THE ACCESS BANK MALTA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2024

Company Reg. No. C 107833

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THE ACCESS BANK MALTA LIMITED
DIRECTORS' REPORT
FOR THE PERIOD 14 FEBRUARY 2024 TO 31 DECEMBER 2024

The directors present herewith their annual report together with the financial statements of The Access Bank Malta Limited (the "Bank"), for the period from 14 February 2024, this being the date of incorporation, to 31 December 2024.

Principal activities

The Access Bank Malta Limited operates as a credit institution under the Banking Act (Cap 371, Laws of Malta) in accordance with the license granted by the European Central Bank ("ECB") and the Malta Financial Services Authority ("MFSA") on 9 December 2024. The Bank's principal activity is to provide trade finance services and to finance trade flows to businesses in Europe, MENA region, and Africa.

The Bank is owned by The Access Group Malta Holdings Limited, a financial holding company established in Malta solely to invest in the Bank. This holding company is wholly owned by The Access Bank UK Limited (the "Parent"), which is a subsidiary of The Access Bank Plc, a Tier One Nigerian bank. In turn, the latter is fully owned by Access Holdings Plc which is listed on the Nigerian Stock Exchange.

The Parent, authorised by the Financial Services Authority ("FSA") on 12 August 2008, is regulated by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). It is authorised to provide a comprehensive range of banking services, including trade finance, treasury management, correspondent banking, commercial and private banking, and asset management. The Parent maintains a strategic international presence with licensed offices and branches in Dubai, Paris, and Hong Kong, differentiating itself through exceptional customer service and a commitment to long-term client relationships.

The Access Bank Malta Limited plays a pivotal role in the Parent's international expansion, leveraging Malta's strategic position to facilitate trade between Africa and Europe— one of Africa's main trading partners. Committed to a relationship-based banking model, the Bank upholds core values of leadership through empowered employees, professionalism, innovation, and excellence, all driven by a deep passion for customers. These values ensure the delivery of tailored financial solutions, adherence to the highest ethical standards, and superior service, positioning the Bank as a key enabler of cross-border trade and long-term client success.

Financial reporting framework

The directors have prepared the Bank's financial statements in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union (hereinafter referred to as the EU).

Review of business

The Bank was granted its banking license in December 2024, resulting in limited business activity during the period. A capital injection of €20 million generated interest income and following the license approval, the Bank entered into a trade transaction of €4.3 million on 20 December 2024 under an unfunded risk participation agreement with the Parent, contributing fee income for the period. These operating income streams partially offset operating expenses and expected credit loss allowances for the period. The Bank recorded a net loss after tax of €29,980 for the period.

Principal risks and uncertainties

The management of the Bank's business and the execution of its strategy are subject to various risks. The principal risks include credit risk, documentary risk, Anti-Money Laundering/Know Your Customer (AML/KYC) risk, and liquidity risk. These risks are formally reviewed by the Board Risk and Audit Committee and the Board Credit Committee, with robust processes that are established to manage and mitigate them effectively.

Principal risks and uncertainties (continued)

The Bank has implemented a Risk Management Framework ("RMF") that defines the principles, policies, and procedures for identifying, assessing, monitoring, and mitigating risks. The RMF applies to all business areas and staff, ensuring a structured approach to risk management within the Bank's moderate risk appetite. In alignment with regulatory requirements, including the Capital Requirements Regulation ("CRR"), Capital Requirements Directive ("CRD"), European Banking Authority ("EBA") Guidelines, and MFSA Banking Rules, the framework supports compliance with EU legislation and regulations.

The Bank has adopted the Three Lines Model within its RMF, a widely recognised structure in the financial services industry, ensuring clear accountability and oversight. Additionally, the RMF encompasses all material risks, including Information and Communication Technology ("ICT") risk, which is managed through a dedicated ICT Risk Management Framework.

Further details on the Bank's risk exposures and RMF are provided in Note 18 of the financial statements.

Future business developments and outlook

The Bank will operate under five-year strategic plans aligned with the Parent, ensuring controlled expansion and a moderate risk appetite. Customer onboarding will be phased over the initial five years as trading cycles are established. Maintaining a relationship-based banking model, the Bank will focus on trade finance, unlocking business opportunities between Africa and Europe, in line with the Access Group's vision: "To be the world's most respected African Bank."

To enhance efficiency and expertise, the Bank will outsource select operational processes to the Parent while retaining full accountability. All KYC, due diligence, and credit risk decisions will be managed in Malta. With a solid initial capital base, the Bank will reinvest its earnings, with no dividend payments expected in the first five years, ensuring sustainable growth and contributing to the Access Group's long-term success.

Going concern

The directors, after due consideration of the Bank's financial performance and financial position, confirm that the Bank is in a position to continue operating as a going concern for the foreseeable future.

Regional conflicts

Conflicts between countries will always have a negative effect on the rest of the world. The increased challenges brought about by Russia's invasion of Ukraine and conflicts in the Middle East cannot be ignored. However, following a thorough assessment of the Bank's operations, it has been noted that there is no reliance on these regions for goods or services. The directors continue to actively monitor all international developments to take any action that might be necessary in the eventuality that developments in these conflicts impact the Bank's performance and operations.

Results, dividends and reserves

The results for the period and the movement on the reserves are as set out on pages 5 and 7 of the financial statements respectively. No dividends were recommended or paid during the period. No final dividend is being recommended.

THE ACCESS BANK MALTA LIMITED
DIRECTORS' REPORT
FOR THE PERIOD 14 FEBRUARY 2024 TO 31 DECEMBER 2024

Directors

The directors of the Bank who held office during the year were:

Mr. Saviour Portelli (appointed 14 February 2024 and resigned 7 January 2025)
Mr. James Kevin Simmonds (appointed 14 February 2024)
Mr. Renald Theuma (appointed 14 February 2024)
Mr. Ian Callus (appointed 3 December 2024)
Ms. Doreanne Caruana (appointed 3 December 2024)
Ms. Cristina Maria Casingena (appointed 3 December 2024)
Ms. Alyson Jane Jeans (appointed 3 December 2024)

In accordance with the Bank's Articles of Association, the directors as at date of this report remain in office.

Auditors

KPMG, who were appointed auditors during 2024, have intimated their willingness to continue in office. A proposal to appoint auditors, with KPMG being considered for reappointment subject to the requirements of the Bank, will be put to the General Meeting.

Approved by the Board of Directors on 9 April 2025 and signed on its behalf by:

Mr. Renald Theuma
Director

Mr. James Kevin Simmonds
Director

THE ACCESS BANK MALTA LIMITED
DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") requires the directors to prepare financial statements for each financial period which give a true and fair view of the financial position of the Bank as at the end of the financial period and of the profit or loss of the Bank for that period in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.

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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

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 comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining 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. The directors are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors on 9 April 2025 by:

Mr. Renald Theuma	Mr. James Kevin Simmonds
Director	**Director**

THE ACCESS BANK MALTA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 14 FEBRUARY 2024 TO 31 DECEMBER 2024

	Note	2024 Euro
Interest income		55,905
Interest income on assets at FVTPL		45,415
Interest expense		-
Net interest income	4	**101,320**
Fee and commission income		9,173
Fee and commission expense		-
Net fee and commission income	5	**9,173**
Revenue		**110,493**
Expected credit loss (ECL) allowance	6	(20,450)
Income after ECL allowance		**90,043**
Operating expenses		
Depreciation and amortisation	11, 12	(12,644)
Other expenses	7	(123,522)
Total operating expenses		**(136,166)**
Loss before tax		**(46,123)**
Taxation	8	16,143
Loss for the period		**(29,980)**
Total comprehensive income for the period		**(29,980)**

The notes on pages 9 to 31 form an integral part of these financial statements.

THE ACCESS BANK MALTA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 €
ASSETS		
Cash and cash equivalents	9	218,416
Investment securities	10	19,909,000
Property and equipment	11	369,097
Intangible assets	12	241,643
Deferred tax asset	8	16,143
Other assets	13	254,716
Total Assets		**21,009,015**
EQUITY AND LIABILITIES		
Equity		
Share capital	14	20,000,000
Accumulated losses		(29,980)
Total Equity		**19,970,020**
Liabilities		
Provisions	6	20,450
Other liabilities	15	1,018,545
Total Liabilities		**1,038,995**
Total Equity and Liabilities		**21,009,015**
MEMORANDUM ITEMS		
Commitments and other contingencies	16	4,331,504

The notes on pages 9 to 31 form an integral part of these financial statements.

The financial statements on pages 5 to 31 were approved and authorised for issue by the Board of Directors on 9 April 2025 and signed on its behalf by:

Mr. Renald Theuma
Director

Mr. James Kevin Simmonds
Director

THE ACCESS BANK MALTA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 14 FEBRUARY 2024 TO 31 DECEMBER 2024

	Share capital	Accumulated losses	Total equity
	€	€	€
Balances as at 14 February 2024	-	-	-
Comprehensive income			
Loss for the period	-	(29,980)	**(29,980)**
Total comprehensive income	**-**	**(29,980)**	**(29,980)**
Contributions by owners of the Bank			
Issue of ordinary shares	20,000,000	-	**20,000,000**
Total contributions by owners	**20,000,000**	**-**	**20,000,000**
Balances as at 31 December 2024	**20,000,000**	**(29,980)**	**19,970,020**

The notes on pages 9 to 31 form an integral part of these financial statements.

THE ACCESS BANK MALTA LIMITED

STATEMENT OF CASH FLOWS
FOR THE PERIOD 14 FEBRUARY 2024 TO 31 DECEMBER 2024

	Note	**2024** €
Cash flows from operating activities		
Loss for the period		(29,980)
Adjustments for:		
- Depreciation and amortisation	11, 12	12,644
- ECL allowances	6	20,450
- Net interest income	4	(101,320)
- Net fee and commission income	5	(9,173)
- Taxation	8	(16,143)
		(123,522)
Changes in:		
- Other assets	13	(200,136)
- Other liabilities	15	395,161
		71,503
Interest received		55,913
Net cash from operating activities		**127,416**
Cash flows from investing activities		
Purchase of investment securities	10	(19,909,000)
Net cash used in investing activities		**(19,909,000)**
Cash flows from financing activities		
Issuance of own shares	14	20,000,000
Net cash from financing activities		**20,000,000**
Net movement in cash and cash equivalents		218,416
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	9	**218,416**

The notes on pages 9 to 31 form an integral part of these financial statements.

1. Reporting entity

The Access Bank Malta Limited (the "Bank") is a limited liability company domiciled and incorporated in Malta. The Bank's registered office is at Level 4, Piazzetta Business Plaza, Triq Għar il- Lembi, Sliema SLM 1605, Malta. The Bank was incorporated on 14 February 2024, and accordingly, these financial statements cover the period from date of incorporation to 31 December 2024.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("the applicable framework"), which standards were issued by the International Accounting Standards Board (IASB). All references in these financial statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) and the Banking Act (Chapter 371, Laws of Malta), to the extent that such provisions do not conflict with the applicable framework.

2.2 Basis of measurement

These individual financial statements have been prepared on the historical cost basis, modified by the fair value measurement of financial assets at fair value through profit or loss.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of 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 accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult to reach, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS 1 (revised).

2.5 Measurement of fair values

A number of the Bank's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Bank uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2. Basis of preparation (continued)

2.6 Going concern

The financial statements have been prepared on a going concern basis. After reviewing the Bank's current and projected performance, underpinned by a solid initial capital base and a focus on trade finance solutions for clients in Europe and Africa, the Directors are confident that the Bank has sufficient resources to manage its business risks and maintain operations for the foreseeable future. As a result, the going concern basis has been adopted in preparing the financial statements.

2.7 New standards and interpretations not yet adopted

A number of amended standards became applicable for the current period and have been applied as necessary. The impact of the adoption of these revisions on the Bank's accounting policies and on the financial results are insignificant.

Certain new standards, amendments and interpretations to existing standards have been published by the date of the authorisation for issue of these audited financial statements but are mandatory for the Bank's accounting period after 14 February 2024. The Bank may early adopt these revisions to the requirements of IFRSs as adopted by the EU. The Bank's directors are of the opinion that there are no requirements that will have a significant impact on the financial statements in the period of initial application.

3. Material accounting policies

The accounting policies below have been applied throughout the period presented in these financial statements.

3.1 Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Bank becomes a party to the contractual terms of an instrument.

At the initial recognition, the Bank measures a financial asset or financial liability at its fair value inclusive of transaction costs that are incremental and directly attributable to the acquisition or issue of the financial assets or liabilities such as fees and commissions. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after the initial recognition, an ECL is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Financial assets and liabilities are initially recognised on the trade date, i.e., the date on which the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less the principal repayments including 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 loss allowance.

3. Material accounting policies (continued)

3.1 Financial assets and liabilities (continued)

Amortised cost and effective interest rate (continued)

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. The calculation does not consider ECL and includes transaction costs, discounts and fees that are integral to the effective interest rate such as originated fees. When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

i. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss in profit or loss.

ii. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined on an individual basis. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised on settlement.

When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the discounted value of the modified cash flows using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets.

Classification and subsequent measurement of financial assets

In accordance with IFRS 9, the Bank classifies its financial assets in the following measurement categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification requirements for debt instruments are described below:

<u>Debt instruments</u>

Debt instruments are those instruments that meet the definitions of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classifications and subsequent measurement of debt instruments depend on the Bank's business model for managing the asset; and the cash flow characteristics of the assets.

3. Material accounting policies (continued)

3.1 Financial assets and liabilities (continued)

Classification and subsequent measurement of financial assets (continued)

Based on these factors, the Bank classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

- FVOCI: financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payment of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss and recognised in 'net interest income'. Interest income from these financial instruments is included in 'interest income' using the effective interest rate method.

- FVTPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. Interest income from these financial assets is included in 'interest income on assets at FVTPL'.

Business model: the business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent the SPPI test. In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending agreement, the related financial asset is classified and measured at FVTPL.

Impairment

The Bank assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and at FVOCI, and with the exposure arising from loan commitments and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Refer to Note 18.3 for detailed information on credit risk, including the ECL methodology.

3. Material accounting policies (continued)

3.1 Financial assets and liabilities (continued)

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified and subsequently measured at amortised cost, except for:

- Financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at FVTPL are presented partially in other comprehensive income.

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Bank recognises any expense incurred on the financial liability.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance: and

- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Bank cannot separately identify the ECL on the undrawn commitment component from those on the loan component, the ECL on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECL exceed the gross carrying amount of the loan, the ECL are recognised as a provision.

3.2 Foreign currency transactions

The financial statements are presented in Euro which is the Bank's functional and presentation currency. Euro is the principal currency involved in the majority of the Bank’s activities. Transactions in foreign currencies are initially recorded at the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Euro at the balance sheet date. Non-monetary assets and liabilities are translated into Euro at the effective historical rate used on the date of initial recognition.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are recorded as income during the period and included in the profit or loss for the year.

3. Material accounting policies (continued)

3.3 Revenue

Fee and commission income

The Bank earns fee income from services it provides to its customers, which are recognised, both over time and at a point in time. Fee income is accounted for as follows:

i. If the income is earned on the execution of a significant act, it is recognised as revenue when the significant act has been completed (for example, fees arising on negotiating a transaction for a third party, such as the arrangement for the acquisition of securities);

ii. If the income is earned as services are provided, it is recognised as revenue as the services are provided (for example, documentary credit confirmation fees, custody and banking service fees); and

iii. If the income is an integral part of the effective interest rate of a financial instrument, it is recognised as an adjustment to the effective interest rate (for example, loan origination fees) and recorded over the period for which the service is provided.

3.4 Cash and cash equivalents

Cash and cash equivalents consist of deposits at call with financial institutions and are used by the Bank in the management of its short-term commitments. These are carried at amortised cost in the statement of financial position.

3.5 Valuation of financial instruments

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

Level 1: Valuation derived from unadjusted quoted market prices in an active market for an identical instrument.

Level 2: Valuation derived on a market-to-market basis and converted using the closing exchange rate at the end of the reporting period. Valuation where quoted market prices are not available or where the instrument is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

3.6 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses on a straight-line basis to write-off the assets over their estimated useful lives as follows:

- Computer equipment 3 years
- Furniture, fixtures and fittings 5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

3. Material accounting policies (continued)

3.6 Property and equipment (continued)

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

3.7 Intangible assets

Intangible assets are stated at cost or fair value on recognition less accumulated amortisation and any impairment in value.

Amortisation is calculated so as to write off the cost or valuation of intangible assets over their estimated useful lives, using the straight-line method, on the following bases:

- Software 5 years

3.8 Other payables and receivables

Other payables and receivables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3.9 Impairment of non-financial assets

The Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the asset is written down to its recoverable amount. An impairment loss is recognised as an expense.

3.10 Provisions

Provisions are recognised when the Bank has a present obligation as a result of a past event, and it is probable that the Bank will be required to settle that obligation and the amount can be reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

3.11 Current and deferred tax

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. Material accounting policies (continued)

3.11 Current and deferred tax (continued)

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

A deferred tax asset is recognised for unused tax losses, 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 utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there currently is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4 Interest income

Derived from:

	Period ended 31 December 2024 €
Cash with other banks	55,905
Investment securities at FVTPL	45,415
Total interest income	**101,320**

The amounts reported above include interest income, calculated using the effective interest method, relating to the financial assets detailed in Notes 9 and 10, respectively.

5 Fee and commission income

Derived from:

	Period ended 31 December 2024 €
Commitments and other contingencies	9,173
Total fee and commission income	**9,173**

6 ECL allowance

The below table summaries the ECL allowance for the period in the profit or loss, which is also reflected as a provision in the statement of financial position.

		Period ended 31 December 2024 €
ECL on commitments and other contingencies	18.3	20,450
Total credit impairment charge and provision		**20,450**

7 Other expenses

	Period ended 31 December 2024 €
Auditors' remuneration	41,300
Legal and consultancy fees	82,110
Other administrative expenses	112
Total other expenses	**123,522**

8 Taxation

A tax credit is recognised in these financial statements due to the losses incurred. The amounts recognised in profit or loss are as follows:

	Period ended 31 December 2024
	€
Current tax	-
Deferred tax	
- Tax credit on taxable losses	8,322
- Origination of temporary differences	7,821
Taxation	**16,143**

8.1 Reconciliation of effective tax rate

The tax credit and the result of the accounting profit/(loss) multiplied by the applicable tax rate in Malta, the Company's country of incorporation, are reconciled as follows:

	Period ended 31 December 2024
	€
Loss before tax	(46,123)
Tax credit at the applicable rate of 35%	16,143
Tax effect of:	
- Non-deductible expenses	-
Taxation	**16,143**

8.2 Movement in deferred tax balances

	Balance at 14 February 2024	Recognised in profit or loss	Balance at 31 December 2024
	€	€	€
Property and equipment, and intangible assets	-	663	**663**
Allowance for expected credit losses / provisions	-	7,158	**7,158**
Tax losses carried forward	-	8,322	**8,322**
Tax assets	**-**	**16,143**	**16,143**

9 Cash and cash equivalents

	Period ended 31 December 2024 €
Cash with other banks	218,416
Total gross amount	**218,416**
Allowance for impairment losses	-
Total net amount	**218,416**

The above table reflects cash and cash equivalents repayable on demand. The directors are of the opinion that no ECL allowance provision is required on such amounts held at third parties, as the third parties are financially sound.

10 Investment securities

	Period ended 31 December 2024 €
Money market fund (FVTPL)	19,909,000
Total investment securities	**19,909,000**

These comprise of investment securities at FVTPL in accordance with IFRS9. The basis of estimating the fair value of these assets is by ascertaining the market value as at the reporting date. Refer to Note 2 for definition.

The Bank holds investment securities through the BlackRock ICS Euro Government Liquidity Fund, which aims to generate moderate income while preserving capital and liquidity. The Fund invests in fixed income securities, money market instruments, and cash. Given it is actively managed and not constrained by a benchmark, it is classified as a "Short Term Public Debt CNAV Money Market Fund" under EU regulations. The maturity analysis of these investment securities is disclosed in Note 18.

11 Property and equipment

	Computer equipment €	Furniture, fixtures and fittings €	Total €
Cost			
Balance at 14 February 2024	-	-	-
Additions	209,766	167,879	**377,645**
Balance as at 31 December 2024	**209,766**	**167,879**	**377,645**
Depreciation			
Balance at 14 February 2024	-	-	-
Depreciation for the period	(5,827)	(2,721)	**(8,548)**
Balance at 31 December 2024	**(5,827)**	**(2,721)**	**(8,548)**
Net book value			
Balance as at 31 December 2024	**203,939**	**165,158**	**369,097**

12 Intangible assets

	Computer software	Total
	€	€
Cost		
Balance at 14 February 2024	-	-
Additions	245,739	245,739
Balance at 31 December 2024	**245,739**	**245,739**
Amortisation		
Balance at 14 February 2024	-	-
Amortisation for the period	(4,096)	(4,096)
Balance at 31 December 2024	**(4,096)**	**(4,096)**
Net book value		
At 31 December 2024	**241,643**	**241,643**

The intangible assets relate to software applications and licences purchased, and capitalised consultancy fees relating to their implementation.

13 Other assets

	Period ended 31 December 2024
	€
Accrued income	54,580
Prepayments	199,944
Other receivables	192
Total other assets	**254,716**

For the purposes of Note 17 and 18, other financial assets consist of accrued income and other receivables.

14 Share capital

	Period ended 31 December 2024
	€
Authorised	
99,999,999 Ordinary 'A' shares of €1.00 each	99,999,999
1 Ordinary 'B' Share of €1.00 each	1
	100,000,000
Issued and fully paid up	
19,999,999 Ordinary 'A' shares of €1.00 each	19,999,999
1 Ordinary 'B' Share of €1.00 each	1
Total share capital	**20,000,000**

14. Share capital (continued)

The Ordinary ‘A’ shares carry voting rights and are entitled to receive dividends or other distributions from the Bank.

The Ordinary 'B' share, which is held by a director, does not carry any voting rights and is not entitled to receive dividends.

15 Other liabilities

	Period ended 31 December 2024
	€
Amounts due to the Parent (Note 19)	896,220
Accrued expenses	122,325
Total other liabilities	**1,018,545**

For the purposes of Note 17 and 18, other financial liabilities consist of amounts due to Parent and accrued expenses.

15.1 Amounts due to the Parent are unsecured, interest free and repayable on demand.

16 Commitments and other contingencies

The Bank has entered into an unfunded risk participation transaction with the Parent as the seller, with a notional value of €4,331,504 as at 31 December 2024. The commitment is scheduled to conclude in October 2025.

A contingent liability has been recognised for the disclosed amount, reflecting the potential risk that the obligor may default on principal or interest payments to the seller. In such cases, the Bank's commitment may become payable.

17 Fair values of financial instruments

17.1 Fair value hierarchy

The table below analyses the financial assets of the Bank which are carried at fair value, in line with the accounting policy. They are categorised into levels 1 to 3 based on the degree to which their fair value is observable. The fair value measurement approach is recurring in nature.

	Level 1	Level 2	Level 3	Total
2024	**€**	**€**	**€**	**€**
Financial assets at FVTPL:				
- Investment securities	19,909,000	-	-	19,909,000
Total financial assets at fair value	**19,909,000**	**-**	**-**	**19,909,000**

All other financial assets and liabilities of the Bank are not measured at fair value.

17. Fair values of financial instruments (continued)

17.2 Financial instruments not measured at fair value

At 31 December 2024, the fair value of the below financial assets and financial liabilities measure at amortised cost is approximately equal to the carrying amount.

	Level 1	Level 2	Level 3	Total
2024	**€**	**€**	**€**	**€**
Cash and cash equivalents	-	218,416	-	218,416
Other assets				
- Accrued income	-	54,580	-	54,580
- Other receivables	-	192	-	192
Total financial assets at amortised cost	**-**	**273,188**	**-**	**273,188**

	Level 1	Level 2	Level 3	Total
2024	**€**	**€**	**€**	**€**
Other liabilities				
- Amounts due to the Parent	-	896,220	-	896,220
- Accrued expenses	-	122,325	-	122,325
Total financial liabilities at amortised cost	**-**	**1,018,545**	**-**	**1,018,545**

18 Financial instruments

18.1 Financial instruments classification

2024	**Amortised cost**	**Financial assets at FVTPL**	**Total**
Assets	**€**	**€**	**€**
Cash and cash equivalents	218,416	-	218,416
Investment securities	-	19,909,000	19,909,000
Other financial assets	54,772	-	54,772
Total assets	**273,188**	**19,909,000**	**20,182,188**

2024	**Amortised cost**	**Financial liabilities at FVTPL**	**Total**
Liabilities	**€**	**€**	**€**
Other financial liabilities	1,018,545	-	1,018,545
Total liabilities	**1,018,545**	**-**	**1,018,545**

At 31 December 2024, financial instruments classified as FVTPL are mandatorily measured at fair value through profit or loss, with changes in value recognised in profit or loss.

18.2 Risk management

Management of the Bank's risk management function is the responsibility of the Chief Risk and Compliance Officer. The Risk Management Department is delegated responsibility for the day-to-day monitoring of the individual risks by the Chief Executive Officer/Managing Director. The purpose of each of the areas is to ensure that market, credit, liquidity and operational risks in the Bank are kept within the guidelines set by the Board.

18. Financial instruments (continued)

18.2 Risk management (continued)

The Chief Executive Officer/Managing Director is responsible for providing an oversight function that will consider all the risks on a consolidated basis and, in this respect, chairs the main management risk committees.

In order to manage its risks, the Bank has adopted a Three Lines Model:

- The First Line constitutes the business and operational units of the Bank. It covers the framework for policies and procedures put in place by the Board, covering all the Bank's operations. Policies are developed covering all operational areas, as well as credit risk, liquidity risk, concentration risk, trading book risk and provisioning.
- The Second Line consists of the Risk and Compliance Departments, the AML function and the Management Risk and Compliance Committee which is in place to establish and oversee appropriate systems for the Bank in proportion to its scale, nature and complexity.
- The Third Line involves the review of all the Bank's operations and risk management operations by the Internal Audit function, reporting to the Board Risk and Audit Committee.

18.3 Credit risk

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

The credit risk function, within the Risk Management Department, is building and enhancing processes across both strategic and operational areas of focus: strategic in the sense that it works closely with the Bank's executives in managing the risk appetite agreed by the Board, reviewing target markets and clients, reviewing the credit risk dimension of products and having overall responsibility for portfolio credit quality, monitoring and control; and operational in the sense that credit risk works closely with the client and front office relationship teams, supporting the analysis of credit risk for business written, handling the overall risk assessment for transactions and approving or otherwise the writing and marking of credit exposure.

Several control frameworks have been established and are being refined to improve effectiveness; examples include:

- Maximum exposure guidelines relating to the exposures to any individual customer or counterparty;
- Country risk concentration as part of the concentration risk policy specifying risk appetite by the countries risk profile and avoiding excessive concentration of credit risk in individual countries; and
- Policies that limit financing to certain industrial sectors.

Multiple methodologies are in place to inform the decision on individual credits, including internal analysis, rating agency ratings (where applicable), and for wholesale assets market information such as credit spreads. The Bank implements the Standardised Model in accordance to the Capital Requirements Regulation ("CRR") which implements the Basel Framework within the European Union.

Credit risk is the single largest risk for the Bank's business; management is therefore focused on ensuring the effective management and control of its exposure to credit risk. Credit risk management and control are centralised within the Risk Management Department, which shall report regularly to the Board of Directors through the Board Credit Committee, ensuring that the Board maintains oversight and remains well-informed of emerging credit risk and portfolio performance.

The estimation of credit exposure for risk management purposes requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, and the associated loss ratios.

18. Financial instruments (continued)

18.3 Credit risk (continued)

Cash and cash equivalents

This portfolio reflects overnight current account balances with other credit institutions. The Bank has utilised the ratings and data supplied by the Fitch Ratings Agency.

Investment securities

This portfolio consists of an investment in a money market fund which in turn invests in short-dated Euro Government investments or holdings.

ECL measurement

The introduction of IFRS 9 introduced three mandated staging criteria for assessing the requirement for impairment provisions. The three stages are summarised below:

- Underlying assets classed as ‘Performing’, with no significant increase in credit risk are classified in “Stage 1”.
- The underlying asset would be moved to “Stage 2” if there is a significant increase in credit risk. This asset is classed as ‘Under Performing’.
- The underlying asset is moved to “Stage 3” if it is classed as ‘Non-Performing’ and is deemed to be credit impaired.

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 historical experience of the Group of which the Bank forms part, expert credit assessments, and forward-looking information.

Financial instruments in Stage 1 have their ECL measured at initial recognition for a 12-month period, with the loss allowance being charged through statement of profit or loss.

Instruments in Stages 2 or 3 have their ECL measured based on a lifetime basis following the occurrence of an event that significantly increases the credit risk of a financial asset since initial recognition.

The following diagram summarises the impairment requirements under IFRS 9 (other than purchased or originated credit-impaired financial assets):

Change in credit quality since original recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Default / Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

18. Financial instruments (continued)

18.3 Credit risk (continued)

Transition from Stage 1 to Stage 2

Transition from Stage 1 to Stage 2 occurs when a loan or debt instrument is assessed to have experienced significant increase in credit risk:

Quantitative measures
The Bank will downgrade an exposure when an exposure is not being serviced and/or where an interest payment is not covered (servicing difficulties).

As a default assumption any asset for which a payment is past due by more than 30 days will move from Stage 1 to Stage 2.

Qualitative measures
The Bank will assess a number of criteria to assess whether there is an indication of a significant increase in credit risk, the most significant of which are:

- Covenant breaches;
- Security shortfalls; and
- Significant adverse developments.

Transition from Stage 2 to Stage 3

A loan or debt instrument is moved from Stage 2 to Stage 3 when the facility is considered to be in default or credit impaired.

Quantitative measures
Any exposures with more than three missed payments, or which is more than 90 days past due, are considered to be in default for IFRS 9 purposes.

Qualitative measures
The Bank will assess a number of criteria to assess whether an asset is credit impaired, the most significant of which are:

- Where there are continual requests for the rolling or extension of the exposure, which prompt a requirement for enhanced scrutiny;
- Continued covenant breaches;
- Continued security shortfalls; and
- Continued adverse developments.

The above measures are not exhaustive and a recommendation can be made for the exposure to be downgraded if there are other factors which indicate an increase in credit risk.

Measuring ECL – explanations of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit- impaired. ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), defined as below:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per ‘definition of default and credit-impaired’ above), either over the next 12 months (12M PD), or over the remaining lifetime (lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

18. Financial instruments (continued)

18.3 Credit risk (continued)

Measuring ECL – explanations of inputs, assumptions and estimation techniques (continued)

- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not been prepaid or defaulted in an earlier month).

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. For any secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis.

Credit risk exposure

<u>*Maximum exposure to credit risk*</u>

The maximum exposure to credit risk exposure in the event of other parties failing to perform their obligations is presented below. No account is taken of any collateral held and the maximum exposure to loss is considered to be the balance sheet carrying amount or, for non-derivative off-balance sheet transactions, their contractual nominal amounts.

	31 December 2024
	€
Cash and cash equivalents	218,416
Investment securities	19,909,000
Other financial assets	54,772
	20,182,188
Other commitments (contingent)	4,331,504
Maximum credit risk exposure	**24,513,692**

The Bank's maximum exposure to credit risk before allowing for collateral held was €24,513,692, these amounts include all financial assets and commitments.

An ECL allowance of €20,450 has been recognised for other commitments (contingent) for the initial financial period ended 31 December 2024. No additional ECL allowance was deemed necessary for other credit risk exposures.

18. Financial instruments (continued)

18.3 Credit risk (continued)

Collateral and other credit enhancements

As at 31 December 2024, the Bank had no collateral or other credit enhancements.

Loss allowance

The loss allowance may be impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of the ECL due to changes made to the model and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-off of allowances related to assets that were written off during the period.

The following table illustrate the changes in the loss allowance from inception to the end of the annual period, attributable to the following factors:

Commitments and other contingencies	**Stage 1 12-month ECL**	**Stage 2 lifetime ECL**	**Stage 3 lifetime ECL**	**Total**
	€	**€**	**€**	**€**
Loss allowance as at 14 February 2024	-	-	-	-
New financial assets originated	20,450	-	-	20,450
Total net P&L charge during the period	**20,450**	**-**	**-**	**20,450**
Loss allowance as at 31 December 2024	**20,450**	**-**	**-**	**20,450**

Write-off policy

The Bank will write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The table below shows the Bank's exposure based on the markets and regions in which the Bank's customers conduct their business.

Concentration by sector	**31 December 2024**
	€
Banks	227,589
Government	19,954,599
	20,182,188

18. Financial instruments (continued)

18.3 Credit risk (continued)

Concentration by location	**31 December 2024**
	€
European Union	20,172,064
United Kingdom	10,124
	20,182,188

The above sector and geographical analyses include all financial assets.

18.4 Market risk

The market risk that the Bank faces is changes in market prices, such as interest rates and foreign exchange rates, which have an effect on the Bank's income and the value of debt securities.

Management is managing and controlling market risk exposures and ensures that it is within acceptable parameters, while optimising the return on risk.

Foreign exchange risk

The Bank is exposed to foreign exchange risk to the extent of its open position in each non-Euro currency. The Bank has stipulated an internal limit for the maximum open position that can be taken and it is measuring and monitoring this open position on a daily basis. The Bank does not intend to hold securities for trading or undertake any other trading activity.

Assets and liabilities in foreign currency

The Bank manages its exposure to foreign exchange rate fluctuations by matching assets with liabilities in the same currency as far as possible.

31 December 2024	**US dollars**	**Euro**	**Total**
	€	**€**	**€**
Assets	9,173	20,999,842	21,009,015
Liabilities	-	(1,038,995)	(1,038,995)
Equity		(19,970,020)	(19,970,020)
Net assets / (liabilities)	**9,173**	**(9,173)**	**-**

A sensitivity analysis has been carried out on the foreign currency open position as at year end using a 10% increase / (decrease) in exchange rates and the foreign currency risk is considered to be immaterial.

Interest rate risk

Interest rate risk represents the sensitivity of the Bank to changes in interest rates. The principal risk to which non-trading assets and liabilities are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of changes in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. The Bank's Asset and Liability Committee is the monitoring body for compliance with the Bank's policies and is assisted by Treasury in its day-to-day monitoring activities.

The overall non-trading interest rate risk position is managed by Treasury, which uses advances to banks, deposits from banks, and derivative instruments to manage the overall position arising from the Bank's non-trading activities.

18. Financial instruments (continued)

18.4 Market risk (continued)

Interest rate risk (continued)

A sensitivity analysis carried out on floating rate assets and liabilities as at the statement of financial position date using a 100 basis points increase/(decrease) in interest rates would have increased/(decreased) equity and profit or loss by an estimated amount of €200,000 per annum.

Other market risks

As at 31 December 2024, the Bank does not consider itself significantly exposed to any market risks beyond those disclosed above, including, but not limited to, other price risks (e.g., equity price risk). The Asset and Liability Committee actively monitors and reviews changes in market risks on a regular basis, with reviews performed at least quarterly.

18.5 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 delivery of cash or another financial asset. The Bank has documented a Liquidity and Funding Policy. The directors are primarily responsible for overseeing the implementation of this policy and ensuring that appropriate procedures are in place to meet the Bank's Liquidity and Funding Key Risk Indicators (KRIs) set in the Bank's Risk Appetite Statement. The Bank measures and monitors the liquidity position on a daily basis. The Bank considers its funding ability before committing to additional credit facilities and closely monitors upcoming payment obligations.

This table shows the liquidity analysis of financial assets and liabilities analysed based on their contractual maturity date. The financial liabilities are shown on an undiscounted basis other than for balances due within 12 months which are shown at their carrying amount as the impact of discounting is not significant.

2024	**Less than 3 months**	**Between 3 & 12 months**	**More than 12 months**	**Carrying amount**
Assets	**€**	**€**	**€**	**€**
Cash and cash equivalents	218,416	-	-	218,416
Investment securities	19,909,000	-	-	19,909,000
Other financial assets	54,772	-	-	54,772
Total assets	**20,182,188**	**-**	**-**	**20,182,188**

2024	**Less than 3 months**	**Between 3 & 12 months**	**More than 12 months**	**Carrying amount**
Liabilities	**€**	**€**	**€**	**€**
Other financial liabilities	1,018,545	-	-	1,018,545
Total liabilities	**1,018,545**	**-**	**-**	**1,018,545**

18.6 Operational risk

Operational risk is the risk of direct or indirect losses resulting from inadequate or failed internal processes or systems, human factors, or from external events. Operational risk is taken as a necessary consequence of the Bank undertaking its core businesses and it is the Bank's policy to minimise its risks to the extent possible through a strong and well-resourced control and operational infrastructure.

The Bank follows an ongoing Operational Risk Management process, including risk identification, assessment, and control implementation, aimed at mitigating or avoiding risks. This approach reduces negative event probabilities without stifling innovation or growth. The Board Risk and Audit Committee ensures strong governance by regularly assessing operational risks, which are reviewed and approved by the committee.

18. Financial instruments (continued)

18.7 Capital management

Capital is defined as the total of share capital less accumulated losses. Total capital at 31 December 2024 was €19,970,020. Regulatory capital is determined in accordance with the Capital Requirements Regulation (CRR), as stipulated by Regulation (EU) No 575/2013 issued by the European Union. Total regulatory capital as at 31 December 2024 was €19,917,234.

Capital adequacy and the use of regulatory capital are monitored regularly by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee and the European Union. The principal committee at which the Bank's capital is monitored is ALCO.

Currently the Bank's regulatory capital consists only of Tier 1 capital, being the issued share capital less accumulated losses of the Bank, less intangible assets and deferred tax assets. The Bank has calculated its regulatory capital as at 31 December 2024 in accordance with these definitions as laid out in the table below:

Capital resources	**31 December 2024**
	€
Tier 1 capital	
Shareholders' funds	19,970,020
Less:	
Intangible assets	(241,643)
Other adjustments	(16,143)
Total Tier 1 capital	19,712,234
Total regulatory capital	**19,712,234**

19 Related parties

19.1 Parent and ultimate controlling party

The immediate parent company of The Access Bank Malta Limited is The Access Group Malta Holdings Limited (the "Immediate Parent"), which holds all shares in the Bank except for one share (see Note 14). The Immediate Parent is a company registered in Malta under Maltese company registration number C 104045 and with registered offices at Level 4, Piazzetta Business Plaza, Triq Għar il- Lembi, Sliema SLM 1605, Malta.

The Immediate Parent is a wholly owned subsidiary of The Access Bank UK Limited (the "Parent"), a company registered in England and Wales bearing UK company registration number 06365062 and with registered offices at 4, Royal Court, Gadbrook Way, Gadbrook Park, Northwich, Chesire CW9 7UT, United Kingdom. The Access Bank UK Limited is a wholly owned subsidiary of Access Bank Plc, a leading Tier One bank incorporated in Nigeria, bearing Nigerian company registration number 125384. Group financial statements into which the Bank is consolidated are available from the Head Office, at 14/15, Prince Alaba Abiodun, Oniru Road, Victoria Island, Lagos, Nigeria.

The Bank's ultimate parent and controlling party is Access Holdings Plc, a financial services holding company incorporated in Nigeria and listed on the Nigerian Stock Exchange. The Access Holdings Plc Group financial statements are available on the Group's website at www.theaccesscorporation.com.

19.2 Identity of related parties

All entities which are ultimately controlled by Access Holdings Plc are considered to be related parties.

19. Related parties (continued)

19.2 Identity of related parties (continued)

Key management personnel of the Bank, being the Bank's Directors, and close family members of key management personnel are also considered to be related parties. No directors' emoluments or related transactions were recorded during the period under review, except for transactions and balances with the Parent.

19.3 Related party transactions and balances with the Parent

	Note	**Period ended 31 December 2024**
		€
Fee and commission income		
Fee income	5	9,173
Assets		
Cash and cash equivalents	9	951
Other assets	13	9,173
Liabilities		
Other liabilities	15	896,220
Memorandum Items		
Commitments and other contingencies	16	4,331,504

Additions of property and equipment (Note 11) and intangible assets (Note 12) were originally acquired by the Parent and transferred to the Bank during the period under review, upon attainment of the banking license. These non-cash transactions resulted in the recognition of a related party liability. Amounts due to the Parent, included within other liabilities, are unsecured, interest free and repayable on demand.

20 Operating commitments

At period end, the Bank did not have any operating lease commitments. On 1 January 2025, the Bank entered into an office lease agreement, which shall be duly recognised in accordance with IFRS 16.

21 Capital commitments

The Bank did not have any commitments to purchase any property and equipment at period end.

22 Subsequent events

The directors have evaluated subsequent events since 31 December 2024 up to the date of approval of these financial statements and concluded that there were no subsequent events which require disclosure or adjustment in the financial statements.

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Independent Auditors' Report

To the Shareholders of The Access Bank Malta Limited

1 Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Access Bank Malta Limited (the "Bank"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

(a) give a true and fair view of the financial position of the Bank as at 31 December 2024, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU; and

(b) have been properly prepared in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") and the Banking Act, 1994 (Chapter 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 *Auditors' 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* issued in terms of the Accountancy Profession Act (Chapter 281, Laws of Malta), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditors' Report (continued)

To the Shareholders of The Access Bank Malta Limited

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 (as communicated to the audit committee), and include a description of the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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.

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the 'Directors' Report', 'Directors' Responsibilities for the Financial Statements' and 'Five-Year Summary Figures', 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 in our 'Report on Other Legal and Regulatory Requirements', 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.

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Independent Auditors' Report (continued)

To the Shareholders of The Access Bank Malta Limited

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that (a) give a true and fair view in accordance with IFRS as adopted by the EU, and (b) are properly prepared in accordance with the provisions of the Act, and 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 related 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.

The directors are also responsible for overseeing the financial reporting process.

Auditors' 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 auditors' 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 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.

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Independent Auditors' Report (continued)

To the Shareholders of The Access Bank Malta Limited

Auditors' responsibilities for the audit of the financial statements (continued)

- Consider the extent of compliance with those laws and regulations that directly affect the financial statements, as part of our procedures on the related financial statement items. For the remaining laws and regulations, we make enquiries of directors and other management, and inspect correspondence with the regulatory authority, as well as legal correspondence. As with fraud, there remains a higher risk of non-detection of other irregularities (whether or not these relate to an area of law directly related to the financial statements), as these may likewise involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 the directors.

- Conclude on the appropriateness of the directors' 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 auditors' 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 auditors' 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 the audit committee 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 the audit committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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Independent Auditors' Report (continued)

To the Shareholders of The Access Bank Malta Limited

Auditors' responsibilities for the audit of the financial statements (continued)

From the matters communicated with the audit committee, 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 auditors' 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 benefits of such communication.

2 Report on Other Legal and Regulatory Requirements

Opinion on 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.

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Independent Auditors' Report (continued)

To the Shareholders of The Access Bank Malta Limited

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

Pursuant to article 179B(1) of the Act, we report as under matters not already reported upon in our 'Report on the Audit of the Financial Statements':

- we were first appointed as auditors by the shareholders on 12 December 2024. This is the first period of engagement;

- our opinion on our audit of the financial statements is 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 Accountancy Profession Act.

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Independent Auditors' Report (continued)

To the Shareholders of The Access Bank Malta Limited

Matters on which we are required to report by the Banking Act and 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 in respect of 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 Principal authorised to sign on behalf of KPMG on the audit resulting in this independent auditors' report is Thomas Galea.

KPMG
Registered Auditors

9 April 2025

THE ACCESS BANK MALTA LIMITED

FIVE-YEAR SUMMARY FIGURES
FOR THE PERIOD 14 FEBRUARY 2024 TO 31 DECEMBER 2024

Statement of Profit or Loss and Other Comprehensive Income

	2024
	Euro
Interest income	55,905
Interest income on assets at FVTPL	45,415
Interest expense	-
Net interest income	**101,320**
Fee and commission income	9,173
Fee and commission expense	-
Net fee and commission income	**9,173**
Revenue	**110,493**
Expected credit loss (ECL) allowance	(20,450)
Income after ECL allowance	**90,043**
Operating expenses	
Depreciation and amortisation	(12,644)
Other expenses	(123,522)
Total operating expenses	**(136,166)**
Loss before tax	**(46,123)**
Taxation	16,143
Loss for the period	**(29,980)**
Total comprehensive income for the period	**(29,980)**

Banking Rule BR/07, issued under the Banking Act (Cap. 371, Laws of Malta), mandates all credit institutions licensed under this Act to include, among other disclosures, a five-year summary of key financial figures in their Annual Report. However, since the current reporting period marks the initial phase of reporting from the Bank's inception, only one period is available for disclosure at this stage. This section will be progressively updated with the required data in subsequent publications as additional reporting periods become available.

THE ACCESS BANK MALTA LIMITED

FIVE-YEAR SUMMARY FIGURES
FOR THE PERIOD 14 FEBRUARY 2024 TO 31 DECEMBER 2024

Statement of Financial Position

	2024
	€
ASSETS	
Cash and cash equivalents	218,416
Investment securities	19,909,000
Property and equipment	369,097
Intangible assets	241,643
Deferred tax asset	16,143
Other assets	254,716
Total Assets	**21,009,015**
EQUITY AND LIABILITIES	
Equity	
Share capital	20,000,000
Accumulated losses	(29,980)
Total Equity	**19,970,020**
Liabilities	
Provisions	20,450
Other liabilities	1,018,545
Total Liabilities	**1,038,995**
Total Equity and Liabilities	**21,009,015**
MEMORANDUM ITEMS	
Commitments and other contingencies	4,331,504

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THE ACCESS BANK MALTA LIMITED

FIVE-YEAR SUMMARY FIGURES
FOR THE PERIOD 14 FEBRUARY 2024 TO 31 DECEMBER 2024

Statement of Cash Flows

	2024
	€
Cash flows from operating activities	
Loss for the period	(29,980)
Adjustments for:	
- Depreciation and amortisation	12,644
- ECL allowances	20,450
- Net interest income	(101,320)
- Net fee and commission income	(9,173)
- Taxation	(16,143)
	(123,522)
Changes in:	
- Other assets	(200,136)
- Other liabilities	395,161
	71,503
Interest received	55,913
Net cash from operating activities	**127,416**
Cash flows from investing activities	
Purchase of investment securities	(19,909,000)
Net cash used in investing activities	**(19,909,000)**
Cash flows from financing activities	
Issuance of own shares	20,000,000
Net cash from financing activities	**20,000,000**
Net movement in cash and cash equivalents	218,416
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	**218,416**

Accounting Ratios

	2024
	%
Revenue to total assets	0.53
Operating expenses to total assets	(0.65)
Loss before tax to total assets	(0.22)
Loss after tax to total assets	(0.14)

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