COMPANY ANNOUNCEMENT

Condensed Interim Financial Statements 2021

Date of Announcement:	29 July 2021
Reference No:	APSB14

The following is a Company Announcement issued by APS Bank plc (or the "Bank") pursuant to the Listing Rules of the Listing Authority.

Quote

The Board of Directors of APS Bank plc met on 29 July 2021 and approved the attached Condensed Interim Financial Statements for the period ended 30 June 2021.

During the six months under review, the business landscape remained over-shadowed by the COVID-19 pandemic. Against this background, the financial results for the period reflect the strength and resilience of the Group's business model, taking a pragmatic approach and adjusting itself throughout the various pandemic phases. The Bank continued growing the retail and commercial loan book through new or renewed support measures. It is encouraging to note that the vast majority of lending moratoria granted to personal clients have returned to satisfactory performance, reflecting in a release of credit losses recognised in the prior financial year. During the period the Bank has ably managed its position across liquidity and funding costs, maintaining a level of liquidity commensurate with the business risks whilst safeguarding interest margins. Concurrently it continued executing its investment programme in digital and physical infrastructure, innovation, risk and compliance management – all supported by capacity strengthening with the engagement and skilling of the human talent.

The following is an extract from the Condensed Interim Financial Statements for the period ended 30 June:

	The Group		**The Bank**	
	Jun-21	**Jun-20**	**Jun-21**	**Jun-20**
Net interest income (€ mio)	26.3	23.9	25.6	23.4
Operating income before net impairments (€ mio)	30.4	26.7	29.1	27.5
Net impairment gains / (losses) (€ mio)	1.7	(1.4)	1.7	(1.4)
Operating costs (€ mio)	(19.8)	(15.9)	(19.3)	(15.8)
Profit before tax (€ mio)	12.2	8.9	11.5	10.3
ROAE (%)	7.7	5.6	7.8	7.5
Capital Adequacy Ratio (%)	17.5	15.5	17.3	14.7
Cost/Income (%)	65.2	59.7	66.4	57.6
	Jun-21	**Dec-20**	**Jun-21**	**Dec-20**
Loan book (€ mio)	1,932	1,802	1,932	1,802
Customer deposits (€ mio)	2,305	2,123	2,305	2,124
Total equity (€ mio)	212	206	193	192
Total assets/liabilities (€ mio)	2,641	2,421	2,622	2,407

Financial Performance

For the period ended 30 June 2021, APS Group registered a pre-tax profit of €12.2 million (2020: €8.9 million) while the Bank posted a pre-tax result of €11.5 million (2020: €10.3 million).

Net interest income was the main contributor to the Group's profitability registering a total of €26.3 million (2020: €23.9 million). This was mainly attributable to interest receivable on loans and advances, which as at 30 June 2021 amounted to €30.3 million (2020: €27.8 million). The growth in interest revenue was a direct result of 10% growth in both personal and commercial lending. Interest expense was consistent with the comparative period as the Group's funding and related costs continue being managed with the aim to preserve superior net interest margins.

Net fee and commission income for the period was €2.8 million marginally lower than the result for the comparative period (2020: €2.9 million). Whilst fee income increased by €0.7 million (18%), this was offset by an increase in card and other financial charges.

Other operating income totalled €1.3 million (2020: loss of €0.1 million loss). This was mainly due to net gains on foreign exchange and net gains on financial instruments, which registered an increase of €0.5 million and €0.8 million respectively compared to €0.1 million loss in the comparative period. Notwithstanding the ongoing market volatility, the Group's subsidiaries, APS Diversified Bond Fund and APS Global Equity Fund returned a positive performance, effectively contributing to the net gain on financial instruments realised by the Group of 0.6 million (2020: €0.03 million loss).

Operating expenses for the period increased by 24.2% to €19.8 million. The rise was anticipated and mainly driven by factors that have been dominating the Group's focus in the current environment. Foremost is the continuous investment in human resources in a market where pressures on labour and talent have never been greater. Cost increases are also arising from regulatory requirements, telecommunications, licences, insurance and maintenance agreements, to name a few. Furthermore, several projects are also underway aimed to achieve a stronger position for the Group in the market.

Net impairment charges on expected credit losses amounted to a write back of €1.7 million compared to the charge of €1.4 million for the corresponding 2020 period. This drop is mainly related to the loans and advances to customers portfolio which during the reporting period posted a write back of €1.9 million – a reflection of the performance of underlying loans which had indications of a significant increase in credit risk at the end of the last financial year and also affirming the Group's prudent approach toward its risk appetite and credit lending policies.

Financial Position

At 30 June 2021, the Group's total assets reached €2.64 billion, recording an additional growth of €220.2 million. Loans and advances to customers and additional cash balances held at the Central Bank of Malta were the key drivers to this, increasing by €122.4 million and €89.1 million respectively. Overall, the growth in loans and advances to customers particularly stemmed from the demand for home finance which expanded by 7.4% (€83.1million) to €1.21 billion.

The Group's funding grew by 9.7%, mainly resulting from an increase in customers' deposits by €181.3 million. The Liquidity Coverage Ratio ("LCR") at June 2021 stood at 174.2% (31 December 2020: 138.9 %). Group Total Equity at 30 June 2021 stood at €212.4 million, increasing by €6.2 million (December 2020: €206.2 million). At Group level, CET1 ratio was at 13.4% whilst the Capital Adequacy Ratio at 17.5% (December 2020: 15.1% and 19.5% respectively).

Interim dividend

Taking into account the regulatory limitations in force and the prevailing economic uncertainty resulting from the pandemic, the Board of Directors is not recommending an interim dividend at this stage. The position will continue being assessed in the coming months with a view to consider the payment of a dividend later in the year.

Outlook

The increasing vaccination rate, low level of hospitalisations and deaths caused by the COVID-19 pandemic are favouring a continued easing of virus containment measures across Europe and in Malta, bringing economies towards a gradual improvement. Compared with six months ago, the outlook for the Maltese economy appears to be brighter for the second half of 2021 and 2022, with the European Commission and the IMF increasing their Malta real GDP growth forecasts. Several downside risks, however, remain. Firstly, the emergence and spread of new virus variants and secondly, the economic risks related to the possible negative consequences of the decision of the Financial Action Task Force (FATF) to add Malta to the list of jurisdictions under increased monitoring.

CEO Marcel Cassar commented:

"We are pleased to report this strong interim performance for APS Group which evinces the resilience of our business model to endure the prevailing uncertainty. As the pickup in business sentiment sees its way also in the impairment write-backs for the period, we maintain a prudent watch on credit underwriting and asset quality, mindful that pandemic-related developments, including the extent of rebound of key sectors such as tourism, continue to shape the landscape. The coming months will also see us invest further in enriching the customer experience, via our digital offering, product suite and accelerated transformation of the network. We shall also be focusing on more diversification of funding sources and developing new streams of non-banking income. Work has now started on the strategic discussion that will drive the 2022-2024 Business Plan and there is full alignment within the Management body about the key role which we must play in the community banking space. The wheels are also in motion for the Bank to approach the market in 2022 for Phase 3 of its Capital Development Plan, strengthening the equity base while also setting the platform for our next stage of development."

The Condensed Interim Financial Statements for the period ending 30 June 2021 can be viewed on the Bank's website https://www.apsbank.com.mt/financial-information

Unquote

Graziella Bray B.A., LL.D
Company Secretary

values you can bank on

CONDENSED INTERIM FINANCIAL STATEMENTS 2021

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DIRECTORS' REPORT PURSUANT TO LISTING RULE 5.75.2 (continued)

DIVIDENDS PAID

[illegible]

OUTLOOK

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

FREDERICK MIFSUD BONNICI
Chairman

FRANCO AZZOPARDI
[illegible]

[illegible] July 2021

STATEMENT OF DIRECTORS' RESPONSIBILITES

[illegible]

- [illegible]
- [illegible]
- [illegible]

[illegible]

STATEMENTS OF PROFIT OR LOSS

for the six months ended 30 June 2021

	Note	The Group Jun - 21 €000	The Group Jun - 20 €000	The Bank Jun - 21 €000	The Bank Jun - 20 €000
Interest receivable and similar income:					
[illegible]					
[illegible]		30,315	[illegible]	30,315	[illegible]
[illegible]		2,903	[illegible]	2,215	[illegible]
Total interest receivable and similar income		33,218	[illegible]	32,530	[illegible]
[illegible]		(6,905)	[illegible]	(6,905)	[illegible]
Net interest income		26,313	[illegible]	25,625	[illegible]
[illegible]		4,086	[illegible]	3,651	[illegible]
[illegible]		(1,282)	[illegible]	(1,282)	[illegible]
Net fee and commission income		2,804	[illegible]	2,369	[illegible]
[illegible]		150	[illegible]	684	[illegible]
[illegible]		179	[illegible]	157	[illegible]
[illegible]		753	[illegible]	196	[illegible]
[illegible]		102	[illegible]	102	[illegible]
Operating income before net impairments		30,301	[illegible]	29,133	[illegible]
[illegible]	[illegible]	1,705	[illegible]	1,705	[illegible]
Net operating income		32,086	[illegible]	30,838	[illegible]
[illegible]		(10,404)	[illegible]	(10,196)	[illegible]
[illegible]		(7,218)	[illegible]	(6,946)	[illegible]
[illegible]		(996)		(996)	
[illegible]		(934)	[illegible]	(934)	[illegible]
[illegible]		(258)	[illegible]	(258)	[illegible]
Operating expenses		(19,810)	[illegible]	(19,330)	
[illegible]		12,276	[illegible]	11,508	[illegible]
[illegible]		(45)	[illegible]	-	-
Profit before tax		12,231	[illegible]	11,508	[illegible]
[illegible]		(4,153)	[illegible]	(4,036)	[illegible]
Profit for the period		8,078	[illegible]	7,472	[illegible]

Profit for the period attributable to:				
[illegible]	7,731	[illegible]	7,472	[illegible]
[illegible]	347	[illegible]	-	-
	8,078	[illegible]	7,472	[illegible]

STATEMENTS OF COMPREHENSIVE INCOME

for the six months ended 30 June 2021

	The Group		The Bank	
	Jun - 21 €000	Jun - 20 €000	Jun - 21 €000	Jun - 20 €000
Profit for the period	8,078	[illegible]	7,472	[illegible]
Other comprehensive loss:				
[illegible]	(3,752)	[illegible]	(3,752)	[illegible]
[illegible]	(177)	[illegible]	(177)	[illegible]
[illegible]	(298)	[illegible]	(298)	[illegible]
[illegible]	-	[illegible]	-	[illegible]
Other comprehensive loss for the period, net of tax	(4,227)	[illegible]	(4,227)	[illegible]
Total comprehensive income for the period, net of tax	3.851	[illegible]	3.245	[illegible]
Total comprehensive income for the period attributable to:				
[illegible]	3,504	[illegible]	3.245	[illegible]
[illegible]	347	[illegible]	-	-
	3.851	[illegible]	3.245	[illegible]

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2021

	Note	The Group Jun - 21 €000	The Group Dec - 20 €000	The Bank Jun - 21 €000	The Bank Dec - 20 €000
ASSETS					
[illegible]		197,390	[illegible]	197,390	[illegible]
[illegible]		1	[illegible]	1	[illegible]
[illegible]		47,605	[illegible]	44,860	[illegible]
[illegible]		1,811,387	[illegible]	1,811,387	[illegible]
[illegible]		120,274	[illegible]	120,274	[illegible]
[illegible]		756	[illegible]	756	[illegible]
[illegible]		57,525	[illegible]	-	[illegible]
[illegible]		313,412	[illegible]	313,412	[illegible]
[illegible]		305	[illegible]	305	[illegible]
[illegible]		-	-	45,250	[illegible]
[illegible]		19,907	[illegible]	16,762	[illegible]
[illegible]		1,830	[illegible]	1,830	[illegible]
[illegible]	4	45,636	[illegible]	45,636	[illegible]
[illegible]	4	9,738	[illegible]	9,738	[illegible]
[illegible]		5,052	[illegible]	5,052	[illegible]
[illegible]		1,399	[illegible]	1,399	[illegible]
[illegible]		9,011	[illegible]	8,146	[illegible]
TOTAL ASSETS		2,641,228	[illegible]	2,622,198	[illegible]
LIABILITIES					
[illegible]		1,022	[illegible]	756	[illegible]
[illegible]		33,951	[illegible]	33,951	[illegible]
[illegible]		2,304,735	[illegible]	2,304,970	[illegible]
[illegible]		54,574	[illegible]	54,574	[illegible]
[illegible]		2,647	[illegible]	2,534	[illegible]
[illegible]		5,232	[illegible]	5,232	[illegible]
[illegible]		14,766	[illegible]	15,474	[illegible]
[illegible]		11,878	[illegible]	11,688	[illegible]
TOTAL LIABILITIES		2,428,805	[illegible]	2,429,179	[illegible]
EQUITY					
[illegible]		62,429	[illegible]	62,429	[illegible]
[illegible]		10,453	[illegible]	10,453	[illegible]
[illegible]		28,033	[illegible]	28,033	[illegible]
[illegible]		97,067	[illegible]	92,104	[illegible]
[illegible]		197,982	[illegible]	193,019	[illegible]
[illegible]		14,441	[illegible]	-	-
TOTAL EQUITY		212,423	[illegible]	193,019	[illegible]
TOTAL LIABILITIES AND EQUITY		2,641,228	[illegible]	2,622,198	[illegible]
MEMORANDUM ITEMS					
[illegible]		25,320	[illegible]	25,320	[illegible]
[illegible]		831,560	[illegible]	831,560	[illegible]

[illegible]

FREDERICK MIFSUD BONNICI
[illegible]

FRANCO AZZOPARDI
[illegible]

MARCEL CASSAR
[illegible]

RONALD MIZZI
[illegible]

STATEMENTS OF CHANGES IN EQUITY

for the six months ended 30 June 2021

The Group	Share capital €000	Share premium €000	Revaluation reserve €000	Retained earnings €000	Total €000	Non-controlling interest €000	Total €000
	Attributable to equity holders of the parent						
PERIOD ENDED 30 JUNE 2021							
Balance at 1 January 2021	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	[illegible]	-	[illegible]	-	[illegible]
Total comprehensive (loss) /income	-	-	(4,227)	7,731	3,504	347	3,851
[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	-	[illegible]
[illegible]	-	-	-	-	-	[illegible]	[illegible]
[illegible]	-	-	-	-	-	[illegible]	[illegible]
Balance at 30 June 2021	62,429	10,453	28,033	97,067	197,982	14,441	212,423
PERIOD ENDED 30 JUNE 2020							
Balance at 1 January 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	[illegible]	-	[illegible]	-	[illegible]
Total comprehensive (loss) /income	-	-	(2,063)	5,502	3,439	(100)	3,339
[illegible]	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	-	-	-	[illegible]	[illegible]
Balance at 30 June 2020	62,255	10,140	28,643	87,795	188,833	7,154	195,987

STATEMENTS OF CHANGES IN EQUITY

for the six months ended 30 June 2021

The Bank	Share capital €000	Share premium €000	Revaluation reserve €000	Retained earnings €000	Total €000
PERIOD ENDED 30 JUNE 2021					
Balance at 1 January 2021	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	-	[illegible]	[illegible]
[illegible]	-	-	[illegible]	-	[illegible]
Total comprehensive (loss) / income	-	-	(4,227)	7,472	3,245
[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Balance at 30 June 2021	62,429	10,453	28,033	92,104	193,019
PERIOD ENDED 30 JUNE 2020					
Balance at 1 January 2020	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	-	-	-	[illegible]	[illegible]
[illegible]	-	-	[illegible]	-	[illegible]
Total comprehensive (loss) / income	-	-	(2,063)	6,843	4,780
Balance at 30 June 2020	62,255	10,140	28,643	84,844	185,882

STATEMENTS OF CASH FLOWS

for the six months ended 30 June 2021

	The Group		The Bank	
	Jun - 21	Jun - 20	Jun - 21	Jun - 20
	€000	€000	€000	€000
OPERATING ACTIVITIES				
[illegible]	34,810	[illegible]	33,604	[illegible]
[illegible]	(6,841)	[illegible]	(6,841)	[illegible]
[illegible]	(16,637)	[illegible]	(16,223)	[illegible]
Operating profit before changes in operating assets and liabilities	11,332	[illegible]	10,540	[illegible]
(Increase) / decrease in operating assets				
[illegible]	(127,822)	[illegible]	(127,822)	[illegible]
[illegible]	(1,778)	[illegible]	(1,778)	[illegible]
[illegible]	101	[illegible]	101	[illegible]
[illegible]	34	[illegible]	-	-
Increase / (decrease) in operating liabilities				
[illegible]	181,289	[illegible]	181,583	[illegible]
[illegible]	(775)	-	(775)	-
[illegible]	5,102	[illegible]	5,075	[illegible]
Net cash generated from operating activities before tax	67,483	[illegible]	66,924	[illegible]
[illegible]	(1,454)	[illegible]	(1,409)	[illegible]
Net cash flows generated from operating activities	66,029	[illegible]	65,515	[illegible]
INVESTING ACTIVITIES				
[illegible]	330	[illegible]	604	[illegible]
[illegible]	3,471	[illegible]	3,471	[illegible]
[illegible]	(13,049)	[illegible]	(13,049)	[illegible]
[illegible]	10,075	[illegible]	10,075	[illegible]
[illegible]	-	[illegible]	-	[illegible]
[illegible]	-	[illegible]	-	[illegible]
[illegible]	(23,953)	[illegible]	-	-
[illegible]	17,653	[illegible]	250	[illegible]
[illegible]	-	[illegible]	-	[illegible]
[illegible]	(1,500)	-	(1,500)	-
[illegible]	(2,729)	[illegible]	(2,729)	[illegible]
Net cash flows used in investing activities	(9,702)	[illegible]	(2,878)	[illegible]
FINANCING ACTIVITIES				
[illegible]	(1,980)	[illegible]	(1,913)	-
[illegible]	4,520	[illegible]	-	-
[illegible]	(179)	(173)	-	-
[illegible]	(272)	[illegible]	(272)	[illegible]
Net cash flows from / (used in) financing activities	2,081	[illegible]	(2,185)	[illegible]
Net increase / (decrease) in cash and cash equivalents	58,408	[illegible]	60,452	[illegible]
Cash and cash equivalents at 1 January	142,821	[illegible]	138,034	[illegible]
Cash and cash equivalents at 30 June	201,229	[illegible]	198,486	[illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

1. CORPORATE INFORMATION

[illegible]

[illegible]

2. BASIS OF PREPARATION

[illegible]

[illegible]

[illegible]

[illegible]

Use of judgements and estimates

[illegible]

[illegible]

[illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

2. BASIS OF PREPARATION (continued)

Standards, interpretations and amendments to published standards, which are effective in the current year

[illegible]

- [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Standards, interpretations and amendments to published standards that are not yet effective

[illegible]

[illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

2. BASIS OF PREPARATION (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

- Amendments to IAS 16 – Property, plant and equipment – [illegible] 2022
- Amendments to IFRS 16 – [illegible] 2021 [illegible]
- Amendments to IFRS [illegible] 2018 – 2020 Annual Improvements [illegible] 2022
- Amendments to IAS [illegible] 2018 – 2020 Annual Improvements [illegible] 2022
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies [illegible] 2023
- Amendments to IAS 8 – Definition of Accounting Estimates [illegible] 2023
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction [illegible] 2023

[illegible]

3. EFFECTS OF COVID-19 ON THE INTERIM FINANCIAL REPORTING

[illegible]

[illegible]

Moratoria on loan repayments

[illegible]

[illegible]

[illegible]

The Group/The Bank

	Jun-21 €000	Dec-20 €000
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	19,807	158,628

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

3. EFFECTS OF COVID-19 ON THE INTERIM FINANCIAL REPORTING (continued)

Moratoria on loan repayments (continued)

[illegible]

[illegible]

[illegible]

Malta Development Bank ("MDB") COVID-19 Guarantee Scheme

[illegible]

[illegible]

[illegible]

Expected Credit Loss ("ECL") Measurement

[illegible]

[illegible]

[illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
for the six months to 30 June 2021

3. EFFECTS OF COVID-19 ON THE INTERIM FINANCIAL REPORTING (continued)

Expected Credit Loss ("ECL") Measurement (continued)

[illegible]

i) Post-Model Adjustment Impact

[illegible]

The Group/The Bank

	Additional ECL Jun-21 €000
[illegible]	[illegible]
[illegible]	[illegible]
Total	826

ii) Loss Allowance Movement

[illegible]

The Group/The Bank

	June 2021 €000	December 2020 €000	Movement in H1 2021 €000
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Total	19,820	18,867	(953)
[illegible]			(295)
[illegible]			2,953
Net impairment gains			1,705

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

3. EFFECTS OF COVID-19 ON THE INTERIM FINANCIAL REPORTING (continued)

Expected Credit Loss ("ECL") Measurement (continued)

ii) Loss Allowance Movement (continued)

The Group/The Bank

	June 2020 €000	December 2019 €000	Movement in H1 2020 €000
[illegible]	[illegible]	-	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Total	18,587	17,321	(1,266)
[illegible]			(117)
Net impairment losses			(1,383)

[illegible]

The Group/The Bank	Jun-21 €000	Jun-20 €000
Charge for the year:		
[illegible]	(1,124)	[illegible]
[illegible]	(2,153)	[illegible]
[illegible]	(295)	[illegible]
	(3,572)	[illegible]
Reversal of write-downs:		
[illegible]	4,058	[illegible]
[illegible]	1,219	[illegible]
	5,277	[illegible]
Net impairment gains / (losses)	1,705	[illegible]

[illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

3. EFFECTS OF COVID-19 ON THE INTERIM FINANCIAL REPORTING (continued)

Additional costs incurred

[illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]

[illegible]

[illegible]

Fair value movement

[illegible]

[illegible]

4. TANGIBLE AND INTANGIBLE ASSETS

[illegible]

The Group/The Bank

	Jun-21	Dec-20
	€000	€000
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]

[illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

5. RELATED PARTY DISCLOSURES

The Group's structure

[illegible]

[illegible]

[illegible]

Related party transactions

[illegible]

	The Group		The Bank	
	Jun-21	Jun-20	Jun-21	Jun-20
	€000	€000	€000	€000
Interest receivable on loans and advances:				
[illegible]	[illegible]	7	[illegible]	7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fee and commission income:				
[illegible]	-	-	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	-	-
[illegible]	[illegible]	[illegible]	-	-
[illegible]		-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		[illegible]	
Interest payable:				
[illegible]		[illegible]		[illegible]
[illegible]		[illegible]		[illegible]
[illegible]	4	[illegible]	4	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Personnel expenses:				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
General administrative expenses:				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

5. RELATED PARTY DISCLOSURES (continued)

Related party transactions (continued)

[illegible]

	Jun-21 €000	Dec-20 €000
[illegible]	1,873	[illegible]
[illegible]	643	[illegible]

[illegible]

	Jun-21 €000	Dec-20 €000
[illegible]	5,305	[illegible]
[illegible]	317	[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

6. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

[illegible]

[illegible]

- Level 1 — [illegible]
- Level 2 — [illegible]
- Level 3 — [illegible]

[illegible]

[illegible]

The Group	Fair value measurement hierarchy Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets as at 30 June 2021				
[illegible]				
[illegible]	-	-	[illegible]	[illegible]
[illegible]				
[illegible]	-	-	[illegible]	[illegible]
[illegible]	-	-	[illegible]	1,4[illegible]
[illegible]	-	[illegible]	-	[illegible]
[illegible]				
[illegible]	[illegible]	-	-	[illegible]
[illegible]				
[illegible]	[illegible]	-	-	[illegible]
[illegible]	-	-	[illegible]	[illegible]
Total	267,077	756	36,840	304,673

Liabilities as at 30 June 2021				
[illegible]	-	[illegible]	-	[illegible]
Total	-	1,022	-	1,022

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

6. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

	Fair value measurement hierarchy			
The Group	Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
Assets as at 31 December 2020				
[illegible]				
[illegible]	-	-	[illegible]	[illegible]
[illegible]				
[illegible]	-	-	[illegible]	[illegible]
[illegible]	-	-	[illegible]	[illegible]
[illegible]	-	[illegible]	-	[illegible]
[illegible]				
[illegible]				
[illegible]	[illegible]	-	-	[illegible]
[illegible]				
[illegible]	[illegible]	-	-	[illegible]
[illegible]	-	-	[illegible]	[illegible]
Total	262,387	499	36,527	299 413
Liabilities as at 31 December 2020				
[illegible]	-	[illegible]	-	[illegible]
Total	-	499	-	499

	Fair value measurement hierarchy			
The Bank	Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
Assets as at 30 June 2021				
[illegible]				
[illegible]	-	-	[illegible]	[illegible]
[illegible]				
[illegible]	-	-	[illegible]	[illegible]
[illegible]	-	-	[illegible]	[illegible]
[illegible]	-	[illegible]	-	[illegible]
[illegible]				
[illegible]	[illegible]	-	-	[illegible]
[illegible]	-	-	[illegible]	[illegible]
Total	209,552	756	36,840	247,140
Liabilities as at 30 June 2021				
[illegible]	-	[illegible]	-	[illegible]
Total	-	756	-	756

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

6. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

The Bank	Fair value measurement hierarchy			
	Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
Assets as at 31 December 2020				
[illegible]				
[illegible]	-	-	[illegible]	[illegible]
[illegible]				
[illegible]	-	-	[illegible]	[illegible]
[illegible]	-	-	[illegible]	[illegible]
[illegible]	-	[illegible]	-	[illegible]
[illegible]				
[illegible]				
[illegible]	[illegible]	-	-	[illegible]
[illegible]				
[illegible]	[illegible]	-	-	[illegible]
[illegible]	-	-	[illegible]	[illegible]
Total	212,002	499	36,527	249.028
Liabilities as at 31 December 2020				
[illegible]	-	[illegible]	-	[illegible]
Total	-	499	-	499

[illegible]

Investment properties

[illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

6. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Property and equipment – Land and buildings

[illegible]

Financial assets at fair value through profit or loss – fixed income instruments and collective investments schemes

[illegible]

Fair value through other comprehensive income

[illegible]

Other financial instruments

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

6. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Other financial instruments (continued)

[illegible]

[illegible]

The Group/The Bank

	Jun-21 €000	Dec-20 €000
[illegible]	303	[illegible]
[illegible]	2	
Closing balance	305	[illegible]

7. OPERATING SEGMENTS

[illegible]

[illegible]

- **Retail:** [illegible]

- **Commercial:** [illegible]

- **Investment services:** [illegible]

- **Liquidity management and structured loans:** [illegible]

[illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

7. OPERATING SEGMENTS (continued)

[illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]

[illegible]

The Group

	Retail		Commercial		Investment Services		Liquidity Management and Structured Loans		Total Reportable Segments	
	Jun-21	[illegible]	Jun-21	[illegible]	Jun-21	[illegible]	Jun-21	[illegible]	Jun-21	[illegible]
	€000	€	€000	[illegible]	€000	[illegible]	€000	[illegible]	€000	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		[illegible]	[illegible]	-	-	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		[illegible]		[illegible]		[illegible]		3,497	[illegible]
Operating income before net impairment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]		-	-	[illegible]	[illegible]	[illegible]	
Net operating income	[illegible]	[illegible]	[illegible]		[illegible]		[illegible]		[illegible]	
[illegible]	[illegible]		[illegible]		[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]		[illegible]	4	[illegible]	[illegible]	[illegible]		[illegible]	
Operating expenses	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Net operating profit / (loss) before associates' results	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]		[illegible]	[illegible]
[illegible]	-	-	-	-	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Profit / (loss) before tax as per segments	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]		[illegible]	1
[illegible]									[illegible]	[illegible]
Profit before tax as per Statements of Profit or Loss									[illegible]	[illegible]

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
for the six months to 30 June 2021

7. OPERATING SEGMENTS (continued)

	Retail		Commercial		Investment Services		Liquidity Management and Structured Loans		Total Reportable Segments	
	Jun-21	[illegible]	Jun-21	[illegible]	Jun-21	[illegible]	Jun-21	[illegible]	Jun-21	[illegible]
	€000	[illegible]	€000	[illegible]	€000	[illegible]	€000	[illegible]	€000	[illegible]
Total assets as per segments	1,174,144	[illegible]	637,243	[illegible]	-	-	757,125		2,568,512	[illegible]
[illegible]									72,716	[illegible]
Total assets as per Statements of Financial Position									2,641,228	[illegible]
Investment in associates	-	-	-	-	-	-	19,407	[illegible]	19,407	[illegible]
Total liabilities as per segments	2,150,501		140,270	[illegible]	-	-	109,554	[illegible]	2,394,202	
[illegible]									34,573	
Total liabilities as per Statements of Financial Position									2,428,805	[illegible]

	Jun-21 €000	Jun-20 €000
Profit before tax		
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	
As per Statements of Profit or Loss	**12,231**	**8,865**

	Jun-21 €000	Dec-20 €000
Total assets		
[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
As per Statements of Financial Position	**2,641,228**	**2,420,903**

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months to 30 June 2021

7. OPERATING SEGMENTS (continued)

	Jun-21 €000	Dec-20 €000
Total liabilities	[illegible]	[illegible]
[illegible]		
[illegible]		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
As per Statements of Financial Position	2,428,005	2,214,764

8. INCOME TAX EXPENSE

[illegible]

9. INVESTMENT IN ASSOCIATES

[illegible]

[illegible]

10. DIVIDENDS PAID

[illegible]

[illegible]

STATEMENT PURSUANT TO LISTING RULE 5.75.3

[illegible]

- [illegible]

- [illegible]

MARCEL CASSAR
[illegible]

RONALD MIZZI
[illegible]

INDEPENDENT REVIEW REPORT OF CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2021

Independent review report of condensed interim financial statements

to the members and Board of Directors of APS Bank plc

Introduction

We have reviewed the accompanying condensed interim financial statements of APS Bank plc ("the Bank") and the consolidated condensed interim financial statements of the Bank and its subsidiaries (together "the Group"), which comprise the interim statements of financial position as at 30 June 2021 and the related statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the six month period then ended and other explanatory notes. We have read the other information contained in the financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of interim financial statements.

Directors' responsibilities

The condensed interim financial report is the responsibility of, and has been approved by the Directors. As disclosed in page 9, the condensed set of interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting.

Our responsibility

Our responsibility is to express to the Group and the Bank a conclusion on the condensed interim set of financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As with the statutory audit of the Bank and the Group performed in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386), the scope of our review does not address the future viability of the Bank and the Group or the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the Bank and the Group. Decisions taken or to be taken by the management of the Bank and/or the Group may impact the financial position of the Bank and/or Group, as may events occurring after the date of our review, including, but not limited to, events of force majeure.

As such, our review of the Bank's and the Group's condensed interim financial statements is not intended to facilitate or enable, nor is it suitable for, reliance by any person in the creation of any expectations or predictions with respect to the future financial health and viability of the Bank and/or the Group and cannot therefore be considered adequate for the purposes of decision-making regarding investment in or otherwise dealing with (including but not limited to the extension of credit to) the Bank and/or the Group. Any such decision-making should be formulated on the

INDEPENDENT REVIEW REPORT OF CONDENSED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2021

basis of a separate analysis specifically intended to evaluate the prospects of [illegible] the Group and to identify any factors or circumstances that may be materially relevant thereto.

For the avoidance of doubt, any conclusions concerning the adequacy of the capital structure of the Bank, including the formulation of a response to the manner in which financial risk is distributed between shareholders and creditors, cannot be reached on the basis of the interim financial statements alone and must necessarily be based on a broader analysis supported by detail and information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not present fairly, in all material respects, in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting.

[illegible] as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Central Business District, Malta

29 July 2021

PERFORMANCE RATIOS

for the six months ended 30 June 2021

	The Group		The Bank	
	Jun-21	Jun-20	Jun-21	Jun-20
	%	%	%	%
[illegible]	7.7	[illegible]	7.8	[illegible]
[illegible]	1.2	1.1	1.1	1.1
[illegible]	65.2	[illegible]	66.4	[illegible]
[illegible]	9.1	[illegible]	8.9	[illegible]
[illegible]	7.0	[illegible]	7.0	[illegible]
[illegible]	8.5	[illegible]	8.5	[illegible]
[illegible]	4.2	[illegible]	4.2	[illegible]
[illegible]	13.4	[illegible]	13.2	[illegible]
[illegible]	17.5	[illegible]	17.3	[illegible]

[illegible]