee pledging for loan exposures. The Bank's provisioning methodology adheres to a sophisticated Expected Credit Loss (ECL) model to ensure financial resilience. Financial instruments are categorized into Stage 1 (12-month ECL) for performing assets and Stage 2 (Lifetime ECL) for those exhibiting a significant increase in credit risk. When borrower distress necessitates the renegotiation of terms, an assessment is performed to determine if the modification warrants derecognition. Restructured assets that are not derecognized are typically classified as Stage 3 credit-impaired assets unless there is clear evidence to the contrary. These assets may only be transitioned out of Stage 3 following a minimum observation period and demonstrated improvement in repayment capacity. Conversely, if a modification is deemed substantial, the original asset is derecognized and a new financial instrument is recognized at fair value, generally entering Stage 1 unless it is identified as Purchased or Originated Credit-Impaired (POCI). Through this disciplined approach to modification and impairment, the Bank maintains a transparent and accurate reflection of its credit portfolio's health. The relevant organisational structures and functions in relation to credit risk are illustrated in the figure below. It is built upon the foundation of the three lines of defence principle, wherein the Credit Team serves as the first line, the Risk and Compliance Function serves as the second line and the Internal Audit function serves as the third line of defence. The CEO, Head of Operations and the Head of Risk play a significant role in the approval processes and in bridging the gap between the Credit Team and the Directors. All processes are under the ultimate oversight of the Credit Committee and the Board of Directors. The Bank aims to cultivate a conservative risk culture where the tone is set from the top and risk-taking is aligned with risk appetite and profitability
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Template EU CR1: Performing and non-performing exposures and related provisions.

		Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collaterals and financial guarantees received				
		Performing exposures		Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures		On non-performing exposures	
		of which: stage 1	of which: stage 2	of which: stage 2	of which: stage 3	of which: stage 1	of which: stage 2	of which: stage 2	of which: stage 3								
005	Cash balances at central banks and other demand deposits	53,385,801	53,385,801	-	-	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	254,183,925	254,183,925	-	694,143	80,890	613,253	891,184	890,965	-	694,143	80,890	613,253	-	126,623,404	-	-
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	3,650,019	3,650,019	-	-	-	-	229	-	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	42,770,436	42,770,436	-	-	-	-	213,259	213,259	-	-	-	-	-	39,139,090	-	-
060	Non-financial corporations	100,697,297	100,697,297	-	406,128	66,770	339,358	493,094	493,094	-	406,128	66,770	339,358	-	57,405,773	-	-
070	Of which: SMEs	88,926,016	88,926,016	-	406,128	66,770	339,358	465,032	465,032	-	406,128	66,770	339,358	-	54,263,624	-	-
080	Households	107,066,173	107,066,173	-	288,015	14,121	273,895	184,612	184,612	-	288,015	14,121	273,895	-	30,078,541	-	-
090	Debt Securities	64,520,753	64,520,753	-	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	49,760,290	49,760,290	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	1,199,300	1,199,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	7,750,100	7,750,100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	5,811,063	5,811,063	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	115,860,216	115,860,216	-	-	-	-	-	-	-	-	-	-	-	-	-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
190	Other financial corporations	3,119,533	3,119,533	-	-	-	-	-	-	-	-	-	-	-	-	-	-
200	Non-financial corporations	65,281,932	65,281,932	-	-	-	-	-	-	-	-	-	-	-	-	-	-
210	Households	47,458,751	47,458,751	-	-	-	-	-	-	-	-	-	-	-	-	-	-
220	Total	487,950,695	487,950,695	-	694,143	80,890	613,253	891,184	890,965	-	694,143	80,890	613,253	-	126,623,404	-	-

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
		Gross carrying amount/nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collaterals and financial guarantees received	
		Performing exposures		Non-performing exposures		Performing exposures - Accumulated impairment and provisions		Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions									
		of which: stage 1	of which: stage 2	of which: stage 2	of which: stage 3	of which: stage 1	of which: stage 2	of which: stage 2	of which: stage 3	On performing exposures	On non-performing exposures						
005	Cash balances at central banks and other demand deposits	53,387,302	53,387,302	-	-	-	-	30,482	30,482	-	-	-	-	-	-	-	
010	Loans and advances	245,383,843	245,383,843	-	7,908,899	921,646	6,987,253	1,482,766	1,482,766	-	-	7,908,899	921,646	6,987,253	126,623,404	-	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	3,637,222	3,637,222	-	-	-	-	59,381	59,381	-	-	-	-	-	-	-	
040	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
050	Other financial corporations	42,620,480	42,620,480	-	-	-	-	34,078	34,078	-	-	-	-	-	39,139,090	-	
060	Non-financial corporations	95,716,926	95,716,926	-	4,627,321	760,757	3,866,563	1,010,423	1,010,423	-	-	4,627,321	760,757	3,866,563	57,405,773	-	
070	Of which: SMEs	83,986,916	83,986,916	-	4,627,321	760,757	3,866,563	340,317	340,317	-	-	4,627,321	760,757	3,866,563	54,263,624	-	
080	Households	103,409,215	103,409,215	-	3,281,578	160,889	3,120,689	38,567	38,567	-	-	3,281,578	160,889	3,120,689	30,078,541	-	
090	Debt Securities	64,586,170	64,520,753	-	-	-	-	59,381	59,381	-	-	-	-	-	-	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
110	General governments	49,810,741	49,760,290	-	-	-	-	-	-	-	-	-	-	-	-	-	
120	Credit institutions	1,200,516	1,199,300	-	-	-	-	-	-	-	-	-	-	-	-	-	
130	Other financial corporations	7,757,958	7,750,100	-	-	-	-	-	-	-	-	-	-	-	-	-	
140	Non-financial corporations	5,816,955	5,811,063	-	-	-	-	-	-	-	-	-	-	-	-	-	
150	Off-balance sheet exposures	54,812,271	54,812,271	-	-	-	-	-	-	-	-	-	-	-	-	-	
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
190	Other financial corporations	1,475,819	1,475,819	-	-	-	-	-	-	-	-	-	-	-	-	-	
200	Non-financial corporations	30,884,208	30,884,208	-	-	-	-	-	-	-	-	-	-	-	-	-	
210	Households	22,452,245	22,452,245	-	-	-	-	-	-	-	-	-	-	-	-	-	
220	Total	418,169,586	418,104,169	-	7,908,899	921,646	6,987,253	1,572,629	1,572,629	-	-	7,908,899	921,646	6,987,253	126,623,404	-	

Template EU CR1-A: Maturity of exposures

		a	b	c	d	f
		Net exposure value				
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	Total
1	Loans and advances	64,515,594	22,764,803	74,754,307	93,114,817	255,149,520
2	Debt securities		-	25,576,000	46,317,700	71,893,700
3	Total	64,515,594	22,764,803	100,330,307	139,432,517	327,043,220

No exposures with no stated maturity are applicable for the Bank, therefore column “e” is being excluded from the above table.

Template EU CR2: Changes in the stock of non-performing loans and advances

		a
		Gross carrying amount
010	Initial stock of non-performing loans and advances	8,400,868
020	Inflows to non-performing portfolios	468,298
030	Outflows from non-performing portfolios	-960,267
040	Outflows due to write-offs	
050	Outflow due to other situations	-960,267
060	Final stock of non-performing loans and advances	7,908,899

Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees
		a	b	C	d
1	Loans and advances	180,055,138	126,623,404	118,565,182	8,058,222
2	Debt securities	64,520,753	-	-	-
3	Total	244,575,891	126,623,404	118,565,182	8,058,222
4	<i>Of which non-performing exposures</i>	-	-	-	-
EU-5	<i>Of which defaulted</i>	-	-		

The Bank does not hold any securities in the form of credit derivatives, hence column “e” is being excluded from the above table.

Template EU CR4 – standardised approach – Credit risk exposure and CRM effects

Exposure classes	Exposures before On-balance-sheet exposures	CCF and before Off-balance-sheet exposures	Exposures post CCF and post CRM On-balance-sheet exposures	CCF and post CRM Off-balance-sheet exposures	RWAs and RWAs density RWEA	RWEA density (%)
	a	b	c	d	e	f
1 Central governments or central banks	103,033,754	-	103,033,754	-	-	0%
2 Non-central government public sector entities	-	-	-	-	-	0%
EU 2a Regional government or local authorities	-	-	-	-	-	0%
EU 2b Public sector entities	-	-	-	-	-	0%
3 Multilateral development banks	-	-	-	-	-	0%
EU 3a International organisations	-	-	-	-	-	0%
4 Institutions	12,183,626	-	12,183,626	-	6,993,060	57%
6 Covered bonds	-	-	-	-	-	0%
6 Corporates	58,938,175	-	48,948,001	-	40,179,983	82%
6.1 Of which: Specialised Lending	-	-	-	-	-	0%
7 Subordinated debt exposures and equity	2,707,330	-	2,707,330	-	4,061,630	150%
EU 7a Subordinated debt exposures	2,688,600	-	2,688,600	-	4,032,900	150%
EU 7b Equity	18,730	-	18,730	-	18,730	100%
8 Retail	120,654,634	-	116,197,454	-	83,689,110	72%
9 Secured by mortgages on immovable property and ADC exposures	44,362,654	-	44,362,654	-	16,767,159	38%
9.1 Secured by mortgages on residential immovable property - non IPRE	32,298,012	-	32,298,012	-	7,381,284	23%
9.2 Secured by mortgages on residential immovable property - IPRE	2,027,666	-	2,027,666	-	612,253	30%
9.3 Secured by mortgages on commercial immovable property - non IPRE	-	-	-	-	-	0%
9.4 Secured by mortgages on commercial immovable property - IPRE	7,065,934	-	7,065,934	-	4,317,043	61%
9.5 Acquisition, Development and Construction (ADC)	2,971,053	-	2,971,053	-	4,456,579	150%
10 Exposures in default	-	-	-	-	-	0%
EU 10a Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
EU 10b Collective investment undertakings	46,687	-	46,687	-	23,343	50%
EU 10c Other items	18,432,300	-	18,432,300	-	16,963,624	92%
11 Not applicable	-	-	-	-	-	-
12 TOTAL	398,132,475	-	383,686,221	-	185,934,717	48%

Template EU CR5 – standardised approach

		Risk weight													Total	Of which unrated
	Exposure classes	0%	20%	30%	45%	50%	60%	75%	90%	100%	150%	Others				
		a	e	f	i	j	k	m	o	p	t	y	z	aa		
1	Central governments or central banks	103,033,754	-	-	-	-	-	-	-	-	-	-	103,033,754			
2	Non-central government public sector entities	-	-	-	-	-	-	-	-	-	-	-	-			
EU 2a	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-			
EU 2b	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-			
3	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-			
EU 3a	International organisations	-	-	-	-	-	-	-	-	-	-	-	-			
4	Institutions	-	6,488,081	-	-	-	-	-	-	5,695,444	-	-	12,183,525			
5	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-			
6	Corporates	-	-	-	-	-	-	-	-	48,948,001	-	-	48,948,001	48,948,001		
6.1	Of which: Specialised Lending	-	-	-	-	-	-	-	-	-	-	-	-			
7	Subordinated debt exposures and equity	-	-	-	-	-	-	-	-	-	-	-	-			
EU 7a	Subordinated debt exposures	-	-	-	-	-	-	-	-	-	2,688,600	-	2,688,600			
EU 7b	Equity	-	-	-	-	-	-	-	-	18,730	-	-	18,730	18,730		
8	Retail exposures	-	-	-	-	-	-	116,197,454	-	18,730	-	-	116,197,454	116,197,454		
9	Secured by mortgages on immovable property and ADC exposures	-	-	-	-	-	-	-	-	-	-	-	-			
9.1	Secured by mortgages on residential immovable property - non IPRE	-	30,096,376	-	-	-	-	-	-	2,201,636	-	-	32,298,012	32,298,012		
9.1.1	No loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-			
9.1.2	loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-			
9.1.3	loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-			
9.2	Secured by mortgages on residential immovable property - IPRE	-	-	725,716	1,301,939	-	-	-	-	-	-	-	2,027,656	2,027,656		
9.3	Secured by mortgages on commercial immovable property - non IPRE	-	-	-	-	-	37,448,269	-	-	325,247	-	-	37,773,516	37,773,516		
9.3.1	No loan splitting applied	-	-	-	-	-	-	-	-	-	-	-	-			
9.3.2	loan splitting applied (secured)	-	-	-	-	-	-	-	-	-	-	-	-			
9.3.3	loan splitting applied (unsecured)	-	-	-	-	-	-	-	-	-	-	-	-			
9.4	Secured by mortgages on commercial immovable property - IPRE	-	-	-	-	-	-	-	3,600,000	-	-	3,465,934	7,065,934	7,065,934		
9.5	Acquisition, Development and Construction (ADC)	-	-	-	-	-	-	-	-	-	2,971,053	-	2,971,053	2,971,053		
10	Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-			
EU 10a	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-			
EU 10b	Collective investment undertakings (CIU)	-	-	-	-	46,687	-	-	-	-	-	-	46,687			
EU 10c	Other items	-	1,835,971	-	-	-	-	-	-	16,596,330	-	-	18,432,300	18,432,300		
11	not applicable	-	-	-	-	-	-	-	-	-	-	-	-			
EU TOTAL		103,033,754	38,420,427	725,716	1,301,939	46,687	37,448,269	116,197,454	3,600,000	73,785,387	5,659,653	3,465,934	383,685,221	265,732,655		

No exposures as at December 2025 were subject to the following risk weights: 2%, 4%, 10%, 35%, 40%, 70%, 80%, 105%, 110%, 130%, 250%, 370%, 400% and 1250%. Hence, the respective columns have not been disclosed in the above table.

Table EU CRB: Additional disclosure related to the credit quality of assets

(a)	The scope and definitions of ‘past-due’ and ‘impaired’ exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition of default in accordance with Article 178 CRR.	The Bank calculates expected credit losses in accordance with IFRS 9 (refer to Note 4.3.2 of the Annual Report & Financial Statements 2025), using internal credit risk grades (Note 4.3.4) to assess the probability of default of individual counterparties or facilities. These grades are based on payment behaviour, loan-specific information, and expert judgement by the Bank’s Credit Committee. For corporate lending exposures, credit risk assessments consider borrower payment behaviour, covenant compliance, historical and forecasted financial performance, as well as non-financial indicators such as timeliness of financial reporting, industry outlook, and macroeconomic conditions. Risk grades are calibrated to reflect increasing default risk and are assigned at the borrower level through periodic credit reviews, conducted at least annually. Retail mortgage exposures are graded based on payment behaviour and days past due. Factored receivables, which include bills of exchange and invoice factoring, are not
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		managed on a credit-by-credit basis due to their high volume and homogeneity. For bills of exchange factoring, ongoing credit assessments focus on debtor payment behaviour, with exposures classified as 'problematic' or 'non-problematic' based on overdue bill payments. In invoice factoring, assessments are performed at the debtor level by monitoring overdue invoices and assigning a probability of default based on externally sourced credit scores that incorporate financial performance and delinquency history.
(b)	The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.	The Bank does not have past-due exposures (more than 90 days) that are not considered to be impaired.
(c)	Description of methods used for determining general and specific credit risk adjustments.	Measurement of credit risk considers that an exposure varies with changes in market conditions, expected cash flows and the passage of time. The Bank's internal models measure expected credit losses ("ECL") by portfolio using probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD") of each exposure. The Audit and Risk Committee is responsible for certifying to the Bank's Board that the provisioning methodology recommended by Management is adequate and in line with the regulatory requirements and the related financial reporting standards. IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition, as summarised below: • A financial instrument not credit-impaired upon initial recognition is classified in 'Stage 1'. • If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed credit-impaired. Refer to Note 4.3.2.1 for a description of how the Bank determines when a SICR has occurred. • If the financial instrument becomes credit-impaired, the financial instrument is moved to 'Stage 3'. Refer to Note 4.3.2.2 of the Annual Report & Financial Statements 2024 for the Bank's definition of credit impaired. • Financial instruments in 'Stage 1' have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in 'Stage 2' or 'Stage 3' have their ECL measured based on expected credit losses on a lifetime basis. Refer to Note 4.3.2.3 of the Annual Report & Financial Statements 2024 for a description of inputs, assumptions and estimation techniques used in measuring the ECL.

		In accordance with Article 111 of the CRR, the net exposure is the accounting value remaining after deducting the expected credit losses, also referred to as 'specific credit risk adjustments' in line with the EBA Guidelines. Further information on the calculation of the ECL is provided in Note 4.3.2 of the Annual Report & Financial Statements 2024.
(d)	The institution's own definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on defaulting accordance with Article 178 CRR when different from the definition of forbore exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014.	A forbearance measure is a concession towards an obligor that is experiencing or is likely to experience difficulties in meeting its financial commitments. A concession may entail a loss for the Bank and becomes applicable when the obligor is granted a modification of the terms and conditions of a debt obligation, including a total or partial refinancing of the debt obligation, where such modification would not have been granted had the obligor not experienced difficulties in meeting its financial commitments. The key objective of granting forbearance measures is to assist non-performing customers to exit their non-performing status, or to prevent performing customers from reaching a non-performing status, thus minimising losses to the Bank. The difficulties experienced by an obligor in meeting its financial commitments shall be assessed at obligor level, taking into account all the legal entities in the obligor's group which are included in the accounting consolidation of the group, and natural persons who control that group. Before granting any forbearance measures, the Credit Department should conduct a complete assessment of the borrower's financial situation. This includes the assessment of all relevant factors, taking particular account of the debt servicing capability and overall indebtedness of the obligor. This assessment should be based on documented current and verified financial information. Forborne exposures are reviewed at least every six months.

Table EU CRC – Qualitative disclosure requirements related to CRM techniques

Legal basis	Free format	
Article 453 (a) CRR	A description of the core features of the policies and processes for on- and off-balance sheet netting and an indication of the extent to which	The Bank does not currently utilize on- or off-balance sheet netting arrangements as part of its financial or risk management practices.

	institutions make use of balance sheet netting;	
Article 453 (b) CRR	The core features of policies and processes for eligible collateral evaluation and management;	The Bank employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Bank has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The Bank's policies regarding obtaining collateral have not changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period. Collaterals are taken by the Bank as a fall-back, hence acting as a secondary source of repayment should the primary source of repayment fail. The security provided does not form the primary basis of the lending decision. The Credit Risk Policy of the Bank stipulates inter alia the types of collateral and valuations to be carried out on them. Further information on the collateral taken by the Bank and other credit enhancements is provided in Note 4.3.7 to the 2025 Financial Statements.
Article 453 (c) CRR	A description of the main types of collateral taken by the institution to mitigate credit risk;	The Bank primarily uses cash as the main form of collateral to mitigate credit risk. In addition to cash, the Bank also accepts commercial and residential property as security. These collateral types play a significant role in credit risk mitigation (CRM) by providing additional assurance and recoverable value in case of default. The combination of cash and property security ensures a robust approach to managing credit risk across the Bank's portfolio.
Article 453 (d) CRR	For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures;	Since the Bank does not deal in guarantees and credit derivatives as credit protection, this does not apply.

Article 453 (e) CRR	Information about market or credit risk concentrations within the credit mitigation taken;	The Bank's approach to CRM is designed to avoid material market or credit risk concentrations, ensuring a robust and diversified risk management framework. The Bank mainly has credit concentrations in Belgium and Malta, spread across various sectors, including but not limited to hospitality and property development. The Bank monitors the HHI ratio, internally designed sector limits and also its large exposures in line with Regulatory Requirements.
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Table EU CRD – Qualitative disclosure requirements related to standardised approach

Legal basis	Qualitative information - Free format	
Article 444 (a) CRR	Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) nominated by the institution, and the reasons for any changes over the disclosure period;	The Bank adopts the Standardised Approach to calculate risk-weighted assets. It applies the ratings of the following External Credit Assessment Institutions ('ECAI') in determining the appropriate credit quality step, in line with the previous reporting period: • FitchRatings; or • Moody's. Moody's ratings are used as the primary reference ECAI. ECAs are not used to determine the credit quality step of a counterparty.
Article 444 (b) CRR	The exposure classes for which each ECAI or ECA is used;	The rating of each ECAI is linked to each exposure using the credit quality steps and risk weights prescribed in Part Three, Title II, Chapter 2 of the CRR. The Bank applies the ECAI rating to the following exposure classes: • Central governments or central banks; • Public sector entities; • Institutions (credit institutions, investment firms and other dedicated financial counterparties); • Corporates.
Article 444 (c) CRR	A description of the process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book;	The Bank does not consider the transfer of issuer and issue credit ratings to similar asset items outside the trading book to be applicable.
Article 444 (d) CRR	The association of the external rating of each nominated ECAI or ECA (as referred to in row (a)) with the risk weights that correspond with the credit quality steps as set out in	The Bank complies with the standard association published by the EBA [the Commission Implementing Regulation (EU) 2024/1872 of 1 July 2024]. The following mapping table lists the credit ratings of the ECAIs nominated by the institution and related credit quality steps in line with the EBA requirements.

	Chapter 2 of Title II of Part Three CRR (except where the institution complies with the standard association published by the EBA).		Credit Quality Step	Fitch Ratings	Moody's	
			1	AAA+ to AA-	Aaa to Aa3	
			2	A+ to A-	A1 to A3	
			3	BBB+ to BBB-	Baa1 to Baa3	
			4	BB+ to BB-	Ba1 to Ba3	
			5	B+ to B-	B1 to B3	
			6	CCC+ to DDD	Caa1 to DDD	

Template EU CQ3: Credit quality of performing and non-performing exposures by past due days

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount / Nominal amount											
	Performing exposures				Non-performing exposures							
	Not past due or Past due < 30 days	Past due > 30 days < 90 days			Unlikely to pay that are not past-due or past-due < = 90 days	Past due > 90 days < = 180 days	Past due > 180 days < = 1 year	Past due > 1 year < = 2 years	Past due > 2 year < = 5 years	Past due > 5 year < = 7 years	Past due > 7 years	Of which defaulted
006 Cash balances at central banks and other demand deposits	63,386,801	63,386,801	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	264,183,926	263,292,741	891,184	694,143	13,720	16,470	43,098	336,200	286,655	-	-	-
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	3,650,019	3,649,791	229	-	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
060 Other financial corporations	42,770,436	42,667,196	213,260	-	-	-	-	-	-	-	-	-
060 Non-financial corporations	100,697,297	100,204,203	493,094	406,128	13,720	-	43,098	62,666	286,655	-	-	-
070 Of which SMEs	88,926,016	88,460,986	466,032	406,128	13,720	-	43,098	62,666	286,655	-	-	-
080 Households	107,066,173	106,881,561	184,612	288,016	-	16,470	-	272,545	-	-	-	-
090 Debt Securities	64,620,763	64,620,763	-	-	-	-	-	-	-	-	-	-
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	49,760,290	49,760,290	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	1,199,300	1,199,300	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	7,750,100	7,750,100	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	6,811,063	6,811,063	-	-	-	-	-	-	-	-	-	-
160 Off-balance sheet exposures	116,860,216	-	-	-	-	-	-	-	-	-	-	-
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
170 General governments	-	-	-	-	-	-	-	-	-	-	-	-
180 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
190 Other financial corporations	3,119,533	-	-	-	-	-	-	-	-	-	-	-
200 Non-financial corporations	66,261,932	-	-	-	-	-	-	-	-	-	-	-
210 Households	47,468,761	-	-	-	-	-	-	-	-	-	-	-
220 Total	487,950,696	371,199,295	891,184	694,143	13,720	16,470	43,098	336,200	286,655	-	-	-

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount / Nominal amount											
	Performing exposures				Non-performing exposures							
	Not past due or Past due < 30 days	Past due > 30 days < 90 days			Unlikely to pay that are not past-due or past-due < = 90 days	Past due > 90 days < = 180 days	Past due > 180 days < = 1 year	Past due > 1 year < = 2 years	Past due > 2 year < = 5 years	Past due > 5 year < = 7 years	Past due > 7 years	Of which defaulted
006 Cash balances at central banks and other demand deposits	63,387,302	63,387,302	-	-	-	-	-	-	-	-	-	-
010 Loans and advances	246,383,843	244,623,613	860,330	7,908,899	156,322	176,262	491,048	3,819,192	3,266,074	-	-	-
020 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030 General governments	3,637,222	3,636,994	228	-	-	-	-	-	-	-	-	-
040 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
060 Other financial corporations	42,620,480	42,407,978	212,602	-	-	-	-	-	-	-	-	-
060 Non-financial corporations	96,716,926	96,248,220	468,706	4,627,321	156,322	-	491,048	713,676	3,266,074	-	-	-
070 Of which SMEs	83,966,916	83,647,713	439,203	4,627,321	156,322	-	491,048	713,676	3,266,074	-	-	-
080 Households	103,409,215	103,230,908	178,306	3,281,678	-	176,262	-	3,106,316	-	-	-	-
090 Debt Securities	64,666,170	64,666,170	-	-	-	-	-	-	-	-	-	-
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	49,810,741	49,810,741	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	1,200,616	1,200,616	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	7,767,968	7,767,968	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	6,816,966	6,816,966	-	-	-	-	-	-	-	-	-	-
160 Off-balance sheet exposures	64,812,271	-	-	-	-	-	-	-	-	-	-	-
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
170 General governments	-	-	-	-	-	-	-	-	-	-	-	-
180 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
190 Other financial corporations	1,476,819	-	-	-	-	-	-	-	-	-	-	-
200 Non-financial corporations	30,884,206	-	-	-	-	-	-	-	-	-	-	-
210 Households	22,462,246	-	-	-	-	-	-	-	-	-	-	-
220 Total	418,169,686	362,496,966	860,330	7,908,899	156,322	176,262	491,048	3,819,192	3,266,074	-	-	-

Template EU CQ4: Quality of non-performing exposures by geography

	a	b	c	d	e	f	g
	Gross carrying/Nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	of which: non-performing	of which: defaulted	of which: subject to impairment				
010 On balance sheet exposures	319,398,821	694,143	-	319,398,821	(1,585,327)	-	-
020 Malta	283,640,006	68,367	-	283,640,006	(1,136,862)	-	-
030 Belgium	29,764,008	626,776	-	29,764,008	(449,476)	-	-
040 Luxembourg	1,043,609	-	-	1,043,609	-	-	-
060 France	1,059,679	-	-	1,059,679	-	-	-
060 Cyprus	2,246,427	-	-	2,246,427	-	-	-
070 Ireland	692,517	-	-	692,517	-	-	-
080 Italy	367,424	-	-	367,424	-	-	-
090 Germany	2,803	-	-	2,803	-	-	-
100 Netherlands	682,347	-	-	682,347	-	-	-
110 Off balance sheet exposures	116,860,216	-	-	-	-	-	-
120 Malta	70,282,999	-	-	-	-	-	-
130 Belgium	45,577,217	-	-	-	-	-	-
140 Other countries	-	-	-	-	-	-	-
160 Total	436,259,037	694,143	-	319,398,821	(1,585,327)	-	-

		a	b		c	d		e	f	g
			Gross carrying/Nominal amount			Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures		
			of which: non-performing	of which: defaulted	of which: subject to impairment					
010	On balance sheet exposures	319,398,821	694,143	-	-	319,398,821	(1,585,327)		-	
020	Malta	283,640,006	68,367	-	-	283,640,006	(1,136,862)		-	
030	Belgium	29,764,008	626,776	-	-	29,764,008	(449,476)		-	
040	Luxembourg	1,043,609	-	-	-	1,043,609	-		-	
050	France	1,059,679	-	-	-	1,059,679	-		-	
060	Cyprus	2,246,427	-	-	-	2,246,427	-		-	
070	Ireland	692,617	-	-	-	692,617	-		-	
080	Italy	367,424	-	-	-	367,424	-		-	
090	Germany	2,803	-	-	-	2,803	-		-	
100	Netherlands	582,347	-	-	-	582,347	-		-	
110	Off balance sheet exposures	54,812,271	-	-	-			-	-	
120	Malta	33,260,161	-	-	-			-	-	
130	Belgium	13,079,984	-	-	-			-	-	
140	Other countries							-	-	
150	Total	435,259,037	694,143	-	-	319,398,821	(1,585,327)	-	-	

Template EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

		a	b	c	d	e	f		
								Gross carrying amount	
								of which: non-performing of which: defaulted	of which: loans and advances subject to impairment
010	A Agriculture, forestry and fishing	610,118	3,180	-	610,118	(4,222)	-		
020	B Mining and quarrying	-	-	-	-	-	-		
030	C Manufacturing	11,105,514	1,051	-	11,105,514	(45,509)	-		
040	D Electricity, gas, steam and air conditioning supply	2,451,611	300	-	2,451,611	(8,525)	-		
050	E Water supply	4,892,870	14,196	-	4,892,870	(25,907)	-		
060	F Construction	18,974,347	260,602	-	18,974,347	(370,877)	-		
070	G Wholesale and retail trade	23,547,004	53,502	-	23,547,004	(266,804)	-		
080	H Transport and storage	1,391,092	32	-	1,391,092	(12,115)	-		
090	I Accommodation and food service activities	2,099,381	737	-	2,099,381	(3,134)	-		
100	J Information and communication	1,150,223	26,385	-	1,150,223	(19,075)	-		
110	K Financial and insurance activities	1,033	-	-	1,033	-	-		
120	L Real estate activities	12,697,881	8,490	-	12,697,881	(95,595)	-		
130	M Professional, scientific and technical activities	10,608,948	23,396	-	10,608,948	(32,914)	-		
140	N Administrative and support service activities	11,122,808	392	-	11,122,808	(3,063)	-		
150	O Public administration and defence, compulsory social security	-	-	-	-	-	-		
160	P Education	92,184	17	-	92,184	(22)	-		
170	Q Human health services and social work activities	260,022	13,803	-	260,022	(11,418)	-		
180	R Arts, entertainment and recreation	39,847	27	-	39,847	(17)	-		
190	S Other services	58,541	18	-	58,541	(23)	-		
200	Total	101,103,424	406,128	-	101,103,424	(899,221)	-		

		a	b	c	d	e	f		
								Gross carrying amount	
								of which: non-performing	of which: defaulted
					of which: loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures		
010	A Agriculture, forestry and fishing	610,118	36,233	-	610,118	(44,521)	-		
020	B Mining and quarrying	-	-	-	-	-	-		
030	C Manufacturing	11,105,514	11,974	-	11,105,514	(479,854)	-		
040	D Electricity, gas, steam and air conditioning supply	2,451,611	3,414	-	2,451,611	(89,892)	-		
050	E Water supply	4,892,870	161,745	-	4,892,870	(273,166)	-		
060	F Construction	18,974,347	2,969,240	-	18,974,347	(3,910,583)	-		
070	G Wholesale and retail trade	23,547,004	609,588	-	23,547,004	(2,813,226)	-		
080	H Transport and storage	1,391,092	359	-	1,391,092	(127,738)	-		
090	I Accommodation and food service activities	2,099,381	8,392	-	2,099,381	(33,042)	-		
100	J Information and communication	1,150,223	300,626	-	1,150,223	(201,132)	-		
110	K Financial and insurance activities	1,033	-	-	1,033	-	-		
120	L Real estate activities	12,697,881	96,734	-	12,697,881	(1,007,966)	-		
130	M Professional, scientific and technical activities	10,608,948	266,572	-	10,608,948	(347,053)	-		
140	N Administrative and support service activities	11,122,808	4,467	-	11,122,808	(32,300)	-		
150	O Public administration and defence, compulsory social security	-	-	-	-	-	-		
160	P Education	92,184	191	-	92,184	(235)	-		
170	Q Human health services and social work activities	260,022	157,273	-	260,022	(120,392)	-		
180	R Arts, entertainment and recreation	39,847	311	-	39,847	(180)	-		
190	S Other services	58,541	201	-	58,541	(246)	-		
200	Total	101,103,424	4,627,321	-	101,103,424	(9,481,528)	-		

9. Market Risk

Market risk comprises the risk of losses in value caused by unexpected changes in market prices (interest rates, equity prices, foreign exchange rates and credit spreads) before the affected positions can be closed out or hedged. Market risk for the Bank consists of three elements:

- Interest rate risk, which is the risk of losses because of changes in interest rates.
- Exchange rate risk, which is the risk of losses on the Bank's positions in foreign currency because of changes in exchange rates.
- Investment price risk, which is the risk of losses because of changes in instrument prices.

Table EU MRA: Qualitative disclosure requirements related to market risk

a	Points (a) and (d) of Article 435 (1) CRR A description of the institution's strategies and processes to manage	The Bank's treasury management policy deals with the employment of all monies other than monies advanced in connection with client advances or other credit products. It applies to day-to-day liquidity management,
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market risk, including: - An explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the institution's market risks - A description of their policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges	monitoring of funds held with correspondent banks and the Central Bank of Malta and short-, medium- and long-term investments and borrowings. The Policy also captures the management of interest rate risk. The Asset Encumbrance Policy is drawn up in line with the provisions of the BR12/2014, Appendix 5. This rule recommendation requires credit institutions to establish asset encumbrance policies to define their approach to asset encumbrance. The purpose of this policy is to establish the general framework for the management of liquidity which aims to, on the one hand, ensure the constant availability of liquidity for banking operations and, on the other, achieve positive spreads on excess liquidity raised within the constraints of this policy. Generally, the Bank's risk appetite for the management of liquidity is considered a cautious one, aiming at achieving risk adjusted fixed income on the majority of treasury assets. A small percentage (individually not exceeding 1% and cumulatively not exceeding 5%) of treasury assets can, however, be assigned to non-fixed income instruments to enable participation in key strategic opportunities. It is Bank policy to: (i) place liquid funds with the Central Bank of Malta for general, day-to-day liquidity purposes. (ii) place funds in the money market for periods of up to six months (iii) purchase eurozone government-issued securities (iv) purchase Euro denominated corporate bonds. In the case of the acquisition of corporate bonds issued by local issuers which are not rated, the Bank shall carry out an assessment on the creditworthiness of the Issuer. Such an assessment shall include, but is not limited to, a review of the: - Extent of leverage of the Issuer - Debt service coverage of the Issuer - Amount/Quality of collateral held in respect of the exposure - Probability of Default metric as per the Bank's IFRS9 methodology - Applicable risk weight and associated return on equity - Market liquidity
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b	Point (b) of Article 435 (1) CRR A description of the structure and organisation of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above, and that describes the relationships and the communication mechanisms between the different parties involved in market risk management.	It is within the remit of the Head of Finance & Treasury to manage the Bank's treasury strategy in line with the parameters set within the Treasury and Interest Rate Risk Policy and the Bank's capital ratio thresholds. Key decisions are taken at ALCO, and the Board is informed of any instrument acquisition and disposal.
c	Point (c) of Article 435 (1) CRR Scope and nature of risk reporting and measurement systems	The Bank's Pillar 1 capital requirements for market risk relate to foreign exchange risk on any open foreign currency positions at the reporting date. This is due to the fact that the Bank does not operate a trading book, nor does it intend to in the foreseeable future. The Bank allocates capital towards market risk on its foreign exchange risk positions using the Standardised Approach as outlined in the CRR. Under this approach, if the net open position exceeds 2% of own funds, the capital allocation towards market risk is calculated as 8% of the higher of net long or net short foreign currency positions. The Bank's Pillar 2 capital requirements for market risk relate to interest rate risk and depend on the size of the Bank, as well as the specific interest rate profile as driven by its business model since it falls within the 'Category 3' sophistication level of the EBA Guidelines relating to small to medium operations with non-significant cross-border activity offering predominantly credit products with limited offerings of financial products and less significant market share. In line with the EBA Guidelines on IRRBB, the Bank applies one earnings measure and one economic value measure from the following list: - <i>Earnings measures</i> - <i>Economic value measures</i>

Template EU MR1 - Market risk under the standardised approach

		a
		RWEAs
	Outright products	

1	Interest rate risk (general and specific)	0
2	Equity risk (general and specific)	0
3	Foreign exchange risk	639,107
4	Commodity risk	
	Options	
5	Simplified approach	0
6	Delta-plus approach	
7	Scenario approach	
8	Securitisation (specific risk)	
9	Total	639,107

Table EU IRRBBA - Qualitative information on interest rate risks of non-trading book activities

Row number	Qualitative information - free format	
(a), (b), (f)	A description of how the institution defines IRRBB for purposes of risk control and measurement A description of the institution's overall IRRBB management and mitigation strategies A high-level description of how the bank hedges its IRRBB, as well as the associated accounting treatment (if applicable)	Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or re-price at different times or at different amounts. The Bank accepts deposits from customers at both fixed and floating rates and for varying maturity periods. This risk is managed through the matching of the interest resetting dates on assets and liabilities. However, the Bank seeks to maximise the spread over the cost of capital by investing funds in a portfolio of securities and loans and receivables with a longer tenure than the liabilities (therefore carrying a negative maturity gap position) through the efficient management of shorter-term liabilities over the medium to longer term.
(c)	The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific measures that the institution uses to gauge its sensitivity to IRRBB	A quarterly report on IRRBB is prepared by ALCO and submitted to the Board of Directors as part of the quarterly ALCO reporting. This report includes information on the current static gap position, the earnings and economic value impacts, limit breaches (if any) and updates on actions taken. This quarterly report includes a dynamic

(d)	A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in the economic value and in net interest income (if applicable)	gap position to show any potential changes in the risk profile that may arise. In case limits are breached or if market conditions change significantly, ad-hoc reports are prepared for the Board to assist in immediate decision-making. Where warranted, stress testing and updates thereon are also presented. These tests should be carried out in case of any material change to the Bank's balance sheet composition or any heightened uncertainty in the financial market around inflation or interest rates. Furthermore, a model developed and maintained by the Risk and Compliance Function enables the refreshing of the gap analyses, EaR, and EVE calculations, which can be updated on a quarterly basis in line with EBA guidelines. Monitoring should ensure compliance with the internal limits framework and identify any early potential breaches. The methodology utilised follows the EBA/RTS/2022/10 regulation where the six supervisory shock scenarios are adopted. For interest rate shocks, the Bank utilise the prescribed EBA 6 shocks : - Parallel up - Parallel down - Steepener - Flatteners - Short rates up - Short rates down A duration sensitivity measure is applied for each bucket which would result in a weighted balance based on the respective duration. The most negative result emanating from the six supervisory shocks would be used to represent EVE or NII. To apply these shocks the Bank must first establish the asset liability balance in each maturity bucket (these being Sight-7 days, 7 Days to 1 Month, 1-3 Months, 3-6 Months, 6-9 Months, 9-12 Months, 1-2 Years, 2-3 Years, 3-4 Years, 4-5 Years, 5-6 Years, 6-7 Years, 7-8 Years, 8-9 Years, 9-10 Years, 10-20 Years and +20 Years).
(g)	A description of key modelling and parametric assumptions used for the IRRBB measures in template EU IRRBB1 (if applicable)	The Assumptions used in IRRBB modelling are the following: - All assets and liabilities are classified within the following parameters: non-interest bearing, maturity date and repricing date.
(h)	Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures	

(e), (i)	A description of the key modelling and parametric assumptions different from those used for disclosure of template EU IRRBB1 (if applicable) Any other relevant information regarding the IRRBB measures disclosed in template EU IRRBB1 (optional)	- Any line items included within the model which do not fall within the categories listed are categorised within the 20+ year bucket, limiting unnecessary fluctuations within the ALM gap - If a line item has a repricing schedule, the item is bucketed according to the frequency of repricing
(1) (2)	Disclosure of the average and longest repricing maturity assigned to non-maturity deposits	Liabilities with the longest deposit term of NMDs are classified within a 5-year maximum bucket as stipulated within the EBA guidelines. The average of NMD's and respective modelling amounted to 2.8 years.

Template EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios		a	b	c	040	050		d
		Changes of the economic value of equity		Changes of the net interest income				
		Current period	Last period	Current period	requirement			Last period
1	Parallel up	2,451,155	(3,450,888)	474,282				669,090
2	Parallel down	(2,451,155)	3,450,888	(474,282)				(669,090)
3	Steepener	1,354,187	(1,677,876)					
4	Flattener	(128,610)	(47,568)					
5	Short rates up	(128,610)	(47,568)					
6	Short rates down	128,610	47,568					

10. Operational Risk

Table EU ORA - Qualitative information on operational risk

Legal basis	Row number	Qualitative information - Free format
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Points (a), (b), (c) and(d) of Article 435(1) CRR	(a)	Izola Bank plc ('Izola' or 'the Bank') is committed to managing operational risk at all levels of its management and operations by embedding a culture of openness and transparency, and a systematic approach to tackling operational risk. The Bank is committed to managing such risks fairly to protect all its stakeholders. The Bank has a low appetite and tolerance for the material operational risks it is exposed to. Therefore, all appropriate measures are taken towards achieving a high level of operational risk awareness and the establishment of a rigorous operational risk management system. The Framework & Policy sets out: Clear strategies are adopted by the Board of Directors, and oversight is exercised by Senior Management; Strong risk culture and internal control culture, emphasising dual controls. Contingency and business continuity plans supporting effective resilience; High standards of ethics and integrity; and Commitment to effective corporate governance, including, among others, segregation of duties, avoidance of conflicts of interest, and clear lines of management responsibility, accountability and reporting, as reflected in the Bank's corporate governance documents. All levels of staff understand their responsibilities with respect to operational risk management. - A well-documented system for operational risk, which is closely integrated into risk management processes, forming an integral part of the process of monitoring and controlling the institution's operational risk profile supported with clear responsibilities. - A risk management function that is independent of the institution's business and operational units to monitor operational risk; - A system of reporting that provides operational risk insight for the functions within the institution; - A system of periodic monitoring and reporting of operational risk exposures and loss experience, and procedures for taking appropriate corrective actions; - Processes for ensuring compliance supported by policies for the treatment of non-compliance; - Reviews of the institution's operational risk assessment and management processes and systems, performed by internal or external auditors that possess the knowledge necessary to carry out such reviews; - Internal validation processes that operate in a sound and effective manner; transparent and accessible data flows and processes associated with the operational risk assessment system.
Article 446 CRR	(b)	With regard to own funds, the Bank's Management uses the Business Indicator Component (BIC) approach to calculate the capital requirements for Pillar 1 operational risks. The BIC relies on the Business Indicator which is calculated as the three-year average of the following components: Interest, leases and dividend component (ILDC); Services component; and Financial component.

		The Pillar 1 operational risk capital requirement is the product of the BIC and Internal Loss Multiplier which is set as 1. For Pillar 2 requirements, the Bank utilises the Underestimation of Operational Risk Methodology. In order to evaluate whether the Pillar 1 method adequately captures the Bank's exposure to operational risk, given its business model, the Bank utilises the standardised approach (SA) under Pillar 2. The outcome of this approach is compared with the resultant capital charge of the BIC to evaluate whether operational risk is underestimated under Pillar I.
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The Bank does not utilize the AMA method therefore rows (c) and (d) are being excluded.

Template EU OR2- Business Indicator, components and subcomponents

		a	b	c	d
	BI and its subcomponents	2025	2024	2023	Average value
1	Interest, lease and dividend component (ILDC)				10,543,196
EU 1	ILDC related to the individual institution/consolidated Group (excluding entities considered by Article 314(3))				
1a	Interest and lease income	18,995,324	22,354,878	19,039,346	20,129,849
1b	Interest and lease expense	11,299,459	16,177,770	12,052,370	13,176,533
1c	Total assets/Asset component	399,688,250	503,847,205	502,223,946	468,586,467
1d	Dividend income/dividend component	-	-	-	-
2	Services component (SC)				309,267
2a	Fee and commission income	311,814	233,584	157,529	234,309
2b	Fee and commission expense	136,144	145,966	141,096	141,069

2c	Other operating income	219,223	(124,213)	129,864	74,958
2d	Other operating expense	-	-	-	-
3	Financial component (FC)				(109,198)
3a	Net profit or loss applicable to trading book (TB)	-	-	-	-
3b	Net profit or loss applicable to banking book (BB)	(103,749)	(186,045)	(37,800)	(109,198)
EU 3c	Approach followed to determine the TB/BB boundary (PBA or accounting approach)				
4	Business Indicator (BI)				10,743,265
5	Business indicator component (BIC)				1,289,192

11. Remuneration

Table EU REMA – Remuneration policy

a	Information relating to the bodies that oversee remuneration. Disclosures shall include: - Name, composition and mandate of the main body (management body or remuneration committee as applicable) overseeing the remuneration policy and the number of meetings held by that main body during the financial year. - External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework. - A description of the scope of the institution's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to subsidiaries and branches located in third countries. - A description of the staff or categories of staff whose professional activities have a material impact on institutions' risk profile.	The Bank's Remuneration and Nomination Committee comprises three non-executive directors and is tasked with overseeing the Bank's remuneration and nomination practices. The Committee is responsible for preparing recommendations on remuneration matters for approval by the Board of Directors, which retains ultimate oversight and decision-making responsibility. Information regarding the Committee's functions, composition, and attendance at meetings is disclosed within the Directors' Statement of Compliance with the Code of Principles of Good Corporate Governance. The Remuneration and Nomination Committee's report was approved by the Board of Directors at its meeting on xxx.
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		No external consultants were engaged in the design of the remuneration framework during the financial year. The Board has established a Remuneration Policy, which is reviewed on a yearly basis and aims to increase transparency when offering remuneration and benefits to the Bank's staff. The remuneration policy applies to the entire Bank and covers all staff categories. Staff identified as having a material impact on the Bank's risk profile include: • Members of the Board of Directors • Senior management (e.g. CEO and Heads of Departments) • Staff in control functions (Risk, Compliance, Internal Audit) • Other staff meeting qualitative or quantitative criteria under regulatory requirements
b	Information relating to the design and structure of the remuneration system for identified staff. Disclosures shall include: • An overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the role of the relevant stakeholders. • Information on the criteria used for performance measurement and ex ante and ex post risk adjustment. • Whether the management body or the remuneration committee where established reviewed the institution's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration. • Information of how the institution ensures that staff in internal control	The Bank's Remuneration Policy aims to increase transparency in remuneration matters, to support the business goals of the Bank through efficient remuneration structures, and to create common basic values and guidelines for the Bank when offering remuneration and benefits to the senior management team of the Bank. The Remuneration Policy was last updated and approved by the Board of Directors at its meeting on 27 November 2025. The Bank has a simplified and basic structure to fixed and variable remuneration mainly induced by the vanilla-based business model; hence, the factors below are not applicable. - Complex ex ante and ex post risk adjustment - Yearly material changes to the remuneration policy

	functions are remunerated independently of the businesses they oversee. • Policies and criteria applied for the award of guaranteed variable remuneration and severance payments.	- Significantly varying remuneration structures between the senior management team - Equity participation as part of remuneration - Major adjustments to variable remuneration with considerations of complex malus during deferral and clawback provisions - Complex and detailed KPI structures related to decision-making processes Independence of internal control functions is ensured as: • Their remuneration is overseen by the Remuneration and Nomination Committee • Control functions (Risk, Compliance, Internal Audit) provide independent input into remuneration design and evaluation Guaranteed variable remuneration is not standard practice and is only permitted in exceptional cases (e.g. first year of employment). Severance payments are limited to predefined circumstances such as redundancy or restructuring, are designed to reflect performance over time without rewarding failure or misconduct, and are subject to approval by the Remuneration and Nomination Committee.
c	Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures shall include an overview of the key risks, their measurement and how these measures affect remuneration.	The Bank integrates risk considerations into remuneration as follows: • Ensures remuneration does not incentivise excessive risk-taking or conflicts of interest • Aligns incentives with prudent management of capital and liquidity • Applies risk-based monitoring frameworks (e.g. review of complaints, RWAs) to detect inappropriate outcomes • Incorporates input from Risk Management, Compliance and Internal Audit functions

		Variable remuneration is restricted where capital adequacy or liquidity thresholds would be breached.
d	The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD.	The maximum ratio between variable remuneration and the fixed remuneration for identified staff is that of 100% and could be raised to 200% by means of shareholders' approval. The maximum amount of such remuneration (i.e. remuneration exceeding 100% of fixed remuneration) that can be paid upfront is 40%. The remaining 60% must be deferred for a period of at least 5 years in a manner determined by the Board of Directors in line with the requirements of BR 21.
e	Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration. Disclosures shall include: • An overview of main performance criteria and metrics for institution, business lines and individuals. • An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance. • Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments. • Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining "weak" performance metrics.	Remuneration is divided into two key categories: fixed remuneration and variable remuneration. Fixed remuneration comprises basic salary and other benefits. Variable remuneration afforded to all staff members of the Bank comprises of a performance bonus based on an assessment of personal performance (including continual learning, team work, knowledge sharing, personal initiative and innovation) of the individual as well as performance in excess of that required to fulfil the employee's job description as part of the terms of employment, the performance of the business unit concerned and the overall performance of the credit institution, and takes into account both financial and non-financial criteria. Variable remuneration is aligned to Part III of Banking Rule 21 – Remuneration Policies and Practices, which relates to the sale and provision of retail banking procedures and services. The bonus pool for any given year is set as part of that year's budget and approved, together with the budget, by the Board of Directors. The total bonus pool must be limited to a maximum of 100% of the total basic payroll and the bonus pool should not exceed 20% of the Bank's operating expenditure (defined as the sum of operational expenses, staff costs and depreciation and amortisation). Final approval of the total bonus pool for any given year is approved by the Board of Directors during the last board meeting of the year, wherein they are presented with the results projected for the end of year. Approval will be granted by taking into account the financial results, the Bank's capital and liquidity base and the Bank's long-term business outlook.

		The Bank does not use complex instrument-based remuneration (e.g. shares or options).
f	Description of the ways in which the institution seeks to adjust remuneration to take account of longterm performance. Disclosures shall include: • An overview of the institution's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff. • Information of the institution's criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law). • Where applicable, shareholding requirements that may be imposed on identified staff.	Under the Bank's proportionality approach, deferral requirements apply only to higher levels of variable remuneration, with any deferred portion subject to a minimum period of five years. The Bank does not operate complex malus or clawback mechanisms due to its simplified remuneration framework; however, outcomes remain subject to ongoing oversight by Risk and Compliance functions as well as independent review by Internal Audit. No shareholding requirements are imposed on identified staff.
g	The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR. Disclosures shall include: • Information on the specific performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different types of instruments awarded, including shares, equivalent ownership interests, share-linked instruments, equivalent non cash-instruments, options and other instruments.	Performance indicators for variable remuneration: • Individual contribution and behaviour • Business unit results • Bank-wide performance • Financial and non-financial metrics Structure: • Variable remuneration is exclusively cash-based (no equity instruments) • No sales-based incentives are permitted to avoid conflicts of interest Non-cash benefits included in fixed remuneration: • Insurance (health, life, accident) • Subsidised loans and mortgage benefits • Pension contributions • Company car or allowance for senior management

11.1 Remuneration System

11.2 Senior Management

It is the Bank's policy to utilize severance payments in the following situations:

- i Early termination of the employee's contract due to redundancy.
- ii Cooling-off period after the termination of a contract that contains a non-competition clause.
- iii Termination of the contract due to the Bank's failure or early intervention measures.

iv The Bank's requirement to terminate the contract following a material reduction of the activities in which the employee was active or where business areas are acquired by other institutions without the option for staff to stay employed in the acquiring institution.

v The Bank and Employee agree on a settlement in case of an actual employment dispute, which could otherwise realistically lead to an action in front of a court.

Severance payments shall not provide for a disproportionate reward but for appropriate compensation to the staff member in the cases of early termination of contract as per the above situations. Severance payments shall reflect performance over time and never reward failure or misconduct.

11.3 Senior Management

Reference to senior management as MRTs (Material Risk takers) shall mean the CEO, the Head of Finance & Treasury, the Head of Operations, the Head of Credit, the Head of IT, the Head of Risk and Compliance, the Head of HR and the Head of Strategy & Value. The Board is of the opinion that the remuneration packages for senior management are in line with local market expectations and are at an appropriate level to attract and retain executives with the appropriate skills, qualities, and experience to ensure the effective management of the Bank. The terms and conditions of senior management employment are set out in the respective indefinite employment contracts. Senior management is not entitled to share options or profit sharing. There are no supplementary pension or early retirement schemes in place, and notice periods are as established by law. Senior management is eligible for an annual salary increase and discretionary performance bonus (not exceeding fixed remuneration) in line with the Bank's overall performance, individual performance and general market remuneration trends. Senior management is entitled to non-cash benefits, including the use of a company car or equivalent car cash allowance. Other benefits afforded to all staff members, including senior management, are personal accident, life, and health insurance coverage. There have been no significant changes in the Bank's remuneration policy for senior management during the year under review. During 2025, the Bank continued offering all staff members, including senior management, subsidies on home loan interest rates.

Total emoluments of senior management for the year ended 31 December 2025 are as follows:

Fixed Remuneration	Variable Remuneration	Share Options	Others
€682,375	€68,770	None	Non-cash benefits referred to immediately above.

During the year under review, no special payments (sign-on and/or severance pay), payments exceeding €1 million or any payments subject to deferral were made to key management personnel.

11.4 Directors

As of 31 December 2025, the Board, as part of the Material Risk Takers (MRTs), was composed of 7 non-executive directors and one executive director. The maximum annual aggregate emoluments that may be paid to the directors are approved by the shareholders in a General Meeting. None of the directors had service contracts with the Bank as at the end of the financial year. Furthermore, none of the directors, in their capacity as directors of the Bank, are entitled to profit sharing, share options, pension benefits or any other remuneration. In line with the Bank's Remuneration Policy, none of the Directors is eligible to receive variable remuneration in their function as Directors. In this respect, there is no formal provision for the reclamation of variable remuneration. Total emoluments received by directors relative to their directorship of the Bank in respect of the financial year ended 31 December 2025 are disclosed in the table below:

Fixed Remuneration	Variable Remuneration	Share Options	Others
€131,665	None	None	None

Template EU REM1 - Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	7	13	20	-
2		Total fixed remuneration	131,665	734,379	874,379	
3		Of which: cash-based	131,665	734,379	874,379	
9	Variable remuneration	Number of identified staff	7	13	20	
10		Total variable remuneration	-	103,028	103,028	
11		Of which: cash-based	-	103,028	103,028	
17	Total remuneration (2 + 10)		131,665	837,407	977,407	-

The remuneration provided by the Bank is all cash based and therefore other respective remuneration types were excluded from the table.

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)
12. Non- Applicable Disclosures

Template	Reason
EU INS1- Insurance participations	No insurance participations
EU INS2- Financial conglomerates information on own funds and capital adequacy ratio	No insurance participations
EU LI3- Outline of the differences in the scopes of consolidation (entity by entity)	The Bank reports at Individual entity level
EU LIB- Other qualitative information on the scope of application	The Bank reports at Individual entity level
EU PV1- Prudent valuation adjustments (PVA)	The bank's absolute fair value of asset and liabilities is less than the €15 billion threshold

EU CMS1 – Comparison of modelled and standardised risk weighted exposure amounts at risk level	The Bank does not utilise the IRB approach
EU CMS2 – Comparison of modelled and standardised risk weighted exposure amounts	The Bank does not utilise the IRB approach
EU CQ1: Credit quality of forborne exposures	The Bank's NPL ratio does not exceed the 5% threshold as at end 2025
EU CQ6: Collateral valuation- loans and advances	The Bank's NPL ratio does not exceed the 5% threshold as at end 2025
EU CQ7: Collateral obtained by taking possession and execution processes	The Bank does not have collateral obtained by taking possession and execution.
EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown	The Bank's NPL ratio does not exceed the 5% threshold as at end 2025
EU CRE – Qualitative disclosure requirements related to IRB approach	The Bank does not utilise the IRB approach
EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	The Bank's NPL ratio does not exceed the 5% threshold as at end 2025
EU CR6-A – Scope of the use of IRB and SA approaches	The Bank does not utilise the IRB approach
EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range	The Bank does not utilise the IRB approach
EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	The Bank does not utilise the IRB approach
EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques	The Bank does not utilise the IRB approach
EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach	The Bank does not utilise the IRB approach
EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale)	The Bank does not utilise the IRB approach
EU CR9.1 –IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	The Bank does not utilise the IRB approach
EU CR10 – Specialised lending and equity exposures under the simple risk-weighted approach	The Bank does not utilise the IRB approach
EU CCRA – Qualitative disclosure related to CCR	The Bank is not exposed to Counterparty Credit Risk

EU CCR1 – Analysis of CCR exposure by approach	The Bank is not exposed to Counterparty Credit Risk
EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights	The Bank is not exposed to Counterparty Credit Risk
EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale	The Bank does not utilise the IRB approach
EU CCR5 – Composition of collateral for CCR exposures	The Bank is not exposed to Counterparty Credit Risk
EU CCR6 – Credit derivatives exposures	The Bank does not maintain derivative exposures
EU CCR7 – RWEA flow statements of CCR exposures under the IMM	The Bank does not utilise the IMM approach
EU CCR8 – Exposures to CCPs	The Bank is not exposed to Counterparty Credit Risk
EU SEC1 – Securitisation exposures in the non-trading book	The Bank does not perform any securitisation
EU-SEC2 – Securitisation exposures in the trading book	The Bank does not perform any securitisation
EU SEC3 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor	The Bank does not perform any securitisation
EU SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor	The Bank does not perform any securitisation
EU SEC5 – Exposures securitised by the institution – Exposures in default and specific credit risk adjustments	The Bank does not perform any securitisation
EU MR1 – Market risk under the alternative standardised approach (ASA)	The Bank does not utilise the alternative standardised approach
EU MRB: Qualitative disclosure requirements for institutions using the alternative internal model approach (AIMA)	The Bank does not utilise the alternative internal Model approach
Template EU MR2 – Market risk under the alternative internal model approach (AIMA)	The Bank does not utilise the alternative internal Model approach

EU MRB: Qualitative disclosure requirements for institutions using the internal Market Risk Models	The Bank does not utilise the alternative internal Model approaches
EU MR2-A – Market risk under the internal Model Approach (IMA)	The Bank does not utilise the alternative internal Model approaches
EU MR2-B – RWA flow statements of market risk exposures under the IMA	The Bank does not utilise the alternative internal Model approaches
EU MR3 – IMA values for trading portfolios	The Bank does not utilise the alternative internal Model approaches
EU MR4 – Comparison of VaR estimates with gains/losses	The Bank does not utilise the alternative internal Model approaches
EU AE2 – Collateral received and own debt securities issued	The Bank does not encumber any of the collateral received or any of its debt securities issued
EU AE3 – Sources of encumbrance	The Bank does not encumber any of the selected financial liabilities
EU CVAA – Qualitative disclosure requirements related to credit valuation adjustment risk	The Bank does not have CVA risks exposures
EU CVA 1 – Credit valuation adjustment risk under the Reduced Basic Approach	The Bank does not have CVA risks exposures and does not utilise the reduced Basic Approach
EU CVAB – Qualitative disclosure requirements related to CVA risk for institutions using the Standardised Approach	The Bank does not have CVA risks exposures
EU CVA 2 – Credit valuation adjustment risk under the Full Basic Approach	The Bank does not have CVA risks exposures
EU CVA3 – Credit valuation adjustment risk under the Standardised Approach	The Bank does not have CVA risks exposures
EU CVA4 – RWEA flow statements of credit valuation adjustment risk under the Standardised Approach	The Bank does not have CVA risks exposures
EU OR1 – Operational risk losses	The Bank's annual operational risk loss based on the Business Indicator method does not exceed EUR 750m.
EU REMA – Remuneration policy (rows h, i and j)	Row h – Information has not been requested by the competent authority Row I –The Bank does not benefit from derogation Row j- Applicable only to large institutions

EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	The Bank does not provide special payments to staff
EU REM3 – Deferred remuneration	The Bank does not apply deferred remuneration
EU REM4 – Remuneration of 1 million EUR or more per year	The Bank does not provide remuneration within these thresholds
Tables 1, 2 and 3 – Qualitative information on ESG risks	CRR2 article 449a applies only for large institutions
Template 1 – Banking book- Indicators of potential climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	CRR2 article 449a applies only for large institutions
Template 2 – Banking book – Indicators of potential climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral	CRR2 article 449a applies only for large institutions
Template 3 – Banking book – Indicators of potential climate change etransition risk: Alignment metrics (IAE/NACE codes)	CRR2 article 449a applies only for large institutions
Template 4- Banking book - Indicators of potential climate change transition risk: Exposures to top 20 carbon-intensive firms	CRR2 article 449a applies only for large institutions
Template 5- Banking book - Indicators of potential climate change physical risk: Exposures subject to physical risk	CRR2 article 449a applies only for large institutions
Template 6- Summary of GAR KPIs	CRR2 article 449a applies only for large institutions
Template 7- Mitigating actions: Assets for the calculation of GAR	CRR2 article 449a applies only for large institutions
Template 8 – GAR	CRR2 article 449a applies only for large institutions
Template 10- Other climate change mitigating actions that are not covered in the EU Taxonomy	CRR2 article 449a applies only for large institutions
Template 9.1- Mitigating actions: Assets for the calculation of BTAR	CRR2 article 449a applies only for large institutions
Template 9.2- BTAR %	CRR2 article 449a applies only for large institutions

Template 9.3- Summary table- BTAR %	CRR2 article 449a applies only for large institutions
EU CAE1 – Exposures to crypto-assets	The Bank does not maintain crypto assets
Point (a) of Article 437a, in accordance with Article 434a	Not part of GII