



# Announcement & Presentation of the Audited Financial Results 2020





# Frederick Mifsud Bonnici

Chairman - APS Bank

Introduction



# Marcel Cassar

CEO - APS Bank

General Overview

## WhatsApp message I received on 31/12/2019 ...

**“May 2020 be the  
year that brings  
change in your life!”**


# 2020: a year to remember ..... and to forget (1)

- Strong start, exceeding budget ... until mid-March.
- COVID-19 = disruptions, challenges, upheaval.
- Virus of contrasts: some sectors devastated, others boomed.
- Cost: millions of livelihoods, trillions in lost revenues.
- Global economy in sharpest downturn for a century.
- Closer to home: tourism, hospitality, accommodation -- severe knock-on effects.
- Various Government relief measures & banks' support.
- Moratoria, MDB-guaranteed loans limiting employment & economic shocks.

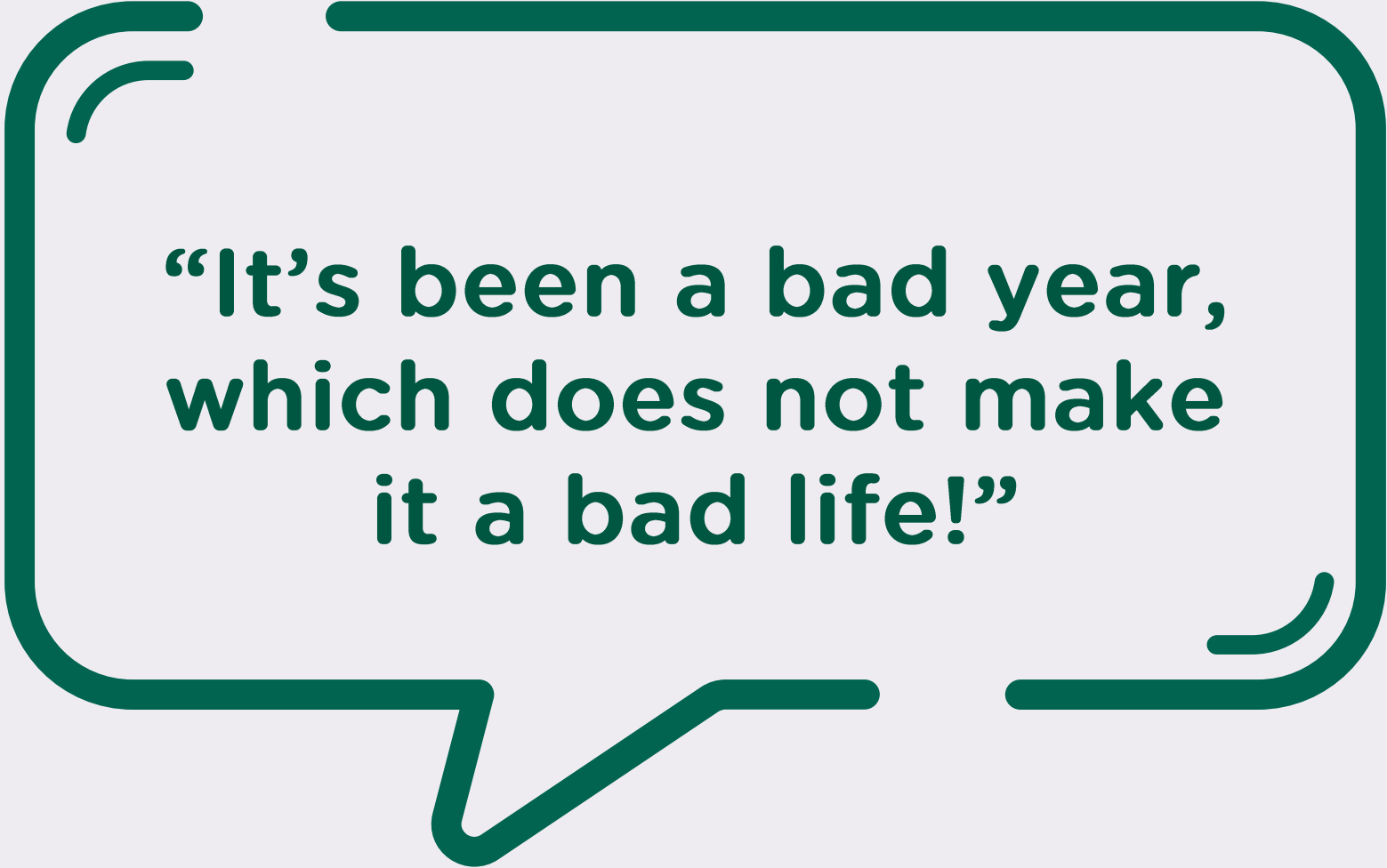
## 2020: a year to remember ..... and to forget (2)

- 2020 = values to the fore!
- Safety, well-being & livelihoods of staff, customers, families.
- Uninterrupted operations, > 90% of branch network, upscaled digital presence.
- Community at large: supporting households, businesses, CSR.
- Profitability: a) compressed interest rate environment, b) rising opex - regulation, technology, personnel, competition.
- Continued progress: a) services, products, strategic projects; b) ongoing transformation of the Bank.
- Incredibly hard work to deliver very positive results -- best possible, in the circumstances - exceeding European peers, benchmarks and own revised forecasts.

# A year later: WhatsApp message I received on 31/12/2020 ...



“May 2020 be the year that brings change in your life!”



“It’s been a bad year, which does not make it a bad life!”



# Ronald Mizzi

CFO - APS Bank

Financial Results 2020



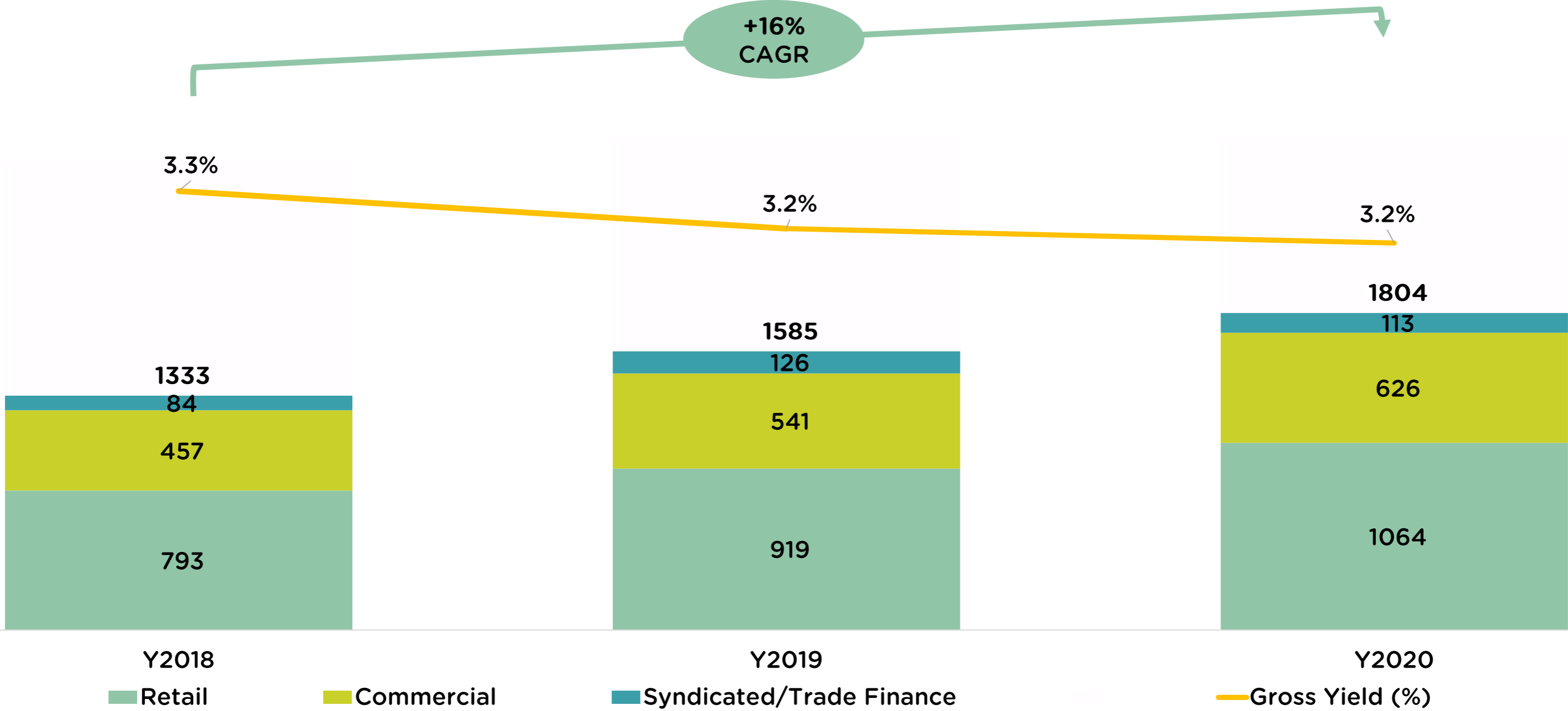
# The Bank – strong performance in a crisis scenario

€ million		2018	2019	2020	2020 v 2019
B/Sheet	Loans portfolio	1,333	1,585	1,804	14%
	Treasury portfolio (cash and bonds)	475	456	471	3%
	Customer deposits	1,653	1,930	2,124	10%
	Equity attributable to equity holders	139	181	192	6%
P&L	Interest income	49.0	56.7	61.1	8%
	Interest expense	(12.2)	(13.4)	(13.4)	0%
	Net interest income	36.8	43.3	47.7	10%
	Fee income	6.1	6.9	6.6	(5%)
	Dividend income	1.6	1.6	1.2	(21%)
	Other operating income	1.1	1.1	0.4	(66%)
	Operating income	45.6	52.9	55.9	6%
	Operating expenses	(24.4)	(30.2)	(34.8)	16%
	Operating profit	21.2	22.7	21.1	(7%)
	Impairments	(1.6)	(1.1)	(5.5)	416%
	Profit before tax	19.7	21.6	15.5	(28%)
	Tax	(6.0)	(7.1)	(5.6)	(22%)
Profit after tax	13.7	14.5	9.9	(31%)	

# The Group – net positive impact from the funds

€ million		2018	2019	2020	2020 v 2019
B/Sheet	Loans portfolio	1,333	1,585	1,804	14%
	Treasury portfolio (cash and bonds) ----->	514	461	476	3%
	APS Funds consolidated portfolios	36	41	51	22%
	Customer deposits	1,650	1,929	2,123	10%
	Equity attributable to equity holders	140	186	196	6%
P&L	Interest income	49.9	58.0	62.2	7%
	Interest expense	(12.1)	(13.4)	(13.4)	0%
	Net interest income	37.8	44.6	48.8	9%
	Fee income	6.2	7.0	6.8	(2%)
	Dividend income ----->	0.6	0.2	0.2	(4%)
	Net gains/losses on instruments ----->	(0.7)	4.0	0.5	(88%)
	Other operating Income	0.8	0.9	0.4	(55%)
	Operating income	44.7	56.7	56.7	0%
	Operating expenses	(24.6)	(30.4)	(35.1)	16%
	Operating profit	20.1	26.3	21.6	(18%)
	Impairments	(1.5)	(1.1)	(5.5)	>100%
	Share of results from associates ----->	0.0	1.6	(0.3)	<100%
	Profit before tax	18.6	26.8	15.8	(41%)
Tax	(6.0)	(7.2)	(5.7)	(21%)	
Profit after tax	12.6	19.6	10.1	(48%)	

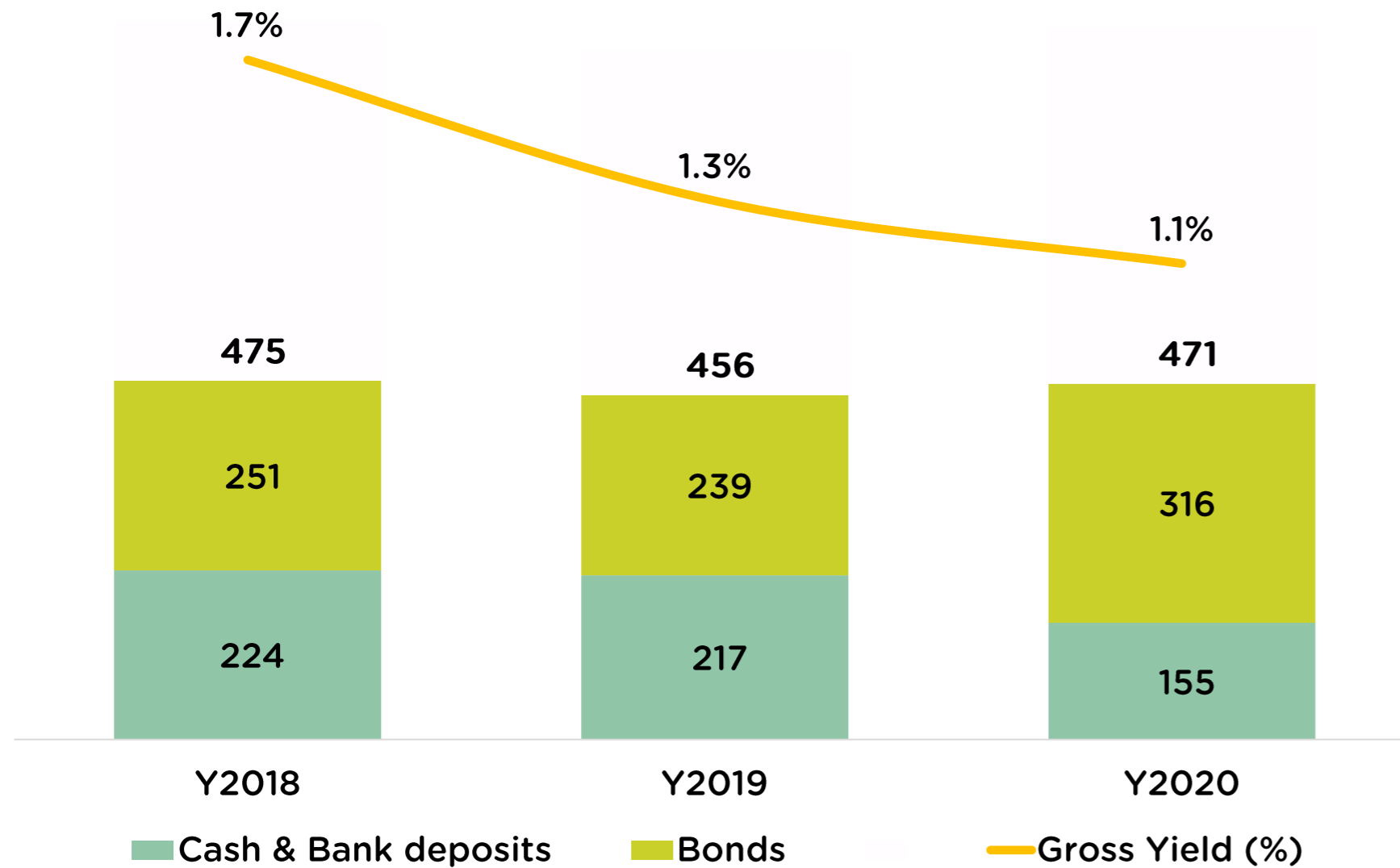
# Lending portfolios growth sustained



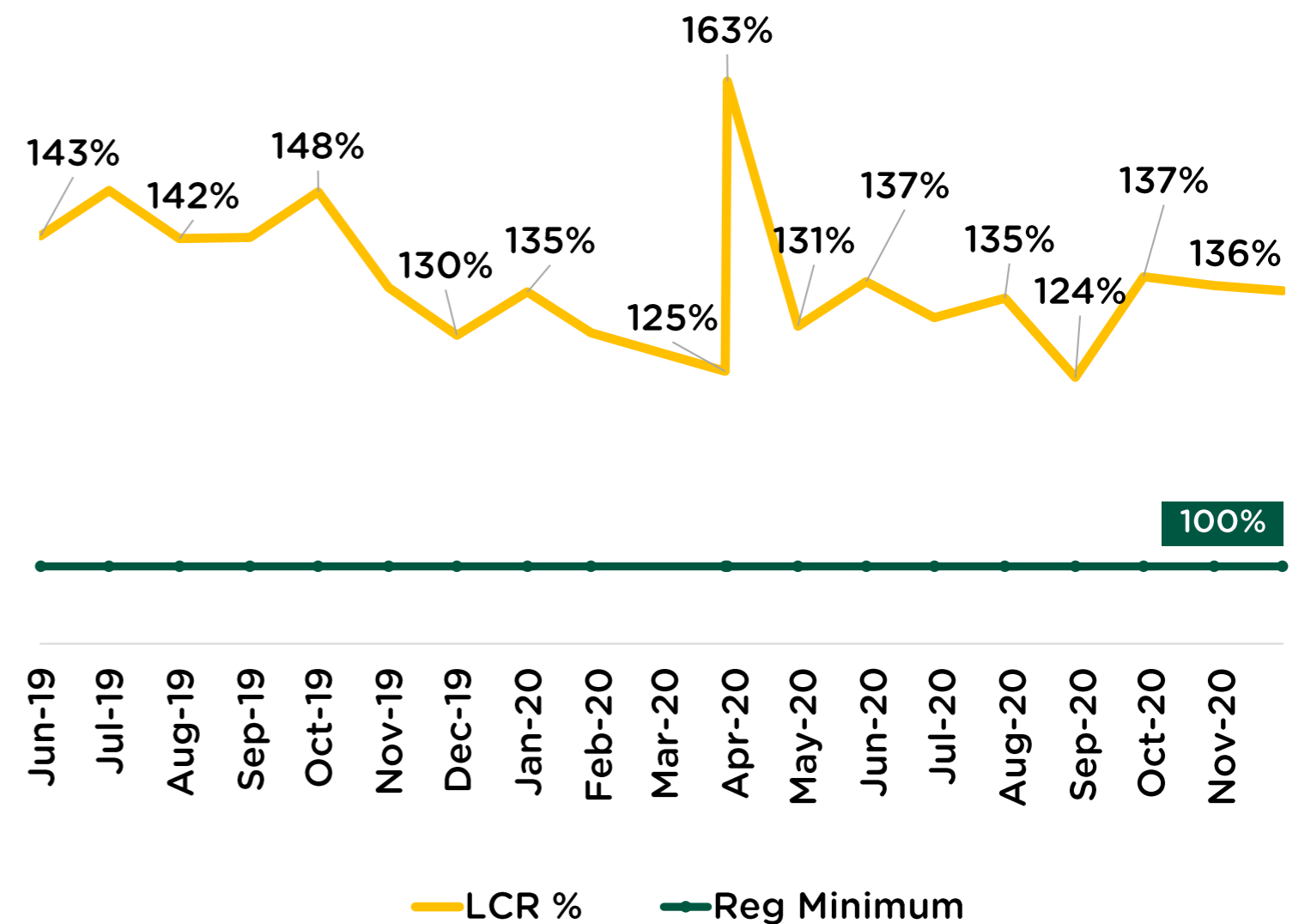
\*All data for APS Bank (Solo)

# With dynamic liquidity management

## Treasury Book

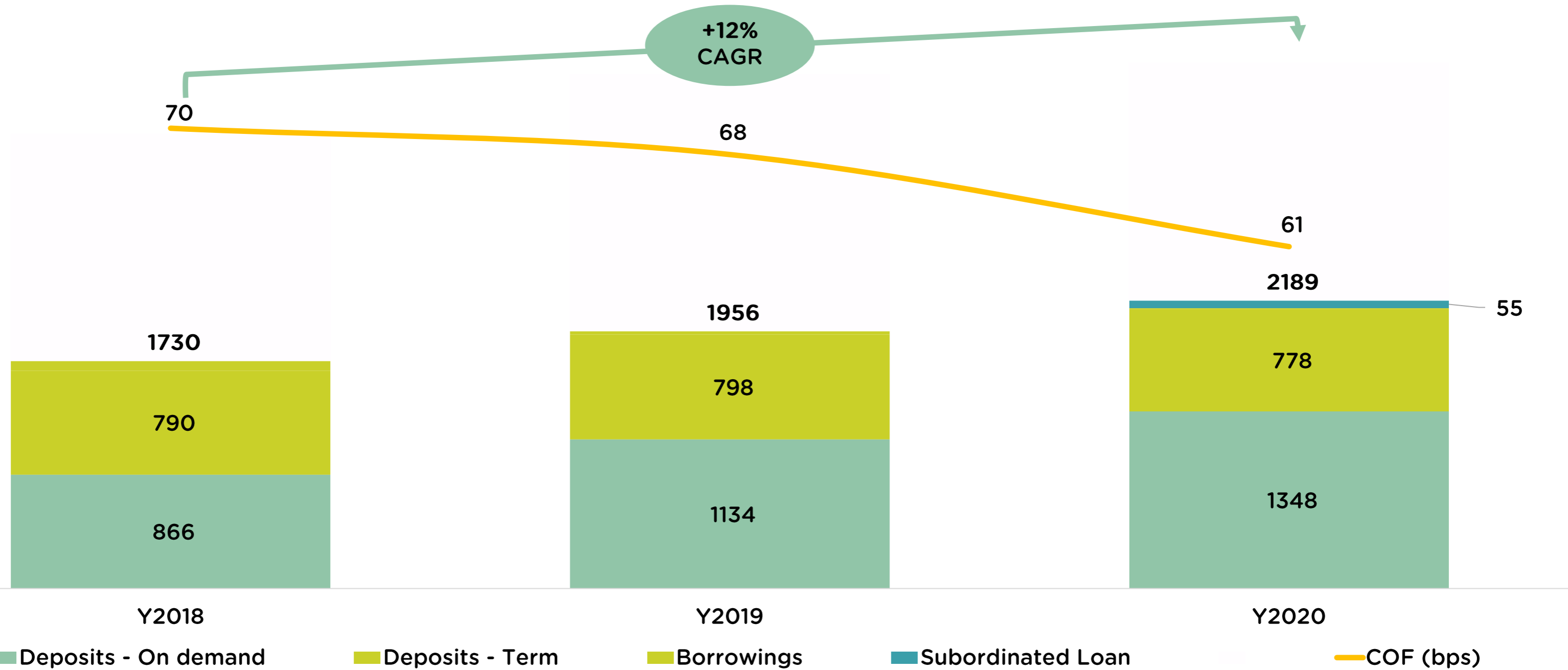


## LCR



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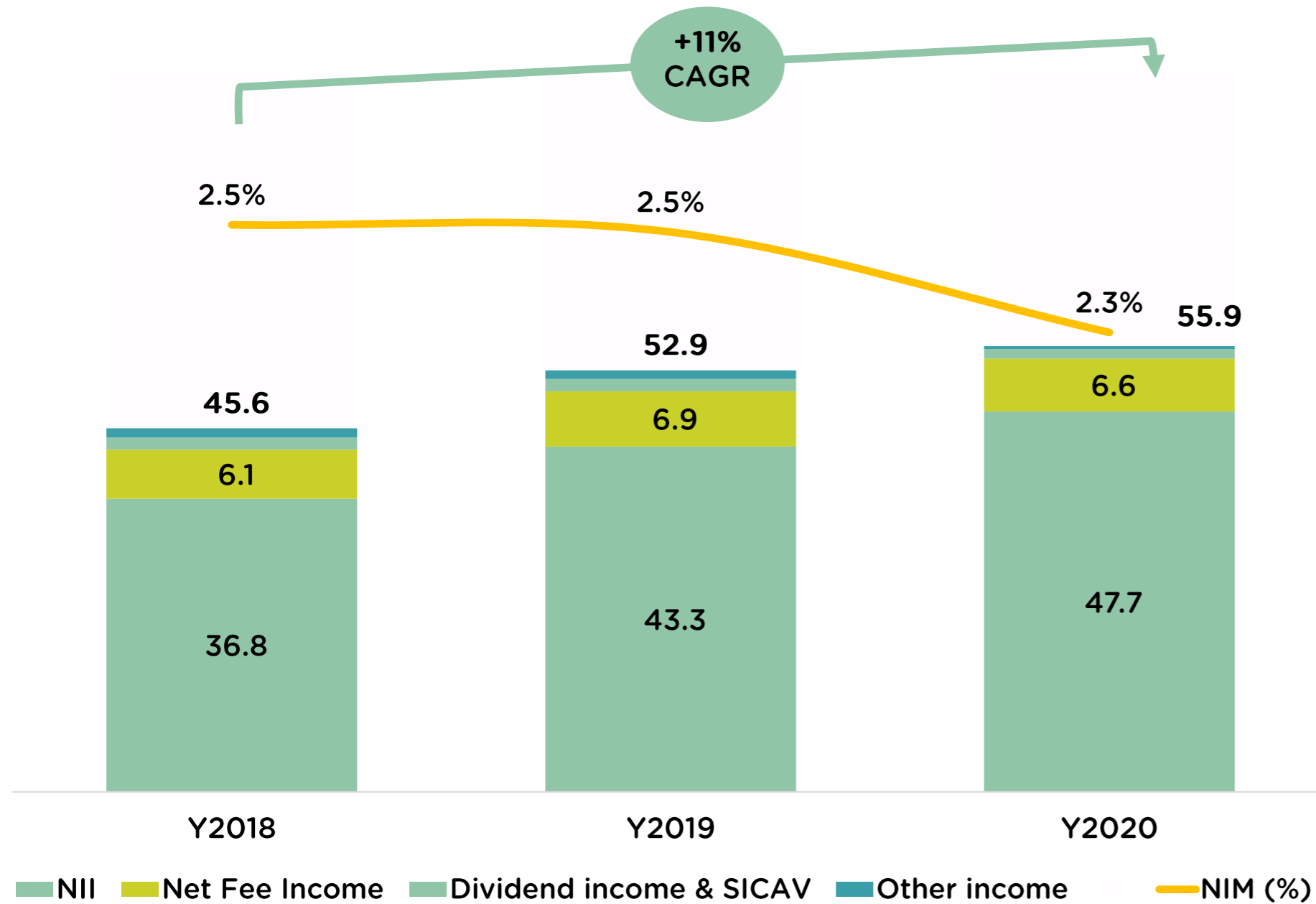
# Evolving funding mix



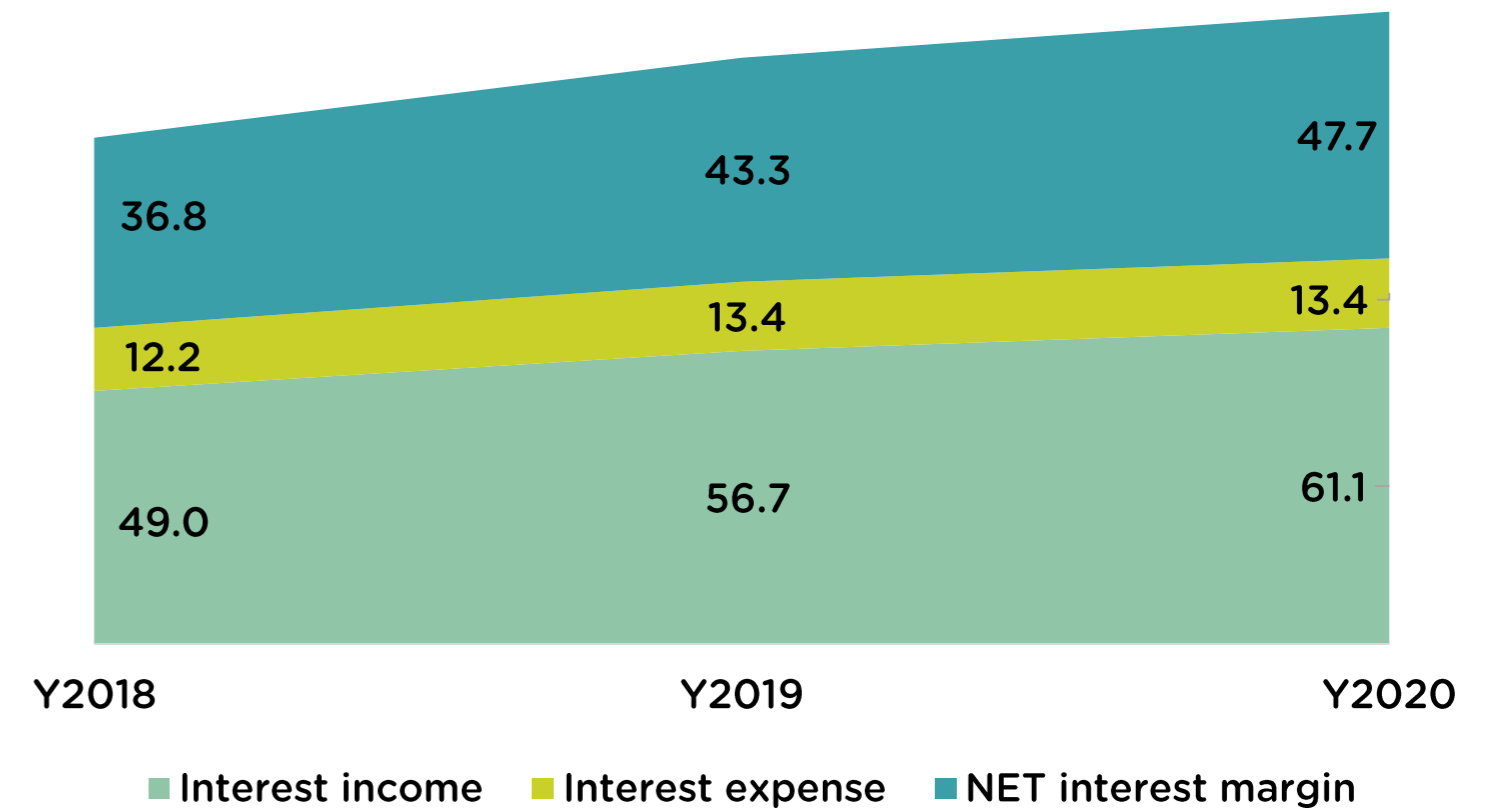
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# Revenue growth from last year, driven by interest margins

## Revenues



## Interest margin



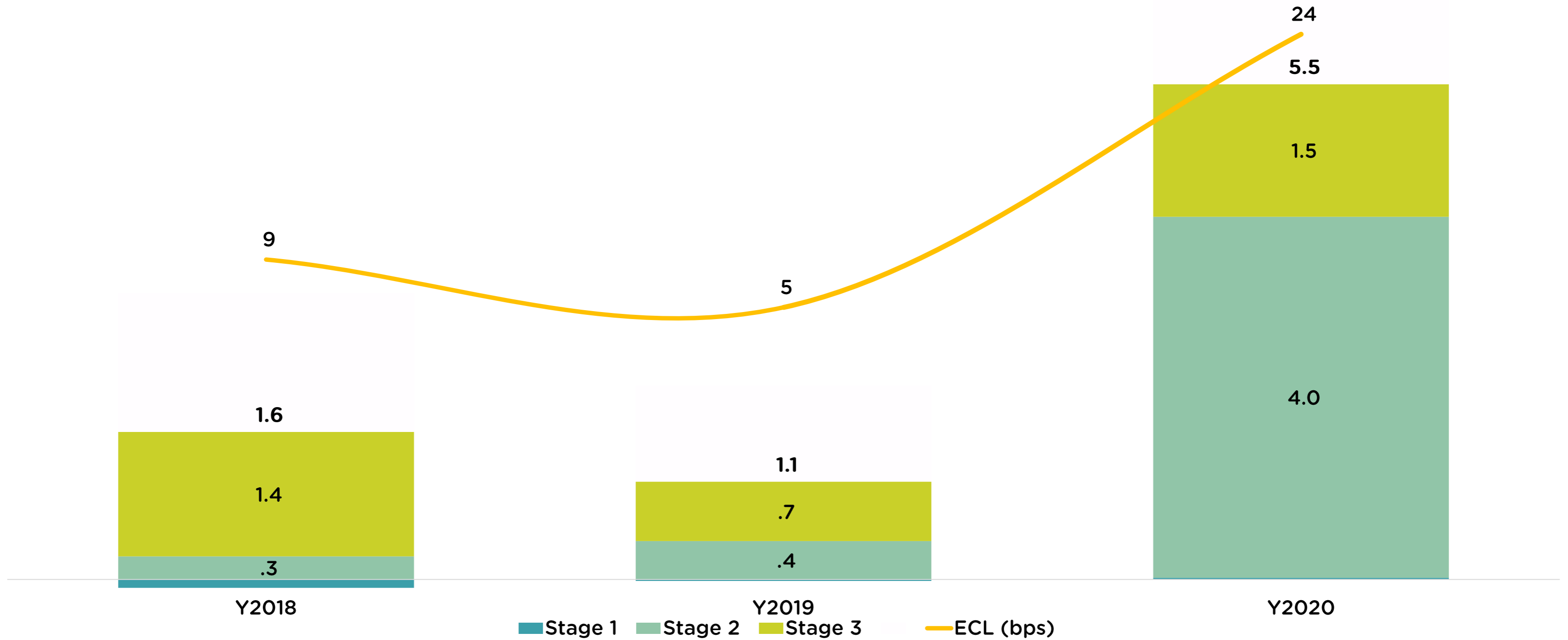
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# Forward transitioning loan book on COVID...

Dec 2020, € million	Book balance	% of retail/commercial	P&L impact
Retail	116	10.9	2.9
Commercial	211	33.7	0.9
	<b>327</b>	<b>19.1</b>	<b>3.8</b>

Dec 2020, € million	Stage 1		Stage 2		Stage 3		Total			
	Exposure	ECL	Exposure	ECL	Exposure	ECL	Exposure	ECL 2020	ECL 2019	P&L 2020
<b>Retail &amp; commercial</b>	1,308	0.6	356	4.1	45	16.2	1,710	<b>20.9</b>	15.9	5.0
<b>Syndications</b>	80	0.7	34	0.7	-	-	115	<b>1.4</b>	1.3	0.1
<b>Bonds, cash &amp; other</b>	470	0.3	1	-	-	-	471	<b>0.3</b>	0.1	0.2
<b>Total</b>	<b>1,858</b>	<b>1.6</b>	<b>391</b>	<b>4.8</b>	<b>45</b>	<b>16.2</b>	<b>2,295</b>	<b>22.6</b>	<b>17.3</b>	<b>5.3</b>
coverage>								<b>1.0%</b>	<b>0.8%</b>	<b>0.23%</b>

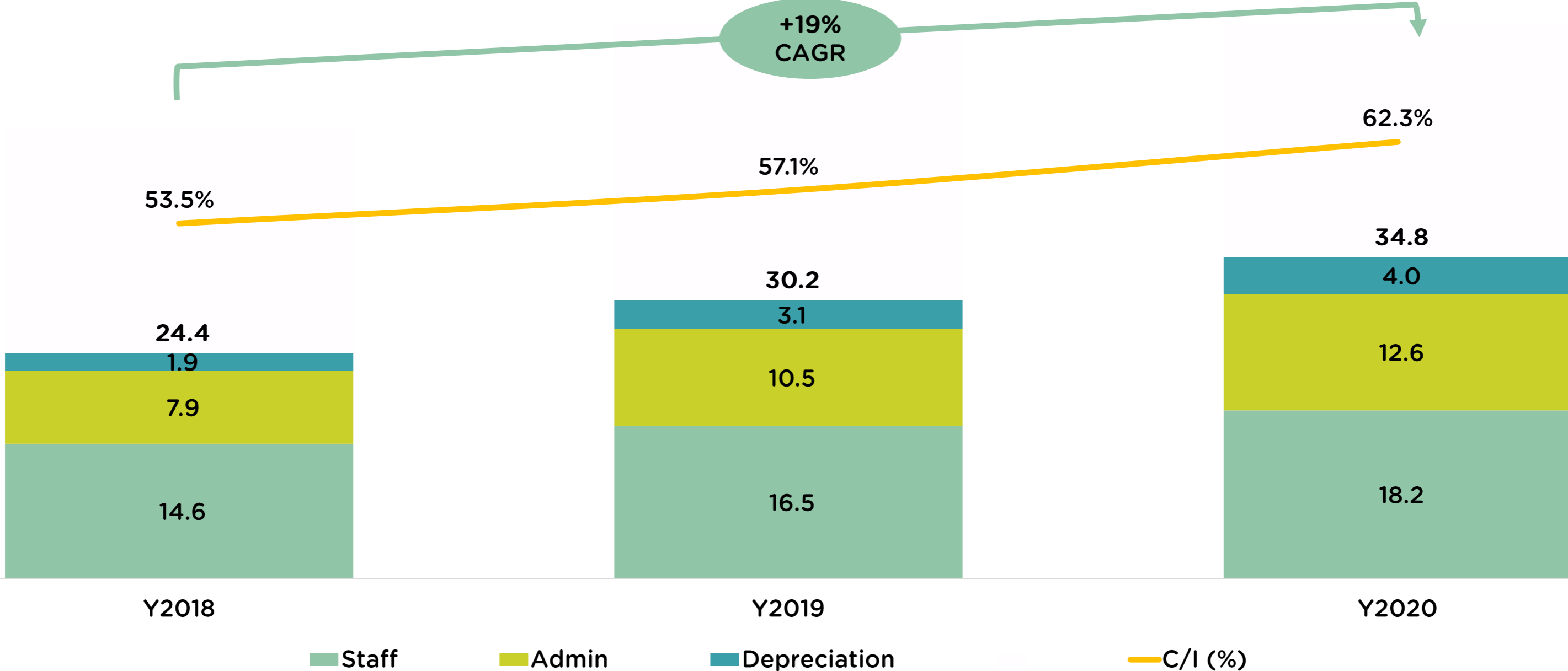
# ... increasing impairments



\*All data for APS Bank (Solo)



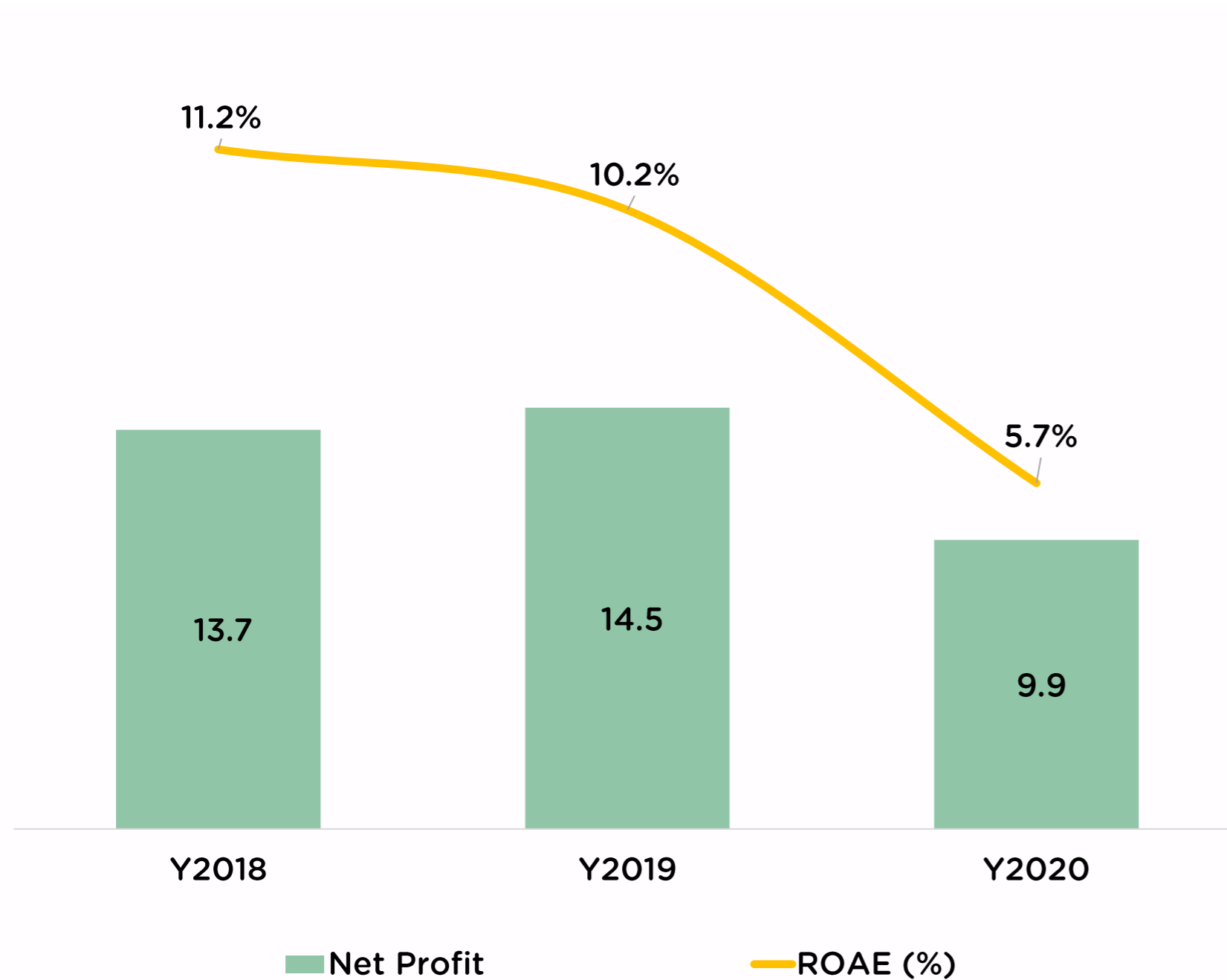
# Costs up as the Bank invests in its future.. + pandemic



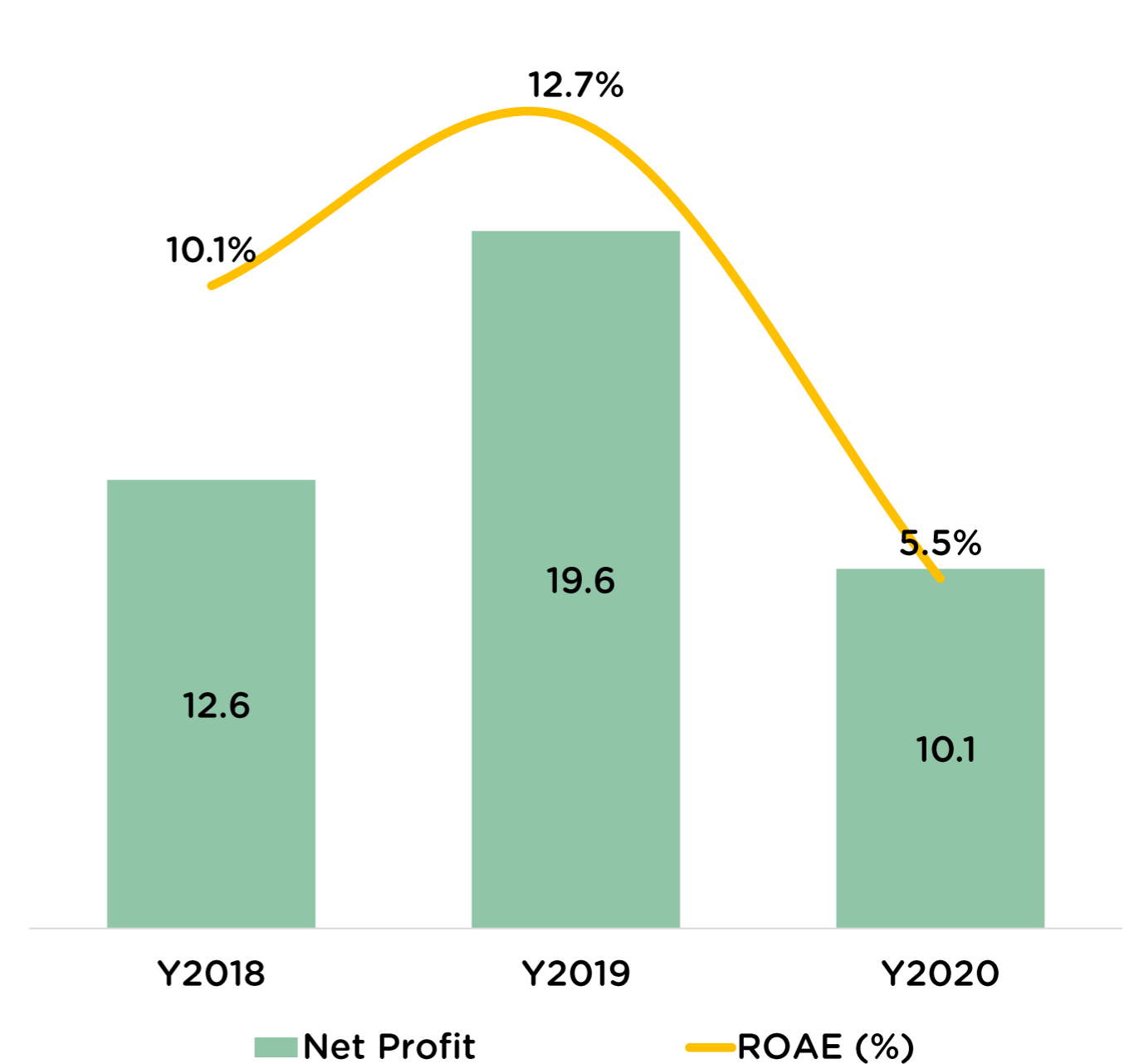
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# As expected, lower profitability to 2019

## Bank profitability



## Group profitability

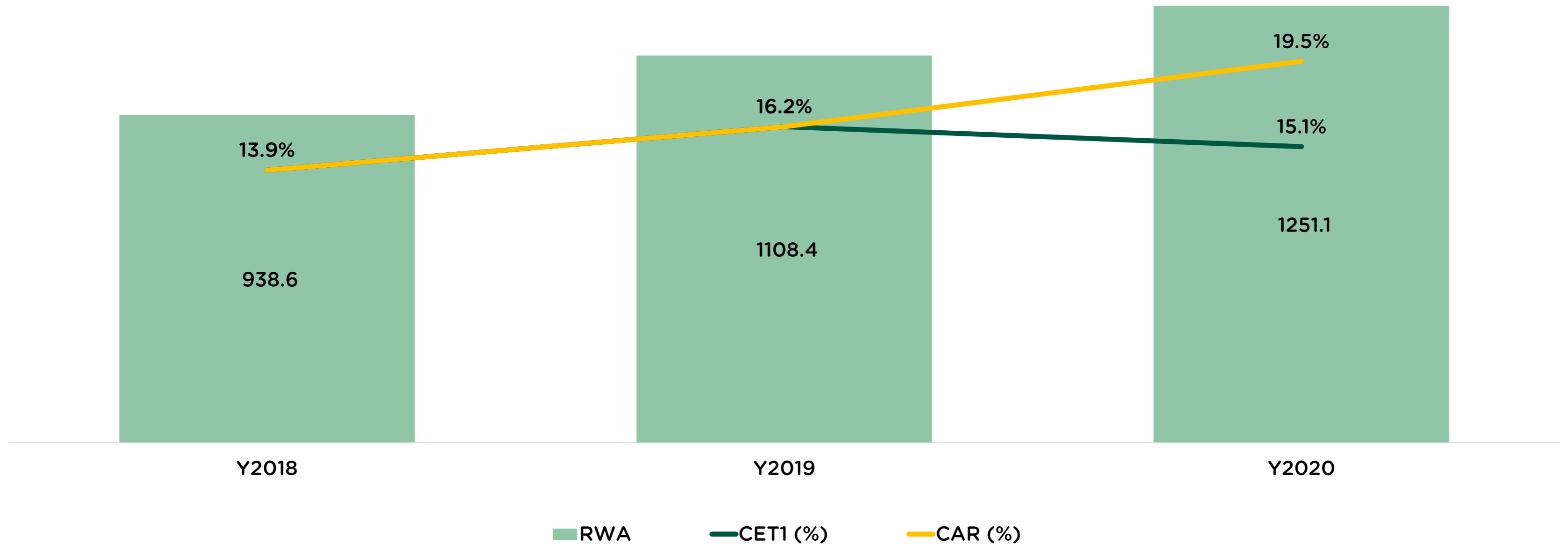


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# Strengthening regulatory capital



# ... meeting all buffers





Thank You