Sustainability Report 2025

APS bank
values you can bank on

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Message from the Chief Executive Officer



At APS Bank, sustainability is not a new direction; it was in the genesis of the Bank when it was first founded over a century ago. Since then, we have grown alongside the communities we serve, and with that growth, we have recognised a clear responsibility: to support progress not only economically, but also socially and environmentally.

Today, this responsibility is more important than ever as we navigate an increasingly complex and fast-changing world. The year 2025 was marked by continued uncertainty, geopolitical tensions, changing economic conditions, and growing climate-related risks.

We firmly believe that sustainability and performance go hand in hand and form part of our strategic priorities. Our progress in this area is grounded in disciplined execution, strong governance, and a focus on long-term value creation. This has meant embedding environmental, social and governance considerations directly into how we make decisions, across lending, risk management, product development, and operations and within the broader framework through which we manage growth and risk. This approach is further supported by strong governance structures, including the oversight of our ESG Committee, which plays a central role in guiding our sustainability agenda, monitoring progress, and ensuring alignment with our strategic priorities.

We have also made progress in building our capabilities to measure and manage our environmental impact, including the ongoing work to establish a baseline for financed emissions in line with internationally recognised methodologies.

At the same time, we maintained our strong commitment to supporting the transition to a more sustainable economy. Our sustainable finance portfolio has continued to grow, reflecting both customer demand and our ambition to play a meaningful role in enabling positive change across Malta's economy while aligning our business growth with longer-term economic, environmental and social priorities.

Our sustainability focus extends beyond frameworks and metrics. It is also about people and communities. We remain deeply committed to financial inclusion, responsible banking, and supporting initiatives that make a tangible difference in society. Our continued support for community projects, education, and cultural initiatives reflects our belief that a strong society is the foundation of a strong economy. Over 250 requests were received following the Bank's 2025 call for CSR funding proposals, reflecting the strong level of community engagement and the Bank's ongoing commitment to supporting impactful initiatives.

Internally, we continue to invest in our people, fostering a culture that promotes responsibility, inclusion, and accountability. This culture is essential in ensuring that sustainability is not confined to policy but is reflected in everyday decisions across the organisation.

Looking ahead, we are conscious that the journey is ongoing. The regulatory landscape is evolving, stakeholder expectations are increasing, and the challenges we face, particularly in relation to climate change require continuous adaptation. We see this not as a constraint, but as an opportunity to strengthen our approach, improve our capabilities, and lead responsibly.

This report marks an important milestone as we publish our first standalone sustainability report, prepared in line with the Voluntary Sustainability Reporting Standard for SMEs (VSME). We have chosen this recognised international standard as it provides a proportionate and structured approach to enhancing the transparency and consistency of our sustainability disclosures.

Our ambition is clear: to continue building a resilient, forward-looking bank that delivers sustainable value for customers, shareholders, and society alike. This is how we stay relevant. This is how we remain trusted. And this is how we contribute to a more sustainable future. In conclusion, I would like to acknowledge and thank all those who contribute to APS Bank's continued progress our Board, our people, our customers and our shareholders. Your trust enables us to move forward with clarity and ambition. Together, we will continue to strengthen our position as a trusted and responsible bank for the future.

Marcel Cassar
Chief Executive Officer

Message from the Chief Strategy Officer



Sustainability is increasingly shaping the context in which banks operate, influencing customer expectations, risk considerations, regulatory priorities and, ultimately, the choices we make about where and how we grow. For APS Bank, our focus is therefore on moving progressively from sustainability as a set of initiatives towards its deeper integration into strategy, decision-making and the way we manage the business.

During 2025, we continued to strengthen the foundations needed to support this transition. An important milestone was the completion of our first Double Materiality Assessment, providing a more structured understanding of the sustainability-related impacts, risks and opportunities most relevant to the Bank and its stakeholders. This gives us a stronger basis from which to prioritise our efforts and ensures that our sustainability agenda remains connected to the realities of our business model and the environment in which we operate.

Governance remains fundamental to this approach. During the year, we continued to review and strengthen policies across a number of areas. Updates to our Feedback & Complaints Handling and Vulnerable Customers Policies reinforced our focus on customer outcomes and accessibility, while the review of our Reputational Risk Policy further strengthened the framework through which reputational considerations are identified, assessed and managed across the organisation.

We also continued to advance the integration of environmental, social and governance considerations within our lending activities. Work undertaken during 2025 to enhance the Responsible Lending Policy, first introduced in 2023, is moving us towards a more sector-based approach to ESG risk. This will enable greater differentiation of risks across the portfolio, particularly within sectors with heightened environmental or social exposure, while equipping our Commercial teams to engage more effectively with customers on sustainability-related considerations.

Building our data and analytical capabilities is equally important. During the year, we progressed work to measure financed emissions across our lending and proprietary investment portfolios in accordance with the PCAF methodology. Given that the most significant environmental impact of a bank typically lies beyond its own operations, understanding the emissions associated with the activities we finance is an important step. Over time, stronger data will enable us to move from measurement towards more informed risk assessment, portfolio management and engagement with our customers as they navigate their own transition.

Our first climate risk assessment and the continued development of our sustainability reporting capabilities form part of the same journey. These exercises have also highlighted areas where methodologies and data need to mature. We regard this transparency as important: credible sustainability management requires us to understand not only where progress has been made, but also where further capability needs to be built.

Sustainability also requires us to look beyond our own organisation. Through platforms such as the Malta Sustainability Forum and our participation in national and European sustainability networks, we continue to contribute to—and learn from—wider conversations on the environmental and social challenges facing businesses and communities. Such engagement helps us remain connected to emerging thinking while contributing our own perspective as a Maltese financial institution.

This first standalone Sustainability Report is another important step in that evolution. It provides a more structured and transparent account of where we stand today, while establishing a baseline against which our approach and performance can continue to develop.

Looking ahead, our priority is not sustainability for its own sake, but sustainability that strengthens the long-term resilience and relevance of our business. This means continuing to embed sustainability considerations within strategy and risk management, improving the quality and coverage of our data, developing our capabilities, and supporting customers as economic and environmental conditions evolve.

The transition will necessarily be progressive. Our role is to approach it with discipline and pragmatism, balancing ambition with the realities of our market and ensuring that the choices we make support responsible growth and long-term value creation. In doing so, we aim to ensure that sustainability becomes increasingly embedded not only in what APS reports, but in how we think, decide and grow.

Liana DeBattista
Chief Strategy Officer

SECTION 1
Introduction

Introduction

This report has been prepared on a consolidated basis at APS Group level, which is comprised of APS Bank plc (referred to as 'the Bank'), ReAPS Asset Management Limited (referred to as 'ReAPS') and APS Diversified Bond Fund (a sub-fund of APS Funds SICAV plc, in which the Bank holds 99.99% of the founder shares), collectively referred to as 'the Group' or 'APS'.

The Group also maintains significant investments in associated entities, including IVALIFE Insurance Limited (IVALIFE), the APS Income Fund, the APS Ethical Cautious Fund (previously APS Ethical Fund), the APS Ethical Balanced Fund and the APS Ethical Adventurous Fund (previously APS Global Equity Fund).

While there is currently no legal obligation for the Group to report on its performance in the areas of Environment, Social, and Governance ('ESG') matters, APS has chosen to report on a voluntary basis, reflecting its commitment to transparency, accountability, and long-term value creation. Sustainability considerations are increasingly embedded within APS's strategic direction, risk management, and product offering. This report provides insight into the steps APS is taking to make its services more sustainable, how it contributes to a more inclusive society, and its commitment to responsible business practices.

Beyond compliance, APS views sustainability reporting as a strategic tool to inform stakeholders, strengthen internal decision-making, and support continuous improvement. The Group's ambition is to build a resilient, future-ready institution that contributes meaningfully to the economy and society.

BASIS OF THE REPORT (B1)

This sustainability report has been prepared in accordance with the Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME), developed by the European Financial Reporting Advisory Group ('EFRAG'). While the Group is a listed large entity and is not classified as a non-listed SME, it has adopted the VSME framework on a voluntary basis. In this report, the Group has chosen to disclose information in line with both:

- the Basic Module, and
- the Comprehensive Module

of the VSME standard, reflecting APS's intention to maintain a robust and decision-useful level of transparency. This represents APS's inaugural sustainability report, presenting key figures and outlining the ESG policy and corresponding measures for the financial year ended 31 December 2025. As a first-year adoption, no comparative data is being presented. Future reporting cycles are expected to progressively enhance data depth, consistency, and comparability.

The Group welcomes your feedback and enquiries. Please reach out to the Sustainability Unit at sustainability@apsbank.com.mt.

General Characteristics

APS Bank plc (C2192) is incorporated and domiciled in Malta as a public limited company under the Companies Act (Cap. 386 of the Laws of Malta). It is licensed by the Malta Financial Services Authority ('MFSA') to carry out the business of banking and investment services in terms of the Banking Act (Cap. 371 of the Laws of Malta) and the Investment Services Act (Cap. 370 of the Laws of Malta). The Bank is also enrolled in the Tied Insurance Intermediaries List in terms of the Insurance Intermediaries Act (Cap. 487 of the Laws of Malta).

ReAPS Asset Management Limited (C77747) is a wholly owned subsidiary of the Bank incorporated in October 2016 as a private limited liability company. ReAPS operates as a UCITS fund management company and is licenced by the MFSA to perform investment management services, including Discretionary Portfolio Management, under the Investment Services Act. The company also holds a Registration Certificate pursuant to article 6 of the Retirement Pensions Act (Cap. 514) to carry out activities as an Investment Manager of retirement schemes.

APS Funds SICAV plc (SV78) was incorporated in January 2008 and is licensed by the MFSA as a collective investment scheme under the Investment Services Act. The company operates under the Retail UCITS Scheme and has established five sub-funds.

Across all entities, the Group delivers a diversified range of business activities, which can be classified under the below NACE codes. These NACE codes provide a standardised framework for classifying economic activities into sectors enabling comparability and a common understanding among the various EU countries.

GROUP NACE ACTIVITIES[1]

Entity	NACE Code	NACE Activity
APS Bank plc	K64.19	Other monetary intermediation
APS Bank plc	K66.19	Other activities auxiliary to financial services, except insurance and pension funding
ReAPS Asset Management Limited	K66.30	Fund management activities
APS Funds SICAV plc	K64.30	Trusts, funds and similar financial entities
IVALIFE Insurance Limited (Associate)	K65.11	Life insurance
APS Ethical & Income Funds (Associates)	K64.30	Trusts, funds and similar financial entities

[1] The NACE classifications presented in the table above are based on the principal regulated activities of each Group entity, as described in the "Constitution and Principal Activities" section of Annual Report.

A high-level overview of the Group's financial performance, including balance sheet size, turnover and number of employees for the financial year ended 31 December 2025 can be seen in the table below.

THE GROUP'S FINANCIAL PERFORMANCE, POSITION AND NUMBER OF EMPLOYEES FOR THE YEAR ENDED 31 DECEMBER 2025

Description	Total	Unit
Size of Balance Sheet	4,645,077,000	EUR
Total Operating Income	89,262,000	EUR
Number of Employees	688	Headcount

The registered office of Group entities is APS Centre, Tower Street, Birkirkara, BKR 4012, which represents its head office. Additionally, the Group operates 12 branches located across Malta and Gozo which vary between owned, leased and managed. The Group also has some additional properties within its portfolio as specified below.

LOCATION OF SIGNIFICANT ASSETS AND RESPECTIVE GEOLOCATION OF SITES OWNED, LEASED OR MANAGED

Sites	Address	Postal Code	City	Country	Geolocation
Head Office and Commercial Business	APS Centre Tower Street	BKR 4012	Birkirkara	Malta	35.899543265363484, 14.475592984049728
Valletta Branch	17 - 18, Republic Street	VLT 1111	Valletta	Malta	35.89702107073671, 14.510843420920443
Attard Branch	Santa Katarina Street	ATD 2609	Attard	Malta	35.89442394110793, 14.436770965929371
Swatar Branch	APS Centre, Tower Street	BKR 4012	Birkirkara	Malta	35.899724480251706, 14.475646723601482
Mosta Branch	9, Rotunda Square	MST 9042	Mosta	Malta	35.90937821923975, 14.425965810109789
Paola Branch	146 - 147, Antoine De Paule Square	PLA 1260	Paola	Malta	35.87282612987692, 14.507319365928021
Sliema Branch	226, Tower Road	SLM 1600	Sliema	Malta	35.91707860655068, 14.498759567782015
Victoria (Gozo) Branch	Taħt Putirjal Street, Ir-Rabat Għawdex	VCT 1341	Victoria	Malta	36.04410382257356, 14.241120455469277
Qormi Branch	70 - 72, St. Sebastian Street	QRM 2335	Qormi	Malta	35.89262709567695, 14.471393754444088
Rabat Branch	25, Saqqajja Street	RBT 1192	Rabat	Malta	35.88277284969244, 14.402529334057496
SkyParks Branch	SkyParks Business Centre - Level 1, Malta International Airport plc	LQA 4000	Luqa	Malta	35.85760798911356, 14.490221552793118
St Paul's Bay Branch	Mosta Road	SPB 3115	St Paul's Bay	Malta	35.946382666334394, 14.409620926562127
Zejtun Branch	12, Republic Square	ZTN 1011	Zejtun	Malta	35.85598115887285, 14.533107577716244
Floriana Branch (Closed down)	21, Sant'Anna Street	FRN 9021	Floriana	Malta	35.897882795207806, 14.510915769699176
St Julian Hub Community Centre	Mikelang Borg Street	SPK 1000	St Julians	Malta	35.918267217774634, 14.489498580101014
APS House	275, St. Paul Street	VLT 1213	Valletta	Malta	35.89720988790223, 14.514006085035401

Currently, APS does not hold any sustainability certifications or labels. Given the nature of operations of the Group is financial services, the applicability of sustainability related certifications is limited.

STRATEGY: BUSINESS MODEL AND SUSTAINABILITY – RELATED INITIATIVES (C1)

Products and Services offered

The Group, which primarily consists of the Bank, and its asset management subsidiary, is an established Maltese financial services group that provides a comprehensive range of banking and related financial services to its personal and corporate customers. Since its founding in 1910, the Bank has remained deeply connected to local communities, supporting customers in realising their financial and economic ambitions, whether purchasing their new family home, financing a new car, investing in renewable energy solutions, or planning for their retirement or other long-term goals.

The Bank provides a wide suite of products and services, including:

- deposit and savings products,
- credit and lending facilities,
- payment and transactional services, and
- investment, wealth management (discretionary and non-discretionary) and retirement services.

These offerings are delivered to customers through a hybrid distribution model combining a physical branch network across Malta and Gozo, alongside digital channels. The Bank continues to invest in both channels to ensure accessibility, operational resilience, and customer-centric service delivery.

Digital capabilities are anchored in **myAPS**, the Group's digital banking platform available on desktop and mobile. This allows customers to view accounts, perform transactions, and access banking services anytime, anywhere. This supports both convenience and operational sustainability through reduced reliance on paper-based and in-branch processes.

The Bank also participates in Syndicated Lending on an ongoing basis, securing participations in facilities arranged by renowned international financial institutions. This diversifies income streams while supporting broader economic activity beyond the domestic market.

Staying true to its mission of serving the community, APS Bank places a strong emphasis on financial inclusion. It is committed to ensuring that all segments of society, including families in need or those requiring tailored assistance, can access essential banking services.

In addition to APS Bank plc, the Group includes ReAPS Asset Management Limited, a fully owned subsidiary that provides investment management services to collective investment schemes and acts as an investment manager of retirement schemes. Through ReAPS, the Group supports the provision of professionally managed investment solutions on behalf of clients.

The Group's main products and services are presented across the following service lines.

- **Retail Banking**
  Offers a broad range of products and services to meet the personal banking needs of individual customers, being Maltese residents. This includes home loans, personal loans, overdraft facilities, credit and debit cards, deposit account products and other general banking activities (such as payment services amongst others).
- **Commercial Banking**
  Offers banking products to meet the needs of commercial customers, being Maltese Corporates registered under the Maltese Companies Act. This includes all lending facilities falling under the commercial product suite, trade finance and deposit account products alongside various payment and cash management solutions.
- **Investment Services**
  Provides a range of products and services to meet the investment needs of clients including a broad range of investment and insurance products, the pension plan products, and discretionary and non-discretionary investment services; and
- **Liquidity Management and Structured Finance**
  Covers the management of the financial investments' portfolio, correspondent bank relationships, trade finance and syndicated loan portfolios.

Significant Markets

APS operates mainly in Malta and provides services to different market segments such as retail, commercial and syndicated and trade finance. While its primary geographic focus is domestic, the Group has indirect international exposure mainly through syndicated lending, correspondent banking relationships, and investment activities.

MARKET SEGMENTS AND PRODUCTS AND SERVICES OFFERED BY THE GROUP

Market Segment	Group Entity	Target Market	Key Products / Activities
Retail Banking	APS Bank plc	Retail customers	• Mortgages • Personal and unsecured loans • Deposit account products • Debit and Credit Cards • Payments • Insurance based investment and pension products
Commercial Banking	APS Bank plc	Corporates and SMEs	• Commercial lending • Real estate finance • Trade finance and guarantees • Deposit account products and cash management
Investment Services / Wealth Management	APS Bank plc	Retail, professional and eligible counterparties	• Discretionary and nondiscretionary portfolio management • Investment advice • Execution and safekeeping
Syndicated and Trade Finance	APS Bank plc	Corporate and institutional counterparties	• Syndicated loan participations • Structured and trade finance
Asset Management	ReAPS Asset Management Ltd	Collective investment schemes, retirement funds; professional and retail clients	• UCITS management • Investment management of retirement schemes • Noncore individual portfolio management
Collective Investment Schemes	APS Funds SICAV P.L.C.	Retail investors	• Retail UCITS investment funds (third party managed)

Business Relationships - Supplier Ecosystem

In order to operate, APS works closely with a broad network of supply chain partners, which forms the foundation for delivering reliable services to both private and business users. The Group collaborates with an extensive number of suppliers across various sectors, each playing a crucial role in its operations. These mainly include entities in the:

- **Technology and IT Infrastructure**
  Specifically, providers of hardware, licences, cybersecurity, core banking systems, maintenance, services, software, support and telecommunications.
- **Financial Services Infrastructure**
  Including Capital Market Transactions, Insurance Brokers, Correspondent Banking Relationships, Internet Banking Platform Provider, Custodial Asset Servicing, Payments HUB and SWIFT service bureau provider, Core Banking System Provider (ICBS), Fund Management, Card Scheme, Cards Processor, ATM acquiring and Interbank Transactions.
- **Property and Operational Support**
  Including facilities management, energy system (support on generators and support on HVAC systems), and physical infrastructure maintenance.
- **Professional and Advisory Services**
  Including legal, audit, consulting, and specialised advisory providers.

While some of the supply chain partners are based in Malta, the supplier network also extends across Europe and beyond, being part of international corporations operating globally.

From a sustainability perspective, the Group is continuously strengthening its approach to supplier engagement, with a focus on:

- reliability and resilience of critical services,
- data security and regulatory compliance, and
- alignment with emerging ESG expectations.

Business Relationships - Consumer Relationships and Distribution Channels

The provision of the Group's products and services through both its physical and virtual channels, as well as the ongoing refinement and modernisation of its internal processes support the Group's objective of providing excellent customer experience and service, while also contributing to environmental objectives through reduced resource consumption.

APS continues to devote increasing attention and resources towards ensuring that its customers feel comfortable and confident in engaging with the Group through several physical and virtual interactive spaces.

Significant investment has gone into upgrading the Group's network of Retail branches, making them more modern in design and experience for its customers and colleagues alike. Branches are now being equipped with improved office spaces and furniture, modern waiting and meeting areas, as well as interactive digital display monitors that are available for customers to use.

At the same time, APS is accelerating its digital transformation journey. Digital channels are increasingly central to customer engagement. This hybrid model supports both inclusivity—by maintaining physical presence—and efficiency—by expanding digital adoption.

Business Sustainability Strategy

Governance, Implementation and Progress

Governance and Strategic Oversight

The Group's Sustainability Strategy is owned at executive level by the Chief Strategy Officer ('CSO') and forms an integral part of APS Bank Group's enterprise-wide strategy. Sustainability is therefore not treated as a standalone initiative, but as a core component of long-term value creation, risk management, and business model resilience. The Strategy is reviewed on a rolling three-year cycle to ensure continued alignment with the Group's business objectives, regulatory expectations, supervisory guidance, and evolving sustainability priorities.

The Sustainability Strategy is operationalised through a dedicated Sustainability Unit, established in 2022, which is responsible for driving implementation across the Group. The Strategy focuses on enabling green and sustainable growth, embedding sustainability considerations within business decision-making, and enhancing internal and external engagement on the Group's sustainability approach. Oversight of the Sustainability Strategy is provided through a dual governance structure comprising the ESG Committee and the Executive Committee, ensuring strategic direction, robust governance and operational accountability.

ESG Committee

The ESG Committee brings together Non-Executive Directors and members from the Group's Senior Management to provide strategic oversight of the Group's ESG initiatives.

Its mandate is to:

- ensure effective governance of ESG-related policies, activities and practices across the Group,
- support the integration of sustainability considerations into the Group's overall Strategy and operations, and
- monitor emerging ESG risks, opportunities, and regulatory developments.

The Committee provides advice, guidance and recommendations to the Board of Directors through the Executive Committee, supporting informed decision making and oversight.

Composition of the Group's ESG Committee:

- **Marcel Cassar** – Chief Executive Officer
- **Noel Mizzi** – Chair, Non-Executive Director
- **Michael Pace Ross** – Non-Executive Director
- **Marisa Xuereb** - Non-Executive Director (Appointed in July 2026)
- **Liana DeBattista** – Chief Strategy Officer (Non-Voting)
- **Noel McCarthy** – Chief Investments Officer
- **Gevit Duca** – Senior Credit Risk Manager (Non-Voting)
- **Matthew Swain** – Head of Sustainability

The ESG Committee considers material ESG issues and policies relevant to the Group's business activities, and promotes initiatives aimed at enhancing ESG performance. It ensures that the Group is keeping the UN Sustainable Development Goals as an overarching guide, monitors their applicability, and considers emerging ESG topics to maintain a forward-looking and resilient approach.

Strategic Priorities and Implementation Approach

To deliver on its sustainability objectives, the Group has adopted a multi-pronged strategic approach, encompassing the following key initiatives:

- Facilitating increased social and green lending (sustainable finance) across both retail and commercial portfolios;
- Expanding or enhancing the Bank's ESG-focused product suite;
- Broadening ESG-linked investment offerings;
- Strengthening sustainability reporting and meeting ESG regulatory and supervisory requirements;
- Integrating ESG considerations into selected banking activities and decision-making processes; and
- Rolling out targeted sustainability and ESG-thematic training across the Group, from Board and executive level to frontline functions.

This approach ensures that sustainability is operationalised across the full value chain rather than confined to isolated initiatives.

ESG Management Framework

The Group recognises that its responsibilities towards the environment and society extend beyond legal and regulatory requirements. The Group acknowledges its exposure to environmental, social and governance (ESG) risks and closely monitors regulatory guidance, market developments and supervisory expectations.

Measures to manage and mitigate these risks are embedded in key policies governing the commercial lending and investment process.

Responsible Lending Policy

The Responsible Lending Policy (RLP) is a key framework for embedding sustainability into credit decision-making, formalising long-standing practices and translating the Bank's Sustainability Strategy into clear lending criteria. Launched in 2022 and aligned with the European Banking Authority (EBA) Guidelines on Loan Origination and Monitoring, the RLP provides transparent, ESG-based assessment standards for evaluating lending proposals, setting minimum requirements and the ESG considerations to ensure that financing decisions reflect the Bank's risk appetite, values and regulatory expectations.

In 2025, the RLP underwent a comprehensive overhaul to embed a more holistic approach to responsible finance. The Bank is transitioning to a sectoral approach to better identify and manage ESG risks, particularly in relation to larger commercial exposures. The revised Policy also provides enhanced guidance to equip Commercial teams with the confidence and tools needed to engage constructively with customers on sustainability-related matters. This evolution reflects a shift from principles-based to more operational ESG integration within lending processes.

Environmental and Social Management System

The Environmental and Social Management System (ESMS) establishes the Bank's framework for managing environmental and social risks. It primarily sets out the list of excluded activities and environmental and social risk categorisation systems, using NACE Codes, which assigns a risk rating to customers. This rating is applied as part of the application process. The Policy is scheduled for review in 2026 to maintain alignment with evolving regulatory and sustainability risks.

Further information on these policies is provided in section C2 of this report.

Sustainable Finance Product Portfolio

Sustainable finance is a core pillar of the Group's Sustainability Strategy and a key driver of long-term and resilient growth. It means financing and supporting activities that deliver environmental, social and climate-related benefits. The Bank has developed a range of sustainable finance products to support Malta's transition to a low-carbon and more inclusive economy. In line with its long-term vision for responsible banking, the Group has set a target to facilitate €250 million in sustainable finance by 2030.

The Group's green lending portfolio serves both retail and commercial customers. Key products include:

- Green Home Loans, which support the purchase of energy-efficient residential properties,
- APS Eco Loans, which finance products and investments with a positive environmental impact, and
- APS Green Term Deposits, launched in 2023, the first fixed-term deposit of its kind in the local market. Funds raised through this product are allocated to the financing of local projects that qualify for green lending, thereby directly financing Malta's transition towards a lower-carbon economy.

On the social dimension, the Bank's vision to be "the community bank" is reflected in targeted initiatives undertaken in collaboration with government entities. Through these partnerships, the Bank supports households that would not otherwise qualify for traditional home lending solutions, enabling access to housing finance for this customer segment.

Progress to Date (as at 31 December 2025)

The Bank reached €244 million under the 2025 ESG portfolio definition, just below the €250 million sustainable finance target, supported mainly by green lending and social lending products developed in collaboration with the Housing Authority.

Since the launch of the Green Term Deposit in February 2023, the Bank has financed over 1,320 green projects, totalling more than €148 million.

Green Term Deposits accounted for 9.5% of the eligible green lending portfolio, representing over €165 million.

The allocation of eligible green lending across categories is illustrated below:

Green Buildings (~81%)	Renewable energy and efficiency (~5.5%)	Transport and Other (~13.5%)
Loans for residential properties with lower energy use and carbon footprints across the Maltese Islands	PV panels for commercial and residential use, and installation of energy saving equipment such as solar water heaters or double-glazing apertures	Electric and hybrid vehicles as well as any green-qualifying residential and commercial projects that are uncategorised



This distribution reflects the current structure of Malta's transition pathway, where real estate remains a key lever for decarbonisation.

Industry Collaboration and Alliances

The Group actively believes in driving the sustainability agenda. Memberships and industry alliances support the Group's responsible business practices and broader ESG objectives. In this respect, the Group's banking arm forms part of several key bodies, being:

- **Malta ESG Alliance ('MESGA')** – APS Bank is a founding member of MESGA, an initiative launched in July 2022 by 13 leading Maltese companies across various sectors. The Alliance fosters collaborative action to advance national ESG goals. In 2024, APS Bank's Head of Sustainability was elected to the board of MESGA.
- **Sustainable Banking Coalition ('SBC')** – The Bank is an active participant of this Brussels-based network, bringing together banks committed to environmental and social sustainability. Through its involvement, the Bank aspires to exert influence in European Public Affairs and steer actions that aim to create a just, equitable, diverse, inclusive and climate- and environmentally responsible banking system.
- **Federation of Ethical and Alternative Banks and Financiers ('FEBEA')** – The Bank is a member of FEBEA, a European network of ethical banks and social finance institutions that promote a financial system oriented towards social justice, environmental protection and real economy development. Through this membership, the Bank participates in knowledge-sharing initiatives, access to specialised expertise and collaborative projects in areas such as social entrepreneurship, green finance and financial inclusion. FEBEA's advocacy and tools help the Bank further embed ethical criteria, impact considerations and transparency into its products and governance, strengthening the Group's sustainability agenda.

Through these collaborations, APS strengthens its internal capabilities while contributing to the broader development of a more sustainable and inclusive financial system.

Double Materiality Analysis (DMA)

As part of embedding sustainability reporting within its broader Sustainability Strategy, APS Bank Group conducted its first Double Materiality Assessment ('DMA') to identify material impacts, risks and opportunities and to determine the material sustainability-related matters to be reported across environment, social and governance topics.

While the Group's sustainability reporting is currently prepared in accordance with the VSME, the DMA process was conducted in alignment with the methodology and requirements set out in the European Sustainability Reporting Standards ('ESRS') as mandated under the Corporate Sustainability Reporting Directive ('CSRD'). This ensures that APS's materiality assessment is consistent with emerging European best practice and supervisory expectations.

Double materiality considers both:

- **Impact materiality**, assessing the Group's significant impacts on the environment and society arising from its business activities; and
- **Financial materiality**, assessing sustainability-related risks and opportunities that may influence the Group's financial performance, position and future prospects.

While the process to identify material topics was performed in accordance with ESRS methodology, the associated disclosures to address the material sustainability matters/ topics have been prepared in accordance with the associated disclosure requirements established in the VSME standards. Climate Change (E1), Consumers and End-users (S4), and Business Conduct (G1) were determined as material topics based on DMA.

Financed Emissions

To further strengthen its environmental impact management, the Group launched an initiative to measure its financed emissions across its lending and proprietary investment portfolios. This exercise follows the Partnership for Carbon Accounting Financials ('PCAF') Framework, ensuring a rigorous and internationally recognised approach to carbon accounting for financial institutions.

The introduction of financed emissions measurement represents a key step towards:

- improving transparency on the Group's indirect environmental impact,
- supporting the identification of carbon-intensive exposures, and
- enabling the gradual integration of climate considerations into strategic and risk decisions.

Over time, this capability is expected to underpin more advanced climate-related metrics, target-setting, and portfolio steering.

The Group aims to continue broadening its Sustainability Strategy, including through the UN Sustainable Development Goals (SDGs), emissions accounting and ESG reporting.

Forward Looking Perspective

Building on the foundations established through its first VSME-aligned sustainability report, the Group intends to further enhance the maturity and consistency of its sustainability-related practices and disclosures over time.

Future priorities going forward include:

- the continued integration of sustainability considerations into business decision-making and risk management processes,
- the progressive refinement of data quality and coverage,
- the evolution of internal processes supporting environment and climate-related risk management,
- strengthening internal governance, tools, and capabilities supporting sustainability and reporting.

As regulatory expectations, market practices and data availability continue to develop, the Group will periodically review and adapt its Sustainability Strategy and disclosures to ensure they remain proportionate, decision-useful and aligned with its business model and risk profile.

OVERVIEW OF POLICY AND MEASURES FOR SUSTAINABLE TRANSFORMATION (B2)

APS is committed to the transition toward a more responsible and future-proof economy, focusing on the ESG themes where the greatest impact can be achieved.

Its policies, implemented measures, and future initiatives aim to minimise negative effects on people and the environment while enhancing positive impact. Through this approach, APS makes a targeted contribution to a sustainable society.

SUMMARY OF ESG-RELATED POLICIES

	B2			
ESG Topics	Policies, Measures and/or Future Plans	Publicly Available	Inclusion of Board approved targets Goals / Targets	Notes
Climate Change	Yes	Partially[2]	No standalone quantitative targets; objectives are embedded within Board-approved Responsible Lending and Sustainability Risk Policies. Relevant public commitments are disclosed in the corresponding sections of this report.	These environmental topics are addressed indirectly through the Responsible Lending Policy and the Sustainability Risk Policy, which require environmental and ESG-related risks of clients and transactions to be considered as part of credit assessment and risk management processes. The Group does not currently have standalone, topic-specific operational policies or quantitative targets related to these environmental themes.
Pollution	Yes			
Water and Marine Resources	Yes			
Biodiversity and Ecosystems	Yes			
Circular Economy	Yes			
Own Workforce	Yes		Yes – Board approved qualitative objectives and zero tolerance targets embedded within Human Capital, conduct and workplace policies.	Own Workforce topics are addressed through a comprehensive framework of policies and strategies owned by the Human Capital, Employer Branding, and Culture Units, including the Inclusive Language Policy and the Employee Listening Strategy. APS Bank has also endorsed the Malta Diversity & Inclusion Charter and implements a DEI Action Plan, reinforcing its commitment to fostering an inclusive workplace. This framework provides a structured approach to managing key workforce-related areas, including diversity and inclusion, remuneration, succession planning, training and development, employee wellbeing, zero-tolerance for discrimination and harassment, flexible working arrangements, and workplace conduct.
Workers in the Value Chain	Yes		Yes – qualitative objectives embedded in Board approved third party, responsible lending and sustainability risk frameworks.	Workers in the value chain are addressed through policies governing thirdparty and counterparty risk management, including the ThirdParty Providers (TPP) Policy, Responsible Lending Policy, Sustainability Risk Policy, AML/CFT framework and related due diligence processes.
Affected Communities	Yes		Yes – qualitative objectives embedded in the Board approved Corporate Social Responsibility Policy.	Affected Communities are addressed through the Corporate Social Responsibility (CSR) Policy, which governs the Bank's approach to community engagement, social initiatives, and the evaluation of requests for CSR funding and support.
Consumers and End-users	Yes		Yes – qualitative objectives embedded in Board approved customer protection, conduct and vulnerable customer policies.	Consumers and End-users are covered through customer protection, conduct and product governance policies, including the Vulnerable Customers Policy, Feedback and Complaints Handling Policy, Product Governance & Oversight Policy, Best Execution Policy, Investment Distribution Policy and Investments Charging Policy.
Business Conduct	Yes		Yes – zero tolerance and governance-based targets approved by the Board and embedded in compliance and risk management policies.	Business Conduct is supported by a comprehensive governance and compliance framework, including anti-bribery and anti-corruption, anti-fraud, AML/CFT, sanctions, conflicts of interest, whistleblowing and market abuse prevention policies.

[2] "Partially" indicates that certain ESG-related policies or principles are referenced publicly at a high-level (e.g. on the website or in public disclosures), with at least one relevant policy potentially available either in full or in a summarised format, while the remaining detailed policy documents are not published and remain internal.

DESCRIPTION OF PRACTICES, POLICIES AND FUTURE INITIATIVES FOR TRANSITIONING TOWARDS A MORE SUSTAINABLE ECONOMY (C2)

This section provides an overview of Group-wide practices, policies, and planned initiatives aimed at supporting the undertaking's transition towards a more sustainable economy.

LIST OF ESG-RELATED POLICIES

Descriptions of Social Related Policies	Publicly available	Targets[3]	Policy Owner
Coaching and Mentoring Policy and Training and Development Policy			
The Bank's Coaching and Mentoring Policy provides colleagues members with structured opportunities for personal and professional development. Coaching and mentoring aim to facilitate reflective practice, goal setting, and the transfer of learning into the workplace, thereby enhancing skills and knowledge in a timely and targeted manner. The Policy defines the principles of coaching and mentoring and sets out the formal procedures for their implementation within the Bank. The Training and Development Policy provides a structured framework for staff development both academically and professionally. The purpose of the Policy is to ensure that the Bank has a mechanism in place for staff development both academically and professionally. It explains: • the Bank's investment for learning and development through training initiatives and opportunities offered by the Bank; • how shortages in the level of skills are identified and addressed; and • the parameters adopted by the Bank to assist staff members in obtaining specific academic qualifications.	**No**	The Bank invests heavily in training and development of its staff members. In fact, an approved budget is invested annually for training and development. There are various training programmes and initiatives in place targeted to different target audience. The below are some examples: • The Bank's General Plan Role Based Training Programmes for all departments • The Future Banker Programme centred on current topics such as AI, data, regulation and innovation. • The Management Development Programme • The Bank's Onboarding Programme for new recruits joining the Bank eLearning programme In addition to the above, a competency framework is being implemented. A competency framework is a structured framework used to define the knowledge, skills and behaviours required to fulfil the requirements of each position within the Bank.	Head of Career Development
Zero-Tolerance Policy - Bullying, Harassment and Unlawful Discrimination			
This Policy aims to ensure a workplace environment free from bullying, harassment and unlawful discrimination and to foster a respectful and dignified atmosphere, promoting harmonious relationships among all staff through mutual respect, understanding and appreciation. The Policy clearly communicates that bullying, and harassment is unacceptable and is not tolerated under any circumstances. The Policy encourages early reporting and resolution and fair and transparent procedures for all parties involved.	**No**	The organisation adopts a zero-tolerance target towards any incidents of bullying, harassment or unlawful discrimination.	Employer Branding
Diversity, Equity and Inclusion Policy			
This Policy fosters an inclusive workplace that respects the diversity and inclusion of all employees, reflecting the Bank's values of Excellence, Authenticity, Passion, Inclusion, and being Contemporary. It is supported by a DEI Strategy and Action Plan, with ongoing communication and activation to embed inclusive behaviours and promote a respectful environment where diverse perspectives are encouraged and valued.	**No**	The organisation monitors employee demographics and engagement to ensure diversity, equity and inclusion and conducts an annual Employee Engagement Survey, with DEI included as a key engagement factor. Diversity is also taken into consideration in senior management succession planning.	Chief People Officer and Chief Strategy Officer

Descriptions of Social Related Policies	Publicly available	Targets[3]	Policy Owner
Inclusive Language Policy			
This Policy guides colleagues on using inclusive language across all forms of communication, including writing, speech, and formal policies. It aims to educate staff on appropriate language choices, foster an environment where inclusion thrives, and where language is intentional, in view that language shapes culture. The Policy also outlines the responsibilities of all colleagues to uphold respectful and equitable communication. Ongoing internal communication and activation support the embedding of inclusive behaviours throughout the Bank, thereby strengthening social dialogue and ensuring diverse voices are recognised and valued.	**No**	There are no specific targets associated with this Policy.	Chief Strategy Officer
Flexi-time Policy, Reduced Hours Policy, Remote Working Policy, On-call Remote Support Policy			
These policies collectively establish frameworks to support flexible and family-friendly working arrangements within the Bank. The Flexi-time Policy promotes a structured approach to flexible working hours, encouraging sustained uptake among employees. The Reduced Hours Policy facilitates eligible staff members' ability to work on a reduced-hours schedule as part of the Bank's commitment to family-friendly practices. The Remote Working Policy sets out the guidelines for administering remote work arrangements. Additionally, the On-call Remote Support Policy recognises and compensates staff who are assigned to provide critical support outside normal working hours, ensuring continuous monitoring and resolution of mission-critical systems and incidents.	**No**	There are no specific targets associated with these policies.	Head of Human Capital
Feedback and Complaints Handling Policy			
The Policy defines how APS Bank employees and directors recognise, manage, escalate, and resolve customer complaints in line with applicable banking regulations, complementing the external Customer Feedback and Complaints Handling Policy. The Bank provides accessible channels and both informal and formal mechanisms for raising feedback or concerns, including early-stage, collaborative resolution and escalation rights to the Office of the Arbiter for Financial Services. Issues are handled promptly, fairly, and confidentially, promoting trust, procedural fairness, and continuous improvement in service quality across all departments and areas of the Bank.	**Yes – there is a version available for customers.**	There are no specific targets associated with this Policy.	Chief Strategy Officer
Vulnerable Customer Policy			
This is a voluntary APS Bank initiative that sets out guidelines for identifying and supporting customers who may be at risk due to personal, health, or financial circumstances. It guides staff to assess potential vulnerability across customer interactions and provide appropriate, tailored support to protect customers' wellbeing, promote financial inclusion, and ensure fair and empathetic treatment across all customer interactions.	**No**	There are no specific targets associated with this Policy.	Chief Strategy Officer

[3] References to 'targets' in tables 'List of ESG-related policies' and ' List of policies related to the governance pillar and other entity-specific topics' primarily relate to qualitative, zero-tolerance or governance-based commitments rather than standalone quantitative ESG targets.

Descriptions of Social Related Policies	Publicly available	Targets[3]	Policy Owner
Responsible Lending Policy			
The Responsible Lending Policy (RLP) is a key framework for embedding sustainability into credit decision-making, formalising longstanding practices and translating the Bank's Sustainability Strategy into clear lending criteria. Launched in 2022 and aligned with the European Banking Authority (EBA) Guidelines on Loan Origination and Monitoring, the RLP provides transparent, ESG-based assessment standards for evaluating large lending proposals. In 2025, the Policy underwent a comprehensive overhaul to embed a more holistic approach to responsible finance.	**Partially[4]**	There are no specific targets. However, the 2026 revision introduces ESG reporting metrics in the Policy.	Head of Sustainability
Environmental and Social Management System Policy			
The Environmental and Social Management System (ESMS) Policy establishes the Bank's framework for managing environmental and social risks. It primarily sets out the list of excluded activities and environmental and social risk categorisation systems, using NACE Codes, which assigns a risk rating to customers. The Policy is scheduled for review in 2026.	**No**	There are no specific targets.	Head of Sustainability
Sustainability Risk Policy			
The Bank takes responsibility for its actions and engagements, as a member of society with its own impact on the planet and on people, but also as a provider of investment services with an indirect impact through the activities of its clients. This prominent position is to be achieved by fully incorporating sustainability into the Bank's investment management and advisory services offered through its investment arm. This Policy document outlines the Bank's integration of sustainability risks within its risk management framework. It applies as standard to all investment management and advisory services provided by the Bank. The Policy is aligned with the Bank's sustainability risk profile. This information is used to take investment management decisions and provide advice on investment products. Furthermore, this ensures that the sustainability risk profile of the Bank is fully aligned with its risk appetite, whilst providing a clear rationale for decisions taken (including cost-benefit assessments). ReAPS Asset Management Limited, a subsidiary of APS Bank plc, has implemented its own Sustainability Risk Policy to address its operational activities. This Policy is designed to align with the principles outlined in the Bank's Sustainability Risk Policy, ensuring consistency between the Bank as parent financial services group and ReAPS Asset Management Limited as the subsidiary.	**Yes**	There are no specific targets.	Head of Sustainability (APS Bank's Sustainability Risk Policy) Risk Manager (ReAPS' Sustainability Risk Policy)

Descriptions of Social Related Policies	Publicly available	Targets[3]	Policy Owner
Ethical Policy for Funds			
APS's Ethical Funds Policy governs investment decisions for the following funds established under APS Funds SICAV plc: APS Ethical Cautious, APS Ethical Balanced and APS Ethical Adventurous Funds, helping to ensure that capital is allocated in line with clearly defined ethical standards. The Policy applies to all direct investments in companies or government issues to be within the funds' eligible universe. This is built on a two-step process: it first applies negative screening to exclude corporates involved in certain sectors and activities that conflict with the funds' values (such as military equipment, tobacco, pornography, gambling and coal) or governments that do not meet the minimum civil and political rights standards; and then conducts an ESG analysis to identify corporate and government issuers that demonstrate strong environmental, social, governance characteristics. The Policy mandates ongoing monitoring of all holdings, with a commitment to divest within a reasonable timeframe if an investment no longer complies, thereby ensuring that the funds remain consistently aligned with their ethical objectives and contribute positively to long-term societal and environmental outcomes.	**Yes**	There are no specific targets associated with this Policy.	Board of Directors of APS Funds SICAV plc

LIST OF POLICIES RELATED TO THE GOVERNANCE PILLAR AND OTHER ENTITY-SPECIFIC TOPICS

Descriptions of Governance and Entity Specific Policies	Publicly available	Targets[3]	Ownership
Reputational Risk Policy			
The Bank's Reputational Risk Policy is designed to establish an appropriate framework for managing reputational risk across the Bank, by defining the governance structure and responsibilities, and setting consistent standards for identifying, assessing and managing reputational risk issues.	**No**	The policy operates under a zero appetite for any form of reputational risk, as articulated in its Risk Appetite Statement.	Chief Strategy Officer & Chief Risk Officer
Prevention of Market Abuse Policy			
The Bank's Prevention of Market Abuse Policy ensures compliance with regulatory standards by defining insider trading and market abuse and establishing controls to prevent market manipulation. It includes detailed reporting procedures for suspicious activity and ongoing monitoring of trades procedures together with mandatory training for all Bank staff.	**No**	The Bank maintains a strict zero-tolerance target for any instances of market abuse.	Head of Regulatory Compliance & Compliance Officer
Data Protection Policy			
The Bank's Data Protection Policy complies with GDPR, outlining the purposes for data collection, legal bases for processing, and individuals' rights. All staff receive mandatory annual training on data protection, with new employees provided with an introduction to GDPR principles. The Policy was updated in December 2024 and is reviewed as needed, particularly when new services are introduced or additional sensitive data is collected. Internal processes cover both employee and customer data, with certain operational details kept confidential.	**Yes**	There are currently no specific targets associated with this Policy.	Head of Regulatory Compliance & Compliance Officer

[3] References to 'targets' in tables 'List of ESG-related policies' and ' List of policies related to the governance pillar and other entity-specific topics' primarily relate to qualitative, zero-tolerance or governance-based commitments rather than standalone quantitative ESG targets.

[4] "Partially" indicates that the respective policy is available online only in a summarised form. In other words, the full, detailed policy is not accessible; instead, only an overview or summary of the policy is provided.

Descriptions of Governance and Entity Specific Policies	Publicly available	Targets[3]	Ownership
Conflicts of Interest Policy			
The Bank's Conflicts of Interest (COI) Policy outlines key principles to identify, prevent, and manage conflicts that may arise during its business activities. It includes a COI register, expenditure-related clauses, and clear guidance for staff on reporting potential conflicts. Preventative measures and regular training ensure staff awareness, while different units are consulted to proactively detect conflicts, such as restrictions on assisting family members. The Policy is supported by a robust framework that is reviewed annually, with mitigation strategies developed for every identified internal issue to effectively manage risks.	**Partially[4]**	While no formal targets exist, the Bank actively seeks to identify potential conflicts proactively rather than awaiting formal reports.	Head of Regulatory Compliance & Compliance Officer.
Anti-Bribery and Anti-Corruption (ABC) Policy			
APS Group's Anti-Bribery & Anti-Corruption Policy establishes a comprehensive framework for preventing, detecting, and responding to bribery and corruption across the Bank and its subsidiaries, in alignment with Maltese law and European regulations. The Policy covers a broad range of risk areas including gifts and hospitality, facilitation payments, third-party provider relationships, charitable contributions, and dealings with public officials, setting clear rules and thresholds for each. It assigns defined responsibilities across the Board, Financial Crime Compliance function, and all employees, underpinned by mandatory training, ongoing risk assessments, and robust reporting mechanisms. Taken together, the Policy reflects the Group's stated commitment to zero tolerance for corrupt practices and to maintaining the ethical standards and reputational integrity expected of a regulated financial institution.	**No**	The Bank conducts an annual Enterprise-wide Risk Assessment (EWRA) in line with industry best practices.	Head of Financial Crime Compliance & MLRO
Sanctions Policy			
APS Group's Sanctions Policy establishes the framework through which the Bank and its subsidiaries identify, manage, and mitigate risks arising from exposure to sanctioned individuals, entities, and jurisdictions, in compliance with Maltese, EU, UN, OFAC, and UK HMT regulatory regimes. The Policy defines clear controls around customer acceptance and ongoing exposure monitoring, categorising sanctions risk into direct relationships, direct exposure, and indirect exposure, with corresponding thresholds and escalation procedures for each. Taken together, the Policy reflects the Group's commitment to responsible financial conduct, protecting its reputation and licence to operate by ensuring it is never knowingly used as a vehicle for sanctions evasion or violation.	**No**	The Bank maintains an ongoing monitoring plan that includes regular testing, staff training, and updates through knowledge bites to keep personnel informed on sanctions compliance. The programme also involves periodic revisions of alerts and controls.	Head of Financial Crime Compliance & MLRO
Anti-Money Laundering and Combating the Funding of Terrorism Group Policy, Customer Acceptance Policy, Customer Due Diligence Principles Policy			
These interconnected policies collectively form the Bank's approach to preventing money laundering and terrorist financing. The Customer Acceptance Policy (CAP) sets out the Bank's risk appetite, while the Customer Due Diligence Principles Policy (CDDP) defines the specific procedures for conducting due diligence on clients. The overarching Anti-Money Laundering (AML) Policy, which is subject to annual revisions, provides the regulatory framework aligned with the Prevention of Money Laundering Act. The Bank undertakes dedicated AML testing to ensure compliance with legal obligations, maintaining adherence to regulatory standards without extending beyond its statutory requirements.	**No**	The Bank provides regular internal training that is tailored to different roles and responsibilities, delivered through both online and in-person sessions. It conducts annual risk assessments, including evaluations of overall AML risks and individual customer risk profiles. Staff members, such as tellers and other relevant units, receive specialised training to handle AML-related situations effectively. Furthermore, the Bank has a board-approved initiative to implement AI-driven solutions to enhance its AML monitoring and detection capabilities.	Head of Financial Crime Compliance & MLRO

Descriptions of Governance and Entity Specific Policies	Publicly available	Targets[3]	Ownership
Anti-Fraud Policy			
The Bank's Anti-Fraud Policy incorporates a RACI (Responsible, Accountable, Consulted, Informed) framework to clarify roles and responsibilities, streamline reporting escalation, and outline the workflow for managing and mitigating fraud risks. The updated Policy distinctly differentiates types of fraud to avoid any gaps or overlaps, particularly addressing financial fraud compliance where customers are involved. It also clearly separates the approaches for when the Bank is a victim of fraud versus when customers are affected, ensuring tailored risk mitigation strategies.	**No**	An enterprise-wide fraud risk assessment (EWRA) will be conducted in the coming year. Additionally, enhancements are planned to integrate existing standalone fraud monitoring solutions, including payment fraud detection, into a more comprehensive fraud risk management platform.	Head of Financial Crime Compliance & MLRO
Whistleblower Policy			
APS Group's Whistleblower Policy establishes a structured and protective framework for employees to report suspected or actual improper practices, including bribery, corruption, financial crime, and legal violations, in good faith and without fear of retaliation, in line with Malta's Protection of the Whistleblower Act. The Policy defines clear internal and external reporting channels, assigns dedicated Whistleblower Reporting Officers, and guarantees strict confidentiality of the whistleblower's identity throughout any resulting investigation. It reflects the Group's broader commitment to fostering a culture of transparency, integrity, and accountability across all levels of the organisation.	**No**	There are no specific targets associated with this Policy.	Head of Financial Crime Compliance & MLRO



SUSTAINABLE FINANCE CASE STUDY 1:
COMMERCIAL BANKING CASE STUDY

Marsa Rebar Ltd is a well-established supplier of reinforcing steel products to Malta's construction industry. In recent years, the company has taken steps to improve the environmental efficiency of its operations.

As part of this commitment, APS Bank provided finance for the installation of 577kWp solar panels on the roof of Marsa Rebar's facilities. The investment formed part of a wider factory refurbishment project, which also included roof insulation panels to improve the buildings' thermal efficiency and reduce energy use.

The solar panels were installed and commissioned in 2025 and generate approximately 790,000kWh of renewable electricity each year. The electricity is used directly by the company and now meets around 70% of Marsa Rebar's electricity needs. This has helped reduce energy costs and lower reliance on electricity from the grid. The investment is expected to deliver a return on investment within 3.5 years.

This investment forms part of Marsa Rebar's wider efforts to operate more sustainably. The company sources steel from European suppliers that manufacture their products using recycled scrap metal and lower-carbon production methods, helping to reduce the environmental impact of the materials supplied to the local market.

Reflecting on the project, Marsa Rebar highlighted the importance of working with a banking partner it trusts. Access to favourable financing for projects with a positive environmental impact helped support the investment and contribute to the company's sustainability objectives.



SUSTAINABLE FINANCE CASE STUDY 2:
RETAIL BANKING CASE STUDY

When we started looking for a property to buy as our primary residence, sustainability wasn't something we were actively thinking about. That changed when we came across a house with photovoltaic panels already installed. It immediately stood out to us.

Since moving in, we have seen the tangible benefits, particularly in terms of our energy bills. The 1.8 kWp solar panels contribute to the home's strong energy performance, reflected in its EPC A rating. This is supported by design features such as shaded windows, which help reduce the need for cooling and lower overall energy use.

At the time, we were not aware that this would make us eligible for a Green Home Loan or a preferential interest rate linked to the property's EPC rating. This was an added benefit, that we didn't anticipate.

APS Bank's Green Home Loan was a good fit for us. The competitive interest rate and the clear communication throughout the process made a difference. We also already knew APS Bank through a family member who had a positive experience, so it felt like a bank we could trust.

Anthea
APS Customer

SECTION 2
Environment

Environment

ENERGY AND GREENHOUSE GAS EMISSIONS (B3)

The Group's energy consumption primarily relates to fuels used for operating hybrid motor vehicles and backup generators. In addition, electricity is consumed to power the Group's premises. These activities fall under Scopes 1 and 2 of the Group's greenhouse gas emissions footprint and represent a relatively small share of the Group's overall environmental impact, given that the majority of its carbon footprint stems from financed emissions.

Nevertheless, the Group recognises that effective management of operational emissions remains an important component of its broader sustainability approach and climate transition alignment. The Group continues to implement measures aimed at improving energy efficiency and increasing the share of renewable energy within its operations.

A key initiative in this regard is the installation of photovoltaic ('PV') panels on its premises. These panels enable partial self-generation of renewable electricity consumed internally. While most electricity demand continues to be met through grid supply, these renewable energy efforts reflect proactive steps towards reducing operational impacts and supporting the transition to cleaner energy.

Furthermore, other than investing in the generation of clean renewable energy, the Group continued to make a positive difference when it comes to sustainability, through the choices that were made when the project of branch and offices transformation was ongoing. This regeneration of the Group's premises has been planned to contribute towards lowering its energy consumption. Energy efficient lighting and heating and cooling systems have been installed in several of its locations. Many branches have already passed through this transformation, with the few remaining renovations planned to follow in short order.

Such measures will also serve to reduce the Group's associated carbon footprint from its fuel and energy related activities.

To encourage cleaner energy choices and reduce carbon emissions outside of its own consumption activities, the Group has also invested in charging bays on every floor of its latest underground colleague and customer parking area, aimed at encouraging colleagues to invest in hybrid and electric cars, which are less harmful to the environment.

The breakdown of renewable and non-renewable energy consumption is detailed in the table below.

BREAKDOWN OF THE GROUP'S RENEWABLE AND NON-RENEWABLE ENERGY CONSUMPTION

	Renewable Energy Consumption (MWh)	Non-renewable Energy Consumption (MWh)	Total 2025 Electricity Consumption (MWh)
Electricity			
Purchased	226.28	1,828.69	2,054.97
Self-generated	82.45	-	82.45
Total Electricity	**308.73**	**1,828.69**	**2,137.42**
Fuels			
Diesel	-	68.07	68.07
Petrol	-	26.90	26.90
Total Fuels	**-**	**94.97**	**94.97**
Total Energy Consumption	**308.73**	**1,923.66**	**2,232.39**

Note: Diesel consumption relating to the Group's backup generators occurs only during power outages. Consequently, electricity generated from diesel fuel is not reported again under electricity consumption in the table. Since fuel usage and electricity consumption are tracked through separate records, there is no double counting.

Category	Emissions (tCO_2e)
Scope 1 Stationary Combustion	12
Scope 1 Mobile Combustion	13
Scope 1 Fugitive Emissions	99
Scope 2 (Location-based)	748
Scope 1+2 (Location-based)	871

In addition to the Group's scope 1 and scope 2 emissions disclosed above, the Group has assessed the relevance of Scope 3 GHG emission categories in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Given the nature of our operations as a credit institution, we have identified that Scope 3 emissions are primarily associated with our lending and investment portfolio activities, being classified as scope 3 category 15 financed emissions.

Our Scope 3 Category 15 financed emissions, as disclosed below, have been calculated in accordance with the Partnership for Carbon Accounting Financials (PCAF) Standard. This methodology enables us to measure and account for the greenhouse gas emissions associated with our financed activities, thereby capturing the climate impact of our capital allocation decisions.

The PCAF Standard provides a standardized approach for financial institutions to:

- Quantify financed emissions across asset classes
- Ensure consistency and comparability in emissions accounting
- Support the integration of climate considerations into our business strategy

Asset Class[5]	2025 Exposure amount (€m)	Scope 1 financed emissions (tCO_2e)	Scope 2 financed emissions (tCO_2e)	Scope 3 financed emissions (tCO_2e)	Total financed emissions (tCO_2e)	Overall financed emissions intensity (tCO_2e/€m)	Scope 1 data quality score	Scope 2 data quality score	Scope 3 data quality score
Listed equity and corporate bonds	45	193	89	1,248	1,530	34	4.0	4.0	4.0
Business loans and unlisted equity	188	4,800	629	21,783	27,212	145	4.0	4.0	4.0
Project finance	502	7,129	1,322	120,929	129,379	258	4.0	4.0	4.0
Sovereign debt	369	56,981	1,302	50,242	108,525	294	2.0	4.0	4.0
Mortgages	2,007	0	55,407	NA	55,407	28	5.0	5.0	NA
Commercial real estate	412	0	13,481	NA	13,481	33	5.0	5.0	NA
Motor vehicle loans	37	1,179	447	NA	1,625	44	4.0	4.0	NA
Total	**3,561**	**70,281**	**72,676**	**194,202**	**337,160**	**95**	**-**	**-**	**-**

GHG REDUCTION TARGETS AND CLIMATE TRANSITION (C3)

The Group has established a financed emissions baseline as part of its commitment to sustainability and responsible banking. This step will provide a clear baseline to better understand the carbon footprint of its lending portfolio and inform future actions.

Establishing this baseline will enable the Group to:

- identify carbon-intensive exposures within its portfolios,
- enhance risk management and portfolio steering, and
- support the development of future climate-related targets and transition pathways.

At this stage, APS has not yet defined formal quantitative decarbonisation targets. However, the development of a financed emissions baseline is expected to inform the calibration of future targets, ensuring they are grounded in robust data and aligned with the Group's risk profile and business model.

This approach reflects a phased transition strategy, moving from measurement to management, and ultimately to target-setting and active portfolio alignment.

CLIMATE RISKS (C4)

Description of Climate-Related Hazards and Transition Events

During the year, the Group undertook an initial assessment to identify material climate-related risks due to both physical and transition risks across a short, medium and long-term time horizon. The assessment resulted in potential material physical risks within the Bank's lending portfolio.

The Group considered both acute and chronic physical risks:

- **Acute risks** are short-term, event-driven impacts from extreme weather that cause immediate damage to assets and disrupt operations.
- **Chronic risks** are long-term shifts in climate patterns that develop gradually over time and can progressively affect infrastructure and productivity.

For each applicable climate-related hazard the Bank identified the transmission channels impacting business performance, default and recovery risks, taking into account both the sector to which the Bank has exposure as well as the nature of the collateral and quantified the potential impact on the Bank's performance by reference to publicly available proxies and statistical data, using a run-off balance sheet.

The potential impact determined for each climate-risk hazard was then scored by reference to a five-point scale for both the magnitude of financial effect, by reference to the Bank's internal risk scoring mechanism, and the likelihood of occurrence, by reference to scientific data to determine how likely the climate-related hazard is to arise. Climate-related hazards for which the scoring exceeded an internally set threshold were considered to be material.

Based on the above approach, the material climate-related hazards identified by the Group pertained to changing temperature (marine water) and ocean acidification, driven by the Bank's exposures to the fishing industries. These climate-related hazards were identified to be material in the long-term.

This climate risk assessment exercise was conducted for the first time by the Bank, representing an initial step towards integrating climate-related risks into credit risk modelling. Throughout the process, several data gaps were identified, highlighting the need for further refinement and enhancement of methodologies and data sources in future iterations. As a result, no further actions have been taken based on the outcome of this initial assessment.

Importantly, this assessment was performed as a standalone exercise and remains independent to the Bank's IFRS 9 framework and therefore is not reflected in the amounts presented in the Group's financial statements.

[5] Out of scope facilities pertain to those for which (i) No global methodology has yet been established to quantify emissions associated with the activity purposes of such facilities, or (ii) The Group does not possess the required data to determine a reasonable estimate of the emissions associated with the activities of such facilities.

POLLUTION OF AIR, WATER AND SOIL (B4)

Given the nature of APS's operations, it is not required by law or other national regulations to report to competent authorities its emissions of pollutants. Therefore, the disclosures under this topic are not deemed applicable to the Group.

Furthermore, as a financial institution, APS's most significant impacts arise primarily through its financing activities rather than direct emissions to water or soil. Consequently, the Group's efforts have been prioritised towards topics considered more relevant to its business model and stakeholder expectations.

BIODIVERSITY (B5)

APS's operations are primarily office-based, with all sites it owns, leases, or manages located away from Natura 2000 areas and UNESCO World Heritage Sites, except for two assets situated in Valletta, which as a city it is recognised as a UNESCO World Heritage Site. This assessment was conducted by referencing the following databases:

- ERA's local MEPS Geoportal[6]
- ERA's Natura 2000 sites interactive map[7]
- UNESCO World Heritage sites[8]

Given the limited physical footprint and the nature of its activities, APS does not currently have significant direct impacts on biodiversity. However, the Group recognises that indirect impacts (particularly through financing activities) may become increasingly relevant and will be considered as part of the ongoing development of its sustainability framework.

NUMBER OF SITES THAT ARE OWNED, LEASED OR MANAGED IN OR NEAR A BIODIVERSITY SENSITIVE AREA, INCLUDING AREA IN SQUARE METRES

Site	Location	Area (sqm)	Specification (Located in / near biodiversity sensitive areas)
Valletta Branch	Valletta	12,020	UNESCO World Heritage Site
APS House	Valletta	520	UNESCO World Heritage Site

WATER USAGE (B6)

APS's water use is minimal and consists primarily of office consumption for sanitary purposes and some irrigation. In 2025, the total volume of water withdrawn amounted to 3,810 m³, all of which was withdrawn in Malta. Malta is classified as an area of high-water stress according to the Aqueduct Water Risk Atlas. Therefore, all water withdrawals take place in a location subject to high water stress, underlining the importance of responsible water management.

The water supplied through Malta's water network is a blend of approximately 60-64% desalinated seawater and 36-40% groundwater, as provided by the national Water Services Corporation. In addition, the Group's flagship branch and head office premises in Swatar harvest rainwater from the roof, which is stored in a cistern and used exclusively for watering plants. During the year, the Group collected 574 m³ of rainwater for such purposes, which reduced withdrawal needs by c.13% during the year.

A BREAKDOWN OF THE WATER WITHDRAWAL SOURCES AND THE RESPECTIVE VOLUMES USED IN 2025

Water Withdrawal Source	Amount of water (m³)
Third-party water (all sites are located in areas of high-water stress)	3,810
Total	3,810

Given the nature of APS's operations, it does not engage in production processes that significantly consume water. Therefore, water consumption arising from production activities is extremely limited. Water use is primarily related to office operations, resulting in minimal overall water consumption.

RESOURCE USE, CIRCULAR ECONOMY AND WASTE MANAGEMENT (B7)

Given the nature of APS's operations, the Group's activities are not inherently waste-intensive. Waste generation is primarily confined to office-related materials such as paper and packaging, with occasional Waste Electrical and Electronic Equipment (WEEE) arising from IT hardware replacement. Based on the outcome of its double materiality assessment, waste within its own operations has not been identified as a material topic. Accordingly, the Group does not formally implement circular economy principles beyond measures such as the segregation of office and WEEE waste for appropriate disposal.

While circular economy principles are not yet formally embedded within the Group's operating model, APS acknowledges the increasing relevance of resource efficiency and responsible consumption. In this context, the ongoing transition towards digital channels and paperless processes is a key enabler in reducing reliance on physical materials and minimising waste generation. As its sustainability framework evolves, the Group will continue to assess opportunities to enhance waste reduction, recycling practices, and broader resource management initiatives where proportionate and impactful.

TOTAL WEIGHT OF WASTE GENERATED, BROKEN DOWN BY COMPOSITION AND DIVIDED INTO RECYCLED/REUSED AND DISPOSED WASTE

	Waste generated		
	Total waste generated, of which:		
Waste Composition	Generated (kg)	Waste Diverted to Recycling or Reuse (kg)	Waste Directed to Disposal (kg)
Non-Hazardous Waste			
Commingled (Cardboard + Plastic)	9,092.06	9,092.06	0
Glass	271.40	271.40	0
Metal		0	0
General Waste	8,743.29	0	8,743.29
Organic waste	3,558.44	3,558.44	0
Total Non-Hazardous Waste	**21,665.19**	**12,921.90**	**8,743.29**

[6] *https://eraportal.org.mt/meps*

[7] *https://storymaps.arcgis.com/stories/5f15070446a64488b56f2f734e6b09b4*

[8] *https://whc.unesco.org/en/statesparties/mt*

SECTION 3
Social

Social

GENERAL CHARACTERISTICS OF THE WORKFORCE (B8, C5)

APS operates exclusively within the Maltese labour market and applies a system whereby new employees are onboarded on a fixed-term contract for two years and are then offered an indefinite basis contract once this period lapses, based on their performance. APS also employs on a fixed-term contract for the implementation of specific projects. Furthermore, APS does not engage non-guaranteed hours employees in line with legal requirements.

The tables below provide insight into the composition of the workforce, showing the breakdown between the different employment contracts, gender distribution, and employee turnover. All employee figures are presented on a headcount basis.

THE NUMBER OF EMPLOYEES IN HEADCOUNT FOR THE TYPE OF EMPLOYMENT CONTRACT (TEMPORARY OR PERMANENT).

Type of Contract	Number of Employees (Headcount)
Temporary (definite) Employees	162
Temporary (project) Employees	32
Permanent (indefinite) Employees	494
Total Employees	688

THE NUMBER OF EMPLOYEES IN HEADCOUNT BROKEN DOWN BY GENDER

Gender Breakdown	Number of Employees (Headcount)
Male	296
Female	392
Other[9]	0
Not reported (Temporary project employees)	0
Total Employees	688

EMPLOYEE TURNOVER FOR THE YEAR

Metric	2025
Employee turnover for 2025	9.5%

Diversity in Management

APS recognises that diversity at leadership level is an important driver of effective decision-making, innovation, and organisational resilience. For the purpose of internal reporting, Senior Management level is comprised of the 'Chief' category, which also includes the CEO, collectively referred to as the C-Suite, and Department Heads.

Enhancing diversity remains an area of ongoing focus, supported by broader initiatives aimed at talent development, succession planning, and inclusive workplace practices.

GENDER BREAKDOWN AT SENIOR MANAGEMENT LEVEL

Gender Breakdown	Senior Management
Male	29
Female	8
Total C-Suite Members/ Management	37

HEALTH AND SAFETY OF OUR EMPLOYEES (B9)

APS maintains a strong focus on ensuring a safe and secure working environment across all its operations. Given the nature of its activities as a financial services provider, health and safety risks are generally limited to office-based environments; however, the Group continues to apply appropriate controls and monitoring to safeguard both employees and customers.

During the year, the Group recorded no health and safety accidents involving its employees during 2025, as seen in the table below.

HEALTH AND SAFETY INCIDENTS

Description	Number
Work-related accidents (number)	0
Work-related accidents rate (LTIR)	0
Fatalities due to work-related injuries and work-related ill health	0

Furthermore, no customer incidents were reported within any of the Group's branches during the year.

APS will continue to maintain appropriate health and safety standards, ensuring that its working environments remain safe, accessible, and aligned with applicable regulatory requirements.

EMPLOYEE COMPENSATION AND COLLECTIVE BARGAINING AGREEMENT (B10)

APS is committed to fostering equitable employment practices and fair compensation across all levels. Compensation structures are designed to support employee engagement, reflect market conditions, and ensure alignment with the Group's values and long-term objectives.

The Group has its own collective bargaining agreement in place which covers 92% of employees. This covers all employee levels, with the exception of Senior Management and temporary project workers. Employees receive a salary in accordance with the provisions of this CBA.

The Group ensures that entry-level wages exceed the national minimum wage, with the lowest remuneration offered by APS being 1.127 times the statutory minimum wage. This currently applies to 7 employees who in 2025 occupied the lowest tier within the lowest grade in the CBA.

In 2025, the average gender pay gap—defined as the difference between the average pay levels of female and male employees, expressed as a percentage of the average pay of male employees—stood at 29%.

[9] *While Maltese legislation allows for broader gender registration options, including non-binary classifications, which is to be reported under 'Other', this is not currently reflected in the Group's gender disclosure categories.*

Analysis of gender pay gaps by organisational level indicated a gap of approximately 5% across all levels, with the exception of senior management categories, where genderneutral factors were identified as the primary contributors to the observed gap.

In 2025, the Bank developed an action plan to ensure compliance with the EU Pay Transparency Directive. APS remains firmly committed to equal opportunities and to maintaining fair, transparent, and objective remuneration practices for all employees.



PERCENTAGE OF TOTAL EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

Metric	2025
Percentage of employees covered by CBA	92%

RATIO OF ENTRY LEVEL WAGE TO THE MINIMUM WAGE

Metric	2025
Entry-level wage ratio	1.127

PERCENTAGE PAY GAP BETWEEN FEMALE AND MALE EMPLOYEES

Metric	2025
Female to male pay gap – all employees	29%
Senior Management excl. CEO	20%
Management and Senior Specialists	6%
All other employees	3%

TRAINING OUR EMPLOYEES (B10)

The Group is committed to fostering a culture of continuous learning and development for all its employees. In fact, a substantial amount of budget is invested annually in colleague development, offering a comprehensive range of training and career development opportunities, which supports the continuous development of skills and competencies. This has a positive impact on employees' morale, motivation, performance and career development, ultimately leading to the Group's growth.

APS Bank requires all employees to complete mandatory training programmes covering critical topics such as anti-bribery and corruption, anti-money laundering, cyber security, prevention of market abuse, and sustainability. These programmes are essential in ensuring compliance with regulatory requirements and maintaining a strong risk culture across the organisation.

Beyond these core requirements, role-specific learning opportunities are provided to address particular needs. A key element supporting this approach is the Competency Framework, which defines the skills and behaviours required for every job role within the Bank. This framework underpins recruitment, identifies personalised training requirements, and enhances performance management by clearly setting expectations for each role. Through its implementation, the Bank ensures employees are equipped to perform effectively in their current roles while preparing for future career progression.

Training and development opportunities are delivered through a variety of channels, including:

- in-house sessions,
- coaching and mentoring,
- international and business travel,
- conferences and seminars,
- professional training grant schemes,
- an effective onboarding programme,
- the Management Development Programme,
- the Future Banker Programme,
- eLearning courses, and
- external training opportunities.

This blended approach enables flexibility, accessibility, and alignment with different learning needs and career stages.

APS Bank is currently unable to meet the full disclosure requirement for this reporting year due to the absence of a system capable of providing a gender breakdown of training hours. Career Development is actively working to address this gap and expects the system upgrade to be completed in time to enable full reporting for 2026. In the interim, APS can only provide an estimate of approximately 24,000 training hours for the year 2025.

NUMBER OF TRAINING HOURS

Training Hours	Year
24,000	2025

HUMAN RIGHTS POLICY AND COMPLIANCE (C6)

The Group has policies and procedures in place to support the protection of human rights and the prevention of adverse human-rights impacts in the areas listed below. Such policies have already been discussed earlier in this report within section B2 and C2. These frameworks collectively support the prevention, identification, and management of potential human rights risks within the organisation.

POLICIES IN RELATION TO HUMAN RIGHTS

Policies	Yes / No
Child Labour	No
Forced Labour	No
Human Trafficking	No
Discrimination	Yes
Accident Prevention	No
Other (Data Privacy)	Yes

The Group does not maintain standalone policies on child labour, forced labour, human trafficking, or accident prevention, as these topics are not considered material to its operations. This conclusion was validated through the Group's double materiality assessment, which did not identify any actual or potential negative impacts relating to these matters on its workforce.

This is further supported in view of the nature of the Group's activities and the fact that it operates exclusively in Malta, where robust labour, safety and human rights regulations apply.

Nonetheless, APS recognises that human rights considerations may evolve over time, particularly in relation to indirect exposures (e.g. through financing activities or supply chains), and will continue to monitor developments in this area.

COMPLAINTS MECHANISMS

Mechanism	Yes / No
Complaints-Handling	Yes

The Group maintains both informal and formal complaint and reporting mechanisms to ensure fair and transparent resolution of workplace issues. Informal mechanisms focus on early-stage, collaborative approaches such as direct discussions between employees and managers, seeking advice from HR or union representatives, and mediation or conciliation facilitated by HR. These methods aim to resolve minor concerns quickly and confidentially without invoking a formal process.

For more serious or unresolved matters, APS provides a formal mechanism through its Grievance Procedure, which is embedded in the Group's Collective Agreement. This procedure outlines a structured process involving written submission of grievances, escalation through defined management levels, adherence to timelines, and the right to representation, with arbitration as a potential final step.

Together, these mechanisms promote a balanced approach to conflict resolution, combining flexibility with procedural fairness.

SEVERE NEGATIVE HUMAN RIGHTS INCIDENTS (C7)

INCIDENCES IN RELATION TO HUMAN RIGHTS

Incidents in own workforce related to:	Yes / No
Child Labour	No
Forced Labour	No
Human Trafficking	No
Discrimination	No
Other (Data Privacy)	No

As a socially relevant organisation, APS attaches great importance to a safe, ethical, and respectful working environment, both within its own organisation and across the broader value chain in which it operates. This section provides insight into the nature and handling of reports. APS strives for care, transparency, and continuous improvement of processes and systems. During 2025, there were no reported severe human rights incidents such as child labour, forced labour, human trafficking or discrimination either within APS's own workforce or across the value chain (workers in the value chain, affected communities, consumers and end-users).

During 2025, no employee data breaches were identified. APS continues to actively invest in awareness, security, and compliance to ensure the ongoing protection of personal data.

Furthermore, APS is not aware of any confirmed incidents involving workers in the value chain, affected communities, consumers and end-users during the year based on information made available.

SECTION 4
Governance

Governance

COMPLIANCE AND INTEGRITY (B11)

As part of its commitment to responsible business conduct, the Group recorded no convictions and incurred no fines during the reporting period for violations of anti-corruption or anti-bribery laws. The Group upholds a zero-tolerance approach to corruption and bribery, supported by strong governance frameworks, employee training, and monitoring systems to ensure compliance with applicable legislation and ethical standards. These measures collectively support a strong culture of integrity and accountability across the organisation.

REVENUES FROM CERTAIN SECTORS AND EXCLUSION FROM EU REFERENCE BENCHMARKS (C8)

The Group does not operate directly in sectors commonly associated with elevated environmental or social risks, including controversial weapons, tobacco cultivation and production, fossil fuels, or chemicals manufacturing related to pesticides and agrochemical products.

However, the Bank provides a lending facility to a borrower operating in the fossil fuel sector (being processing of fossil fuels, specifically gas for the production of electricity) and therefore indirectly generates revenue from the sector through the interest income earned on the facility.

Furthermore, the Group itself is not excluded from any EU reference benchmarks as defined by Article 12.1 of the Commission Delegated Regulation (EU) 2020/1818. Companies excluded under these benchmarks are those engaged in specific activities or sectors that significantly contribute to climate change or do not meet certain sustainability criteria. The Group does not meet any of the exclusion criteria set out in the regulation. This reflects the nature of banking activities, where exposures may extend across a broad range of economic sectors.

However, the Bank provides financing to borrowers which meet the exclusion criteria for EU reference benchmarks. APS continues to monitor such exposures within the context of its broader Sustainability Strategy, including its approach to responsible lending and climate risk management.

DIVERSITY AT THE HIGHEST LEVEL (C9)

The governance body refers to the highest decision-making authority of the Group. In the case of APS, this pertains to the Board of Directors, which is composed of ten members (nine non-executive directors and one executive director), including three females. The gender diversity ratio of the Board is that for every one female member there are 2.33 male members.

With the Board of Directors comprising one Executive Director (male) and nine Non-Executive Directors (six male and three female), the number of female directors amounts to three out of ten members (30%), thereby satisfying the minimum representation required to meet the 33% target under Article 5(1)(b) of the EU Gender Balance on Company Boards Directive.

APS recognises that diversity within the governance body—across gender, experience, and professional background—contributes to more balanced decision-making, stronger oversight, and enhanced organisational resilience. The Group remains mindful of evolving expectations in relation to Board composition and will continue to consider diversity as part of its governance and Board succession planning processes.

GENDER DIVERSITY RATIO IN THE GOVERNANCE BODY (BOARD OF DIRECTORS)

Gender	Board of Directors
Male	7
Female	3
Other	-
Not reported	-
Total	10



SECTION 5

Reporting Criteria

Reporting Criteria

This section outlines the reporting criteria and methodologies used by the Group to quantify and report its environmental, social and governance (ESG) metrics for the financial year ended 31 December 2025, in line with the VSME Standard.

It is intended to support:

- transparency, by clearly explaining how ESG metrics are derived;
- consistency, by applying defined methodologies across reporting periods; and
- comparability, by aligning with internationally recognised standards.

It also serves as a reference point for assurance providers and other stakeholders reviewing APS's ESG data.

These criteria include the methodologies used for the calculation, underlying assumptions, and any estimates applied in the quantification and reporting of the sustainability metrics.

Indicator Name	Criteria
	ENVIRONMENTAL SECTION
Energy consumption	Energy consumption in the context of the Group comprises: • non-renewable fuels consumption, • purchased electricity, and • internally generated electricity for consumption. All fuel consumed by the Group is derived from non-renewable sources and is used for the purpose of Company-owned vehicles, backup generators, and boilers The majority of electricity consumed by the Group is purchased from Enemalta plc, the sole electricity provider in Malta, with a small percentage of electricity consumed being generated from APS's solar panels. Data sources and methodology For petrol and diesel, supplier fuel invoices are used to source consumption in litres, which was then converted to MWh. Activity data for electricity consumption is obtained through readings of the electricity meter. Energy conversion factors applied Energy consumption from fuel consumed is calculated by multiplying fuel consumed (in litres) by the following energy conversion factors: • 0.009962 MWh/litre for diesel • 0.008998 MWh/litre for petrol
GHG emissions Reporting Boundary	For the purposes of the GHG emissions reported for the financial year ended 31 December 2025, The Group has adopted the operational control approach, in accordance with the GHG Protocol. Under this approach, The Group consolidates 100% of the emissions from operations over which it has the authority to introduce and implement operating policies.

Indicator Name	Criteria
Scope 1 GHG emissions	**Scope 1 emissions** comprise direct greenhouse gas emissions from sources owned or controlled by APS Bank and include: • Fuel combustion from company-owned and leased vehicles, including diesel, petrol and hybrid vehicles. • Fuel combustion from stationary sources, including backup generators operated at APS Bank premises. • Fugitive emissions from air conditioning, refrigeration and cooling equipment resulting from refrigerant leakage. • Fugitive emissions from fire suppression equipment and systems operated across APS Bank facilities. **Fuel Combustion:** Fuel consumption data are recorded in litres and converted into energy consumption using fuel-specific density and energy content values. The following formula is applied: Fuel Consumption (litres) × Density (kg/litre) × Energy Content (MJ/kg) × Emission Factor (kg GHG/TJ) Fuel density values for diesel and petrol are sourced from Enemed Company Ltd[10]. Density of diesel (kg/l): 0.8324 Density of petrol (kg/l): 0.7375 Net calorific values (energy content) and emission factors for CO_2, CH_4 and N_2O are sourced from the Malta National Greenhouse Gas Inventory Report (April 2025)[11]. Energy content of diesel (MJ/kg): 42.695 Energy content of petrol (MJ/kg): 43.774 **Refrigerant and Fire Suppression Fugitive Emissions:** Fugitive emissions were estimated using the Screening Method described in the US EPA Scope 1 and Scope 2 Inventory Guidance for Refrigeration, Air Conditioning, Fire Suppression and Industrial Gases. The method estimates annual refrigerant leakage based on equipment type, refrigerant type, refrigerant charge capacity, equipment operating period, and default emission factors. The type of equipment includes chillers, residential/commercial air-conditioning units, stand-alone commercial, domestic refrigeration equipment across APS Bank locations. The calculation applies: Refrigerant Operating Unit Capacity (kg) × Default Annual Leak Rate (%) × Number of months in operation in the reporting year x Global Warming Potential (GWP) Default emission factors vary by equipment type and are based on the US EPA screening methodology. Refrigerant quantities were obtained from maintenance records and equipment specifications where available. Global Warming Potential (GWP100) values were applied for each refrigerant gas (e.g. R-410A, R-407C, HFC-32 and HFC-134a) to convert emissions into tonnes of carbon dioxide equivalent (tCO_2e). GWP100 values are sourced from IPCC Fifth Assessment Report (AR5), 2013 Chapter 8, Table 8.A.1, Lifetimes, Radiative Efficiencies and Metric Values. GWP values of blended refrigerants are based on their HFC and PFC constituents, which are based on data from *https://www.epa.gov/snap/compositions-refrigerant-blends.* Where no discharge events, equipment failures or recharge activities were recorded during the reporting year, emissions are limited to estimated annual leakage assumptions embedded within the screening methodology. The methodology applied is in accordance with the GHG Protocol.
Scope 2 (location-based) GHG emissions	Scope 2 (location-based) GHG emissions represent indirect emissions from the consumption of purchased electricity. Activity data is obtained as explained in 'Energy consumption' above. Scope 2 (location-based) GHG emissions are calculated by multiplying the electricity consumed in kWh by the grid emission factor of 364 g CO_2e/kWh, based on the 2025 location-based factor published by Enemalta plc, the sole electricity provided in Malta[12]. The methodology applied is in accordance with the GHG Protocol.
Biodiversity	Given the nature of APS's activities as a financial services provider, the Group does not have significant direct impacts on biodiversity through its operations. Assessment of operational sites was conducted using: • national environmental databases, and • international protected area registers. This confirmed that: • all sites are located outside protected areas, with the exception of one office in Valletta, which forms part of a UNESCO World Heritage Site. No quantitative biodiversity impact metrics are currently applicable.

Indicator Name	Criteria
Water usage *Total water withdrawal from all areas in m^3, and a breakdown of this total by the following sources:* *Third-party water*	The Group sources all its operational water exclusively from third-party water and collection of rainwater stored in a reservoir (used as secondary water for flushing in bathrooms and irrigation system for the planters outside the Head Office facade). Third-party water refers to municipal water suppliers; in Malta, this is specifically the Water Services Corporation, as it is the sole municipal water provider. Additionally, water was also received by other undertakings (bowser – used as secondary water as explained above). APS also harvests water from rainfall, which is captured from the roof and stored in a reservoir in Swatar. Since the Group does not have production processes in place which significantly consume water (example: thermal energy processes like drying or power production, production of goods, agricultural irrigation, etc.) it is not required to disclose its water consumption. Consumption is calculated as the difference between its water withdrawals and water discharge from its production processes.
Waste management *Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste*	Waste is defined as any substance or object that the Group discards, intends to discard, or is required to discard as per national Waste Regulations (Subsidiary Legislation 549.63). Waste composition refers to the classification of waste as hazardous or non-hazardous and broken down by waste stream. Hazardous waste is defined in accordance with local waste regulations (Subsidiary Legislation 549.63) which includes waste that due to its chemical composition or other properties, poses substantial risks to human health or the environment if not properly managed as laid out in Schedule 3 of the respective legislation. Non-hazardous waste is defined as all waste which does not meet the definition of hazardous as described above. In the context of The Group, this encompasses the following waste streams: • Commingled (Cardboard + Plastic) • Glass • Metal • General waste • Organic Waste
Waste diverted from disposal *Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste*	Waste diverted from disposal refers to waste that is prevented from being sent to disposal operations (such as landfilling or incineration without energy recovery) and instead undergoes a recovery operation which can either be preparation for reuse, recycling or other recovery options. The waste is weighed by janitors using a scale. All waste diverted from disposal is being recycled and encompasses the following waste streams: • Commingled waste (Cardboard + Plastic) • Glass • Organic waste
Waste directed to disposal *Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste*	Waste directed to disposal refers to all waste which is not diverted from disposal. All waste directed to disposal is being landfilled and exclusively comprises general waste.
SOCIAL SECTION	
Total number of employees, and a breakdown of this total by gender (B8)	Employees are defined as all individuals who are in an employment relationship with the Group according to national law or practice. Gender refers to the classification assigned to employees by Malta's Public Employment Service (Jobsplus), which records gender as either male or female. While Maltese legislation allows for broader gender registration options, including non-binary classifications, which is to be reported under 'Other', this is not currently reflected in the Group's gender disclosure categories. APS's total number of employees, including employee gender breakdown, is based on headcount as of 31 December 2025; this provides point-in-time information and does not reflect full-time equivalent (FTE) figures or averages over the reporting period. Headcount is the total number of people employed by the undertaking at a given time, in this case at year end.

[10] *https://enemed.com.mt/wp-content/uploads/2021/04/Epower-diesel.pdf and https://enemed.com.mt/wp-content/uploads/2024/01/epower-Petrol.pdf*

[11] *https://unfccc.int/sites/default/files/resource/Malta_GHGInv%201990-2023_NID_Apr2025_Final.pdf*

[12] *https://www.enemalta.com.mt/2016/02/25/fuel_mix_for_energy_distribution/*

Indicator Name	Criteria
Total number of permanent and temporary employees (B8)	The employment classifications are defined in accordance with the Employment and Industrial Relations Act (Cap. 452) and its subsidiary legislation, particularly the Conditions of Employment Regulations (Subsidiary Legislation 452.87). Permanent employment is defined as an employment contract with no predetermined end date (indefinite contract). It continues until either the employer or employee terminates it, subject to notice periods and legal protections. Temporary employment is defined as a fixed-term employment contract, which is: • valid for a specific duration or until the completion of a particular task or project. • cannot exceed four years in total duration. If renewed beyond this, the contract is automatically considered indefinite under Maltese law. The determination of the employment classification is based on the terms of the employment contract in relation to the above definitions. The total number of employees, including employment type breakdown and gender breakdowns, is based on headcount as at 31 December 2025; this provides point-in-time information and does not reflect full-time equivalent (FTE) figures or averages over the reporting period.
Employee Turnover (B8)	Employee turnover refers to employees who leave the Group voluntarily or due to dismissal, retirement or death in service. The turnover rate is calculated by dividing the number of employees who left during the reporting period by the average number of employees during the reporting period, all multiplied by 100. The average number of employees during the reporting period is calculated by obtaining the number of employees at the beginning of the reporting period minus the number of employees at the end of the reporting period, adjusted for any new joiners.
Diversity in Management (C5)	APS defines management level as the Senior Management level, which is comprised of the 'Chief' category which includes the CEO, collectively referred to as the C-Suite, and the respective Department Heads. Gender refers to the classification assigned to employees by Malta's Public Employment Service (Jobsplus), which records gender as either male or female. The gender ratio is calculated by dividing the number of female employees by the number of male employees at management level, yielding the proportion of women to men in the Group.
Health and safety incidents (B9)	Rate of recordable work-related accidents is computed on the assumption that one full-time worker works 2,000 hours per year, the rate indicates the number of work-related accidents per 100 full-time workers over a yearly time frame. The formula for calculating the rate of recordable work-related accidents of employees is (number of work-related accidents in the reporting year / the total number of hours worked in a year by all employees) x 200,000. Note: The 200,000 figure is a multiplication of the assumption being made that the entity has 100 full-time workers working 2,000 hours per year. The total number of hours worked in a year by all employees may be estimated on the basis of normal or standard hours of work should it not be possible to calculate directly the number of hours worked. Work-related injuries and work-related ill health result from exposure to workplace hazards. In the case of remote workers, injuries and ill health are considered as work-related, if the injury or ill health is directly related to the performance of work rather than the general home environment. In the case of work-related travel undertaken during working hours, any injury or ill health shall be considered work-related where the employee was engaged in authorised work activities or travelling directly in the course of duties performed in the interest of the employer at the time of the incident. A mental health condition shall be considered work-related only where it has been voluntarily disclosed by the employee and substantiated by an assessment from a licensed healthcare professional confirming that it is attributable to work-related factors.

Indicator Name	Criteria
Percentage of total employees covered by collective bargaining agreements (B10)	Collective bargaining agreements are defined as negotiated arrangements between employers or their organisations and workers' organisations (such as trade unions) aimed at establishing employment terms and improving labour relations. Employees covered by CBAs are those individuals to whom the Group is obliged to apply the agreement. The percentage of employees covered by CBAs can be higher than the percentage of unionised employees. The percentage of employees whose working conditions and terms of employment are regulated by the collective bargaining agreement is calculated by dividing the number of employees covered by collective agreement by the total number of employees and multiplied by 100. APS's number of employees covered by collective agreement and total number of employees are based on headcount as of 31 December 2025; this provides point-in-time information and does not reflect full-time equivalent (FTE) figures or averages over the reporting period.
Ratio of the entry level wage to the minimum wage (B10)	Entry level wage is defined as the full-time wage in the lowest employment category excluding interns and apprentices as at 31 December 2025. The entry-level wage includes pay equal to minimum wage as well as any additional fixed payments guaranteed to employees in that category. Minimum wage is defined as the minimum compensation for employment per hour, allowed under Maltese law as per Legal Notice 287 of 2023, which establishes the national minimum wage for 2024. The ratio of the entry level wage by gender compared to minimum wage is calculated by dividing the entry level wage by the minimum wage.
Pay Gap (B10)	The pay gap is defined as the difference of average pay levels between female and male employees expressed as the percentage of the average pay levels of male employees. This computation should include all employees. There should be two separate average pay calculations for female and male employees. The calculation requires, based on the Group's remuneration policies, that the gross pay is used. The gross pay refers to all the following elements: • base salary, which is the sum of guaranteed, short-term, non-variable cash compensation. • benefits in cash, which constitute the sum of the base salary and cash allowances, bonuses, commissions, cash profit-sharing and other forms of variable cash payments. • benefits in kind such as cars, private health insurance, life insurance and wellness programs; and • direct remuneration, which is the sum of benefits in cash, benefits in kind and the total fair value of all annual long-term incentives. The average gross hourly pay is the weekly/ annual gross pay divided by the average hours worked per week/year. The percentage pay gap between female and male employees is calculated by determining the difference between the average gross hourly pay of male and female employees. This difference is then divided by the average gross hourly pay of male employees and multiplied by 100 to express the result as a percentage.
Average Training Hours per employee (B10)	To date, training hours have been estimated due to the absence of a learning management system. With the planned implementation of the system in 2026, training hours will be tracked and reported more accurately for each employee.
	GOVERNANCE SECTION
Percentage of individuals within the governance body by gender (C9)	A governance body is defined as the highest decision-making authority in the Group, which is a formalised group of individuals responsible for the strategic guidance of the organisation, the effective monitoring of management, and the accountability of management to the broader organisation and its stakeholders. In this context, governance body refers to the Board of Directors of the Group. Gender is being defined in 'Total number of employees, and a breakdown of this total by gender' above. The gender diversity ratio of the governance body is calculated as an average ratio of female to male board members.

DISCLAIMER

This Sustainability Report has been prepared by APS Bank plc for general informational purposes and provides an overview of the environmental, social and governance matters, activities and performance of APS Bank Group for the reporting period indicated. It has been prepared on a voluntary basis with reference to the Voluntary Sustainability Reporting Standard for non-listed SMEs (VSME), as described in the Basis of the Report and Reporting Criteria sections.

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