

26 August 2025

**COMPANY ANNOUNCEMENT**

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

***Quote***

In a meeting of the Board of Directors of Izola Bank p.l.c. held on 26 August 2025, the attached unaudited Condensed Interim Financial Statements for the six-month period ended 30 June 2025 were approved.

The Condensed Interim Financial Statements for the period ended 30 June 2025 are available for viewing and download on the Bank's website at [www.izolabank.com](http://www.izolabank.com).

***Unquote***

  
Calvin Bartolo  
Company Secretary

**Izola Bank p.l.c.**

**Condensed Interim Financial Statements  
30 June 2025**

Company Registration Number: C 16343

# **Izola Bank p.l.c.**

## **Condensed Interim Financial Statements 30 June 2025**

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## **Directors' Report Pursuant to Capital Markets Rule 5.75.2**

The Directors present the unaudited condensed interim financial results of Izola Bank p.l.c. ("the Bank") for the period ended 30 June 2025.

The first half of 2025 marked a return to profitability for the Bank following a period of losses since 2022. Profit after tax amounted to €0.2 million compared with a loss of €1.2 million in the corresponding period of the prior year. This positive outcome reflects a combination of improved net interest income and continued progress on administrative cost control.

Net interest income increased by 30% year-on-year to €3.9 million (H1 2024: €3.0 million). This was primarily driven by a sharp reduction in interest expense, which decreased to €6.3 million (H1 2024: €8.1 million), while interest income declined to €10.2 million (H1 2024: €11.1 million). Fee and commission income remained modest at €47k, broadly in line with the prior period.

Operating costs continued to be tightly managed. Administrative expenses were significantly reduced, falling to €1.0 million from €2.1 million in H1 2024, reflecting the Bank's ongoing focus on efficiency. Employee compensation and IT expenditure were stable compared with the prior period, while depreciation and amortisation decreased in line with lower capital expenditure. These measures highlight the impact of the cost containment programme initiated in 2024, which is now translating into tangible financial results.

The Bank's balance sheet contracted in the period, with total assets decreasing to €462.2 million from €508.7 million at 31 December 2024. The reduction was primarily attributable to lower customer lending, with loans and advances to customers decreasing to €162.2 million (FY 2024: €194.0 million), reflecting subdued demand and a cautious approach to credit origination. Financial investments also declined to €78.3 million (FY 2024: €89.1 million), in line with liquidity and capital management priorities. Factored receivables remained broadly stable at €134.7 million (FY 2024: €138.2 million).

On the liabilities side, customer deposits decreased to €407.1 million (FY 2024: €448.6 million), underscoring the consolidation strategy that aligns with the strategic plan for 2025. The deposits portfolio experienced a reallocation towards shorter-term placements, thereby enhancing the Bank's funding efficiency and contributing to a more optimal cost of funding.

Debt securities in issue fell to €13.7 million (FY 2024: €16.8 million), reflecting the repayment of the €3,056,800 4.5% unsecured debt securities (ISIN: MT0000531211), which were fully redeemed on 30 June 2025. Equity strengthened marginally to €35.9 million (FY 2024: €35.6 million), supported by modest gains in reserves.

The Bank's CET1 ratio stood at 11.63% (Dec-2024: 12.71%), Tier 1 at 13.00% (Dec-2024: 14.20%), and the Capital Adequacy Ratio at 19.4% (Dec-2024: 21.15%).

## **Concluding statement**

While the return to profitability reflects supportive market conditions and the dedication of our people, the Bank continues to operate in a challenging environment. Looking ahead to the remainder of 2025, the Bank remains focused on delivering value, following the successful completion of a key milestone in its digital transformation plan with the implementation of a new core and internet banking system. This strategic investment is expected to enhance customer experience further, streamline processes, and support ongoing operational efficiencies.

The outlook for the second half of 2025 remains cautious. After peaking in 2024, continued reductions in ECB interest rates are anticipated to lower the Bank's funding costs and expand its net interest margin, contributing to improvements in profitability and efficiency ratios. The Bank's priorities remain centred on the preservation of asset quality, strict cost discipline, and prudent liquidity management.

**Statement Of Directors' Responsibilities Pursuant To Capital Markets Rules**

The Directors are responsible for the preparation and fair presentation of the condensed interim financial statements in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting. In preparing the condensed interim financial statements, the Directors should:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Bank will continue in business as a going concern.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Bank. This responsibility includes designing, implementing and maintaining such internal controls as the Directors determine are necessary to enable the preparation of these condensed interim financial statements that are free from material misstatement, whether due to fraud or error. The Directors are also responsible for safeguarding the assets of the Bank, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Andrew Mifsud  
Chief Executive Officer

26 August 2025

**Statement of Profit or Loss and Other Comprehensive Income**

	<b>01.01.2025 to 30.06.2025 (unaudited)</b>	<b>01.01.2024 to 30.06.2024 (unaudited)</b>
	<b>€</b>	<b>€</b>
Interest and similar income	<b>10,248,070</b>	11,136,071
Interest expense	<b>(6,330,096)</b>	(8,116,924)
<b>Net interest income</b>	<b>3,917,974</b>	3,019,147
Fee and commission income	<b>167,486</b>	122,523
Fee and commission expense	<b>(120,733)</b>	(65,932)
<b>Net fee and commission income</b>	<b>46,753</b>	56,591
Other operating expenses	<b>(35,144)</b>	(59,327)
<b>Total operating income</b>	<b>3,929,583</b>	3,016,411
Depreciation and amortisation	<b>(412,813)</b>	(493,206)
Changes in expected credit losses and other credit impairment charges	<b>(112,335)</b>	(46,212)
IT expenditure	<b>(601,848)</b>	(647,708)
Employee compensation and benefits	<b>(1,637,972)</b>	(1,677,640)
Other administrative expenses	<b>(1,031,824)</b>	(2,053,364)
<b>Profit / (Loss) before tax</b>	<b>132,791</b>	(1,901,719)
Income tax credit	<b>83,138</b>	657,577
<b>Profit / (Loss) for the period</b>	<b>215,929</b>	(1,244,142)
<b>Earnings per share</b>	<b>0.37c</b>	(2.15c)
<b>Other comprehensive income</b>		
<b>Profit / (Loss) for the period</b>	<b>215,929</b>	(1,244,142)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Financial investments measured at fair value through other comprehensive income		
-Net losses reclassified to profit or loss on disposal, net of tax	<b>(142,855)</b>	(64,552)
-Net movement in fair value, net of tax	<b>249,674</b>	651,670
<b>Total comprehensive income</b>	<b>322,748</b>	(657,024)

**Izola Bank p.l.c.**  
**Condensed Interim Financial Statements - 30 June 2025**

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**Statement of Financial Position**

	<b>30.06.2025</b> <b>(unaudited)</b>	<b>31.12.2024</b> <b>(audited)</b>
	€	€
<b>ASSETS</b>		
Balances with Central Bank of Malta and cash	<b>58,832,864</b>	57,483,508
Loans and advances to banks	<b>2,593,619</b>	4,168,921
Financial investments	<b>78,347,009</b>	89,144,374
Factored receivables	<b>134,710,062</b>	138,236,733
Loans and advances to customers	<b>162,190,041</b>	194,013,127
Property and equipment	<b>11,155,628</b>	11,157,880
Investment property held for sale	<b>4,838,007</b>	4,838,007
Intangible assets	<b>4,689,849</b>	4,155,696
Deferred tax asset	<b>2,938,379</b>	2,993,326
Current tax asset	<b>74,252</b>	74,252
Other assets	<b>1,814,102</b>	2,456,536
	-----	-----
<b>Total assets</b>	<b>462,183,812</b>	508,722,360
	=====	=====
<b>LIABILITIES</b>		
Amounts owed to customers	<b>407,144,886</b>	448,613,950
Debt securities in issue	<b>13,737,270</b>	16,773,480
Deferred tax liabilities	<b>1,180,367</b>	1,174,806
Accruals and other liabilities	<b>4,196,478</b>	6,558,061
	-----	-----
<b>Total liabilities</b>	<b>426,259,001</b>	473,120,297
	-----	-----
<b>EQUITY</b>		
Called up share capital	<b>29,000,000</b>	29,000,000
Capital contribution reserve	<b>2,032,675</b>	2,032,675
Perpetual capital notes	<b>3,000,000</b>	3,000,000
Property revaluation reserve	<b>4,795,243</b>	4,739,260
Fair value reserve	<b>(646,657)</b>	(697,493)
Accumulated Losses	<b>(2,256,450)</b>	(2,472,379)
	-----	-----
<b>Total equity</b>	<b>35,924,811</b>	35,602,063
	-----	-----
<b>Total liabilities and equity</b>	<b>462,183,812</b>	508,722,360
	=====	=====

**Izola Bank p.l.c.**  
**Condensed Interim Financial Statements - 30 June 2025**

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**Statement of Changes in Equity**

	Share capital	Property revaluation reserve	Fair value reserve	Capital contribution reserve	Perpetual capital notes	Accumulated losses	Total
	€	€	€	€	€	€	€
<b>Balance at 1 January 2025</b>	<b>29,000,000</b>	<b>4,739,260</b>	<b>(697,493)</b>	<b>2,032,675</b>	<b>3,000,000</b>	<b>(2,472,379)</b>	<b>35,602,063</b>
	-----	-----	-----	-----	-----	-----	-----
<b>Total comprehensive income</b>							
Profit for the period	-	-	-	-	-	215,929	215,929
	-----	-----	-----	-----	-----	-----	-----
<b>Other comprehensive income, net of tax</b>							
Financial investments measured at fair value through other comprehensive income							
-Net losses reclassified to profit or loss on disposal, net of tax	-	-	(142,855)	-	-	-	(142,855)
-Net movement in fair value, net of tax	-	-	249,674	-	-	-	249,674
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<b>Total other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>106,819</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,819</b>
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<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>106,819</b>	<b>-</b>	<b>-</b>	<b>215,929</b>	<b>322,748</b>
	-----	-----	-----	-----	-----	-----	-----
<b>Transfers within reserves</b>							
Other transfers	-	55,983	(55,983)	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----
<b>Balance at 30 June 2025</b>	<b>29,000,000</b>	<b>4,795,243</b>	<b>(646,657)</b>	<b>2,032,675</b>	<b>3,000,000</b>	<b>(2,256,450)</b>	<b>35,924,811</b>
	=====	=====	=====	=====	=====	=====	=====



**Izola Bank p.l.c.**  
**Condensed Interim Financial Statements - 30 June 2025**

**Statement of Changes in Equity**

	Share capital €	Property revaluation reserve €	Fair value reserve €	Depositor compensation scheme reserve €	Capital contribution reserve €	Reserve for general banking risk €	Accumulated losses €	Total €
<b>Balance at 1 January 2024</b>	29,000,000	3,967,372	(1,708,321)	1,038,647	32,675	55,025	(514,946)	31,870,452
<b>Total comprehensive income</b>								
Loss for the period	-	-	-	-	-	-	(1,244,142)	(1,244,142)
<b>Other comprehensive income, net of tax</b>								
Financial investments measured at fair value through other comprehensive income								
-Net gains reclassified to profit or loss on disposal, net of tax	-	-	(64,552)	-	-	-	-	(64,552)
-Net movement in fair value, net of tax	-	216,202	435,468	-	-	-	-	651,670
<b>Total other comprehensive income, net of tax</b>	-	216,202	370,916	-	-	-	-	587,118
<b>Total comprehensive income for the period</b>	-	216,202	370,916	-	-	-	(1,244,142)	(657,024)
<b>Transfers within reserves</b>								
Transfer from accumulated losses	-	-	-	476,068	-	-	(476,068)	-
<b>Balance at 30 June 2024</b>	29,000,000	4,183,574	(1,337,405)	1,514,715	32,675	55,025	(2,235,156)	31,213,428

**Statement of Cash Flows**

	<b>01.01.2025 to 30.06.2025 (unaudited)</b>	<b>01.01.2024 to 30.06.2024 (unaudited)</b>
	<b>€</b>	<b>€</b>
<b>Cash flows used in operating activities</b>	<b>(8,433,293)</b>	<b>(4,795,742)</b>
Income tax refund	-	109,089
<b>Net cash outflows from operating activities</b>	<b>(8,433,293)</b>	<b>(4,686,653)</b>
<b>Cash flows from investing activities</b>		
Payments to acquire property, equipment, and intangible assets	(944,714)	(1,529,098)
Purchase of investment securities	(500,000)	-
Proceeds from disposals of investment securities	11,386,600	4,465,309
Interest received from financial investments	1,459,817	2,342,751
<b>Net cash flows generated from investing activities</b>	<b>11,401,703</b>	<b>5,278,962</b>
<b>Cash flows used in financing activities</b>		
Interest paid on debt securities in issue	(137,556)	(138,456)
Purchase and redemption of debt securities in issue	(3,056,800)	(109,200)
<b>Net cash flows used in financing activities</b>	<b>(3,194,356)</b>	<b>(247,656)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(225,946)</b>	<b>344,653</b>
Cash and cash equivalents at beginning of the period	60,131,865	61,021,236
<b>Cash and cash equivalents at end of the period</b>	<b>59,905,919</b>	<b>61,365,889</b>
	=====	=====

## **Notes to the Condensed Interim Financial Statements**

### **1. Reporting entity**

Izola Bank p.l.c. (the “Bank”) is a credit institution domiciled and incorporated in Malta with its registered address at 4, Castille Place, Valletta, VLT1062, Malta.

The Bank’s ESEF Annual Report and Financial Statements for the year ended 31 December 2024 are available for viewing on the Malta Stock Exchange’s website (the officially appointed mechanism) at <https://borzamalta.com.mt/>, on the Bank’s website at [www.izolabank.com](http://www.izolabank.com), or upon request from the Bank’s registered office.

### **2. Basis of preparation**

#### **2.1 Statement of compliance**

The financial information of Izola Bank p.l.c. as at 30 June 2025 and for the six-month period then ended reflects the Bank’s financial position and performance.

These unaudited interim condensed financial statements are being published in accordance with Capital Markets Rule 5.74 issued by the Malta Financial Services Authority (MFSA) and the Prevention of Financial Markets Abuse Act, 2005. They have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*, as adopted by the EU. As required by IAS 34, these financial statements include comparative information:

- the statement of financial position as at 31 December 2024,
- and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the six-month period ended 30 June 2024.

The accounting policies, presentation, and methods of computation used in preparing these interim condensed financial statements are consistent with those applied in the Bank’s most recent audited annual financial statements for the year ended 31 December 2024. As such, these interim statements do not include all the disclosures required for annual financial statements and should be read in conjunction with the Bank’s audited financial statements for the year then ended. These interim results are intended to provide an update on material events and transactions occurring since year-end.

In line with Capital Markets Rule 5.75.5, the Board of Directors confirms that these interim financial statements have not been audited or reviewed by the Bank’s independent auditors in accordance with International Standards on Auditing or ISRE 2410 *Review of Interim Financial Information*, respectively.

#### **2.2 Basis of measurement**

These financial statements have been prepared on a historical cost basis, except for:

- Financial investments measured at fair value through other comprehensive income (“FVOCI”);
- Financial investments designated at FVOCI or at fair value through profit or loss (“FVTPL”); and
- Property within ‘Property and equipment’ and ‘Investment Property held for sale’ measured at revalued amount and fair value, respectively.

#### **2.3 Functional and presentation currency**

These financial statements are presented in Euro (€), which is the Bank’s functional currency.

## **Notes to the Condensed Interim Financial Statements (continued)**

### **3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the preparation of these financial statements, the use of certain accounting estimates is required. In this respect, management is required to exercise their judgement in the process of applying the Bank's accounting policies. This requires assumptions to estimate the carrying amount of assets and liabilities, as well as the recognition of income and expenses. Due to the inherent uncertainty and high level of subjectivity involved in making such judgements, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### **4. Material accounting policies**

The material accounting policies applied in these condensed interim financial statements are the same as those applied by the Bank in its financial statements as at, and for the year ended, 31 December 2024. The IASB has published a number of minor amendments to IFRSs that are effective from 1 January 2025, which have been endorsed by the EU, and other minor amendments to IFRSs that are effective from 1 January 2025, which have not yet been endorsed by the EU. The changes resulting from the above standards, interpretations and amendments do not have a material impact on the Bank in the current or future reporting periods and on foreseeable future transactions.

### **5. IFRS 9: Financial instruments**

The following table summarises the loss allowance by class of financial instrument.

<b>30.06.25 (unaudited)</b>	<b>Gross carrying amount €</b>	<b>Stage 1 €</b>	<b>Stage 2 €</b>	<b>Stage 3 €</b>	<b>Net amount as per SOFP €</b>
Loans and advances to customers at amortised cost	163,023,968	(741,162)	-	(92,765)	162,190,041
Factored receivables at amortised cost	135,350,962	(431,900)	(51,391)	(157,609)	134,710,062
Investment securities at amortised Cost – Debt instruments	51,743,099	(26,718)	-	-	51,716,381
Investment securities at FVOCI – Debt instruments	26,565,880	-	-	-	26,565,880
Balances with Central Bank of Malta	58,863,346	(30,482)	-	-	58,832,864
Loans and advances to Banks	2,638,408	(44,789)	-	-	2,593,619
Loss allowance per stage	-	(1,275,051)	(51,391)	(250,374)	-
Total loss allowance	-	-	-	-	(1,576,81)

The loss allowances recognized through the fair value reserve on investment securities at FVOCI amounted to €59,543.

**Notes to the Condensed Interim Financial Statements (continued)**

**5. IFRS 9: Financial instruments (continued)**

<b>31.12.24 (audited)</b>	<b>Gross carrying amount €</b>	<b>Stage 1 €</b>	<b>Stage 2 €</b>	<b>Stage 3 €</b>	<b>Net amount as per SOFP €</b>
Loans and advances to customers at amortised cost	194,888,612	(691,158)	(49,328)	(134,999)	194,013,127
Factored receivables at amortised cost	139,036,668	(98,918)	(74,712)	(626,305)	138,236,733
Investment securities at amortised Cost – Debt instruments	51,245,889	(26,718)	-	-	51,219,171
Investment securities at FVOCI – Debt instruments	37,863,530	-	-	-	37,863,530
Balances with Central Bank of Malta	57,513,990	(30,482)	-	-	57,483,508
Loans and advances to Banks	4,213,710	(44,789)	-	-	4,168,921
Loss allowance per stage	-	(892,065)	(124,040)	(761,304)	-
Total loss allowance	-	-	-	-	(1,777,409)

The loss allowances recognized through the fair value reserve on investment securities at FVOCI amounted to €59,543.

**6. Fair values of financial assets and liabilities**

The Bank's financial investments within the Statement of Financial Position are mainly measured at fair value, except for a separate group of local sovereign bonds, which are measured at amortised cost. The Bank is required to disclose fair value measurements according to the following hierarchy:

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

As of 30 June 2025, and 31 December 2024, investments were principally valued using Level 1 inputs.

No transfers of financial instruments measured at fair value between different levels of the fair value hierarchy have occurred during the interim period under review.

The fair value of the local sovereign bonds measured at amortised cost amounted to €44,261,475 (2024: €43,704,546) compared to a carrying amount of €51,153,981 (2024: €51,219,171). The fair values of all the Bank's other financial assets and liabilities that are not measured at fair value but instead measured at amortised cost approximate their respective carrying values.

The valuation techniques utilised in preparing these condensed interim financial statements were consistent with those applied in the preparation of the financial statements for the year ended 31 December 2024.

**Notes to the Condensed Interim Financial Statements (continued)**

**7. Debt securities in issue**

	<b>2025</b> <b>(unaudited)</b> €	2024 (audited) €
At 1 January	<b>16,773,480</b>	16,861,501
Debt securities purchased and cancelled	-	(129,200)
Redemption of the remaining 4.5% unsecured debt securities	<b>(3,056,800)</b>	-
Amortisation of debt issuance costs during the period/year	<b>20,590</b>	41,179
	-----	-----
At 30 June/31 December	<b>13,737,270</b> =====	16,773,480 =====

Debt securities in issue as at 30 June 2025 and 31 December 2024 amounted to €14,000,000 and €17,056,800, respectively. The balance as at 31 December 2024 included €3,056,800 of 4.5% unsecured debt securities (ISIN: MT0000531211), which were fully redeemed on 30 June 2025. The remaining €14,000,000 comprises of 5% unsecured subordinated bonds (ISIN: MT0000531229), maturing on 15 September 2032, with an early redemption option exercisable by the Bank on 15 September 2027 and annually thereafter.

The Bank has not had any defaults of interest or any other breaches with respect to these debt securities during the financial period ended 30 June 2025 and the year ended 31 December 2024.

**8. Property and equipment, Investment Property held for sale and intangible assets**

During the six months ended 30 June 2025, additions of €166,998 (six months ending 30 June 2024: €747,271) in property and equipment and additions of €777,717 (six months ending 30 June 2024: €781,828) in intangible assets were made.

As at 30 June 2025 and 31 December 2024, the Bank's property classified within 'Investment Property Held for Sale' comprises two adjacent and prestigious houses located at Nos. 53–58, East Street, Valletta, in proximity to the Lower Barrakka Gardens and enjoying views of the Grand Harbour and the Three Cities. These eighteenth-century buildings are structurally sound and finished to a high standard. The properties previously housed the Bank's offices until June 2024, as communicated in Company Announcement No. 118 issued on the Malta Stock Exchange on 21 June 2024. Following management's assessment that the criteria for classification as held-for-sale were met, the properties were transferred to 'Investment Property Held for Sale' as at 31 December 2024. During August 2025, the Bank's Board of Directors approved a resolution to extend the Promise of Sale agreement (Note 16).

## **Notes to the Condensed Interim Financial Statements (continued)**

### **9. Related parties**

#### **9.1 Identification of related parties**

Related parties of the Bank include the ultimate parent, all entities controlled by the ultimate parent, key management personnel, close family members of key management personnel and entities which are controlled or jointly controlled by key management personnel or their close family members.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, being the directors and the Bank's executive management. Reference to executive management shall mean the CEO, the Head of Finance & Treasury, the Head of Strategy and Value, the Head of Operations, the Head of Credit, the Head of Business Development, the Head of IT, the Head of Risk and Compliance and the Head of HR.

The Bank's immediate parent is IBL T Limited, the registered office of which is 4, Castille Place, Valletta, VLT1062, Malta. The financial results and assets and liabilities of the Bank are included in the consolidated financial statements of Carlenco Finance NV, with registration number 0755.471.533, the registered office of which is Lar Blok Z5, 8511 Kortrijk, Belgium.

Caroline Van Marcke and Magdalena De Roeck have an indirect beneficial interest in the shareholding of the Bank and have significant control in the ultimate parent.

#### **9.2 Related party transactions**

Interest, fees, and other income/charges in respect of related parties in the statement of comprehensive income comprise:

	<b>30.06.25</b> <b>(unaudited)</b> €	30.06.24 (unaudited) €
Interest and similar income	<b>2,231,469</b>	2,639,265
Fee and commission income	<b>38,500</b>	38,860
	=====	=====
Interest expense	<b>162,648</b>	170,572
	=====	=====

**Izola Bank p.l.c.**  
**Condensed Interim Financial Statements - 30 June 2025**

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**Notes to the Condensed Interim Financial Statements (continued)**

**9. Related parties (continued)**

**9.3 Related party balances**

The statement of financial position includes outstanding transactions and balances in respect of related parties as follows:

	<b>30.06.25</b> <b>(unaudited)</b> €	31.12.24 (audited) €
<b>Assets</b>		
Loans and advances to customers	<b>31,424,892</b>	49,541,213
Prepayments and accrued income	<b>279,664</b>	511,756
	=====	=====
<b>Liabilities</b>		
Amounts owed to customers	<b>24,725,261</b>	47,905,527
Debt securities issued to directors	<b>319,000</b>	364,300
Accruals	<b>13,521</b>	4,157
	=====	=====

Loans and advances to customers include seven outstanding loans amounting to €1,095,896 advanced to key management personnel (31 December 2024: nine outstanding loans amounting to €1,359,518).

**10. Operating segments**

The segment reporting of the Bank is presented in terms of the following business segments, determined in accordance with the disclosure requirements in respect of reportable segments under IFRS 8 – Operating Segments:

<b>Reportable segment</b>	<b>Description of activities</b>
<b>Factoring</b>	Principally factoring of bills of exchange and invoices on a non-recourse basis
<b>Lending</b>	Principally lending to corporate clients and mortgages
<b>Other</b>	Principally treasury and other central functions

Income earned and expenses incurred in respect of each of the reportable business segments are presented in the table below. No reconciliation is required since there are no differences between the measurements of the reportable segments' profits or losses and the information disclosed in the statement of profit or loss and other comprehensive income.



**Izola Bank p.l.c.**  
**Condensed Interim Financial Statements - 30 June 2025**

**Notes to the Condensed Interim Financial Statements (continued)**

**Statement of Profit or Loss**

	30.06.25 Total €	30.06.25 Lending €	30.06.25 Factoring €	30.06.25 Other €	30.06.24 Total €	30.06.24 Lending €	30.06.24 Factoring €	30.06.24 Other €
Interest and similar income	10,248,070	4,291,621	4,532,466	1,423,983	11,136,071	4,167,727	4,625,593	2,342,751
Interest expense	(6,330,096)	(2,350,756)	(1,953,486)	(2,025,854)	(8,116,924)	(3,032,510)	(2,520,504)	(2,563,909)
Net interest income/(expense)	3,917,974	1,940,865	2,578,980	(601,871)	3,019,147	1,135,216	2,105,089	(221,158)
Net fee and commission income	46,753	(7,717)	54,470	-	56,591	56,591	-	-
Other operating income	(35,144)	-	-	(35,144)	(59,327)	-	-	(59,327)
Total operating income	3,929,583	1,933,148	2,633,450	(637,015)	3,016,411	1,191,807	2,105,089	(280,485)
Depreciation and amortisation	(412,813)	(172,875)	(182,577)	(57,361)	(493,206)	(184,585)	(204,863)	(103,758)
Changes in expected credit losses and other credit impairment charges	(112,335)	41,557	(153,892)	-	(46,212)	-	(9,360)	(36,852)
Employee compensation and benefits	(1,637,972)	(659,131)	(720,018)	(258,823)	(1,677,640)	(477,478)	(732,186)	(467,975)
Other administrative expenses	(1,633,672)	(557,256)	(752,051)	(324,365)	(2,701,072)	(828,061)	(1,407,543)	(465,468)
Profit / (Loss) before tax	132,791	585,443	824,912	(1,277,564)	(1,901,719)	(298,317)	(248,863)	(1,354,539)

**Izola Bank p.l.c.**  
**Condensed Interim Financial Statements - 30 June 2025**

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**Notes to the Condensed Interim Financial Statements (continued)**

**10. Operating segments (continued)**

**10.1 Business segments (continued)**

	30.06.25	30.06.25	30.06.25	30.06.25	31.12.24	31.12.24	31.12.24	31.12.24
	Total	Lending	Factoring	Other	Total	Lending	Factoring	Other
	€	€	€	€	€	€	€	€
<b>Assets</b>								
Segment assets	436,673,595	162,190,041	134,710,062	139,773,492	483,046,664	194,013,127	138,236,733	150,796,803
Unallocated assets	25,510,217	-	-	-	25,675,696	-	-	-
<b>Total Assets</b>	<b>462,183,812</b>	<b>162,190,041</b>	<b>134,710,062</b>	<b>139,773,492</b>	<b>508,722,360</b>	<b>194,013,127</b>	<b>138,236,733</b>	<b>150,796,803</b>
<hr/>								
<b>Liabilities</b>								
Segment liabilities	420,882,156	156,324,758	129,838,538	134,718,860	465,387,431	186,920,390	133,183,071	145,283,970
Unallocated liabilities	5,376,845	-	-	-	7,732,866	-	-	-
<b>Total Liabilities</b>	<b>426,259,001</b>	<b>156,324,758</b>	<b>129,838,538</b>	<b>134,718,860</b>	<b>473,120,297</b>	<b>186,920,390</b>	<b>133,183,071</b>	<b>145,283,970</b>
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## **Notes to the Condensed Interim Financial Statements (continued)**

### **11. Income tax credit**

Income tax credit is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

### **12. Earnings per share**

Earnings per share were calculated by dividing the profit/loss after tax attributable to ordinary shareholders of the Bank totaling to €215,929 (June 2024: loss of €1,244,142) by 58,000,000 ordinary shares as at 30 June 2025.

### **13. Share capital and Accumulated Losses**

At 30 June 2025 and 31 December 2024, the authorised and issued share capital comprised 120,000,000 and 58,000,000 ordinary shares of €0.50 each respectively. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Bank.

Accumulated Losses as at 30 June 2025 is inclusive of €1,520,564 (2024: €1,514,715) set aside for the Depositor Compensation Scheme. This represents funds with the Central Bank of Malta and pledged in favour of the Depositor Compensation Scheme.

### **14. Asset Encumbrance**

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

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

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

**Notes to the Condensed Interim Financial Statements (continued)**

**14. Asset Encumbrance (continued)**

	Carrying amount of encumbered assets €	Fair value of encumbered assets €	Carrying amount of unencumbered assets €	Fair value of unencumbered assets €
<b>At 30 June 2025</b>				
Debt Instruments	60,970,581	54,078,075	-	-
Other assets	1,520,564	1,520,564	15,993,635	15,993,635
<b>At 31 December 2024</b>				
Debt Instruments	70,661,539	63,120,196	-	-
Other assets	1,514,715	1,514,715	15,995,887	15,995,887

Izola Bank does not encumber any collateral received. As of 30 June 2025, the Bank did not have any outstanding liabilities associated with encumbered assets and collateral received.

The Bank undertakes the following types of encumbrances:

- i. Pledging of a deposit with the Central Bank of Malta in favour of the Depositor Compensation Scheme.
- ii. Pledging of Malta Government Stocks held in terms of Directive No. 8 (Chapter 204 of the Central Bank of Malta Act) as security for access to the Central Bank's Main and Long-Term Refinancing Operations (MROs and LTROs respectively) not currently being utilised.

**15. Comparative Figures**

Certain comparative figures have been reclassified to comply with the current period presentation.

**16. Subsequent events**

During August 2025, the Bank's Board of Directors approved a resolution to extend the Promise of Sale agreement between the Bank and the purchaser for the property classified under Investment Property held for sale. The signing of the final deed is now expected to be concluded by the end of August 2027.