

Company Announcement

Quarterly Financial Update – 1Q2025

Date of announcement: 24 April 2025

Reference number: APSB85

The following is a Company Announcement by APS Bank plc (or the “Bank” or “Group”, as the reference implies) pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

Quote

APS Bank plc announces the publication of its financial results, extracted from the Group and Bank unaudited management accounts for the three months ended 31 March 2025 (also referred to as the “period”, “1Q”, or “3M”), as presented to the Board of Directors on 24 April 2025.

Income Statement

For the period under review, APS Bank plc registered a pre-tax profit of €3.6 million at Bank level (1Q2024: €4.4 million) and €2.9 million at Group level (1Q2024: €5.0 million). The results confirm an improvement in operating revenues contrasted by extraordinary 1Q costs relating to the Depositor Compensation Scheme as well as advisory and due diligence fees in connection with the bid for HSBC Bank Malta plc.

- a) Interest income, the principal contributor to the Group’s revenue, amounted to €29.6 million –an increase of €1.4 million, or 4.9%, when compared to the corresponding period last year. Net interest income for the quarter remained broadly consistent with 1Q2024, improving over that of 4Q2024 on lower funding cost.
- b) Net fee and commission income also rose to €2.5 million (1Q2024: €2.4 million), supported by general business growth, increased revenue from investments and insurance products, cards and transactional banking.
- c) Other operating income at Group level fell compared to 1Q2024, as market performance impacted negatively both trading and foreign currency operations. Conversely, the Bank posted higher dividend income over 1Q2024.
- d) Net impairment losses of €0.3 million are significantly lower than the €1.3 million for the same period of 2024. Expected Credit Losses (ECL) mainly relate to exposures within the local commercial loan book and international syndicated lending portfolio.
- e) The Non-Performing Loan (NPL) ratio remained low and stable at 1.5%, underscoring the robustness of the Group’s credit risk management framework and prudent lending practices.
- f) Operating expenses of €15.9 million for the period reflect a year-on-year increase of €2.4 million (18.1%) over the corresponding period in 2024. But this increase is largely related to two main items, namely:
 - i. €1.0 million in additional Depositor Compensation Scheme costs, all recognised in 1Q of 2025; and
 - ii. Non-recurring expenses of €1.1 million directly attributable to the Bank’s bid for HSBC Bank Malta plc, which are now expected to taper off in 2Q2025 after the Bank announced its withdrawal from the process.

Other minor increases mostly relate to staff costs, aimed at supporting the Group’s long-term business growth and operational resilience. Cost-to-income ratio for the period under review rose to 83.7% (1Q2024: 69.9%); while core cost-to-income stood at 77.4% (1Q2024: 69.4%).

Financial Position

- g) Total assets/liabilities closed at €4.2 billion, an increase of 1.6% over the period. This growth came from:
 - i. An increase in the lending portfolio of €76.2 million, primarily thanks to growth in retail, home loans, as well as commercial; partially offset by a decrease of €22.0 million in the syndicated loan book.
 - ii. Cash reserves held with the Central Bank of Malta, and loans and advances to banks, increased by an aggregate of €54.4 million, while debt and fixed income instruments declined to €345.9 million – creating a ‘liquidity chest’ in excess of €800 million.
 - iii. Customer deposits increased by €88.5 million during 1Q2025, driven mainly by growth in overnight deposits, reversing trends of 2024 and which contributed to an improvement in the funding mix and overall cost of funding.
- h) Equity at the end of 1Q2025 stood at €310.6 million, with Total Own Funds reaching €381 million.
- i) The Bank’s CET 1 ratio stood at 14.1% (31 December 2024: 14.6%) and the Capital Adequacy Ratio at 19.5% (31 December 2024: 20.1%).

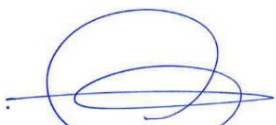
CEO Marcel Cassar commented:

“Following a relatively strong start to the year, marked by signs of a soft economic landing and with inflation under control, geopolitical tensions have resurfaced. A complex picture of risk has now formed with the ongoing regional conflicts in Ukraine and the Middle East, as well as policy decisions of the new Trump Administration, which are creating turbulence in financial markets not seen for years. The U.S. dollar weakened sharply, further tightening global financial conditions. Amid these elevated risks, the Maltese economy has continued to demonstrate growth, which however is expected to moderate in 2025 to about 4%, down from 6% in 2024. Inflation remains contained, below 2% and is projected to stabilise around the European Central Bank’s target.

Against this backdrop, the Bank continues to deliver a strong performance marked by steady, all-round growth in our customer and business base, gaining market share while becoming the primary bank for our clients offering a comprehensive suite of services. The trend of declining interest rates is again favourable and we expect our net interest margins to continue widening, further strengthening our core profitability. Over the past months, the Bank maintained a momentum of strong deposit inflows, enhancing an already robust liquidity stack as plans for a capital increase were again postponed to later in the year.

Our announcement [APSB84](#) of 17 April 2025 that we are exiting the bidding process for HSBC Bank Malta plc marks the end of a project for which the Bank was very well-prepared. We had accumulated financial resources, received strong shareholder and investor responses and lined up a business model, culture and vision that would have created benefits across the entire spectrum of both banks, and for the Maltese economy. As we move forward, we remain focused on growth, on achieving scale while actively looking at new strategic opportunities. We shall also build on our strong foundations and track record to continue delivering innovation, confidence and value to all our stakeholders.”

Unquote



Graziella Bray B.A., LL.D, FCG

Company Secretary

STATEMENTS OF PROFIT OR LOSS *(unaudited)*

for the period ended 31 March 2025

	The Group		The Bank	
	Mar-25	Mar-24	Mar-25	Mar-24
	€000	€000	€000	€000
Interest receivable and similar income:				
On loans and advances and balances with the Central Bank of Malta	28,091	26,438	28,091	26,438
On debt and other fixed income instruments	1,526	1,788	1,106	1,371
Total interest receivable and similar income	29,617	28,226	29,197	27,809
Interest payable	(12,925)	(11,532)	(12,925)	(11,532)
Net interest income	16,692	16,694	16,272	16,277
Fee and commission income	3,450	2,930	3,129	2,657
Fee and commission expense	(922)	(514)	(885)	(511)
Net fee and commission income	2,528	2,416	2,244	2,146
Dividend income	-	-	764	169
Net (losses)/gains on foreign exchange	(141)	213	160	182
Net losses on other financial assets	(144)	(125)	-	-
Other operating income	70	84	70	84
Operating income before net impairments	19,005	19,282	19,510	18,858
Net impairment charges	(339)	(1,258)	(338)	(1,258)
Net operating income	18,666	18,024	19,172	17,600
Employee compensation and benefits	(7,276)	(6,940)	(7,072)	(6,761)
Other administrative expenses	(7,261)	(5,134)	(7,100)	(4,997)
Depreciation of property and equipment	(377)	(507)	(377)	(507)
Amortisation of intangible assets	(816)	(743)	(816)	(743)
Depreciation of right-of-use assets	(181)	(153)	(181)	(153)
Operating expenses	(15,911)	(13,477)	(15,546)	(13,161)
Net operating profit before associates' results	2,755	4,547	3,626	4,439
Share of results of associates, net of tax	127	478	-	-
Profit before tax	2,882	5,025	3,626	4,439
Income tax expense	(1,437)	(1,577)	(1,420)	(1,554)
Profit for the period	1,445	3,448	2,206	2,885

STATEMENTS OF FINANCIAL POSITION *(unaudited)*

as at 31 March 2025

	The Group		The Bank	
	Mar-25	Dec-24	Mar-25	Dec-24
	€000	€000	€000	€000
ASSETS				
Cash and balances with Central Bank of Malta	420,127	379,653	420,127	379,653
Loans and advances to banks	38,012	24,057	36,385	22,027
Loans and advances to customers	3,089,182	3,013,014	3,089,182	3,013,014
Syndicated loans	158,131	180,097	158,131	180,097
Derivative financial instruments	2,368	2,607	2,368	2,422
Financial assets at fair value through profit or loss	44,565	45,441	-	-
Other debt and fixed income instruments	345,850	386,988	344,951	386,589
Equity and other non-fixed income instruments	6,041	6,190	6,041	6,190
Investment in subsidiaries	-	-	40,251	40,251
Investment in associates	17,148	16,204	16,749	15,749
Investment properties	13,227	13,227	13,227	13,227
Property and equipment	49,745	49,730	49,745	49,730
Intangible assets	20,952	20,742	20,952	20,742
Right of use assets	4,012	4,185	4,012	4,185
Current tax assets	4,113	5,701	4,088	5,457
Deferred tax assets	304	457	304	457
Other receivables	14,764	12,862	15,413	12,534
TOTAL ASSETS	4,228,541	4,161,155	4,221,926	4,152,324
LIABILITIES				
Derivative financial instruments	2,368	2,892	2,368	2,422
Amounts owed to banks	3,594	28,609	3,594	28,609
Amounts owed to customers	3,759,169	3,670,650	3,760,387	3,671,739
Debt securities in issue	104,235	104,210	104,235	104,210
Lease liabilities	4,127	4,366	4,127	4,366
Other liabilities	20,997	18,068	20,980	18,047
Accruals	23,442	22,431	23,601	22,611
TOTAL LIABILITIES	3,917,932	3,851,226	3,919,292	3,852,004
EQUITY				
Share capital	94,902	94,902	94,902	94,902
Share premium	52,467	52,467	52,467	52,467
Revaluation reserve	19,317	19,315	19,317	19,315
Other reserve	474	366	474	366
Retained earnings	130,093	128,619	135,474	133,270
Attributable to equity holders of the parent	297,253	295,669	302,634	300,320
Non-controlling interest	13,356	14,260	-	-
TOTAL EQUITY	310,609	309,929	302,634	300,320
TOTAL LIABILITIES AND EQUITY	4,228,541	4,161,155	4,221,926	4,152,324