

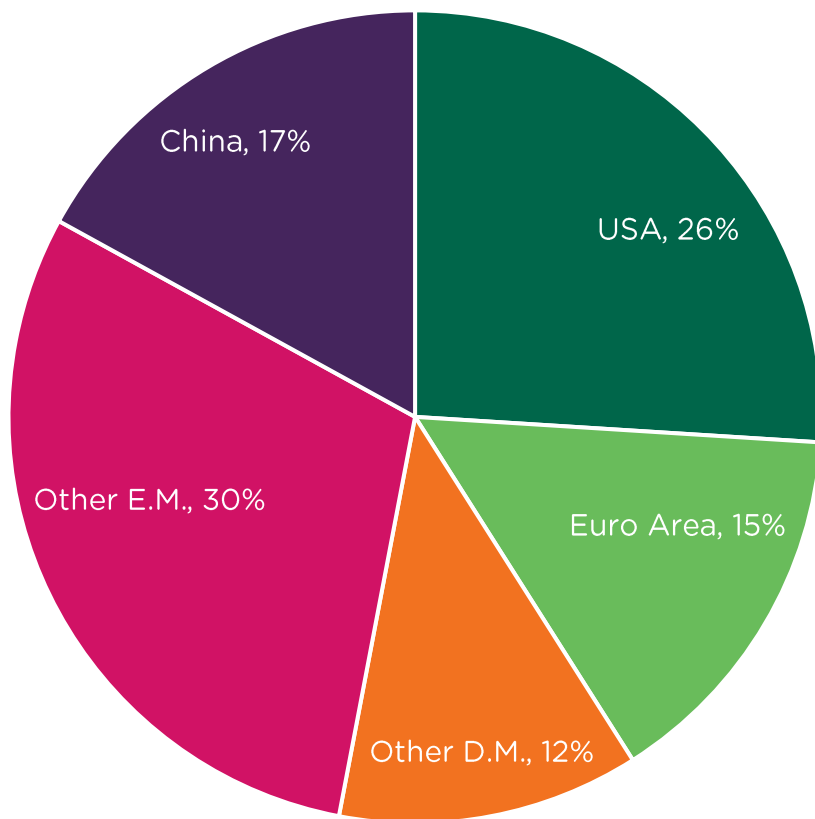


Financial Market Outlook

Josef Portelli, Head of Investment Management

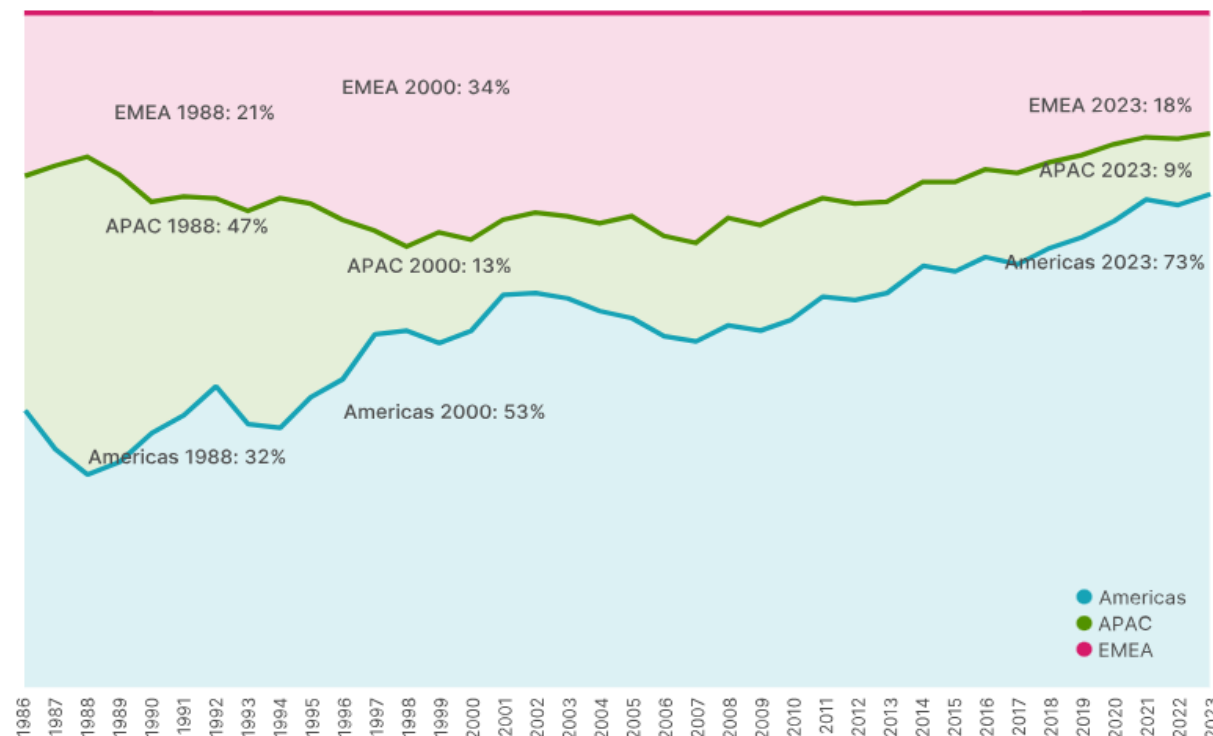
US share of world GDP < share of equity markets...

World GDP



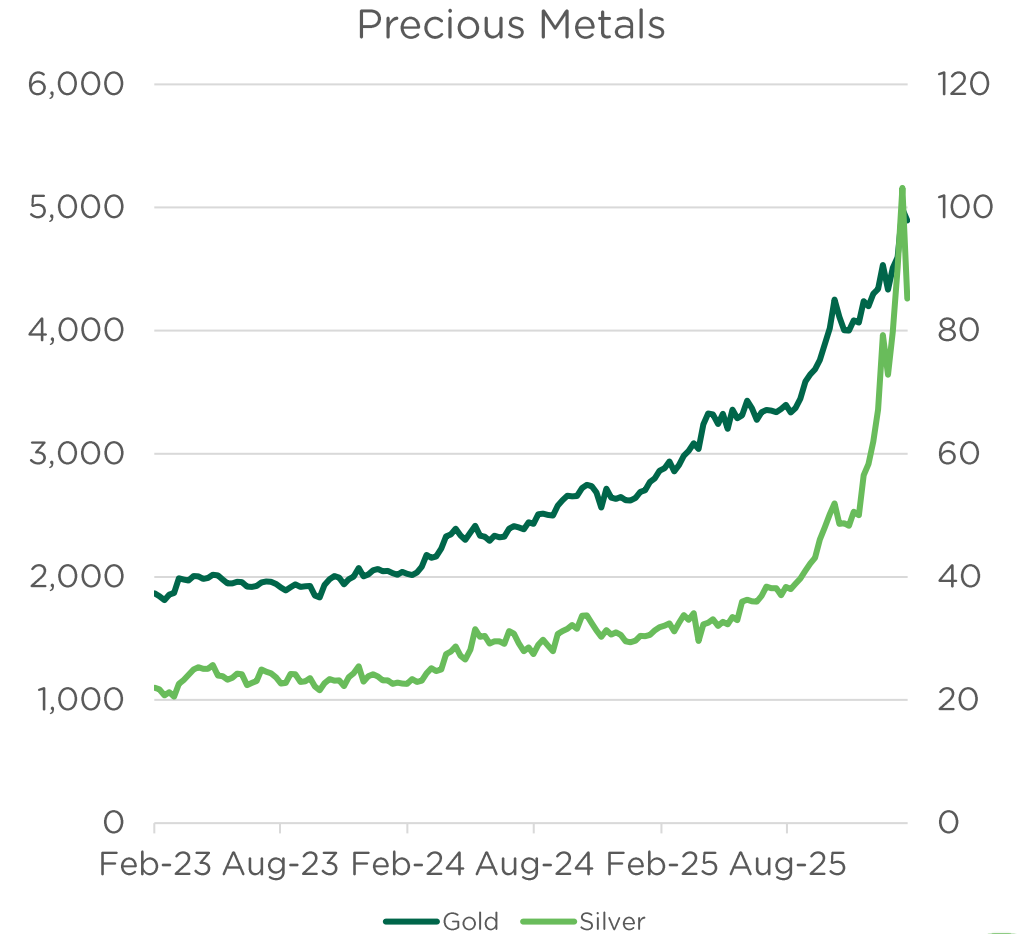
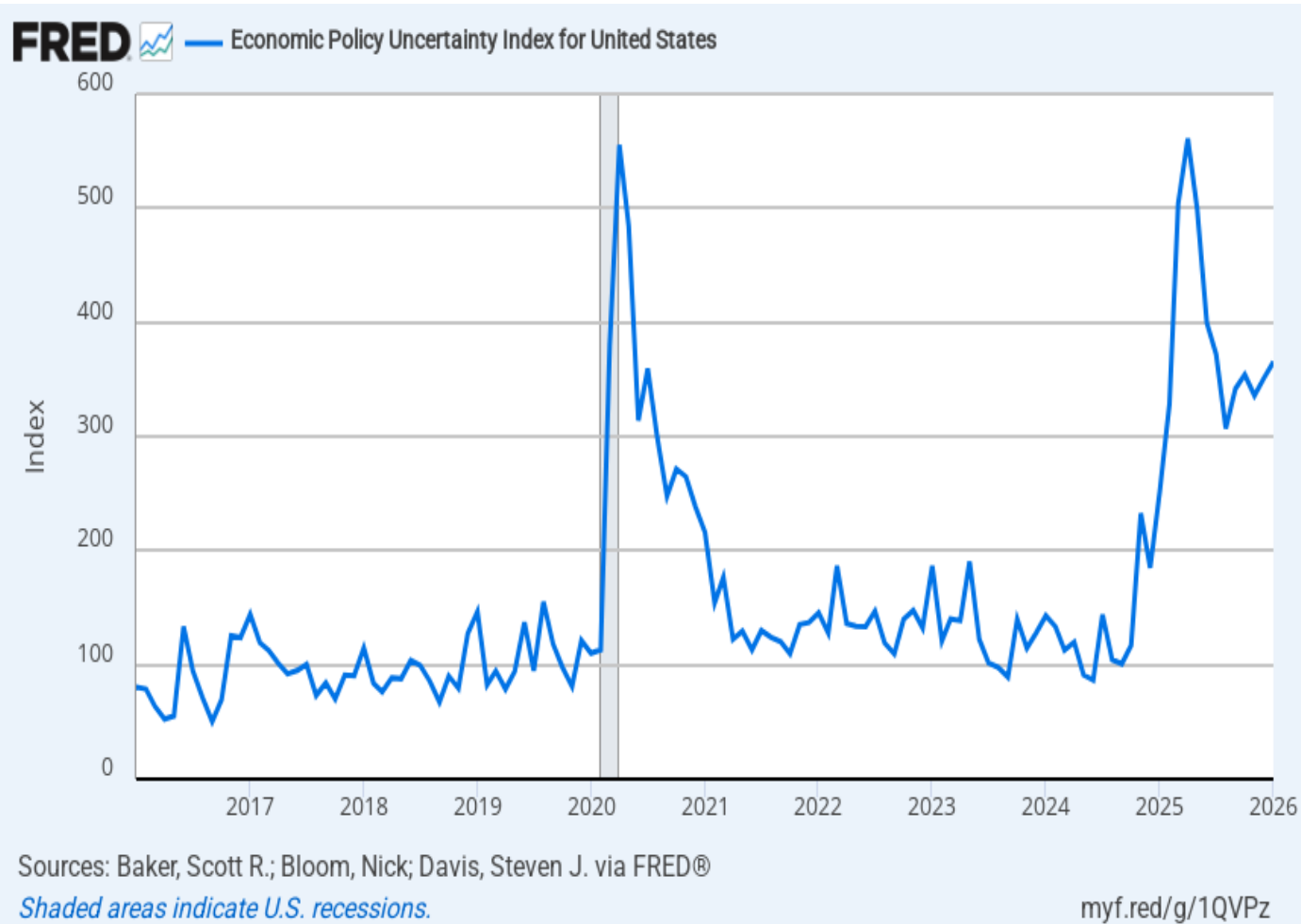
Source: World Bank

World Equity Market Capitalisation



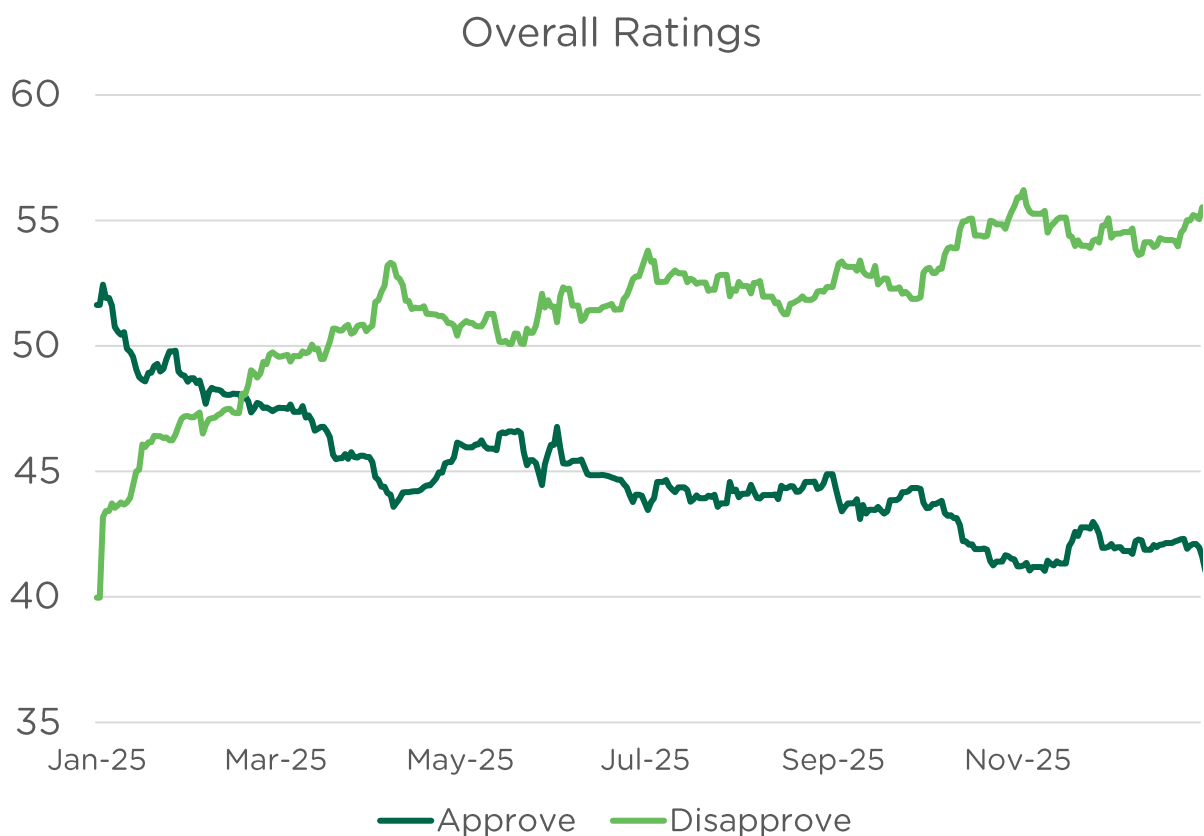
Source: MSCI

Uncertainty in US policy creeping back up

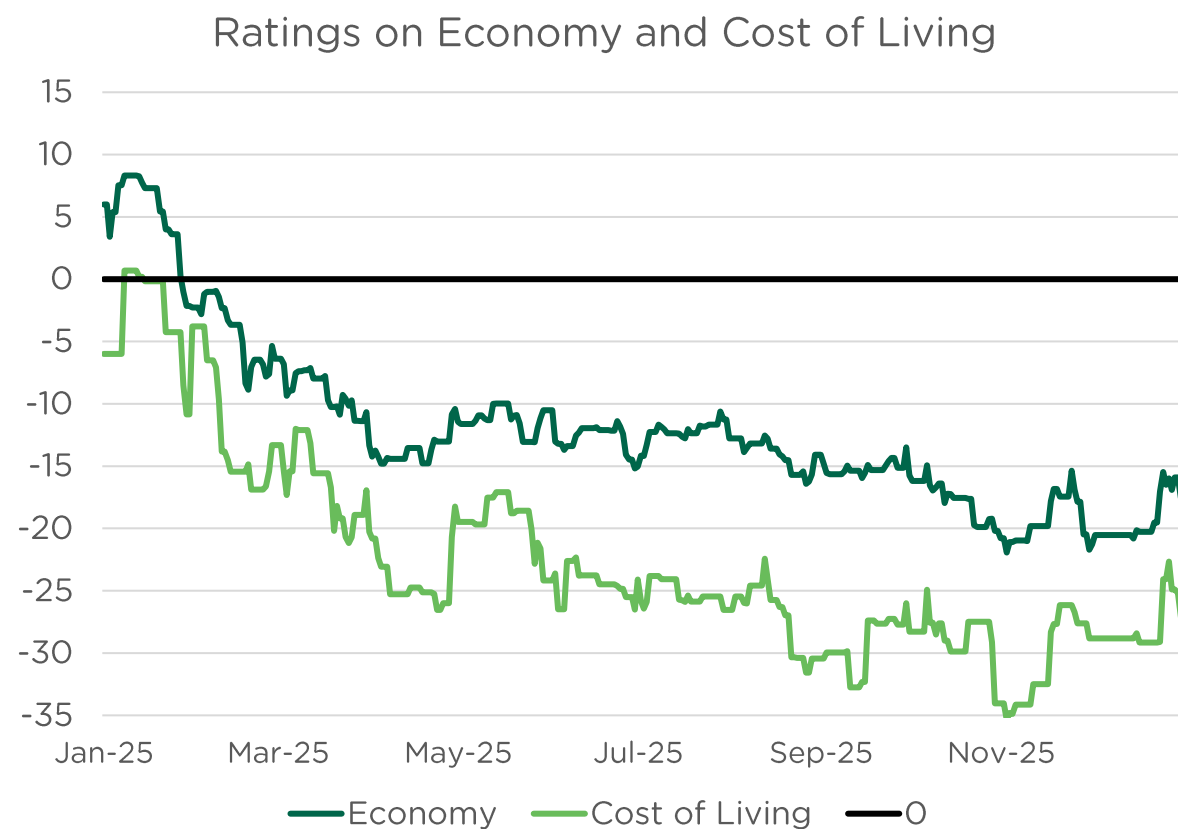


Source: Bloomberg

US Politics: Approval ratings

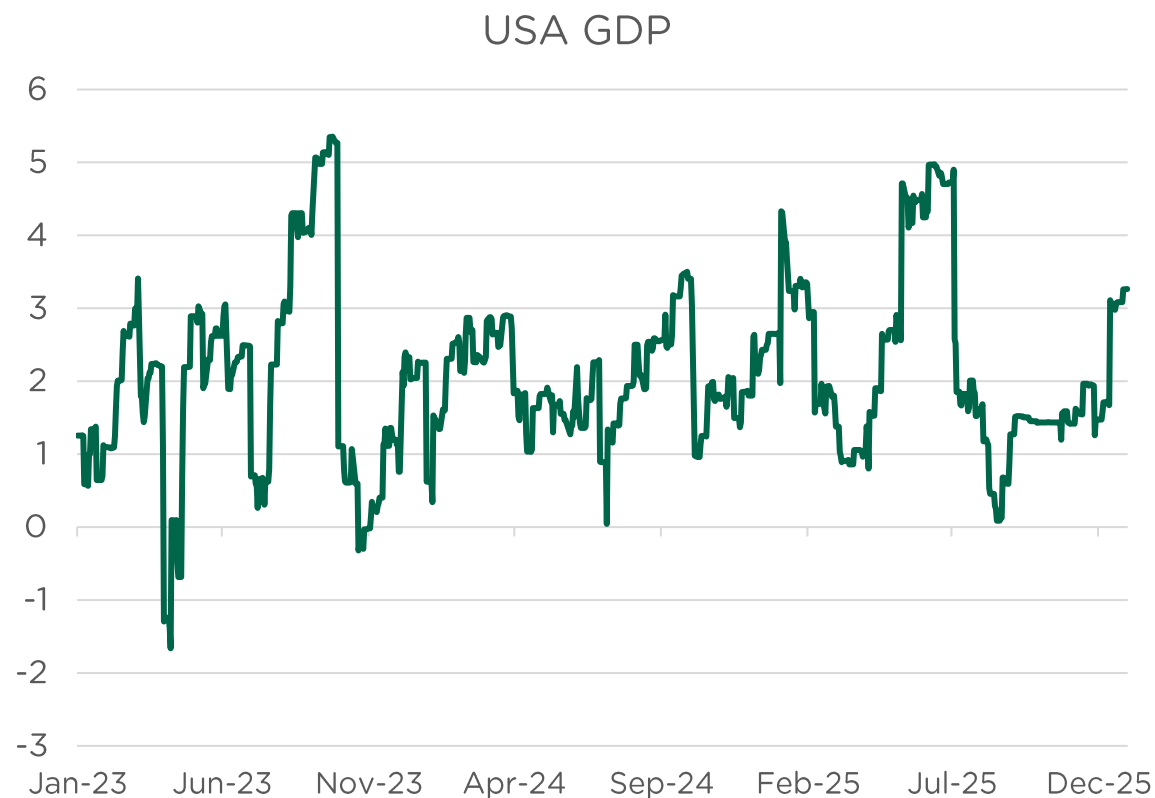


Source: Nate Silver

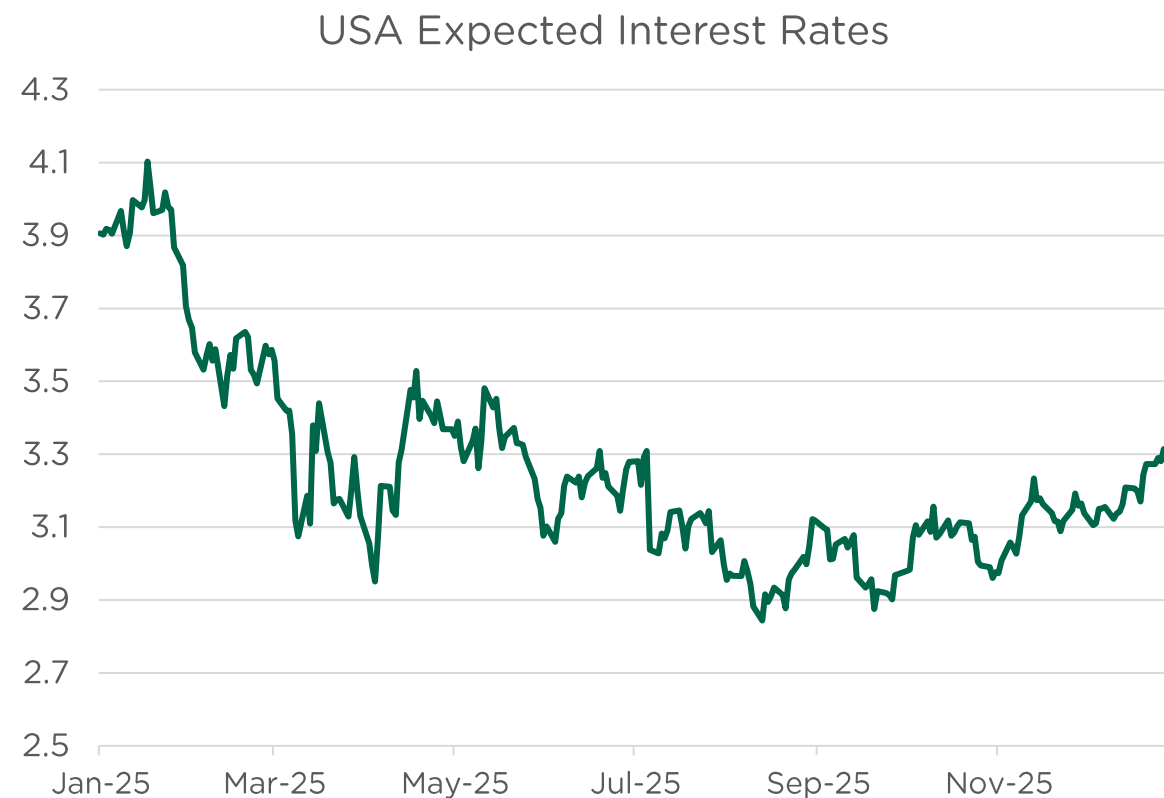


Source: Nate Silver

USA economy expected to remain strong

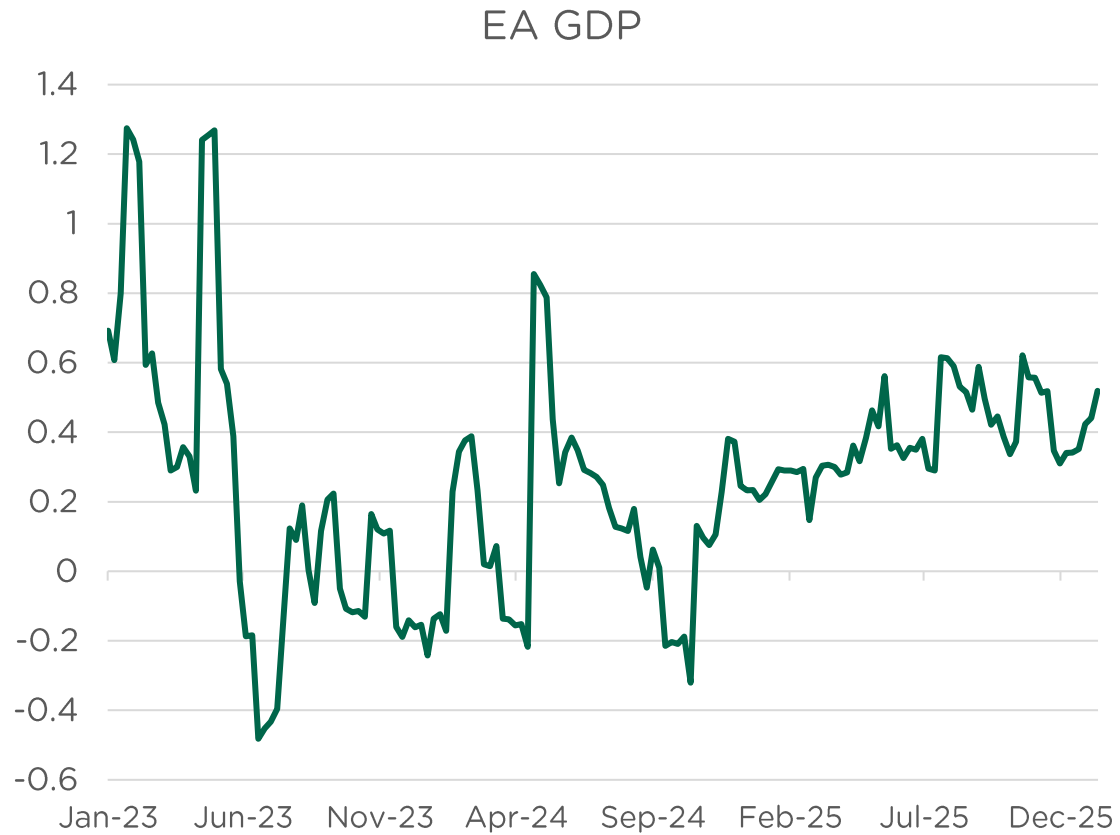


Source: Bloomberg

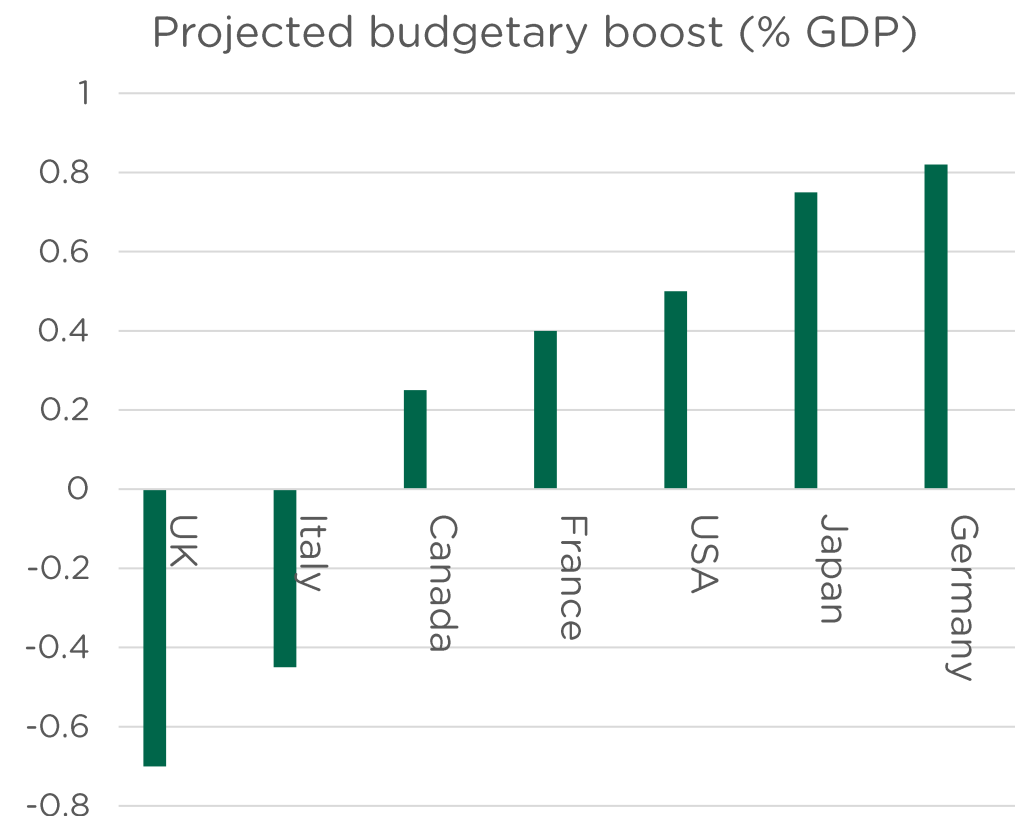
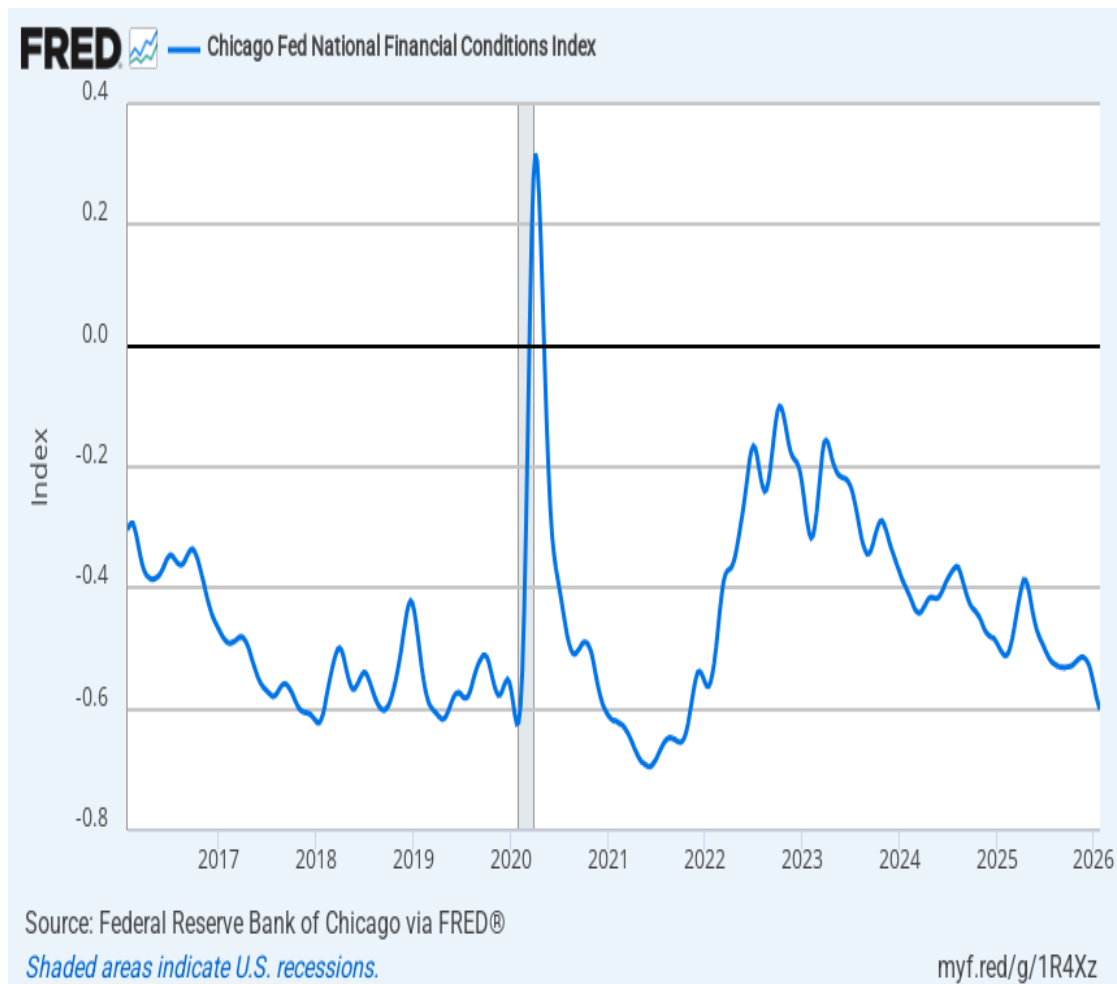


Source: Bloomberg

Euro Area economy also performing well

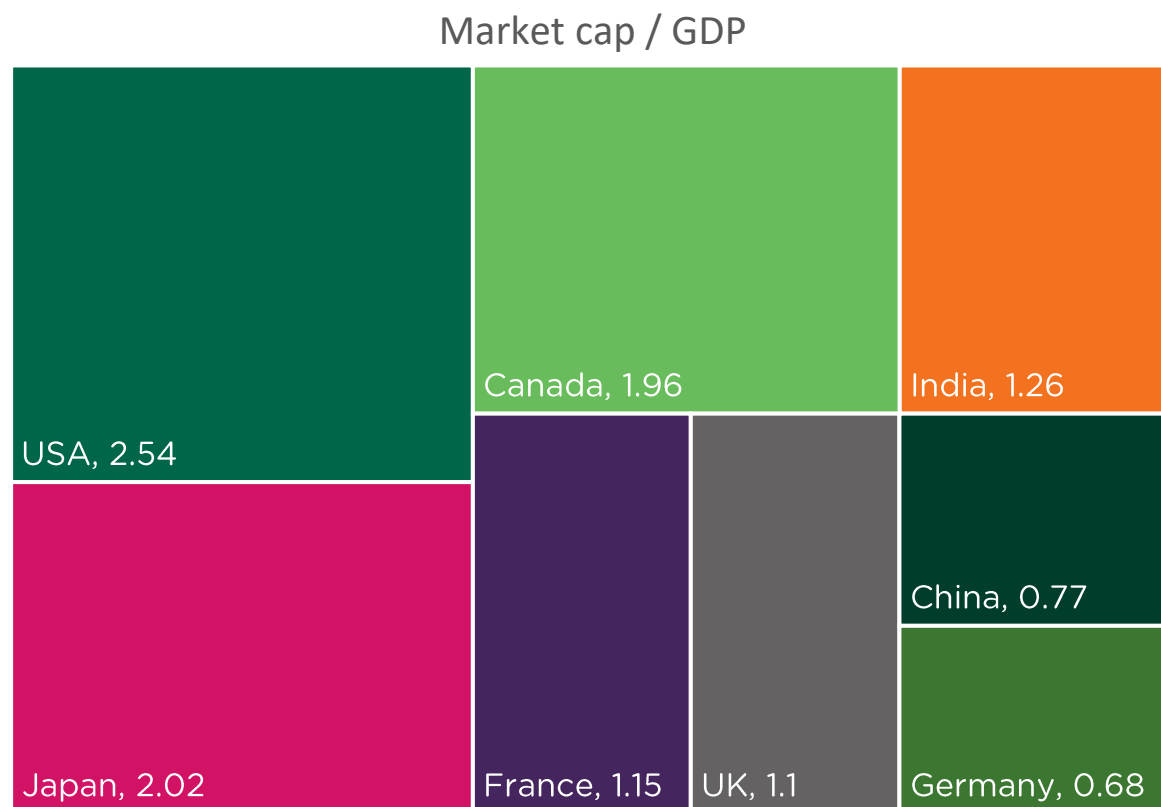


Strong tailwinds both monetary and fiscal...

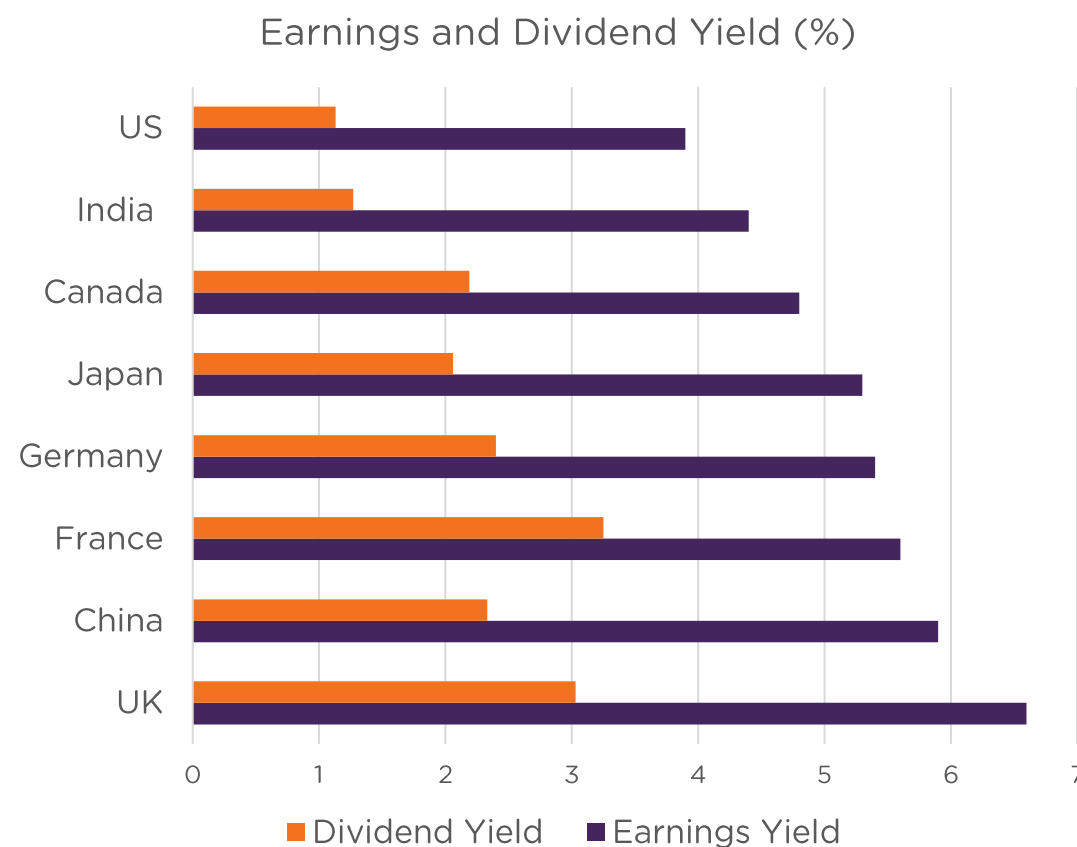


Source: IMF

Plenty of opportunity in non-US equity markets



Source: Bloomberg as at 27/01/26; GDP Data at end 2024



Source: Bloomberg as at 27/01/26

In summary...

- 1 Global economy remains in a good place
- 2 Upwards risk to inflation and long-term interest rates
- 3 Non-US equities will outperform
- 4 Many sub asset classes priced for perfection
- 5 As the main alternative to \$, € could strengthen
- ? Risks: politics, AI related stocks, inflation up

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Central Bank Independence: A Hard-Won Achievement Under New Pressures

26 January, 2026

The independence of central banks stands as one of the most consequential institutional innovations in modern economic governance.

[Read more](#)

⌚ 5 minutes



Rare Earths: The Hidden War for the Building Blocks of the Future

18 December, 2025

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[Read more](#)

⌚ 6 minutes



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30 October, 2025

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⌚ 5 minutes



Banking Sector Outlook

Giovanni Bartolotta, CRO

Seven key trends shaping the banking outlook

Steady economic growth, low rates, supporting operating environment

Geopolitical risks, trade tensions might induce systemic shocks

Lower interest rates supporting asset quality



Profitability broadly stable (NIM lower – not in Malta, but higher fee income)

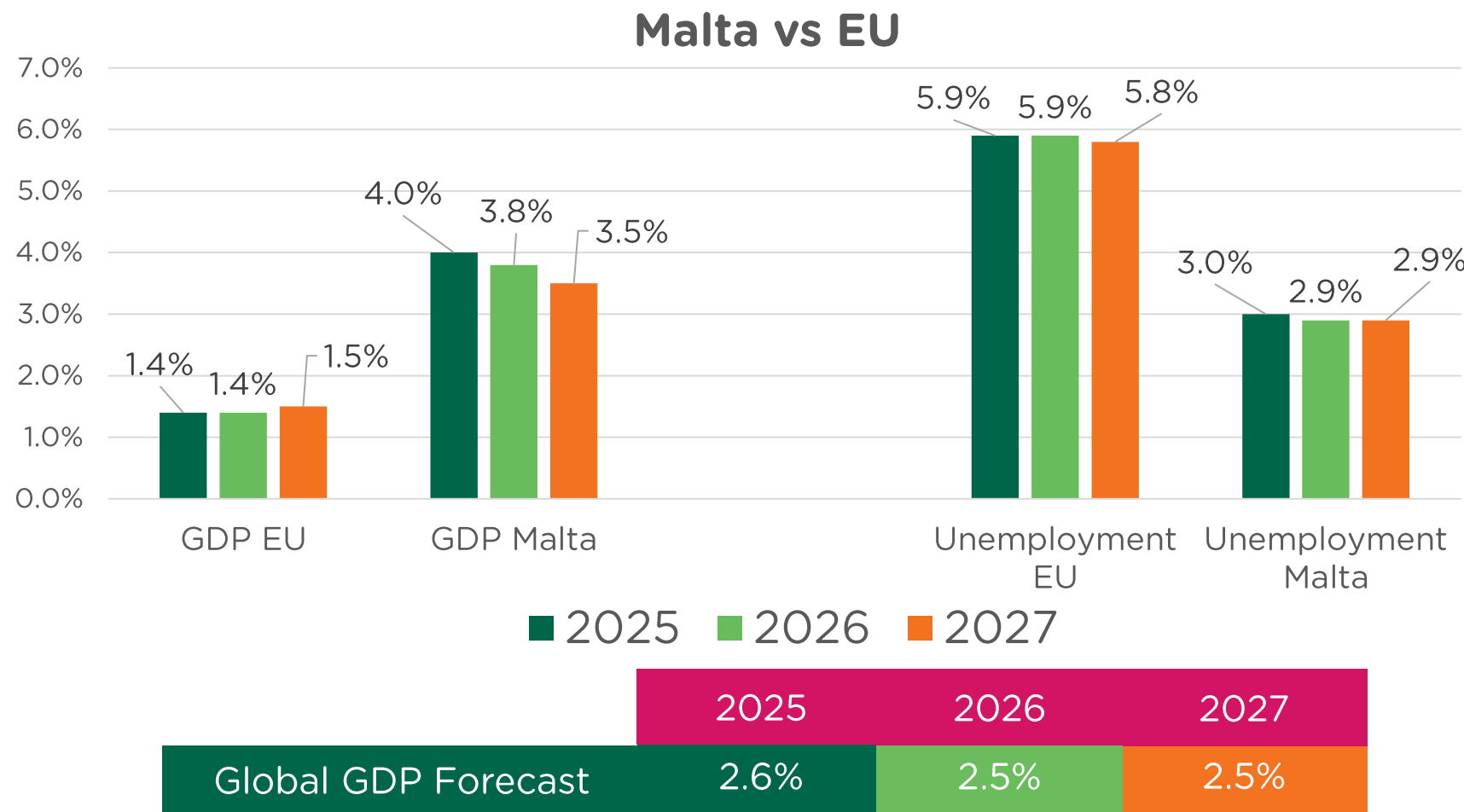
Capital ratios probably at peak, solid liquidity buffers

Rapidly evolving financial and technological landscape

Physical climate risks on the increase

Steady, albeit slowing, economic growth

Steady economic growth, low rates, supporting operating environment



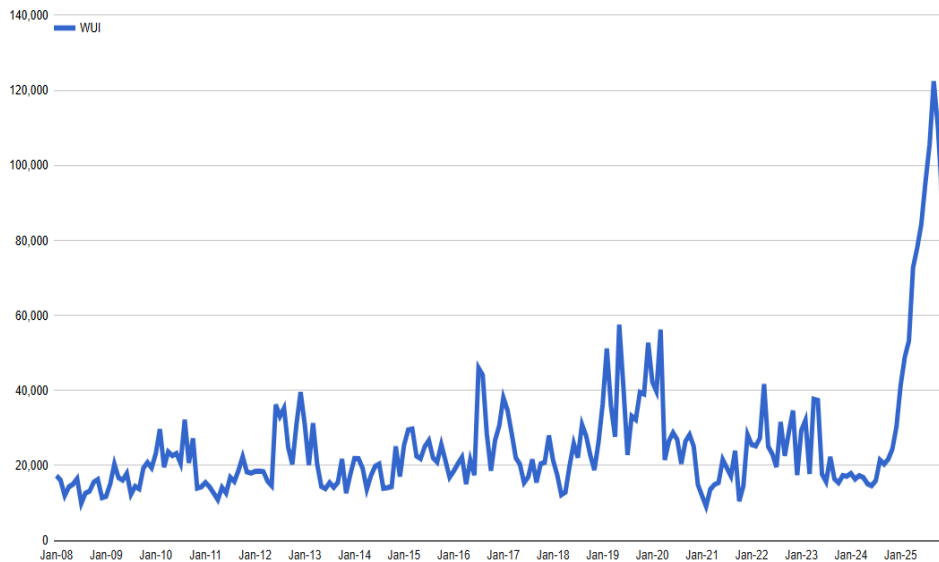
Source: EC, Moody's



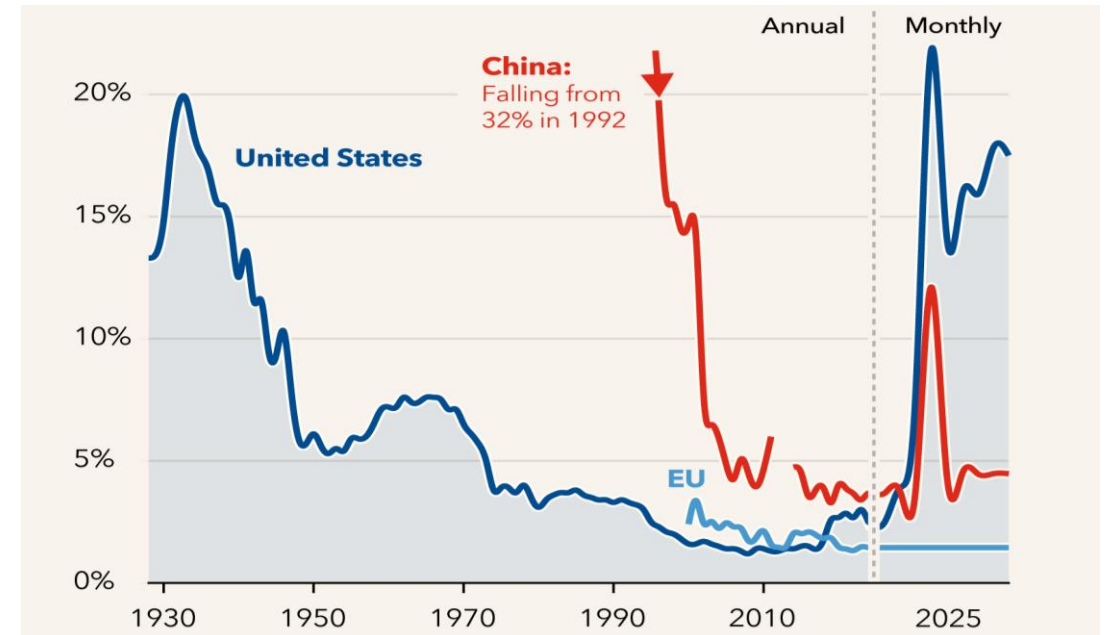
Geopolitical risk: a new world dis(order)?

Geopolitical risks and trade tensions might induce systemic shocks

World uncertainty index (FRED)



Global trade tariffs

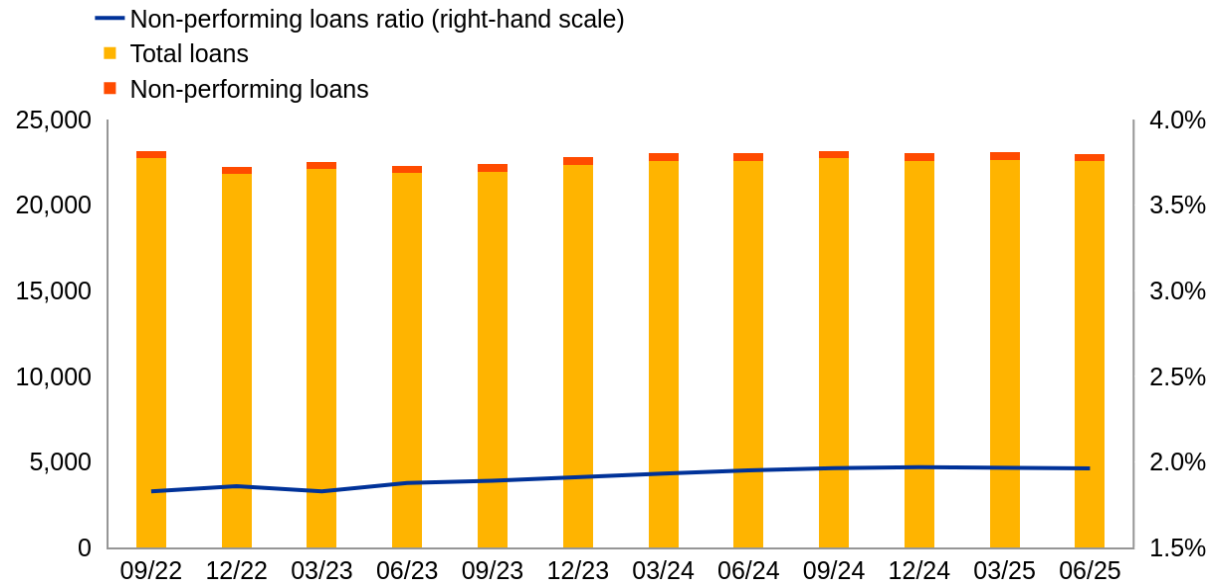


Source: Federal Reserve, IMF

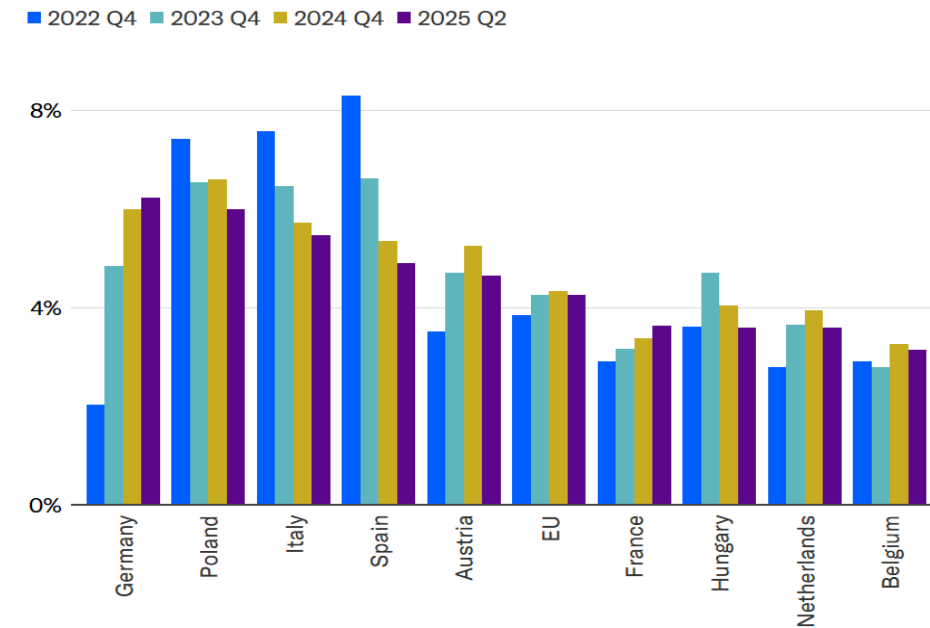
Low interest rates support debt affordability

Lower policy rates will support asset quality

Total NPLs EU banks



CRE NPLs



Core banks

APS

NPL ratios in Malta

1.98%

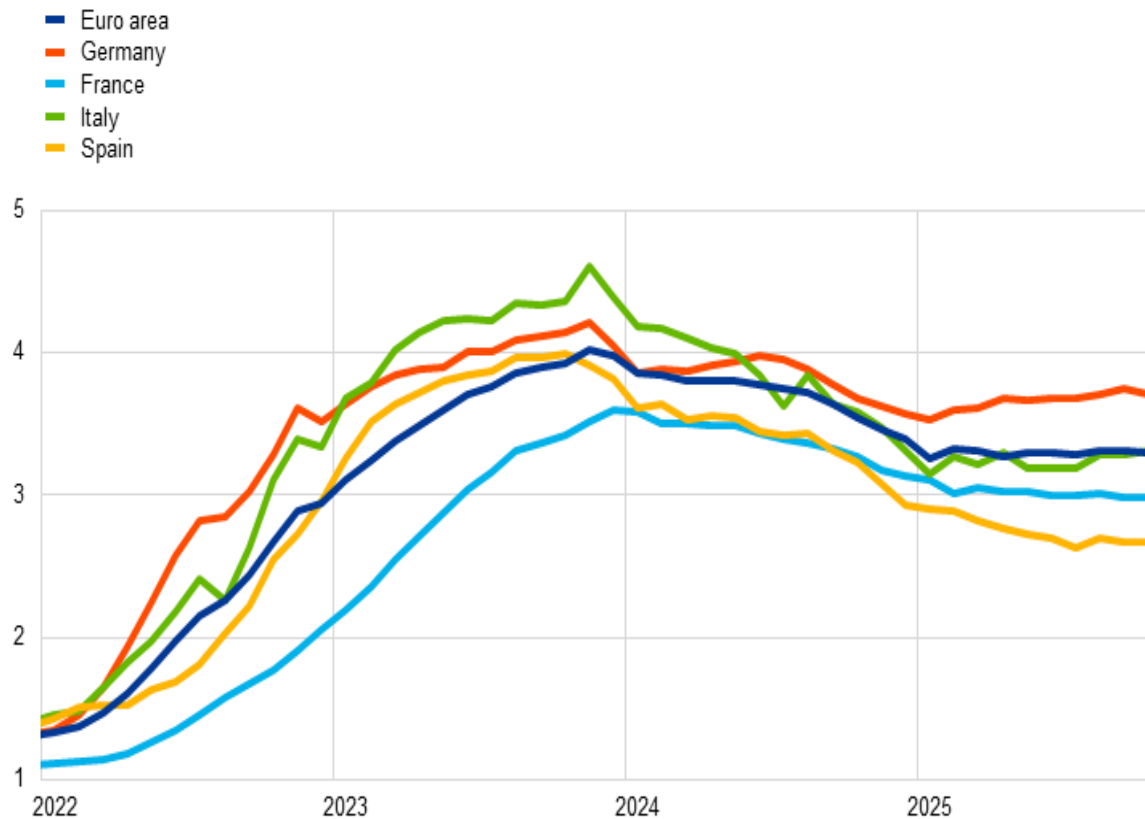
1.40%

Source: ECB, Moody's, CBM

NIM declining, but not in Malta

Profitability broadly stable
(NIM lower – not in Malta,
but higher fee income)

Mortgage rates – selected EU countries



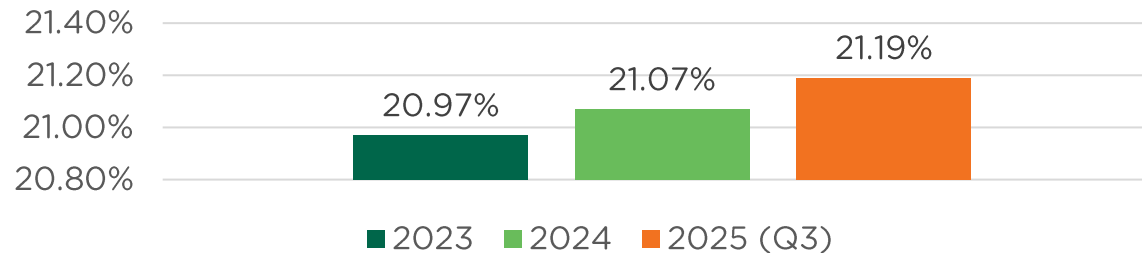
- Lending rates for both households and corporate have remained relatively stable in Malta, through the cycle
- Policy transmission mechanism broken, due to market structure
- NIM improving, due to lower cost of funding (term deposits)

Source: ECB

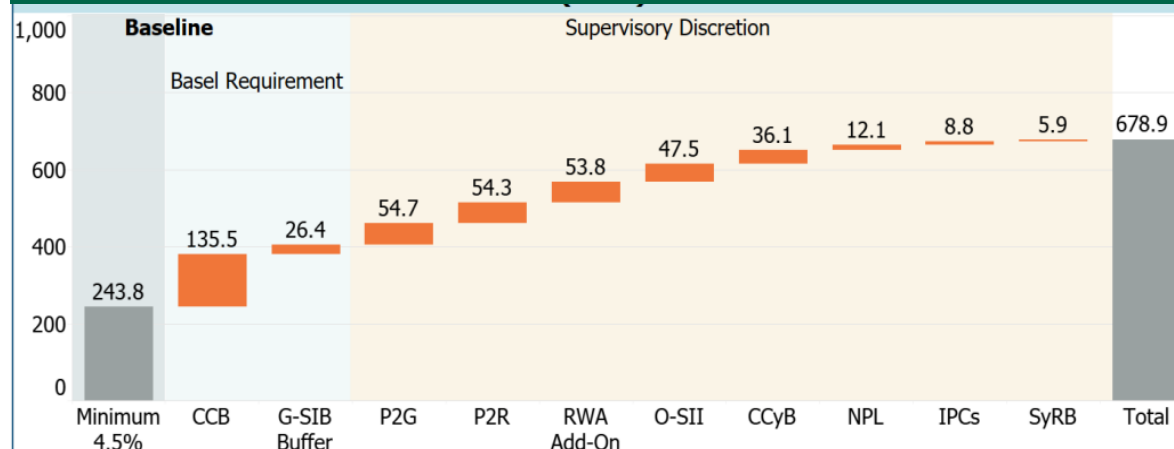
Capital at peak, now competitive simplification?

Capital ratios probably at peak,
solid liquidity buffers

Tier1 Capital of Maltese banks



Excess capital in EU banking system

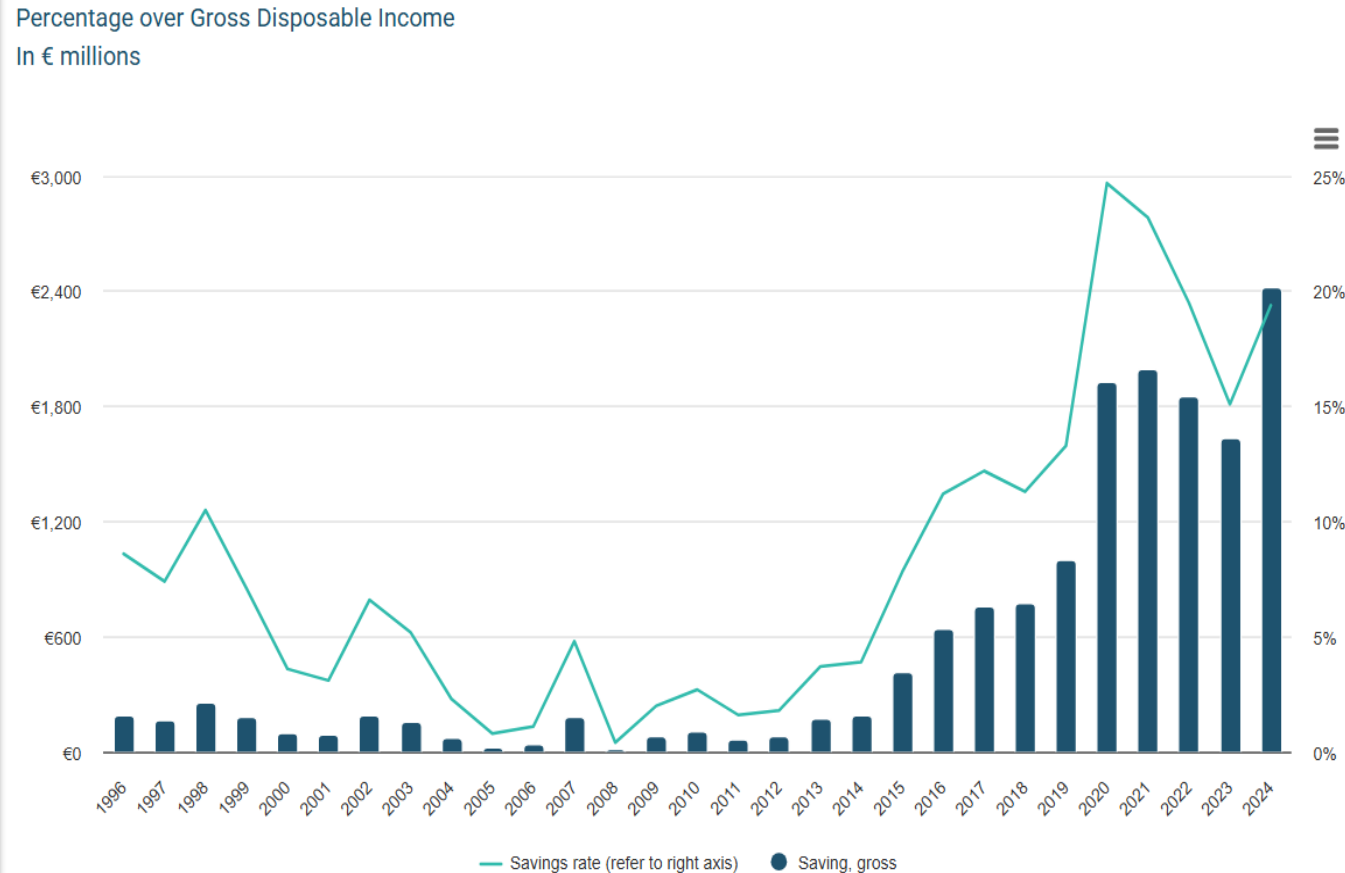


Source: CBM, EBF

- Systemic risk buffers extended to commercial real estate lending in Malta from 2026
- In Europe, supervisory discretions represent an incremental CET1 capital requirement of €273.2 billion, impacting financing capacity by an estimated €1.9 to €2.7 trillion

Solid system liquidity

Capital ratios probably at peak,
solid liquidity buffers



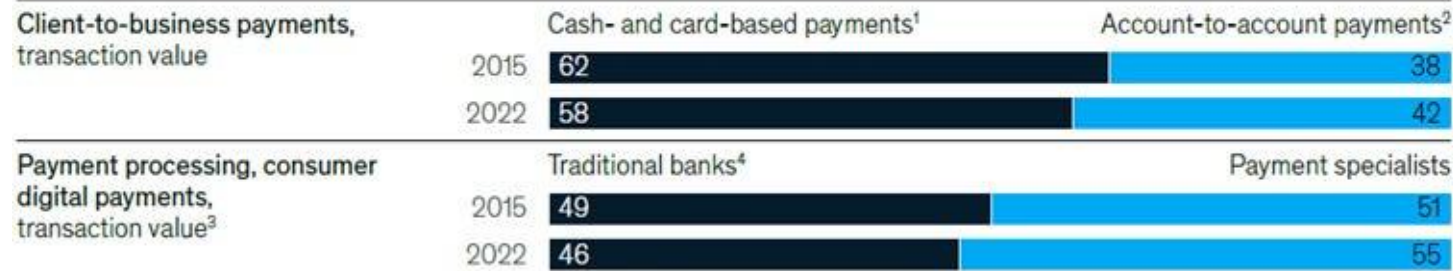
- Deposit growth will continue, with less competition from higher-yielding assets
- One-stop solution banks to win lion's share of new deposits
- Term deposits repricing to benefit NIM
- Digital assets longer-term threat (stablecoins)

New competitors, digital (r)evolution

Rapidly evolving financial and technological landscape

Market share, %

Payments



Capital markets/capital markets infrastructure provider



Asset management



Emerging Challenges

- Private credit
- AI
- Stablecoins
- But also opportunities for co-operation

Source: McKinsey

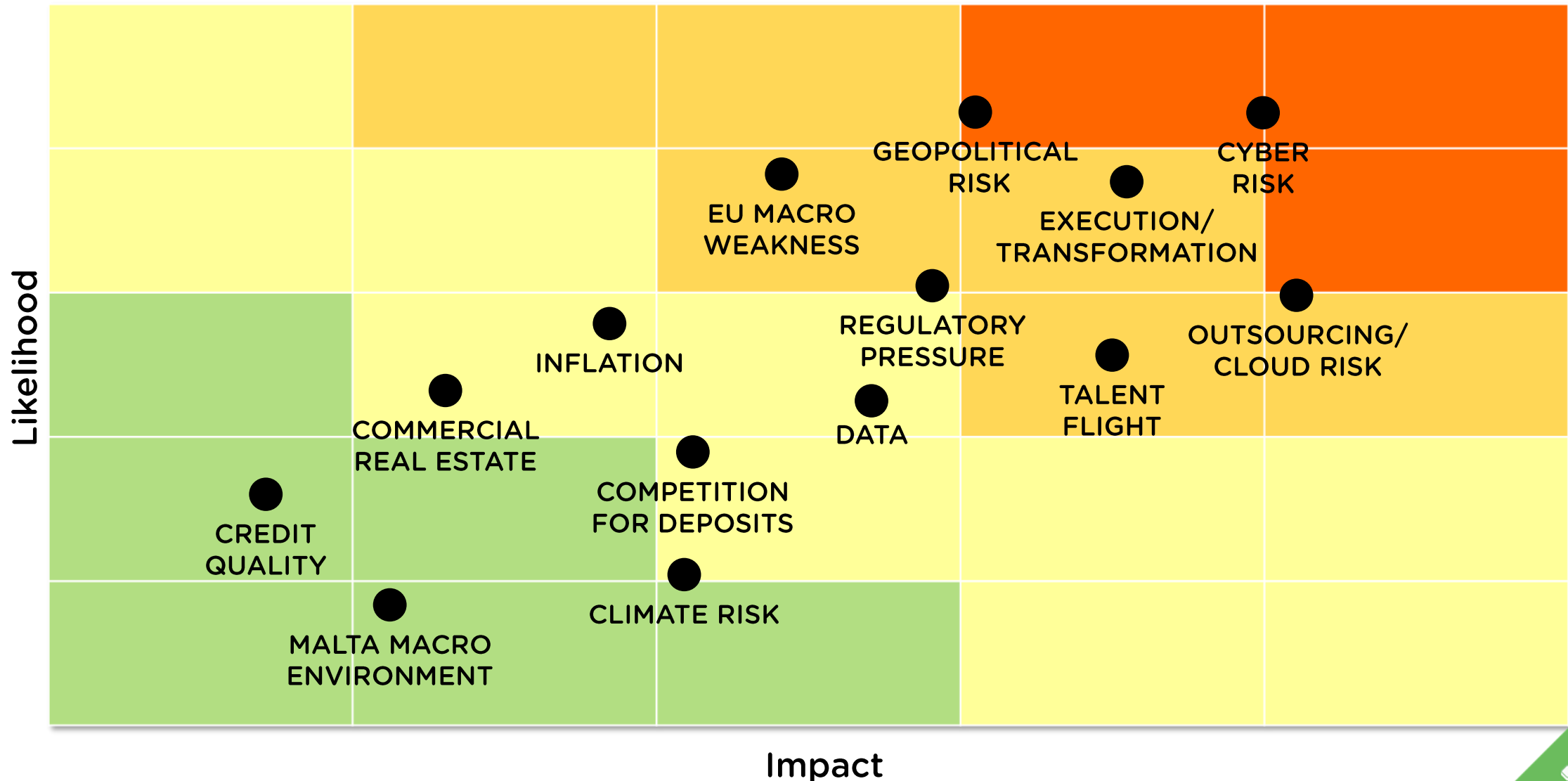
Costly natural disasters

Physical climate risks on the increase



- Economic losses due to natural disasters amounted to **€318 billion** globally in 2025
- Insurers are responding by raising premiums and limiting coverage, but this risks depressing property values, eroding bank collateral
- Increasing reliance on government support

2026 risks heatmap





Strategic Priorities 2026-2028

Liana DeBattista, CSO

Why strategy matters now more than ever

Why this strategic cycle matters

- The environment is more volatile and more competitive
- Funding costs, margins and capital discipline increasingly define value creation
- Strategy is about choice, trade-offs and return discipline

As APS entered the 2026-2028 planning cycle, we sharpened our strategy to ensure growth consistently translates into sustainable shareholder value

What has not changed

Purpose-led. Value-driven.
More relevant than ever.

- Our vision: to be the community bank in Malta
- Our customer promise: simpler, more personal banking
- Our commitment: long-term, responsible value creation

Our community and sustainability DNA remains a strength —underpinned by sustainable profitability, resilience and capital discipline

More of us — serving a growing share of households and businesses across Malta

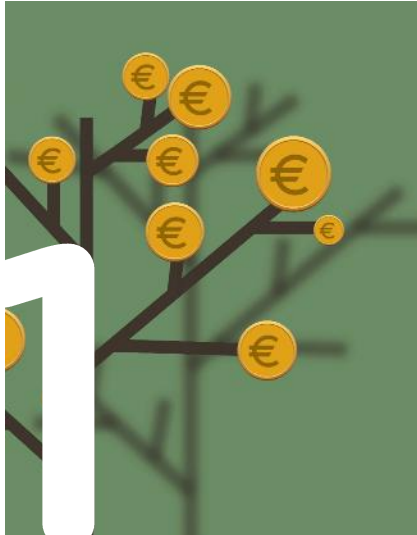
Because of our size and importance — APS plays a meaningful role in Malta's financial system and daily economic life

The second-largest lender — a leading provider of home and commercial lending

Malta needs a strong, forward-looking everyday banking proposition — and APS is central to that role

Where we are sharpening our focus

1



Evolving the business model for stronger, resilient performance

2



Enforcing capital allocation & profitability discipline

3



Deepening engagement in high-potential customer segments

4



Expanding share of wallet across our range of services

 **APS**

5



Outcompeting through digital & customer experience

6



Looking for selective growth — consolidation, partnerships & inorganic opportunities

Key strategic initiatives underway in 2026

Everyday banking & customer experience

Stronger
Everyday
Banking
Proposition

Digital Banking
Experience &
myAPS
Functionality

Modern
Payments & Card
Services

Online Customer
Onboarding

Customer
Experience
Transformation

Consistent
Experience
Across Channels

Efficiency, scalability and resilience

Simplified
Processes &
Operations

Smart
Automation of
Core Processes

Easier End-to-
End Customer
Journeys

Improved Data
Quality &
Integrity

AI-Enabled
Efficiency &
Personalisation

Robust
Cybersecurity

Growth & proposition development

Expanded Business
Banking Solutions

Sustainable Finance
Products & Services

Branch Network &
Experience Transformation

From strategy to execution

Business Plan 2026–2028: execution in motion

- The Business Plan 2026–2028 is Board-approved and in execution
- Strategic priorities are embedded in performance management and capital allocation
- Progress will be monitored through clear financial and non-financial outcomes

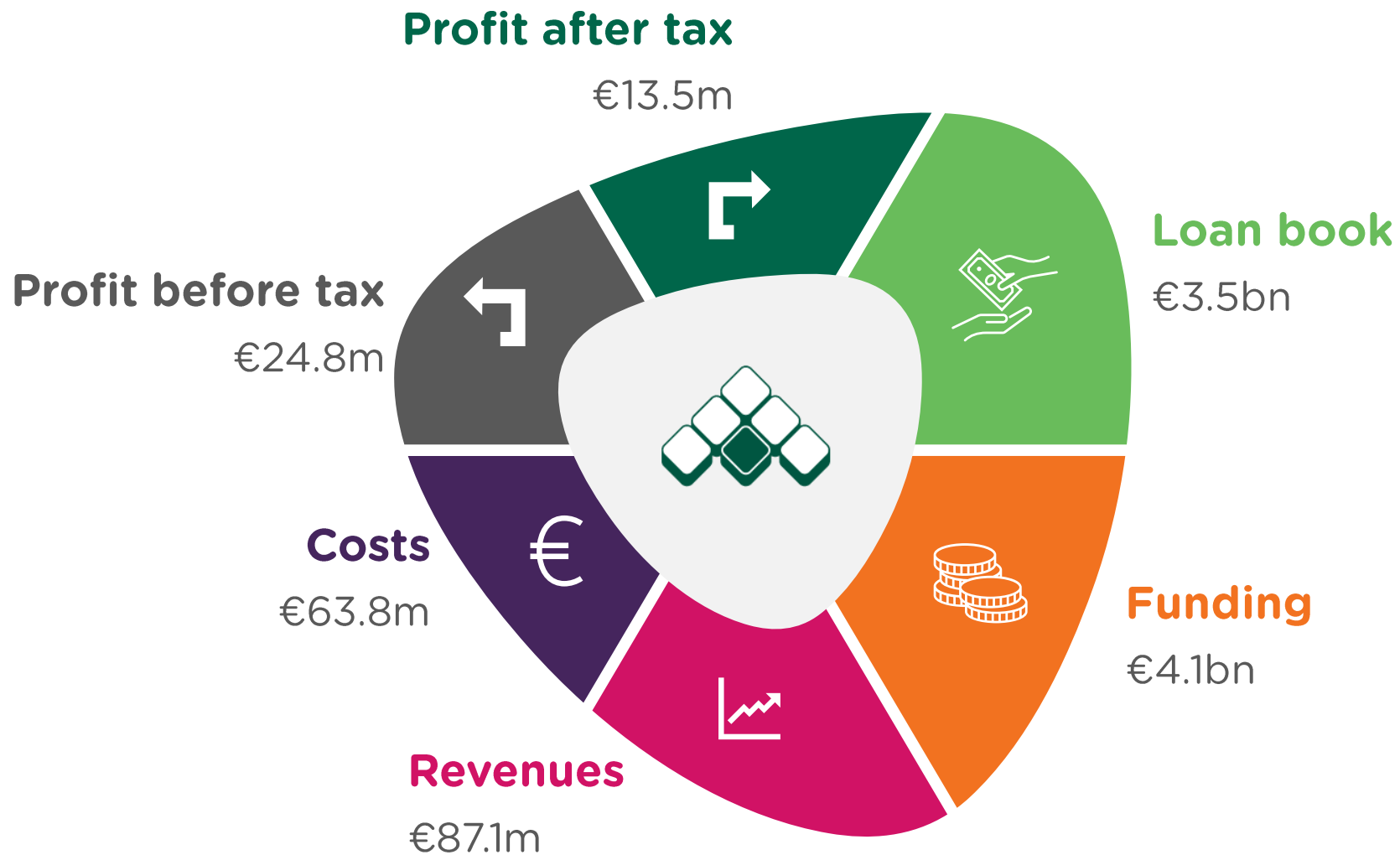
APS is firmly in execution mode — focused on delivering sustainable returns and shareholder value over the short, medium and long term

The background of the slide is a dark blue gradient with various financial charts. A large white U-shaped line, resembling a parabolic trend or a stylized 'U', is superimposed over the charts. The charts include a candlestick chart on the left, a bar chart in the center, and a line chart on the right. Faint numbers like '1500', '45', and '10' are visible on the right side of the charts.

Financials

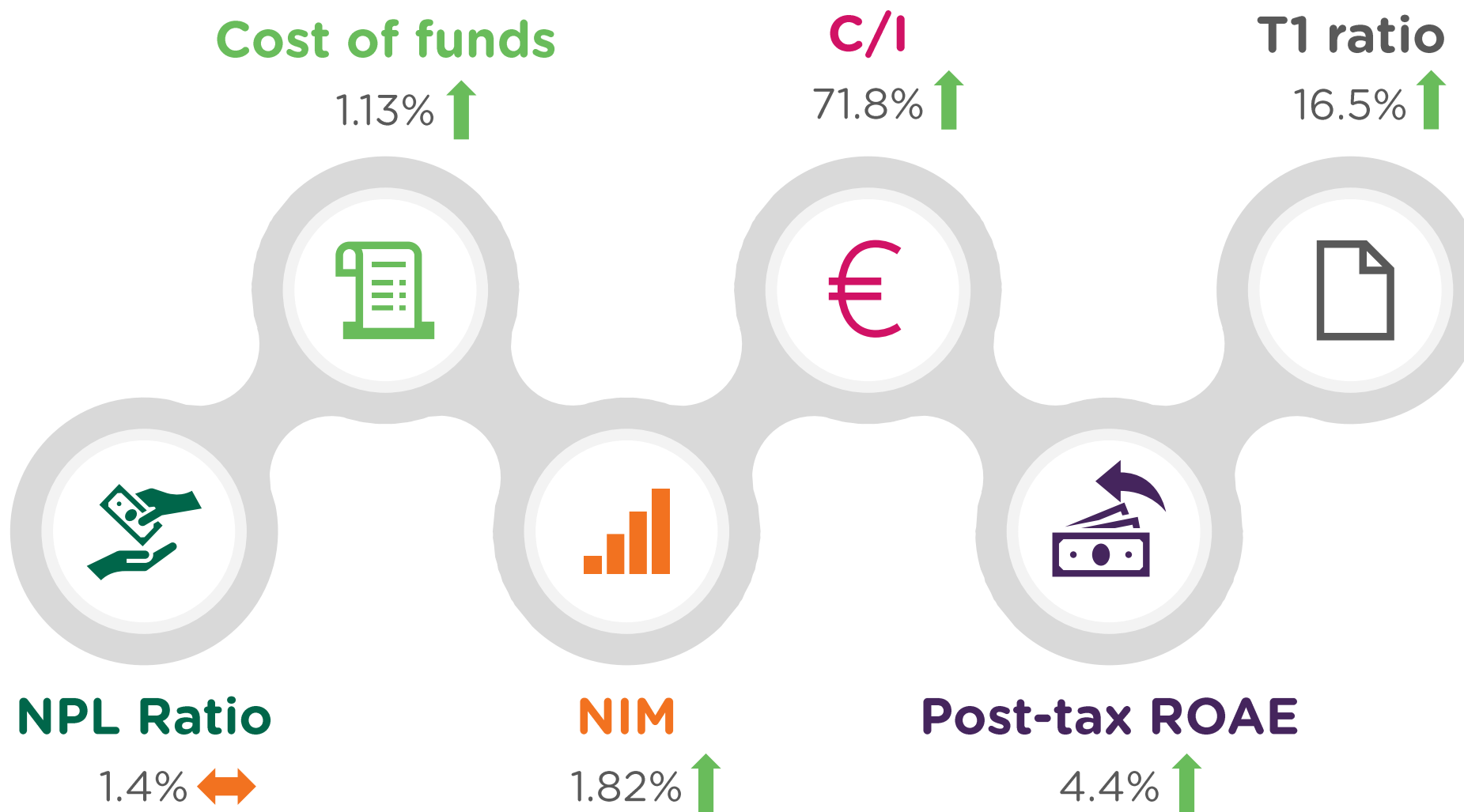
Ronald Mizzi, CFO

Y25 already-published targets



*All data as per Forecast published in Rights Issue Prospectus and Investors' Presentation

... with the respective target KPIs



*All data as per Forecast published in Rights Issue Prospectus and Investors' Presentation



The pillars for higher returns

1

Top-line evolution

2

First class asset quality

3

Controlled cost growth

Y26 outlook

Cost of funds

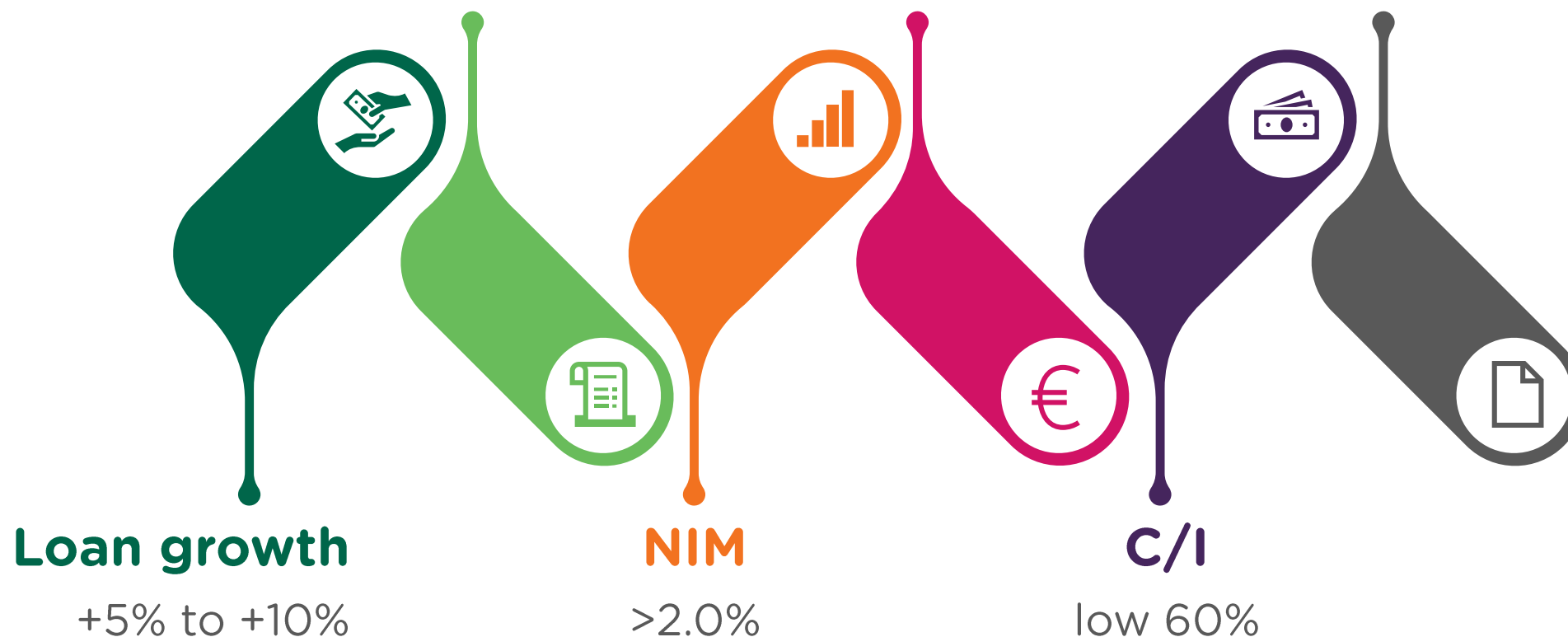
<1.0%

Revenue growth

+15% to +20%

Post-tax ROAE

6% to 7%



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