

Announcement & Presentation of the Audited Financial Results 2021



Introduction & Overview

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Financial Results 2021

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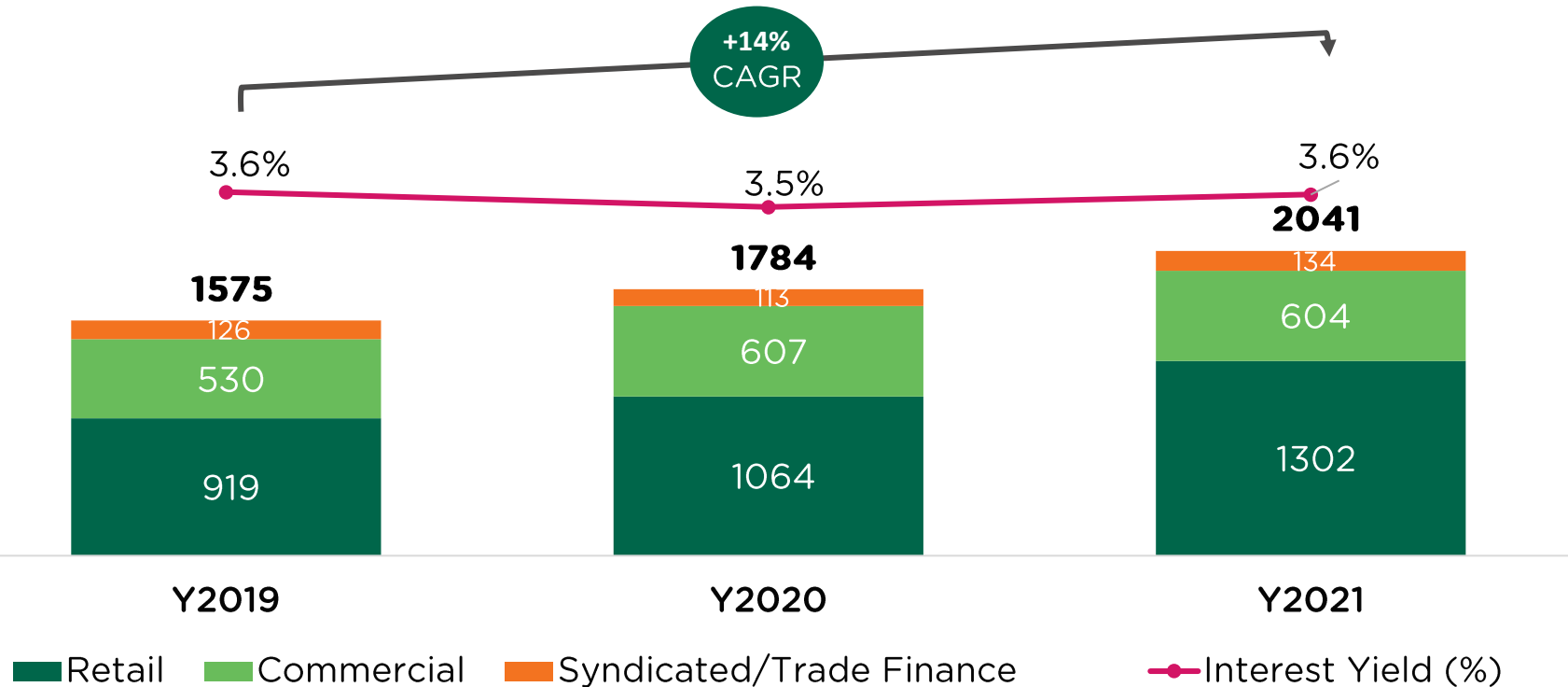
Resilient business - record year for the Bank

		GROUP		BANK	
		2021	2020	2021	2020
B/sheet	Loans portfolio	2066	1802	2066	1802
	Treasury portfolio (cash and bonds)	567	471	567	471
	APS Funds consolidated portfolios	62	51	-	-
	Customer deposits	2432	2123	2434	2124
	Equity attributable to equity holders	202	196	198	192
P&L	Interest income	69.1	62.3	67.6	61.1
	Interest expense	(13.8)	(13.4)	(13.8)	(13.4)
	Net interest income	55.4	48.8	53.9	47.7
	Net fee income	7.0	5.2	5.9	5.0
	Net gains/losses on financial instruments	0.8	0.6	1.2	0.1
	Other operating income	(0.0)	0.5	0.9	1.5
	Operating income	63.1	55.1	61.9	54.3
	Operating expenses	(40.6)	(33.6)	(39.7)	(33.2)
	Operating profit	22.6	21.6	22.2	21.1
	Net impairments	1.5	(5.5)	1.5	(5.5)
	Share of results from associates	0.0	(0.3)	-	-
	Profit before tax	24.1	15.8	23.7	15.5
	Tax	(9.0)	(5.7)	(8.7)	(5.6)
Profit after tax	15.1	10.1	15.0	9.9	

- **Growth in loan book** evidencing commitment to economy during another COVID-dominated year.
- Funded by increase in **local personal and corporate deposits**.
- Robust **operating performance** and **profitability** for both Bank and Group.

+15% growth in loans fuelled by the retail loans

Performing loans (€mn)



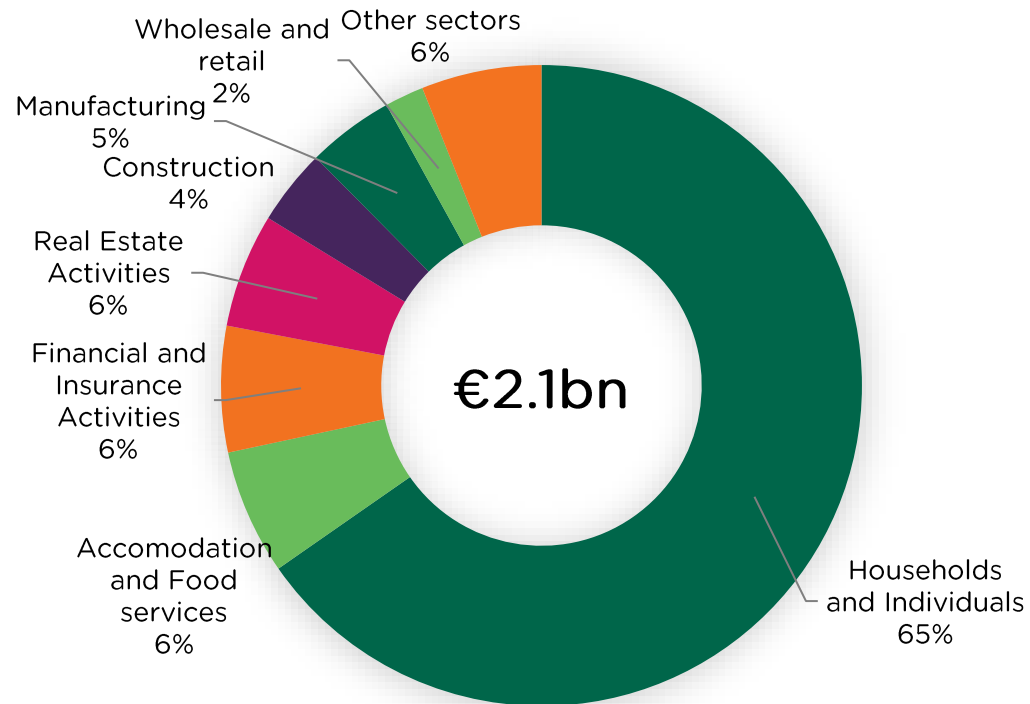
+1.8% in home loan market share to 20.6%

100% performance for COVID-moratoria facilities

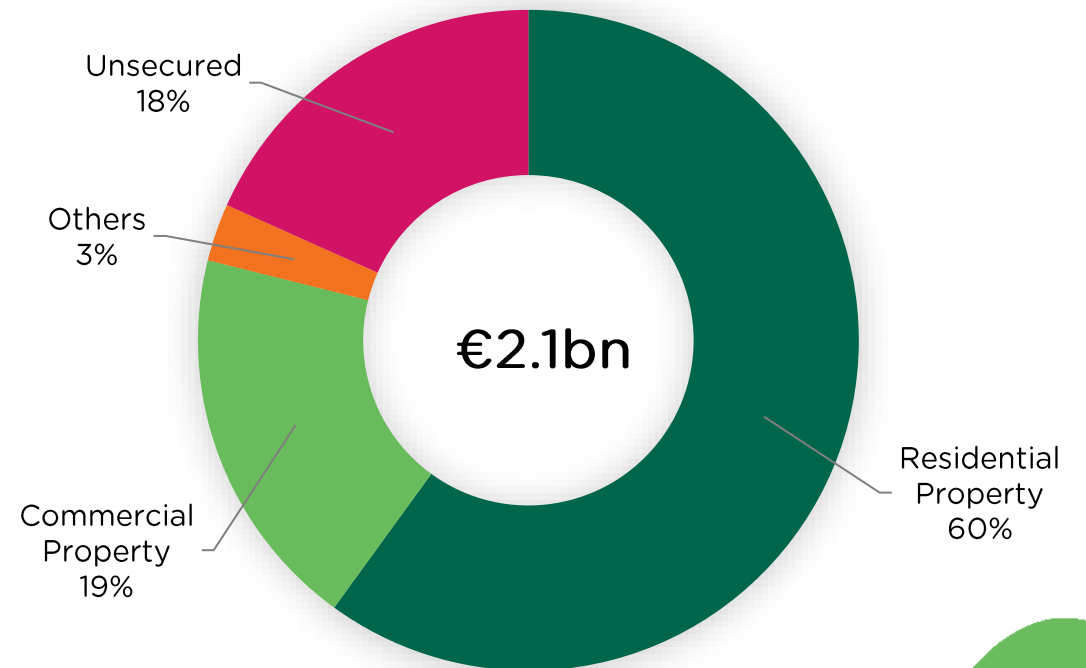
- **Home and personal loans** up €238m (+22%) from 2020, exceeding own forecasts.
- **Commercial** lending flat to 2020 on high drawdowns and repayment activity.
- **Syndicated** & trade-finance book growing through wider market and sectorial diversification.
- Steady reduction in **Covid-Moratoria** facilities. Renewed support via APS Jet Pack.

Loan book remaining diversified and robust

Lending by sector – Dec 2021

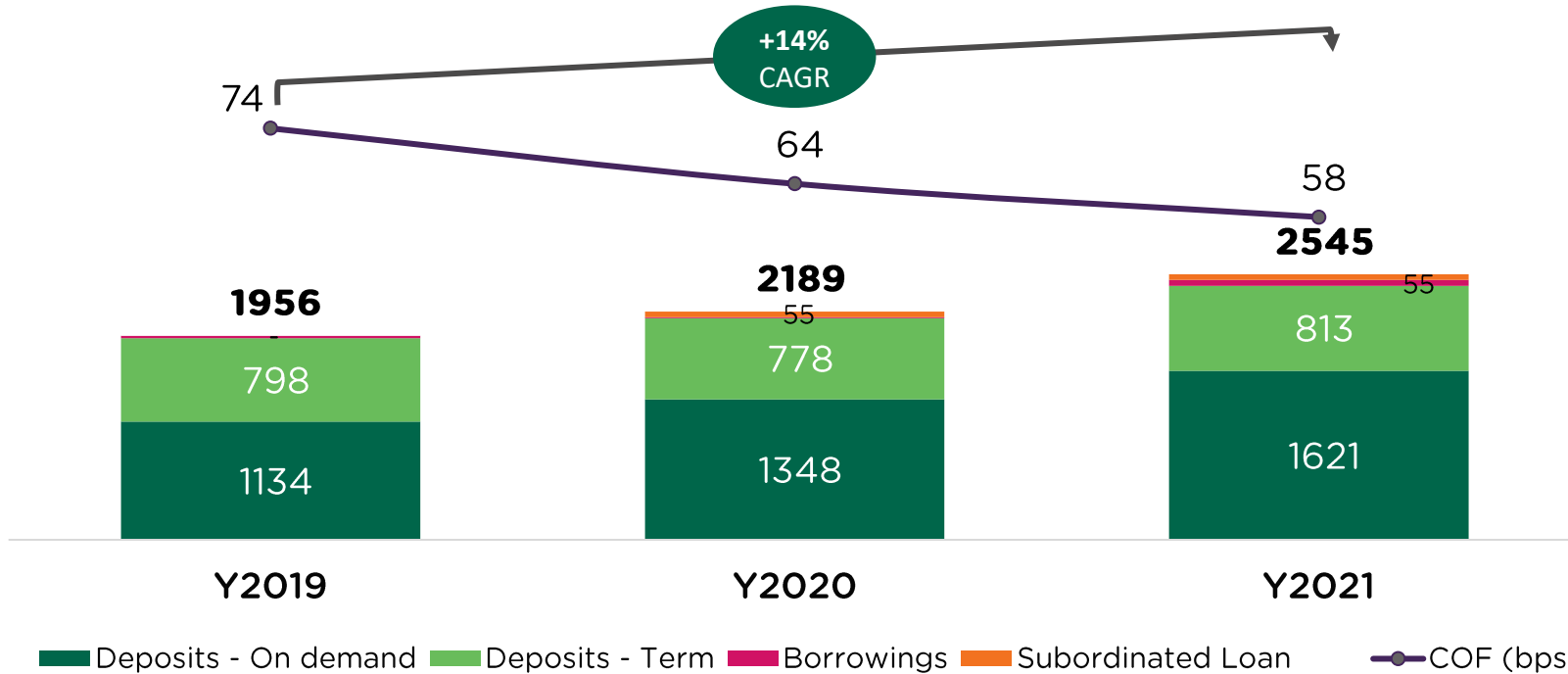


Lending collateral (after haircuts) – Dec 2021

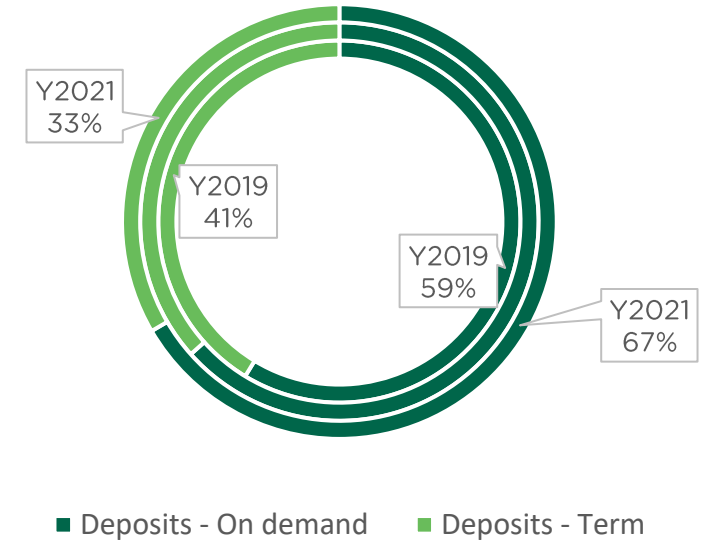


Successful deposit raise, on rate and mix

Funding (€mn)



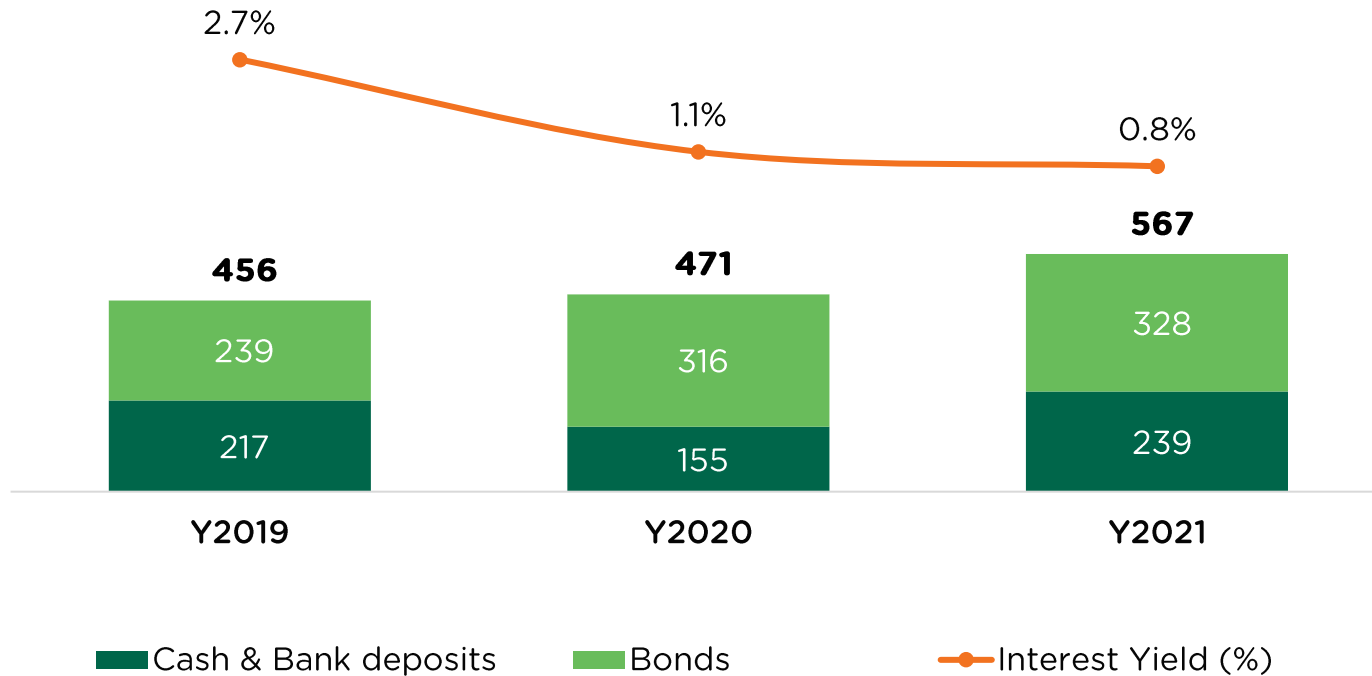
+20% in 3-year “daily banking” balances. Improved mix by 9%.



- **Growth in funding** by +€356m to year-end. Becoming more the bank of choice for personal and corporate clients.
- Of the new 2021 deposits, 89% are **demand deposits**, 11% term.
- Lowering **cost of funds**.

Liquidity levels impacting net margins - best year for FX

Treasury book (€mn)



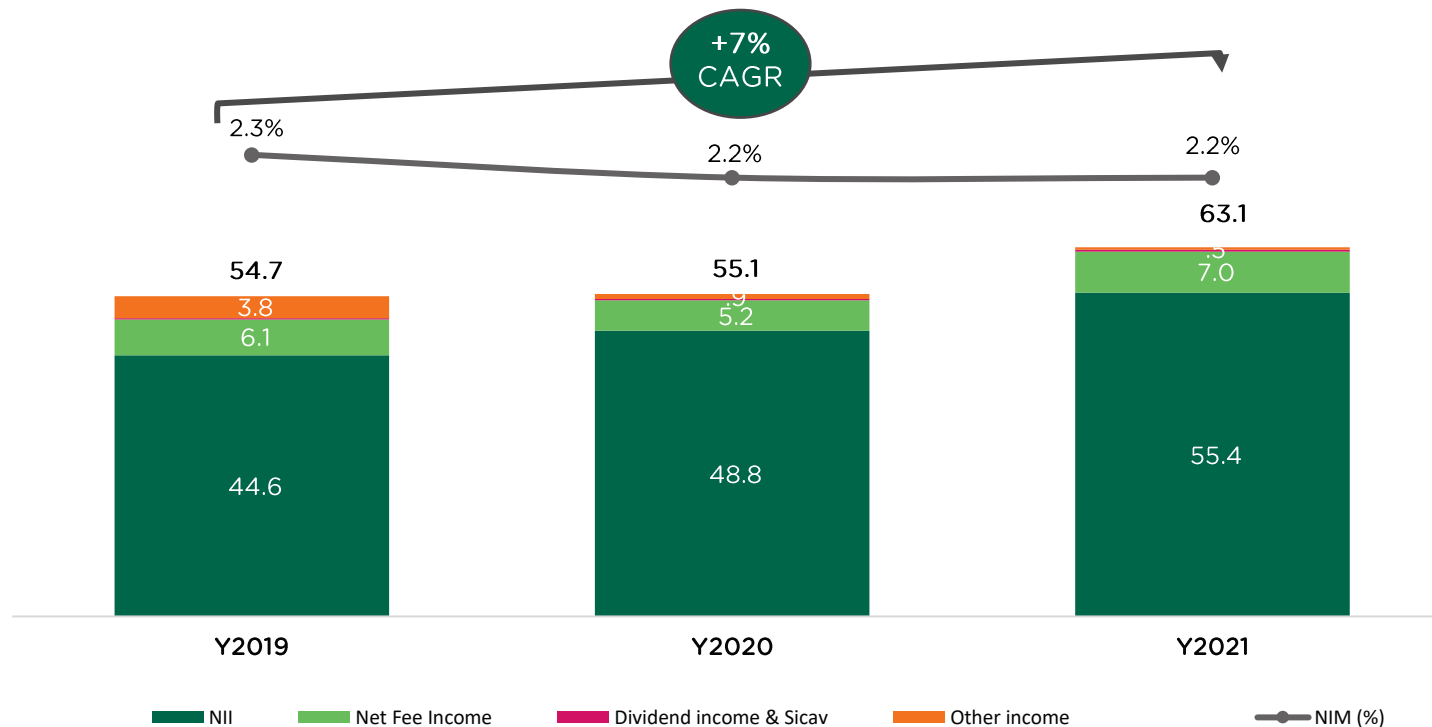
Loans-to-deposit ratio @ 95%

Record FX volumes
+24% FX profit

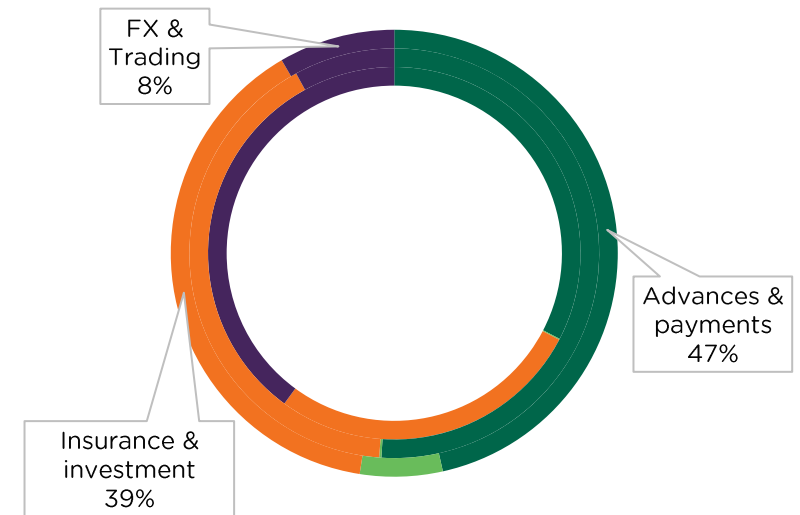
- **Bond book** at 328m - challenging yield management - realising trading gains from market opportunities. 99% of portfolio in investment grade securities, with 77% being ECB eligible
- Prudent **liquidity management**: LCR @140%. LTD @95%
- **FX profits** up on improved volumes and margins.

Stable revenue across both interest and fees

Revenues (€mn)



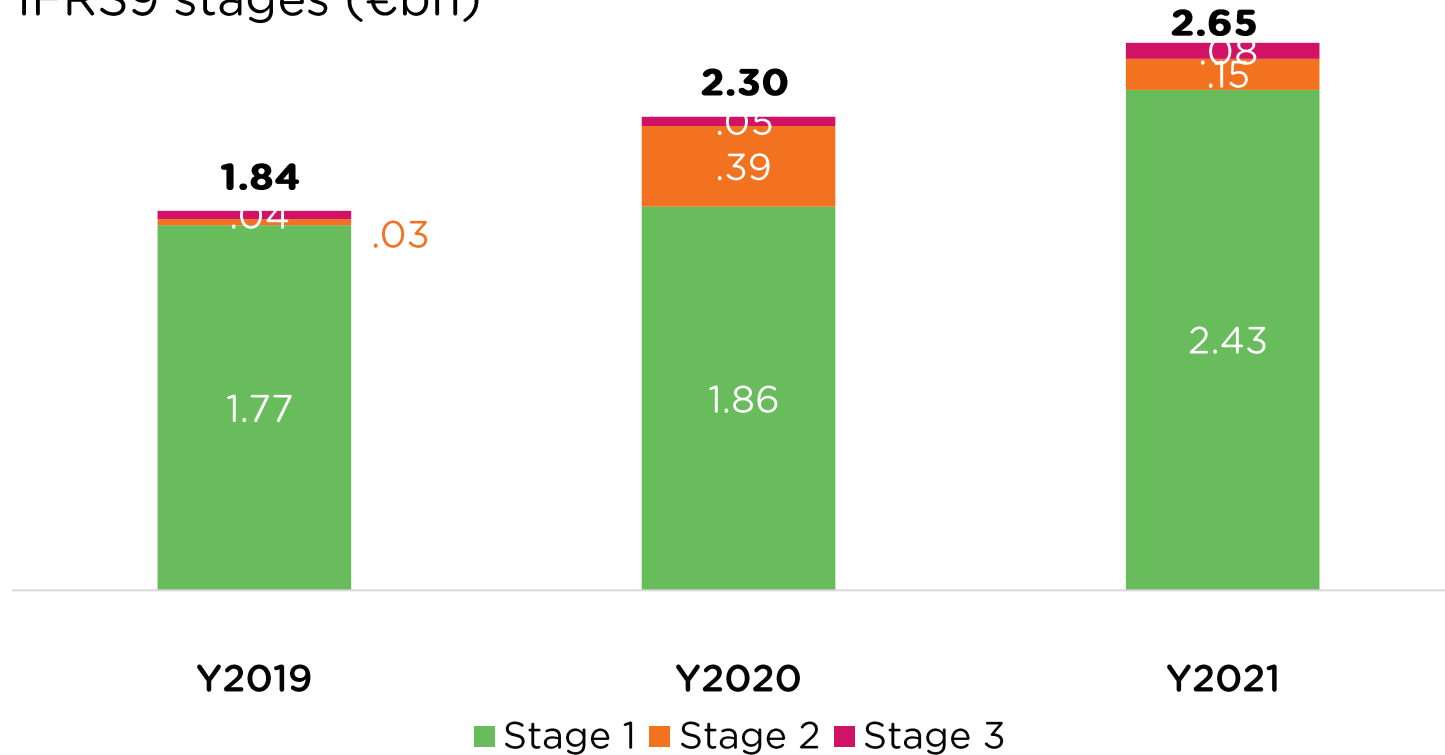
+13% growth in AUM



- Revenues at €63.1m, higher by €8.0m (+15%) to last year.
- Investment services contributing €4.2m across discretionary & advisory business, fund management and pensions.
- **Other income** higher lending and transactional income with higher cost of distribution impacting net fees.

Migration out of Stage 2 releasing ECL

IFRS9 stages (€bn)



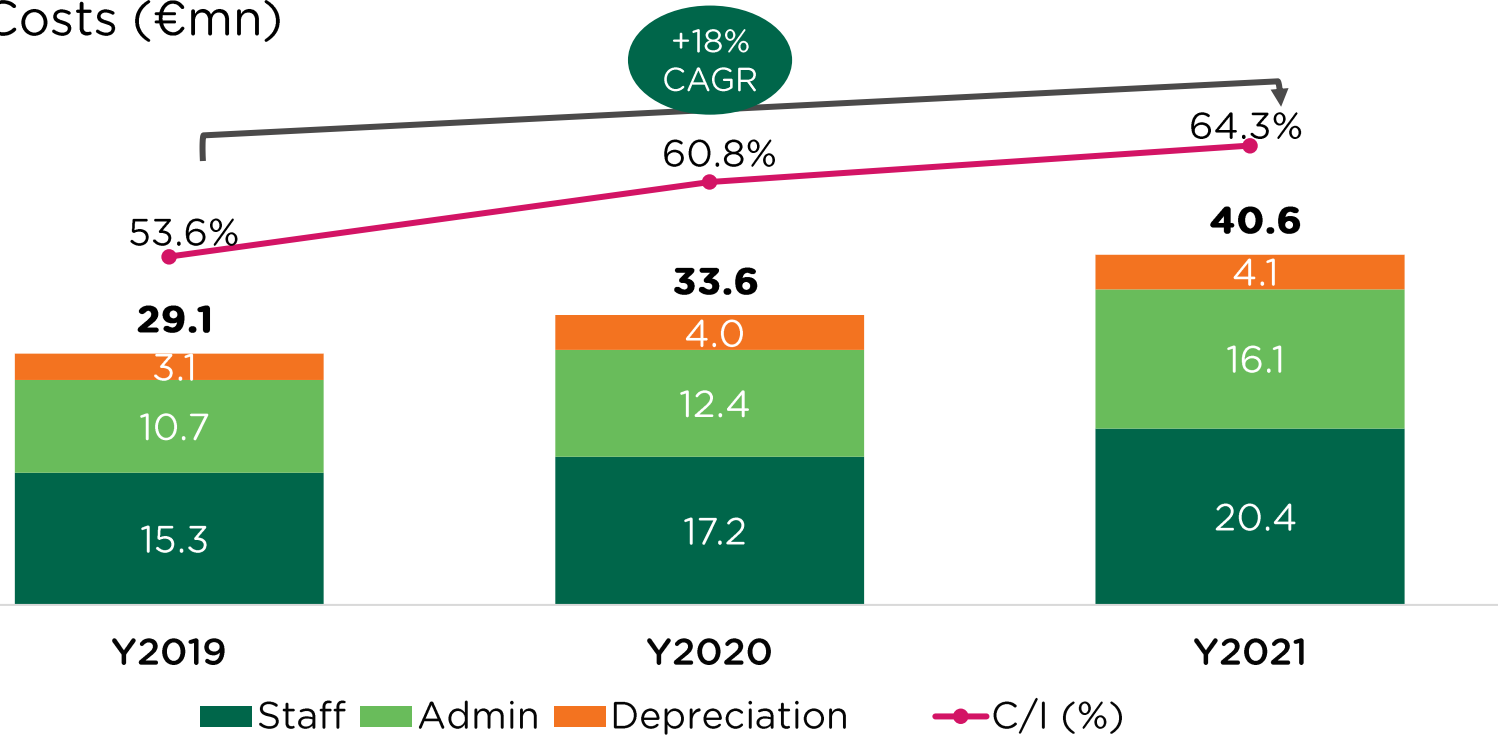
€1.5m ECL reversal on €3.1m post-model adjustment

NPL ratio at 3.4% backed by strong recovery avenues

- Portfolio approach for **personal lending** post-model adjustment driven by moratoria requests on critical sectors.
- Granular analysis for **commercial lending** based on type of moratoria and financial analysis.
- Conservative **collateral haircuts** + ECL giving 100% NPL coverage.

Costs under control on strengthening of functions

Costs (€mn)



524 employees
13 nationalities

New St Paul's Bay Branch and complete refurbishment of Żejtun Branch

- **Staff costs** increase to last year on the adoption of updated governance and control structures and related capacity building.
- Other **admin/depreciation** costs higher on telecoms (pandemic impact), physical premises and regulatory fees (mostly deposits driven).
- **Cost-to-income** at 64%, within strategic target range.

Group entities performance



APS Global Equity Fund

Y2021 14.4% return

APS Diversified Bond Fund

Y2021 (0.6%) return

APS Ethical Income Fund

Y2021 4.8% return

APS Income Fund

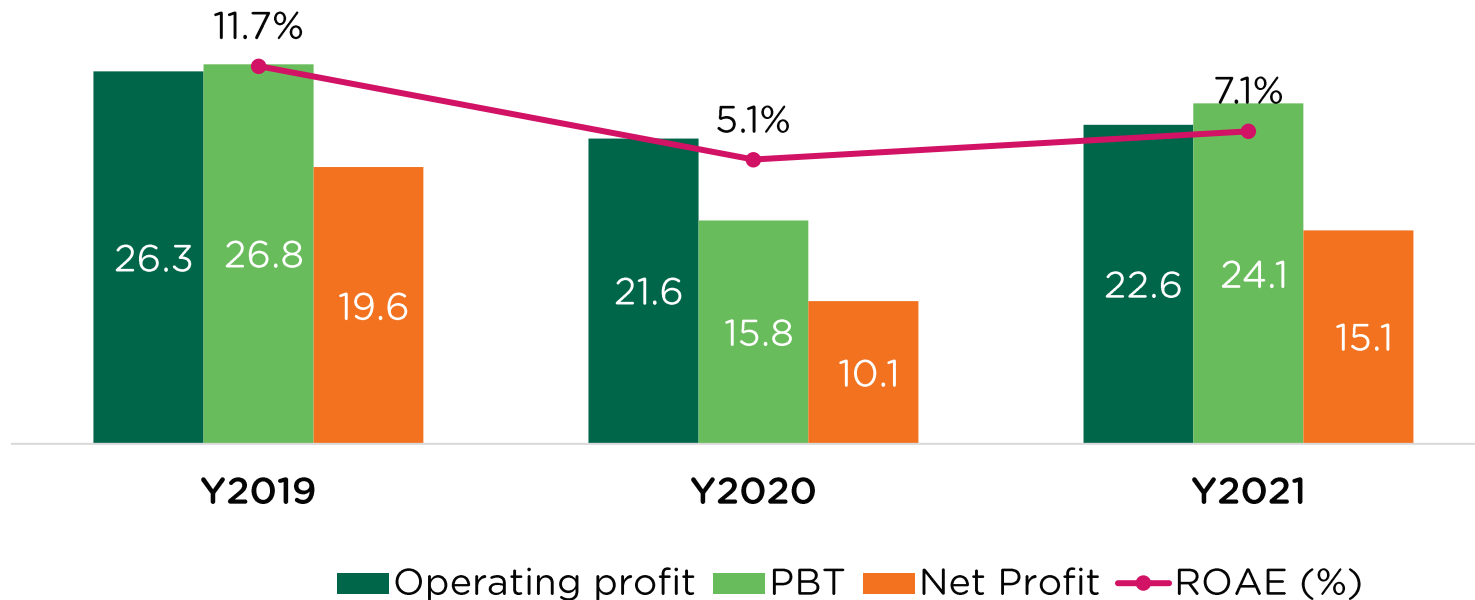
Y2021 (0.2%) return

- **APS Funds Sicav** plc growth in AUM of €15m (+8%). **€1.1m return** to the Group from the 4 funds.
- ReAPS (Investment Management) contributing €0.5m to the Group.
- **IVALIFE** starting to write business in 2021 - start-up losses with attractive pipeline.

Performance of Accumulator Share Classes for Income and Global Equity Funds and A Accumulator Share Classes for Regular Income Ethical and Diversified Bond Funds

Higher profitability exceeding targets

Group Profitability (€mn)



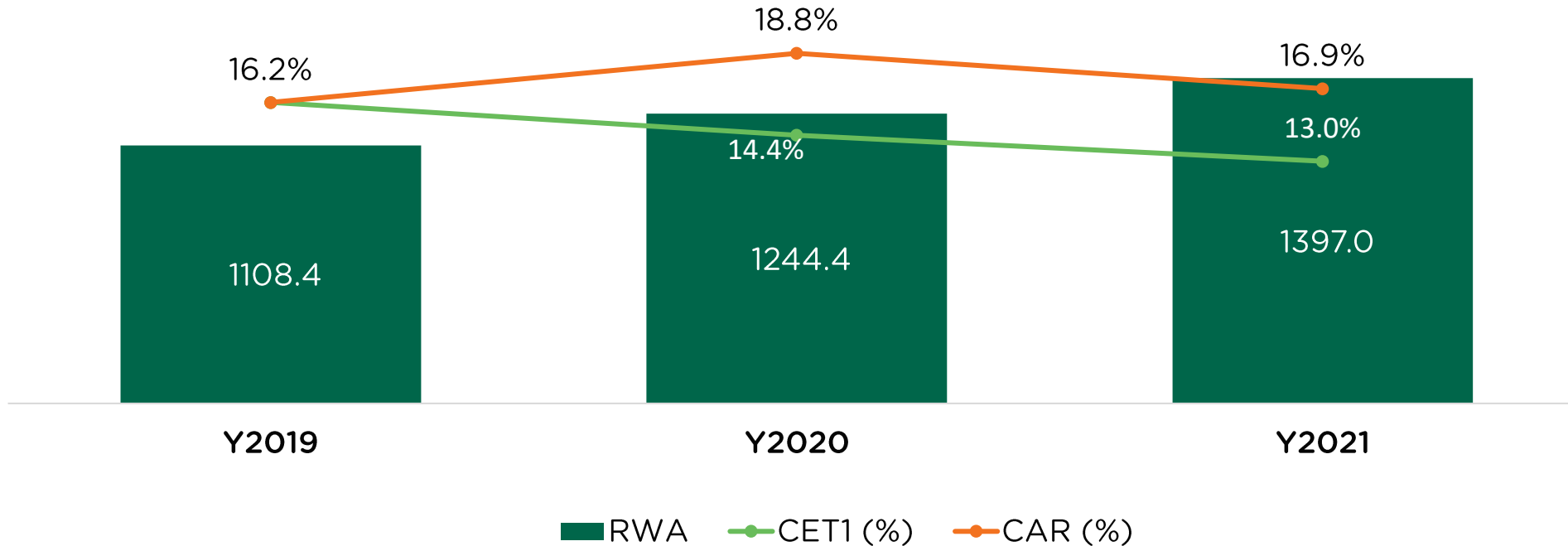
€0.81c Net Asset Value
3-year CAGR of 4%

Dividend of €3m
20% pay-out

- **Superior returns** on stable operating performance.
- Differentiating our **brand** through communication of our values and commitment to the Community.
- Above market Group ROAE @ 7.1%, Bank **ROAE** @ 7.7%, .

Adequate capital as Phase 3 approaches

Capital adequacy



- **RWA increase** on growth in loan book, better operational performance and IFRS9 stage migration.
- Commitment to **shareholders** returns through the consistent payment of a dividend.
- Capital plan **Phase 3** to ensure continued sustainable growth and returns.

Thank you