ECCM Bank Plc

Annual Report

2025

Company Registration Number: C 20699

ECCM Bank Plc

Contents

Officers and Professional Advisors

Board of Directors

Dr. Patrick Galea - Chairman
Mr. Matthias Kaindl
Mr. Clive David Stanford
Dr. Christian Golsner
Mr. Anthony C. Schembri (CEO & Managing Director)
Mr. Michael Rudolf Mendel
Dr. Stefan Schmittmann
Ms. Dorothy Kim Vella
Ms. Jessica Fenech

Company Secretary

Dr. Bernardette Muscat

Registered office

The Adelaide
230/231
Tower Road
Sliema SLM 1601
Malta

Auditors

Grant Thornton
Fort Business Centre, Level 2
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

Legal Counsel

Saga Juris Advocates
58, Old Bakery Street
Valletta VLT 1454
Malta

Directors' Report

The Directors are required by the Companies Act 1995 (Chapter 386 of the Laws of Malta), in terms of Article 177, to prepare this report, together with the audited Financial Statements of ECCM Bank Plc (the "Bank") for the year ended 30 September 2025.

Principal activities

The Bank's principal activities consist of banking services to international corporate customers. The Bank's business is covered by a banking licence granted by the Malta Financial Services Authority (MFSA) on 1 July 2014, as the Regulator or Authority, in terms of the Banking Act, 1994 (Chapter 371 of the Laws of Malta).

Review of business developments, financial performance and future developments

ECCM Bank plc successfully completed its 12th year of operations by posting a profit after tax of EUR 33.70 million (2023/2024 EUR 28.42 million). Total assets went down by 1.9%, but this was in line with the pre-year projections in view of the challenging economic climate in which the Bank's customers operate. There were no non-performing loans as at 30 September 2025.

In line with the Bank's business plan for the year, during the past 12 months, the Bank continued to acquire European Union Allowance Certificates (EUA Certificates), classified as Intangible Assets under IAS 38. The price of these Certificates rallied at the end of the year to close at EUR 75.50 – the highest level for the year.

During the year 2024/2025 the Bank continued to enhance its IT security parameters and became TIPS compliant for both inward and outward payments.

Principal Risks and Uncertainties

The Bank's principal business risks are credit risk inherent in its lending portfolio and market risk in view of its exposure to the EUA Certificates. While the lending portfolio continued to perform in a satisfactory way, the lowering of the interest rates have materially impacted the Bank. On the other hand such reduction has helped our customers to maintain their performance and obligations.

Other relevant risks are liquidity, operational and Environmental and Social Governance (ESG) risks (refer to notes 33.3 to 33.6).

Due to its size, complexity and interconnectedness with the local economy, ECCM Bank is considered to be a Less Significant Institution (LSI). This is in line with the classification criteria established by the MFSA. Nevertheless, the Bank is subject to all regulations and directives applicable to a bank organised and set up in the EU.

Directors

The members that served on the Board of Directors of the Bank during the year are shown on page 1.

Distributions and Reserves

The Bank has paid interest on Non-cumulative AT1 Notes amounting to EUR 11.28 million.

After adding the profit for the year to the opening reserve and deducting interest paid on Non-cumulative AT1 Notes and dividends to ordinary shareholders, retained profits amounting to EUR 124 million (2024: EUR 114 million) are carried forward to the next financial year.

During the year under review, the Bank declared and paid EUR 12.5 million dividends to its shareholders. The Board is not proposing any final dividend distribution for the financial year ended 30 September 2025.

Directors' Report (continued)

Events after reporting date

There have been no significant events after the reporting date that would require adjustment to or warrant disclosure in the financial statements.

Outlook

For 2025/2026, the Bank intends to hold on to its EUA Certificates in view of positive prognosis on this asset class in the near future. It also intends to expand its loan portfolio by using additional profits generated to fund this expansion.

In the near future, the Bank is planning to invest in a new core banking system and a proposal is being presented for board approval.

Going concern

The Directors, after due consideration of the Bank's profitability, the statement of financial position, capital adequacy and solvency declare that the Bank is in a position to continue operating as a going concern for the foreseeable future.

Disclosure of information to auditor

At the date of compiling this report, the directors confirm the following:

- as far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware; and
- each director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant information needed by the independent auditor in connection with the preparation of the audit report and to establish that the independent auditor is aware of that information.

Auditors

A resolution to reappoint Grant Thornton, as auditors of the Bank, will be proposed at the next Annual General Meeting.

Approved by the Board of Directors on 19th November 2025 and signed on its behalf by:

Mr. Anthony C. Schembri
CEO & Managing Director

Ms. Jessica Fenech
CFO & Executive Director

Directors' responsibility for the financial statements

The Companies Act, Cap. 386 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of the profit or loss of the Bank for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Bank will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting year on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting year.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap. 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Bank and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors on 19th November 2025 by:

Mr. Anthony C. Schembri
CEO & Managing Director

Ms. Jessica Fenech
CFO & Executive Director

Statement of Profit or Loss and Other Comprehensive Income

	Notes	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Interest income calculated using the effective interest method	6	69,115	84,092
Interest expense	6	(32,272)	(33,368)
Net interest income		**36,843**	**50,724**
Fee and commission income	7	2,678	2,961
Fee and commission expense	7	(36)	(160)
Net fee and commission income		**2,642**	**2,801**
Net income (expense) from financial instruments at FVTPL	8	365	(19,087)
Other net operating expense	9	(787)	(2,382)
Net expense		**(422)**	**(21,469)**
Net revenue		**39,063**	**32,056**
Impairment loss on financial instruments	33	(1,378)	(290)
Personnel expenses	10	(1,581)	(1,514)
Administrative and other expenses	11	(1,752)	(1,603)
Depreciation and amortisation	20/21	(232)	(234)
		(4,943)	**(3,641)**
Profit before income tax		**34,120**	**28,415**
Taxation	12.2	(422)	(1)
Profit for the year		**33,698**	**28,414**
Other comprehensive income (OCI)			
Net income from other intangible assets at FVOCI	21	17,687	5,978
Related tax	12.1/12.3	(929)	(314)
OCI for the year, net of tax		**16,758**	**5,664**
Total comprehensive income for the year		**50,456**	**34,078**
Profits for the year available for distribution			
- Profit for the year		50,456	34,078
- Tax effect on interest on Non-cumulative AT1 Notes recognised in equity	12.1	142	364
		50,598	**34,442**
Profit attributable to Holders as follows:			
- Holders of Non-cumulative AT1 Notes	28.3	10,853	11,314
- Holders of ordinary shares		39,745	23,128
		50,598	**34,442**

The accompanying notes are an integral part of these financial statements.

Statement of Financial Position

	Notes	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
ASSETS			
Balances with Central Bank of Malta and cash	14	376,165	455,439
Loans and advances to banks	15	33,013	80,779
Loans and advances to customers	16	663,937	664,026
Invoice discounting receivables	17	25,798	29,572
Investment securities	18	2,280	3,632
Commodities held at FVTPL	19	-	-
Property and equipment	20	380	513
Intangible assets	21	175,609	67,698
Other assets	22	399	922
Prepayments and accrued income	23	3,505	3,450
Total assets		**1,281,086**	**1,306,031**
LIABILITIES AND EQUITY			
Liabilities			
Amounts owed to customers	24	765,135	817,791
Current tax liability		1,127	1,164
Provisions	25	10	7
Deferred tax liabilities	12.3	1,048	293
Accruals	26	1,665	1,451
Other liabilities	27	367	408
Total liabilities		**769,352**	**821,114**
Equity			
Share capital	28.1	117,690	117,690
Non-cumulative AT1 Notes	28.1	200,000	200,000
Shareholders' contribution	28.4	12,537	12,537
Share premium	28.5	34,857	34,857
Fair value reserve	28.6	22,422	5,664
Retained earnings		124,228	114,169
Total equity		**511,734**	**484,917**
Total liabilities and equity		**1,281,086**	**1,306,031**
MEMORANDUM ITEMS			
Contingent liabilities	29	**14,607**	**9,413**
Commitments	30	**9,536**	**6,128**

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 5 to 74 were approved by the Board of Directors, authorised for issue on 19 November 2025 and signed on its behalf by:

Mr. Anthony C. Schembri
CEO & Managing Director

Ms. Jessica Fenech
CFO & Executive Director

Statement of Changes in Equity

	Share capital EUR'000	Share premium EUR'000	Non-cumulative AT1 Notes EUR'000	Shareholder's contribution EUR'000	Fair value reserve EUR'000	Retained earnings EUR'000	Total EUR'000
Balance at 1 October 2023	117,690	34,857	200,000	12,537	-	104,858	469,942
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	28,414	28,414
Other comprehensive income, net of income taxes							
Net income from other intangible assets	-	-	-	-	5,978	-	5,978
Tax effect on other intangible asset at FVOCI	-	-	-	-	(314)	-	(314)
Total comprehensive income	**-**	**-**	**-**	**-**	**5,664**	**28,414**	**34,078**
Transactions with owners							
Contributions from and Distributions to owners							
Interest paid on non-cumulative AT1 Notes	-	-	-	-	-	(9,467)	(9,467)
Tax effect on interest on AT1 Notes	-	-	-	-	-	364	364
Dividends paid	-	-	-	-	-	(10,000)	(10,000)
Total contributions from and distributions to owners	**-**	**-**	**-**	**-**	**-**	**(19,103)**	**(19,103)**
Balance at 30 September 2024	**117,690**	**34,857**	**200,000**	**12,537**	**5,664**	**114,169**	**484,917**

Statement of Changes in Equity - continued

	Share capital EUR'000	Share premium EUR'000	Non-cumulative AT1 Notes EUR'000	Shareholder's contribution EUR'000	Fair value reserve EUR'000	Retained earnings EUR'000	Total EUR'000
Balance at 1 October 2024	117,690	34,857	200,000	12,537	5,664	114,169	484,917
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	33,698	33,698
Other comprehensive income, net of income taxes							
Net income from other intangible assets	-	-	-	-	17,687	-	17,687
Tax effect on other intangible asset at FVOCI	-	-	-	-	(929)	-	(929)
Total comprehensive income	**-**	**-**	**-**	**-**	**16,758**	**33,698**	**50,456**
Transactions with owners							
Contributions from and Distributions to owners							
Interest paid on non-cumulative AT1 Notes	-	-	-	-	-	(11,281)	(11,281)
Tax effect on interest on AT1 Notes	-	-	-	-	-	142	142
Dividends paid	-	-	-	-	-	(12,500)	(12,500)
Total contributions from and distributions to owners	**-**	**-**	**-**	**-**	**-**	**(23,639)**	**(23,639)**
Balance at 30 September 2025	**117,690**	**34,857**	**200,000**	**12,537**	**22,422**	**124,228**	**511,734**

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

	Note	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Cash flows from operating activities			
Interest and commission receipts		71,737	84,635
Interest and commission payments		(32,243)	(33,440)
Payments to employees and suppliers		(2,627)	(2,826)
Operating profit before changes in operating assets/liabilities		36,867	48,369
Decrease/(increase) in operating assets:			
- Reserve deposit with Central Bank of Malta		(648)	1,165
- Loans and advances to customers and banks		(1,941)	(56,596)
- Invoice discounting receivables		3,891	(1,603)
Increase in operating liabilities:			
- Amounts owed to customers and banks		(52,216)	(149,272)
- Derivative financial instruments		-	-
		(14,047)	**(157,937)**
Tax paid		(489)	(156)
Interest paid on lease liability		(25)	(41)
Net cash used in operating activities		**(14,561)**	**(158,134)**
Cash flows from investing activities			
Acquisition of tangible and intangible assets		(90,452)	(61,734)
Disposal of tangible and intangible assets		221	-
Acquisition of investment securities		-	(79,181)
Disposal of investment securities		1,448	133,280
Disposal of commodities		-	8,529
Net dividends received		273	801
Net cash (used in) generated from investing activities		**(88,510)**	**1,695**
Cash flows from financing activities			
Interest paid on undated Non-cumulative AT1 Notes		(11,281)	(9,467)
Payment of lease liability		(109)	(75)
Dividends paid		(12,500)	(10,000)
Net cash used in financing activities		**(23,890)**	**(19,542)**
Net changes in cash and cash equivalents		**(126,961)**	**(175,981)**
Cash and cash equivalents at beginning of year		530,874	708,789
Effect of exchange rate fluctuations on cash and cash equivalents held		(726)	(1,934)
Cash and cash equivalents at end of year	32	**403,187**	**530,874**

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1 Reporting entity

ECCM Bank Plc (the "Bank") is a public limited company domiciled and incorporated in Malta.

The address of the Bank's registered office, which is also its principal place of business, is The Adelaide, 230/ 231, Tower Road, Sliema, SLM 1601, Malta.

1.1 Principal activities

The Bank provides banking services in terms of the Banking Act, Chapter 371 of the Laws of Malta and is primarily involved in corporate banking.

2 General information, statement of compliance with International Financial Reporting Standards (IFRS) and going concern assumption

2.1 General information and statement of compliance with IFRS

The financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU), and in accordance with the Companies Act, Cap. 386. The financial statements have also been drawn up in accordance with the provisions of the Banking Act, 1994 Chapter 371.

2.1.1 Going concern

The Directors, after due consideration of the Bank's profitability, the statement of financial position, capital adequacy and solvency conclude that the Bank is in a position to continue operating as a going concern for the foreseeable future.

2.2 Basis of measurement

Except for investment securities and intangible assets (excluding computer software) which are measured at fair value, the financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in Euro (EUR), which is the Bank's functional currency. All amounts have been rounded to the nearest thousand, except where otherwise indicated.

3 New or revised Standards or Interpretations

3.1 New and revised standards adopted as at 1 January 2024

Some accounting pronouncements which have become effective from 1 January 2024 and have therefore been adopted are:

Notes to the Financial Statements

3 New or revised Standards or Interpretations (continued)

3.1 New and revised standards adopted as at 1 January 2024 (continued)

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have a significant impact on these financial statements and therefore further disclosures have not been made.

3.2 Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the Bank

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations published by the IASB or International Financial Reporting Interpretations Committee (IFRIC) include:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

None of these Standards or amendments to existing Standards have been adopted early by the Bank. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

With the exception of IFRS 18, these amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made. The Bank will assess the impact on disclosures from the initial adoption of IFRS 18. IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027. The Bank is not expected to early adopt this new standard.

4 Significant judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Notes to the Financial Statements

4 Significant judgements and estimates (continued)

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are as follows:

- Classification of financial assets: Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.
- Impairment of financial instruments: Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of Expected Credit Loss (ECL) and selection and approval of the probability of default ("PD") model used to measure ECL.
- Measurement of ECL and approval of PDs: Any changes to ECLs are subject to high levels of uncertainty due to a lack of stable, reasonable, and supportable information, which is also supported by the view of regulatory authorities. Credit rating agencies indicate that the impact on PDs and the extent of that impact will vary depending on each country's exposure to external factors.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 September 2025 includes the Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.

5 Material accounting policies

The Bank should disclose its material accounting policies. Accounting policies are material and must be disclosed if they can be reasonably expected to influence the decisions of users of the financial statements.

Management has concluded that the disclosure of the Bank's material accounting policies below are appropriate.

The Bank has consistently applied the following accounting policies to all the periods presented in these financial statements.

5.1 Interest income and expense

Effective interest rate (EIR)

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.1 Interest income and expense (continued)

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount' of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Presentation

Interest income and expense presented in the statement of profit or loss and other comprehensive income includes interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis. It also includes interest income on debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI) and interest expense on lease liabilities and negative interest on financial assets.

5.2 Fees and commission income and expense

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.2 Fees and commission income and expense (continued)

Other fees and commission income, which include account servicing fees, finance restructuring fees, invoice discounting renewal fees and service charges, fees on financial guarantees and placement fees are recognised as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Bank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, the Bank first applies IFRS 9 to separate and measure the part of the contract that is in scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

5.3 Net income from financial instruments at fair value through profit or loss (FVTPL)

Net income from financial instruments at FVTPL relates to financial assets carried at FVTPL. The line item includes fair value changes and dividend income.

5.4 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Bank and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Bank can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.5 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.5 Property and equipment (continued)

Depreciation is calculated by the straight-line method so as to reduce the cost of each asset to their residual values over their estimated useful life. The annual depreciation rates used are as follows:

Computer equipment	20%
Furniture and fittings	15%
Others	20%

Gains or losses on the disposal of property and equipment are determined as the difference between the sale price (net of selling expenses) and the net book value of the asset at the date of disposal. These are recognised net within other income in profit or loss.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred.

5.6 Intangible assets

Intangible assets include computer software and European Union Allowance (EUA) Certificates. Computer software is accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these are considered to be finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 5.7. The following rates are applied:

Computer software	20%

EUA Certificates

EUA Certificates are initially measured at cost, which is determined based on the market price of allowances traded on the platform at that date.

Subsequently, EUA Certificates are measured at fair value through other comprehensive income.

5.7 Impairment of non-financial assets (excluding deferred tax assets)

Non-financial assets other than deferred tax assets, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are shown separately in the Statement of Profit or Loss and Other Comprehensive Income.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

Notes to the Financial Statements

5 Material accounting policies (continued)

5.7 Impairment of non-financial assets (excluding deferred tax assets) (continued)

The Bank's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.8 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the spot exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognised in profit or loss.

5.9 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.9 Income tax (continued)

Deferred tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Tax exposures

In determining the amount of current and deferred tax, the Bank considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

5.10 Leases

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.10 Leases (continued)

As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets that do not meet the definition of property in 'property and equipment' and lease liabilities in 'Other liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Bank acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.10 Leases (continued)

As a lessor (continued)

If an arrangement contains lease and non-lease components, the Bank applies IFRS 15 to allocate the consideration in the contract.

The Bank recognises any lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

5.11 Employee benefits

The Bank contributes towards the state pension defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of fixed contributions. Obligations for contributions to the defined contribution pension plan are recognised as expense in profit or loss when they are due.

5.12 Dividends

Dividends payable

Interim dividends are recognised in equity in the year in which they are declared by the directors. Final dividends are recognised in equity in the year in which they are proposed by the Board of Directors and approved by the shareholders.

Dividend income

Dividend income is recognised when the right to receive payment is established.

5.13 Financial assets and financial liabilities

(i) Recognition and initial measurement

The Bank initially recognises loans and advances, deposits and debt securities issued on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.13 Financial assets and financial liabilities (continued)

(ii) Classification (continued)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.13 Financial assets and financial liabilities (continued)

(ii) Classification (continued)

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as a consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVTPL.

Non-recourse invoice discounting

The Bank applies judgment in assessing whether these non-recourse financial assets meet the SPPI criterion. The Bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the facility;
- the ability and willingness of the borrower to make contractual payments;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity; and
- the Bank's risk of loss on the asset relative to a full-recourse facility.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.13 Financial assets and financial liabilities (continued)

(iii) Derecognition

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

In transactions in which the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

The Bank derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(iv) Modifications of financial assets and liabilities

Financial assets

If the terms of a financial asset are modified, then the Bank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.13 Financial assets and financial liabilities (continued)

(iv) Modifications of financial assets and liabilities (continued)

Financial assets (continued)

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see 5.13 (vii) below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.13 Financial assets and financial liabilities (continued)

(v) Offsetting (continued)

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Bank's trading activity.

(vi) Fair value measurement

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

When available, the Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – that is the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

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

Notes to the Financial Statements

5 Material accounting policies (continued)

5.13 Financial assets and financial liabilities (continued)

(vii) Impairment

The Bank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- loans and advances to customers;
- invoice discounting receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

The Bank measures loss allowances at an amount equal to 12-month ECL since the Bank's financial instruments are determined to have low credit risk at the reporting date except for certain loans and advances to customers on which credit risk has increased significantly since their initial recognition.

The Bank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows. The Bank had no credit-impaired financial assets as at reporting date;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and / or
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.13 Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see 5.13 (iii)) and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset (see note 33.2 (ii)).

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Bank on terms that the Bank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.13 Financial assets and financial liabilities (continued)

(vii) Impairment (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value.

Write-off

Loans and debt securities are written-off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

5.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid financial assets with original maturities of three months or less.

Loans and advances to banks that are repayable on demand or have a contractual maturity of three months or less and which form an integral part of the Bank's cash management are included as a component of cash and cash equivalents for the purpose of the Statements of Cash Flows.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

5.15 Loans and advances and invoice discounting receivables

These assets are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.16 Investment securities

The 'investment securities' caption in the statement of financial position includes equity investment securities mandatorily measured at FVTPL; these are at fair value with changes recognised immediately in profit or loss.

5.17 Commodities held at FVTPL

Commodities include unallocated gold purchased by the Bank to diversify its investment portfolio and is carried at fair value through profit or loss based on publicly available market prices.

5.18 Deposits and debt securities issued

Deposits are the Bank's main source of debt funding.

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits and debt securities issued are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

5.19 Share capital and reserves

(i) Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(ii) Non-cumulative AT1 Notes

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Bank's non-cumulative AT1 notes are not redeemable by holders and bear an entitlement to distributions that are non-cumulative and at the discretion of the board of directors. Accordingly, they are presented as a component of issued capital within equity. Distributions thereon are recognised in equity. Related income tax is accounted for in accordance with accounting policy 5.9.

(iii) Shareholder's contribution

Shareholder's contribution represents advances made to the Bank by its shareholders for which settlement is neither planned nor likely to occur in the foreseeable future, for which no interest is levied by the shareholder and that they are not subject to any restrictions to the fulfilment of any conditions or requirements on the part of the Bank.

(iv) Share premium

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any income tax benefits.

Notes to the Financial Statements

5 Material accounting policies (continued)

5.19 Share capital and reserves (continued)

(v) Fair value reserve

The fair value reserve within equity comprises unrealised gains or losses on the revaluation of intangible assets recorded as revaluation reserve until realised.

(vi) Retained earnings

Retained earnings include all current and prior period results less dividend distributions and interest paid on non-cumulative AT1 Notes, net of tax.

5.20 Loan commitments

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. The Bank recognises a loss allowance which is included within provisions.

6 Net interest income

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Interest income calculated using the effective interest method		
Loans and advances to customers and invoice discounting receivables	55,036	61,420
Loans and advances to banks	14,003	21,985
Investment securities	-	687
Intangible assets	76	-
Total interest income	**69,115**	**84,092**
Interest expense		
Deposits from customers	(32,243)	(33,317)
Interest on lease liability	(29)	(51)
Total interest expense	**(32,272)**	**(33,368)**
Net interest income	**36,843**	**50,724**

The amounts reported above include interest income and expense, calculated using the effective interest method, that relate to the financial assets and financial liabilities that are measured at amortised cost or FVOCI.

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Interest income from:		
Financial assets measured at amortised cost	69,039	83,405
Financial assets measure at FVOCI	76	687
	69,115	**84,092**
Interest expense from:		
Financial liabilities measured at amortised cost	**(32,272)**	**(33,368)**

Notes to the Financial Statements

7 Net fee and commission income

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Fee and commission income		
Credit related fees and commission	2,645	2,930
Invoice discounting	23	23
Other	10	8
Total fee and commission income	**2,678**	**2,961**
Fee and commission expense		
Fees paid	(36)	(160)
Total fee and commission expense	**(36)**	**(160)**
Net fee and commission income	**2,642**	**2,801**

Performance obligations and revenue recognition policies

Fee and commission income from contracts with customers is measured on the basis of consideration specified in a contract with a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
	The Bank provides banking services to corporate customers, including provision of overdraft and credit facilities, foreign currency transactions, account maintenance and servicing fees.	
Corporate banking service	Transaction-based fees for foreign currency transactions and overdrafts and credit facilities are charged to the customer's account when the transaction takes place.	Revenue related to transactions is recognised at the point in time when the transaction takes place.
	Servicing fees are charged on a periodic basis and are based on fixed rates reviewed annually by the Bank.	Revenue from account service and servicing fees is recognised over time as the services are provided.

Notes to the Financial Statements

8 Net income (expense) from financial instruments at FVTPL

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Dividends on equity securities	197	114
Fair value movement on:		
Equities	180	147
Loss on disposal of FVTPL	(12)	(19,348)
Net income (expense)	**365**	**(19,087)**

9 Other net operating expense

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Foreign exchange loss	(826)	(2,400)
Other income	39	18
Other net operating expense	**(787)**	**(2,382)**

10 Personnel expenses

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Wages, salaries and allowances	975	945
Social security contributions	68	66
Directors' remuneration and emoluments	534	498
Other employee benefits/refunds	4	5
	1,581	**1,514**

	No.	No.
Average number of employees		
Executive and senior managerial	6	6
Other managerial, supervisory and clerical	18	19
	24	**25**

11 Administrative and other expenses

11.1

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Administrative expenses	**1,752**	**1,603**

Fees related to statutory and regulatory purposes amount to EUR 190 thousand (2024: EUR 249 thousand).

Notes to the Financial Statements

11 Administrative and other expenses (continued)

11.2 The total fees charged to the Bank by the external auditors during the year exclusive of VAT, can be analysed as follows:

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Auditors' remuneration	53	49
Non-audit services	24	20

12 Taxation

12.1

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
The charge for income tax comprises of the following:		
Current taxation	(454)	(188)
Deferred taxation	(755)	237
	(1,209)	**49**

The tax expense is made up of Malta tax and is recognised as follows:

Recognised through:		
-Profit or loss	(422)	(1)
-Equity	(787)	50
	(1,209)	**49**

12.2 The taxation for the year can be reconciled to the tax on profit as per the Statement of Profit or Loss and Comprehensive Income as follows:

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Profit before taxation	**34,120**	**28,415**
Tax at the domestic income tax rate 35%	(11,942)	(9,945)
Tax effect of:		
Additional tax deductions	11,736	8,955
Adjustment due to provision of tax in prior year	833	(133)
Income not subject to further tax	112	736
Expenses not allowed for tax purposes	(20)	-
Changes in temporary differences	(1,141)	386
Tax expense recognised through profit or loss	**(422)**	**(1)**

Notes to the Financial Statements

12 Taxation (continued)

12.3 Deferred tax liabilities

The following are the major deferred tax liabilities are recognised by the Bank and movements thereon during the year.

Movement in temporary differences:

	Opening balance EUR'000	Recognised in profit or loss EUR'000	Recognised in equity EUR'000	Closing balance EUR'000
2025				
Property and equipment	(3)	(3)	-	(6)
FVTPL securities	(84)	105	-	21
FVTOCI securities	(314)	-	(929)	(1,243)
Expected credit loss allowances	108	72	-	180
	(293)	**174**	**(929)**	**(1,048)**

	Opening balance EUR'000	Recognised in profit or loss EUR'000	Recognised in equity EUR'000	Closing balance EUR'000
2024				
Property and equipment	(1)	(2)	-	(3)
FVTPL securities	(622)	538	-	(84)
FVTOCI securities	-	-	(314)	(314)
Expected credit loss allowances	93	15	-	108
	(530)	**551**	**(314)**	**(293)**

Notes to the Financial Statements

13 Financial assets and liabilities

Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

	Notes	Mandatorily At FVTPL EUR'000	Amortised cost EUR'000	Total carrying amount EUR'000
30 September 2025				
Assets				
Balances with Central Bank of Malta and cash	14	-	376,165	376,165
Loans and advances to banks and customers	15/16	-	696,950	696,950
Invoice discounting receivables	17	-	25,798	25,798
Investment securities	18	2,280	-	2,280
Other assets	22	-	399	399
Accrued interest income	23	-	3,290	3,290
Total financial assets		**2,280**	**1,102,602**	**1,104,882**
Liabilities				
Amounts owed to customers	24	-	765,135	765,135
Accruals	26	-	1,665	1,665
Other liabilities	27	-	367	367
Total financial liabilities		**-**	**767,167**	**767,167**

Notes to the Financial Statements

13 Financial assets and liabilities (continued)

Classification of financial assets and financial liabilities (continued)

	Notes	Mandatorily at FVTPL EUR'000	Amortised cost EUR'000	Total carrying amount EUR'000
30 September 2024				
Assets				
Balances with Central Bank of Malta and cash	14	-	455,439	455,439
Loans and advances to banks and customers	15/16	-	744,805	744,805
Invoice discounting receivables	17	-	29,572	29,572
Investment securities	18	3,632	-	3,632
Other assets	22	-	922	922
Accrued interest income	23	-	3,272	3,272
Total financial assets		**3,632**	**1,234,010**	**1,237,642**
Liabilities				
Amounts owed to customers	24	-	817,791	817,791
Accruals	26	-	1,451	1,451
Other liabilities	27	-	408	408
Total financial liabilities		**-**	**819,650**	**819,650**

14 Balances with Central Bank of Malta and cash

14.1

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Balances with Central Bank of Malta	5,991	5,344
Unrestricted balances with Central Bank of Malta	370,169	450,090
Cash	5	5
	376,165	**455,439**

14.2 EUR 5,991 thousand represents a reserve deposit (2024: EUR 5,344 thousand) held in terms of Regulation (EC) No. 1745/2003 of the European Central Bank.

14.3 The unrestricted balance amounting to EUR 370,169 thousand (2024: EUR 450,090 thousand) forms part of cash and cash equivalents (see note 32).

15 Loans and advances to banks

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Repayable on call and at a short notice	**33,013**	**80,779**

Notes to the Financial Statements

16 Loans and advances to customers

16.1

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Repayable on call and at short notice	114,322	127,243
Terms loans and advances	552,944	538,621
Total loans and advances at amortised cost	**667,266**	**665,864**
Less impairment allowance	(3,329)	(1,838)
Net loans and advances	**663,937**	**664,026**

16.2

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Terms loans and advances:		
- to related parties	156,699	159,060
- to non-related parties	510,567	506,804
Total loans and advances at amortised cost	**667,266**	**665,864**
Less impairment allowance:		
- to related parties	(210)	(278)
- to non-related parties	(3,119)	(1,560)
Net loans and advances	**663,937**	**664,026**

16.3

	30 Sep 2025 EUR'000	%	30 Sep 2024 EUR'000	%
Manufacturing and wholesale	504,520	76	556,670	84
Financial	97,221	15	65,534	10
Electrical power distribution	28,845	4	25,100	4
Transport and storage	24,411	3	15,450	2
Real estate	6,269	1	3,110	-
Wood recycling activities	6,000	1	-	-
Total loans and advances at amortised cost	**667,266**	**100**	**665,864**	**100**

17 Invoice discounting receivables

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Invoice discounting receivables	25,879	29,769
	25,879	**29,769**
Less impairment allowance	(81)	(197)
Net invoice discounting receivables	**25,798**	**29,572**

Invoice discounting receivables include an amount of EUR 9.4 million (2024: EUR 9.6 million) due by related parties.

Notes to the Financial Statements

18 Investment securities

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Investment securities mandatorily measured at FVTPL	2,280	3,632
	2,280	**3,632**

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Investment securities mandatorily measured at FVTPL		
Equity securities	2,280	3,632
	2,280	**3,632**

19 Commodities held at FVTPL

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
At beginning of the year	-	6,640
Disposals	-	(6,850)
Foreign exchange movement	-	(262)
Fair value movement	-	(1,766)
Gain on Disposal	-	2,238
At end of the year	-	-

Notes to the Financial Statements

20 Property and equipment

20.1

	Computer equipment EUR'000	Furniture & fittings EUR'000	Others EUR'000	Property EUR'000	Total EUR'000
Cost:					
At 1 October 2023	531	99	75	422	1,127
Additions	92	14	21	-	127
Lease modification	-	-	-	104	104
Write-offs	(5)	-	-	-	(5)
At 30 September 2024	**618**	**113**	**96**	**526**	**1,353**
At 30 September 2024	618	113	96	526	1,353
Additions	20	-	-	-	20
Lease modification	-	-	-	19	19
Write-offs	(35)	-	-	-	(35)
At 30 September 2025	**603**	**113**	**96**	**545**	**1,357**
Depreciation:					
At 1 October 2023	365	89	75	135	664
Charge for the year	55	5	1	117	178
Write-offs	(2)	-	-	-	(2)
At 30 September 2024	**418**	**94**	**76**	**252**	**840**
At 1 October 2024	418	94	76	252	840
Charge for the year	66	5	4	97	172
Write-offs	(35)	-	-	-	(35)
At 30 September 2025	**449**	**99**	**80**	**349**	**977**
Carrying Amounts:					
At 30 September 2024	**200**	**19**	**20**	**274**	**513**
At 30 September 2025	**154**	**14**	**16**	**196**	**380**

20.2 There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2024: Nil). As at September 30, 2025 and 2024, the gross carrying amount of fully depreciated property and equipment still in use amounted to EUR 487 thousand and EUR 449 thousand, respectively.

20.3 Property represents right-of-use assets relating to leased properties used as the Bank's office premises. The leases of office space run for a period of 6 years with an option to extend.

Notes to the Financial Statements

21 Intangible assets

	Computer software at cost EUR'000	Other intangible assets at FVOCI EUR'000	Total intangible assets EUR'000
Cost			
At 1 October 2023	869	-	869
Additions	62	61,545	61,607
Fair value movement	-	5,978	5,978
At 30 September 2024	**931**	**67,523**	**68,454**
At 1 October 2024	931	67,523	68,454
Additions	70	90,362	90,432
Disposal	-	(148)	(148)
Fair value movement	-	17,687	17,687
At 30 September 2025	**1,001**	**175,424**	**176,425**
Amortisation			
At 1 October 2023	700	-	700
Charge for the year	56	-	56
At 30 September 2024	**756**	**-**	**756**
At 1 October 2024	756	-	756
Charge for the year	60	-	60
At 30 September 2025	**816**	**-**	**816**
Carrying amounts			
At 30 September 2024	**175**	**67,523**	**67,698**
At 30 September 2025	**185**	**175,424**	**175,609**

21.1 There were no capitalised borrowing costs related to acquisition of intangible assets during the year (2024: Nil).

All loaned European Union Allowance Certificates amounting to EUR 1.06 million and equivalent to 16,246 units as at September 2024 were released as at 30 September 2025. The Bank had transferred legal ownership to the customer, however the risks and rewards pertaining to these certificates were retained by the Bank. Upon expiry date, the Bank received the same number of units lent and no further consideration. The directors have concluded that it was appropriate for the Bank not to derecognise the number of Certificates that were loaned and instead continue to recognise and measure them in line with the Bank's existing current policy as per note 5.6 to the financial statements. Fees and interest for lending these Certificates were accrued for this transaction.

Notes to the Financial Statements

22 Other assets

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Other receivables	**399**	**922**

23 Prepayments and accrued income

23.1

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Accrued interest income	3,290	3,272
Prepayments	215	178
	3,505	**3,450**

23.2 Accrued interest income amounting to EUR 1,727 thousand (2024: EUR 1,952 thousand) relates to loans and advances and invoice discounting advanced to related parties.

24 Amounts owed to customers

24.1

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Term deposits	306,512	320,342
Repayable on call and at short notice	458,623	497,449
	765,135	**817,791**

24.2 Amounts owed to customers include an amount of EUR 135.22 million (2024: EUR 109.23 million) due by the Bank to related parties, EUR 55.00 million (2024: EUR 50.00 million) of which are term deposits.

Term deposits are pledged against loans and advances to customers and commitments.

25 Provisions

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
As at beginning of year	7	12
Charged to profit or loss	3	(5)
As at end of year	**10**	**7**

Notes to the Financial Statements

25 Provisions (continued)

25.2 Provisions were made during the year using the expected credit loss method on commitments. This amount is recognised in profit or loss as part of impairment loss on financial instruments (see note 33).

26 Accruals

26.1

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Accrued interest	981	946
Other	684	505
	1,665	**1,451**

26.2 Accrued interest expense includes an amount of EUR 748 thousand (2024: EUR 713 thousand) relating to interest on term deposits to related parties.

27 Other liabilities

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Lease liabilities	263	350
Other payables	104	58
	367	**408**

Each lease generally imposes a restriction that, unless there is a contractual right for the Bank to sublet the asset to another party, the right-of-use asset can only be used by the Bank. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Bank is prohibited from lending or transferring the underlying leased assets. Upon termination, the right-of-use assets shall be returned to the lender in good condition as when received by the Bank, except for reasonable wear and tear. The Bank shall ensure that these assets are at all times kept in a good state of repair and return the premises in their original condition at the end of the lease.

Right-of-use assets	No of right-of-use assets leased	Range of remaining lease term	Average remaining lease term	No leases with extension options	No of leases with termination options
Offices and garage spaces	1	2 years	2 years	1	-

Notes to the Financial Statements

27 Other liabilities (continued)

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 September 2025 and 30 September 2024 were as follows:

	Minimum lease payments			
	Not later than one year EUR'000	Later than one year but not later than five years EUR'000	Later than five years EUR'000	Total EUR'000
30 September 2025				
Lease payments	101	194	-	295
Finance charges	(18)	(14)	-	(32)
Net present values	**83**	**180**	**-**	**263**

	Minimum Lease Payments			
	Not later than one year EUR'000	Later than one year but not later than five years EUR'000	Later than five years EUR'000	Total EUR'000
30 September 2024				
Lease payments	101	312	-	413
Finance charges	(28)	(35)	-	(63)
Net present values	**73**	**277**	**-**	**350**

28 Share capital and reserves

28.1

	Ordinary Shares		Undated Non-cumulative AT1 Notes	
	2025 EUR'000	2024 EUR'000	2025 EUR'000	2024 EUR'000
In issue at beginning of year (par EUR 10,000 each)	117,690	117,690	200,000	200,000
	117,690	**117,690**	**200,000**	**200,000**
Authorised (par EUR 10,000 each)	**470,000**	**470,000**		

28.2 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 meetings of the Bank. All shares in issue rank equally with regard to the Bank's residual assets. During the year, the BOD declared and paid cash dividends amounting to EUR 12.5 million or equivalent to EUR 1.06 thousand per common share.

Notes to the Financial Statements

28 Share capital and reserves (continued)

28.3 Undated Non-cumulative AT1 Notes

On 31 December 2015 the Bank issued EUR 100 million undated non-cumulative fixed to floating rate Tier I Notes (the "Notes - 2016"). In order to strengthen further its capital base, the Bank issued a second Additional Tier I Notes (the "Notes - 2018") on 28 June 2018 for EUR 100 million. Both Notes are referred to as (the "Notes").

The Notes are perpetual, therefore they do not have any scheduled maturity date. The Holders of the Notes do not carry the right to vote, and have no right to call the Notes for redemption. The Bank is not required to make any repayment of the principal amount of the Notes at any time or under any circumstances. The Bank may, however, on its own initiative, elect to redeem all but not some of the outstanding Notes, at their principal amount together with accrued interest, on 31 December 2023 for Notes – 2016 and on 28 June 2028 for Notes – 2018 or on any other Interest Payment Date thereafter subject to the prior approval of the Banking Regulator (MFSA) and provided that the Notes have been or will be replaced by regulatory capital of equal or better quality or the Bank has demonstrated to the satisfaction of the MFSA that its own funds would, following the call, exceed the minimum capital requirements of the Bank by a margin that the MFSA considers to be significant and appropriate. No redemption was considered by the Bank as at 31 December 2023 for Notes – 2016.

The Notes bear an interest rate of 4.5% per annum until 31 December 2023 and 28 June 2028 respectively. On 27th December 2023, a coupon confirmation was signed highlighting the new applicable interest rate being 6 month Euribor plus an initial credit spread of 3.50% (min. 3.5%) per annum for Notes 2016 and 12 month Euribor plus a credit spread of 3.45% (min. 3.45%) per annum for Notes 2018. The terms of the Notes provide that interest will be due and payable on an Interest Payment Date only if it is not cancelled or deemed to be cancelled, and the Bank has the sole and absolute discretion at all times and for any reason to cancel (in whole and in part) any interest payment that would otherwise be payable on any Interest Payment Date. The Bank will also be restricted from making interest payments in the circumstances described below. As a result the investors in the Notes may not receive any interest on any Interest Payment Date or at any other times, and will have no claims whatsoever in respect of that cancelled or deemed cancelled interest.

Upon the occurrence of a Trigger Event, that is if at any time, the Bank's Common Equity Tier 1 Capital ratio on an unconsolidated basis referred to in point (a) of Article 92(1) of the CRR falls under 10%, the Bank can convert the Notes into ordinary shares. The aggregate outstanding principal amount of Additional Tier 1 instruments which shall be converted into ordinary shares will be the lower of:

- The amount required to restore fully the CET1 ratio of the Bank to 10%; and
- The full principal amount of the instruments.

If a Trigger Event occurs, at any time, then an Automatic Conversion will occur on Conversion Date, at which point all of the Bank's obligations under the converted Notes shall be irrevocably and automatically released on consideration of the Bank's issuance of the Conversion Shares and under no circumstances shall such released obligation be reinstated. Each Note Holder shall be deemed to have irrevocably directed the Bank to issue Conversion Shares corresponding to the conversion of its holding of Notes to the ordinary shares. Following an Automatic Conversion, no Note Holder will have any rights against the Bank with respect to the repayment of the principal amount of the converted Notes or the payment of interest or any other amount on or in respect of the converted Notes, which

Notes to the Financial Statements

28 Share capital and reserves (continued)

28.3 Undated Non-cumulative AT1 Notes (continued)

liabilities of the Bank will be automatically released and, accordingly, the principal amount of the converted Notes shall be equal to zero at all times thereafter. Any interest in respect of an interest period ending on any Interest Payment Date falling between the date of a Trigger Event and the Conversion Date shall be deemed to have been cancelled upon the occurrence of such Trigger Event and shall not be due and payable.

The Notes are not convertible into Conversion Shares at the option of the holders at any time. The Notes, may be converted into equity at the request of the MFSA if it determines that without such conversion the Bank would become non-viable or if there is a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable.

The Notes constitute the Bank's direct, unsecured, undated and subordinated obligations, ranking pari passu without any preference among themselves. In the event of the Bank's dissolution, liquidation, insolvency or other proceedings for the avoidance of insolvency of, or against the Bank, the obligations under the Notes will be fully subordinated to the claims of the Bank's unsubordinated creditors and the claims under Tier 2 Capital instruments but will have priority over the ordinary shareholders of the Bank. Upon conversion they will rank pari passu with the ordinary shareholders of the Bank. The Notes are not subject to any guarantee that enhances the seniority of the claims by anybody.

By extraordinary resolutions dated 21 December 2015 and 22 February 2018, it was resolved to give the shareholders the opportunity to purchase the ordinary shares created on conversion of any equity conversion securities on a pro-rata basis, where practicable and subject to applicable laws and regulations subsequent to the occurrence of a trigger event.

28.4 Shareholders' contribution

Shareholders' contribution are contributions by the shareholders where the following terms and conditions render this instrument to be equity in nature in accordance with the requirements of IAS 32: Financial Instruments – Presentation:

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

The Contribution is also eligible as Own Funds in terms of the Capital requirements.

The Bank received amounts from shareholders in the form of capital contributions which are non-reciprocal as no financial or non-financial obligation exists.

28.5 Share premium

The share premium is a non-distributable reserve.

28.6 Fair value reserve

Fair value reserve comprises gains and losses from revaluation of intangible assets, net of tax.

Notes to the Financial Statements

29 Contingent liabilities

The Bank has two guarantee contracts as at year end. These guarantee contracts which are still in place from previous year with a related party are issued by the Bank in favour of third-party beneficiaries. The Bank undertook to cover, through the payment of a specified sum, a liability and/or the trading performance obligations that the said customer have towards the same beneficiary. The total value of these contracts which are subject to various maturities as at 30 September 2025 amounted to EUR 13 thousand (2024: EUR 13 thousand).

As at 2025, the Bank still holds the Counter-Guarantee entered into during 2024 to secure risks in connection with provision of a performance guarantee issued in favour of a major client of the Bank's Customer amounting to EUR 9.40 million. The expiry date of this guarantee is 25 March 2026. As at 30 September 2025, the Bank did not enter into any additional Counter-Guarantees.

In 2025, the Bank entered into a Performance Guarantee to secure the due and faithful performance of a contractor's contractual obligations amounting to EUR 5.20 million. This guarantee is valid until 17 December 2027.

30 Commitments

These represent undrawn facilities advanced to customers. Related party commitments amount to EUR 3.04 million (2024: EUR 4.58 million).

31 Related party transactions

31.1 The immediate parent company of ECCM Bank Plc is Banasino Investments Limited which is incorporated and registered in Cyprus, the registered address of which is 9 Grayoak House, Tagmatarchou Pouliou Street, 1101 Ayios Andreas, Nicosia, Cyprus. The financial results and assets and liabilities of the Bank are included in the consolidated financial statements of the parent company and are available at its registered office.

The ultimate controlling party of the Bank is Luda Stiftung which is registered in Liechtenstein. Luda Stiftung is a discretionary, irrevocable foundation, and is controlled by the foundation board. The foundation has various companies under its control, all of which are considered to be related parties to ECCM Bank Plc.

31.2 Interest received from and paid to related parties are as follows:

	Interest income EUR'000	Interest expense EUR'000
1 Oct 2023 to 30 Sep 2024		
Other related parties	**13,973**	**4,100**
1 Oct 2024 to 30 Sep 2025		
Other related parties	**12,063**	**5,134**

Notes to the Financial Statements

31 Related party transactions (continued)

31.3 Loans to the related parties are as follows:

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
At the beginning of the year		
Principal	**159,060**	**140,923**
Movements during the year		
Loan principal advanced	52,768	30,679
Loan principal repaid	(55,129)	(12,542)
	(2,361)	**18,137**
At the end of the year		
Principal	**156,699**	**159,060**

31.4 Fees and commissions received from and paid to related parties are as follows:

	Fee income EUR'000
1 Oct 2023 to 30 Sep 2024	
Other related parties	**313**
1 Oct 2024 to 30 Sep 2025	
Other related parties	**519**

31.5 Other related party transactions and balances are referred to in notes 23, 24, 26, 28, 29 and 30.

31.6 During the year the Bank utilised the legal services of a law firm in which the Chairman of the Bank is a senior partner. Amounts billed during the year amounted to EUR 44 thousand (2024: EUR 40 thousand).

32 Cash and cash equivalents

Cash and cash equivalents are made up of the following:

	Notes	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000
Loans and advances to banks	15	33,013	80,779
Unrestricted balances with Central Bank of Malta	14.3	370,169	450,090
Cash	14.1	5	5
		403,187	**530,874**

Notes to the Financial Statements

33 Financial risk management

33.1 Overview

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Environmental, Social and Governance (ESG) risk
- Capital management.

This note describes the Bank's objectives, policies and processes for managing the above risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Bank, from which financial instrument risk arises, are as follows:

- Balances with Central Bank of Malta and cash
- Loans and advances to banks
- Loans and advances to customers
- Invoice discounting receivables
- Investment securities
- Commodities held at FVTPL
- Other assets
- Amounts owed to customers
- Accrued interest income
- Other liabilities.

Notes to the Financial Statements

33 Financial risk management (continued)

33.1 Overview (continued)

Principal financial instruments (continued)

A summary of the financial instruments held by category is provided below:

	Amortised cost		Fair value through profit or loss	
	30 Sep 2025	30 Sep 2024	30 Sep 2025	30 Sep 2024
	EUR'000	EUR'000	EUR'000	EUR'000
Balances with Central Bank of Malta and cash	376,165	455,439	-	-
Loans and advances to banks	33,013	80,779	-	-
Loans and advances to customers	663,937	664,026	-	-
Invoice discounting receivables	25,798	29,572	-	-
Commodities held at FVTPL	-	-	-	-
Investments securities	-	-	2,280	3,632
Accrued interest income	3,290	3,272	-	-
Other assets	399	922	-	-
Total financial assets	**1,102,602**	**1,234,010**	**2,280**	**3,632**
Amounts owed to customers	765,135	817,791	-	-
Accruals	1,665	1,451	-	-
Other liabilities	367	408	-	-
	767,167	**819,650**	**-**	**-**

General objectives, policies and processes

The Board of Directors (the "Board") has the overall responsibility for the implementation of the Bank's risk management objectives and policies. The Board receives regular reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to adhere to the policies that seek to reduce risk as far as possible without unduly affecting the Bank's competitiveness and flexibility. Risk management policies and systems are reviewed regularly to reflect changes in market conditions. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. Further details regarding these policies are set out below.

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers and other banks, invoice discounting, debt investment securities, commodities held at FVTPL and related commitments. 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 Board of Directors is ultimately responsible for the measurement of credit risk. The CEO is responsible to ensure that credit risk is in line with the credit policies approved by the Board. In doing so, management assesses the risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements. Management is also responsible to obtain the necessary authorisations and approvals from the Board as established by the Bank's credit policies. The Chief Risk Officer prepares a report on a quarterly basis showing quantitative and qualitative data on current exposures. The report is presented to the Board at the following Board Meeting.

Management is also responsible to review and assess the credit risk involved and report to the Board of Directors on a timely basis.

Quantitative disclosure of the credit risk exposure in relation to financial assets are set out below:

	30 Sep 2025		30 Sep 2024	
	Carrying value EUR'000	Maximum exposure EUR'000	Carrying value EUR'000	Maximum exposure EUR'000
Balances with Central Bank of Malta and cash	376,165	376,165	455,439	455,439
Loans and advances to banks	33,013	33,013	80,779	80,779
Loans and advances to customers	663,937	663,937	664,026	664,026
Invoice discounting receivables	25,798	25,798	29,572	29,572
Commodities held at FVTPL	-	-	-	-
Accrued interest income	3,290	3,290	3,272	3,272
Other assets	399	399	922	922
Total financial assets	**1,102,602**	**1,102,602**	**1,234,010**	**1,234,010**
Contingent liabilities	-	14,607	-	9,413
Commitments	-	9,536	-	6,128
	1,102,602	**1,126,745**	**1,234,010**	**1,249,551**

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

i) Analysis of credit quality

The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

	2025			
	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Total EUR'000
Loans and advances to customers at amortised cost				
Grade 1 Regular	500,534	-	-	500,534
Grade 2 Watch	-	166,732	-	166,732
Grade 3 Substandard	-	-	-	-
Grade 4 Doubtful	-	-	-	-
Grade 5 Bad	-	-	-	-
Loss allowance	(793)	(2,536)	-	(3,329)
Carrying amount	**499,741**	**164,196**	**-**	**663,937**

	2024			
	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Total EUR'000
Loans and advances to customers at amortised cost				
Grade 1 Regular	598,184	-	-	598,184
Grade 2 Watch	-	67,680	-	67,680
Grade 3 Substandard	-	-	-	-
Grade 4 Doubtful	-	-	-	-
Grade 5 Bad	-	-	-	-
Loss allowance	(1,732)	(106)	-	(1,838)
Carrying amount	**596,452**	**67,574**	**-**	**664,026**

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

i) Analysis of credit quality (continued)

	2025			
	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Total EUR'000
Invoices discounting receivable at amortised cost				
Grade 1 Regular	25,879	-	-	25,879
Grade 2 Watch	-	-	-	-
Grade 3 Substandard	-	-	-	-
Grade 4 Doubtful	-	-	-	-
Grade 5 Bad	-	-	-	-
Loss allowance	(81)	-	-	(81)
Carrying amount	**25,798**	**-**	**-**	**25,798**

	2024			
	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Total EUR'000
Invoices discounting receivable at amortised cost				
Grade 1 Regular	29,769	-	-	29,769
Grade 2 Watch	-	-	-	-
Grade 3 Substandard	-	-	-	-
Grade 4 Doubtful	-	-	-	-
Grade 5 Bad	-	-	-	-
Loss allowance	(197)	-	-	(197)
Carrying amount	**29,572**	**-**	**-**	**29,572**

	2025			
	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Total EUR'000
Loan commitments				
Grade 1 Regular	9,536	-	-	9,536
Grade 2 Watch	-	-	-	-
Grade 3 Substandard	-	-	-	-
Grade 4 Doubtful	-	-	-	-
Grade 5 Bad	-	-	-	-
Loss allowance	(10)	-	-	(10)
Carrying amount	**9,526**	**-**	**-**	**9,526**

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

i) Analysis of credit quality (continued)

	2024			
	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Total EUR'000
Loan commitments				
Grade 1 Regular	6,128	-	-	6,128
Grade 2 Watch	-	-	-	-
Grade 3 Substandard	-	-	-	-
Grade 4 Doubtful	-	-	-	-
Grade 5 Bad	-	-	-	-
Loss allowance	(7)	-	-	(7)
Carrying amount	**6,121**	**-**	**-**	**6,121**

Cash and cash equivalents

The Bank held cash and cash equivalents of EUR 403,187 thousand at 30 September 2025 (2024: EUR 530,874 thousand). The cash and cash equivalents are held with Central Bank of Malta and financial institution counterparties that are all rated Investment Grade (i.e. Aa2 to Baa1), based on Moody's or other ECAI equivalent upon depositing. Impairment on cash and cash equivalents is considered to be inconsequential.

All repayments of principal and accrued interest due as at year end were fully paid, no balances were overdue.

The following table show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Net amount as per SOFP EUR'000
Loans and advances to customer at amortised cost				
Balance at 1 October 2024	1,732	106	-	1,838
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	2,455	-	2,455
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(1,194)	(25)	-	(1,219)
New financial assets originated or purchased	340	-	-	340
Financial assets that have been derecognised	(85)	-	-	(85)
Balance at 30 September 2025	**793**	**2,536**	**-**	**3,329**

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

i) Analysis of credit quality (continued)

	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Total EUR'000
Invoice discounting				
Balance at 1 October 2024	197	-	-	197
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(116)	-	-	(116)
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Balance at 30 September 2025	**81**	**-**	**-**	**81**

	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Net amount as per SOFP EUR'000
Commitments				
Balance at 1 October 2024	7	-	-	7
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	3	-	-	3
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Balance at 30 September 2025	**10**	**-**	**-**	**10**

Analysis of collateral

The Bank holds collateral against loans and advances to customers in the form of pledged cash deposits and mortgage interests on property and vessels. The financial effect of collateral held against the Bank's loan exposure as at year-end amounted to EUR 301,512 thousand (2024: EUR 320,342 thousand). Estimates of fair value are based on customary procedures in the Bank's area of business. The value of collateral is assessed at the time of borrowing, and subsequently on an ongoing basis.

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

ii) Amounts arising from Expected Credit Losses

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- Quantitative test based on movement in PD;
- Quantitative indicators; and
- A backstop of 30 days past due.

Credit risk grades

The Bank allocated each exposure to a credit risk grade base on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower, including any collateral held. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes;
- actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities;
- payment record – this includes overdue status as well as a range of variables about payment ratios; and
- existing and forecast changes in business, financial and economic conditions.

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

ii) Amounts arising from Expected Credit Losses (continued)

Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures.

The Bank collects performance and default information about its credit risk exposures analysed by industrial sector and geographic location, and maps such information to determine the credit risk grading of the borrower.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Moreover, in order to cater for any shocks to any of the economic variables in order to derive the probabilities of default the model also considers sensitivity analysis.

Determining whether credit risk has increased significantly

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date.

The Bank has an internal rating scale whereby it rates its borrowers as Regular, Watch, Substandard, Doubtful and Bad. This assessment is performed on qualitative grounds at the point of originating the loan and advance to customer, loan commitment or invoice discounting, as well as upon review of the advance or facility, as part of the Bank's internal credit risk management process.

The Bank performs a detailed review of the credit quality of all its borrowers on an annual basis. A deterioration in credit quality will be identified as at this point in time. The Bank also performs a higher level review of the credit quality of all of its debt assets on a quarterly basis or, if earlier, when facts and circumstances warrant such in light of a credit event, for example, adverse coverage in the press that should be reasonably known by a Bank. Credit events are considered as part of the quarterly high-level reviews that are performed by the Bank's Credit Risk Department.

The Bank has elected to avail itself of the IFRS 9.B.5.5.23 low credit risk exception for those counterparties that have an external rating of Investment Grade. Under this exception, the credit risk associated with such counterparties is not considered to increase significantly as long as it is rated Investment Grade from a market participant perspective.

Unless not previously identified, the Bank determines a SICR for non-Investment Grade rated financial assets when a financial asset is 30 days past due, which is aligned with the internal credit risk management process when a loan would move from Regular to Watch.

The Bank will also then consider whether there is a SICR for Stage Allocation purposes by determining whether the lifetime PD associated with a counterparty triples in relative terms.

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

ii) Amounts arising from Expected Credit Losses (continued)

Determining whether credit risk has increased significantly (continued)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default; and
- the criteria do not align with the point in time when an asset becomes 30 days past due.

Definition of default

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

Inputs, assumptions and techniques used for estimating impairment

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

ii) Amounts arising from Expected Credit Losses (continued)

Incorporation of forward-looking information

The measurement of the ECL is based on historical data. In addition, the Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition.

The main elements of the methodological framework used to improve the probability of default modelling tool include:

i) The approval of the composite macro index. This index varies for each category of enterprises within the Bank's portfolio;
ii) The relationship between the composite macro index and probabilities of default is observed to estimate the probabilities of default under three scenarios, a baseline, negative and positive scenario.

For each case, the probabilities of default for each category of companies are estimated over a 15-year period.

The Composite Macro Index is based on the three macro indicators, which are considered to be the key drivers of credit risk, namely:

i) The average growth in the Gross Value Added of the economy;
ii) The average growth in the Gross Value Added of the industry or sector; and
iii) The average growth in the prices of electricity for non-household consumers.

Data for each of these variables is derived through official data sources wherein the index is based on historic data. Weights are applied to these indicators to determine the overall composite macro index.

The Bank formulates three economic scenarios: a base case, which is the median scenario, and two less likely scenarios, one upside and one downside. External information considered includes economic data published by the International Monetary Fund (IMF) in the countries where the Bank operates to apply the respective scenario probability weights as outlined below.

The scenario probability weightings applied in measuring ECL are as follows:

	Upside	Central	Downside
At 30 September 2025			
Scenario probability weighting	20%	60%	20%
	Upside	**Central**	**Downside**
At 30 September 2024			
Scenario probability weighting	20%	60%	20%

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

ii) Amounts arising from Expected Credit Losses (continued)

Incorporation of forward-looking information (continued)

A comparative assessment of the published forecasts by the IMF for the selected countries in the analysis, indicates that average growth for the upcoming five years is expected to be between the base and negative scenarios. Indeed, the negative scenario considered in the analysis considers a higher negative shock than that which is in general expected to materialise from published data.

Annually, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed on the design of the scenarios by an expert that advises the Bank's senior management.

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical proxy data obtained from credit agencies, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk for the loan portfolio are:

- Country and industry sector performance that directly impact the borrower;
- The value of physical assets that are pledged as collateral;
- The price of power, being electricity, oil, gas and biomass, given this represents a material cost to the manufacturing and transportation operations;
- The price of wood, given this represents the main input to the manufacturing operations' production processes; and
- Exchange rates, given the functional currency of borrowers may not necessarily be Euros whilst all loans are denominated in Euros.

The main key drivers considered for the composite macro index are the country and industry sector performance and the price of power.

Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

The table below shows the loss allowance on loans and advances to corporate customers assuming each scenario (e.g. central, upside and downside) is applied a weight of 100% instead of applying scenario probability weights across the three scenarios as highlighted above.

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

ii) Amounts arising from Expected Credit Losses (continued)

Sensitivity of ECL to future economic conditions (continued)

	30 September 2025			30 September 2024		
	Upside EUR'000	Central EUR'000	Downside EUR'000	Upside EUR'000	Central EUR'000	Downside EUR'000
Gross Exposure	667,266	667,266	667,266	665,864	665,864	665,864
Loss Allowance	1,894	3,082	9,910	967	1,112	12,892
Proportion of assets in Stage 2	79%	82%	44%	22%	10%	10%

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in note 5.13.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default.

Under the Banks's Credit Risk policy, loan forbearance is granted on a selective basis to a borrower that is experiencing or about to experience difficulties in meeting its financial commitments ('financial difficulties'). Such measures should aim to return the borrower to a sustainable performing repayment status, taking into account the amount due and minimising expected losses. The concessions are allowed on the premise that the borrower is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. All Loans are subject to the forbearance measures and the Bank's Risk Committee reviews all facilities to determine whether such conditions exist.

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

ii) Amounts arising from Expected Credit Losses (continued)

Modified financial assets (continued)

As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators. Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that it falls within the 12-month PD.

During the financial year ended 30 September 2025, the Bank had three customers where forbearance measures and practices had to be undertaken (2024:1).

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the PD by LGD and EAD for the next 12-months from the reporting date. Lifetime ECL is calculated by summing the ECL for the remaining lifetime of the exposure by multiplying the PD by LGD and EAD for each year.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the particular recovery strategy being adopted, with the Bank being able to choose from three recovery strategies (or a mixture of the three) to calculate LGD. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

ii) Amounts arising from Expected Credit Losses (continued)

Measurement of ECL (continued)

Overdrafts are contractually subject to an annual review. The annual reviews are done as part of the Bank's internal credit risk management process. It has therefore been concluded that the maximum contractual period over which the Bank has a present contractual obligation to extend credit is one year. As a result of this, 12-month PDs are to be applied to these facilities as their lifetime is never greater than this time horizon.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	Gross carrying amount EUR'000	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Net amount as per SOFP EUR'000
2025					
Loans and advances to customers at amortised cost	667,266	(793)	(2,536)	-	663,937
Invoice discounting receivables	25,879	(81)	-	-	25,798
	693,145	**(874)**	**(2,536)**	**-**	**689,735**
Total loss allowance		**(874)**	**(2,536)**		

	Gross carrying amount EUR'000	Stage 1 EUR'000	Stage 2 EUR'000	Stage 3 EUR'000	Net amount as per SOFP EUR'000
2024					
Loans and advances to customers at amortised cost	665,864	(1,732)	(106)	-	664,026
Invoice discounting receivables	29,769	(197)	-	-	29,572
	695,633	**(1,929)**	**(106)**	**-**	**693,598**
Total loss allowance		**(1,929)**	**(106)**		

Notes to the Financial Statements

33 Financial risk management (continued)

33.2 Credit risk (continued)

iii) Write-off policy

The Bank writes-off a loan, invoice discounting balance and any related allowances for impairment losses, when management determines that the loan and/or invoice discounting balance is uncollectible and the write-off is approved by the Board of Directors. This determination is made after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

iv) Concentration of credit risk

a) Exposure to loans and advances to customers

An analysis of concentrations of credit risk by sector for loans and advances to customers at the reporting date is disclosed in note 16.3.

Moreover with respect to concentration of credit risk by geographic location, all assets are located in Europe.

b) Exposure to invoice discounting

All invoice discounting customers are in the wholesale industry and located in Europe.

33.3 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Bank's approach to managing its liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

Management is responsible to ensure that the Bank has sufficient liquidity to cover obligations which become due. The Bank manages this risk by ensuring that its assets and liabilities are mostly matched in terms of maturities, thereby allowing it to raise funds to meet its commitments.

The table below summarises the maturity profile of the Bank's financial liabilities based on contractual undiscounted payments. The table also includes unrecognised loan commitments on the basis of their earliest possible contracting maturity.

Notes to the Financial Statements

33 Financial risk management (continued)

33.3 Liquidity risk (continued)

Maturity analysis for financial liabilities

	2025						
	Carrying amount EUR'000	Gross nominal outflow EUR'000	Less than 1 month EUR'000	1-3 months EUR'000	3 months to 1 year EUR'000	1-5 years EUR'000	More than 5 years EUR'000
Financial liabilities							
Amounts owed to customers	765,135	845,015	361,423	74,749	78,893	173,773	156,177
Accruals	1,665	1,665	-	1,665	-	-	-
Lease Liabilities	263	295	-	-	101	194	-
Unrecognised loans							
Commitments	-	9,536	9,536	-	-	-	-
Contingent liabilities	-	14,607	14,607	-	-	-	-
	767,063	**871,118**	**385,566**	**76,414**	**78,994**	**173,967**	**156,177**

	2024						
	Carrying amount EUR'000	Gross nominal outflow EUR'000	Less than 1 month EUR'000	1-3 months EUR'000	3 months to 1 year EUR'000	1-5 years EUR'000	More than 5 years EUR'000
Financial liabilities							
Amounts owed to customers	817,791	921,415	451,050	31,659	62,186	182,324	194,196
Accruals	1,451	1,451	-	1,451	-	-	-
Lease Liabilities	350	413	-	-	101	312	-
Unrecognised loans							
Commitments	-	6,128	6,128	-	-	-	-
Contingent liabilities	-	9,413	9,413	-	-	-	-
	819,592	**938,820**	**466,591**	**33,110**	**62,287**	**182,636**	**194,196**

Notes to the Financial Statements

33 Financial risk management (continued)

33.3 Liquidity risk (continued)

To manage the liquidity risk arising from financial liabilities, the Bank holds liquid assets mainly comprising cash and cash equivalents and listed investments. The exposure to liquidity risk is thus considered non-significant.

33.4 Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not related to changes in the obligor's/issuer's credit standing), will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

33.4.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Bank is exposed to currency risk on foreign exchange movements relating to the US Dollar, GB Pound, Polish Zloty, Swiss Francs, Hungarian Forint, Canadian Dollar and Turkish Lira in 2024 and 2025. The Bank does not hedge its currency risk.

The following table provides an analysis of the financial assets and liabilities of the Bank into relevant currency groupings:

	2025			
	Euro EUR'000	USD EUR'000	Other currencies EUR'000	Total EUR'000
30 September				
Financial assets				
Balances with Central Bank of Malta and cash	376,165	-	-	376,165
Loans and advances to banks	10,239	22,670	104	33,013
Loans and advances to Customers	657,549	6,388	-	663,937
Invoice discounting receivables	25,798	-	-	25,798
Investment securities	2,280	-	-	2,280
Accrued interest income	3,124	166	-	3,290
	1,075,155	**29,224**	**104**	**1,104,483**
Financial liabilities				
Amounts owed to customers	754,708	10,427	-	765,135
Accrued interest	981	-	-	981
	755,689	**10,427**	**-**	**766,116**

Notes to the Financial Statements

33 Financial risk management (continued)

33.4 Market risks (continued)

33.4.1 Currency risk (continued)

	2024			
	Euro EUR'000	USD EUR'000	Other currencies EUR'000	Total EUR'000
30 September				
Financial assets				
Balances with Central Bank of Malta and cash	455,439	-	-	455,439
Loans and advances to banks	34,407	45,768	604	80,779
Loans and advances to customers	664,026	-	-	664,026
Invoice discounting receivables	29,572	-	-	29,572
Investment securities	2,100	-	1,532	3,632
Accrued interest income	3,272	-	-	3,272
	1,188,816	**45,768**	**2,136**	**1,236,720**
Financial liabilities				
Amounts owed to customers	817,608	183	-	817,791
Accrued interest	946	-	-	946
	818,554	**183**	**-**	**818,737**

33.4.2 Interest rate risk

Interest rate risk is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market rates.

The Bank is exposed to fair value interest rate risk arising from financial assets and liabilities with fixed interest rates and to cash flow interest rate risk arising from financial assets and liabilities with floating interest rates. The Bank is not directly exposed to interest rate risk on investment in equity instruments. It does not hedge its interest rate risk.

Accordingly, this risk is managed through the matching of the interest resetting dates on assets and liabilities. The table on the next page summarises the Bank's interest rate gap position at reporting date.

Notes to the Financial Statements

33 Financial risk management (continued)

33.4 Market risks (continued)

33.4.2 Interest rate risk (continued)

	2025					
	Three months or less EUR'000	One year or less but over three months EUR'000	Five years or less but over one year EUR'000	Over five years EUR'000	Others EUR'000	Total EUR'000
30 September						
Assets						
Balances with Central Bank of Malta and cash	376,165	-	-	-	-	376,165
Loans and advances to banks and customers	470,967	225,983	-	-	-	696,950
Invoice discounting receivables	25,798					25,798
Accrued interest income	-	-	-	-	3,290	3,290
Other assets	-	-	-	-	399	399
	872,930	**225,983**	**-**	**-**	**3,689**	**1,102,602**
Liabilities						
Amounts owed to customers	765,135	-	-	-	-	765,135
Other liabilities	-	-	-	-	367	367
Accruals	-	-	-	-	1,665	1,665
	765,135	**-**	**-**	**-**	**2,032**	**767,167**
Gap	**107,795**	**225,983**	**-**	**-**	**1,657**	**335,435**
Cumulative Gap	**107,795**	**333,778**	**333,778**	**333,778**	**335,435**	

Notes to the Financial Statements

33 Financial risk management (continued)

33.4 Market risks (continued)

33.4.2 Interest rate risk (continued)

	2024					
	Three months or less EUR'000	One year or less but over three months EUR'000	Five years or less but over one year EUR'000	Over five years EUR'000	Others EUR'000	Total EUR'000
30 September						
Assets						
Balances with Central Bank of Malta and cash	455,439	-	-	-	-	455,439
Loans and advances to banks and customers	571,750	173,055	-	-	-	744,805
Invoice discounting receivables	29,572					29,572
Accrued interest income	-	-	-	-	3,272	3,272
Other assets	-	-	-	-	922	922
	1,056,761	**173,055**	**-**	**-**	**4,194**	**1,234,010**
Liabilities						
Amounts owed to customers	817,791	-	-	-	-	817,791
Other liabilities	-	-	-	-	408	408
Accruals	-	-	-	-	1,451	1,451
	817,791	**-**	**-**	**-**	**1,859**	**819,650**
Gap	**238,970**	**173,055**	**-**	**-**	**2,335**	**414,360**
Cumulative Gap	**238,970**	**412,025**	**412,025**	**412,025**	**414,360**	

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios. The Bank's equity to total assets ratio as at 30 September 2025 was 40% (2024: 37%), indicating that in both periods, the Bank refinanced a substantial part of its operations with equity.

Notes to the Financial Statements

33 Financial risk management (continued)

33.4 Market risks (continued)

33.4.2 Interest rate risk (continued)

An increase of 25 basis points and a decrease of 5 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below:

	25 bp parallel EUR'000	5 bp Parallel EUR'000
2025		
As at 30 September 2025	1,898	(380)
Average for the period	2,152	(430)
Maximum for the period	2,384	(477)
Minimum for the period	1,898	(380)
2024		
As at 30 September 2024	2,072	(414)
Average for the period	2,088	(418)
Maximum for the period	2,342	(468)
Minimum for the period	1,871	(374)

Fair value sensitivity analysis for fixed-rate instrument

The Bank does not account for any fixed-rate financial assets, at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis – Price risk

Equity Price risk

All of the Banks's listed equity investments are accounted for at FVTPL and are listed on a number of different exchanges, hence the MSCI World benchmark was used to evaluate changes in equity prices.

A change of 11 basis points in equity prices would have increased or decreased profit or loss by EUR 3 thousand after tax. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Notes to the Financial Statements

33 Financial risk management (continued)

33.4 Market risks (continued)

Sensitivity analysis – Price risk (continued)

Intangible Price risk

All of the Banks's intangible assets relating to the EUA Certificates are accounted for at FVOCI and are listed on recognised exchanges, Spot (eex.com). The latter is used as a basis for changes in prices.

A change of 36 basis point in EUA Certificate prices would have increased or decreased profit or loss by EUR 632 thousand after tax.

33.5 Operational risk

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, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address this risk is assigned to Management. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

The Bank uses the basic indicator approach to measure operational risks (for regulatory purposes).

33.6 Environmental, Social and Governance (ESG) risk

The Bank remains committed to monitoring its obligations towards environment, social and governance aspects of its operations. It is working closely with its customers to assess and manage its residual exposure to physical and transitional risks resulting from climate change as well as minimising the impact of financed activities on the environment.

Notes to the Financial Statements

33 Financial risk management (continued)

33.7 Capital management

The Bank is a licensed credit institution and must therefore comply with the capital requirements under the relevant capital requirements' laws and regulations. The Bank's capital management is based on the regulatory requirements established by local laws and regulations which are modelled on the requisites of the CRD rules.

The prudent and efficient management of capital remains one of the Bank's top priorities. The Bank must have sufficient capital to comply with regulatory capital requirements. The purpose of the Bank's capital management is to ensure an efficient use of capital in relation to risk appetite as well as business development. Capital management is managed primarily through the capital planning process that determines the optimal amount and mix of capital that should be held by the Bank, subject to regulatory limits.

In implementing current capital requirements, the MFSA requires the Bank to maintain a prescribed ratio of total capital to risk-weighted assets.

The Bank uses the standardised approach to measure credit risk.

The Bank's regulatory capital at 30 September 2025 and 30 September 2024 consists of the following elements:

- Common Equity Tier 1 capital, which includes ordinary shares, shareholders 'contribution, share premium and retained earnings after deductions for intangible assets and deferred tax assets amounting to EUR 311 million (2024: EUR 285 million); and
- Additional Tier 1 capital which includes undated non-cumulative Notes amounting to EUR 200 million (2024: EUR 200 million).

Further information on the Bank's capital adequacy ratio may be found in the Additional Regulatory Disclosures; unaudited Pillar 3 disclosures in terms of Part Eight of the CRR and Banking Rule BR/07 (BR/07/2024) which is subject to review and verification by the Bank's audit committee. The Bank has complied with all the externally imposed capital requirements to which it is subject. The Board submits the Internal Capital Adequacy Assessment Process ("ICAAP") and the Internal Liquidity Adequacy Assessment Process ("ILAAP") documents to the MFSA periodically.

Banking operations are categorised as either trading book or banking book, and risk weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. All banking operations of the Bank are categorised as banking book transactions.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Board of Directors is responsible to ensure that the Bank has sufficient capital base at all times.

Notes to the Financial Statements

33 Financial risk management (continued)

33.7 Capital management (continued)

Management regularly reports to the Board the current level of capital requirements and the capital being used. Management also reports on a regular basis to the MFSA the current level of capital ratios required by various regulatory bodies.

34 Fair values of financial instruments

34.1 Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices, foreign currency exchange rates, equity and equity index prices and expected prices volatilities and correlation. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Observable prices and model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Notes to the Financial Statements

34 Fair values of financial instruments (continued)

34.1 Valuation models (continued)

No changes in the valuation methods of the other investment portfolio held by the Bank were applied.

For more complex instruments, the Bank uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions.

Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and the counterparty where appropriate.

With respect to impaired loans and advances, management judgement and estimation are usually required for determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates. In determining these cash flows, management relies on reliable, available information and any assumptions made are discussed at Board level before a final decision is made.

34.2 Valuation framework

The Bank has an established control framework with respect to the measurement of fair values which consists of management reporting to the Directors, and which has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurement.

Notes to the Financial Statements

34 Fair values of financial instruments (continued)

34.2 Valuation framework (continued)

When third party information, such as broker quotes or pricing services, is used to measure fair value, management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS.

34.3 Financial instruments measured at fair value – fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

The amounts are based on the values recognised in the statement of financial position.

	Note	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	Total EUR'000
30 September 2025					
Investment securities					
Equities	18	2,280	-	-	2,280
Total		**2,280**	**-**	**-**	**2,280**

	Note	Level 1 EUR'000	Level 2 EUR'000	Level 3 EUR'000	Total EUR'000
30 September 2024					
Investment securities					
Equities	18	3,632	-	-	3,632
Total		**3,632**	**-**	**-**	**3,632**

34.4 Financial instruments not measured at fair value

The Bank's financial instruments not measured at fair value mainly comprise balances with Central Bank of Malta, loans and advances to banks and customers, invoice discounting receivables, amounts owed to customers, accrued income, other assets, accruals and other liabilities. Loans and advances to banks and customers represent the two largest asset categories. The fair value of financial instruments not measured at fair value during the current and comparative year has been determined to approximate the carrying amount as follows:

Notes to the Financial Statements

34 Fair values of financial instruments (continued)

34.4 Financial instruments not measured at fair value (continued)

Balances with Central Bank of Malta

Balances with Central Bank of Malta includes the cash reserve held as a minimum reserve requirement. This cash reserve is adjusted regularly based on Eurosystem's reserve maintenance periods. A non-restricted placement which matures in less than 3 months is also included in this financial statement caption. As a result of the short term nature of the financial asset, the carrying amount is close to its fair value.

Loans and advances to banks

Loans and advances to banks are repriceable or mature in less than three months. The carrying amounts of these financial assets are not deemed to differ materially from their carrying amount at the reporting date.

Loans advanced to customers and invoice discounting receivables

This category of assets is reported net of impairment allowances to reflect the estimated recoverable amounts. All balances with customers are repriceable or mature in less than a year. Also, invoice discounting receivable amounts are all of a short term nature. No significant changes in the market interest rates and credit spread were noted during the term of these advances. In view of this, the fair value of these financial assets approximates their carrying amount.

Amounts owed to customers

This category of liability is carried at amortised cost. 60% of amounts owed to customers represent balances on call or short-term notice. The remaining 40% of amounts owed to customers represent longer-term fixed-maturity deposits, which are repriceable in less than a year. Given the insignificant changes in market interest rates and own credit; the fair values of these liabilities approximate their respective carrying amount.

Accrued income, other assets, accruals and other liabilities

These categories of financial assets and financial liabilities are carried at amortised cost with short term maturities and hence their carrying amount approximates their fair value.

34.5 Transfers between levels

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between level 1 to level 2 and to level 3 of the fair value hierarchy during the period ended 30 September 2025. There was one transfer from level 1 to level 2 and to level 3 during the period ended 30 September 2024.

35 Subsequent events

There have been no significant events after the reporting date that would otherwise require adjustment to or warrant disclosure in the financial statements.

Grant Thornton

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Independent auditor's report

To the shareholders of ECCM Bank Plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ECCM Bank Plc ('the Bank') set out on pages 5 to 74, which comprise the statement of financial position as at 30 September 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 30 September 2025, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act") and the Banking Act 1994, Cap. 371, Laws of Malta (the "Banking Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In conducting our audit, we have remained independent of the Bank and have not provided any of the non-audit services prohibited by article 18A of the Accountancy Profession Act, Cap. 281.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include a description of the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit loss allowances on exposures related to the Bank's lending activities to customers

Refer to accounting policy note 5.13 to the financial statements and notes 16, 17, 23, 25, 30 and 33 for further disclosures.

Expected credit loss ("ECL") allowances, amounting to € 3.4 million, inclusive of € 81 thousand provision on invoice discounting receivables, recorded in relation to the following:

- Loans and advances to customers, net of ECL - € 664 million;
- Invoice discounting receivable, net of ECL - € 26 million;
- Accrued interest income on loans and advances to customers, included in 'Prepayments and accrued income' - € 981 thousand; and
- Commitments - € 14.6 million.

The calculation of the ECL, required by IFRS 9, generally involves a number of complex, judgmental and highly sensitive assumptions. Of all the Bank's financial instruments, the major impact, in terms of complexities around the measurement of the ECL and of the materiality of the resultant allowances, was in relation to the Bank's loans and advances to customers' portfolio. In that regard, the following elements of IFRS 9 ECL allowances represent key areas of increased levels of audit focus, due to judgment, specifically in relation to the Bank.

- ECL is measured on a forward-looking basis reflecting a range of estimates of future economic conditions. Significant judgment is present in (i) the selection of forward-looking macroeconomic scenarios, (ii) the determination of the associated scenario probabilities, and (iii) the identification of material macroeconomic variables which affect probability of defaults and drive the scenarios.
- The criteria selected by the Bank to identify a significant increase in credit risk ("SICR") within the Bank's ECL calculation determines whether a twelve-month or lifetime provision is recorded, and is therefore another key area of judgement.
- Complex and inherently judgmental modelling techniques are used to estimate ECLs which involve determining 'Probabilities of Default' ("PD"), 'Loss Given Default' ("LGD"), and 'Exposures at Default' ("EAD"). The PD models used in the loans and advances portfolios represent the most significant judgmental aspect of the Bank's ECL modelling approach, being the key drivers of the Bank's ECL calculation.

The disclosures regarding the application of IFRS 9 are key to explaining the key judgements made by the directors, as referred to in this key audit matter and inputs used by the Bank to generate the IFRS 9 ECL results.

Our response

We tested the design and implementation, the operating effectiveness and the assessment by the Chief Risk Officer of the appropriateness of the internal credit rating assigned by the Bank to each exposure within the ECL process on loans and advances to customers.

We assessed:

- the Bank's selected IFRS 9 impairment methodologies;
- the SICR criteria used by the Bank;
- the appropriateness of the Bank's methodology for determining the macroeconomic scenarios used;
- the reasonableness of the probability weightings applied to those scenarios and in performing sensitivity analysis;
- the derivation of probability of defaults from external rating agencies;
- the relevance and reasonableness of the key macroeconomic variables used in the ECL model;
- the appropriateness of the LGD model being used; and
- the overall mathematical accuracy of the model in generating ECLs.

For the exposures, we have:

- performed testing over key data elements (EAD, PD and LGD) impacting the ECL calculations to assess the accuracy of information used, including any collateral deducted from the EAD, by tracing to relevant source data;
- performed credit reviews, focusing primarily on the borrowers' ability to repay from normal operations, the performance history of the account, and any receipts after the financial reporting date;
- assessed whether any SICR was appropriately identified by the Bank; and
- evaluated whether the exposures were credit rated in line with the Bank's credit policy.

We assessed whether the disclosures in relation to IFRS 9 adequately explain the key judgements made and significant inputs used in the recognition of expected credit losses as at the end of the financial reporting period.

We have no key observations to report, specific to this matter.

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Other information

The directors are responsible for the other information. The other information comprises:

- the list of 'Officers and Professional Advisors';
- the 'Directors' Report';
- the 'Directors' responsibility for the financial statements; and
- the 'Schedules to the Annual Report';

but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, other than in the case of the directors' report on which we report separately below our 'Opinion on the directors' report', we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated if, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Companies Act and the Banking Act. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Grant Thornton

Opinion of the directors' report

The directors are responsible for preparing a directors' report in accordance with the provisions of article 177 of the Act and other applicable legal requirements.

We are required to consider whether the information given in the directors' report for the accounting period for which the financial statements are prepared is consistent with those financial statements; and, if we are of the opinion that it is not, we shall state that fact in our report. We have nothing to report in this regard.

Pursuant to article 179(3) of the Act, we are also required to:

- express an opinion on whether the directors' report has been prepared in accordance with the applicable legal requirements; and
- state whether, in the light of the knowledge and understanding of the entity and its environment obtained in the course of our audit of the financial statements, we have identified material misstatements in the directors' report, giving an indication of the nature of any such misstatements.

In such regards:

- in our opinion, the directors' report has been prepared in accordance with the applicable legal requirements; and
- we have not identified material misstatements in the directors' report.

Report on Other Legal and Regulatory Requirements

Matters on which we are required to report by the Act, specific to public-interest entities

Pursuant to 179B(1) of the Act, we report the following matters not already reported upon in the *Report on the Audit of the Financial Statements* section of our report.

- We were first appointed as auditors of the Bank on 15 July 2021 and therefore represents an engagement appointment of five years;
- financial statements are consistent with the additional report to the audit committee required to be issued by the Audit Regulation (as referred to in the Act); and
- we have not provided any of the prohibited services as set out in the APA.

Matters on which we are required to report by the Banking Act and by exception by the Act

Pursuant to article 31(3)(a), (b) and (c) of the Banking Act, in our opinion:

- we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- proper books of account have been kept by the Bank so far as appears from our examination thereof; and
- the Bank's financial statements are in agreement with the books of account.

Furthermore, we have nothing to report with respect to the above matters, where the Act requires us to report to you by exception pursuant to articles 179(10) and 179(11).

Pursuant to article 31(3)(d) of the Banking Act, in our opinion and to the best of our knowledge and belief and, on the basis of the explanations given to us, the financial statements give the information required by law in force in the manner so required.

The engagement principal on the audit resulting in this independent auditor's report is Mark Bugeja.

Mark Bugeja (Principal) for and on behalf of

GRANT THORNTON
Certified Public Accountants

Fort Business Centre
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Malta

19 November 2025

ECCM Bank Plc

Schedules to the Annual Report

2025

Pages

Contents

1. Introduction

ECCM Bank Plc (the "Bank" / the "Institution") is a public limited company incorporated and tax resident in Malta. The Bank's strategies and processes to manage risks reflect the Bank's structure, scale and business model.

The Pillar 3 Disclosures seek to increase public awareness with respect to a Bank's capital structure and adequacy as well as its risk management policies and practices. The Pillar 3 Disclosures are prepared by the Bank in accordance with the requirements laid down in Part Eight of Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 (known as Capital Requirements Regulation or "CRR") and the related guidelines and technical standards published by the European Banking Authority ("EBA"), as well as the requirements governed by Banking Rule BR/07: 'Publication of Annual Report and Audited Financial Statements of Credit Institutions authorised under the Banking Act 1994' ("BR/07"), issued by the Malta Financial Services Authority.

Appendix 1 to these Pillar 3 Disclosures provides a list of tables and templates disclosed and the section in which these have been included. All tables and templates are defined according to the nomenclature stated in the European Banking Authority's ("EBA") guidelines. Appendix 2 includes a summary of the requirements laid down in Part Eight of the CRR and in which section these have been included, or why such disclosure is not applicable for the Bank.

The Bank is required to disclose its return on assets pursuant to Banking Rule BR/07 "Publication of Annual Report and Audited Financial Statements of Credit Institutions Authorised under the Maltese Banking Act (Cap. 371)" ("BR/07"). In this respect, the Bank's return on assets for the financial year ended 30 September 2025 amounted to a 2.63% (2024: 2.18%).

1.1 Pillar 3 Disclosure Policy

(Article 431(3) CRR)

The Bank has a Pillar 3 Disclosures policy in terms of the requirement laid down in Article 431(3) of the CRR, which sets out the Bank's compliance with the requirements of Part Eight of the CRR and the guidelines and technical standards published by the EBA.

1.1.1 Basis of preparation

These Pillar 3 disclosures have been prepared in accordance with the requirements of Part Eight of the CRR, the guidelines and technical standards published by the EBA, as well as the requirements laid down in BR/07.

The Pillar 3 Disclosures reflect exposures reported in the Bank's Annual Report and Financial Statements, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). In contrast to the Bank's Annual Report and Financial Statements, the information included within the Pillar 3 Disclosures is not subject to the external audit review. However, the Bank's Internal Audit function provides assurance in line with its annual internal audit plan, as outlined in Section 1.1.4 Verification and sign-off process below.

Where the term 'capital requirements' is used, this represents the minimum total capital charge set at 8% of risk weighted exposure amounts ("RWEAs") as per Article 92 of the CRR.

1.1.2 Scope of application

These Pillar 3 Disclosures in respect of ECCM Bank Plc are stated as a standalone credit institution. The Bank is regulated and supervised by the Malta Financial Services Authority ("MFSA") and is classified as an 'Other Institution'.

These disclosures present information about the Bank's exposure to risks and the Bank's objectives, policies and processes for measuring and managing risks and the Bank's management of capital.

1.1.3 Frequency and means of disclosures

For the purposes of these Pillar 3 Disclosures, as a non-listed 'Other institution', the Bank is required to comply with Article 433c(2) of the CRR. In this respect, the Bank is required to publish Pillar 3 disclosures on an annual basis, on the following points:

- risk management objectives and policies disclosures outlined in points (a), (e) and (f) of Article 435(1);
- governance arrangements disclosures outlined in points (a) to (c) of Article 435(2);
- own funds disclosures outlined in point (a) of Article 437;
- disclosure of own funds requirements and risk-weighted exposure amounts outlined in points (c) and (d) of Article 438;
- the key metrics referred to in Article 447; and
- disclosures relating to remuneration outlined in points (a) to (d), (h) to (k) of Article 450(1).

However, in the interest of transparency and based on the Bank's assessment, certain disclosures that are not required to be disclosed by the Bank in terms of Article 433c (2) have been included in this report to provide further information on the Bank's risk profile.

Any disclosures not mentioned here are to be considered as non-material in terms of Article 432 of the CRR. Any items greyed out within tables presented below implies that the information is not required for the Bank.

The Bank makes available its Annual Report and Financial Statements and the Pillar 3 Disclosures in the 'Investor Relations' section of the Bank's website (www.eccm.com.mt), under 'Financial Reports'.

1.1.4 Verification and sign-off process

Consistent with banking regulations and market practice, these Pillar 3 Disclosures are not subject to an external audit. However, the Bank's management has appropriately verified these Pillar 3 disclosures, while assurance has also been provided by the Bank's Internal Audit function as required by the Bank's Pillar 3 Disclosures policy. Moreover, the Bank's Audit Committee reviews and approves these Pillar 3 Disclosures following which the Pillar 3 Disclosures are submitted to the Board of Directors for authorisation prior to public dissemination.

Based upon the Bank's assessment and verification, the disclosures presented appropriately and comprehensively convey the Bank's overall risk profile as at 30 September 2025.

1.2 **Key metrics**

(Article 447(a) to (g) & Article 438(b) CRR – Table EU KM1)

Table EU KM1 provides key regulatory metrics and ratios as well as related input components, including own funds, RWEAs, capital ratios, additional requirements based on the Supervisory Review and Evaluation Process ("SREP"), capital buffer requirements, leverage ratio, liquidity coverage ratio ("LCR") and net stable funding ratio ("NSFR").

		a	b
	Amounts in EUR	**30 Sep 2025**	**30 Sep 2024**
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	311,373,433	284,670,918
2	Tier 1 capital	511,373,433	484,670,918
3	Total capital	511,373,433	484,670,918
	Risk-weighted exposure amounts		
4	Total risk exposure amount	947,763,385	668,121,568
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	32.85%	42.61%
6	Tier 1 ratio (%)	53.96%	72.54%
7	Total capital ratio (%)	53.96%	72.54%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)		
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.00%	3.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.69%	1.69%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.25%	2.25%
EU 7d	Total SREP own funds requirements (%)	11.00%	11.00%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.86%	0.74%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.00%	0.00%
11	Combined buffer requirement (%)	3.36%	3.24%
EU 11a	Overall capital requirements (%)	14.36%	14.24%
12	CET1 available after meeting the total SREP own funds requirements (%)	26.66%	36.42%
	Leverage ratio		
13	Total exposure measure	1,299,134,012	988,549,011
14	Leverage ratio (%)	39.36%	49.03%
	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 (%)	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	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 (%)	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	487,585,681	476,026,977
EU 16a	Cash outflows - Total weighted value	202,568,402	210,253,377
EU 16b	Cash inflows - Total weighted value	54,544,614	70,711,254
16	Total net cash outflows (adjusted value)	148,023,788	139,542,122
17	Liquidity coverage ratio (%)	329.40%	341.13%
	Net Stable Funding Ratio		
18	Total available stable funding	856,369,866	800,230,045
19	Total required stable funding	730,851,035	639,563,479
20	NSFR ratio (%)	117.17%	125.12%

1.3 Attestation by the Board of Directors

The Board of Directors confirm that these Pillar 3 Disclosures, to the best of their knowledge, complies with Part Eight of the CRR, including any related guidelines and technical standards published by the EBA, and has been prepared in compliance with the Bank's internal governance process including policies, processes and systems and internal control environment.

The Board of Directors is of the opinion that the policies and procedures in place are adequate in measuring and controlling the various risks faced by the Bank and reflect well the Bank's size, business model and its position in the market.

On behalf of the Board of Directors

Mr. Anthony C Schembri
CEO & Managing Director

Ms. Jessica Fenech
CFO & Executive Director

19th November 2025

2. Risk management

2.1 Information on risk management objectives, framework and policies

(Article 435(1) (a) to (d) CRR – Table EU OVA)

The Bank is licenced to provide banking services to corporate entities and is therefore exposed to a range of risks which arise as a consequence of performing its duties as a regulated credit institution within the Eurozone area. Risk management is crucial to the Bank's strategic planning, with risks being identified based on the business model, strategy, and approved risk appetite to assess exposure to risk and uncertainty.

The Board of Directors approves and periodically reviews the strategies and policies for taking up, managing, monitoring and mitigating the risks that the Bank is or might be exposed to, including those posed by the macro-economic environment in which it operates. The Bank operates the three lines of defence model as an integral part of its risk management approach, each having a specific role within the Bank's overall governance framework.

The Bank has established a Risk Committee to advise the Board on the strategies and policies for taking up, managing, monitoring and mitigating the risks that the Bank is or might be exposed to. The Risk Committee should meet at least four times a year and more frequently as circumstances require, and ultimately reports to the Board of the Bank.

The Bank's Risk Management function, led by the Bank's Chief Risk Officer ("CRO"), executes the risk strategy and communicates it to relevant stakeholders, including business lines and internal control and support functions. Furthermore, the Risk Management function ensures that the risk strategy, which is approved by the Bank's Board of Directors, is subject to the required governance and escalation process – these are documented in the following documents:

- Risk Management Framework policy;
- Risk Appetite Statement;
- Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP") documents; and
- Recovery Plan document.

The Risk Management function of the Bank is vested in the Risk Department. Under the responsibility of the CRO and reporting to the Chief Executive Officer ("CEO") and to the Chairman of the Risk Committee, this unit is responsible for supporting the Institution in achieving its objectives, mitigating risks and ensuring that the risks taken are commensurate with the returns. Due to the relatively small size of the Bank and its business profile, the Bank's Risk Department adopts a holistic approach to monitoring and controlling the risks that Bank is exposed to.

The Risk Appetite Statement established by the Board of Directors, specifies the amount and types of risk the Bank is willing to accept in fulfilling its objectives and establishes policies on the allocation of resources to manage its risk exposures. The Board of Directors has established a Risk Appetite Statement which is intended to:

i. identify the types and levels of risk that the Bank is willing to take in conducting its business;
ii. establish the process to review, update and communicate the Risk Appetite Statement; and
iii. establish the responsibilities to monitor the Risk Appetite Statement, to set out the process to report to the Board and/or Board Committees about the performance of the Bank in terms of its risk appetite and to establish the internal escalation processes.

During the year, policies are updated on an *ad hoc* basis to reflect the changes in regulatory standards and/or the business environment. However, all policies are reviewed at least on annual basis. The respective amendments are approved by the Board of Directors of the Bank.

The Board of Directors is responsible for the adherence to the risk appetite limits. These are monitored on a weekly basis by the Bank's Risk Department. The Bank has also put in place an early warning threshold in order to ensure corrective action when necessary.

The Bank's policies are structured to align with its risk appetite. The risk management framework is organised such that the Bank's management can mitigate risks through both the units taking risks and those managing them. The framework includes a series of internal documents (namely policies) approved by the Board across the various risks of the Bank and other governance requirements, including but not limited to:

- Credit Risk policy;
- Investment policy;
- IRRBB policy;
- Code of Conduct;
- Board Diversity policy;
- Remuneration policy;
- Outsourcing policy;
- Strategic policy;
- IT Infrastructure policy and IT Security policy (as well as various other policies focusing specifically on various facets of IT);
- ESG Risk Management Framework; and
- EUA Certificates management Policy

Moreover, the Bank maintains a Risk Register which is an internal risk inventory that serves as a dashboard for the Bank enterprise-wide risk management framework. It represents the Bank's categorisation and definition of the risks that are faced by the Bank, irrespective of materiality. These risks break down further into Level 1, Level 2 and more detailed Level 3 risks. This risk classification system is also used by the Bank in the articulation of risk appetite as well as the risk assessment processes, which culminate in the Bank's ICAAP and ILAAP documents.

2.2 Overview of key risks

(Article 435(1) (b) CRR – Table EU OVA)

The Management of the Bank is responsible of ensuring that risk is managed within these set parameters. The Risk Appetite Statement finds that the Bank is principally exposed to the following type of risks:

Risk	Description
Credit risk	***Credit risk*** is the risk that the Bank may suffer a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the loans and advances to customers and to banks, invoice discounting and holding of debt investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as obligor default risk, country and sector risk). During the past years the Bank has also started to introduce ESG related considerations when reviewing and/or assessing proposals for finance. At this point, such considerations set out to assess the level of CO_2 emissions used in the production cycles, the level of preparedness towards deforestation regulations and similar indicators.
Market risk	***Market risk*** is the risk that changes in market prices, interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The Bank's financial instruments mainly comprise cash balances in USD, holdings in EUA Certificates and equity holdings in quoted corporate entities. This risk is managed by daily monitoring the price movements of the major holdings (refer to note 10 below). In view that the Bank's assets are predominantly denominated in

	EUR, foreign exchange risk is not considered to be material, although internal thresholds are set in the Risk Appetite Statement of the Bank to limit such exposures.
Liquidity requirements risk	***Liquidity requirements risk*** is the risk that the Bank falls short of the minimum applicable liquidity requirements as established by Regulators from time to time. Breaching such requirements could potentially result in serious consequences for the Bank, not only in terms of business viability, but most importantly in terms of the administrative sanctions which may be imposed by regulators. These primarily include the LCRDA and the NSFR ratios.
Operational risk	***Operational risk*** is the risk of losses arising from a wide variety of causes associated with processes, personnel, technology and infrastructure, and from other external factors effecting the business. In this respect, ECCM Bank is mainly exposed to compliance risk, internal fraud, business disruption, IT and cyber risk, and ML/TF risks. Through the implementation of a robust internal control system, the Bank is able to mitigate most operational risks. Regular internal reporting and checks and balances conducted by the Bank's risk department ensure that set limits are respected.
Strategic Risk	***Strategic risk*** is the risk that arises from the fundamental decisions that directors take concerning an organisation's objectives. For the Bank, such risks may be the result of failing objectives, cutting back of correspondent banking services and unsuccessful product development amongst others.
Money Laundering and / or Counter-Funding of Terrorism risk	***Money Laundering and / or Counter-Funding of Terrorism risk*** is the risk of losses incurred by the Bank for facilitating money laundering and/or terrorist financing activities. Such losses may be generated either from claims on the Bank by injured third parties or from fines / administrative penalties imposed by the relevant authorities.
ICT and security risk	***ICT and security risk*** is defined as the risk of loss due to breach of confidentiality, failure of integrity of systems and data, inappropriateness or unavailability of systems and data or inability to change information technology (IT) within a reasonable time and with reasonable costs when the environment or business requirements change. This includes security risks resulting from inadequate or failed internal processes or external events including cyber-attacks or inadequate physical security.
Environmental, Social and Governance (ESG) risk	***Environmental, Social and Governance (ESG) risk*** is the risk that the Bank falls short of the regulatory requirements governing ESG. Breaching such requirements could potentially result in serious consequences for the Bank, not only in terms of business viability, but most importantly in terms of the administrative sanctions which may be imposed by regulators. In monitoring this risk, the Bank considers the physical and transition risks which are relevant to both its own operations as well as its borrowing customer base.
Capital requirements risk	***Capital requirements risk*** is the risk that the Bank falls short of the minimum applicable capital requirements as established by Regulators from time to time. Breaching such requirements could potentially result in serious consequences for the Bank, not only in terms of business viability, but most importantly in terms of the administrative sanctions which may be imposed by regulators. These primarily include CET1 ratio, Tier 1 ratio, Total Capital ratio, Leverage, MREL etc.

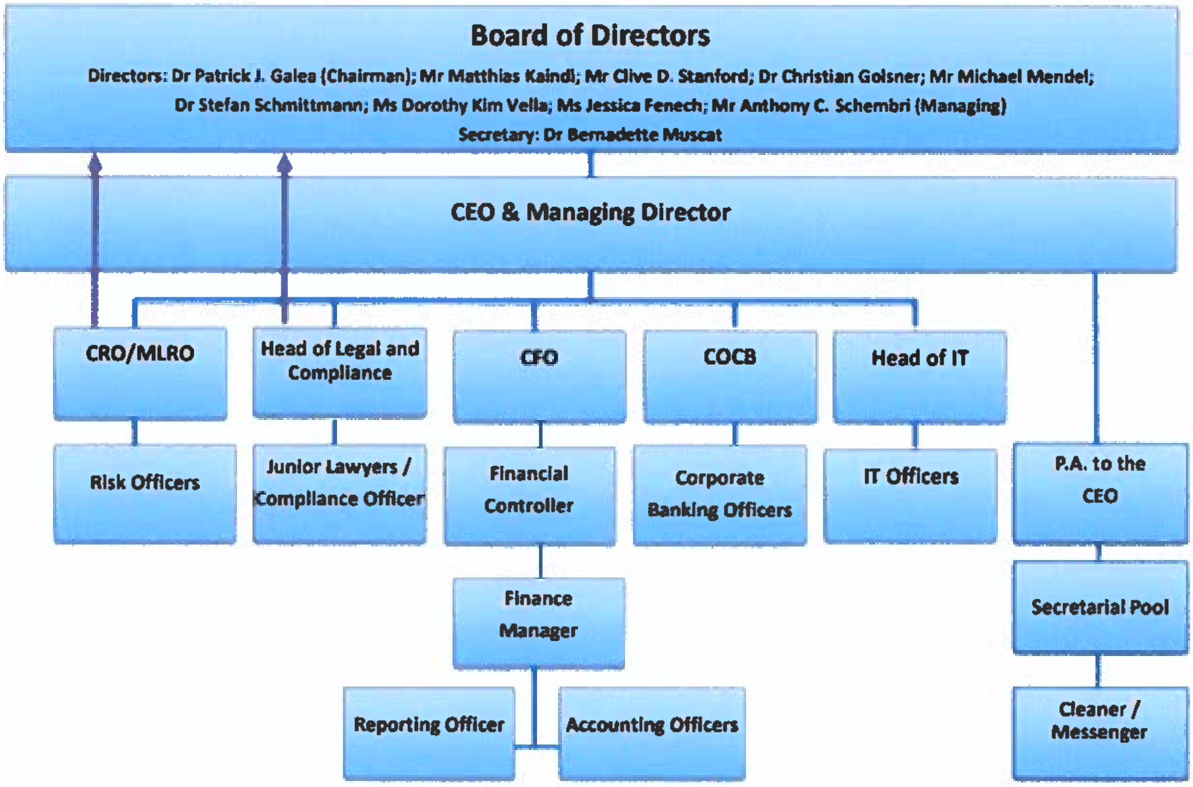
The Bank manages these risks by monitoring closely the respective positions to ensure that all relative regulatory levels are respected all times. In all cases, at this stage the Bank is enjoying levels which are higher than the minimum regulatory requirements and so no breach is taking place.

2.3 Risk management governance

(Article 435(1) (c) to (d) CRR – Table EU OVA & Article 435(2) (d) to (e) CRR – Table EU OVB)

The Board of Directors ensures that the Bank conducts its business in accordance with all relevant statutory and regulatory requirements. Its overall responsibility with regards to risk management is the establishment and oversight of the Bank's risk appetite statement. The Board sets the Bank's risk tolerance levels, the strategy for the management of business risks and implements an effective system of internal controls in order to safeguard the Bank's healthy capital and liquidity base in accordance with the requirements of the Malta Financial Services Authority (the "Authority" or "Regulator") and the ECB.

The CEO is responsible for ensuring that such internal controls are effectively implemented and carried out.



2.3.1 Board of Directors

The Board plays a crucial role in guiding the Bank's direction and growth. The members of the Board are highly qualified individuals who have been chosen for their integrity, competence, and suitability to lead the Bank. The Board is responsible for setting the Bank's strategy, values, and standards, and for providing oversight and stewardship. The Directors bring their knowledge, skills, and experience to the table, ensuring that the Bank's assets are well managed and shareholder value is enhanced.

The Board is expected to maintain the highest standards of corporate governance and ethics, and is accountable to the Bank's shareholders and other stakeholders. The Directors regularly review the Bank's performance, financial situation, and risk management practices, and take steps to ensure that the Bank has the resources it needs to meet its objectives. They are also knowledgeable about the Bank's business and are aware of the relevant statutory and regulatory requirements.

The Board has set up the following Board Committees to support it in its oversight role:

- the Audit Committee;
- the Risk Committee;
- the Remuneration Committee; and
- the Investment Committee.

2.3.2 Audit Committee

The Audit Committee oversees the Bank's operations and ensures that the established internal controls and procedures are maintained and followed. The committee meets regularly to establish and monitor the execution of the internal audit and external audit plan and to monitor the financial reporting process and the implementation of recommendations resulting from internal audits and other regulatory findings. In this regard the Bank's internal and external auditors are invited to the meetings and report directly to the Audit Committee.

2.3.3 Risk Committee

The Risk Committee ensures that the growth of the Bank's business is attained through a holistic approach by overseeing all risks faced by the Bank and designing and putting in place measures to mitigate such risks. The Risk Committee also established an ESG Steering Committee to steer its sustainability agenda. In addition, the Bank also holds a Credit Risk Committee. This management committee is tasked with overseeing credit related issues.

2.3.4 Remuneration Committee

The Remuneration Committee oversees and establishes remuneration principles in line with standing statutory and regulatory provisions, as well as shareholder guidelines.

2.3.5 Investment Committee

The Investment Committee is tasked with overseeing the Bank's investment strategy and evaluation of the portfolio. The Committee provides assistance to the Board in fulfilling its oversight responsibility of monitoring and managing the Bank's portfolio of investment instruments and securities. In line with the Bank's Investment Policy, the Investment Committee ensures that the Bank acquires investments only for its own account and these are prevailingly held to maturity and not for speculative purposes. However, the Bank may also acquire investments for short term gains.

2.4 Disclosures on the Bank's risk management strategies and processes by category of risks

(Article 435(1) (a), (b), (d) and (f) CRR & Article 446(1) (a) – Tables EU OVA, EU CRA, EU MRA, EU ORA
Article 451a(4) CRR – Table EU LIQA)

The Bank undertakes a process in order to identify its risks based on various techniques and methodologies, which emanate from the business model and strategy adopted by the Bank.

In terms of Article 435(1) and Tables EU OVA, EU CRA, EU MRA, EU ORA and EU LIQA, the Bank is disclosing its risk management strategies and processes for credit risk, market risk, operational risk and liquidity risk. As at 30 September 2025, the Bank is not exposed to other risks described in Title II of Part Eight of the CRR.

2.4.1 Credit risk

Overview

The Bank is exposed to credit risk namely through its lending activities, including invoice discounting, as well as through its treasury activities. In terms of lending activities, the Bank's customary, yet bespoke credit facilities, include amortising loans and revolving credit facilities for working capital purposes. The Bank also provides invoice discounting, which allows corporates to access immediate cash flow by discounting unpaid invoices.

Across its lending activities, the Bank holds collateral against loans and advances to customers in the form of pledged cash deposits, as well as mortgage interests on movable and immovable assets and vessels.

With respect to its treasury activities, the Bank namely holds unrestricted balances with the Central Bank of Malta, as the Bank also provides payments services to its customer base.

As at 30 September 2025, the Bank's loans and advances to customers, invoice discounting receivables and Balances with the Central Bank of Malta comprise c.83% of the Bank's total asset base.

Exposures to related parties are included in note 31 of the Bank's Annual Report and Financial Statements.

Credit risk quantification

The Bank adopts the standardised approach for credit risk to quantify its Pillar 1 capital requirements for credit risk, in line with Chapter 2 of Title II of Part Three of the CRR. Moreover, as part of its risk management strategies and processes, the Bank undertakes a process to determine whether additional capital is required to cover any risks not covered by the minimum capital requirements (Pillar 1), as highlighted in section 6.2.1.

Credit risk management and monitoring

The Board of Directors is ultimately responsible for the measurement of credit risk and has adopted a credit risk policy to realise opportunities for profit while minimising financial and reputational risk, as well as monitor the direction of the corporate credit portfolio. To this end, the Bank has established a Credit Risk Committee, which is tasked with overseeing the Bank's credit related risks. This committee is composed of the senior management officials of the Bank.

Lending limits for all lending facilities are requested by the Chief Officer Corporate Banking ("COCB") and after being discussed with the Bank's Credit Committee are recommended to the Board of Directors by the Chief Risk Officer ("CRO") as Chairman of this Committee. The Board of Directors approves the proposed credit limits and may impose additional conditions, as deemed appropriate. The risk assessment undertaken by the COCB and the CRO includes but is not limited to:

- Reason for the purpose of the facility;
- Economic outlook of the country from which the facility will be used;
- Operational and financial analysis;
- ESG relevant considerations, as applicable;
- Repayment conditions;
- Pricing of the facility (including the interest rates and maintenance rates);
- Any collateral in place; and
- Ownership structure/large exposure limits.

Moreover, apart from the risk assessment highlighted above, the Bank may also assess other factors including macro-economic indicators (e.g. country and industry sector performance, environment impact of the project, etc.), specific indicators (e.g. decrease in turnover or loss of major customer, etc.), as well as financial indicators (e.g. Net Debt / EBITDA, Debt Service Cover, Current Ratio, etc.).

The Credit Committee of the Bank is responsible for ensuring that credit risk is managed in line with the credit policies approved by the Board. In doing so, the Committee assesses the magnitude of risk and documents compliance with regulatory and statutory requirements. The Committee is also responsible for obtaining the necessary authorisations and approvals from the Board and to review, monitor and assess the credit risk involved and report to the Board on a timely basis.

The Credit Committee is responsible to monitor and review credit exposures. To this effect, the CRO prepares a quarterly credit risk report which is in turn presented to the Board of Directors. The Credit Committee reports to the Risk Committee and the Board of Directors as appropriate.

The Bank has in place a Risk Appetite Dashboard to ensure it controls the risks it is exposed to from credit risk, including setting limits, namely ensuring that it maintains exposures with counterparties (and its group of connected clients) up to the regulatory limit of 25% of Tier 1 Capital.

As part of its monitoring processes, the Bank allocates each exposure to a credit risk grade base on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower, including any collateral held. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes;
- actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities;
- payment record – this includes overdue status as well as a range of variables about payment ratios; and
- existing and forecast changes in business, financial and economic conditions.

The Bank's credit grades are as follows:

- *Grade 1 – Regular*: Regular grading is applied to those borrowings which do not possess any weaknesses and are therefore adequately protected, all the significant conditions in the agreement are met, all collateral required is held and registered, and repayments are up-to-date, or in case of a revolving facility, the account is revolving satisfactorily with no authorised excesses.
- *Grade 2 – Watch*: Watch grading is applied to those borrowings which already show some specific deteriorations (example in profitability, market and economic conditions, cash flows etc.), receiving the close attention of the Bank's management and are being reviewed periodically in order to determine whether such advances should be reclassified to either the regular or the substandard classification.
- *Grade 3 – Substandard*: Substandard grading is applied to those customers whose financial standing or performance is extremely weak; and/or loan principal and interest repayments are more than 60 days but less than 90 days overdue and/or there is a high probability of default, but no specific provision has yet been allocated.
- *Grade 4 – Doubtful*: Doubtful credit facilities are those with payments of interest or capital are overdue by 90 days and over and customers with material deterioration in their operations. Loans classified as doubtful are those facilities where the Bank deems the recoverability of principal to be remote and would need to be provided for.
- *Grade 5 – Bad*: Loans and advances which are considered uncollectable.

A downgrade to a lower category will automatically indicate that the relationship presents a Significant Increase in Credit Risk and as such the appropriate recovery measures, reporting methods and impairment options must be adopted in this regard. The Credit committee shall propose to the Board a downgrade or upgrade of the respective facilities in line with the prevailing regulatory provisions.

2.4.2 Market risk

Overview

Market risk is the risk that changes in market prices, interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments.

The Bank is exposed to market risk through various instruments it holds, as follows:

Foreign exchange ("FX") risk:

The Bank is mainly exposed to currency risk on FX movements relating to the US Dollar, originating from nostros and placements with other institutions. Additionally, the Bank's Risk Appetite Statement establishes a maximum foreign currency cash limit which is not to be exceeded. This threshold is monitored on a daily basis.

Intangible Assets

In an effort to diversify its asset portfolio, during the year under review, the Bank has acquired a number of EUA Certificates. EU ETS trading is a system intended to regulate and control industrial CO_2 emissions. The system applies in all EU Member States, the European Free Trade Association countries (Iceland, Liechtenstein and Norway) as well as Northern Ireland for electricity generation (under the Protocol of Ireland and Northern Ireland). It covers greenhouse gas emissions from around 10,000 installations in the energy sector and manufacturing industries as well as aircraft operators flying within the EU and departing to Switzerland and the United Kingdom. From 2024, the EU ETS also covers emissions from maritime transport.

To date, the Bank has acquired excess certificates from operators in the wood-based panel manufacturing industry. The intention is to benefit from their price appreciation in the short to medium term. The Bank does not primarily plan to trade the certificates freely, but rather to hold until the price appreciates and then sell at a profit on the open market.

As at the 30th of September 2025, the Bank holds 2,323,491 units which are valued at EUR 175.4 million.

The Bank monitors the price fluctuations of this asset at various intervals during each business day. This ensures that any hefty price swings are noted at an early stage and thus allowing the Bank to adopt any remedial measures which may be deemed necessary in a timely manner.

As of reporting date, the Board of Directors of the Bank has approved a maximum limit of emission certificates which the Bank acquire. Before acquiring any additional units the management ensures that this limit and other relevant ratios which may be impacted by the transaction continue to be respected. The Board is kept informed of any developments in this regard.

Interest rate risk in the Banking Book ("IRRBB"):

Interest rate risk is risk towards the Bank's financial position arising from unfavourable movements in interest rates.

The Bank's approach to determine its IRRBB is aligned with applicable regulatory framework, which is primarily the EBA Guidelines on the management of interest rate risk arising from non-trading book activities (EBA/GL/2022/14) and supplementary documents.

As per EBA/GL/2022/14 there are two complementary approaches to measuring IRRBB:

i. changes in economic value (i.e. EV or EVE when assessing the change in value relative to equity);
ii. changes in expected earnings (i.e. changes in forecast net interest income ('NII')).

In line with Annex II of the EBA/GL/2022/14, the Bank measures its exposure to IRRBB in a proportionate manner, reflecting the level, complexity, and riskiness of the non-trading book positions it faces taking into account the Bank's business model.

Other rated and unrated investments are bought/sold on an ad hoc basis as approved by the Board of Directors. Monitoring of the portfolio falls under the responsibility of the Bank's Risk department. The values of the major holdings are monitored on a daily basis to ensure that any material deterioration is spotted and acted upon in a timely manner.

As at 30 September 2025 the Bank does not run a trading book – the Bank's equity securities, which amounted to EUR 2.2 million as at 30 September 2025, fall below the criteria for a small trading book derogation highlighted in Article 94 of the CRR. Thus, these are included within the Bank's credit risk quantification for solvency purposes.

Moreover, as at 30 September 2025, the Bank is not exposed to credit valuation adjustment ("CVA") risk.

Market risk quantification

With respect to the Bank's EUA Certificates (relating to commodities), the Bank uses the simplified approach outlined in Article 360 of the CRR, whilst for FX risk the Bank takes 8% of the sum of its overall net foreign exchange position.

Market risk management and monitoring

Due to the size and structure of the Bank, market risk is currently under the responsibility of the CEO with the oversight of the Investment Committee and the Board of Directors.

Apart from the foreign exchange, commodity and IRRBB risks mentioned above, the Bank's other market risk mainly emanate from the Bank's investment portfolio. At this point, the Bank's investment portfolio comprises only a minimal number of investment grade equity holdings, the value of which is not considered to be material.

The Bank establishes specific internal limits for each of its market risk exposures, which are monitored on a daily basis to ensure that thresholds are respected and to enable the Bank to adopt any necessary remedial measures in good time.

2.4.3 Operational risk

Overview

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements. Operational risks arise from all the Bank's operations and are faced by all business entities. Inadequate management of these risks can lead to financial loss, reputational damage, regulatory breaches, or negatively affect the management of other risks such as credit, liquidity, or market risk.

The objective of operational risk management is to create a working environment in which possible financial losses and reputational damage arising from the above-mentioned processes, personnel etc. are limited while the Bank's assets and operations are safeguarded.

Operational risk quantification

In line with Article 312 CRR, the Bank calculates its operational risk capital requirement using the Standardised Approach. The Business Indicator (BI) is calculated as the average over three years of three key components - Interest, Leasing and Dividend Component (ILDC), Services Component (SC) and Financial Component (FC). Moreover, as part of its risk management strategies and processes, the Bank undertakes a process to determine whether additional capital is required to cover any risks not covered by the minimum capital requirements (Pillar 1).

Operational risk management and monitoring

This objective is achieved by the implementation of a number of internal controls in the key areas of operations of the Bank. Such controls include segregation of duties with regards to payments and authorisation of transactions, verification of transactions, physical checks on assets, reconciliation of funds, staff training and development of a business continuity plan.

The Chief Officers and Departmental Heads of the Bank are responsible to ensure that these controls are rigorously applied.

Given the size and the specific market serviced, operational risk for the Bank is limited. In order to manage this risk however, the Bank issued a Complaints Handling Policy, Code of Conduct, Compliance Policy, Conflict of Interest Policy, Customer Acceptance Policy, Data Protection Policy, HR Policy, IT Security and Supplementary Policies, Outsourcing Policy and Whistle-blowing Policy while the RAS establishes internal operational KRIs, which are monitored by the Bank on a quarterly basis.

2.4.4 Liquidity risk

Overview

Liquidity risk is the risk that the Bank will be unable to obtain funds, such as customer deposits or borrowed funds, at a reasonable price or within a necessary period to meet its financial obligations. Such a risk can impact the Bank's operational and financial stability, and it is often characterised by two main aspects: market liquidity risk and funding liquidity risk.

The Bank's objective in managing liquidity risk is to ensure that it has enough liquidity to meet its long and short-term obligations under both normal and stressed conditions, without incurring any reputation damage or costs. The Bank does not offer any retail services and is mainly funded by equity and non-retail customer deposits.

Liquidity risk quantification

The Risk Management function of the Bank performs a risk assessment to identify the significance and likelihood of liquidity risks, namely through the ILAAP. Further information on the Bank's assessment through the ILAAP is included in Section 6.2.2.

Liquidity risk management and monitoring

In view of the Bank's structure and set-up, the management of the Bank's liquidity is delegated to the CEO under the oversight of the Board. The Finance department prepares monthly liquidity forecasts and cash flows which are presented to the CEO and in turn discussed at various board meetings.

The Bank through its Finance department reports to MFSA, as part of its Bank's statutory returns, the Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR"). These metrics are also monitored on a weekly basis to ensure compliance with statutory requirements, as well as internal limits set by the Board.

The LCR tracks the liquidity outflows and the liquidity inflows under stressed conditions so as to ensure that an institution maintains levels of liquidity buffers which are adequate to face any possible imbalance between liquidity inflows and outflows under gravely stressed conditions over a period of thirty days.

The NSFR is used by the Bank to ensure that long term obligations are adequately met with a diversity of stable funding instruments under both normal and stressed conditions.

During the financial year ended 30 September 2025, the Bank's LCR and NSFR were at all times maintained to levels which were higher than the 100% regulatory threshold applicable. In order to ensure that the set levels are maintained and continue to be respected, during the year, the Bank introduced a Funding and Liquidity Contingency Plan which sets out to (i) identify the plausible sources of funding for the bank, (ii) rank them according to preference considering cost of funding/lost revenue, time to execute, funding capacity, complexity and other relevant criteria such as reputational risk; and (iii) flag them according to the indicators they set out to restore (NSFR, LCR etc). The Bank has established the below internal limits in its RAS which are monitored on a weekly basis.

Nature	Risk appetite metric	Green	Amber	Red	Frequency of monitoring *(when in 'Green')*	Frequency of monitoring *(when in 'Amber')*
Liquidity	Liquidity Coverage Ratio	≥ 150%	<150%	≤ 120%	Weekly	Daily
	Net Stable Funding Ratio	≥ 115%	< 115%	≤ 110%	Weekly	Daily
	Survival Period	≥ 5 months	5 to 4 months	≤ 4 months	Quarterly	Monthly

2.5 Risk statements by the Board of Directors

2.5.1 Declaration on the adequacy of the risk management arrangements

(Article 435(1) (e) CRR – Table EU OVA)

The Board hereby declares, in accordance with Article 435 of the CRR, that the Bank's risk management systems and arrangements are adequate concerning its risk profile and strategy.

2.5.2 Concise risk statement by the Board of Directors

(Article 435(1) (f) CRR – Table EU OVA & EU LIQA)

The Board of Directors of ECCM Bank Plc is dedicated to maintaining the highest standards of corporate governance and ethics and is accountable to the Bank's shareholders and other stakeholders. The Board is integral in establishing a top-level directive that ensures the Bank upholds a culture of risk awareness. This involves recognising and addressing all types of risks the Bank encounters, thereby ensuring these considerations are incorporated into all decision-making processes.

The Bank's business model is designed to balance growth and stability and inherently interacts with the overall risk profile. The key risks associated with the business model namely include credit risk, market risk, operational risk, and liquidity risk, however the Bank faces other risk, as highlighted in Section 2.2 above.

The risk management framework is designed to enable the Bank's management to mitigate risks effectively through the collaboration of both risk-taking units and risk management units. The Bank's risk profile is aligned with the risk tolerance levels approved by the Board, with the Risk Appetite Statement. The Bank regularly monitors and adjusts the risk management strategies to ensure they remain within tolerance levels. This alignment is demonstrated through regular monitoring of key ratios and figures that are reported to the Board, including but not limited to solvency ratios (capital and leverage), liquidity ratios (LCR and NSFR), as well as other metrics determined by the Bank's Board (such as level of stage 2 loans, foreign currency balances, profitability ratios, etc.).

The Board believes that its risk management processes encompass comprehensive policies, procedures, limits, and controls that effectively identify, assess, manage, monitor, and report on its risks.

Further information on the Bank's risk profile across the various categories of risk related to the Bank's business model is found in Section 2.4 above. Key ratios and figures showing the risk profile of the Bank are namely included in Table EU KM1, presented in Section 1.2 above.

3. Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Bank's loans and advances to customers.

As described in section 1.1.3, certain disclosures within this section are not mandatory, but have been included for the purpose of transparency and to provide further insight into the Bank's risk profile.

3.1 Credit quality analysis

(Article 442 (c), (d) and (e) CRR – Tables EU CR1, EU CQ3 and CQ1)

The following tables provide a thorough overview of the credit quality of the Bank's assets by exposure class as at 30 September 2025, in line the guidelines published by the EBA.

Table EU CR1 provides information on the asset quality of the Bank's asset base (namely loans and debt securities) and off-balance sheet exposures, broken down by exposure classes.

EU CR1	As at 30 September 2025	a	b	c	d	E	f
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
			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	392,137,842	392,137,842	-	-	-	-
010	Loans and advances	713,214,680	544,730,033	168,484,646	-	-	-
020	*Central banks*	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-
040	*Credit institutions*	*17,040,002*	*17,040,002*		-	-	-
050	*Other financial corporations*	*97,974,694*	*97,974,694*		-	-	-
060	*Non-financial corporations*	*598,199,984*	*429,715,337*	*168,484,646*	-	-	-
070	Of which SMEs	*598,199,984*	429,715,337	168,484,646	-	-	-
080	*Households*	-	-	-	-	-	-
090	Debt securities	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-
110	*General governments*	-	-	-	-	-	-
120	*Credit institutions*	-	-	-	-	-	-
130	*Other financial corporations*	-	-	-	-	-	-
140	*Non-financial corporations*	-	-	-	-	-	-
150	Off-balance-sheet exposures	24,142,963	24,142,963	-	-	-	-
160	*Central banks*	-	-	-	-	-	-
170	*General governments*	-	-	-	-	-	-
180	*Credit institutions*	-	-	-	-	-	-
190	*Other financial corporations*	*2,000,000*	*2,000,000*	-	-	-	-
200	*Non-financial corporations*	*22,142,963*	*22,142,963*	-	-	-	-
210	*Households*	-	-	-	-	-	-
220	**Total**	**1,129,495,484**	**961,010,838**	**168,484,646**	-	-	-

As at 30 September 2025		g	h	i	j	k	l	m	n	o
		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		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		
			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	-	-	-	-	-	-	-	-	-
010	Loans and advances	(3,410,340)	(874,339)	(2,536,001)	-	-	-	-	316,722,876	-
020	*Central banks*	-	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	(353,689)	(353,689)	-	-	-	-	-	349,953	-
060	*Non-financial corporations*	(3,056,651)	(520,650)	(2,536,001)	-	-	-	-	316,372,923	-
070	Of which SMEs	(3,056,651)	(520,650)	(2,536,001)	-	-	-	-	316,372,923	-
080	*Households*	-	-	-	-	-	-	-	-	-
090	Debt securities	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-
110	*General governments*	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	(9,913)	(9,913)	-	-	-	-		-	-
160	*Central banks*	-	-	-	-	-	-		-	-
170	*General governments*	-	-	-	-	-	-		-	-
180	*Credit institutions*	-	-	-	-	-	-		-	-
190	*Other financial corporations*	(2,442)	(2,442)	-	-	-	-		-	-
200	*Non-financial corporations*	(7,471)	(7,471)	-	-	-	-		-	-
210	*Households*	-	-	-	-	-	-		-	-
220	**Total**	**(3,420,253)**	**(884,252)**	**(2,536,001)**	-	-	-	-	**316,722,876**	-

Note: Gross carrying amount is defined in Part 1 of Annex V to Commission Implementing Regulation (EU) 680/2014, and implies the carrying amount calculated under IFRS before any loss allowances. Nominal amount is defined in Part 2 of Annex V to Commission Implementing Regulation (EU) 680/2014, and implies the amount that represents the maximum exposure to credit risk without taking account any collateral held or other credit enhancements. An exposure is classified as non-performing in accordance to the criteria in Article 47a(3) of the CRR.

Table EU CQ3 provides information on the gross carrying amount on-balance sheet performing and non-performing exposures (as well as the nominal amount for off-balance sheet exposures) by past due days.

EU CQ3		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
As at 30 September 2024			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are 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 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	392,137,842	392,137,842	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	713,214,680	713,214,680	-	-	-	-	-	-	-	-	-	-
020	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-	-	-	-	-
040	*Credit institutions*	*17,040,002*	*17,040,002*	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	*97,974,694*	*97,974,694*	-	-	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	*598,199,984*	*598,199,984*	-	-	-	-	-	-	-	-	-	-
070	Of which SMEs	*598,199,984*	*598,199,984*	-	-	-	-	-	-	-	-	-	-
080	*Households*	-	-	-	-	-	-	-	-	-	-	-	-
090	Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
100	*Central banks*	-	-	-	-	-	-	-	-	-	-	-	-
110	*General governments*	-	-	-	-	-	-	-	-	-	-	-	-
120	*Credit institutions*	-	-	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	24,142,963			-								-
160	*Central banks*	-			-								-
170	*General governments*	-			-								-
180	*Credit institutions*	-			-								-
190	*Other financial corporations*	*2,000,000*			-								-
200	*Non-financial corporations*	*22,142,963*			-								-
210	*Households*	-			-								-
220	**Total**	**1,129,495,485**	**1,105,352,522**	-	-	-	-	-	-	-	-	-	-

Table EU CQ1 provides information on the Bank's forborne exposures, split into the exposure classes.

EU CQ1 As at 30 September 2024		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		Perform-ing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	166,474,646	-	-	-	(2,540,463)	-	80,297,714	-
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	166,474,646	-	-	-	(2,540,463)	-	80,297,714	
070	*Households*	-	-	-	-	-	-	-	-
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	**Total**	**166,474,646**	-	-	-	**(2,540,463)**	-	**80,297,714**	-

Table EU CQ7, which provides information on the value at initial recognition and any accumulated negative changes for collateral obtained through taking possession and remains recognised at the reference date, is not disclosed as this does not apply to the Bank.

3.2 External Credit Assessment Institutions ("ECAIs")

(Article 444 (a) to (d) CRR – Table EU CRD)

The Bank uses credit ratings (or assessments) issued by ECAIs (commonly known as credit rating agencies) in order to calculate the RWEAs for certain exposure classes, wherever such a credit assessment is available, in accordance with Chapter 2 of Title II within Part Three of the CRR. In this respect, the Bank uses the external ratings issued by Fitch only.

The relevant ratings were mapped to the credit quality steps according to Commission Implementing Regulation (EU) 2024/1872 of 1 July 2024, amending the implementing technical standards laid down in Implementing Regulation (EU) 2016/1799 as regards the mapping tables specifying the correspondence between the credit risk assessments of external credit assessment institutions and the credit quality steps set out in Regulation (EU) No 575/2013 of the European Parliament and of the Council.

The Bank applied the ECAI ratings to the following exposure classes:

- Central governments or central banks; and
- Institutions.

The risk weights adopted by the Bank for the above exposure classes based on the mapping undertaken between credit ratings published by Fitch with the credit quality steps published by the EBA is in line with the standard association published by the EBA within Commission Implementing Regulation (EU) 2024/1872 of 1 July 2024.

3.3 Information on the Bank's credit risk exposures under the standardised approach

(Article 453 (g), (h) and (i) & Article 444 (e) CRR – Tables EU CR4 and EU CR5)

Table EU CR4 provides information on the Bank's exposure classes, both before and after credit conversion factors and the use of credit risk mitigation, as well as the risk weighted assets and risk weighted asset density ratio per exposure class.

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

		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
	Exposure classes	a	b	c	d	e	f
1	Central governments or central banks	376,159,285	-	376,159,285	-	-	0.00%
2	Non-central government public sector entities	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
4	Institutions	17,472,965	-	17,472,965	-	3,494,593	20.00%
5	Covered bonds	-	-	-	-	-	-
6	Corporates	520,469,786	24,133,046	283,957,809	14,452,966	298,410,774	100.00%
7	Subordinated debt exposures and equity	174,572,276	-	109,572,276		163,219,554	148.96%
7a	Subordinated debt exposures	172,294,556	-	107,294,556		160,941,833	150.00%
7b	Equity	2,277,720	-	2,277,720	-	2,277,720	100.00%
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-
10a	Institutions and corporates with a short-term credit assessment	15,545,597	-	15,545,597	-	3,109,119	20.00%
10b	Collective investment undertakings (CIU)	-	-	-	-	-	-
10c	Other items	176,503,951	-	176,503,951	-	1,250,304	0.71%
	TOTAL	**1,280,723,860**	**24,133,046**	**979,211,883**	**14,452,966**	**469,484,344**	**47.25%**

Table EU CR5 provides information on the Bank's exposure value post-CCF and CRM, broken down by the different risk weights applied in the respective exposure classes.

EU CR5 – standardised approach

	Exposure classes	Risk weight				Total	*Of which unrated*
		0%	20%	100%	150%		
		a	e	p	t	z	Aa
1	Central governments or central banks	376,159,285	-	-	-	**376,159,285**	-
2	Non-central government public sector entities	-	-	-	-	-	-
3	Multilateral development banks	-	-	-	-	-	-
4	Institutions	-	17,472,965	-	-	**17,472,965**	*17,472,965*
5	Covered Bonds	-	-	-	-	-	-
6	Corporates	-	-	298,410,774	-	**298,410,774**	379,368,971
7	Subordinated debt exposures and equity	-	-	2,277,720	107,294,556	**109,572,276**	107,294,556
7a	Subordinated debt exposures	-	-	-	107,294,556	**107,294,556**	107,294,556
7b	Equity	-	-	2,277,720	-	**2,277,720**	-
8	Retail	-	-	-	-	-	-
9	Secured by mortgages on immovable property and ADC exposures	-	-	-	-	-	-
10	Exposures in default	-	-	-	-	-	-
10a	Institutions and corporates with a short-term credit assessment	-	15,545,596	-	-	**15,545,596**	-
10b	Collective investment undertakings (CIU)	-	-	-	-	-	-
10c	Other items	175,253,647	-	1,250,304	-	**1,250,304**	*1,250,304*
	TOTAL	**551,412,932**	**33,018,561**	**301,938,798**	107,294,556	**818,411,200**	*505,386,796*

4. Operational risk

(Article 446 (2) (a) and (b) CRR – Table EU OR1)

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements. Operational risks arise from all the Bank's operations and are faced by all business entities.

In line with Article 312 CRR, the Bank calculates its operational risk capital requirement using the Standardised Approach. The Business Indicator (BI) is calculated as the average over three years of three key components - Interest, Leasing and Dividend Component (ILDC), Services Component (SC) and Financial Component (FC).

As described in section 1.1.3, the following disclosure is not mandatory but have been included for the purpose of transparency and to provide further insight into the Bank's risk profile.

EU OR2 – Business Indicator, components and subcomponents

As at 30 September 2025		a	b	c	d
BI and its subcomponents		T	T-1	T-2	Average Value
1	Interest, lease and dividend component (ILDC)				29,047,662
EU 1	ILDC related to the individual institution/consolidated Group (excluding entities considered by Article 314(2a) and/or the business lines considered by Article 314(2b) where applicable)				29,047,662
1a	Interest and lease income	69,115,334	84,092,226	62,540,718	71,916,093
1b	Interest and lease expense	32,272,001	33,367,575	20,982,968	28,874,181
1c	Total assets/Asset component	1,104,423,827	1,236,749,108	1,433,774,210	1,258,315,715
1d	Dividend income/ dividend component	196,756	114,741	1,895,178	735,558
2	Services component (SC)				2,766,108
2a	Fee and commission income	2,678,013	2,961,103	1,876,563	2,505,226
2b	Fee and commission expense	35,628	159,814	57,447	84,296
2c	Other operating income	38,980	18,366	725,300	260,882
2d	Other operating expense	-	-	-	-
EU 2e	Memorandum item: Total losses, expenses, provisions and other financial impacts resulting from operational risk events	-	-	-	
3	Financial component (FC)				11,299,161
3a	Net profit or loss applicable to trading book (TB)	-	-	-	-
3b	Net profit or loss applicable to banking book (BB)	-	-	-	-
EU 3c	Approach followed to determine the TB/BB boundary (PBA or accounting approach)	-	-	-	-
4	Business Indicator (BI)	-	-	-	*43,112,931*
5	Business indicator component (BIC)	-	-	-	5,173,552

EU OR3 – Operational risk own funds requirements and risk exposure amounts

		a
1	Business Indicator Component (BIC)	5,173,552
2	Internal Loss Multiplier (ILM)	-
3	Minimum Required Operational Risk Own Funds Requirements (OROF)	5,173,552
4	Operational Risk Exposure Amounts (REA)	64,669,396

5. Own funds

(Article 437 (a) to (f) CRR – Tables EU CC1, EU CC2 and EU CCA)

The Bank aims to maintain a sufficient amount of capital to support the current and contingent needs to its exposures, including the minimum regulatory requirements together with additional buffers imposed by the Regulator and an adequate cushion for other unexpected events. The Bank's own funds is presently made up of:

- Common Equity Tier 1 ("CET1") capital, consisting of:
  - Paid up capital;
  - Share premium;
  - Shareholders' contribution;
  - Retained earnings;
  - Other comprehensive income.
- Additional Tier 1 ("AT1") capital.

Table EU CC1 below provides a detailed overview of the composition of the Bank's own funds in accordance with the CRR.

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: Instruments and reserves		
1	Capital instruments and the related share premium accounts	152,546,822	(A) + (D)
	of which: Instrument type 1	-	
	of which: Instrument type 2	-	
	of which: Instrument type 3	-	
2	Retained earnings	123,706,373	Included in (C) and (F)
3	Accumulated other comprehensive income (and other reserves)	22,422,439	(E)
EU-3a	Funds for general banking risk	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	
5	Minority interests (amount allowed in consolidated CET1)	-	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	13,059,374	Included in (F)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**311,735,008**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(177,704)	
8	Intangible assets (net of related tax liability) (negative amount)	(183,871)	Included in (G)
9	Not applicable	-	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
20	Not applicable	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-	

EU-20c	of which: securitisation positions (negative amount)	-	
EU-20d	of which: free deliveries (negative amount)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38(3) CRR are met) (negative amount)	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	
24	Not applicable	-	
25	of which: deferred tax assets arising from temporary differences	-	
EU-25a	Losses for the current financial year (negative amount)	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	
26	Not applicable	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	
27a	Other regulatory adjustments	-	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(361,575)**	
29	**Common Equity Tier 1 (CET1) capital**	**311,373,433**	

	Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	200,000,000	(B)
31	of which: classified as equity under applicable accounting standards	200,000,000	(B)
32	of which: classified as liabilities under applicable accounting standards	-	
33	Net Stable Funding Ratio	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**200,000,000**	
	Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
41	Not applicable	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	
42a	Other regulatory adjustments to AT1 capital	-	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	-	
44	**Additional Tier 1 (AT1) capital**	200,000,000	
45	**Tier 1 capital (T1 = CET1 + AT1)**	511,373,433	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	-	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Credit risk adjustments	-	
51	**Tier 2 (T2) capital before regulatory adjustments**	-	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	
54a	Not applicable	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	
56	Not applicable	-	

EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
EU-56b	Other regulatory adjustments to T2 capital	-	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	-	
58	**Tier 2 (T2) capital**	-	
59	**Total capital (TC = T1 + T2)**	**511,373,433**	
60	**Total Risk exposure amount**	**947,763,385**	

	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	32.85%	
62	Tier 1 capital	53.96%	
63	Total capital	53.96%	
64	Institution CET1 overall capital requirements	9.55%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.86%	
67	of which: systemic risk buffer requirement	0.00%	
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	1.69%	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	26.66%	
	National minima (if different from Basel III)		
69	Not applicable	-	
70	Not applicable	-	
71	Not applicable	-	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	-	
74	Not applicable	-	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	
	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	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

Table EU CC2 below provides a detailed overview of the composition of the Bank's own funds in accordance with the CRR.

		a & b	c
		Balance sheet as in published financial statements and under regulatory scope of consolidation	**Reference**
		30 September 2025	
		Amounts in EUR 000s	
	Assets		
1	Balances with Central Bank of Malta and cash	376,165	
2	Loans and advances to banks	33,013	
3	Loans and advances to customers	663,937	
4	Invoice discounting receivables	25,798	
5	Investment securities	2,280	
6	Commodities held at FVTPL	-	
7	Property and equipment	380	
8	Intangible assets	175,609	(G)
9	Other assets	399	
10	Prepayments and accrued income	3,505	
11	**Total assets**	**1,281,086**	
	Liabilities		
1	Amounts owed to customers	765,135	
2	Current tax liability	1,127	
3	Provisions	10	
4	Deferred tax liabilities	1,048	
5	Accruals	1,665	
6	Other liabilities	367	
7	**Total liabilities**	**769,352**	
	Shareholders' Equity		
1	Share capital	117,690	(A)
2	Non-cumulative AT1 Notes	200,000	(B)
3	Shareholders' contribution	12,537	(C)
4	Share premium	34,857	(D)
5	Fair value reserve	22,422	(E)
6	Retained earnings	124,228	(F)
7	**Total shareholders' equity**	**511,734**	

In line with Article 437 of the CRR the following table discloses the main features and terms and conditions of the Ordinary share capital and the AT1 instruments:

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

		Ordinary Share Capital	AT1 Notes "Issue 1"	AT1 Notes "Issue 2"
1	Issuer	ECCM Bank Plc	ECCM Bank Plc	ECCM Bank Plc
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A
2a	Public or private placement	Private	Private	Private
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	No	No
	Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1 capital	AT1 capital	AT1 capital
5	Post-transitional CRR rules	CET1 capital	AT1 capital	AT1 capital
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Tier 1 as published in Regulation (EU) No 575/2013 articles 26 and 28	Additional Tier 1 as published in Regulation (EU) No 575/2013, article 52	Additional Tier 1 as published in Regulation (EU) No 575/2013, article 52
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 117.67 million	EUR 100 million	EUR 100 million
9	Nominal amount of instrument	EUR 117.69 million	EUR 100 million	EUR 100 million
EU-9a	Issue price	EUR 10k per share	EUR 10k per unit	EUR 10k per unit
EU-9b	Redemption price	N/A	At par	At par
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity
11	Original date of issuance	1 Jul 2014	31 Dec 2015	28 Jun 2018
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	No Maturity	No Maturity	No Maturity
14	Issuer call subject to prior supervisory approval	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	No	N/A	N/A
16	Subsequent call dates, if applicable	No	Refer to Note 1	Refer to Note 1
	Coupons / dividends			
17	Fixed or floating dividend/coupon	Dividend	Fixed to Floating	Fixed to Floating
18	Coupon rate and any related index	N/A	Refer to Note 2	Refer to Note 2
19	Existence of a dividend stopper	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	Fully discretionary	Fully discretionary
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	N/A	Refer to Note 3	Refer to Note 3
25	If convertible, fully or partially	N/A	Fully	Fully
26	If convertible, conversion rate	N/A	Convertible to Share capital in accordance with the value of the Bank at the point of conversion	Convertible to Share capital in accordance with the value of the Bank at the point of conversion
27	If convertible, mandatory or optional conversion	N/A	Mandatory	Mandatory
28	If convertible, specify instrument type convertible into	N/A	Ordinary Shares	Ordinary Shares
29	If convertible, specify issuer of instrument it converts into	N/A	ECCM Bank Plc	ECCM Bank Plc
30	Write-down features	N/A	N/A	N/A
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	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	Ordinary Shares	Subordinated	Subordinated
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to AT1 Notes	Subordinated to senior creditors and depositors	Subordinated to senior creditors and depositors
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A	N/A

Note 1 - The Bank may, at its own discretion, elect to redeem all, but not some of the outstanding Notes, at their principal amount together with accrued interest, on 31 December 2023 for "Issue 1" and on 28 June 2028 for "Issue 2" or on any other Interest Payment Date thereafter subject to the prior approval of the MFSA. The Bank has decided not to avail of this option for Issue 1 for the time being.

Note 2 - From the date of issuance to (but excluding) 31 December 2023 for "Issue 1" and 28 June 2028 for "Issue 2" (the "Reset Date"), the interest rate on the Notes will be fixed at 4.5% per annum. Thereafter the applicable interest rate per annum will be equal to the 12m Euribor plus an initial credit spread of 3.5% (min. 3.5%) for "Issue 1" and 3.45% (min. 3.45%) for "Issue 2". Thereafter the rate is reviewable annually upon each anniversary of the reset date.

Note 3 – Trigger event If the Bank's Common Equity Tier 1 Capital ratio on an unconsolidated basis referred to in point (a) of Article 92(1) of the CRR falls below the regulatory thresholds, the Bank can convert the Notes under AT1 into ordinary shares. If a Trigger Event occurs, at any time, then an automatic conversion will occur on conversion date, at which point all of the Bank's obligations under the converted Notes shall be irrevocably and automatically released on consideration of the Bank's issuance of the conversion shares and under no circumstances shall such released obligation be reinstated. The Notes are not convertible into Conversion Shares at the option of the Holders at any time. The Notes may be converted into equity at the request of the MFSA if it determined that without such conversion the Bank would become non-viable or if there is a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable.

5.1 Ordinary Share Capital

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 general meetings of the Shareholders. All shares in issue rank equally with regard to the Bank's residual assets.

During the year ending 30 September 2025, the Bank has approved and paid a total dividend of EUR 12.5 million (2024: EUR 10 million).

5.2 Additional Tier 1 capital

On 31 December 2015 the Bank for the first time issued EUR100 million Undated Non-Cumulative Fixed to Floating Rate Additional Tier 1 Notes (the "Notes") "Issue 1". A second similar issue "Issue 2" was launched on 28 June 2018. EU CCA, Note 2 & 3 (above) highlight the features of the instruments.

5.3 Shareholders' contribution

No changes in shareholders' contribution were recognised during the year under review. Shareholders' contribution as at 30 September 2025 amounted to EUR 12.537 million (2024: EUR12.537 million).

The following terms and conditions of the Contribution render this instrument to be equity in nature in accordance with the requirements of IAS 32 Financial Instruments Presentation:

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

The Contribution is also eligible as Own Funds in terms of the Capital Requirements Directive.

6. Capital management and requirements

6.1 Capital management

(Article 438 CRR)

The Bank is a licensed credit institution and must therefore comply with the relevant capital requirement laws and regulations. The Bank's capital management is based on the regulatory requirements established by local laws and regulations which are modelled on the requisites of the CRD rules.

The prudent and efficient management of capital remains one of the Bank's top priorities. The Bank must have sufficient capital to comply with regulatory capital requirements and internal risk appetite thresholds. The purpose of the Bank's capital management is to ensure an efficient use of capital in relation to its risk appetite as well as to ensure that it has sufficient capital to allow the Bank to develop its business. Capital is managed primarily through the capital planning process that determines the optimal amount and mix of capital that should be held by the Bank, subject to regulatory limits.

In implementing current capital requirements, the MFSA requires the Bank to maintain a prescribed ratio of total capital to risk-weighted assets. The Bank uses the standardised approach to measure credit risk.

The Bank's regulatory capital at 30 September 2025 and 30 September 2024 consisted of the following elements:

- Common Equity Tier 1 capital, which includes ordinary shares, share premium (as from 2019), shareholders' contribution, retained earnings and fair value reserve after deductions for intangible assets and deferred tax assets amounting to EUR311 million (2024: EUR285 million); and
- Additional Tier 1 capital which includes undated non-cumulative Notes amounting to EUR200 million (2024: EUR200 million);
- The Bank's total capital ratio at reporting date amounted to 53.96% (2024: 72.54%). During these two periods, the Bank complied with all the externally imposed capital requirements to which it is subject.

6.2 Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process

(Article 438 (a) and (c) & Article 451a CRR – Tables EU OVC and EU LIQA)

6.2.1 Internal Capital Adequacy Assessment Process (ICAAP)

The ICAAP is a forward-looking exercise in which the Bank assesses whether it has sufficient capital to cover its risks. The Bank submits its ICAAP report on an annual basis to the local regulator. The Bank's ICAAP is aligned with regulatory requirements, including any related EBA guidelines.

The Bank has a risk management framework in place to identify, quantify and mitigate its risks. The Bank outlines all the risks it is exposed to in its Risk Register. The materiality of each of these risks is assessed by the Bank's management, so to determine the impact of the occurrence of same would have on the Bank's financial standing and decide whether any relative capital charge should be considered. Appropriate risk monitoring processes are established for each material risk, whereby a risk owner is assigned.

The capital requirement based on the risk appetite of the Bank is monitored at every Board Meeting taking into consideration the level of capital which the Bank has, the capital requirement for each risk and expansion of the business envisaged (forecasts & budgets). Stressed scenarios are included in the process. The preparation of the ICAAP is carried out by the senior personnel of the Bank involved in finance and risk. The ICAAP is ultimately challenged by the Board non-executive members and the Bank's internal audit team and approved by the Board of Directors.

The MFSA requires the Bank to maintain a Total SREP Capital Requirement ("TSCR") of 11% made up of minimum Own Funds requirement of 8% (to cover Pillar 1 risks) in line with Article 92(1), and additional Own Funds requirement ("P2R") of 3%. The Bank's current TSCR has been in place since its last SREP letter dated 12 April 2021.

Based on regulatory requirements, the Bank assesses capital adequacy through two perspectives: the normative perspective and the economic perspective.

- The **normative perspective** involves a multi-year assessment of regulatory and supervisory requirements over the medium term. The Bank uses both a baseline scenario (normal conditions) and an adverse macro-economic scenario, reflecting worsening geopolitical developments and increased commodity prices, to assess capital adequacy.
- The **economic perspective** covers all risks impacting the Bank's capital and liquidity position. This involves a point-in-time risk quantification as of 30 September 2025, considering economic value rather than accounting or regulatory provisions. The Bank uses this perspective to determine if an additional management buffer is necessary beyond the Total SREP Capital Requirement (TSCR) to cover all economic losses from material risks.

As part of its risk management framework, the thresholds of the Bank's material risks within the ICAAP reflects the quantifications performed by the Bank. The ICAAP, using both perspectives highlighted above and any stress testing results performed, assists the Bank to calibrate early warning signals and risk tolerance levels in the Risk Appetite Statement and Risk Register (RR), in case it is deemed necessary. These metrics are monitored by the Risk Department of the Bank on a weekly basis. This is performed to ensure that the set limits are respected and so that any deterioration in the Bank's risk profile is identified and escalated to the Board early enough to be effective. The levels achieved are also reported to the Risk Committee at each meeting.

6.2.2 Internal Liquidity Adequacy Assessment Process (ILAAP)

The ILAAP is a forward-looking exercise in which the Bank assesses whether it has sufficient liquid assets to service its existing and foreseeable commitments as they arise. The Bank submits its ILAAP report on an annual basis to the local regulator including an assessment of the amounts, types and distribution of liquidity that it considers adequate to cover the level and nature of the risks to which it is or might be exposed.

The liquidity requirements of the Bank are monitored and assessed by the Management on a regular basis, so to determine how much current and future liquid assets are necessary for the Bank to operate having considered other mitigating factors. The Board is informed on the liquidity requirement for each risk and expansion of the business envisaged (forecasts & budgets) and what steps are being taken to mitigate such risks. Stressed scenarios are included in the process. The ILAAP is approved by the Board of Directors and is used as an integral part of the Bank's management and decision-making process.

The preparation of the ILAAP is carried out by the senior personnel of the Bank involved in finance and risk. The ILAAP is ultimately challenged by the Board non-executive members and the Bank's internal audit team and approved by the Board of Directors.

The ILAAP measures the Bank's liquidity adequacy through the normative and economic perspectives:

- The **normative perspective** assesses the Bank's multi-year liquidity plan and ensures the fulfilment of all regulatory requirements, projecting ratios like LCR and NSFR.
- The **economic perspective** utilises internal methodologies to evaluate liquidity risks and determine if internal buffers beyond regulatory requirements are needed. This includes survival period assessments under adverse and extreme scenarios to measure how long the Bank can operate under stress without external funding.

These results assist in calibrating the liquidity risk appetite metrics in the Bank's Risk Appetite Statement.

6.2.3 Interest rate risk in the Banking Book (IRRBB)

As part of its approach to quantify its capital requirements the Bank monitors its Interest Rate Risk in the Banking Book (IRBBB) to ensure that this is aligned with applicable regulatory framework, which is primarily the EBA Guidelines on the management of interest rate risk arising from non-trading book activities EBA/GL/2022/14).

In designing its approach for the calculation of IRRBB, the Bank follows the below regulatory guidelines:

i. Guidelines issued on the basis of Article 84 (6) of Directive 2013/36/EU specifying criteria for the identification, evaluation, management and mitigation of the risks arising from potential changes in interest rates and of the assessment and monitoring of credit spread risk, of institutions' non-trading book activities (EBA/GL/2022/14).
ii. Draft Regulatory Technical Standards specifying standardised and simplified standardised methodologies to evaluate the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of an institution's non-trading book activities in accordance with 84(5) of Directive 2013/36/EU (EBA/RTS/2022/09).
iii. Draft Regulatory Technical Standards specifying supervisory shock scenarios, common modelling and parametric assumptions and what constitutes a large decline for the calculation of the economic value of equity and of the net interest income in accordance with Article 98(5a) of Directive 2013/36/EU (EBA/RTS/2022/10). The EBA Guidelines follow closely the Basel Committee on Banking Supervision 'Interest rate risk in the banking book' of April 2016 ('BCBS D368 Principles') and its previous version of September 2015 ('BCBS D319 Principles'). In this respect, when developing the model to measure the exposure to IRRBB, the Bank has also considered these BCBS standards.

Approaches used by the Bank to measure IRRBB

As per paragraph 88 of EBA/GL/2022/14 there are two complementary approaches to measuring IRRBB:

i. Changes in economic value (i.e. EV or EVE when assessing the change in value relative to equity).
ii. Changes in expected earnings (i.e. changes in forecast net interest income ('NII')).

The key difference between the two measures is that EVE calculates the change in the net-present value of the balance sheet under a range of yield curve stress scenarios while NII looks at the change in expected earnings.

EVE measures the changes in the net present value of the interest rate sensitive instruments over their remaining life resulting from interest rate movements, i.e. until all positions have run off. A run-off balance sheet is a balance sheet where existing non-trading book positions amortise and are not replaced by any new business (in accordance with Article 4(j) of the EBA/RTS/2022/10). In this way, EVE is a long-term measure, assessing the impact over the remaining life of the balance sheet.

Conversely, NII is a short-medium term measure which assesses the impact to expected future profitability within a given time horizon resulting from interest rate movements. In accordance with Article 5 (d) of EBA/RTS/2022/10, the Bank measures its NII under a constant balance sheet assumption, whereby balance-sheet items (in the total size and composition) are maintained by replacing maturing or repricing cash flows with new cash flows that have identical features with regard to the amount, repricing period and spread components.

Sophistication of the IRRBB quantification model

In line with Annex II of the EBA/GL/2022/14, the Bank measures its exposure to IRRBB in a proportionate manner, which reflect the level, complexity, and riskiness of the non-trading book positions relevant to its business model. In this respect, Annex II of the EBA/GL/2022/14 provides indicative supervisory expectations regarding IRRBB metrics and modelling depending on the institution's sophistication category. The EBA/GL/2022/14 establish a 'sophistication table', which refers to the four institution categories laid down in the EBA SREP Guidelines. The different categories reflect different size, structure and the nature, scope and complexity of activities of institutions; with Category 1 corresponding to the most sophisticated institutions and Category 4 corresponding to the least sophisticated institutions.

According to par. 11 of the EBA Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing (EBA/GL/2014/13) and par. 17 of the Consultation Paper on SREP (EBA/GL/2022/03), Competent Authorities should categorise institutions as follows:

i. Category 1: G-SIIs, O-SIIs and 'large' institutions pursuant to Article 4(1), point (146) of Regulation (EU) No 575/2013 ("CRR").
ii. Category 2: 'Medium' to 'large' institutions other than those included in Category 1 which are not 'small and non-complex institution' as defined in Article 4(1), point (145) of the CRR.
iii. Category 3: 'Small to medium' institutions other than those included in Categories 1 and 2, which are not 'small and non-complex institution' as defined in Article 4(1), point (145) of the CRR with less significant market shares in their lines of business.
iv. Category 4: all institutions defined as 'small and non-complex institution' pursuant to Article 4(1), point (145) of the CRR that do not fall into Categories 1 to 3.

ECCM Bank is not considered a 'large' institution in terms of article 4(1), point (146) of the CRR since it is neither of the following: a G-SII, nor an O-SII, nor one of the three largest institutions in Malta, nor is it an institution with total assets of more than €30 billion. Nevertheless, when comparing the level of assets of the Bank with other local institutions, the Maltese regulatory authorities consider ECCM Bank satisfies the definition of a 'small to medium institution' and is therefore classified under Category 3.

The IRRBB models developed by the Bank are based on an unconditional cash flow modelling approach. This approach assumes that the timing and amount of cash flows are independent of the specific interest rate scenarios. Hence, the assumptions (e.g. relating to behaviour, contribution to risk, and balance sheet size and composition) are themselves not functions of changing interest rate levels. The Bank does not deem it necessary to follow a conditional cash flow modelling approach on the premise that only Category 1 and Category 2 institutions are expected to adopt a conditional cash flow modelling approach.

As per Annex II of the EBA/GL/2022/14, a 'Category 3' institution such as ECCM Bank is expected to use the time buckets advised in BCBS Standards, apply standard (i.e. the 200 basis points parallel up and parallel down shift in interest rates) and other interest rate shocks, and adopt a yield curve model with tenors corresponding to the time buckets.

The Bank measures its IRRBB for financial instruments denominated in the material currencies separately (i.e. under different interest rate shock scenarios) as per paragraph 92 of EBA/GL/2022/14.

Determining the repricing date for cash flow bucketing

The use of economic value and earnings-based measures involves estimating cash flows, but the content and treatment is different: for EVE measures, all existing balance sheet items (both principal and interest flows) are discounted at a relevant rate, whereas NII measures include all cash flows, including all margins and principal flows from expected future business, and are not discounted (section 3.3 of Annex 1 of the BCBS D368 Principles).

The Bank projects all future notional repricing cash flows arising from interest rate-sensitive instruments onto time buckets into which they fall according to their repricing dates.

A notional repricing cash flow is:

i. any repayment of principal (e.g. at contractual maturity)
ii. any repricing of principal; repricing is said to occur at the earliest date at which either the Bank or its counterparty is entitled to unilaterally change the interest rate, or at which the rate on a floating rate instrument changes automatically in response to a change in an external benchmark; or
iii. any interest payment on a tranche of principal that has not yet been repaid or repriced.

The date of each repayment, repricing or interest payment is referred to as its repricing date.

Notional repricing cash flows are slotted into appropriate time buckets based on their contractual maturity if subject to fixed coupons or according to the next repricing period if coupons are floating.

Fixed rate positions generate cash flows that are certain till the point of contractual maturity. Examples are fixed rate loans without embedded prepayment options, term deposits without redemption risk and other amortising products such as mortgage loans. All coupon cash flows, and periodic or final principal repayments are allocated to the time bucket midpoints closest to the contractual maturity.

Floating rate positions generate cash flows that are not predictable past the next repricing date other than that the present value would be reset to par. Accordingly, such instruments are treated as a series of coupon payments until the next repricing and a par notional cash flow at the time bucket midpoint closest to the next reset date bucket. Floating rate instruments are assumed to reprice fully at the first reset date. Hence, the entire principal amount is slotted into the bucket in which that date falls (reset date), with no additional slotting of notional repricing cash flows to later time buckets.

Shock scenarios for measuring the change in EVE

For each material currency "c" the specified size of the parallel, short and long shocks to the 'risk-free' interest rate, the following parameterisations of the six supervisory shock scenarios shall be applied as per Article 3 of EBA/RTS/2022/10:

1. Parallel shock up

$$\Delta R_{parallel},c(t_k) = \underline{R}_{parallel},c$$

2. Parallel shock down

$$\Delta R_{parallel},c(t_k) = -\underline{R}_{parallel},c$$

3. Steepener shock (short rates down and long rates up)

$$\Delta R_{steepener,c}(t_k) = -0{,}65 \cdot |\Delta R_{short,c}(t_k)| + 0{,}9 \cdot |\Delta R_{long,c}(t_k)|$$

4. Flattener shock (short rate up and long rates down)

$$\Delta R_{flattener,c}(t_k) = +0{,}8 \cdot |\Delta R_{short,c}(t_k)| - 0{,}6 \cdot |\Delta R_{long,c}(t_k)|$$

5. Short rates shock up

$$\Delta R_{short,c}(t_k) = +\underline{R}_{short,c} \cdot S_{short}(t_k) = +\underline{R}_{short,c} \cdot e^{\frac{-t_k}{x}}$$

6. Short rates shock down

$$\Delta R_{short,c}(t_k) = -\underline{R}_{short,c} \cdot S_{short}(t_k) = -\underline{R}_{short,c} \cdot e^{\frac{-t_k}{x}}$$

The specified size of the interest rate shocks for the Bank's material currencies according to Annex 1 of the final draft of the EBA Regulatory Technical Standards are as follows:

	EUR (in basis points)	USD (in basis points)
Parallel	200	200
Short	250	300
Long	100	150

The Bank prepares its IRRBB calculations on a quarterly basis in line with the applicable regulatory reporting requirements. The results are shared and discussed within the Risk Committee of the Bank and presented to the Board of Directors at each board meeting.

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

		A	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
Supervisory shock scenarios		Current period	Last period	Current period	Last period
1	Parallel up	172	(606,373)	4,042,587	5,845,941
2	Parallel down	(4,224,848)	(4,051,963)	(5,915,102)	(3,347,510)
3	Steepener	1,918,716	1,291,906		
4	Flattener	(2,431,664)	(3,230,978)		
5	Short rates up	(1,772,691)	(2,615,949)		
6	Short rates down	(933,869)	(384,122)		

6.3 Capital requirements

(Article 438 (d) CRR – Table EU OV1)

Capital requirements represent the amount of capital resources that a bank must allocate against risk. The Bank uses the following methods to calculate the capital charge for each risk:

- *Credit risk:* the Bank uses the standardised approach to calculate its capital requirements for credit risk. To calculate the risk-weighted exposure amounts, risk weights are applied based on the exposure class and the related credit quality.
- *Market risk*: the Bank has adopted the Basic Method to determine its market/ foreign exchange risk requirement in accordance with Article 325 of the CRR.
- *Operational risk*: the Bank calculates its capital requirement for operational risk using the Basic Indicator Approach in terms of Article 315 of CRR. The own funds requirement amounts to 15% of the average three years of the relevant indicator, as defined in Article 316. Elements within the relevant indicator includes interest receivable and similar income, interest payable and similar charges, commissions and fees, net profit or loss on financial operations and other operating income.

As at 30 September 2025, the Bank is not exposed to other risks calculated in terms of Article 92(3) of the CRR, as highlighted in Table EU OV1 below.

EU OV1 – Overview of total risk exposure amounts

		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		30 Sept 2025	30 Sept 2024	30 Sept 2025
1	Credit risk (excluding CCR)	469,484,344	401,014,346	37,558,748
2	Of which the standardised approach	469,484,344	401,014,346	37,558,748
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which: slotting approach	-	-	-
EU 4a	Of which: equities under the simple risk weighted approach	-	-	-
5	Of which the advanced IRB (AIRB) approach	-	-	-
6	Counterparty credit risk – CCR	-	-	-
7	Of which the standardised approach	-	-	-
8	Of which the internal model method approach	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment – CVA	-	-	-
9	Of which other CCR	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	413,609,645	190,881,596	33,088,772
21	Of which the standardised approach	413,609,645	190,881,596	33,088,772
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	64,669,396	76,225,626	5,173,552
EU 23a	Of which basic indicator approach	64,669,396	76,225,626	5,173,552
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
29	**Total**	**947,763,385**	**668,121,568**	**75,821,072**

7. Unencumbered assets

(Article 443 CRR – Tables EU AE1 and AE4)

The disclosure on asset encumbrance emanates from Banking Rule 07 transposing the provisions of the EBA Guidelines on Disclosure of Encumbered and Unencumbered Assets (EBA/GL/2014/03). As described in section 1.1.3, the following disclosures in this section are not mandatory but have been included for the purpose of transparency and to provide further insight into the Bank's risk profile.

The objective of this disclosure is 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. There were no encumbered assets held by the Bank as at reporting date.

The unencumbered assets disclosed under 'Other assets' in the above table mainly include loans and advances to customers, cash and cash equivalents, invoice discounting receivables, property and equipment, intangible assets, accrued income and other assets.

Tables EU AE2 – Collateral received and own debt securities issued and EU AE3 – Sources of encumbrance are not included as they are not applicable to the Bank.

As can be noted from Table EU AE1, as at 30 September 2025 the Bank does not have any encumbered assets.

EU AE1 - Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		Total	of which notionally eligible EHQLA and HQLA	Total	of which notionally eligible EHQLA and HQLA	Total	of which EHQLA and HQLA	Total	of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the institution**	-	-	-	-				
030	Equity instruments	-	-	-	-	2,280,000	-	2,280,000	-
040	Debt instruments	-	-	-	-	-	-	-	-
050	of which: covered bonds	-	-	-	-	-	-	-	-
060	of which: securitisations	-	-	-	-	-	-	-	-
070	of which: issued by general governments	-	-	-	-	-	-	-	-
080	of which: issued by financial corporations	-	-	-	-	-	-	-	-
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	-	-	-	-	1,278,805,428	370,168,018	-	-

8. Leverage

(Article 451(1) (a) and (b) CRR – Tables EU LR1, EU LR2 and EU LR3)

Article 451 of the CRR obliges financial institutions to disclose information on the leverage ratio of the institution. The leverage ratio is measured by comparing the amount of capital the institution has with its total assets.

The Bank's leverage ratio workings as at 30 September 2025 are reproduced hereunder, which highlights the significant buffer above the 3% minimum requirement.

Given the type and level of assets held, the Bank's leverage ratio significantly exceeds the required minimum requirement. Thus, the Bank considers the risk of excessive leverage to be immaterial.

The Bank's Risk Appetite Statement establishes internal levels to ensure these trends are maintained. Management monitors these levels weekly and reports to the Risk Committee and BoD at each board meeting.

As described in section 1.1.3, the following disclosures in this section are not mandatory but have been included for the purpose of transparency and to provide further insight into the Bank's risk profile.

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

		a
		Applicable amount
1	Total assets as per published financial statements	1,281,085,428
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	Adjustment 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)	18,410,160
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	(361,576)
13	**Total exposure measure**	**1,299,134,012**

EU LR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a	b
		30 Sept 2025	30 Sept 2024
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	1,281,085,426	985,442,311
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	(361,574)	-
6	(Asset amounts deducted in determining Tier 1 capital)	-	-
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**1,280,723,852**	**985,442,311**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	-	-
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	-	-
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivatives exposures**	-	-
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**Total securities financing transaction exposures**	-	-
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	24,133,050	15,533,498

20	(Adjustments for conversion to credit equivalent amounts)	(5,722,890)	(12,426,798)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	-	-
22	**Off-balance sheet exposures**	**18,410,160**	**3,106,700**
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Excluded exposures to shareholders according to Article 429a (1), point (da) CRR)	-	-
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a(1) CRR)	-	-
EU-22m	(Total exempted exposures)	-	-
	Capital and total exposure measure		
23	**Tier 1 capital**	511,373,433	484,670,919
24	**Total exposure measure**	1,299,134,012	988,549,011
	Leverage ratio		
25	Leverage ratio (%)	39.36%	49.03%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	39.36%	49.03%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	39.36%	49.03%
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	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		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
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)	1,299,134,012	988,549,011
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)	1,299,134,012	988,549,011
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)	39.36%	49.03%
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)	39.36%	49.03%

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:**	**1,280,723,851**
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	1,280,723,851
EU-4	Covered bonds	-
EU-5	Exposures treated as sovereigns	376,159,285
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	-
EU-7	Institutions	33,018,559
EU-8	Secured by mortgages of immovable properties	-
EU-9	Retail exposures	-
EU-10	Corporates	692,764,337
EU-11	Exposures in default	-
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	72,946,917

9. Liquidity risk

The Bank's goal in managing liquidity risk is to maintain sufficient liquidity to fulfil its short- and long-term obligations under both normal and stressed conditions, while avoiding reputation damage or costs.

As described in section 1.1.3, the following disclosures in this section are not mandatory but have been included for the purpose of transparency and to provide further insight into the Bank's risk profile.

The Bank's liquidity ratios consistently exceed the established minimum requirements, deeming this risk as minimal. In fact, the Bank's LCR remained relatively stable at c.340% throughout the year, despite funding consistently being raised from non-operational depositors. The Bank's Risk Appetite Statement sets internal levels to maintain these trends. Management monitors these levels weekly and reports them to the Risk Committee and the Board at each meeting.

9.1 Liquidity Coverage Ratio (LCR)

(Article 451a(2) CRR – Table EU LIQ1)

The LCR seeks to ensure a bank's short-term liquidity resilience over a 30-day stress period. It assesses the volume of unencumbered high-quality liquid assets ("HQLA") that can be readily and rapidly converted into cash in private markets, compared against net cash outflows from both contractual obligations and modeled stressed exposures during the 30-day timeframe.

EU LIQ1 - Quantitative information of LCR

		A	B	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024	30 Sep 2025	30 Jun 2025	31 Mar 2025	31 Dec 2024
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					487,585,681	481,729,165	469,718,288	459,306,354
CASH – OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-	-	-	-	-
3	*Stable deposits*	-	-	-	-	-	-	-	-
4	*Less stable deposits*	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	-	-	-	-	-	-	-	-
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	*Non-operational deposits (all counterparties)*	461,823,792	469,942,633	480,676,248	487,576,542	198,885,866	203,795,342	202,987,763	202,345,101
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	*Secured wholesale funding*					-	-	-	-
10	Additional requirements	-	-	-	-	-	-	-	-
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*	9,872,095	10,113,993	10,175,099	10,628,535	3,682,536	3,507,781	3,128,266	2,358,435
14	Other contractual funding obligations	3,522,605	3,488,165	966,272	509,637	-	-	-	-
15	Other contingent funding obligations	-	-	-	-	-	-	-	-
16	TOTAL CASH OUTFLOWS					202,568,402	207,303,123	206,116,029	204,703,536
CASH – INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	9,860,335	9,855,922	13,675,519	13,364,302	4,930,418	4,928,149	6,837,885	6,682,214
19	Other cash inflows	49,614,197	59,092,894	66,126,363	65,556,508	49,614,197	59,092,769	66,125,988	65,555,987
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
20	TOTAL CASH INFLOWS	59,474,532	68,948,817	79,801,882	78,920,809	54,544,614	64,021,043	72,964,248	72,238,721
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	59,474,532	68,948,817	79,801,882	78,920,809	54,544,614	64,021,043	72,964,248	72,238,721
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					487,585,681	481,729,165	469,718,288	459,306,354
22	TOTAL NET CASH OUTFLOWS					148,023,788	143,282,081	133,151,781	132,464,815
23	LIQUIDITY COVERAGE RATIO					329.40%	336.21%	352.77%	346.74%

9.2 Net Stable Funding Ratio

(Article 451a(3) CRR – Table EU LIQ2)

The NSFR mandates banks to have a stable long-term funding profile for their balance sheet activities. It is calculated as the ratio of Available Stable Funding (stable capital and liquidities) to Required Stable Funding (based on asset liquidity).

EU LIQ2: Net Stable Funding Ratio

		a	b	c	d	e
	(in currency amount)	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	511,551,137	-	-	-	511,551,137
2	*Own funds*	511,551,137	-	-	-	511,551,137
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		-	-	-	-
5	*Stable deposits*		-	-	-	-
6	*Less stable deposits*		-	-	-	-
7	Wholesale funding:		128,368,587	35,200,000		67,545,024
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		-	-	-	-
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		-	-	-	-
12	*NSFR derivative liabilities*					
13	*All other liabilities and capital instruments not included in the above categories*		315,447,139	24,026,009	266,308,687	277,273,705
14	**Total available stable funding (ASF)**					**856,369,866**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					-
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:		77,861,881	101,765,252	415,241,322	442,768,690
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 institutions*		-	-	-	-
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		77,861,881	101,765,252	412,961,321	440,830,689
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
22	*Performing residential mortgages, of which:*		-	-	-	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		-	-	-	-
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 products*		-	-	2,280,001	1,938,001

25	Interdependent assets		-	-	-	-
26	Other assets:		-	-	-	-
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*		37,688,369	8,296,884	263,883,066	286,875,692
32	Off-balance sheet items		24,133,050	-	-	1,206,653
33	**Total RSF**					**730,851,035**
34	**Net Stable Funding Ratio (%)**					**117.17%**

10. Environmental, Social and Governance ("ESG") /Sustainability considerations

Transitioning to a low-carbon and more circular economy entails both risks and opportunities for the economy and financial institutions, while physical damage caused by climate change and environmental degradation can have a significant impact on the real economy and the financial system. To this end, the BoD approved the ESG Risk Management Framework which is reviewed on an annual basis. In addition, ESG matters are a fixed agenda item at the Risk Committee meetings. Consequently, any updates on ESG related topics are discussed and monitored by the Risk Committee and presented to the Board of Directors at each board meeting as part of the general Risk Management update.

Furthermore, an ESG Steering Committee which reports to the Risk Committee, has also been set up to steer the roll out of initiatives relating to the Bank's ESG agenda. The Steering Committee is tasked with providing oversight and review of the Bank's policies, programs, practices, strategies and approach to ESG topics. The Board of Directors has appointed one of the independent non-executive board members to Chair this Committee, with direct reporting obligations to the Risk Committee and subsequently to the Board.

The Steering Committee also includes two Executive Directors from the Board and members of the Senior Management from the Finance, Risk and Corporate Banking Departments. Other officials are invited as required. An Action Plan is in place to steer ECCM Bank ESG work streams and initiatives. Meetings are minuted and through the Steering Committee, the Chair reports on progress made on ESG topics to the Risk Committee and the Board of Directors at each board meeting. Periodic contact is maintained with designated officials across all the borrowing base to obtain any information regarding climate and environmental information. The Steering Committee has met for five times during the period under review.

The Bank is therefore factoring ESG risk in its operational activity to align with the underlying regulatory expectations as applicable to its size, structure and business model. Such measures shall be adopted in the Risk Appetite Statement of the Bank. The Bank plans to keep enhancing its considerations of sustainability risk into its risk management framework during the coming years so as to anticipate compliance with the upcoming applicable regulatory requirements. As the regulatory framework on ESG, including climate change risk evolves the Bank will continue following closely regulatory guidelines, developments and supervisory expectations to adopt same as these come into force.

11. Remuneration policy and practices

In terms of Article 450 of the CRR, institutions are required to disclose information on the Bank's remuneration policy and practices of those staff whose professional activities have a material impact on its risk profile.

More specifically, disclosures in respect of the Bank's Material Risk Takers are highlighted within this section. Material Risk Takers are staff whose actions significantly impact the Bank's risk profile. They are identified by using quantitative and qualitative criteria specified in Commission Delegated Regulation (EU) 2021/923. This includes Board Members, senior management and key personnel in functions like risk management and compliance. The list of Material Risk Takers is reviewed and reconsidered by the Group's NRC on at least an annual basis.

The Bank's Material Risk Takers are as follows:

- *Supervisory function*: The supervisory function consists of the Bank's non-executive directors. They are responsible for providing direction and oversight. Non-executive directors are not employees of the Bank and receive a fixed fee as directors, and thus is not performance based.
- *Management function*: The management function consists of the Bank's executive directors. In this respect, the Bank's executive directors are the CEO and Chief Financial Officer ("CFO").
- *Other senior management*: With respect to the Bank, this category includes only internal control functions, namely the CRO as well as the COCB, in view of the head being responsible for a material business unit.

11.1 Mandate and composition of the Remuneration Committee

(Article 450 CRR – Table EU REMA)

The Board of Directors of the Bank has set up a Remuneration Committee with a mandate to review, on an annual basis, the performance of the key personnel based on reports presented by the CEO. The Remuneration Committee is responsible with overseeing the implementation of the remuneration and related policies of the Bank, and to make recommendations to the Board of Directors on the remuneration policies and practices of the Bank. This Committee is composed of three non-executive board members.

There was only one meeting of the Remuneration Committee in the period under review.

During the financial year ended 30 September 2025, the Board and the Remuneration Committee did not seek advice from external consultants in the areas relating to the remuneration framework.

11.2 Remuneration practices

(Article 450 and Article 450(1) (h) (i)-(ii) CRR – Tables EU REMA and EU REM1)

The Bank's remuneration practices are documented in its Remuneration policy. The Bank's remuneration policy was reviewed during the past financial year – the main changes were related to the inclusion of requirements from the amendments introduced in Banking Rule BR/21 'Remuneration policies and practices', including equal pay for all employees and fair compensation regardless of age, religion, and other such demographics.

The Bank's remuneration consists of a base salary and, where applicable, variable bonus awards. Remuneration is namely based on past performance, with no influence from any potential future expectations on the Bank's performance. As highlighted in the Bank's remuneration policy, the Bank has selected 12 pre-defined set of key performance indicators. These indicators include employee performance and initiative, motivation, assertiveness and similar skills apart from the quality of work and overall business comprehension. These indicators are assessed by the respective heads of department and presented to the CEO. The CEO presents the final appraisal and recommendations for all employees, including senior management, for the Remuneration Committee's consideration and approval.

Variable remuneration is tied to both institutional and individual performance. Up to 30% of an individual's fixed remuneration may be awarded as a bonus if the Bank is profitable and the individual meets their KPIs and annual assessment.

The Bank does not offer guaranteed variable remuneration and severance payments to any of its employees. The Bank only remunerates its employees through cash, and therefore does not have any criteria to determine the balance between different types of instruments awarded (including shares, equivalent ownership interest, options and other instruments). Moreover, the Bank does not offer deferrals on remuneration, payout in instrument, retention periods and vesting of variable remuneration. Thus, no further disclosure is required in respect of ex post adjustments (malus during deferral and clawback after vesting, as well as on shareholding requirements imposed on identified staff.

In line with the EBA's Guidelines on internal governance, individuals in internal control functions, including risk and compliance, are remunerated on selective performance indicators which are independent from any business decisions or business units.

The Remuneration Committee believes the remuneration packages are appropriate and in line with the Bank's philosophy to attract, retain and motivate executives having the right skills and qualities in order to ensure the proper management of the Bank.

For the financial year ended 30 September 2025, the ratio between fixed and variable remuneration paid by the Bank amounted to 89% in terms of fixed remuneration and 11% for variable remuneration, which includes directors fees (which are of a fixed nature).

No member of the Board of Directors or other employees, including senior management, was remunerated with an amount exceeding EUR 1 million.

Tables EU REM2, EU REM3 and EU REM4 are not being included as these are not applicable to the Bank.

Table EU REM1 - Remuneration awarded for the financial year

	Remuneration in EUR		a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1	Fixed remuneration	Number of identified staff	7	2	4	-
2		Total fixed remuneration	75,000	333,996	282,299	-
3		Of which: cash-based	-	333,996	282,299	-
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
7		Of which: other forms	-	-	-	-
9	Variable remuneration	Number of identified staff	-	2	4	-
10		Total variable remuneration	-	125,000	6,000	-
11		Of which: cash-based	-	125,000	6,000	-
12		Of which: deferred	-	-	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	Total remuneration (2 + 10)		**75,000**	**458,996**	**288,299**	**-**

12. Recruitment and Diversity policy

(Article 435(2) (b) and (c) CRR – Table EU OVB)

Effective recruitment and selection are vital for the successful functioning of the Bank. The Bank is committed to attracting and retaining the most competent staff with the requisite abilities, expertise, and qualifications to meet the Bank's strategic objectives and regulatory obligations.

The Bank is committed to equal employment opportunity for all employees and applicants for employment. Discrimination against any person in recruitment, appointment, training, promotion, discipline, pay or any other aspect of personnel administration is prohibited.

Whilst the Bank ensures that all of its personnel, at every level, are capable and competent to carry out their assigned duties, it also values diversity. The Bank seeks to promote an inclusive workplace culture where individuals of all backgrounds, identities and opinions can feel empowered in their professional capacity and achieve their maximum potential.

Moreover, the Bank upholds a Board Diversity policy, which establishes that it should be controlled and led by an effective Board that ensures collective responsibility for long-term and sustainable success. The Bank thus recognises that high-quality leadership is essential for a high-performance rate. The Board establishes the purpose, core values, and strategic directives for the Bank to ensure their integration into the Bank's culture and adherence by all staff members.

The Bank believes in the benefits of having a diverse Board and recognises that diversity of thought makes prudent business sense and may help achieve long term and sustainable achievement. Having a board composed of different genders, skills, experience, backgrounds and perspectives means:

- Competitive advantage;
- Robust understanding of opportunities, issues and risks;
- Inclusion of different concepts, ideas and relationships;
- Enhanced decision-making and dialogue; and
- Heightened capacity for oversight of the Bank and its governance.

All Board appointments and succession plans are based on merit and objective criteria, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

The Bank places great emphasis on ensuring that its board membership reflects diversity in its broadest sense. Consideration is given to the combination of demographics, skills, experience, race, age, gender, educational and professional background and other relevant personal attributes on the Board to provide the range of perspectives insights and challenge needed to support good decision making. The Board will make good use of these differences and distinctions among individuals in determining the optimum composition of the Board.

All Board appointments must collectively reflect the diverse nature of the business environment in which the Bank operates and be made on merit, in the context of the skills, experience, independence and knowledge which the Board requires to be effective.

The Board is committed to ensuring gender diversity and to diligently act to effect change. The Board has achieved its target set out in 2022, that of having a minimum of 22% female representation, i.e. at least two female directors on the Board. Notwithstanding this achievement, the Board aims at further enhancing its diversity in the broadest sense by including directors, which have a combination of different demographics, skills, experience, race, age, gender and educational and professional background.

There were no changes in directorships during the financial year ended 30 September 2025.

13. Other Directorships

(Article 435(2) (a) CRR – Table EU OVB)

Based on the Annual Declaration of Interest Form submitted by each individual director, the number of other directorships held by members of the Bank's Board are as follows:

		Number of other directorships held
Dr Patrick J. Galea	Chairman	3
Mr Clive D. Stanford	Non-Executive Director	5
Mr Matthias Kaindl	Non-Executive Director	4
Dr Christian Golsner	Non-Executive Director	3
Mr Michael Mendel	Independent Non-Executive Director	1
Dr Stefan Schmittmann	Independent Non-Executive Director	2
Ms Dorothy Kim Vella	Independent Non-Executive Director	3
Mr Anthony C. Schembri	Executive Director	4
Ms Jessica Fenech	Executive Director	2

For the purposes of this exercise, the number of other directorships held within the same group are being counted as a single directorship (privileged counting). This is in line with the guidance provided in the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU.

Furthermore, since certain directors hold other directorships within the same group as the Bank, these are being included as an additional single directorship.

Appendix 1 – List of tables

Appendix 2 – CRR references

CRR Reference	High-level summary	Applicable to ECCM Bank?	Currently being reported?	Reference within Pillar 3 disclosures or other commentary
Article 431: Scope of disclosure requirements				
431 (1)	Requirement to publish Pillar 3 disclosures	Yes	Yes	ECCM Bank publishes annual Pillar 3 disclosures
431 (2)	Firms with permission to use specific operational risk methodologies must disclose operational risk information.	No	No	ECCM Bank uses the basic indicator approach for operation risk – as a result no specific permissions in respect of the calculation of specific operational risk granted to the Bank.
431 (3)	Institution must have a policy covering frequency of disclosures, their verification, comprehensiveness and overall appropriateness. Additionally, Institution must have written attestation of at least one member of the management body or senior management that the required disclosures have been made.	Yes	Yes	Evidenced in Section 1.1 of the Pillar 3 disclosures.
431 (4)	Quantitative disclosures must be accompanied by qualitative narrative and any other supplementary information required to understand the disclosures.	Yes	Yes	Evidenced throughout the Pillar 3 disclosures.
431 (5)	Explanation of ratings decision upon request for SME ratings	No	No	Not applicable to ECCM Bank
Article 432: Non-material, proprietary or confidential information				
432 (1)	Institutions may omit information that is not material if certain conditions are respected.	No	No	Disclosures reported in line with EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Article 432(1), 432(2) and 433 of Regulation (EU) No 575/2013 (EBA/GL/2014/14)
432 (2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected.	No	No	
432 (3)	Where 432 (1) and (2) apply this must be stated in the disclosures, and more general information must be disclosed.	No	No	
Article 433: Frequency of disclosure				
433	Disclosures must be published once a year at a minimum, and more frequently if necessary.	Yes	Yes	ECCM Bank Pillar 3 regulatory disclosures comply with BR/07 'Publication of Annual Report and audited Financial Statements of credit institutions authorised under the Banking Act, 1994'. They also comply with the disclosure requirement timeframe set out under Article 433c(2) 'Disclosures by non-listed other institutions'
Article 433a: Disclosure by large institutions				
433a (1)	Disclosures under specified articles must be made on an annual, semi-annual or quarterly basis as is identified in this article.	No	No	ECCM Bank does not meet the definition of a large institution as set out in Article 4 (146) of the CRR
433a (2)	Non-listed G-SIIs are required to disclose information relating to specified articles on an annual or semi-annual basis as identified in this article.			
433a (3)	Large institutions subject to articles 92a or 92b must make additional disclosures on a semi- annual or quarterly basis as identified in this article.			

Article 433b: Disclosures by small and non-complex institutions				
433b (1)	Disclosures under specified articles must be made on an annual or semi-annual basis as is identified in this article.	No	No	ECCM Bank does not meet the definition of a small and non-complex institution as set out in Article 4 (145) of the CRR
433b (2)	Non-listed small and non-complex institutions are required to disclose information relating to specified articles on an annual basis as identified in this article	No	No	ECCM Bank does not meet the definition of a small and non-complex institution as set out in Article 4 (145) of the CRR
Article 433c: Disclosures by other institutions				
433c (1)	Disclosures under specified articles must be made on an annual, semi-annual basis as is identified in this article.	Yes	Yes	Applicable to ECCM Bank
433c (2)	Non-listed other institutions are required to disclose information relating to specified articles on an annual basis as identified in this article.			
Article 434: Means of disclosures				
434 (1)	To include of disclosures in one appropriate medium or provide clear cross-references.	Yes	Yes	Disclosures are contained within these Pillar 3 disclosures
434 (2)	Disclosures made under other requirements (e.g. accounting) can be used to satisfy Pillar 3 if appropriate.	Yes	Yes	
Article 434a: Uniform disclosure formats				
434a	EBA shall develop implementing technical standards specifying uniform disclosure formats and associated instructions in accordance with the disclosures required under CRR.	Yes	Yes	Evidenced throughout the Pillar 3 disclosures via standardised templates and tables applicable to ECCM Bank
Article 435: Risk management objectives and policies				
435 (1) (a)	Disclose information on strategies and processes; organisational structure, reporting systems and risk mitigation/hedging.	Yes	Yes	Refer to Section 2 *'Risk management'* (part of EU OVA)
435 (1) (b)	Disclose information on structure and organisation of risk management function.		Yes	Refer to Section 2 *'Risk management'* (part of EU OVA)
435 (1) (c)	Disclose information on risk reporting and measurement systems.		Yes	Refer to Section 2 *'Risk management'* (part of EU OVA)
435 (1) (d)	Disclose information on hedging and mitigating risk.		Yes	Refer to Section 2 *'Risk management'* (part of EU OVA)
435 (1) (e)	Declaration approved by the management body on the adequacy of risk management arrangements with regard to the institution's profile and strategy.	Yes	Yes	Refer to Section 2.5.1 *'Declaration on the adequacy of the risk management arrangements'* (part of EU OVA)
435 (1) (f)	Inclusion of a concise risk statement approved by the Board.	Yes	Yes	Refer to Section 2.5.2 *'Concise risk statement by the Board of Directors'* (part of EU OVA)
435 (2)	Information on governance arrangements, including information on Board composition and recruitment, and risk committees.			
435 (2) (a)	Number of directorships held by the directors.	Yes	Yes	Refer to Section 13 *'Other Directorships'* (part of EU OVB)
435 (2) (b)	Recruitment policy of Board members, their experience and expertise.	Yes	Yes	Refer to Section 12 *'Recruitment and Diversity policy'* (part of EU OVB)
435 (2) (c)	Policy on diversity of Board membership and results against targets.	Yes	Yes	Refer to Section 12 *'Recruitment and Diversity policy'* (part of EU OVB)

435 (2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	No	Yes	Refer to Section 2.1 *'Information on risk management objectives, framework and policies'* (part of EU OVB)
435 (2) (e)	Description of information flow on risk to Board.	No	Yes	Refer to Section 2.1 'Information on risk management objectives, framework and policies' (part of EU OVA & EU OVB)
Article 436: Scope of application				
436 (a)	Name of institution	No	No	Disclosure not required for ECCM Bank in terms of Article 433c(2)
436 (b)	Reconciliation between consolidated financial statements prepared under the applicable accounting framework and the consolidated financial statements prepared under the requirements of the regulatory consolidation. This should outline differences between scopes, and legal entities included in consolidation, whether entities are fully or proportionally consolidated and whether the holdings are deducted from own funds.	No	No	
436 (c)	Breakdown of assets and liabilities of consolidated financial statements prepared under regulatory requirements, broken down by risk type.	No	No	
436 (d)	Reconciliation identifying main source of differences between carrying value under regulatory scope of consolidation and the exposure amount used for regulatory purposes.	No	No	
436 (e)	Breakdown of amounts of constituent elements of prudent valuation adjustment for, by risk type, exposures from trading and non-trading books which are adjusted per Articles 34 and 105.	No	No	
	Impediments to transfer of funds between parent and subsidiaries	No	No	
436 (g)	Capital shortfalls in any subsidiaries outside of scope of consolidation	No	No	
436 (h)	Making use of articles on derogations from a) prudential requirements or b) liquidity requirements for individual subsidiaries/entities.	No	No	

Article 437: Own funds				
437	Institutions shall disclose the following information regarding their own funds:			
437 (a)	A full reconciliation of Common Equity Tier 1 items, Additional tier 1 items, Tier 2 items and filters and deductions to own funds of the institution and to the statutory balance sheet in the audited financial statements.	Yes	Yes	Refer to Template EU CC1 (under Section 5 *'Own Funds'*) for breakdown of CET1, AT1 and Tier 2 capital Refer to Table EU CC2 (under Section 5 *'Own Funds'*) for the reconciliation of own funds of the institution with the statutory balance sheet in the audited financial statements.
437 (b)	A description of the main features of capital instruments issued by the institution	No	Yes	Template EU CCA (under Section 5 *'Own Funds'*) provides the main features of the Group's issued capital instruments (CET1 and AT1 instruments)
437 (c)	The full terms and conditions of all capital instruments issued by the institution.			
437 (d)	Disclosure of the nature and amount of the following			
437 (d) (i)	Each prudential filter applied;	No	Yes	Table EU CC1 (under Section 5 *'Own Funds'*) provides breakdown of CET1, AT1 and Tier 2 capital
437 (d) (ii)	Each capital deduction made;			
437(1) (d) (iii)	Items not deducted from capital.			
437 (e)	A description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply.	No	Yes	Table EU CC1 (under Section 5 *'Own Funds'*) provides breakdown of CET1, AT1 and Tier 2 capital
437 (f)	A comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in this Regulation.	No	Yes	Refer to Section 5 *'Own funds'*, including Table EU CC1
Article 437a: Disclosure of own funds and eligible liabilities				
	Institutions subject to Articles 92a or 92b should disclose the following:	No	No	ECCM Bank is not a global systemically important institution ("G-SII")
437 (a)	Composition of own funds and eligible liabilities, their maturity and their main features.			
437 (b)	Ranking of eligible liabilities in the creditor hierarchy.			
437 (c)	Total amount of issuance of eligible liabilities instruments and amount of those issuances included in eligible liabilities items.			
437 (d)	Total amount of excluded liabilities referred to in article 72a(2).			
Article 438: Disclosure of own funds requirements and risk-weighted exposure amounts				
438 (a)	Summary of institution's approach to assessing adequacy of capital levels.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2) – however reference is made in Section 6.2.1 *'Internal Capital Adequacy Assessment Process'*
438 (b)	Own funds requirements based on supervisory review process per Article 104(1)(a), including composition of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments.	No	Yes	Refer to Section 5 *'Own funds'*, including Table EU CC1
438 (c)	Upon demand from relevant component authority, result of the ICAAP process.	Yes	Yes	Refer to Section 6.2.1 *'Internal Capital Adequacy Assessment Process'*

438 (d)	Total risk-weighted exposure amount and corresponding total own funds requirement, broken down by risk categories, and explanation of effect on calculations resulting from application of capital floors.	Yes	Yes	Refer to Section 6.3 *'Capital requirements'*, including Table EU OV1 - Overview of Total Risk Exposure Amounts
438 (e)	On and off-balance sheet exposures, the RWA amounts and associated expected losses for specialised lending.	No	No	Not applicable to ECCM Bank
438 (f)	Exposure value and RWA exposure amount of own funds held in insurance and reinsurance undertakings, or insurance holding company that institutions do not deduct from own funds when calculating capital requirements.	No	No	Not applicable to ECCM Bank
438 (g)	Supplementary own funds requirement and capital adequacy ratio of the financial conglomerate calculated in accordance with Article 6 of Directive 2002/87/EC	No	No	Not applicable to ECCM Bank
438 (h)	Variations in risk weighted exposure amounts of current period compared to preceding period resulting from use of internal models, including outline of key drivers.	No	No	Not applicable to ECCM Bank
Article 439: Exposure to counterparty credit risk (CCR)				
439 (a)	Description of process to assign internal capital and credit limits to CCR exposures, including exposures to central counterparties.	No	No	Not applicable to ECCM Bank
439 (b)	Description of policies related to guarantees and other credit risk mitigants.			
439 (c)	Description of policies related to general and specific wrong-way risk.			
439 (d)	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.			
439 (e)	Amount of segregated and unsegregated collateral received and posted per type of collateral, both for derivatives and securities.			
439 (f)	Derivative exposures before and after credit risk mitigation.			
439 (g)	Securities financing exposures before and after credit risk mitigation.			
439 (h)	Exposure values and credit risk mitigation effects and associated risk exposures for credit valuation adjustment capital charge.			
439 (i)	Exposure value and risk exposures to central counterparties			
439 (j)	Notional amounts and fair value of credit derivative transactions.			
439 (k)	The estimate of alpha where permission received to use own estimate.			
439 (l)	Separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452.			
439 (m)	For institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance sheet derivative business as calculated in accordance with Article 273a(1) or (2)			
Endnote	Where central bank provides liquidity assistance in the form of collateral swaps, component authority may exempt institutions from requirements of points (d) and (e).			

Article 440: Capital buffers				
440 (1) (a)	Geographical distribution of relevant credit exposures.	No	No	Disclosure not required for ECCM Bank in terms of Article 433c(2)
440 (1) (b)	Amount of the institution specific countercyclical capital buffer.	No	No	
Article 441: Indicators of global systemic importance				
441	Disclosure of the indicators of global systemic importance	No	No	ECCM Bank is not identified as a global systemically important institution
Article 442: Disclosure of exposures to credit risk and dilution risk				
442 (a)	Disclosure of bank's definitions of past due and impaired.	No	No	Disclosure not required for ECCM Bank in terms of Article 433c(2)
442 (b)	Approaches for calculating specific and general Credit risk adjustments.	No	No	Disclosure not required for ECCM Bank in terms of Article 433c(2)
442 (c)	Amount and quality of performing, nonperforming and forborne exposures for loans, debt securities and off-balance sheet exposures, including impairment, provisions and fair value changes.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Section 3.1 *'Credit quality analysis'*
442 (d)	Ageing analysis of accounting past due exposures.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Section 3.1 *'Credit quality analysis'*
442 (e)	Gross carrying amounts of defaulted and non-defaulted exposures, accumulated credit risk adjustments, write-offs and net carrying amounts.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Section 3.1 *'Credit quality analysis'*
442 (f)	Changes in gross defaulted on- and off-balance sheet exposures, including information on opening and closing balances, gross amount reverted to non-defaulted status or subject to a write-off.	No	No	Disclosure not required for ECCM Bank in terms of Article 433c(2)
442 (g)	Breakdown of loans and debt securities by residual maturity.	No	No	Disclosure not required for ECCM Bank in terms of Article 433c(2)
Article 443: Disclosure of encumbered and unencumbered assets				
443	Disclosures on encumbered and unencumbered assets	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Section 7 *'Unencumbered assets'* Tables EU AE2 and EU AE3 are not applicable to ECCM Bank
Article 444: Disclosure of the use of the standardised approach				
444 (a)	Names of the nominated ECAIs and ECAs, and reasons for any changes in nominations.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Section 3.2 *'External Credit Assessment Institutions ("ECAIs")'*
444 (b)	Exposure classes associated with each ECAI or ECA.	No	Yes	
444 (c)	Description of the process for transfer of issuer and issue credit ratings onto items not included in the trading book.	No	Yes	
444 (d)	Mapping of external rating to credit quality steps	No	Yes	

444 (e)	Exposure value pre- and post-credit risk mitigation, by credit quality step.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Table EU CR4 and EU CR5 under Section 3.3 *'Information on the Bank's credit risk exposures under the standardised approach'*,
Article 445: Disclosure of exposure to market risk				
445	Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2)
Article 446: Disclosure of operational risk management				
446 (a)	Disclosure of the approaches for the assessment of own funds requirements for operational risk.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Sections 2.4.3 and 4
446 (b)	Where institution makes use of it, description of methodology set out in Article 312(2), including relevant internal and external factors being considered.	No	No	ECCM Bank's activities are only subject to the basic indicator approach
446 (c)	In the case of partial use, the scope and coverage of the different methodologies used.	No	No	
Article 447: Disclosure of key metrics				
447 (a)	Composition of own funds and own funds requirements.	Yes	Yes	Refer to Table EU KM1 under Section 1.2 *'Key Metrics'* disclosures
447 (b)	Total risk exposure amount.			
447 (c)	Amount and composition of additional own funds required to be held.			
447 (d)	Combined buffer requirement which institutions are required to hold.			
447 (e)	Leverage ratio and total exposure measure			
447 (f)	The following information on the liquidity coverage ratio: • average(s) of liquidity coverage ratio based on end of month observations over preceding 12 months. • average(s) of total liquid assets, after applying haircuts, in the liquidity buffer. • average liquidity outflows, inflows and net liquidity outflows based on end of the month observations over the preceding 12 months			
447 (g)	The following information on the net stable funding requirement: • NSFR ratio and end of each quarter of the relevant period. • Available stable funding at end of each quarter of the relevant period. • Required stable funding at the end of each quarter of the relevant period.			
447 (h)	The own funds and eligible liabilities ratios and their components, numerator and denominator	No	No	ECCM Bank is not a global systemically important institution ("G-SII")

Article 448: Disclosure of exposure to interest rate risk on positions not held in the trading book				
448 (1)	Institutions shall disclose the following quantitative and qualitative information:			
448 (1) (a)	Changes in economic value of equity for the current and previous disclosure periods.	No	No	Disclosure not required for ECCM Bank in terms of Article 433c(2)
448 (1) (b)	Changes in the net interest income calculated under the two supervisory shock scenarios for the current and previous disclosure periods.	No	No	
448 (1) (c)	Description of key modelling and parametric assumptions used to calculate changes in the economic value of equity and net interest income.	No	No	
448 (1) (d)	Explanation of the significance of the risk measures, and of any significant variations of those risk measures since the previous disclosure date.	No	No	
448 (1) (e)	Descriptions of how institution defines, measures, mitigates and controls interest rate risk of their non-trading book, including: • description of specific measures used to evaluate changed in economic value of equity and net interest income. • description of key modelling and parametric assumptions used in measurement systems that would differ from common modelling and parametric assumptions for calculating changes in the economic value of equity and net interest income. • description of the interest rate shock scenarios used to estimate interest rate risk. • recognition of the effect of hedges against those interest rate risks. • an outline of how often the evaluation of interest rate risk occurs.	No	No	
448 (1) (f)	Description of overall risk management and mitigation strategies for those risks.	No	No	
448 (1) (g)	Average and longest repricing maturity assigned to non-maturity deposits.	No	No	
448 (2)	By way of derogation, the requirements set out in (c) and (e)(i)-(iv) shall not apply to institutions that use the standardised or simplified standardised methodologies.	No	No	

Article 449: Exposure to securitisation positions				
449 (a)	Description of securitisation and resecuritisation activities, including risk management and investment objectives, role in securitisation and re-securitisation transactions, whether simple, transparent and standardised (STS) securitisations are used, and the extent to which securitisation transactions are used to transfer the credit risk of securitised exposures to third parties with a separate description of the synthetic securitisation risk transfer policy.	No	No	ECCM Bank does not hold securitisation exposures and disclosure not required for ECCM Bank in terms of Article 433c(2)
449 (b)	Type of risks exposed to in securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions.			
449 (c)	Approaches to calculation of RWA for securitisations mapped to types of exposures.			
449 (d)	List of SSPEs falling into any of the following categories, with description of types of exposures to SSPEs: • SPPEs which acquire exposures originated by the institutions; • SSPEs sponsored by the institutions; • SSPEs and other legal entities for which the institutions provide securitisation-related services; • SSPEs included in the institution's regulatory scope of consolidation.			
449 (e)	List of any legal entities relating to the institution that have disclosed that they have provided support.			
449 (f)	List of any legal entities affiliated with the institution and that invest in securitisations originated by the institution or in securitization positions issued by SSPEs sponsored by the institution.			
449 (g)	Summary of the accounting policies for securitisation activity, including where there is a relevant distinction between securitization and re-securitisation.			
449 (h)	The names of ECAIs used for securitisations and the types of exposure for which each agency is used.			
449 (i)	Where applicable, a description of the internal assessment approach, including structure of the process and the relation between internal assessment and external ratings of the relevant ECAI, the control mechanisms for the internal assessment process including discussion of independence, accountability and internal assessment process review, the exposure types to which the internal assessment process is applied, and the stress factors used for determining credit enhancement levels.			

449 (j)	Carrying amount of securitisation exposures for the trading and non-trading books, including information on whether institutions have transferred significant credit risk, for which institutions act as originator, sponsor or investor, separately for traditional and synthetic securitisations, and for STS and nonSTS transactions and broken down by type of securitisation exposures.			
449 (k)	For non-trading book activities, the following information: • the aggregate amount of securitisation positions where institution act as originator or sponsor and the associated RWAs and capital requirements, including exposures deducted from own funds or risk weighted at 1250%, both synthetic and traditional and between securitisation and re- securitisation exposures, separately for STS and non-STS positions, and further broken down into risk weight or capital requirement bands • the aggregate amount of securitisation positions where institution act as investor and the associated RWAs and capital requirements, including exposures deducted from own funds or risk weighted at 1250%, both synthetic and traditional and between securitisation and re- securitisation exposures, separately for STS and non-STS positions, and further broken down into risk weight or capital requirement bands.			
449 (l)	For exposures securitised by the institution, the amount of exposures in default and the amount of specific credit risk adjustments made by the institution during the current period.			
Article 449a: Disclosure of environmental, social and governance risks (ESG risks)				
449a	From 28 June 2022, large institutions which have securities that are traded on a regulated market of any Member State, shall disclose information on ESG risks.	No	No	ECCM Bank does not meet the definition of a large institution as set out in Article 4 (146) of the CRR
Article 450: Remuneration policy				
450 (1) (a)	Information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, if applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;.	Yes	Yes	Refer to Section 11 *'Remuneration policy and practices'*
450 (1) (b)	Information on link between pay and performance;		Yes	Refer to Section 11 *'Remuneration policy and practices'*
450 (1) (c)	the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;		Yes	Refer to Section 11 *'Remuneration policy and practices'*

450 (1) (d)	the ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU;	Yes	Yes	Refer to Section 11 *'Remuneration policy and practices'*
450 (1) (e)	information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;	No	Yes	Refer to Section 11 *'Remuneration policy and practices'* (EU REMA)
450 (1) (f)	the main parameters and rationale for any variable component scheme and any other non-cash benefits;		Yes	Refer to Section 11 *'Remuneration policy and practices'* (EU REMA)
450 (1) (g)	Aggregate quantitative information on remuneration, broken down by business area	No	No	
450 (1) (h)	Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following: i. the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries; ii. the amounts and forms of variable remuneration, split into cash, shares, sharelinked instruments and other types separately for the part paid upfront and the deferred part; iii. the amount of deferred remuneration awarded for previous performance periods, split into vested and unvested portions; iv. the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments; v. the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards; vi. the severance payments awarded in previous periods, that have been paid out during the financial year; vii. the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person;	Yes	Yes	Refer to Table EU REM1 under Section 11 *'Remuneration policy and practices'*
450 (1) (i)	the number of individuals being remunerated EUR 1 million or more per financial year, for remuneration between EUR 1 million and EUR 5 million broken down into pay bands of EUR 500 000 and for remuneration of EUR 5 million and above broken down into pay bands of EUR 1 million;	Yes	Yes	Refer to Section 11 *'Remuneration policy and practices'*
450 (1) (j)	Upon demand from the Member State or competent authority, the total remuneration for each member of the management body or senior management	Yes	Yes	Refer to Section 11 *'Remuneration policy and practices'*

450 (1) (k)	For the purposes of point (k) of the first subparagraph of this paragraph, institutions that benefit from such a derogation shall indicate whether they benefit from that derogation on the basis of point (a) or (b) of Article 94(3) of Directive 2013/36/EU. They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration.	Yes	Yes	Refer to Section 11 *'Remuneration policy and practices'*
450 (2)	For large institutions, the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and non-executive members.	No	No	ECCM Bank does not meet the definition of a large institution as set out in Article 4 (146) of the CRR
Endnote	Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to Regulation (EU) 2016/679 of the European Parliament and of the Council.	Yes	Yes	Refer to Section 11 *'Remuneration policy and practices'*
Article 451: Disclosure of the leverage ratio				
451 (1)	Institutions that are subject to Part Seven shall disclose the following information regarding their leverage ratio as calculated in accordance with Article 429 and their management of the risk of excessive leverage:			
451 (1) (a)	Leverage ratio	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Section 9 *'Leverage'*
451 (1) (b)	Breakdown of total exposure measure, including reconciliation to financial statements	No	Yes	
451 (1) (c)	Where applicable, the amount of exposures calculated in accordance with Articles 429(8) and 429a (1) and the adjusted leverage ratio calculated in accordance with Article 429a (7);	No	Yes	
451 (1) (d)	Description of the risk management approach to mitigate excessive leverage.	No	Yes	
451 (1) (e)	Description of factors that impacted the leverage ratio during the year.	No	Yes	
451 (2)	Public development credit institutions to disclose the leverage ratio without the adjustment to total exposure measure determined per Article 429a(1)(d).	No	No	Not applicable to ECCM Bank
451 (3)	In addition to points (a) and (b), large institutions shall disclose the leverage ratio between breakdown of total exposure measure per Article 429(4) based on averages calculated in accordance with Article 430(7).	No	No	ECCM Bank does not meet the definition of a large institution as set out in Article 4 (146) of the CRR

Article 451a: Disclosure of liquidity requirements				
451a (1)	Institutions shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management.			
451a (2)	Institutions shall disclose the following in relation to their liquidity coverage ratio:			
(a)	Average(s) of the liquidity coverage ratio based on end of month observations over the preceding 12 months for each quarter of the disclosure period.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Section 9 *'Liquidity risk'*
(b)	Average(s) of total liquid assets after applying relevant haircuts included in the liquidity buffer based on end of month observations over the preceding 12 months for each quarter of the disclosure period.		Yes	
(c)	Averages of liquidity outflows, inflows and net liquidity outflows, based on end of month observations over the preceding 12 months for each quarter of the relevant disclosure period.		Yes	
451a (3)	Institutions shall disclose the following information in relation to the net stable funding ratio (NSFR):			
(a)	Quarter end figures of the NSFR.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Section 9 *'Liquidity risk'*
(b)	Overview of the amount of available stable funding.		Yes	
(c)	Overview of the amount of required stable funding.		Yes	
451a (4)	Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk.	No	Yes	Disclosure not required for ECCM Bank in terms of Article 433c(2), however the Bank deems such disclosure to provide insights into its risk profile. Refer to Sections 2.4.4 and 9
Article 452: Disclosure of the use of the IRB approach to credit risk				
452 (a)	Permission for use of the IRB approach from authority.	No	No	ECCM Bank does not use the IRB approach.
452 (b)	For each exposure class, the percentage of total exposure value of each exposure class subject to the Standardised Approach, as well as the part of each exposure lass subject to a roll out plan. Where institutions have received permission to use own LGDs and conversion factors for their risk weighted exposure calculations, they shall disclose separately the percentage of the total exposure value of each exposure class subject to that permission.			
452 (c)	The control mechanisms for rating systems at different stages of the model development, controls and changes, which shall include information on: relationship between the risk management function and the internal audit function. (ii) rating system review. procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models. procedure to ensure the accountability of the functions in charge of developing and reviewing the models.			
452 (d)	Role of the functions involved in the development, approval and subsequent changes of the credit risk models.			

452 (e)	Scope and main content of the reporting related to credit risk models.	No	No	ECCM Bank does not use the IRB approach.
452 (f)	Description of the internal ratings process by exposure class, including the number of key models used and a brief discussion of the main differences between models within the same portfolio, covering: • definitions, methods and data for estimation and validation of PD, including information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods. • where applicable, the definitions, methods and data for estimation and validation of LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure. • where applicable, the definitions, methods and data for estimation and validation of conversion factors, including assumptions employed in the derivation of those variables.			
452 (g)	As applicable, the following information in relation to exposure classes: i. gross on-balance sheet exposure. ii. off-balance sheet exposure prior to the relevant conversion factor. iii. exposure after applying the relevant conversion factor and credit risk mitigation. iv. any model, parameter or input relevant for the understanding of the risk weighting and the resulting exposure amounts disclosed across enough obligor grades to allow for a meaningful differentiation of credit risk. v. separately for those exposure classes in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk weighted exposure amounts, and for exposures for which institutions do not use such estimates, the values referred to in pints (i) - (iv) subject to that permission.			
452 (h)	Estimates of PDs against the actual default rate for each exposure class over a longer period, with separate disclosure of the PD range, the external rating equivalent, the weighted average and arithmetic average PD, the number of obligors at the end of the previous year and of the year under review, the number of defaulted obligors, including the new defaulted obligors, and the annual average historical default rate.			

	Use of credit risk mitigation techniques			
453 (a)	Core features of policies and processes for use of on- and off-balance sheet netting.	No	No	Disclosure not required for ECCM Bank in terms of Article 433c(2)
453 (b)	Core features of policies and processes for how collateral valuation is managed.	No	No	
453 (c)	Description of types of collateral used to mitigate credit risk.	No	No	
453 (d)	Types of guarantor and credit derivative counterparty, and their creditworthiness	No	No	
453 (e)	Disclosure of market or credit risk concentrations within risk mitigation exposures	No	No	
453 (f)	For exposures under either the Standardised or Foundation IRB approach, disclose the exposure value not covered by eligible collateral and the exposure value covered by eligible collateral.	No	No	
453 (g)	Corresponding conversion factor and credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effects.	No	No	
453 (h)	For institutions using the Standardised approach, the on and off-balance sheet exposure values before and after conversion factors and associated credit risk mitigation.	No	No	
453 (i)	For institutions using the Standardised approach, the risk weighted exposures and ratio between exposure value and value after applying conversion factor and credit risk mitigation.	No	No	
453 (j)	For institutions using the IRB approach, the risk weighted exposures amount before and after the credit risk mitigation impact of credit derivatives. Where institutions used their own LGDs and conversion factors, this should be disclosed separately.	No	No	ECCM Bank does not apply the IRB approach.
	Article 454: Use of the Advanced Measurement Approaches to operational risk			
454	Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk.	No	No	ECCM Bank does not apply the Advanced Measurement Approaches to operational risk
	Article 455: Use of internal market risk models			
455 (a)	Institutions calculating their capital requirements in accordance with Article 363 shall disclose the following:	No	No	ECCM Bank does not use of internal market risk models.
(i)	Characteristics of the market risk models.			
(ii)	Methodology and description of comprehensive risk measure and incremental risk charge.			
(iii)	Stress tests applied to the portfolios.			
(iv)	Methodology for back-testing and validating the models.			
455 (b)	Scope of permission for use of the models.			
455 (c)	Policies and processes to determine which exposures are to be included in the trading book, and to comply with prudential valuation requirements.			
455 (d)	the highest, the lowest and the mean over the reporting period and as per the period end, of:			
(i)	daily value-at-risk measures			
(ii)	stressed value-at-risk measures			
(iii)	incremental default and migration risk and for the specific risk of the correlation trading portfolio	No	No	ECCM Bank does not use of internal market risk models.

455 (e)	The elements of the own fund calculation			
455 (f)	Weighted average liquidity horizons of portfolios covered by models.			
455 (g)	Comparison of end-of-day VaR measures compared with one-day changes in portfolio's value.			

Statement of Comprehensive Income

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000	30 Sep 2023 EUR'000	30 Sep 2022 EUR'000	30 Sep 2021 EUR'000
Interest income calculated using the effective interest method	69,115	84,092	62,541	32,181	30,781
Interest expense	(32,272)	(33,368)	(20,948)	(11,073)	(10,732)
Net interest income	**36,843**	**50,724**	**41,593**	**21,108**	**20,049**
Fee and commission income	2,678	2,961	1,876	2,522	1,086
Fee and commission expense	(36)	(160)	(57)	(79)	(90)
Net fee and commission income	**2,642**	**2,801**	**1,819**	**2,443**	**996**
Net (loss) income from financial instruments at FVTPL	(365)	(19,087)	(5,127)	(17,554)	42,182
Net income (loss) from commodities held at FVTPL	-	-	680	(321)	(164)
Other net operating income(expense)	(787)	(2,382)	(3,756)	7,612	469
Operating income	**39,063**	**(21,469)**	**35,209**	**13,288**	**63,532**
Impairment loss on financial instruments	(1,378)	(290)	(368)	(393)	181
Personnel expenses	(1,581)	(1,514)	(1,273)	(1,231)	(1,125)
Administrative and other expenses	(1,752)	(1,603)	(2,326)	(1,205)	(895)
Depreciation and amortisation	(232)	(234)	(243)	(244)	(297)
	(4,943)	**(3,641)**	**(4,210)**	**(3,073)**	**(2,136)**
Profit before income tax	34,120	28,415	30,999	10,215	61,396
Taxation	(422)	(1)	(711)	911	(2,271)
Profit for the year	**33,698**	**28,414**	**30,288**	**11,126**	**59,125**
Other comprehensive income					
Movement in fair value reserve (FVOCI debt					
Debt investments at FVOCI -net change in fair value	-	-	-	-	190
Debt investments at FVOCI – reclassified to profit or loss	-		-	-	(173)
Net income from intangible assets at FVOCI	17,687	5,978	-	-	-
Related tax	(929)	(314)	-	-	(4)
Other comprehensive income, net of tax	**16,758**	**5,664**	-	-	**13**
Total comprehensive income for the year	**50,456**	**34,078**	**30,288**	**11,126**	**59,138**
Profits for the year available for distribution					
Profit for the year	50,456	34,078	30,288	11,126	59,125
Tax effect on interest on AT1 Notes recognised in equity	142	364	294	68	68
	50,598	**34,442**	**30,582**	**11,194**	**59,193**
Attributable to Holders as follows:					
Holders of non-cumulative AT1 Notes	10,853	11,314	9,125	9,125	9,125
Holders of ordinary shares		23,128	21,457	2,069	50,068
	50,598	**34,442**	**30,582**	**11,194**	**59,193**

ECCM Bank Plc

Five-year summary

For the Year Ended 30 September 2025

Statement of Financial Position

	30 Sep 2025	30 Sep 2024	30 Sep 2023	30 Sep 2022	30 Sep 2021
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
ASSETS					
Balances with Central Bank of Malta and cash	376,165	455,439	649,482	388,506	403,205
Loans and advances to banks	33,013	80,779	65,815	48,627	27,215
Loans and advances to customers	663,937	664,026	607,722	600,565	563,161
Invoice Discounting Receivables	25,798	29,572	27,971	35,443	10,227
Investment securities	2,280	3,632	79,125	107,366	119,376
Commodities held at FVTPL	-	-	6,640	6,449	5,024
Property and equipment	380	513	463	370	278
Intangible assets	175,609	67,698	169	144	241
Other assets	399	922	903	791	313
Prepayments and accrued income	3,505	3,450	3,877	3,133	2,597
Total assets	**1,281,086**	**1,306,031**	**1,442,167**	**1,191,394**	**1,131,637**
Liabilities					
Derivative financial instruments	-	-	-	53	450
Amounts owed to customers	765,135	817,791	968,998	740,535	681,627
Current tax liability	1,127	1,164	1,130	254	98
Provisions	10	7	12	20	7
Deferred tax liability	1,048	293	530	1,088	2,223
Accruals and deferred income	1,665	1,451	1,230	683	611
Other liabilities	367	408	325	276	205
Total liabilities	**769,352**	**821,114**	**972,225**	**742,909**	**685,221**
Equity					
Called up issued share capital	117,690	117,690	117,690	117,690	117,690
Non-cumulative AT1 Notes	200,000	200,000	200,000	200,000	200,000
Shareholders' contribution	12,537	12,537	12,537	12,537	12,537
Share Premium	34,857	34,857	34,857	34,857	34,857
Fair Value Reserve	22,422	5,664	-	-	-
Retained earnings	124,228	114,169	104,858	83,401	81,332
Total equity	**511,734**	**484,917**	**469,942**	**448,485**	**446,416**
Total liabilities and equity	**1,281,086**	**1,306,031**	**1,442,167**	**1,194,394**	**1,131,637**
Memorandum Items					
Contingent Liabilities	**14,607**	**9,413**	**13**	**6,794**	**10**
Commitments	**9,536**	**6,128**	**24,756**	**14,381**	**15,515**

ECCM Bank Plc

Five-year summary
For the Year Ended 30 September 2025

Statement of Cash Flows

	30 Sep 2025 EUR'000	30 Sep 2024 EUR'000	30 Sep 2023 EUR'000	30 Sep 2022 EUR'000	30 Sep 2021 EUR'000
Cash flows from operating activities					
Interest and commission receipts	71,737	84,635	63,013	36,793	31,991
Interest and commission payments	(32,243)	(33,440)	(20,465)	(11,134)	(10,664)
Payments to employees and suppliers	(2,627)	(2,827)	(3,673)	(2,859)	(2,022)
Operating profit before changes in operating assets/liabilities	**36,867**	**48,368**	**38,875**	**22,800**	**19,305**
Decrease in operating assets:					
-Reserve deposit with CBM	(648)	1,165	(3,371)	2,613	(5,047)
-Loans and advances to customers and banks	(1,941)	(56,596)	(7,353)	(37,784)	(36,379)
-Invoice discounting receivables	3,891	(1,603)	7,293	(25,218)	(520)
Increase in operating liabilities:					
-Amounts owed to customers and banks	(52,216)	(149,272)	231,284	58,908	328,225
-Derivative financial instruments	-	-	35	123	78
	(14,047)	**(157,938)**	**266,763**	**21,442**	**305,662**
Tax paid	(489)	(156)	(98)	-	(87)
Interest paid on lease liability	(25)	(41)	(53)	(12)	(10)
Net cash generated from operating activities	**(14,561)**	**(158,135)**	**266,612**	**21,430**	**305,565**
Cash flows from investing activities					
Acquisition of tangible and intangible assets	(90,452)	(61,733)	(233)	(75)	(126)
Disposal of tangible and intangible assets	(221)	-	-	-	-
Acquisition of investment securities	-	(79,181)	(8,593)	(5,000)	(46,471)
Disposal of investment securities	1,448	133,280	27,114	423	30,716
Acquisition of commodities	-	-	-	(9,380)	(3,705)
Interest received from investments	-	-	-	-	206
Net dividends received	273	801	1,895	2,055	2,034
Disposal of Commodities	-	8,529	-	7,362	-
Net cash generated from (used in) investing activities	**(88,510)**	**1,696**	**20,183**	**(4,615)**	**(17,346)**
Cash flows from financing activities					
Interest paid on undated non-cumulative AT1 notes	(11,281)	(9,467)	(9,125)	(9,125)	(9,125)
Interest paid on subordinated loan			-	-	-
Dividends paid on ordinary shares	(12,500)	(10,000)	-	-	-
Payment of lease liability	(109)	(75)	(55)	(33)	(118)
Net cash used in financing activities	**(23,890)**	**(19,542)**	**(9,180)**	**(9,158)**	**(9,243)**
Net (decrease)increase in cash and cash equivalents	(126,961)	(175,981)	277,615	7,657	278,976
Cash and cash equivalents at beginning of year	530,874	708,789	433,995	424,669	145,655
Effect of exchange rate fluctuations on cash and cash equivalents held	(728)	(1,934)	(2,821)	1,669	38
Cash and cash equivalents at end of year	**403,185**	**530,874**	**708,789**	**433,995**	**424,669**

ECCM Bank Plc

Five-year summary
For the Year Ended 30 September 2025

Accounting Ratios

	30 Sep 2025	30 Sep 2024	30 Sep 2023	30 Sep 2022	30 Sep 2021
	%	%	%	%	%
Net interest income and other operating income to total assets	3.05	2.45	2.44	1.12	5.61
Operating expenses to total assets	0.28	0.28	0.29	0.22	0.20
Profit before tax to total assets	2.66	2.18	2.15	0.86	5.43
Profit before tax to equity	6.67	5.86	6.60	2.28	13.75
Profit after tax to equity	6.59	5.86	6.45	2.48	13.24