

A close-up photograph of a person in a dark suit and white shirt sitting at a desk. Their hands are resting on several sheets of paper containing financial data. One prominent chart is a pie chart with segments in green, blue, and black. To its left is a bar chart with green and blue bars. Another document in the background shows a line graph with multiple colored lines. A thick white curved line is overlaid on the image, starting from the top left and curving towards the bottom right.

Financial Results 3Q23

Disclaimer

This presentation (“Presentation”) has been prepared by APS Bank plc (the “Bank”).

No offer or advice

The information contained herein does not constitute an offer, invitation or recommendation to subscribe for or purchase any security in APS Bank, and neither the Presentation, disclaimer nor anything contained therein forms the basis of any contract or commitment. This Presentation does not take into account your individual investment objective, financial or tax situation or particular needs. You must not act on the basis of any matter contained in this Presentation. None of APS Bank’s directors, officers or employees make any representations (express or implied) as to the accuracy or otherwise of any information or opinions in the Presentation and (to the maximum extent permitted by law) no liability or responsibility is accepted by such persons.

Summary information

This Presentation is not intended to be read as a stand-alone document. This Presentation contains selected and abbreviated summary information about the Bank and its subsidiaries, and their activities current as at the date of this Presentation. The information in this Presentation is of general background and does not purport to be complete.

Future performance

This Presentation may contain certain “forward-looking statements”. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements, opinions and estimates are not guarantees of future performance. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements are relevant at the date of this Presentation and the Bank assumes no obligation to update such information.

Proprietary Information

This Presentation and its contents are proprietary to the Bank, and no part of it or its subject matter may be reproduced, redistributed to any other person or published in whole or in part for any purpose without the prior written consent of the Bank.

This Presentation was prepared by APS Bank plc (C2192) and ReAPS Asset Management Limited (C77747) both with registered address at APS Centre, Tower Street, Birkirkara BKR 4012. APS Bank plc is regulated by the Malta Financial Services Authority as a Credit Institution under the Banking Act 1994 and to carry out Investment Services activities under the Investment Services Act 1994. The Bank is also registered as a Tied Insurance Intermediary under the Insurance Distribution Act 2018. ReAPS Asset Management Limited is a subsidiary of APS Bank plc. ReAPS Asset Management Limited is regulated by the Malta Financial Services Authority as a UCITS Management Company and to carry out Investment Services activities under the Investment Services Act 1994 and is registered as an Investment Manager under the Retirement Pensions Act.

Strong operating performance underpinning results

	BANK		GROUP	
€ mio	9M22	9M23	9M22	9M23
Net interest income	45.6	54.4	46.7	55.5
Net fee income	4.8	5.5	5.4	6.2
Other operating income	1.9	1.5	1.1	0.7
	52.3	61.4	53.2	62.4
Net gains/losses on fin. inst.	2.3	1.0	(8.4)	0.5
Operating income	54.6	62.4	44.8	62.9
Operating expenses	(33.0)	(38.5)	(33.9)	(39.5)
Net impairments	0.1	(0.3)	0.1	(0.3)
Results from associates	-	-	(2.6)	0.2
Profit before tax	21.7	23.6	8.4	23.3
Tax	(7.4)	(8.2)	(7.5)	(8.3)
PROFIT AFTER TAX	14.2	15.4	0.9	15.0

Components of Group PBT



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

Balance sheet at €3.5 billion, changing funding mix



Loans

**Sep '23 vs
Sep '22**

▲ +17.9% YoY

**Sep '23 vs
Jun '23**

▲ +5.3% QoQ

LCR @
134%



LTD @
98%

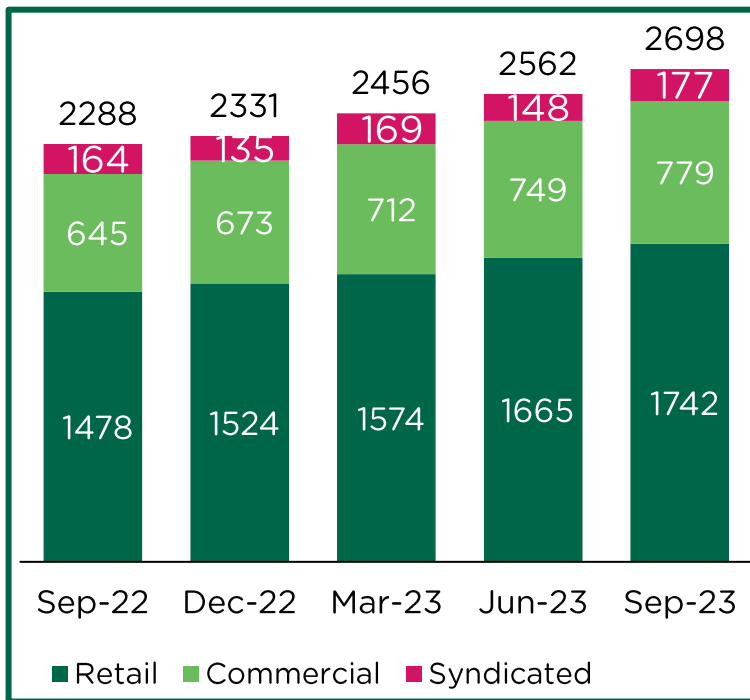


*LTD ratio as per EBA definition

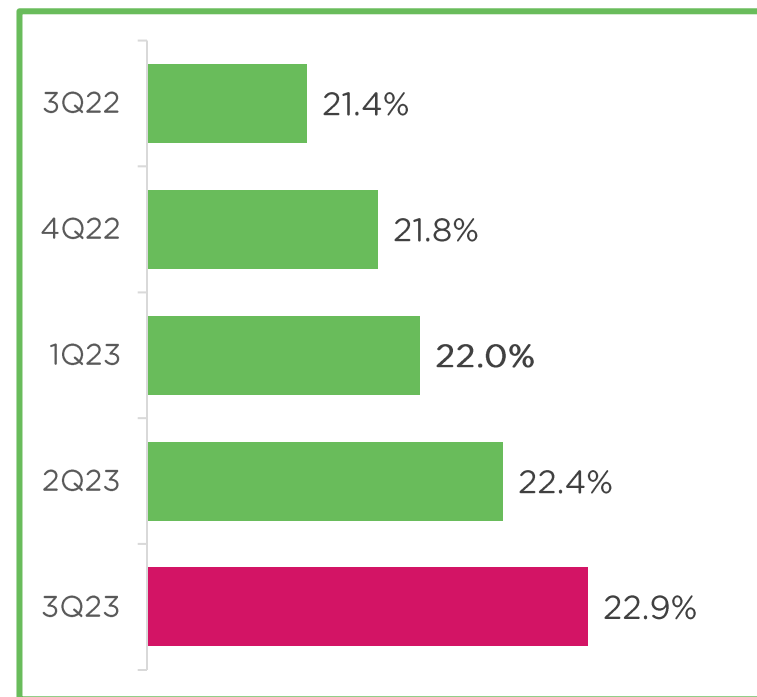
Highest loan pipeline, consolidating market position



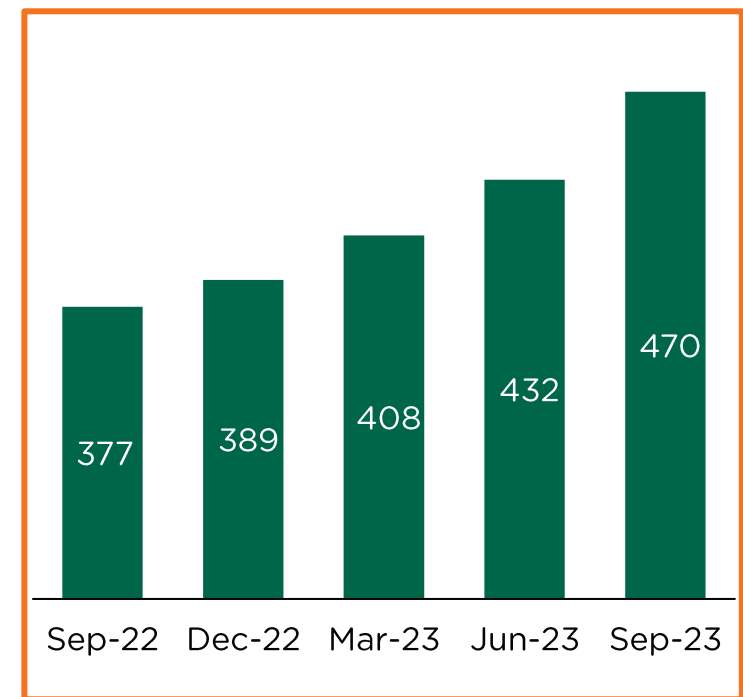
+€410m lending growth



Sustaining Home Loan share



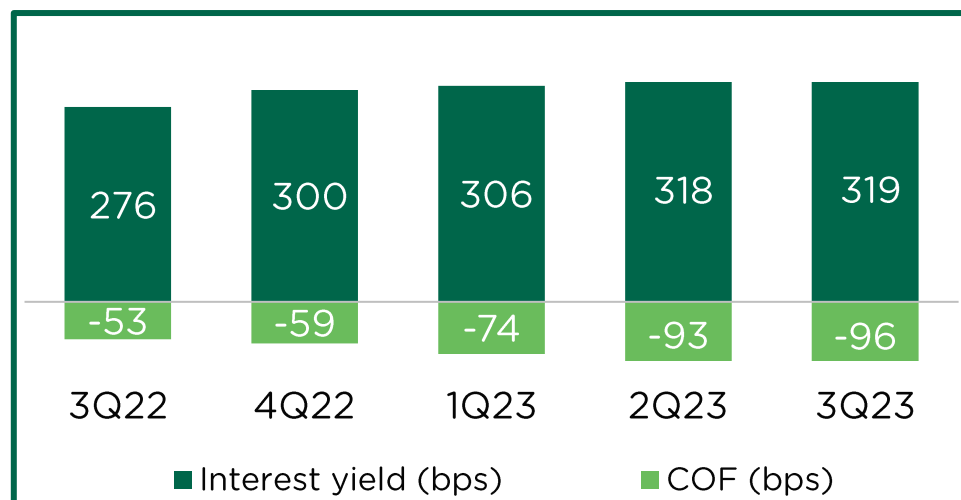
Attractive offerings lifting AUM



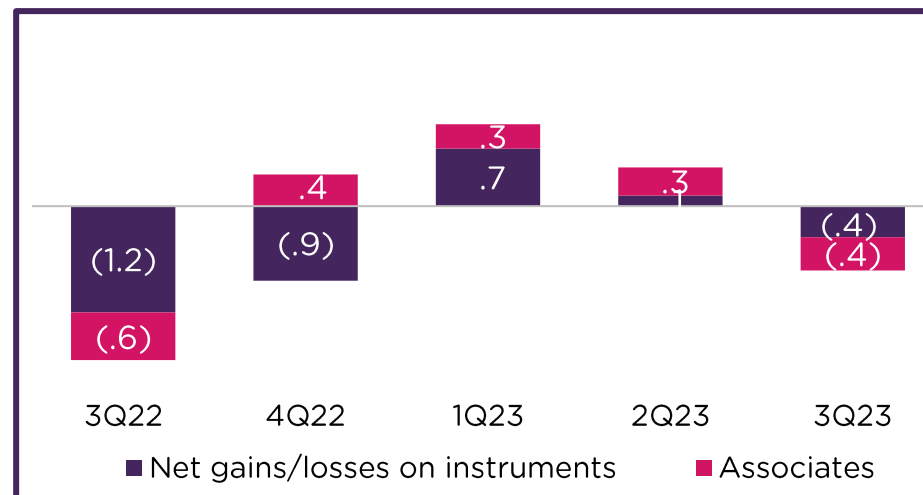
Core revenues continue rising, margin pressures on pass-through

	€m	9M '23 vs 9M '22	3Q '23 vs 2Q '23
NII	55.5	▲ +19% YoY	▼ -2% QoQ
Advances & payment fees	4.6	▲ +14% YoY	▲ +9% QoQ
Investments & insurance fees	2.8	▲ +16% YoY	▲ +23% QoQ
Cards	0.7	▲ +43% YoY	▲ +16% QoQ
Client FX	0.5	▼ -24% YoY	▼ -8% QoQ

Net interest margins



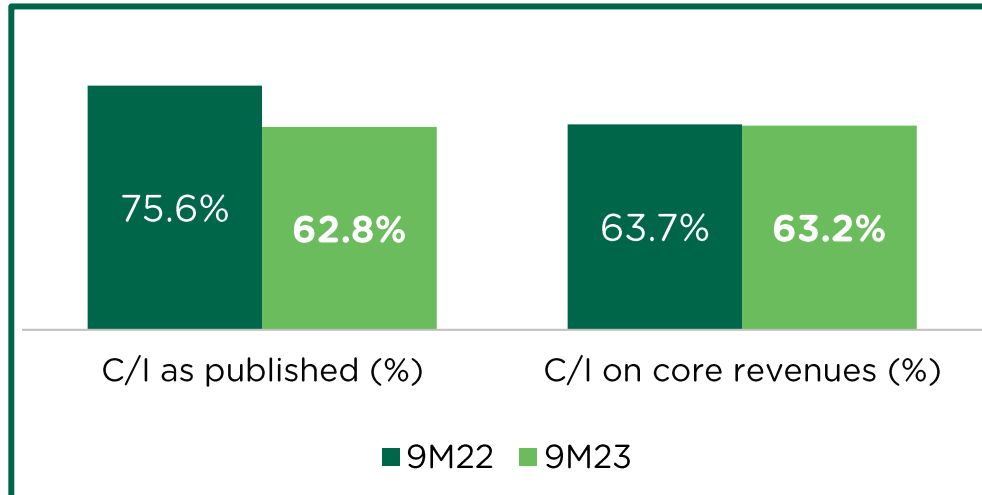
Market impact on profitability



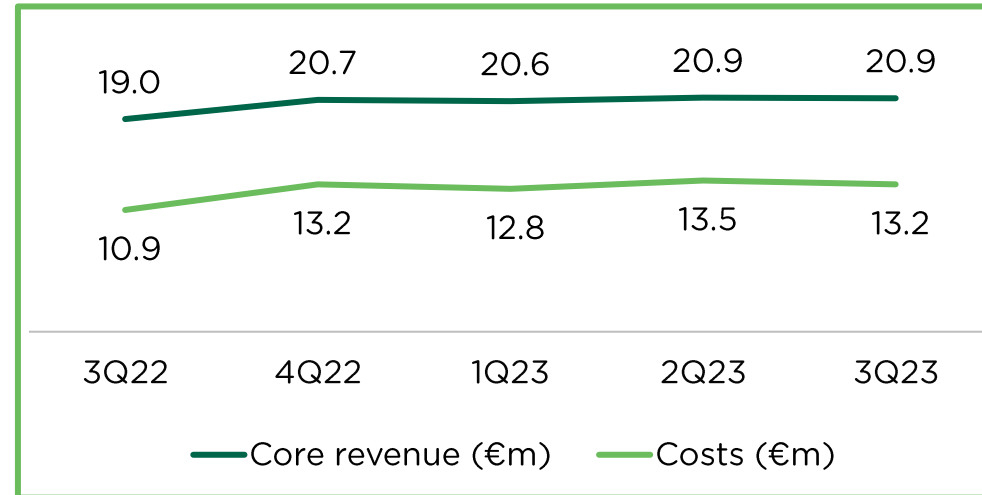
Controlled cost growth on persisting employment and inflationary pressures

	€m	9M '23 vs 9M '22	3Q '23 vs 2Q '22
Staff costs	21.2	▲ +12% YoY	▼ -3% QoQ
Admin costs	14.2	▲ +24% YoY	▼ -3% QoQ
Depreciation/Amortisation	4.1	▲ +17% YoY	▲ +3% QoQ

Contained cost-to-income



... reflecting in stable JAWS



3Q market instability partly reversing Group returns

APS Diversified Bond Fund*

9M2023 +0.1% return (9M2022 -15.6%)

APS Global Equity Fund**

9M2023 +9.8% return (9M2022 -22.6%)

APS Ethical Income Fund**

9M2023 +1.8% return (9M2022 -17.4%)

APS Income Fund**

9M2023 -0.2% return (9M2022 -7.0%)



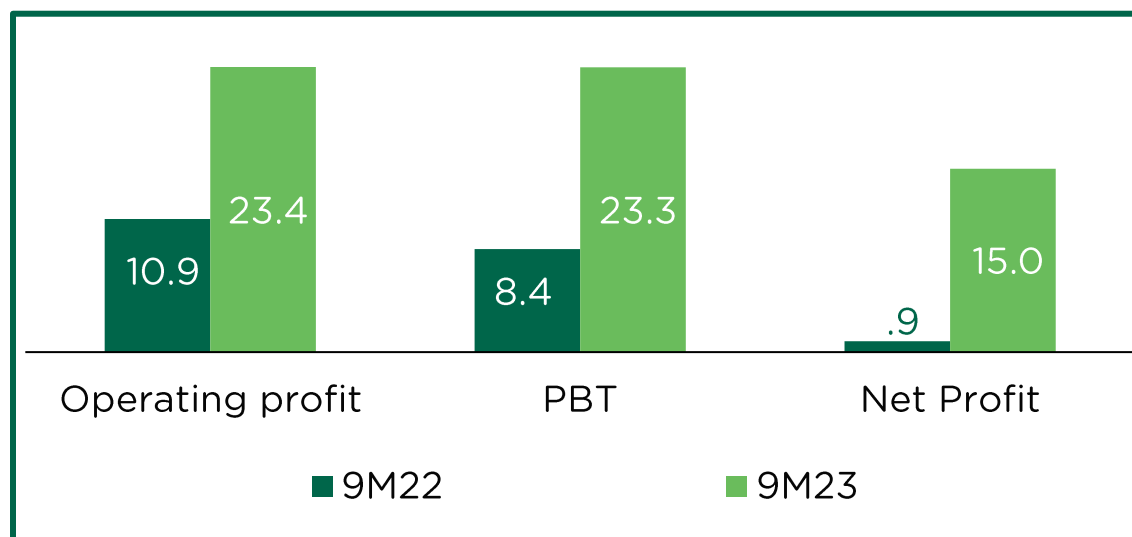
	APS % holding	P&L
ReAPS*	100.0	0.1
Diversified Bond Fund*	70.9	0.1
Global Equity Fund**	40.7	0.4
Income Fund**	9.8	(0.1)
Income Ethical Fund**	2.9	0.1
IVALIFE**	25.0	(0.1)
		0.5

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

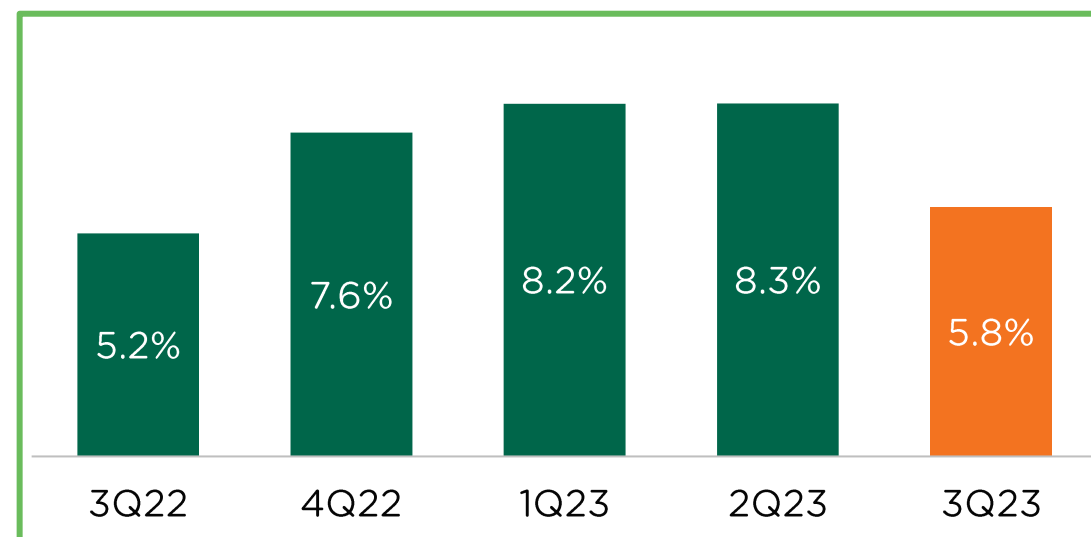
Performance of Accumulator Share Classes for Income and Global Equity Funds and A Accumulator Share Classes for Regular Income Ethical and Diversified Bond Funds

Record pre-tax profit just short of €24m

Profitability trends



Annualised ROAE @7.4%

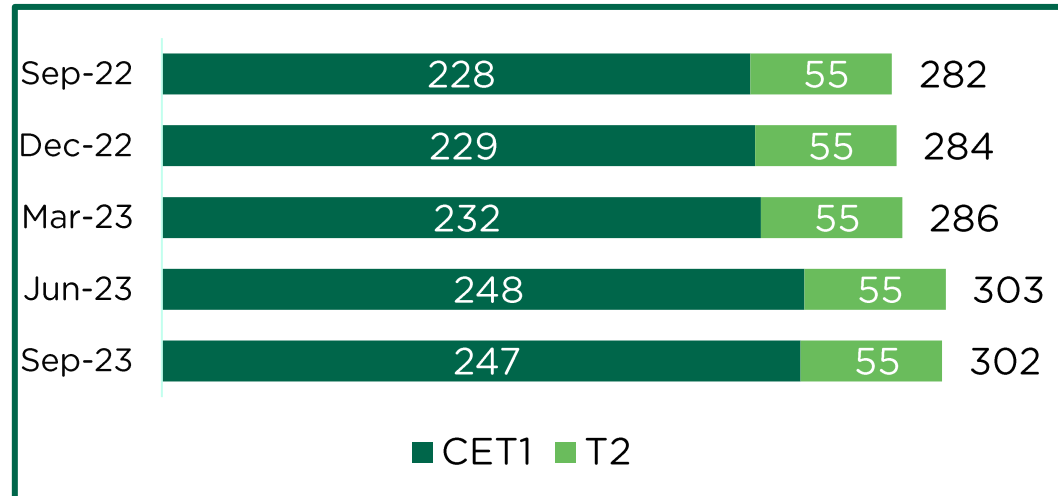


	Y/E 2022	Today ¹
Share Price	€0.615	€0.590
Book value	€0.683	€0.703 ▲ 2c0
P/B	0.90x	0.84x

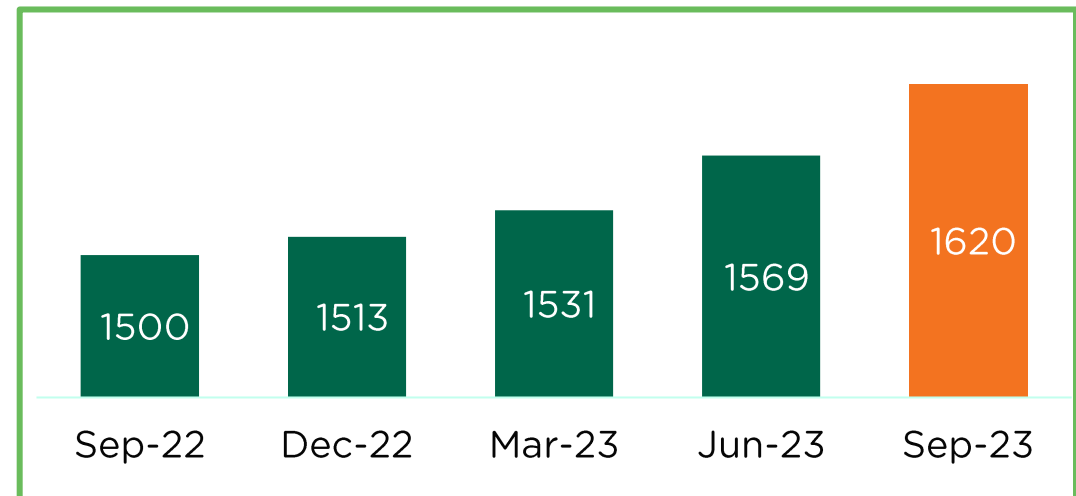
¹ Share price at 24/Oct 2023

Stable capital ratios, with RWA growth spurred by lending

Regulatory capital > €300m



Efficient use of risk-weighted assets



CET1 @
15.3%

(Dec 2022:
15.2%)

CAR @
18.6%

(Dec 2022:
18.8%)

Up to

€50,000,000

5.8%

Unsecured Subordinated Bonds, 2028-2033



ganado
advocates



MALTA
STOCK EXCHANGE



APS bank

values you can bank on

€50 million, 5.8% 2028-2033 bonds

Part of Unsecured subordinated bond programme

A pre-placement process resulted in commitments of €15 million

The balance of €35 million will be available for subscription via an Intermediaries' Offer

The Bonds will qualify as Tier 2 Capital under CRR and will rank in line with the existing APS Subordinated Bonds, 2025-2030

Interest payable annually

Par of €100, at issuance, maturity and *any* early redemption

Allotment preference to existing bondholders and shareholders, Directors and Group employees

Bonds listed on the Malta Stock Exchange, Official List

The bonds are classified as "complex" per *MiFID II* and can be sold to retail clients subject to a suitability test – bonds also require adherence to *BRRD* rules in relation to minimum investment and portfolio concentration

Time-table

Base Prospectus and Final Terms available on:

www.apsbank.com.mt/bonds

1. Opening of Offer Period (Intermediaries' Offer):	30 October 2023
2. Pre-Allocation Payment Date:	17 November 2023
3. Closing of Offer Period (Intermediaries' Offer):	17 November 2023
4. Announcement of Intermediaries' Offer results:	24 November 2023
5. Issue Date & Interest Commencement Date:	1 December 2023
6. Expected date of admission of the Bonds to listing:	1 December 2023
7. Expected date of commencement of trading:	4 December 2023

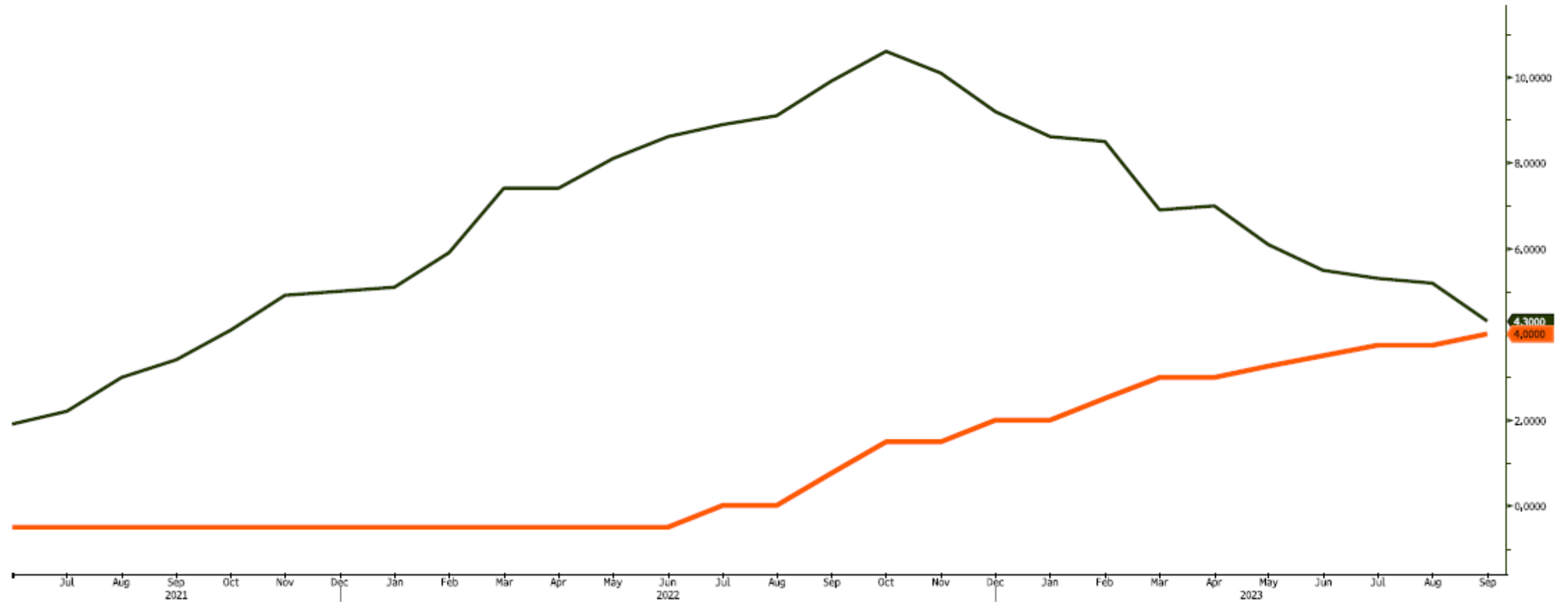
Will be brought forward in case the offer closes early. A CoAnn would be issued with new dates



Thank you

ALM Review 3Q23

The ECB may be almost done



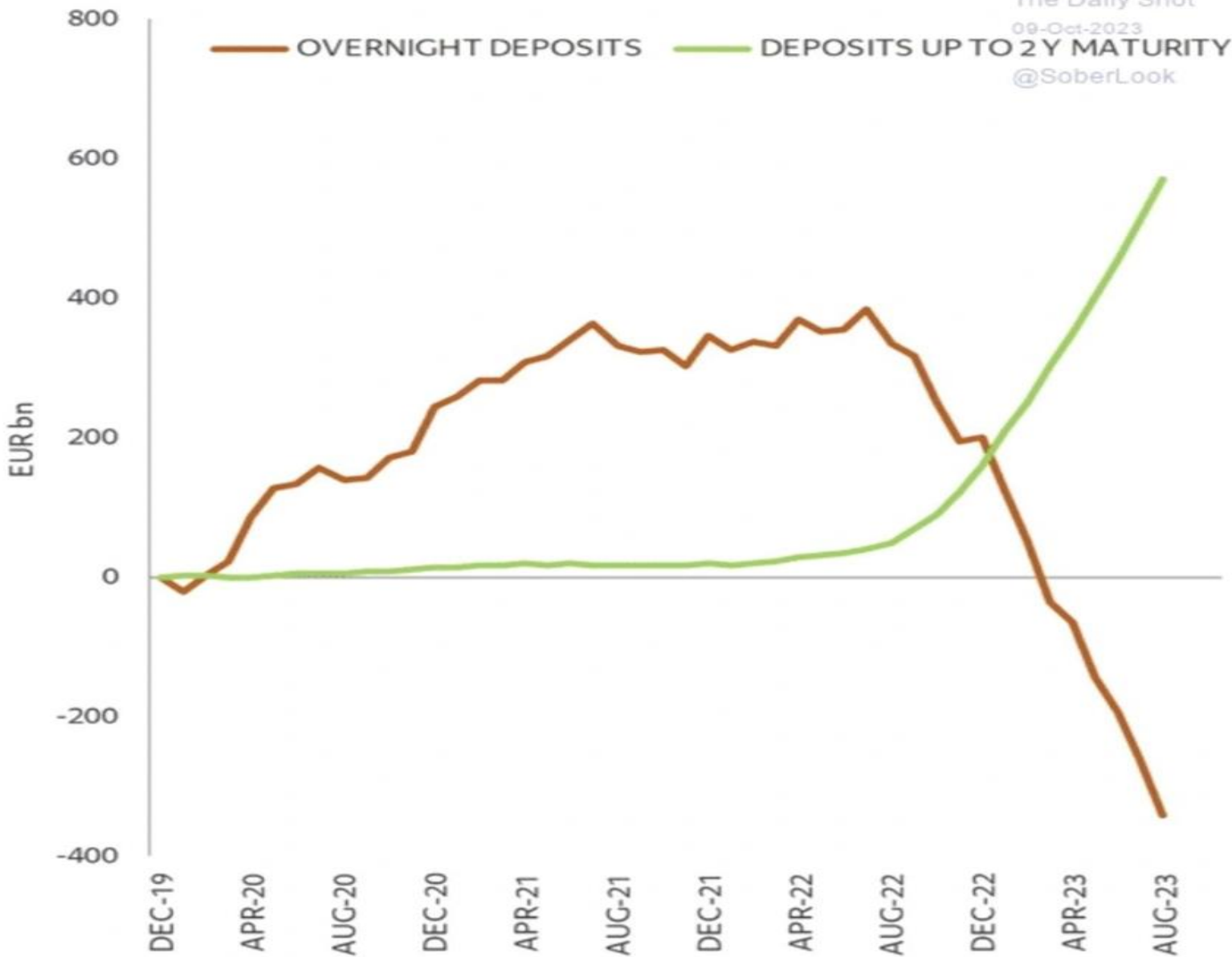
Eurozone excess savings : deposits

Posted on

The Daily Shot

09-Oct-2023

@SoberLook

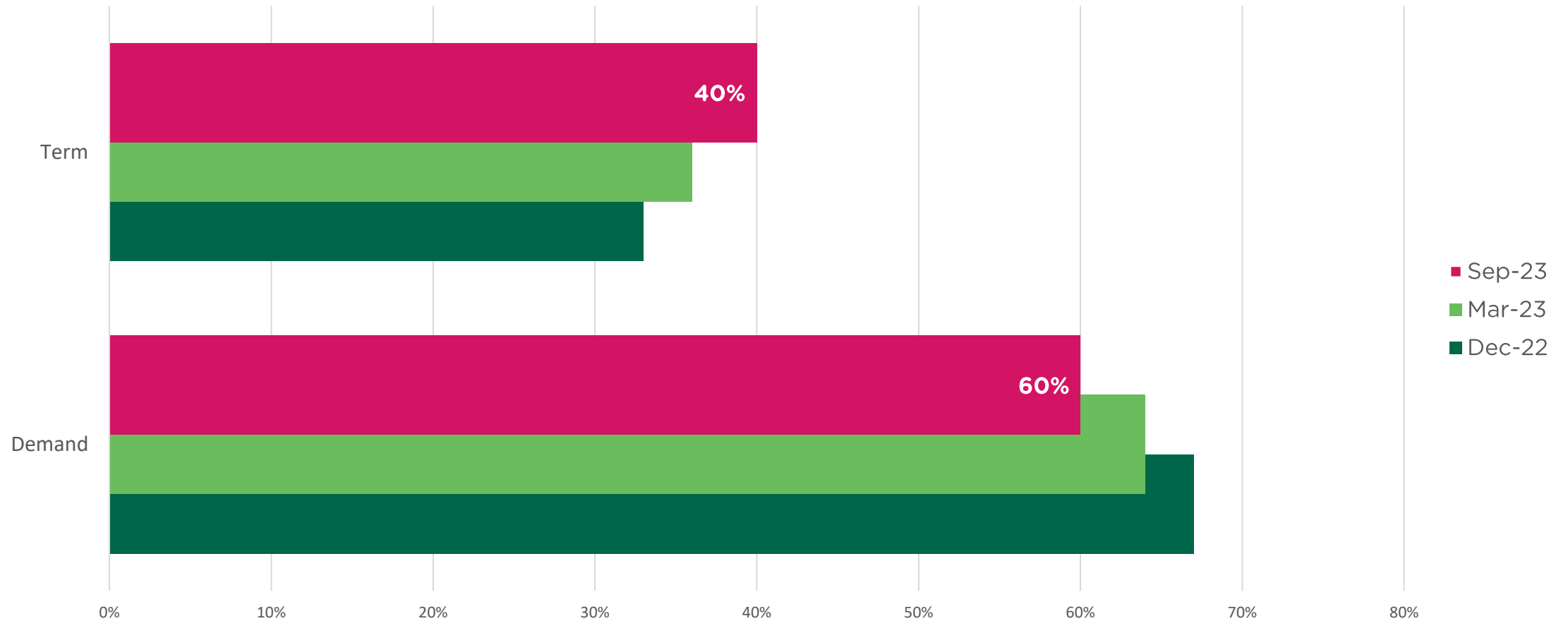


Excess deposits vs 6Y trend

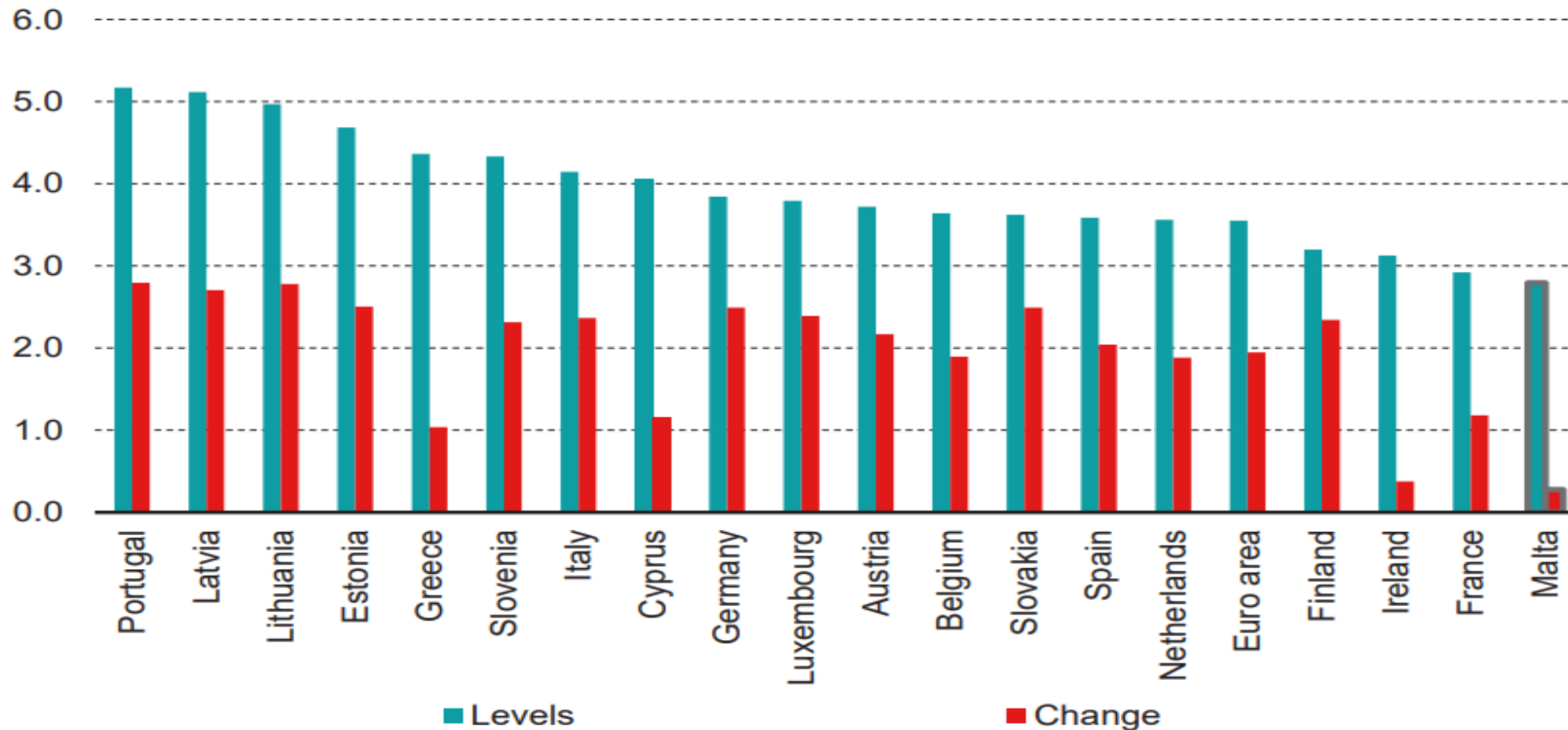
Source: Pictet Asset Management, CEIC, Refinitiv

**Monumental
shift from cash
towards term
deposits**

International and Local convergence



Passthrough to deposit rates, but mortgages are insulated

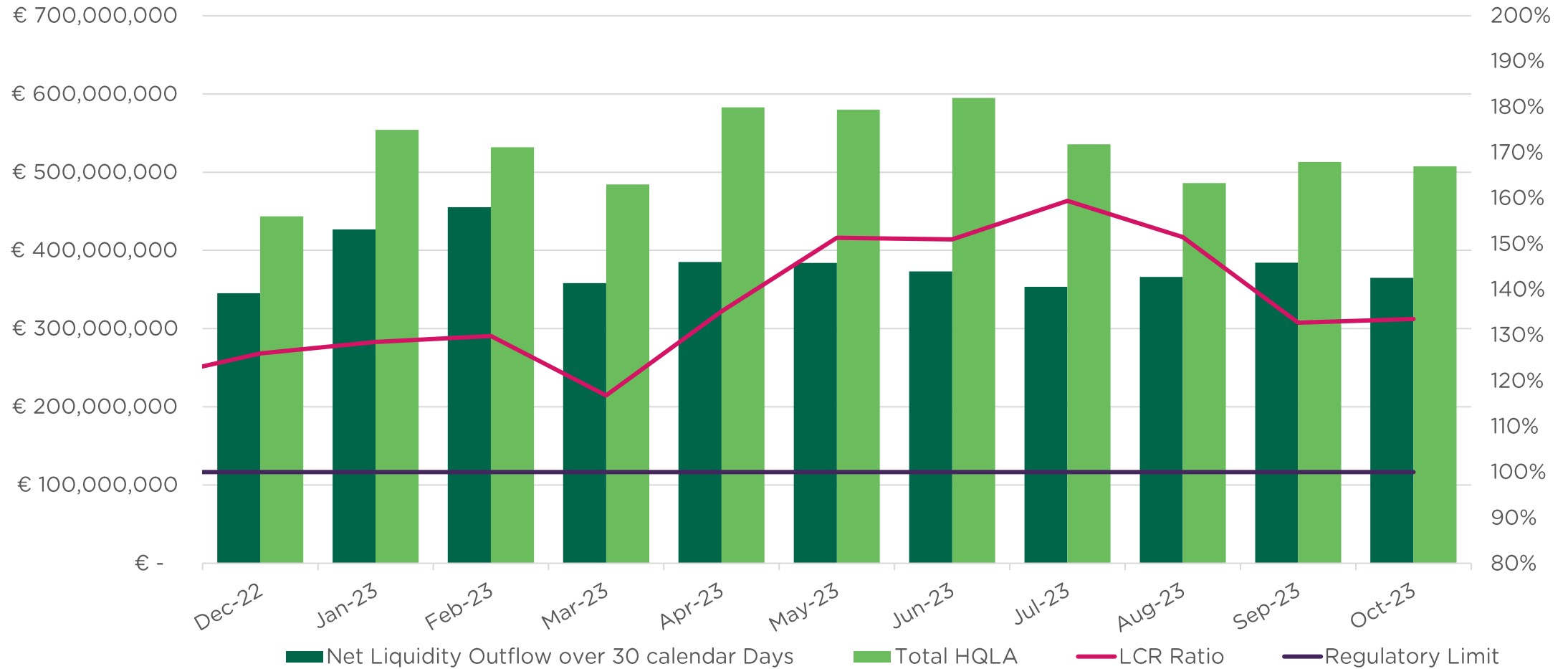


Source: ECB.

Last observation: March 2023.

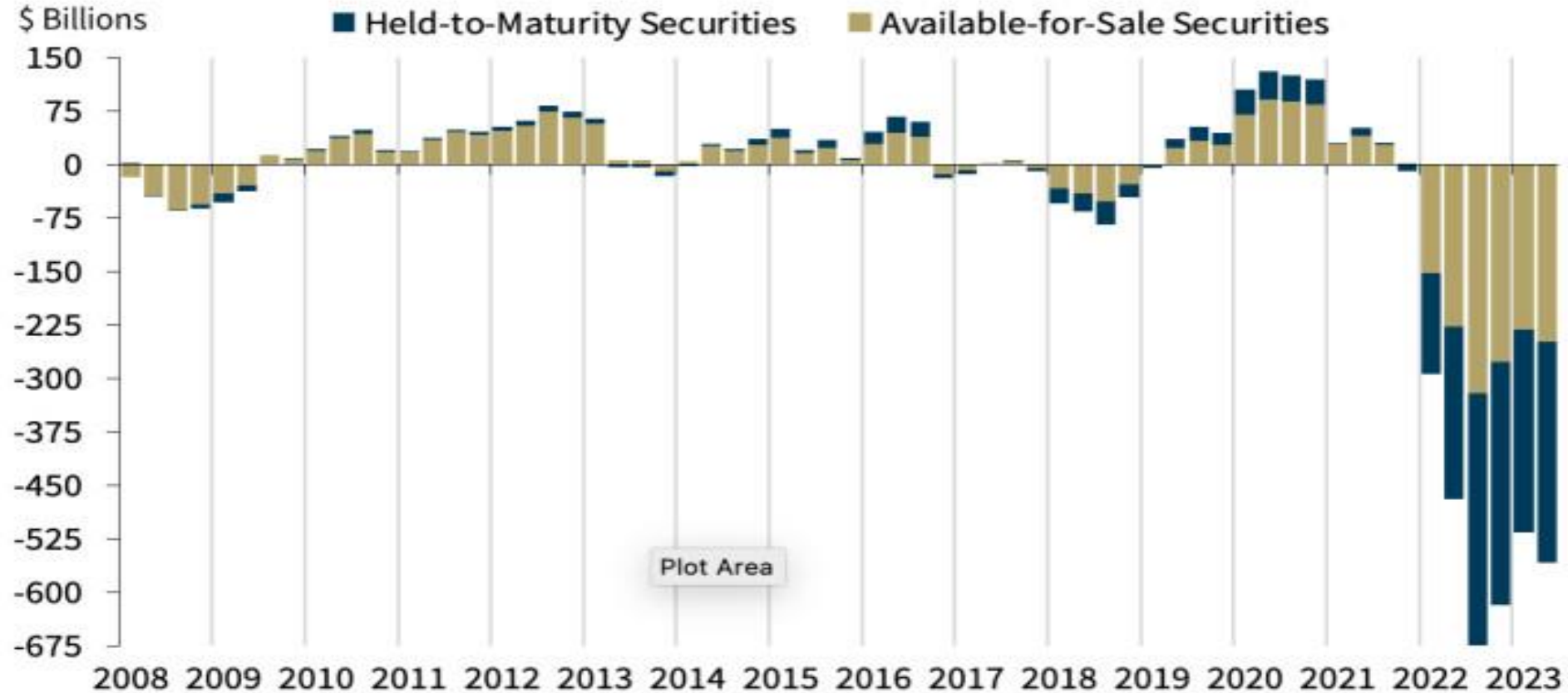
*APRC covers the total cost of a loan, comprising the interest rate component and other (related) charges.

Stable Liquidity Ratios



Rising bond yields are still impacting banks

Unrealized Gains (Losses) on Investment Securities

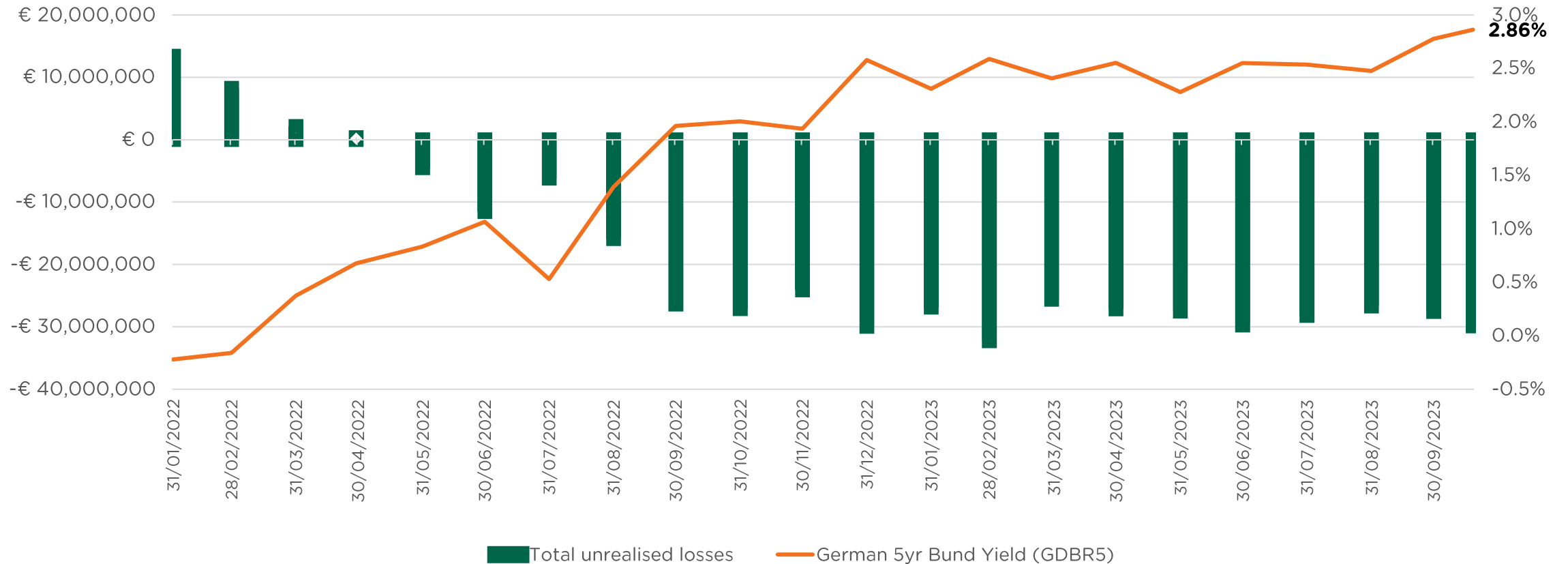


Source: FDIC.

Note: Insured Call Report filers only. Unrealized losses on securities solely reflect the difference between the market value as of quarter end and the book value of non-equity securities.

Fair Value Losses Stabilising

Unrealised Losses vs. German Bund Yield





Thank you



Risk Landscape 3Q23

A complex outlook

Macro and geopolitical

- Persistent inflation/cost of living crisis
- Tightening monetary policy, dampening economic outlook
- Geopolitical situation (two wars)
- Could lead into new shocks



- Asset price concerns (CRE, leveraged corporates)
- Low growth (or stagflation), especially in Europe
- Asset quality concerns (loan defaults)

Business Model

- Digital transformation (affecting channels, products, consumer behaviour)
- Reliance on third-party providers (and cloud)
- Increasing regulatory pressure (after SVB and CS)



- Cyber risk on the rise
- Challenge to profitability/ focus on costs reduction
- “Investability” of banks
- NBFIs (unregulated) competitive pressure

Climate and Population

- Severe weather events increasing
- Sustainability of economic models
- Global migration and supply chain challenges
- Overdevelopment, overpopulation (Malta)

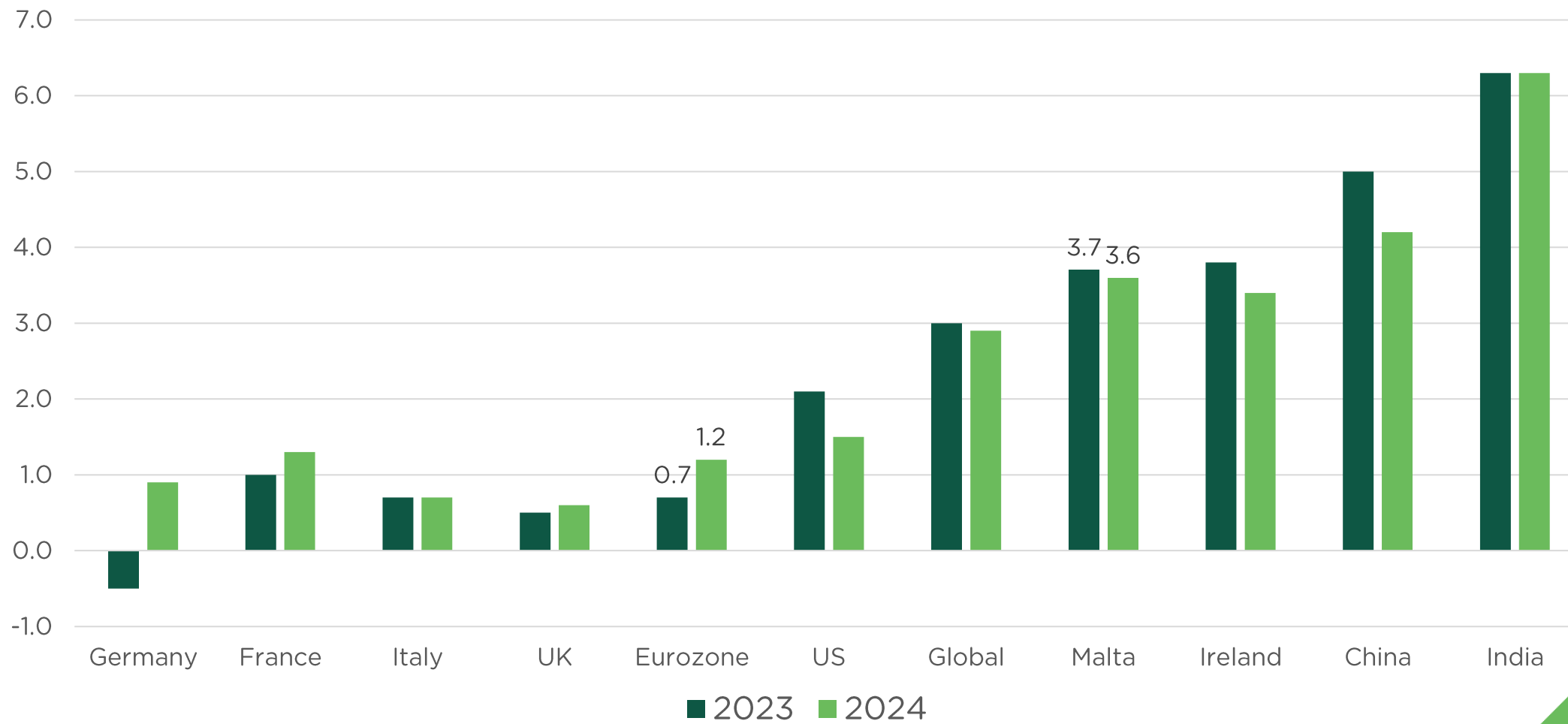


- Energy trilemma: how to make energy secure, affordable and sustainable
- Increasing pressure on government budgets

Causes

Effects

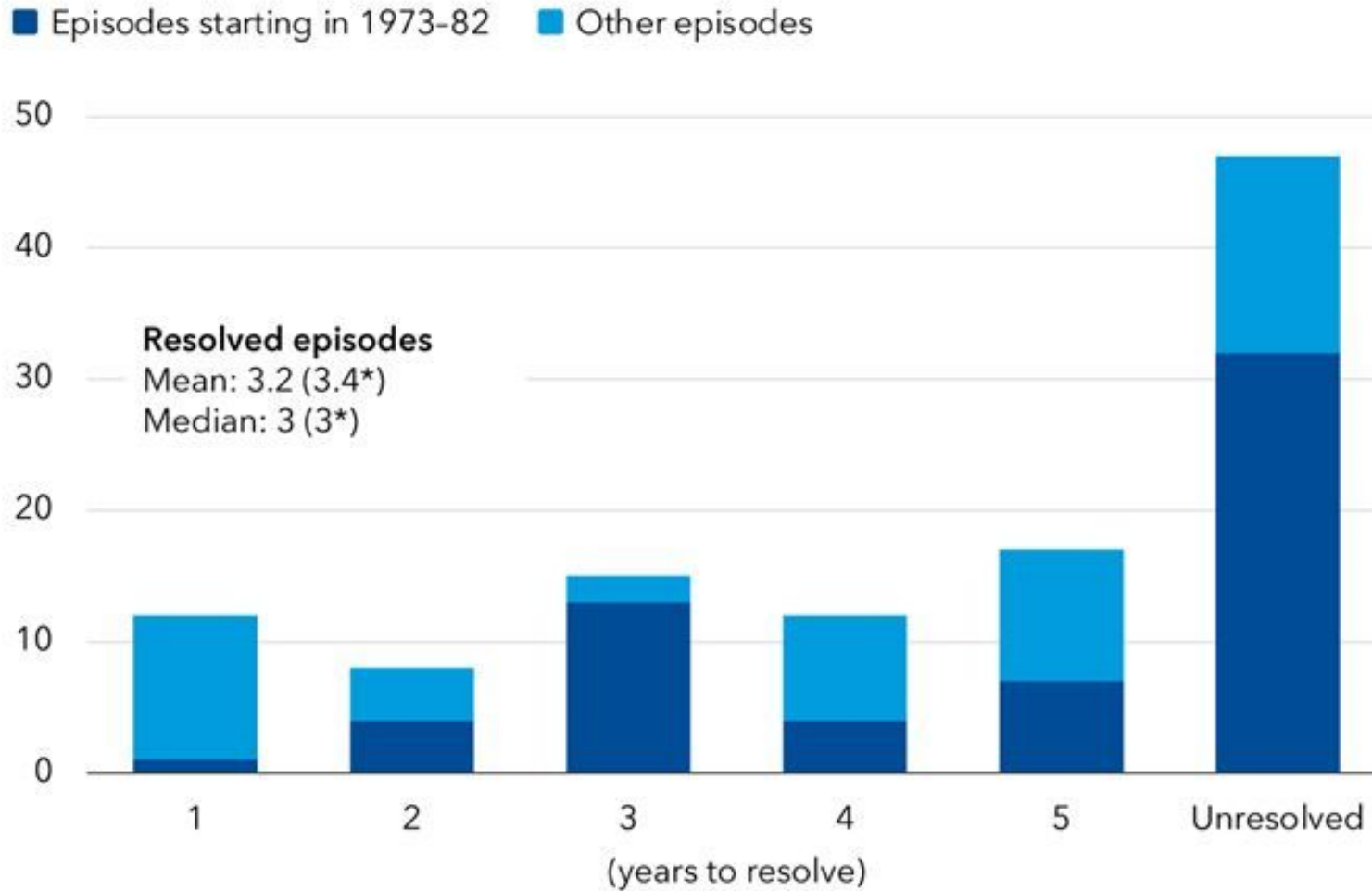
GDP October forecast (2023-2024)



Source: IMF/CBM

Long inflation fight

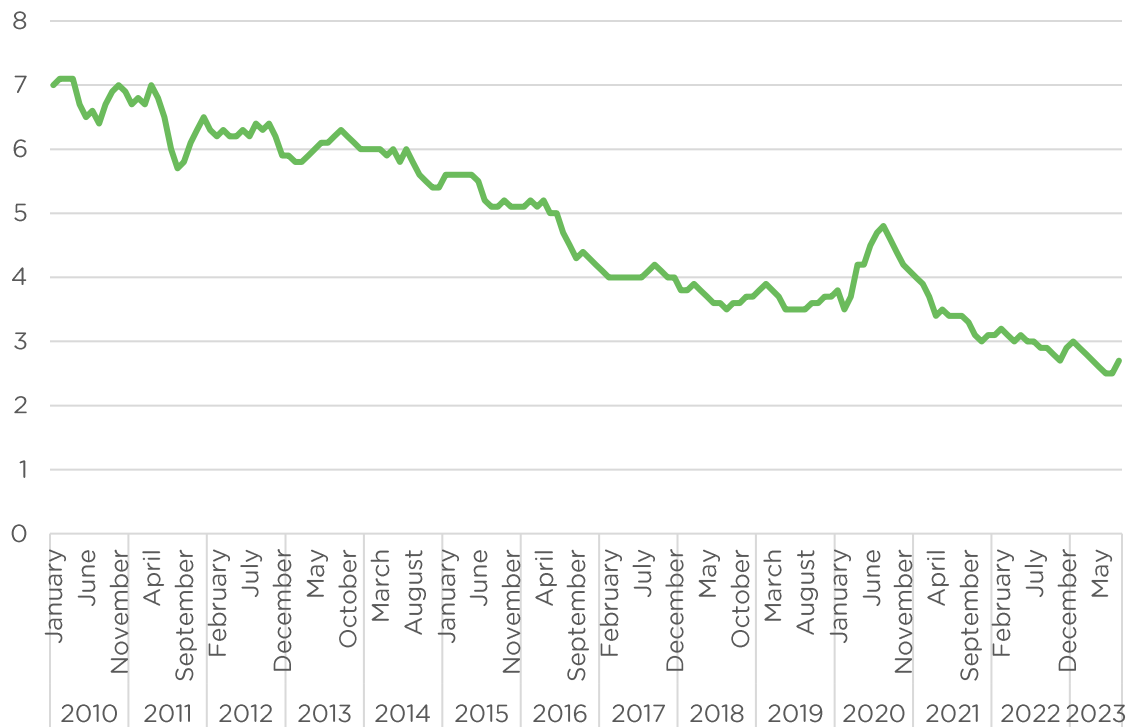
Years until inflation declines to within 1 percent of its pre-shock rate
(number of episodes)



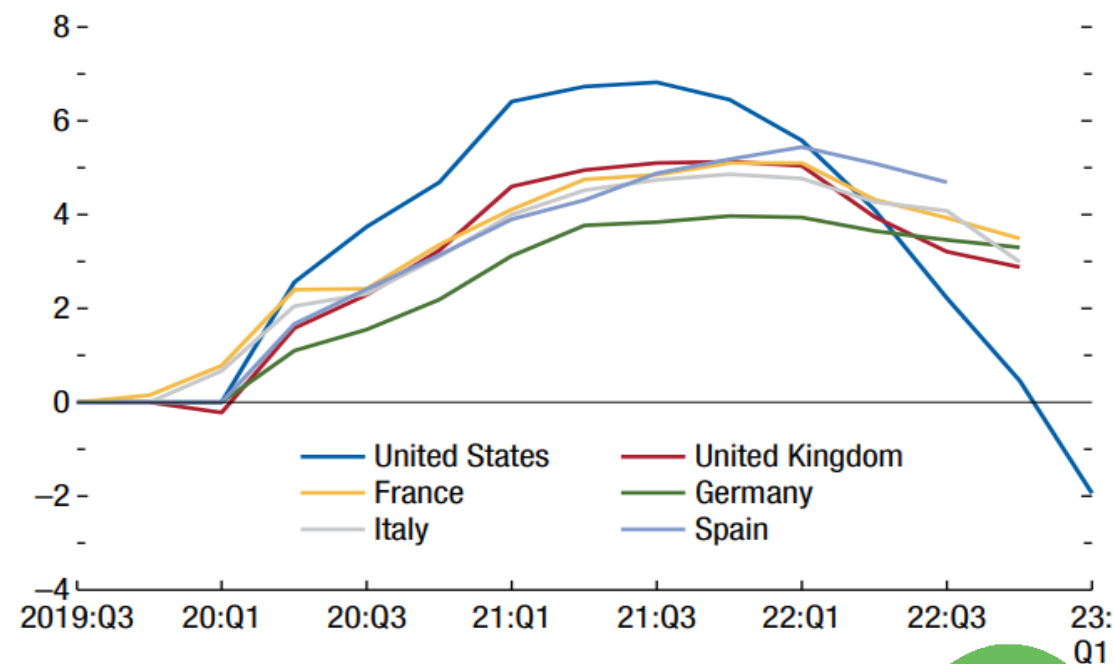
Source: IMF

Households financial health

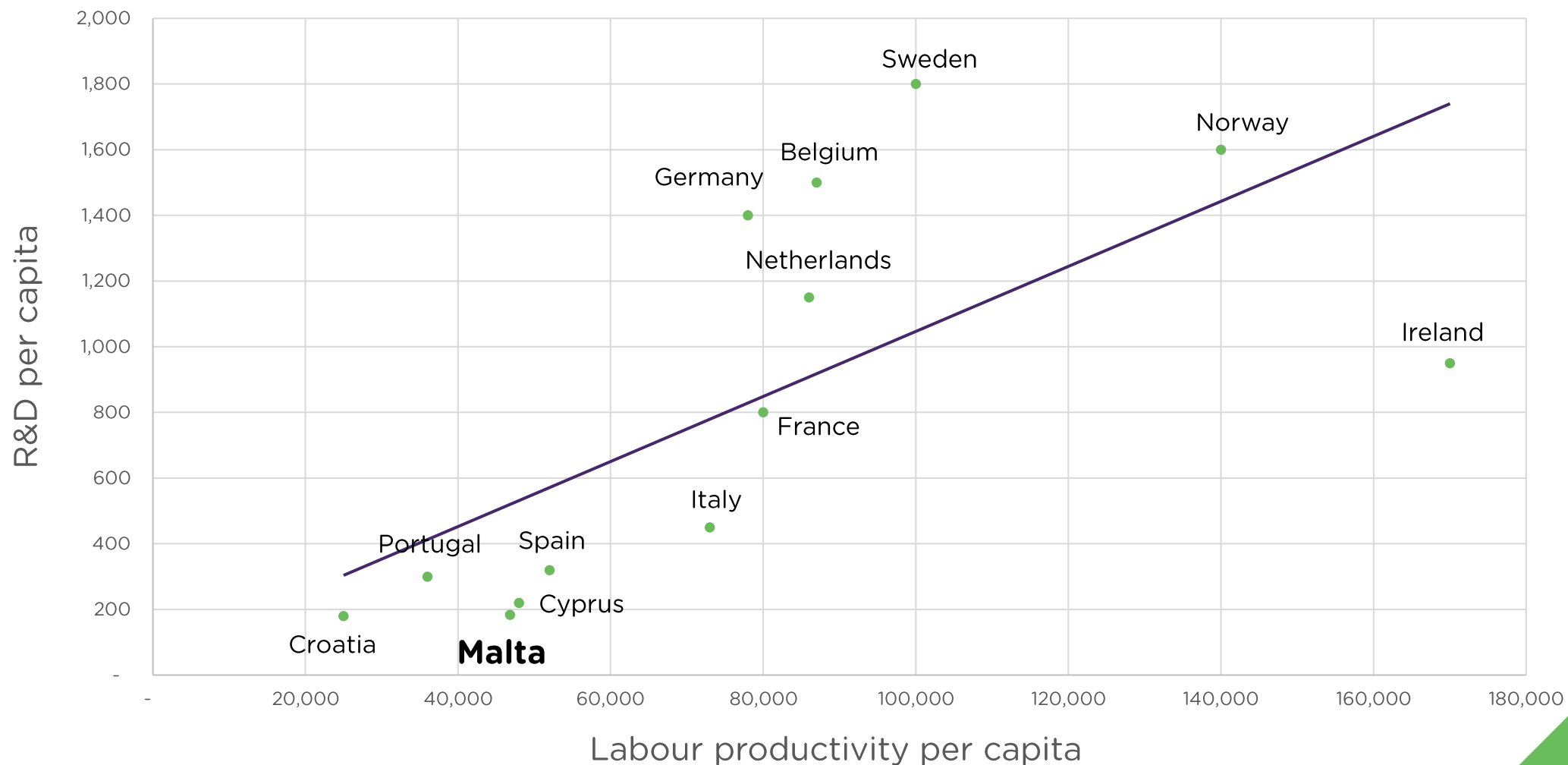
Unemployment rate



Excess savings (selected countries)



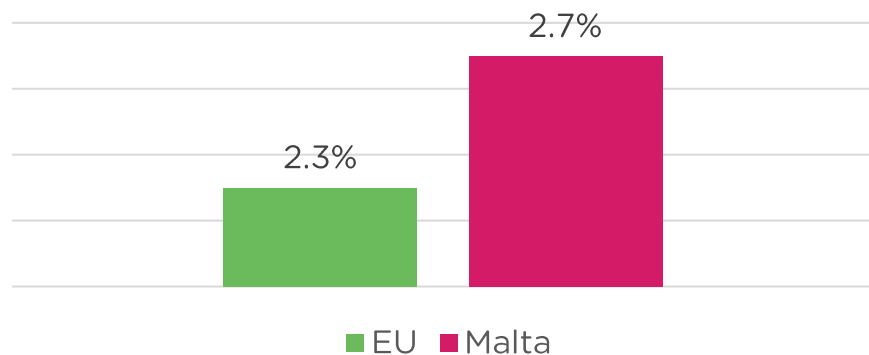
R&D and Productivity



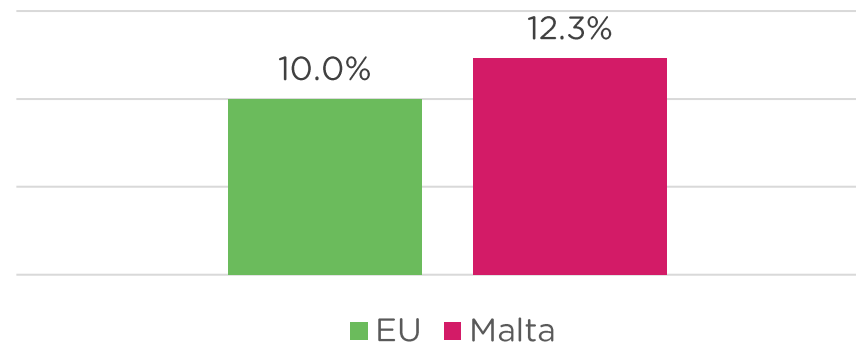
Source: Eurostat

Sound banking fundamentals

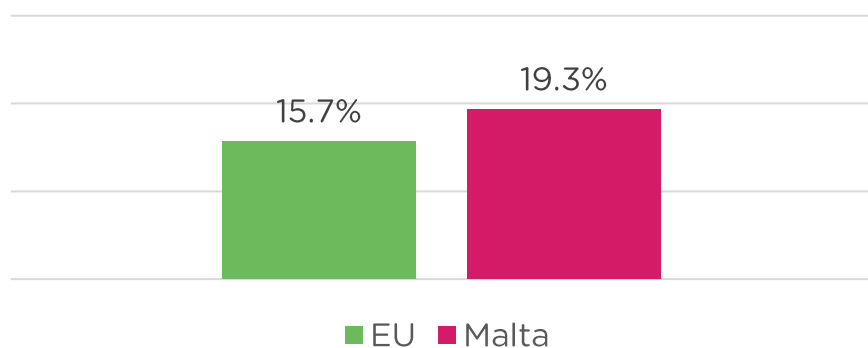
NPL Ratio



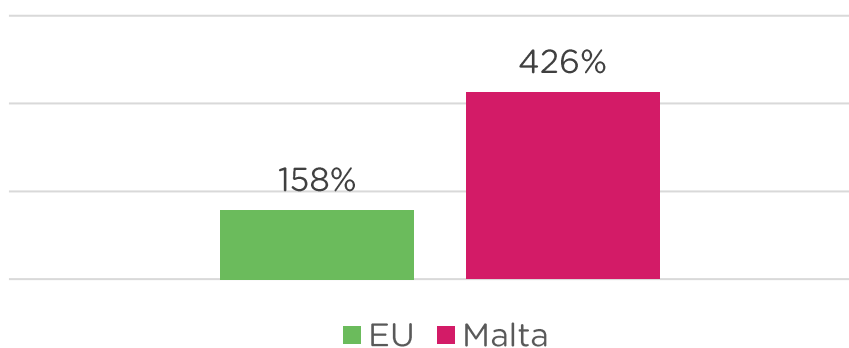
Return on Equity



CET1 Ratio

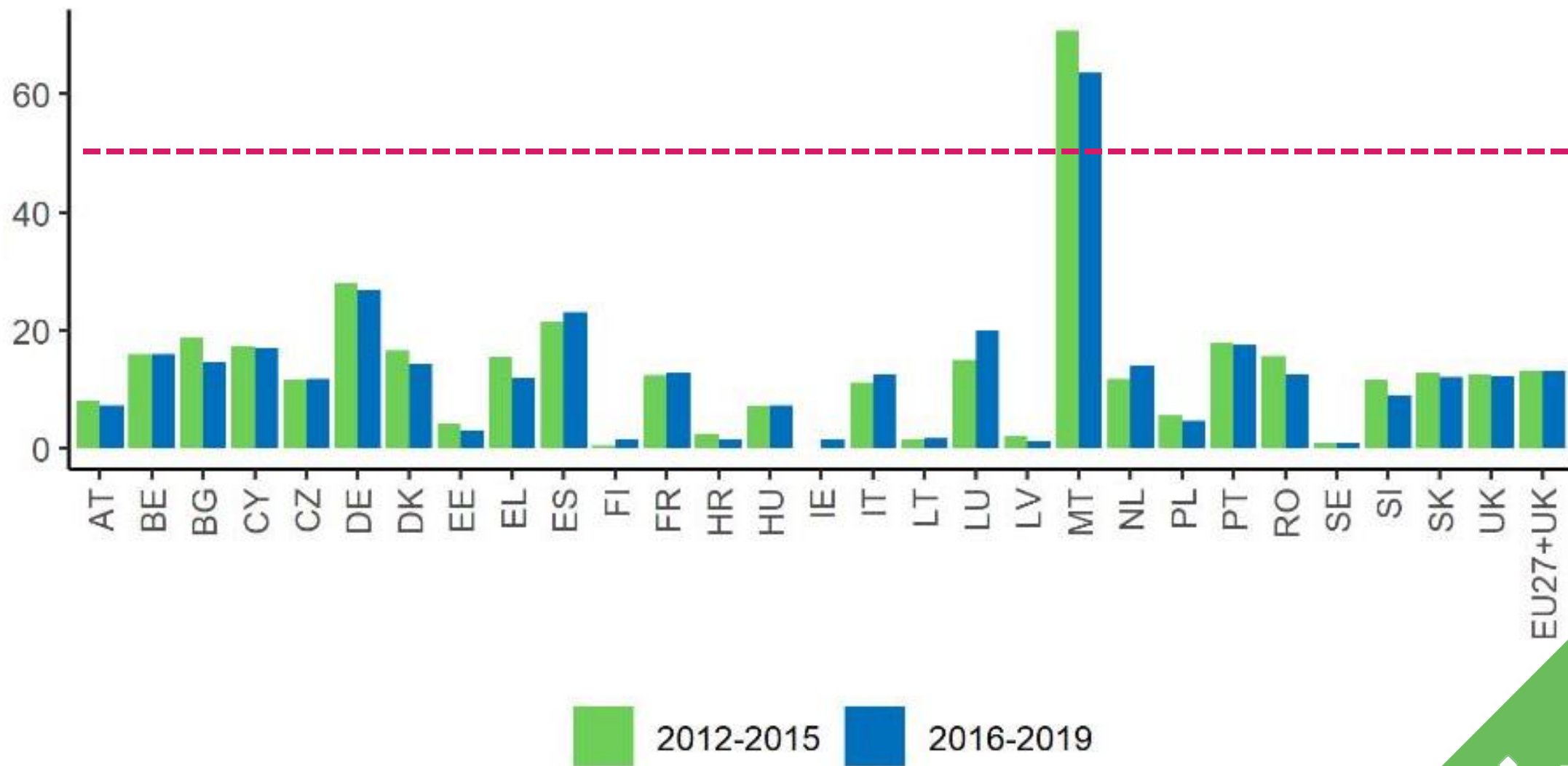


Liquidity Coverage Ratio



Source: EBA, 2Q23

Nitrate and groundwater



Source: EEA



Thank you