

Sustainability Market Briefing



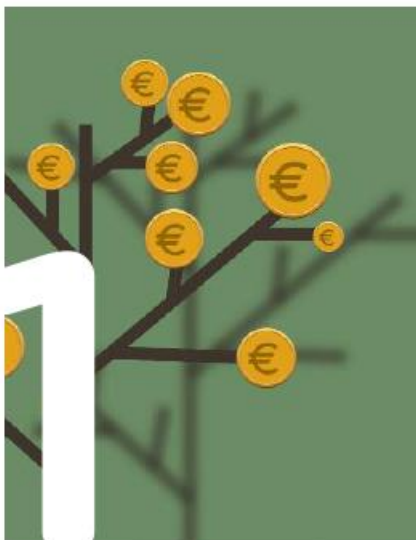


Reflections on a first year of voluntary sustainability reporting

Matthew Swain, Head of Sustainability

Where we are sharpening our focus

1



Evolving the business model for stronger, resilient performance

2



Enforcing capital allocation & profitability discipline

3



Deepening engagement in high-potential customer segments

4



Expanding share of wallet across our range of services

 APS

5



Outcompeting through digital & customer experience

6



Looking for selective growth — consolidation, partnerships & inorganic opportunities

How we determine material impacts, risks and opportunities (IROs)

DMA is a key input into the Bank's evolving C&E risk management framework by identifying ESG matters. It has been performed in line with the requirements established in the European Sustainability Reporting Standards and was conducted through a **structured methodology**. A comprehensive review of the Bank's activities was undertaken, covering **the lending portfolio, investment portfolio, asset management activities, and wealth management activities**. According to Bank's DMA, **climate change (E1), consumers and end-users (S4), and business conduct (G1)** were determined as material topics.

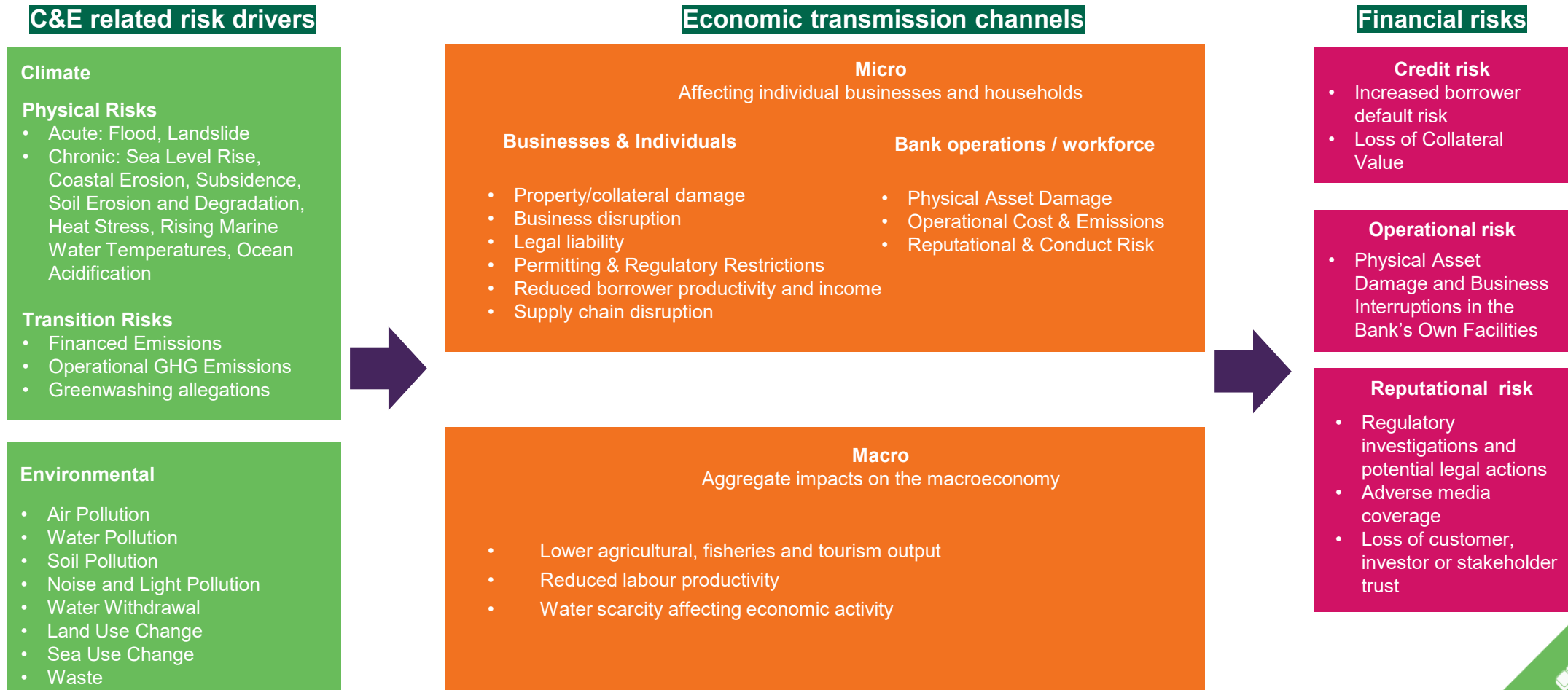
High level overview of DMA process

1- Research and scoping	2- Identification of topics, impacts, risks and opportunities	3- Assessment of impacts, risks and opportunities	4- Consolidation of results
- Obtain a view of the Bank's business model, value chain, applicable sustainability matters (through research analysis). - Gather insights into relevant sustainability matters for the sector. 	- Define long list of sustainability topics and IROs applicable to the Bank. - Define stakeholder groups to engage. 	- Define and rank impacts based on developed scoring mechanisms. - Define and rank financial risks & opportunities based on developed scoring mechanisms. 	Define thresholds and determine material IROs, sustainability matters and topics. 

How C&E risks transmit to traditional financial risks

The DMA also supports the identification of C&E risk transmission channels.

Schematic illustration of C&E risk transmission to financial risks



How we communicate our sustainability initiatives

Voluntary VSME reporting gave APS a proportionate and scalable foundation

● **Good governance, not only compliance**

APS chose to report voluntarily, reflecting its community-bank identity and commitment to sustainable future.

● **Proportionate architecture**

The report applies the VSME Basic and Comprehensive Modules as a practical baseline.

● **Designed to scale**

The reporting foundation can evolve with regulatory expectations, data maturity and stakeholder needs.



What we learned from our first reporting cycle

A concise view of why APS started, how the reporting process was built, what was measured and where finance creates impact.

01

Start early

Voluntary reporting created a scalable foundation ahead of evolving expectations.

02

Build ownership

Clear roles and data ownership turned disclosure requirements into a workable process.

03

Measure material impacts

Financed emission measurement made the climate impact of capital allocation more understandable.

04

Improve data quality

Reliable sustainability reporting depends on accessible, complete and comparable data.

What we highlight from our VSME Report 2025



The Bank reached **€244 million** under the 2025 ESG portfolio definition, just below the €250 million sustainable finance target.



Responsible Lending Policy was reviewed to strengthen the approach to responsible finance, with a particular focus on identifying high-impact sectors where the Bank has greater exposure or heightened ESG risks.



Financed Emissions have been calculated in accordance with the PCAF Standard which enables us to measure and account for the GHGs associated with our financed activities.



Key Compliance Results
Zero fines, zero convictions for bribery, corruption, AML/CFT, or market abuse. No incidents of discrimination, harassment, child labour, forced labour, or data breaches. No work-related accidents or fatalities.



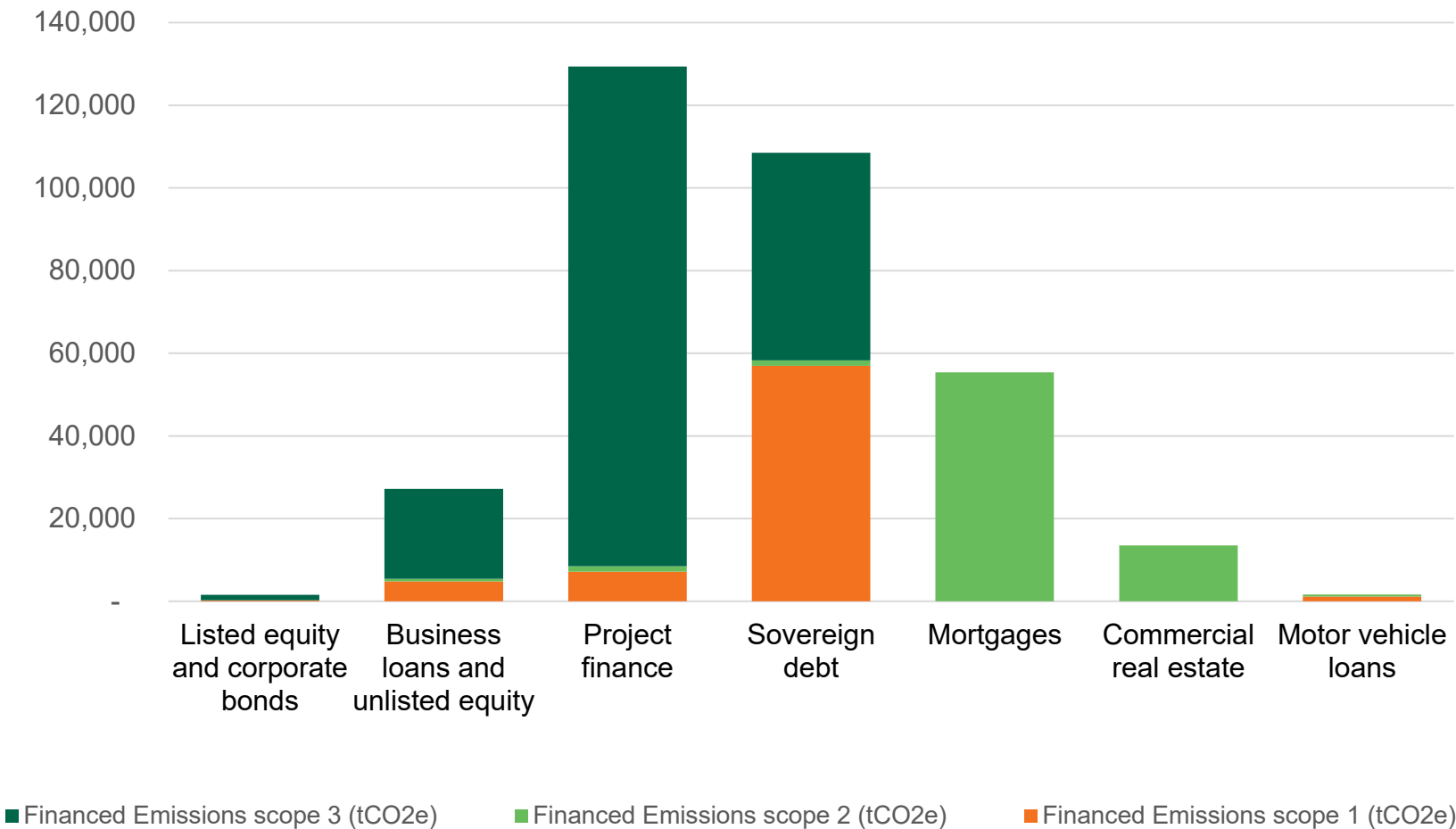
Workforce Performance:
688 employees (392F vs 296M).
92% of employees covered by Collective Bargaining Agreement.
24,000 training hours.
Gender pay gap ~5% across all levels (except SMs)



Operational Environmental Performance:
Branch refurbishments (include energy-efficient lighting, HVAC, insulation, and double glazing) and Rainwater harvesting.

How we capture our climate impact

Financed emissions by PCAF asset class (tCO₂e)



337,160

tCO₂e

total financed emissions measured across included asset classes

How it looks like managing ESG data in practice

Data Accessibility

Lack of knowledge of where data exists within an organization.
Limited data readiness and ESG awareness

Data Accuracy

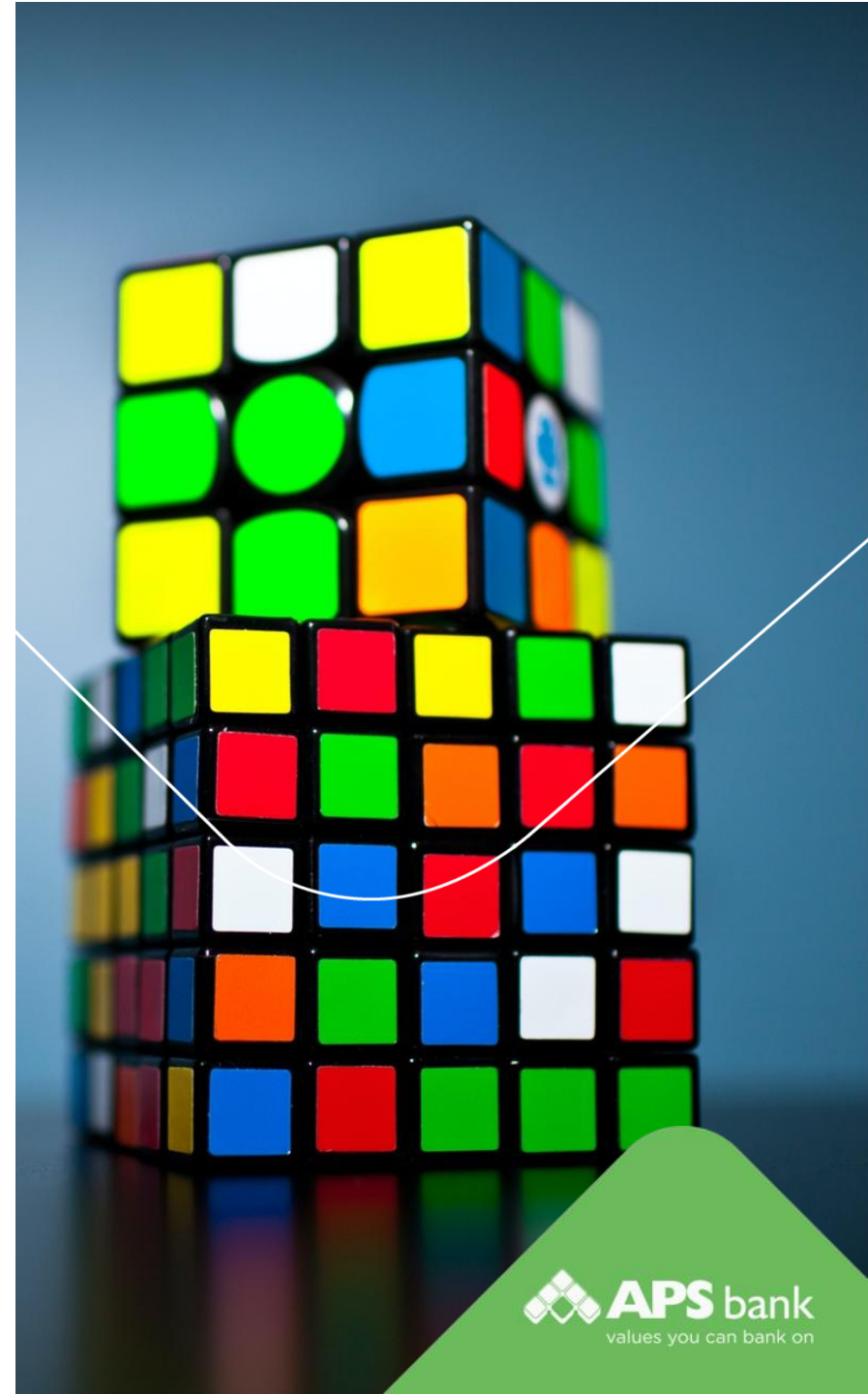
Manual data recording methods can be prone to human error.
Assumptions and estimates are required to fill data gaps can be inaccurate.

Data Comparability

Data may be recorded in different formats in different buildings (e.g excel vs software platform).
Granularity of data may differ across the portfolio.

Data Completeness

Data often has gaps or is missing altogether.
Data can be siloed and not aggregated in a single place.



Partnering for a More Sustainable Future

Sustainable Finance Case Study from Commercial Portfolio

The investment reduces grid dependence and energy costs while supporting Marsa Rebar's wider sustainability objectives.

**790,000
kWh**

renewable electricity
generated each year with
the installation of 577kWp
solar panels on the roof

~70%

of the company's
electricity needs met

3.5 years

expected return on
investment

WIDER VALUE CHAIN

Steel is sourced from European
suppliers using recycled scrap metal and
lower-carbon production methods.



Partnering for a More Sustainable Future

Sustainable Finance Case Study from Retail Portfolio

The property's EPC rating did more than confirm its energy performance. It also opened access to preferential green financing.

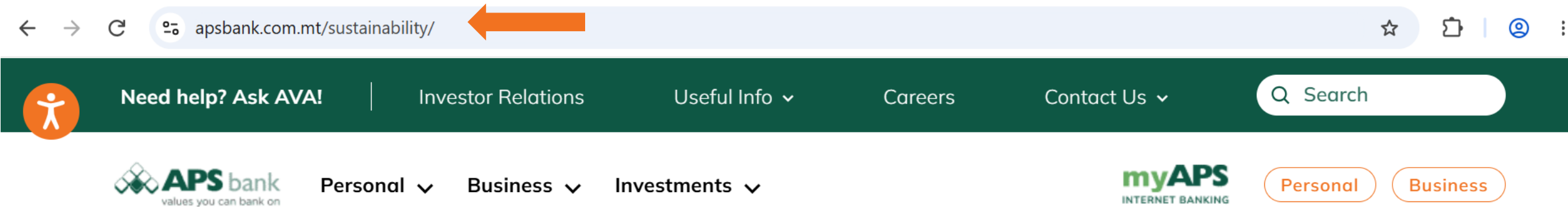
- 01 ENERGY-EFFICIENT HOME
- 02 EPC A RATING
- 03 GREEN HOME LOAN ELIGIBILITY
- 04 PREFERENTIAL INTEREST RATE

ADDED
VALUE

“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.”

Anthea – APS Customer

How you can find our Sustainability Report 2025



Disclosures

Sustainability Report 2025

This Sustainability Report has been prepared in line with the Voluntary Sustainability Reporting Standard for SMEs (VSME) and provides an overview of our environmental, social and governance performance, together with the initiatives and policies that support our approach to sustainability.



How we create value for our shareholders

Our sustainability approach supports transparency, resilience and informed long-term decision-making.



SUPPORTED BY

● VSME reporting

● Financed emissions

● C&E risk management

● Responsible lending

Sustainable Finance

Lorraine Cassar, Senior Corporate Banking Manager

Why does sustainable finance matter to a bank?

Banks allocate capital — what we finance today shapes the economy of tomorrow

Europe needs significant investment to deliver the green transition — around 4.1% of GDP annually until 2030

Our biggest ESG impact is our balance sheet — through customers, investments and financing decisions

Sustainable finance helps manage future risks and opportunities, including those arising from the transition to a more sustainable economy

It is not about lending less — it is about lending responsibly and helping customers prepare for the future

APS: From products to responsible lending

Sustainable finance offering

Green Finance, Eco Loans, Green Home Loans and Green Term Deposits support investment in energy efficiency, renewable energy and other green activities.

Tangible results

APS reached €244m in sustainable finance in 2025, close to its €250m target.

Green financing activity

Since 2023, 1,320+ green projects have been financed, representing €148m+ in financing.

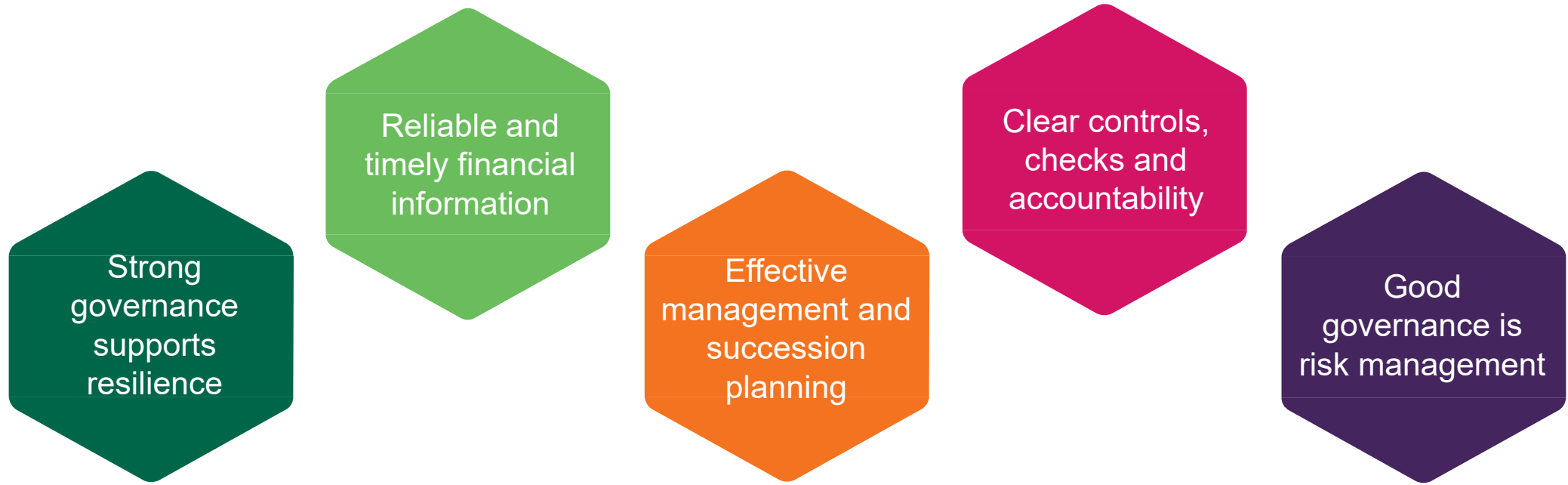
ESG is part of core lending

The Responsible Lending Policy brings environmental, social and governance considerations into lending decisions.

What does this mean for our customers?



Governance: an important consideration for our customers



Responsible lending

**Look beyond
repayment**



Understand the ESG factors that could affect a customer's ability to repay in the future.

**Assess Long-Term
Resilience**



Consider environmental, regulatory, technology and social risks alongside financial performance.

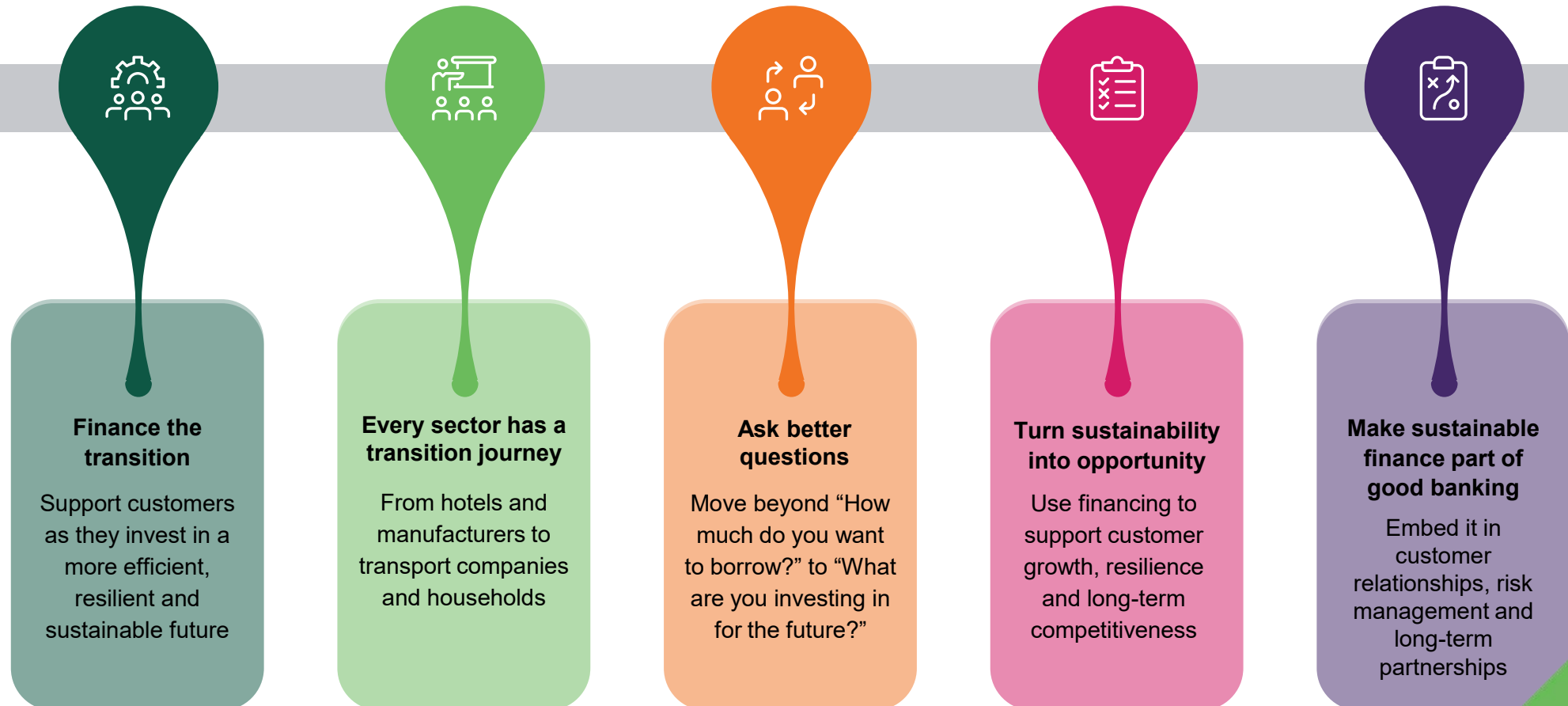
**Integrate ESG
into Lending**



Embed ESG risk assessment into lending decisions and portfolio monitoring, making it part of responsible banking.

Financing the transition

**“Sustainable finance is not a separate type of banking,
it is increasingly becoming good banking”**



A hand holding a green circle with a smiley face, symbolizing customer experience. The background is a blurred image of a hand holding the circle, with a white curved line crossing the image.

Customer Experience Highlights

Scott Lee Holloway, Head of Customer Experience

Creating brighter futures through better experiences



Valued

A more personal,
considerate experience



Safe

Supported when it
matters most



Connected

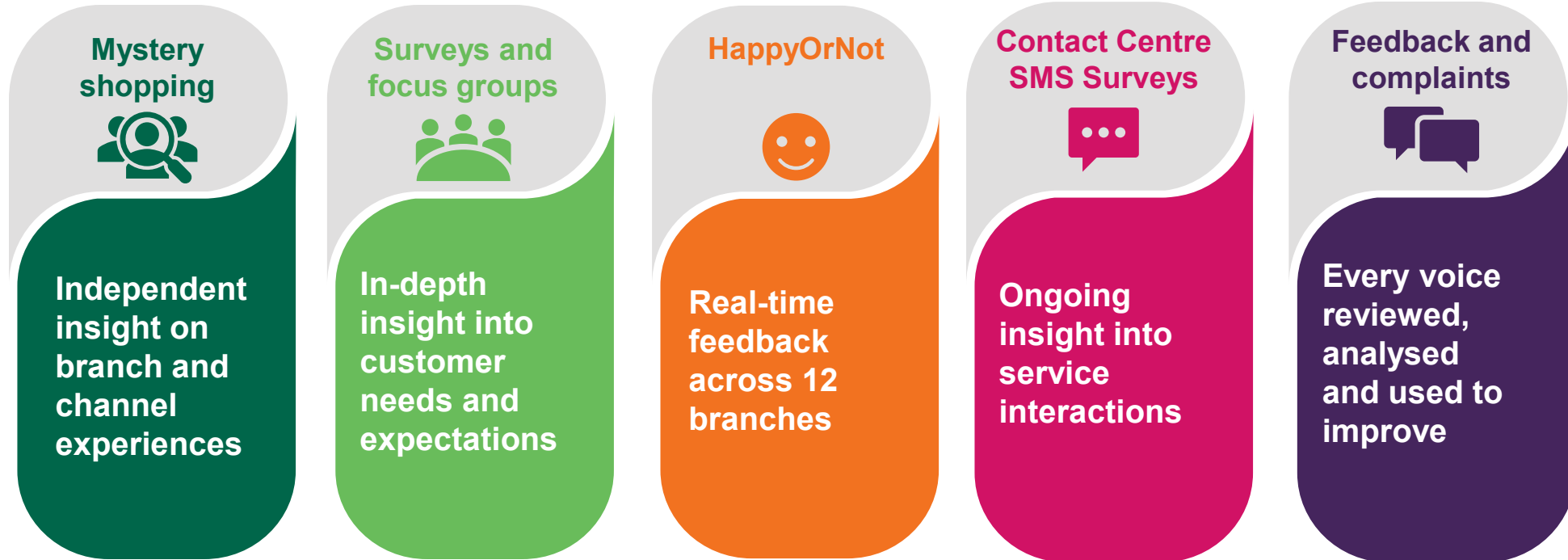
Seamless, accessible and
inclusive banking

We listen, understand and continuously
improve the experiences we deliver



Listening to our customers, **systematically**

We capture feedback across multiple channels to understand what matters most, identify emerging needs and drive improvement



Listen > Analyse > Identify themes > Take action

Designing for customers, who may need us differently

We are committed to an inclusive and supportive banking experience, ensuring everyone can access and use our services with confidence



Vulnerable customers

- Vulnerable Customers Policy
- VOC team serve as dedicated Vulnerability Champions, upskilled in areas such as managing suicidal conversations



Autism Friendly

- Autism Friendly Spaces certification, including Autism Friendly branch hour (13:00 – 14:00 weekdays)
- Over 100 Bank staff trained as Autism Ambassadors



Accessible banking

- Audio-guided journey on ATMs
- Braille stickers for key functions



Digital where it helps, human where it matters



We're evolving our digital capabilities to make banking simpler, while keeping our people there for complex or sensitive needs



24/7 assistance

AVA is always on hand to answer common questions



Appointment scheduling

Book branch appointments directly for dedicated services



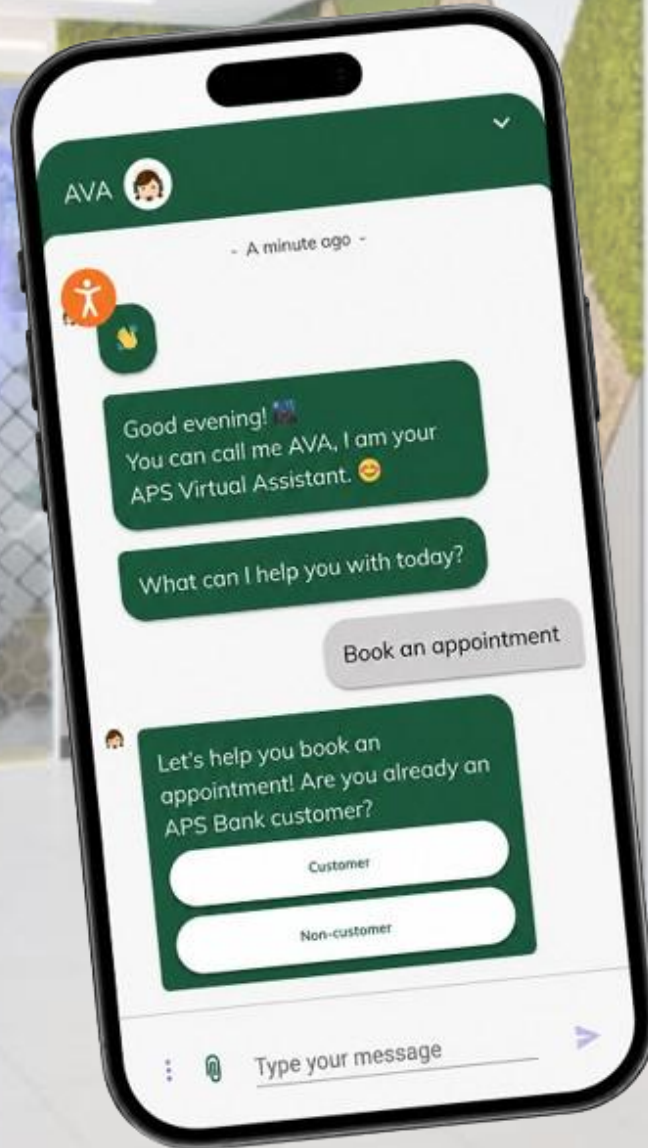
Continuous improvement

Expanding capabilities based on customer needs



Human connection

Freeing our colleagues to focus on more complex and meaningful conversations



Building a customer-first, **organisation**



CX training programme

Building skills and confidence
across the Bank



CX activation sessions

Bringing our CX Strategy to life in
how we work every day



VOC Portal

One place to channel customer
feedback, complaints and suggestions



Our focus going forward



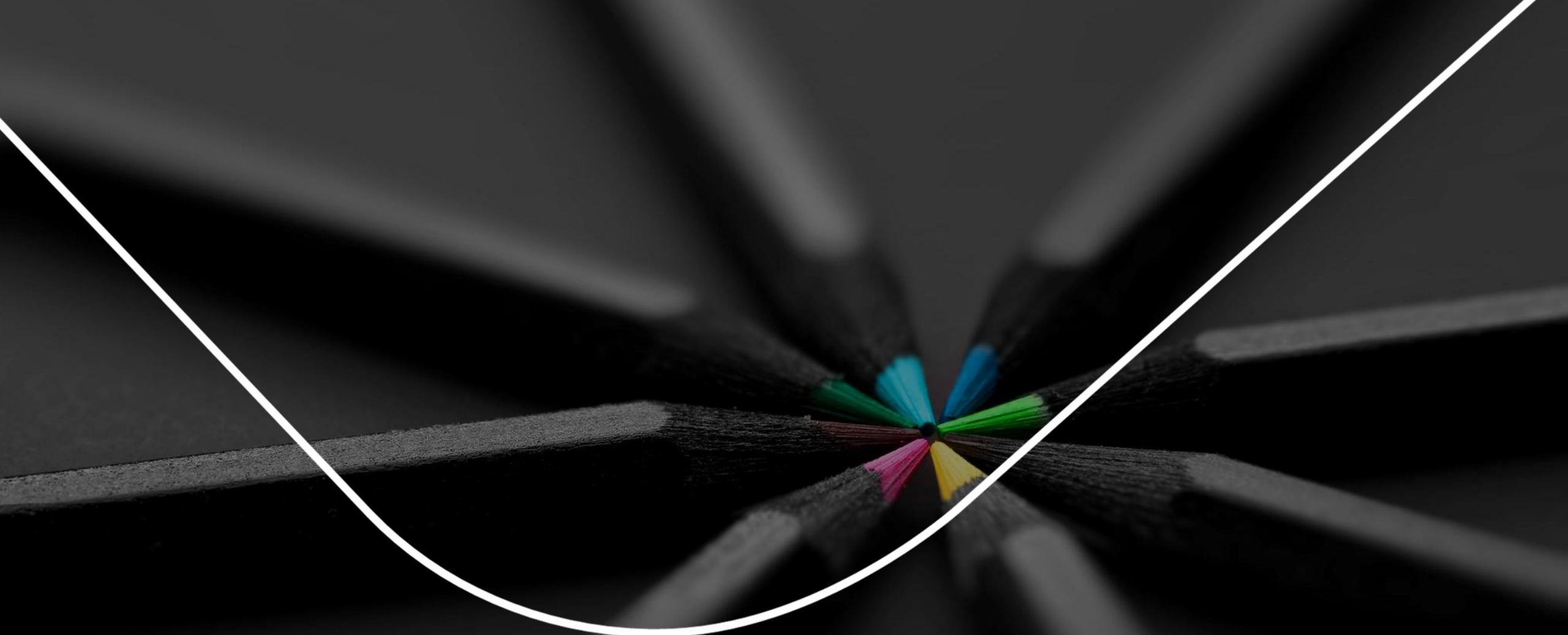
Deeper customer
insight



Simpler, more
seamless journeys



Inclusive and
sustainable experiences



Corporate Culture Change Management Highlights

Susan Vella, Corporate Culture Change Manager

What gives us confidence that someone will deliver?



Good judgement



Ownership



Delivery

Confidence is built through consistent behaviour over time.

What drives sustainable performance?



Strategy

Where we want to go



Culture

How we get there



Sustainable performance

Creating value over time



Stronger relationships

**People focus and
collaboration**



Adapt quickly

**Curiosity and
openness to change**



Strong performance

**Ownership and
accountability**



Achieve ambitions

**Culture that
enables results**



Define it

#APSlife
Playbook

Our culture, your guide



Activate it



Embed it





Preserve what serves us well. Strengthen what the future requires.

The right culture for the strategy we are pursuing

A culture that drives sustainable performance

Share



Learn



Evolve



Disclaimer

This presentation has been prepared by APS Bank plc for general informational purposes in connection with its Sustainability Market Briefing. It contains selected and summarised information from APS Bank Group's Sustainability Report 2025 and should be read together with the full published report, which shall prevail in the event of any inconsistency.

Nothing in this presentation constitutes an offer, invitation or recommendation relating to any security or financial product, nor does it constitute investment, financial, legal, tax or regulatory advice.

Certain sustainability-related information, including greenhouse gas emissions, financed emissions and other ESG indicators, may be based on estimates, assumptions, proxies, evolving methodologies and data obtained from internal or third-party sources. While reasonable efforts have been made to ensure accuracy, such information may be refined or restated as methodologies, data availability, regulatory requirements and industry standards evolve.

This presentation may contain forward-looking statements relating to APS Bank Group's sustainability objectives, targets, priorities and intended actions. Actual outcomes may differ as a result of risks, uncertainties and changing circumstances. APS Bank Group undertakes no obligation to update such statements except where required by law or regulation.

To the fullest extent permitted by law, APS Bank plc and the other entities within APS Bank Group accept no liability for any loss or damage arising from reliance on, or use of, the information contained in this presentation.

Approved and issued by APS Bank, APS Centre, Tower Street, Birkirkara BKR 4012, Malta. APS Bank plc is regulated by the Malta Financial Services Authority as a Credit Institution under the Banking Act 1994 and to carry out Investment Services activities under the Investment Services Act 1994. The Bank is also registered as a Tied Insurance Intermediary under the Insurance Distribution Act 2018. The Bank is a participant in the Depositor Compensation Scheme and the Investor Compensation Scheme as established under the laws of Malta. All investments carry risks.