



**Values you can bank on**

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# History & Structure

# Over a century of APS Bank

- *Apostolato della Preghiera* established as a *Cassa di Risparmio*

1910

- Apostleship of Prayer Savings Bank organised as a Limited Company

1970

- APS join FEBEA, European Federation of Ethical Banks

2006

- 100-year anniversary & inauguration of the APS Centre in Swatar

2010

1948

- Roman Catholic Archdiocese of Malta takes over the *Apostolato*, becomes major shareholder

1991

- Banking licence widened to carry on commercial business, name changed to APS Bank

2008

- APS Funds SICAV PLC is established

# Over a century of APS Bank continued

- Revamp of governance & management structures
- Formation of ReAPS Asset Management Ltd

- New vision, mission & values
- Inauguration of New Data & Disaster Recovery Centre
- Launch of “myAPS” app
- 5-year capital plan formulated over three phases

- Issue of €55m sub. bonds
- The Bank becomes an O-SII
- APS Hub inauguration
- Covid-19 launches JetPack
- APS Pensions launch
- Home Deposit Scheme launch

- IPO of 110m new shares
- Green financial products
- Merchant acquiring and credit cards launched
- Bank surpasses 550 employees

2016

2018

2020

2022

2017

2019

2021

- Branch network transformation started
- Launch of New Diversified Bond Fund within APS Funds SICAV
- APS becomes member of the Malta Stock Exchange
- Launch of Social Loans

- Rights issue kicks off capital plan
- APS becomes a “plc”
- 25% investment in IVALIFE Insurance
- Inauguration of New Archiving & Digitisation Centre, at Marsa
- Total assets surpass €2bn
- Launch of Equity Sharing Scheme

- APS Boost (student loans) & New Hope Guarantee Scheme launched
- Global Equity Fund added to APS Funds SICAV stable
- IVALIFE starts operations

# Vision, Mission & Values

## Vision

To be **the** community bank in Malta

## Mission

Making the banking experience simpler and more personal, inspired by our commitment to social, economic and environmental progress, while providing our stakeholders with opportunities to grow

**E**xcel  
lence

Get it right  
the first time

**A**ut  
henti  
city

Always do  
the right things

**P**a  
ss  
ion

Do what you love,  
care about the others

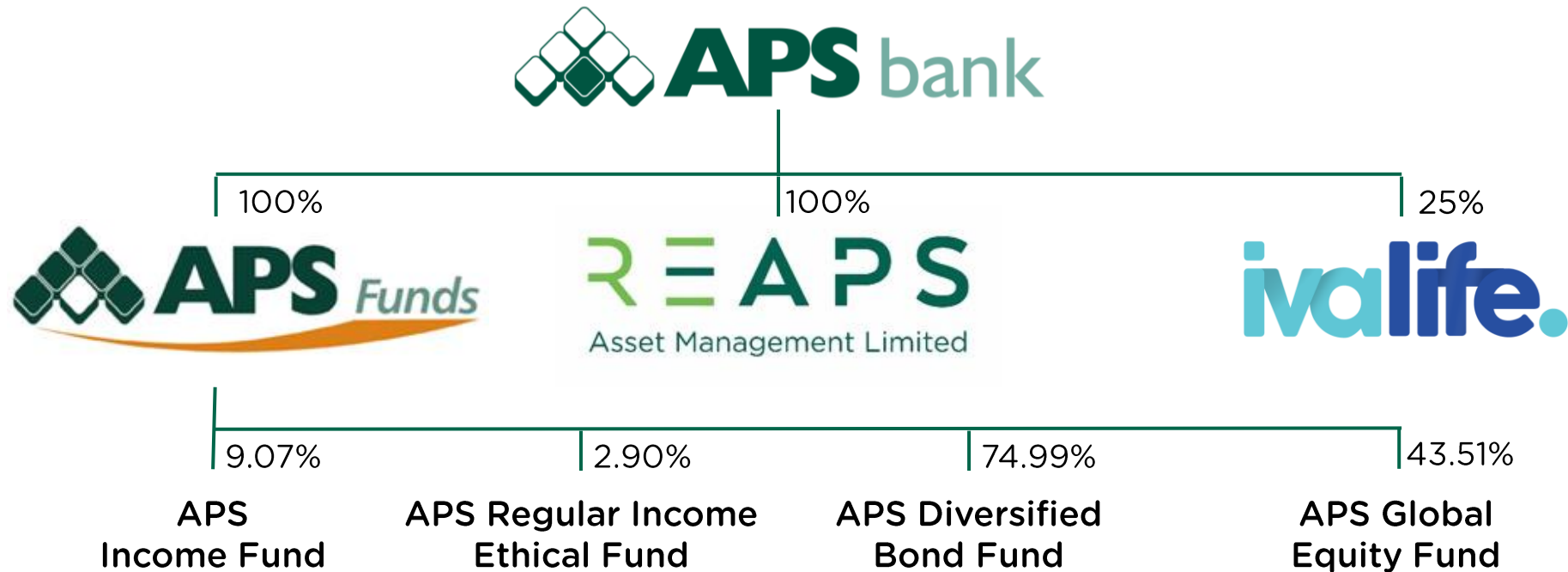
**I**nc.  
lusi  
ven  
ess

Build on differences  
and break the silos

**C**on  
tem  
pora  
ry

Be relevant  
to today's world

# Group Entities



## APS Funds Sicav

- Incorporated in 2008 as a Multi-fund investment company (SICAV)
- Umbrella of 4 funds, the most recent being the APS Global Equity Fund

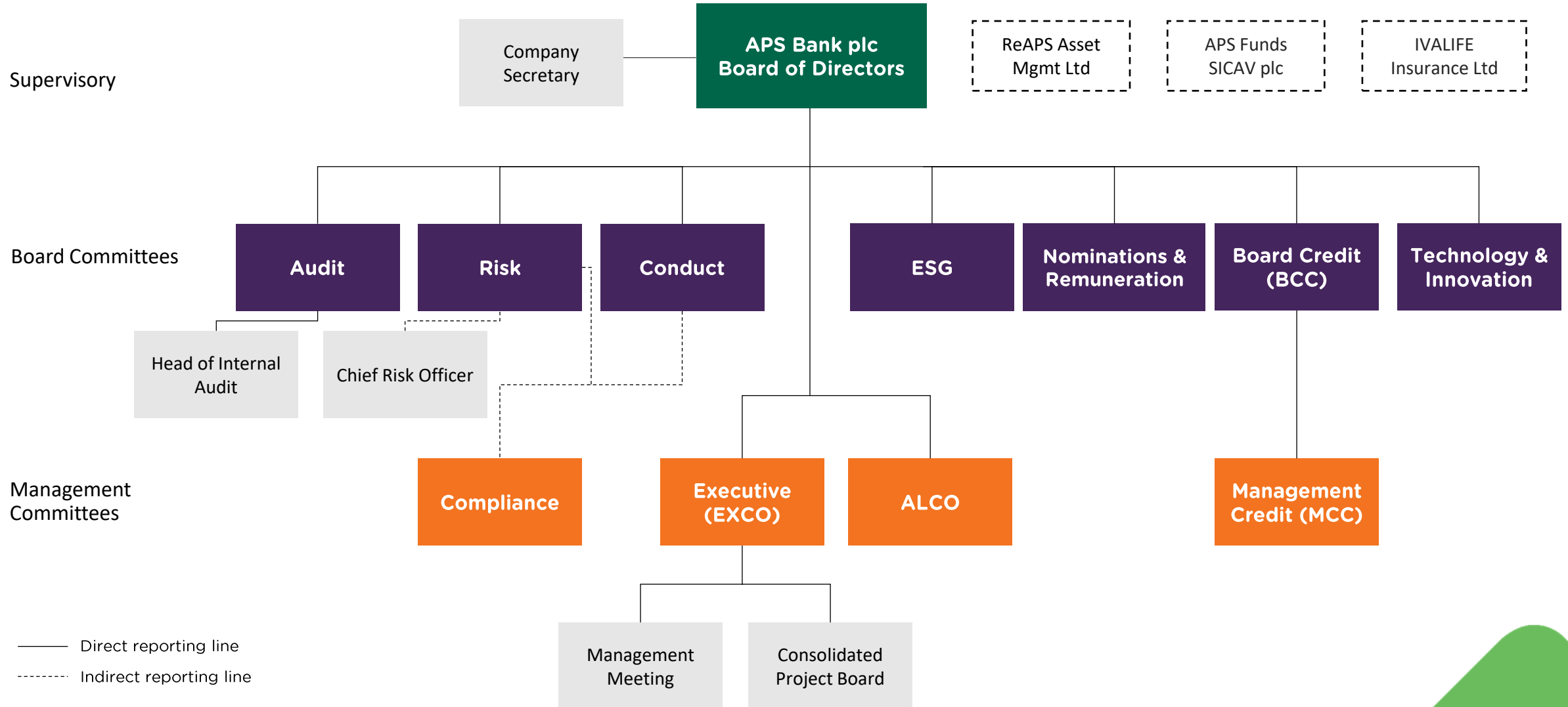
## ReAPS

- Incorporated in 2016, 100% owned subsidiary of APS Bank
- Close to €500m assets under management

## IVALIFE

- Incorporated in 2019 as a joint-venture with Atlas Insurance, GasanMamo Insurance and MaltaPost, each with 25% holding
- Licensed for both Class I and III long term business of insurance

# Corporate Governance







# A Strategy of Responsible Banking

# The Four Key Activities of the Group

## Retail banking

- Home & personal loans
- Green & social loans
- Deposit accounts
- Cards & mobile banking

## Commercial banking

- Loan & overdraft facilities
- Green financing
- Everyday banking
- Acquiring services

## Investment services

- Investment management & advisory
- Discretionary portfolio management
- Funds & pensions
- Sustainable investing

## Syndications & trade

- International corporate exposures
- Tradeable assets on secondary market
- Sectorial diversification
- ESG opportunities



Building our long-term vision of being **the Community Bank in Malta** by focusing our action and initiatives on these three strategic pillars

# Our Priorities for 2023-2025

**#1** Refining the business model to withstand the resilience test - including strengthening of capital base

**#2** Leveraging the company's purpose to fuel growth

**#3** Corporate culture and embracing new ways of working

**#4** Building on our established and contemporary brand to drive sustained growth



**#5** Always putting the Customer First

**#6** Developing innovation to support the Bank's areas of growth

**#7** Accelerating transformation

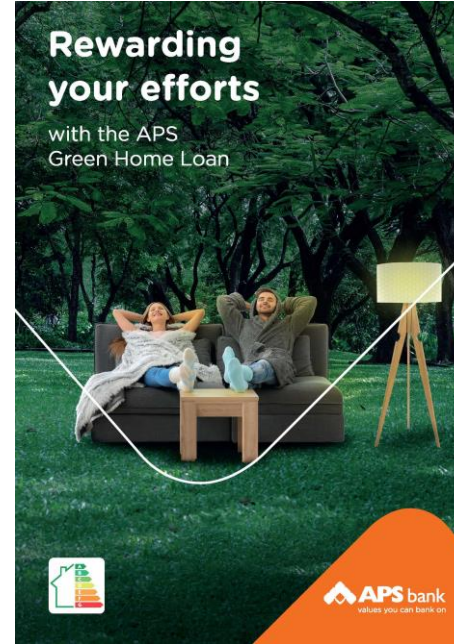
# Responsible and Sustainable Products



The **APS Green Term Deposit** is a fixed term deposit, where funds are used solely to finance local projects which qualify for green lending.



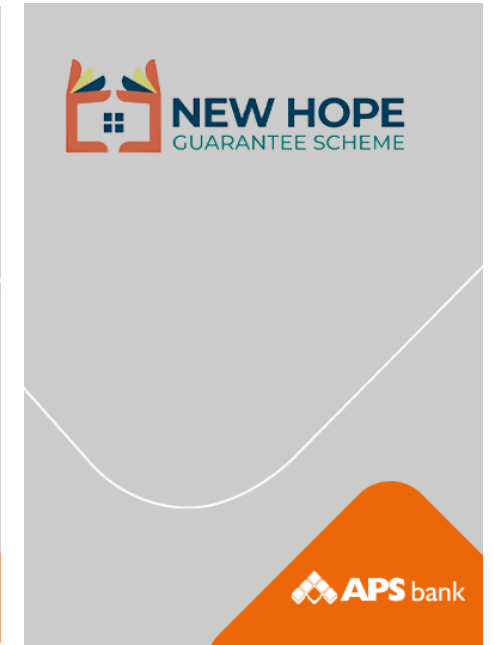
The **APS Green Finance** is a loan to support customers when investing in improvements for a more sustainable future. This loan is offered in collaboration with the European Investment Fund (EIF).



The **APS Green Home Loan** is a home loan which offers a discounted interest rate for properties which qualify as energy efficient.



The **Equity Sharing Scheme** assists individuals who are unable to pay the 10% down payment to purchase a property.

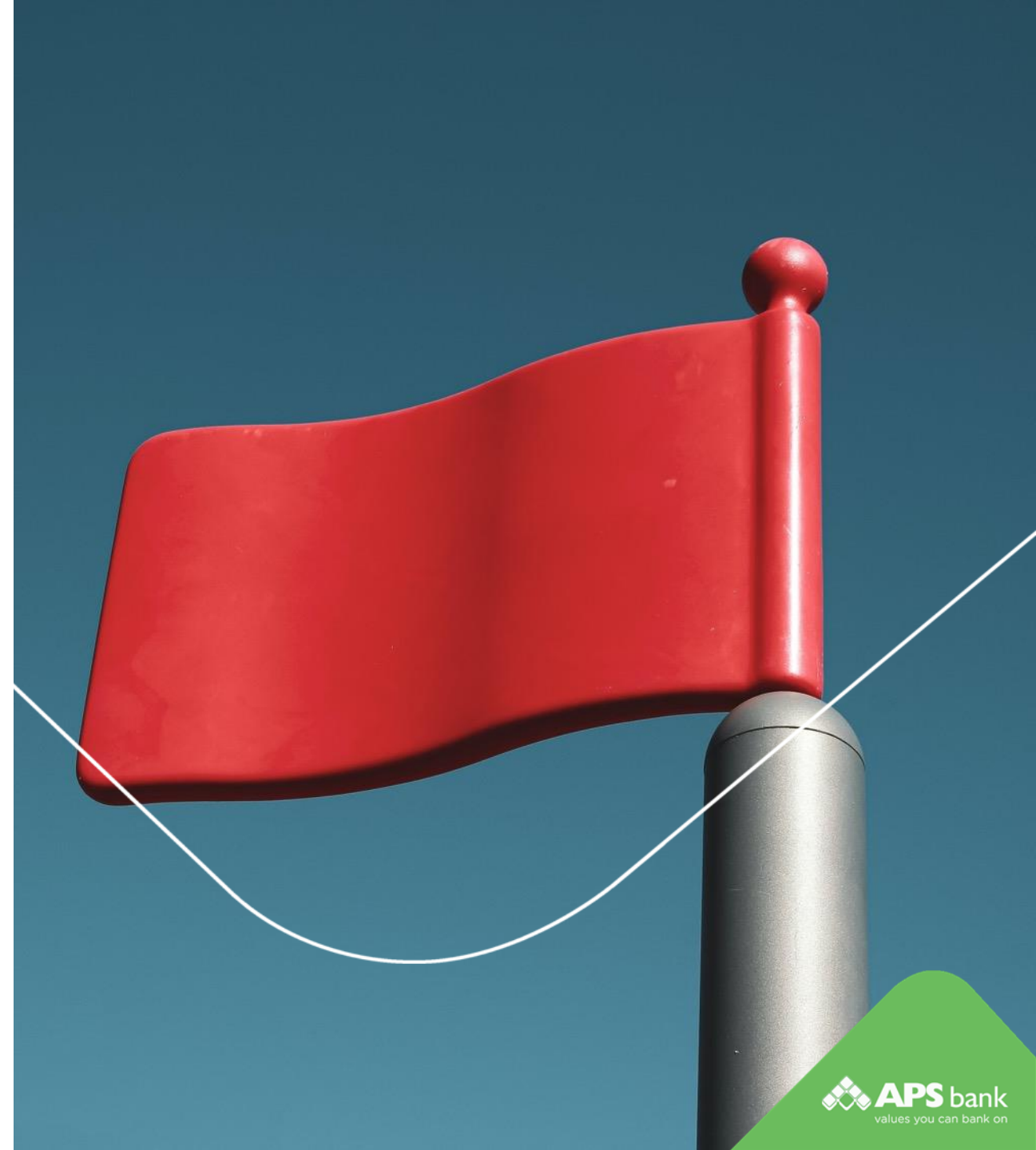


The **New Hope Guarantee Scheme** supports individuals, with medical conditions that prevent them from obtaining life insurance, to become homeowners.

# Risk Appetite

This is guided by prudence & avoidance of activities that are inherently high risk. By design, APS has low appetite for:

- Activities with no local nexus
- Gambling
- Cryptocurrencies
- Electronic Money Institutions
- Citizenship by investment schemes
- Trade in harmful or illicit goods
- Sanctioned entities
- Activities falling short of its ESG policies



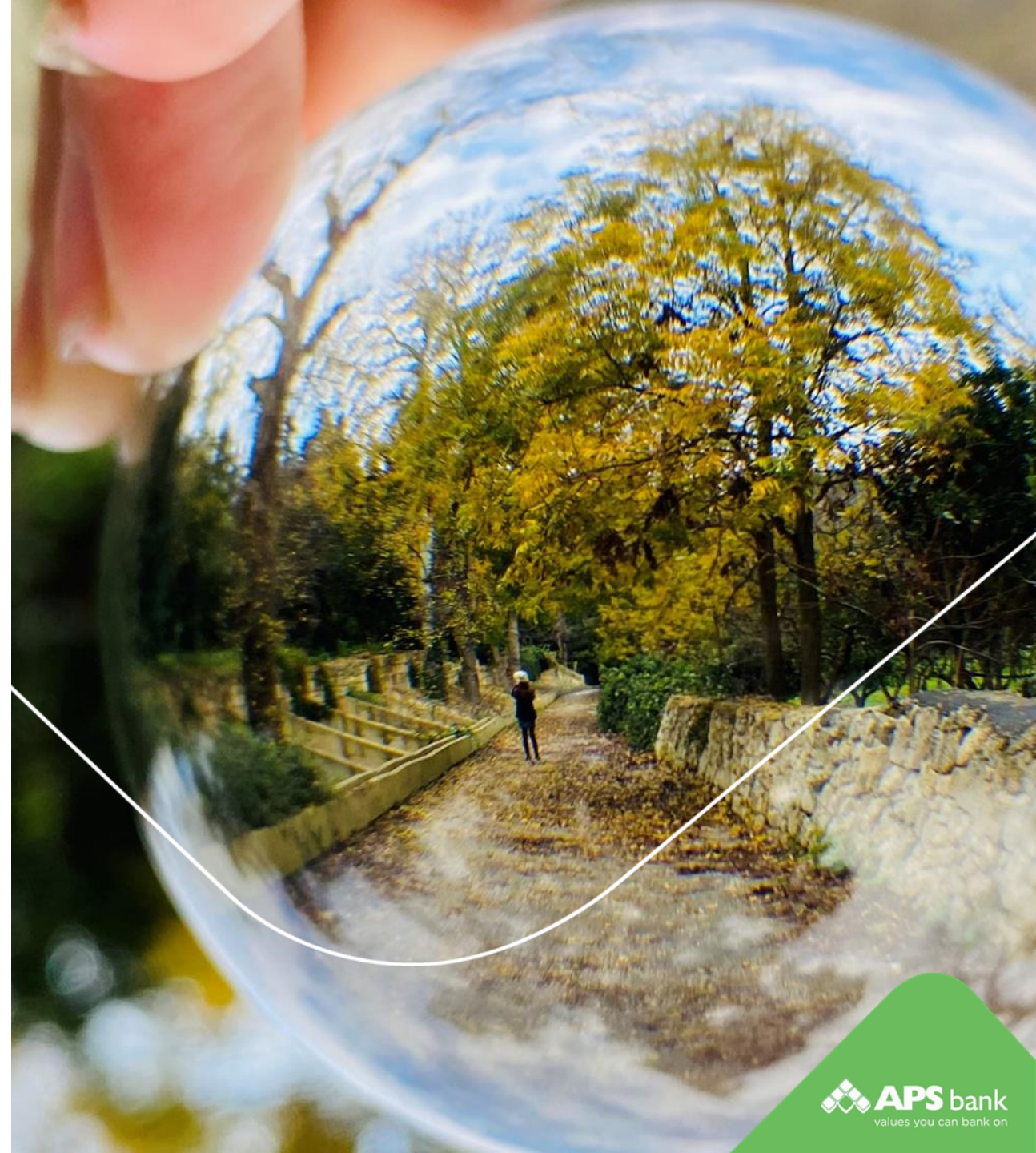


# Let's keep our targets simple and easy to remember!

‘Facilitate quarter of a billion of sustainable finance by 2030’

‘Reduce the impact of our operational emissions by 30% by 2030’

‘Establish a baseline for our financed emissions in order to align our lending to reach carbon neutrality by 2050’





# In the Community

# Distribution Network





# APS Bank at a glance



600  
employees



42  
Employee NPS



134,000+  
deposit accounts



75,000+  
customer base



42,000+  
myAPS active users



13,000+  
home loans



10,000+  
investment  
customer base

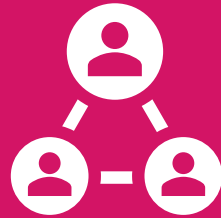


78,000+  
debit cards in  
circulation

# Employer of Choice



An invested  
learning  
organisation



Equal, diverse and  
inclusive



Dedicated to staff  
wellbeing



13  
nationalities



56%  
female workforce



34 years  
workforce  
average age



18,500+  
training hours in  
2022



268  
qualified staff  
members

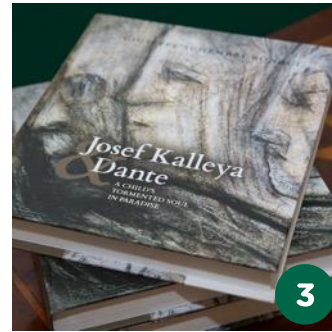
# Melitensia, Heritage & Visual Arts



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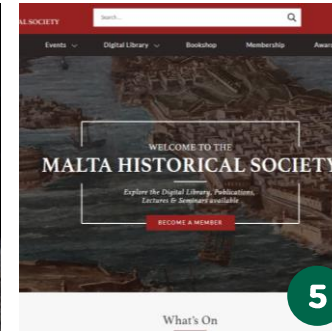
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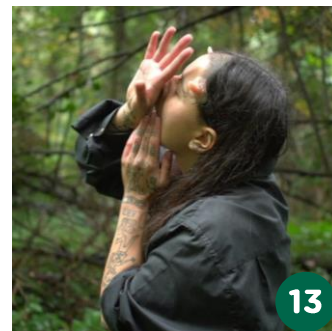
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13



14



15

1. APS Mдина Biennale (since 2015)
2. FPM and APS Bank plc sign partnership agreement (2021)
3. Josef Kalleya & Dante book launch (2021)
4. 'The Streak - An Isabelle Borg Retrospective' exhibition (2021)
5. supports the newly launched Malta Historical Society website
6. Restoration of statue of Our Lady of Mount Carmel (2022)
7. Conservation and restoration of Mattia Preti painting (2022)
8. (Un)silenced Exhibition, supporting SJAF (2022)
9. Luminous Kindness publication (2022)
10. The Malta Community Chest Fund Foundation exhibition (2022)
11. Lehen il-Malti (Għadd 41) book launch (2022)
12. Publication of the Gospel of Saint Matthew (2023)
13. When the Moon Waxes Red exhibition (2023)
14. The Order of Malta National Art Exhibition (2023)
15. Hosts Sejjaħli b'Ismi exhibition (2023)



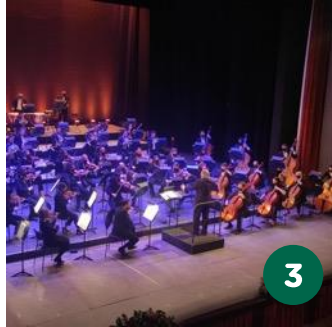
# The Performing Arts



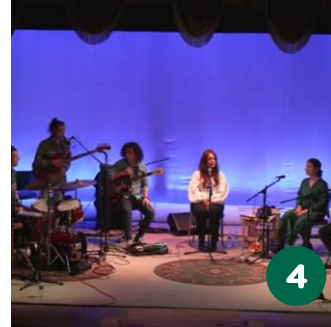
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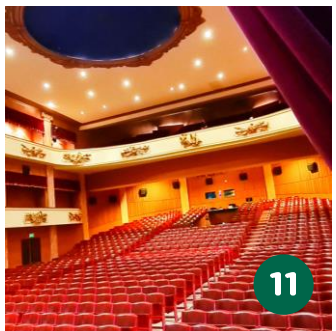
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15

1. National Prize for the Promotion of Arts & Culture (2021)
2. APS Summer Festival (2021)
3. Gaulitana: A Festival of Music (2022)
4. Medinea Session Gozo: A Concert of Mediterranean Music (2022)
5. Victoria International Arts Festival (VIAF) (2022)
6. Leone Goes Pop (2022)
7. Quo Vadis (2022)
8. APS Summer Festival (2022)
9. APS Teatru Unplugged (since 2016)
10. Paramm Paramm (2023)
11. Supporting Teatru Astra's theatre's programme (2023)
12. Marshall Arts Fundraising concert in aid of Blue Door Education (2023)
13. Stabat Mater concert in aid of RIDT & APS Bank Easter Concert in collaboration with MPO (2023)
14. Cuatro, performed by Alegria Flamenco Malta (2023)
15. La Traviata performed during Gaulitana: A Festival of Music (2023)



# Sustainability & Education



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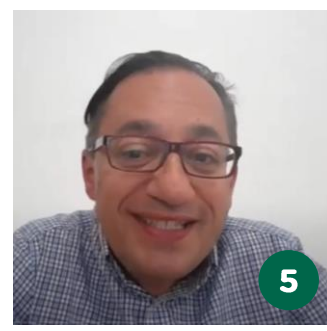
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4



5

1. The Sinking Shore book by Dr Ivan X. Gatt (2020)  
**APS talks series (2018-2023), 28 talks hosted so far**

2. Strategies of Innovation, Prof. Peter Mc Kiernan  
 3. Deciphering food labels: Fats, frogs & more, Prof. Suzanne Piscopo

4. Ocean plastic pollution: A lost battle?, Dr Yanika Borg  
 5. The importance of honeybees, Prof. David Mifsud

6. Climate Action & Responsible Consumption: The hidden costs of our food choices, Earthling Ed

**APS Business talks series (2020-2023), 5 talks hosted so far**

7. Sustainable Businesses: ESG integration, Manuele Vagnoli

8. Is work-life balance a utopian dream?, Patrick Psaila

9. The rise in inflation and interest rates: Macroeconomic impacts, Dr Aaron G. Grech

10. Malta Business Awards, supported the 'Innovative Climate Solution' Award (2022)

11. Malta Sustainability Forum November 2019

12. Malta Sustainability Forum January 2021

13. Malta Sustainability Forum March 2022

14. Malta Sustainability Forum November 2022

15. Malta Sustainability Forum March 2023



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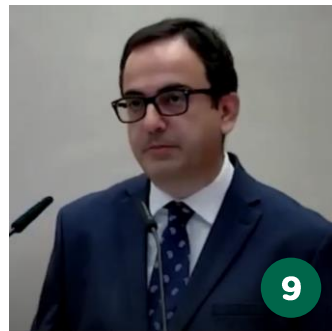
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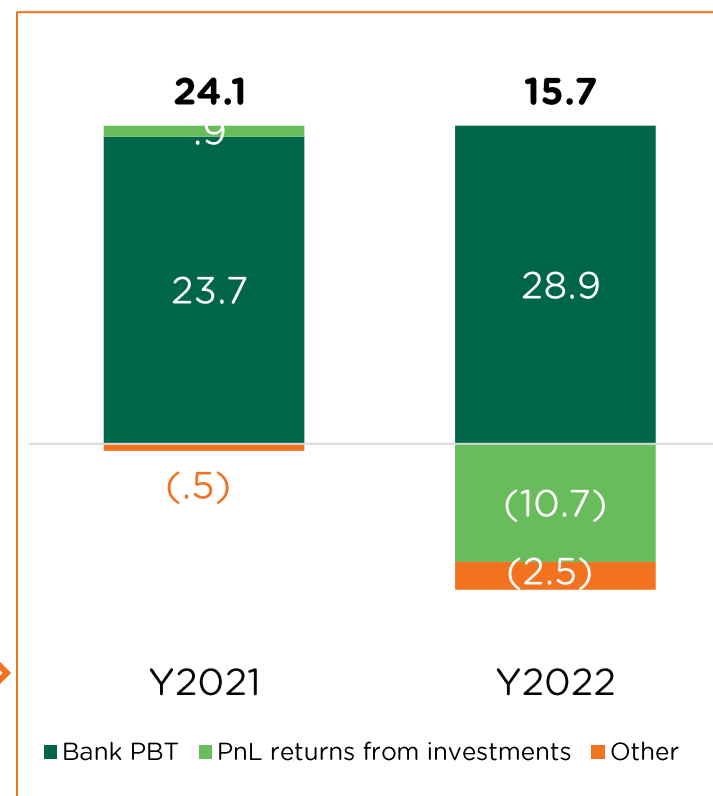


# Overview of Financial Results

# Record profits for the Bank as market volatility dampens Group results

	BANK		GROUP	
€mn	2021	2022	2021	2022
Net interest income	53.9	63.7	55.4	65.1
Net fee income	5.9	5.9	7.0	6.9
Other operating income	1.3	2.9	0.1	1.9
	<b>61.1</b>	<b>72.5</b>	<b>62.5</b>	<b>73.9</b>
Net gains/losses on financial instruments	0.8	2.1	0.6	(9.3)
<b>Operating income</b>	<b>61.9</b>	<b>74.6</b>	<b>63.1</b>	<b>64.6</b>
Operating expenses	(39.7)	(45.9)	(40.6)	(47.0)
Net impairments	1.5	0.3	1.5	0.3
Results from associates	-	-	-	(2.2)
<b>Profit before tax</b>	<b>23.7</b>	<b>28.9</b>	<b>24.1</b>	<b>15.7</b>
Tax	(8.7)	(9.7)	(9.0)	(9.9)
<b>PROFIT AFTER TAX</b>	<b>15.0</b>	<b>19.2</b>	<b>15.1</b>	<b>5.8</b>

Components of Group PBT

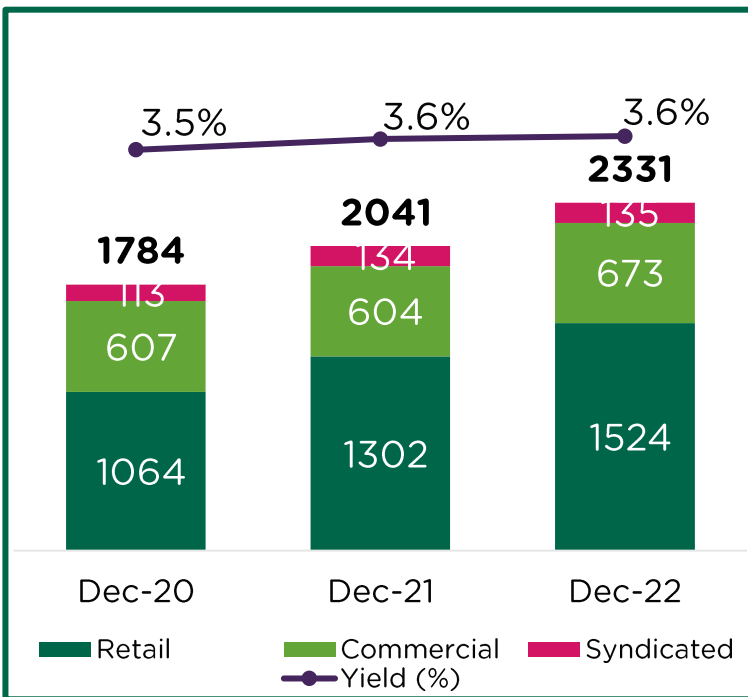


\* Investment returns from the APS Diversified Bond Fund, Global Equity Fund, Income Fund, Income Ethical Income Fund & Ivalife

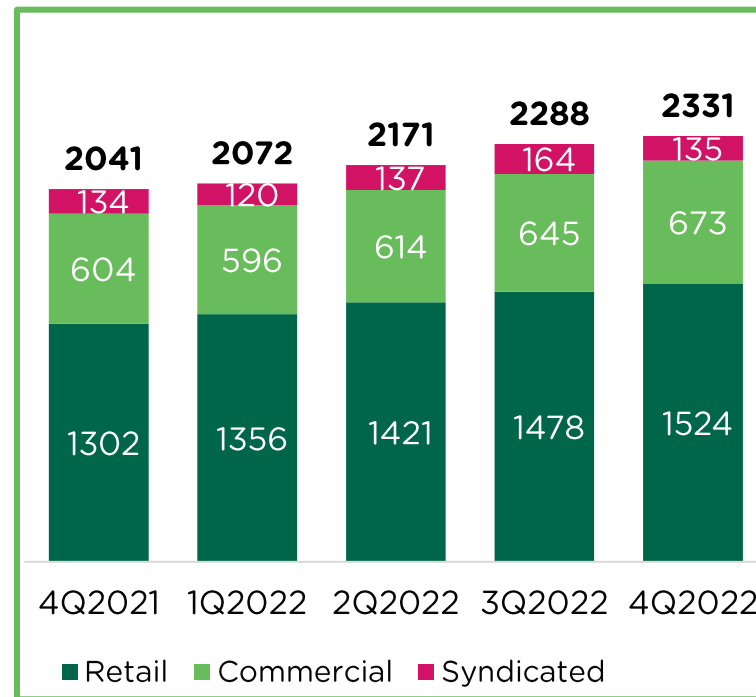
# Lending growth sustained, supporting personal and commercial clients



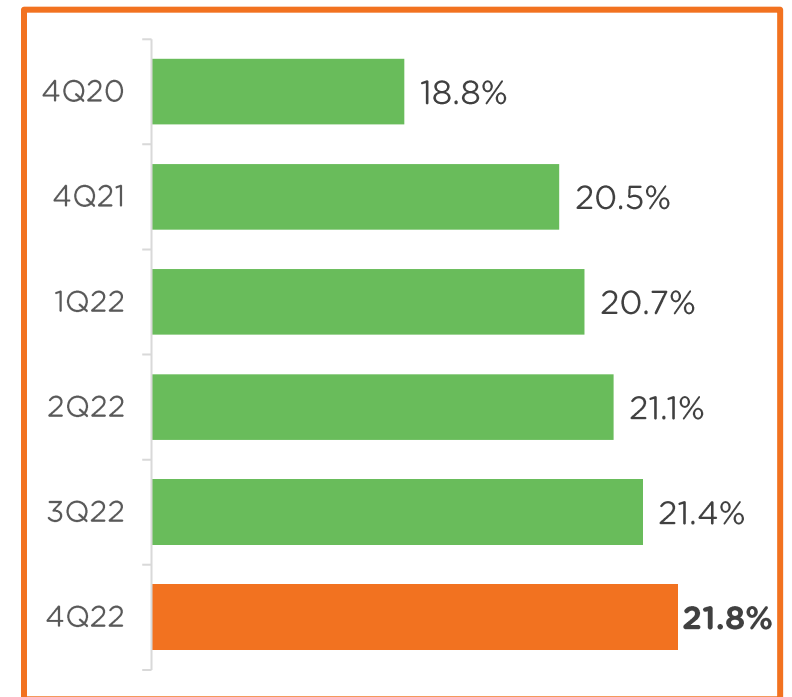
Consistent commitment to needs of borrowing clients



Strong pipeline conversion leading to 2H loan book expansion



Increasing Home Loan market share



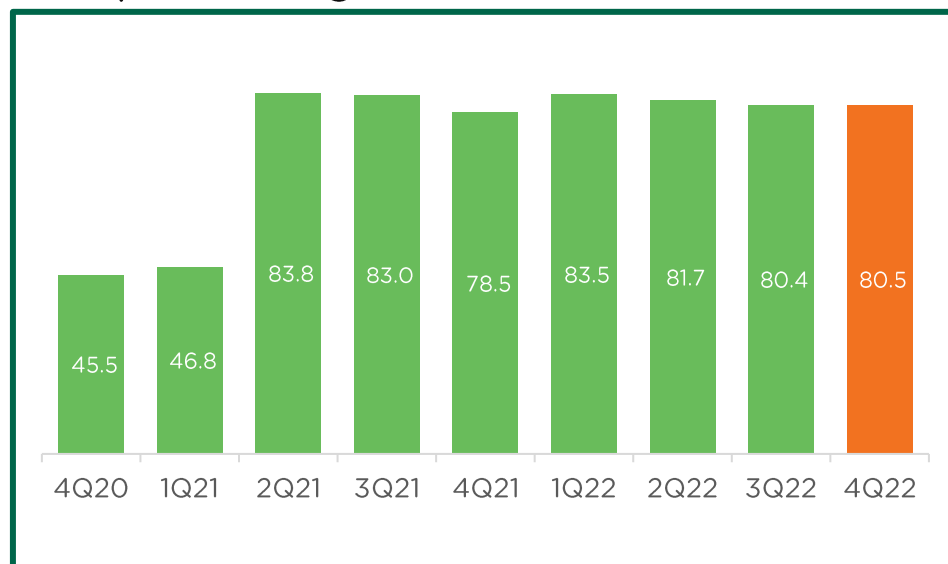
\*Portfolio represents performing loans only

\*\* All data in €m unless otherwise stated

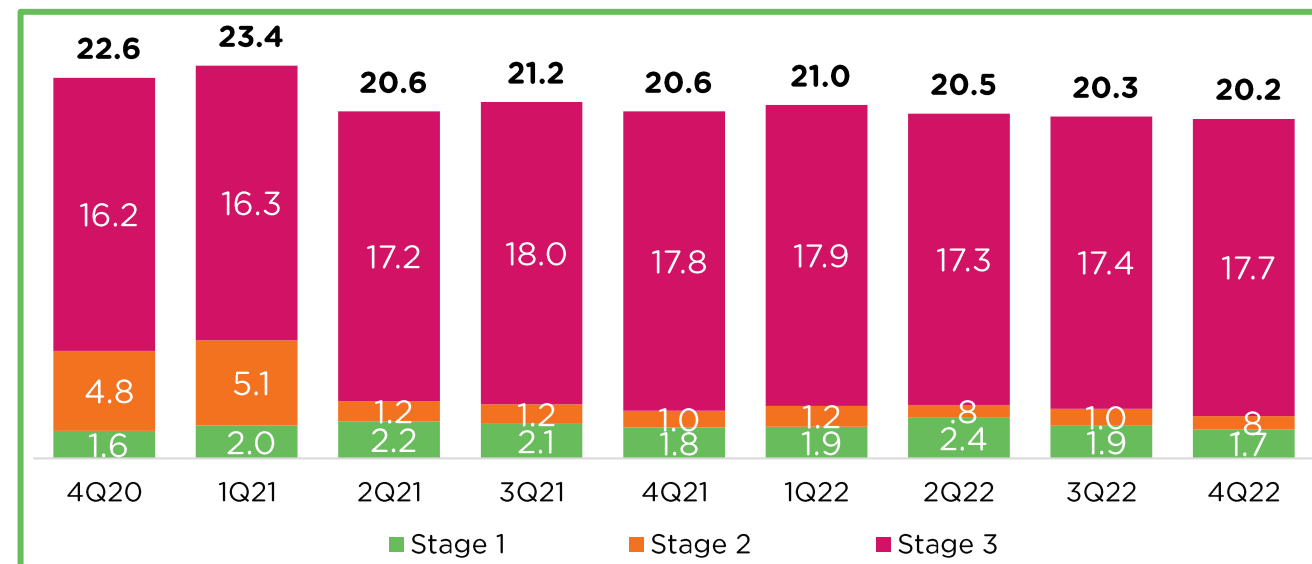


# Stable post-COVID NPLs with required lower ECL and improving ratios

Non-performing loans at €80m



Net ECL release across 3 stages



... and NPL ratio reducing to 3.2%

	4Q21	2Q22	4Q22
<b>NPL Ratio</b>	3.4%	3.2%	3.2%
<b>Coverage<sup>1</sup></b>	100%	100%	100%
<b>Cost of Credit</b>	(6bps)	1bp	1bp

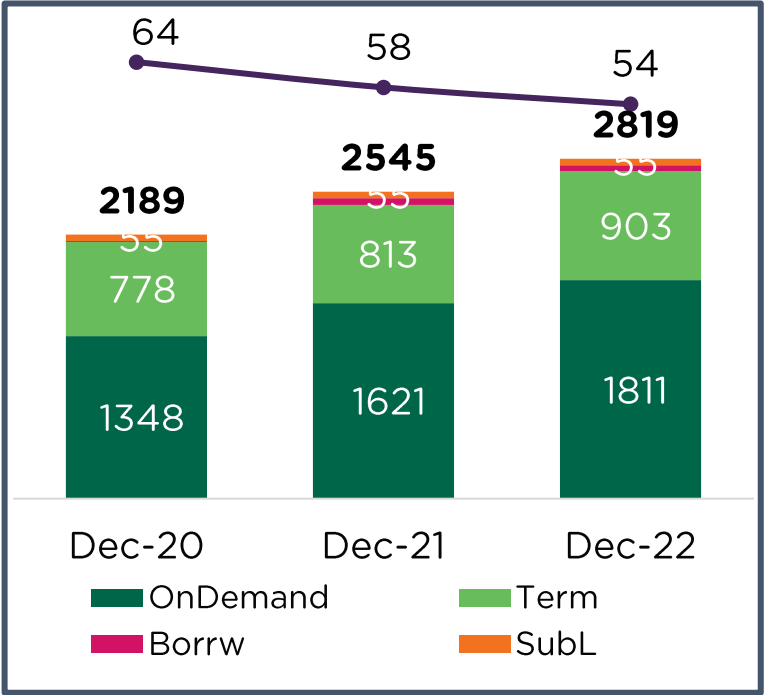
<sup>1</sup> Coverage ratio net of discounted collateral

\* All data in €m unless otherwise stated

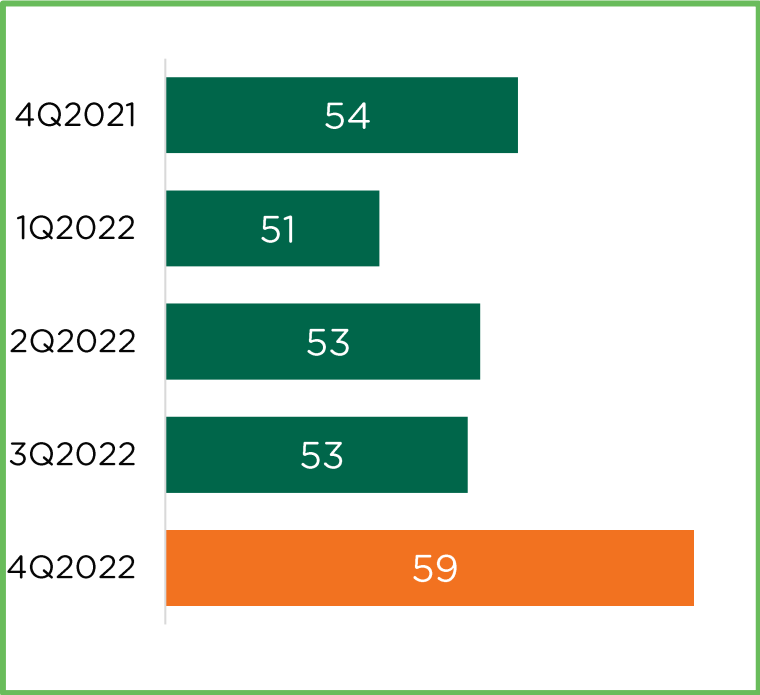
# Steady flow of deposits supporting the business, increasing tempo in 4Q



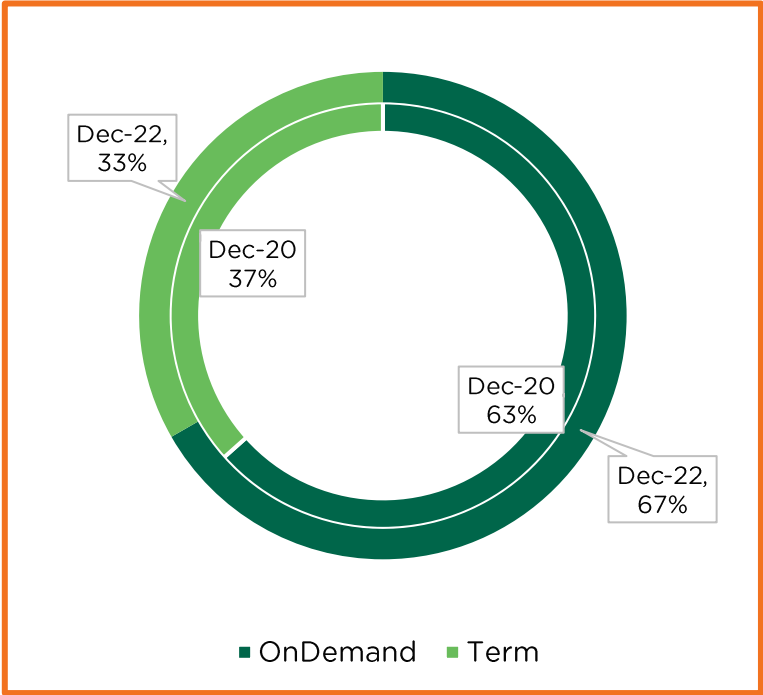
Funding exceeding €2.8bn, 96% of which being bank deposits



COF rising on € & \$ repricing as Bank adjusts deposit rates



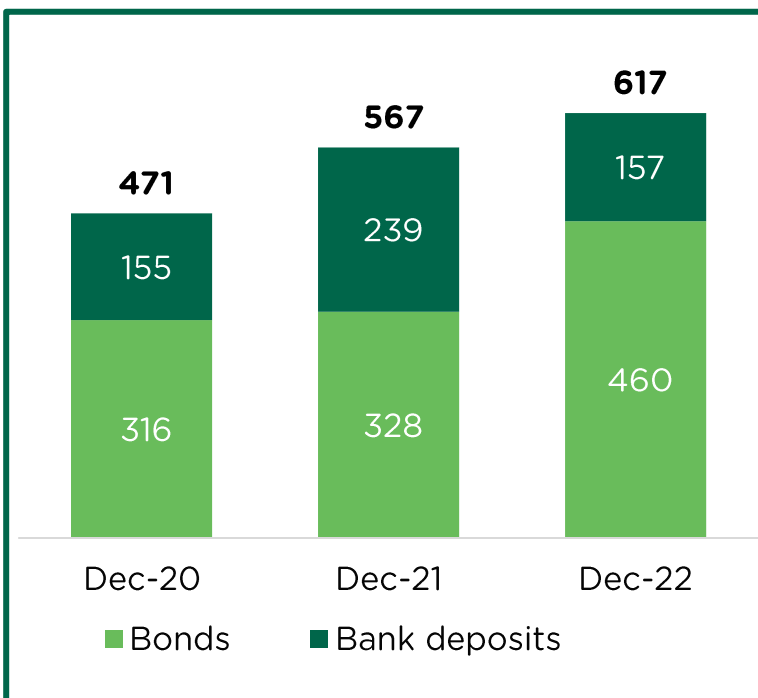
Aiming to maintain a balanced deposit mix



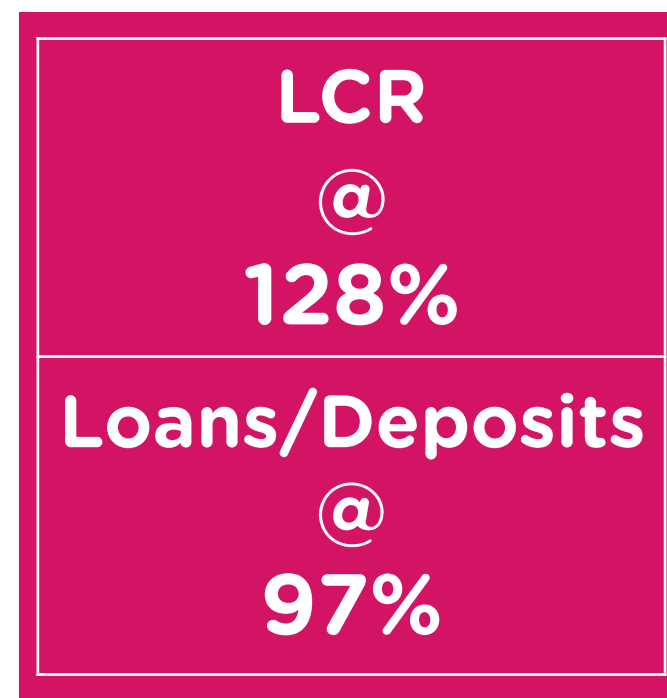
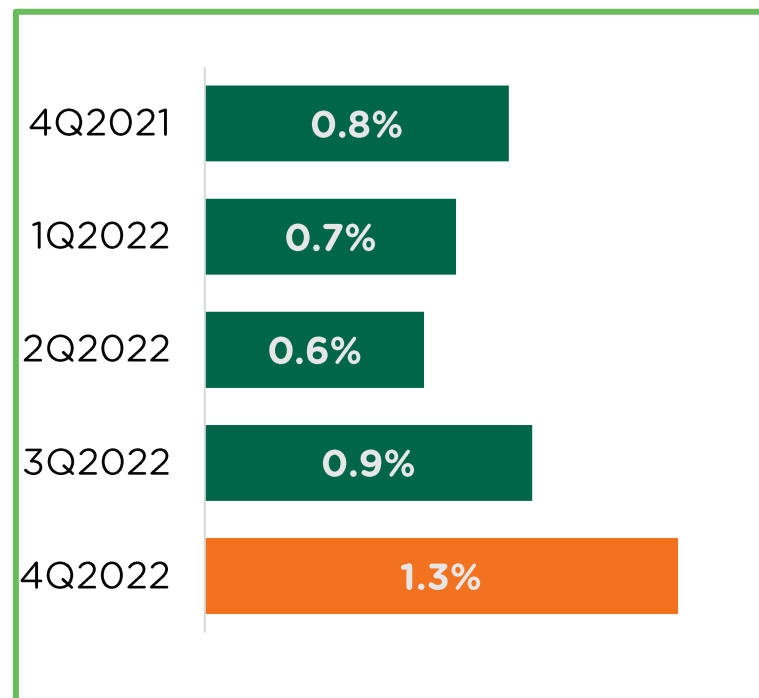
# Active asset-liability management in a new interest rate world



Liquidity stock increasing in line with growth in deposits



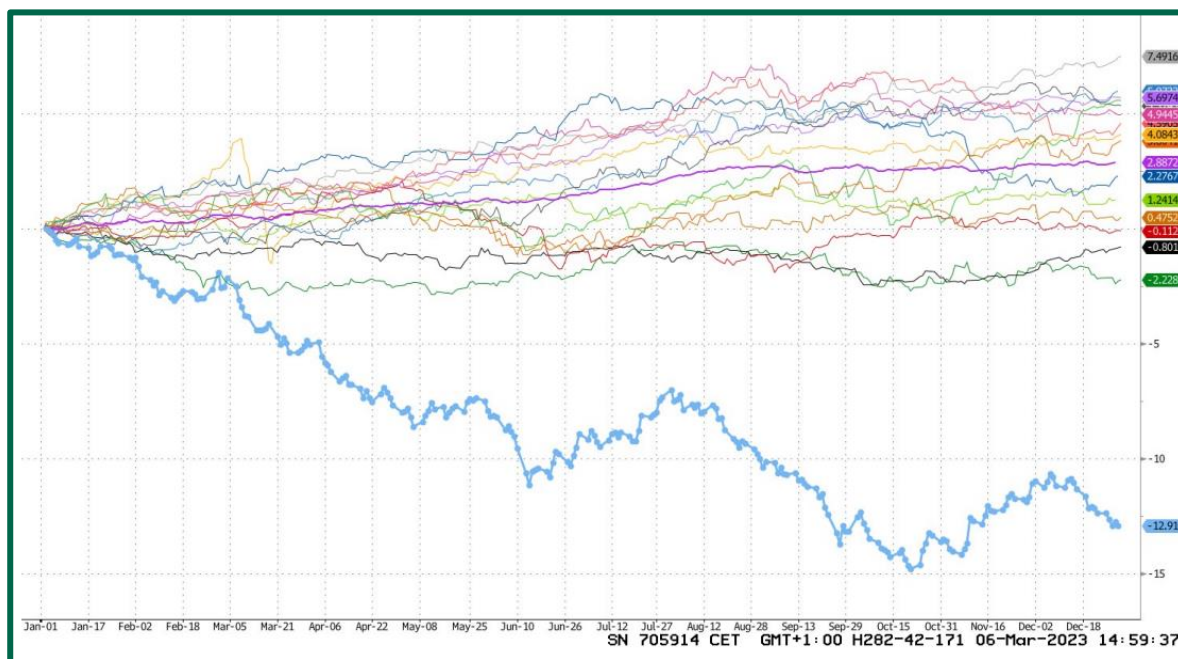
Rising yields on both bonds and bank balances



# Bonds and equities recording the worst performance in years

## Bonds

Bloomberg Global Bond Aggregate (hedged to €)  
2007 to 2022



## Equities

FTSE All-world (hedged to €)  
2007 to 2022



# Market performance impacted

## Group results

### APS Diversified Bond Fund\*

Y2022 -15.4% return (Y2021 -0.6%)

### APS Global Equity Fund\*\*

Y2022 -17.1% return (Y2021 +14.4%)

### APS Ethical Income Fund\*\*

Y2022 -16% return (Y2021 +4.8%)

### APS Income Fund\*\*

Y2022 -8.9% return (Y2021 -0.2%)



	APS % holding	P&L	Equity
ReAPS*	100.0	0.2	
Diversified Bond Fund*	75.0	(8.1)	-
Global Equity Fund**	43.5	(1.2)	-
Income Fund**	9.1	(0.7)	-
Income Ethical Fund**	2.9	(0.4)	-
IVALIFE**	25.0	(0.4)	-
Bonds available-for-sale	n/a	-	(22.4)
		<b>(10.7)</b>	<b>(22.4)</b>

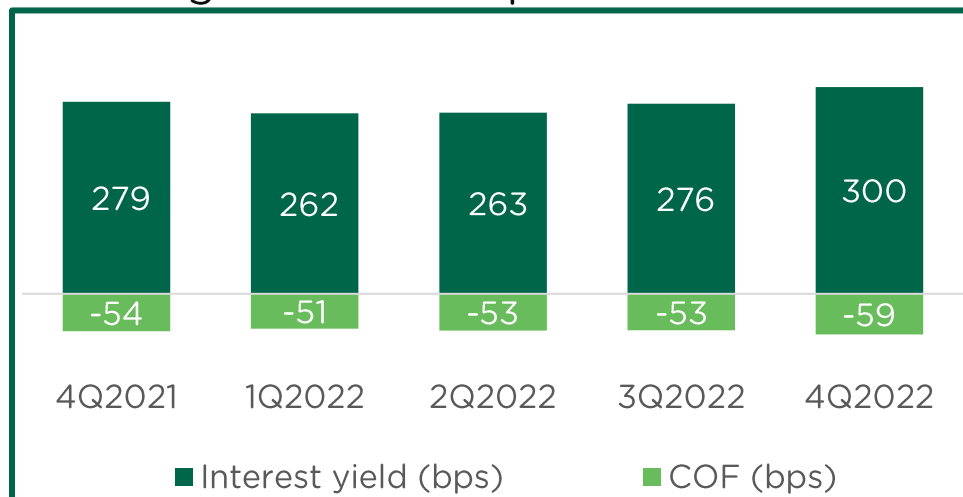
\*Line-by-line consolidation; \*\*Share of results consolidation

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

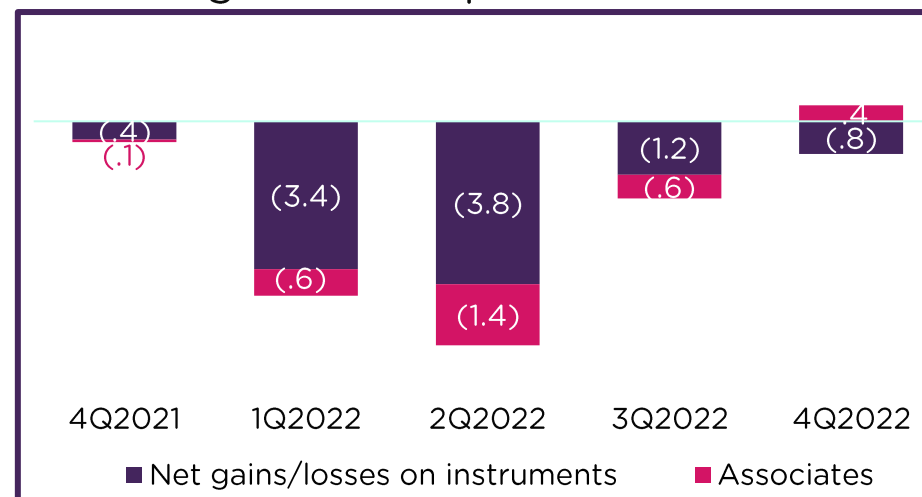
# Rising core revenues on lending and transactions offset by market slide

	2021	2022	12M '22 vs 12M '21
<b>NII</b>	55.4	65.1	▲ +18% YoY
<b>Advances &amp; payment fees</b>	4.6	5.1	▲ +13% YoY
<b>Investments &amp; insurance fees</b>	3.8	3.3	▼ -14% YoY
<b>FX</b>	0.4	1.3	▲ +222% YoY
<b>Cards</b>	0.5	0.7	▲ +18% YoY

Widening net interest spread



Stabilising market impact

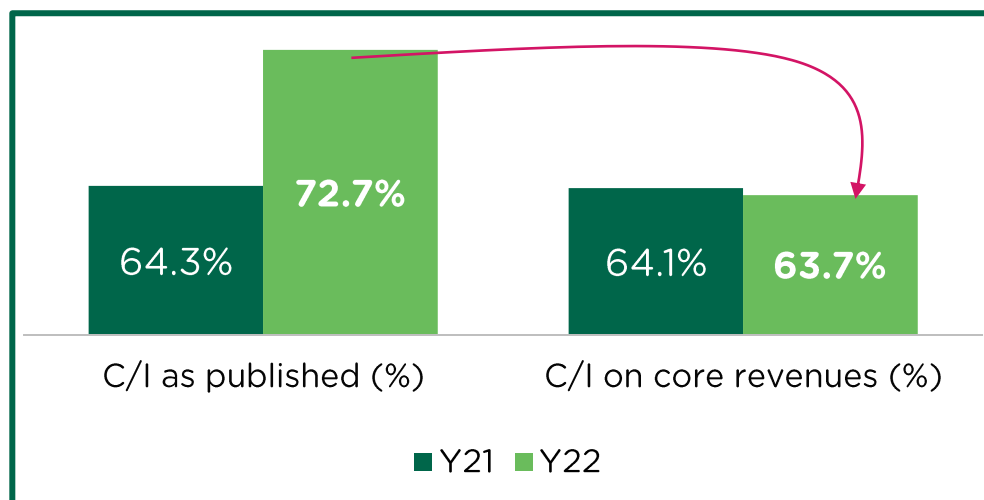


\* All data in €m unless otherwise stated

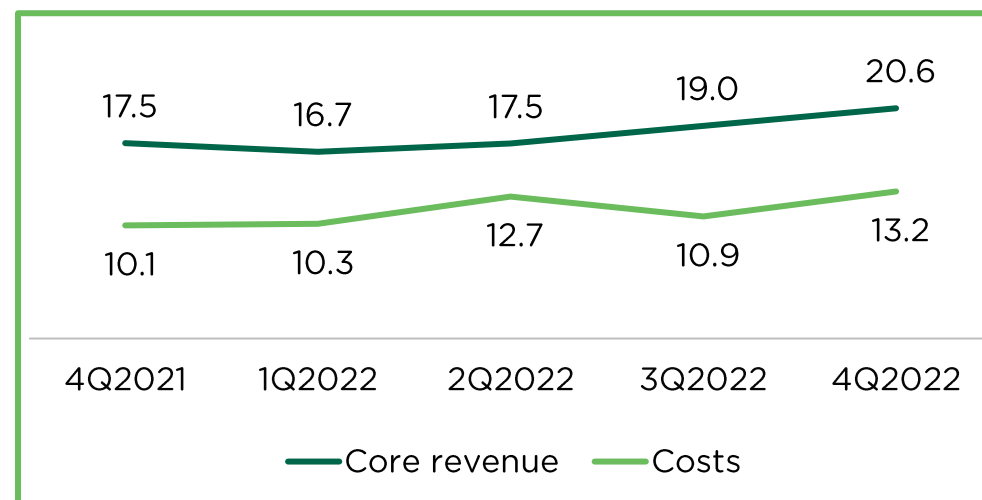
# Increase in costs on capacity building, improved ratios

	2021	2022	9M '22 vs 9M '21
<b>Staff costs</b>	22.2	26.1	▲ +18% YoY
<b>Admin costs</b>	14.3	16.1	▲ +13% YoY
<b>Depreciation/Amortisation</b>	4.1	4.8	▲ +17% YoY

Decreasing cost-to-income on core revenues



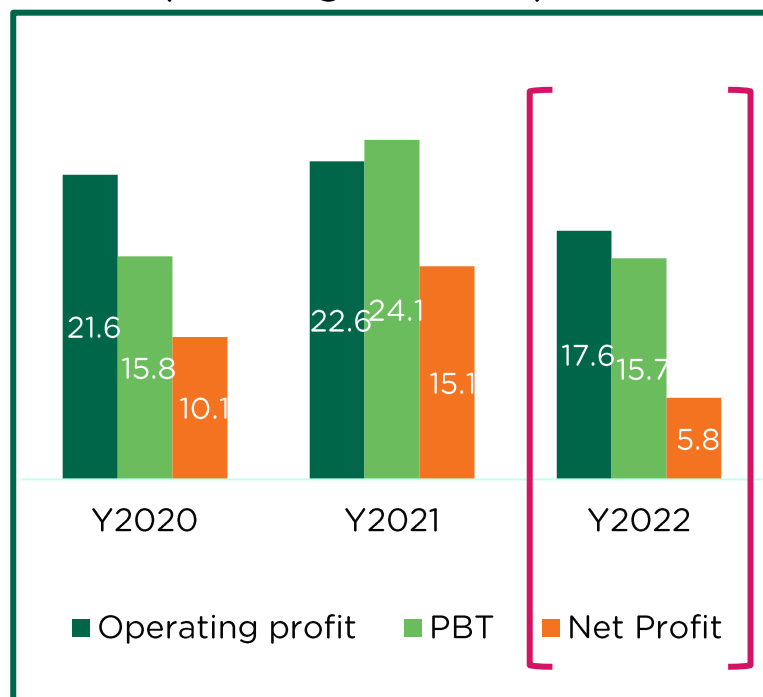
Maintaining positive JAWS



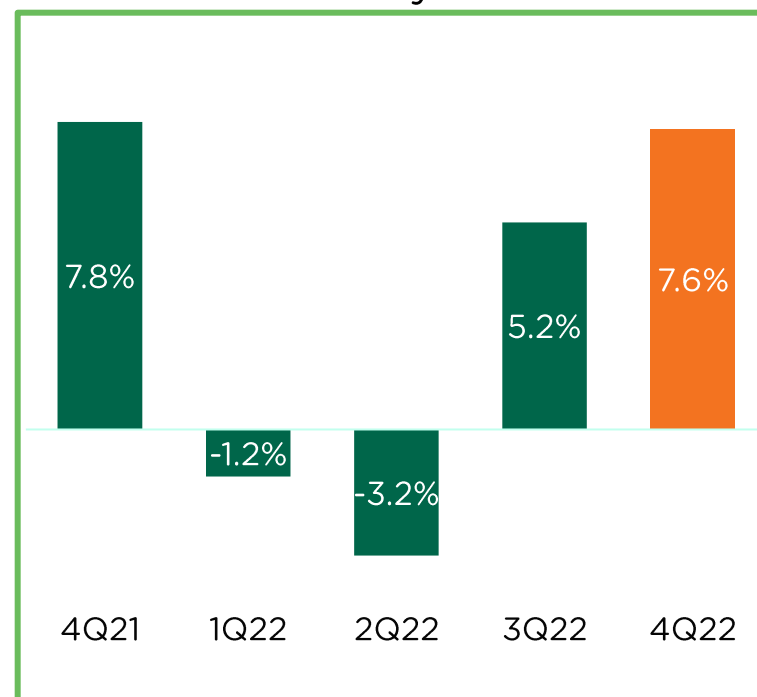
# Lower Group profitability on market volatility - scrip dividend proposal



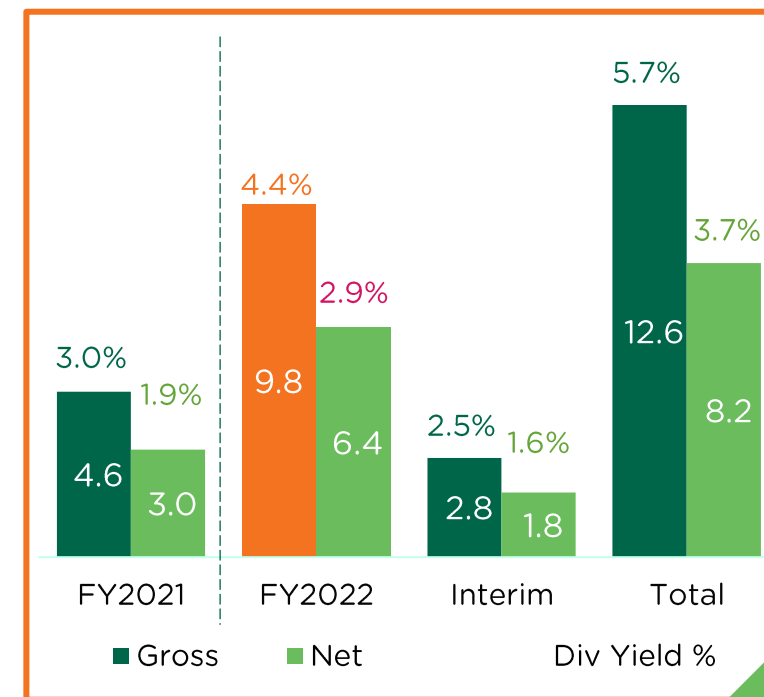
Operating and net profits



Quarterly ROAE



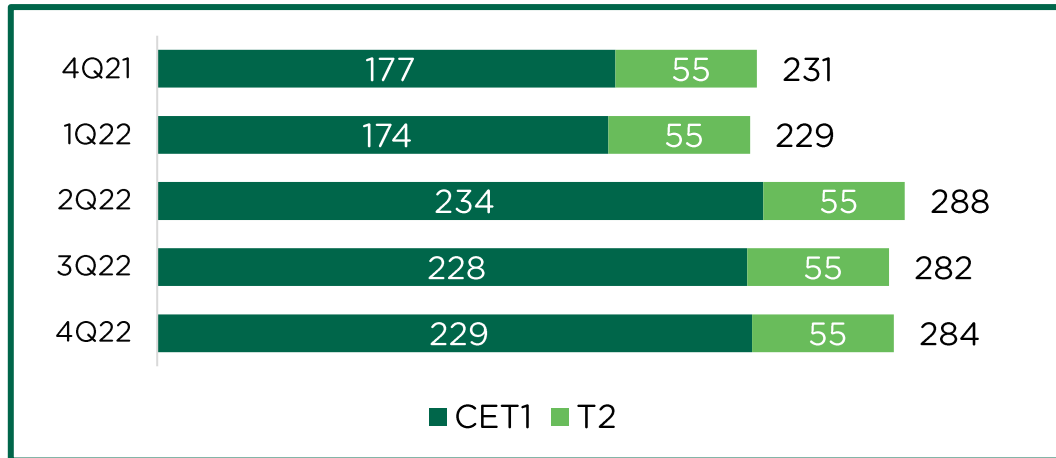
Dividends



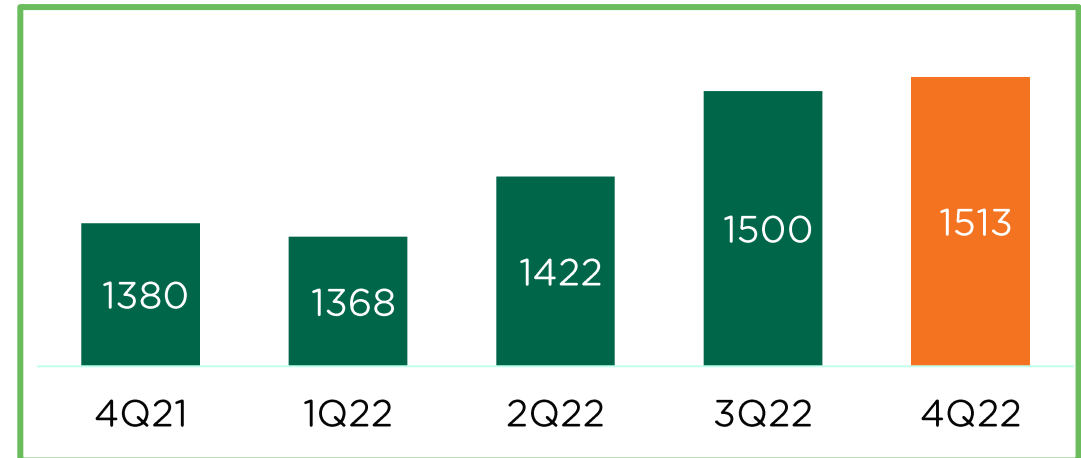


# IPO & profits boosting capital ratios, consumed by loan growth & OCI

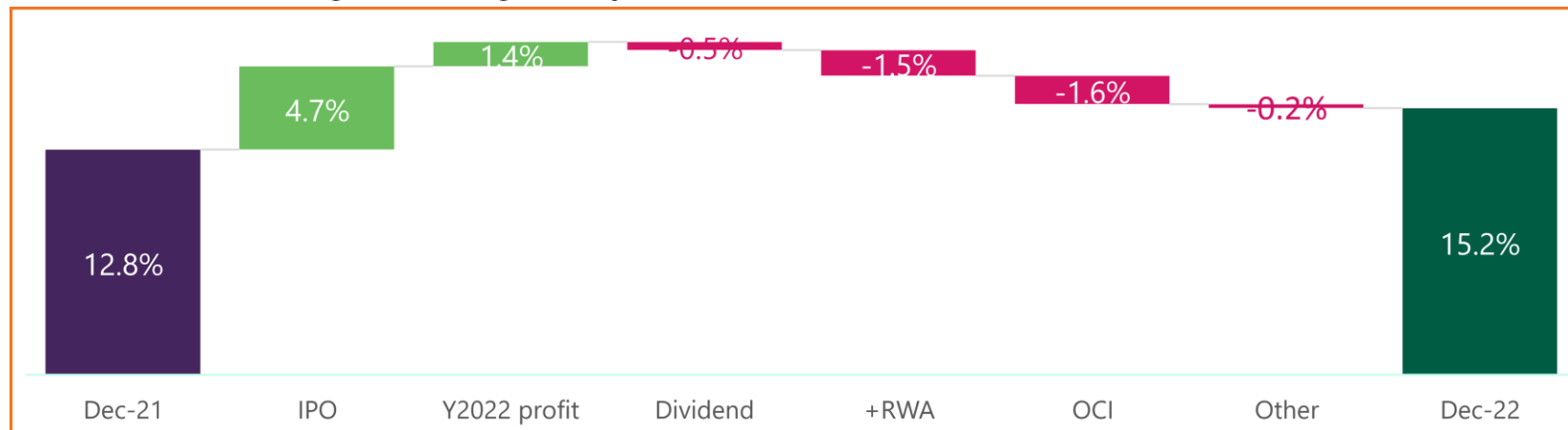
Regulatory capital composition



Record RWA >€1.5bn



CET1 ratio change during the year



\* All data in €m unless otherwise stated

# Outlook

# Outlook



2010-2019: golden decade for growth. Low interest rates, national budget surpluses, strong bank capital, lower NPLs, low green obligations.

That time is over. Global uncertainties, financial turmoil, stubborn inflation & ongoing effects of war.



Malta: things are more 'cushioned' on back of Govt support, strong tourism numbers and low unemployment.



# Outlook continued

We are increasing market share in commercial business, home finance, deposits & pensions – delivering on all fronts.



Efficient interest rate, liquidity & capital management are key to sustainable profitability and growth

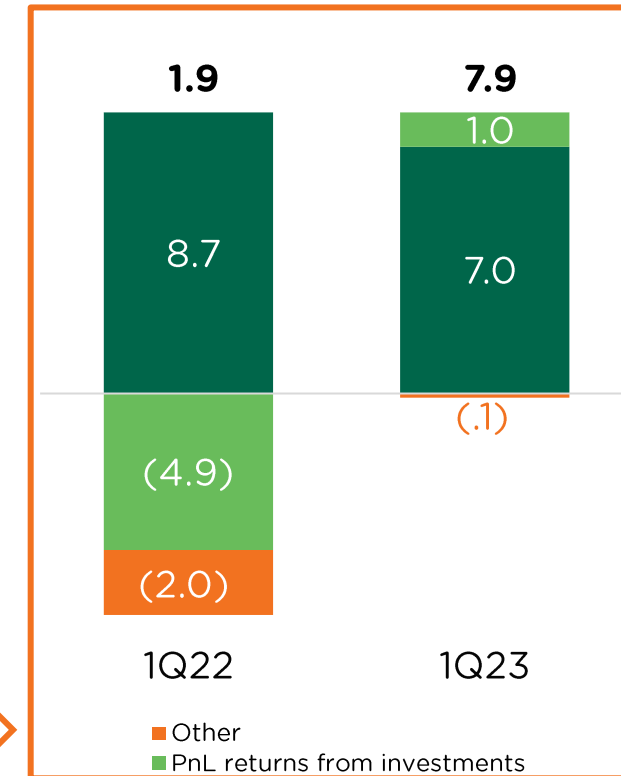
Interest rate transmission will be addressed with concerns of all customers in mind.



# 1Q 2023 – “Market reclaims & solid operating performance”

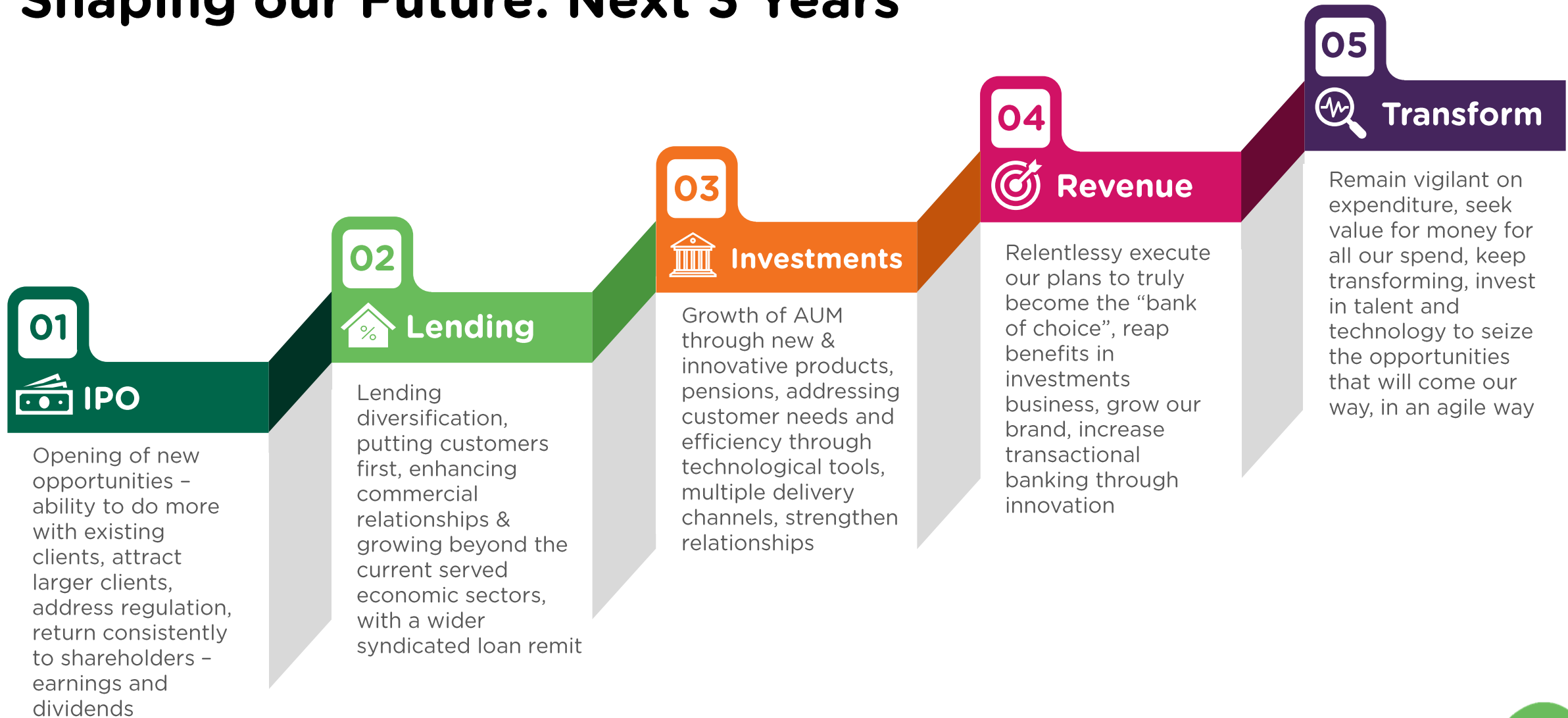
	BANK		GROUP	
€ mio	1Q2022	1Q2023	1Q2022	1Q2023
Net interest income	14.3	18.0	14.7	18.4
Net fee income	1.5	2.0	1.7	2.2
Other operating income	1.2	0.4	0.5	-
	<b>17.0</b>	<b>20.4</b>	<b>16.9</b>	<b>20.6</b>
Net gains/losses on fin. inst.	2.3	-	(3.6)	0.7
<b>Operating income</b>	<b>19.3</b>	<b>20.4</b>	<b>13.3</b>	<b>21.3</b>
Operating expenses	(10.0)	(12.5)	(10.3)	(12.8)
Net impairments	(0.6)	(0.9)	(0.6)	(0.9)
Results from associates	-	-	(0.6)	0.3
<b>Profit before tax</b>	<b>8.7</b>	<b>7.0</b>	<b>1.9</b>	<b>7.9</b>
Tax	(2.4)	(2.4)	(2.5)	(2.5)
<b>PROFIT AFTER TAX</b>	<b>6.3</b>	<b>4.6</b>	<b>(0.7)</b>	<b>5.4</b>

Components of Group PBT



\* Investments in the APS Diversified Bond Fund, Global Equity Fund, Income Fund, Income Ethical Income Fund & Ivalife

# Shaping our Future: Next 3 Years





# Thank you