Pillar 3 Disclosures

30 September 2026

APS bank

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1. Introduction

This report provides an overview of the regulatory capital and risk management practices and exposures of APS Bank and its subsidiaries (hereafter 'the Group') in line with Pillar 3 of the Basel framework. Pillar 3 of the Basel framework aims to promote financial market discipline through regulatory disclosure requirements. These requirements enable market participants to access key information relating to a bank's regulatory capital and risk exposures, in order to increase transparency and confidence about a bank's exposure to risk and the overall adequacy of its regulatory capital.

The Pillar 3 disclosures within this report are prepared in line with Banking Rule BR/07/2024 - *Publication of Annual Report and Audited Financial Statements of Credit Institutions Authorised Under the Banking Act 1994*, and governed by Part Eight of the Capital Requirements Regulation (CRR) III. The disclosures are in accordance with the Implementing Technical Standards (ITS) published by the EBA to ensure comparability and consistency of banks' Pillar 3 disclosures.

The European Banking Authority (EBA) introduced the Pillar 3 data hub (P3DH) to facilitate centralised access by all stakeholders to prudential data from all EEA institutions, promote transparency and market discipline in the EU banking sector, further contributing to the soundness of the European financial system. The P3DH is accessible through the EBA's European Data Access Portal (EDAP), where users can access Pillar 3 information across EU/EEA institutions Accordingly, the Group's Pillar 3 Disclosures are made available on the P3DH, as well as on its website under the 'Investor Relations' section.

The Group has in place a Pillar 3 Disclosures Policy which sets out the approach to be adopted to ensure that the Group complies with the disclosure requirements set out in the CRR and respective EBA ITS. The Policy outlines the roles and responsibilities, the basis of preparation of the report and the verification and approval process.

This report is not subject to external audit. However, this report has undergone comprehensive internal review as outlined in the Pillar 3 Disclosures Policy. This report has been reviewed by the Chief Risk Officer and approved by the Board of Directors. A reference has been added in cases where additional information addressing Pillar 3 requirements is included in the Financial Statements. The Board of Directors is satisfied that the internal controls implemented around the preparation of these Additional Regulatory Disclosures are adequate and such disclosures present a fair and accurate view of the Group's risk profile and capital position.

2. Key Risk Metrics

The Risk Department performs regular risk assessments and stress testing exercises, the results of which are presented to the Board of Directors, Risk Committee and other committees as may be required, including the Assets and Liabilities Committee (ALCO) and the Executive Committee. The Risk Appetite Dashboard, which complements the Risk Appetite Statement, is presented to the Board of Directors on a quarterly basis. These reports provide insight on the Group's risk profile and benchmarks this with the Group's risk appetite and internal limits. These are presented using a "RAG" approach (also known as "traffic lights"). Early warning signals and excesses are escalated to the Chief Risk Officer, followed by the Executive Committee, Risk Committee and the Board of Directors, as deemed applicable in line with the Bank's Internal Escalation Procedure, to ensure that the necessary corrective actions are implemented.

The following table summarises the Bank's key regulatory ratios, and their underlying components, for the reporting quarter and the preceding four quarters. These ratios form an integral part of the Bank's strategic planning and risk management framework.

EU KM1 – Key Metrics

		Sep-26	Jun-26	Mar-26	Dec-25	Sep-25
	Available own funds (€000)					
1	Common Equity Tier 1 (CET1) capital	330,535	333,680	317,844	326,890	280,377
2	Tier 1 capital	330,535	333,680	317,844	326,890	280,377
3	Total capital	425,715	431,621	418,517	430,265	384,665
	Risk-weighted exposure amounts					
4	Total risk exposure amount	2,011,403	2,005,645	1,921,119	1,853,672	1,906,850
4a	Total risk exposure pre-floor	2,011,403	2,005,645	1,921,119	1,853,672	1,906,850
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	16.43%	16.64%	16.54%	17.63%	14.70%
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	-	-	-	-	-
6	Tier 1 ratio (%)	16.43%	16.64%	16.54%	17.63%	14.70%
6b	Tier 1 ratio considering unfloored TREA (%)	-	-	-	-	-
7	Total capital ratio (%)	21.17%	21.52%	21.79%	23.21%	20.17%
7b	Total capital ratio considering unfloored TREA (%)	-	-	-	-	-
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.50%	2.50%	2.50%	3.15%	3.15%
EU 7e	of which: to be made up of CET1 capital (percentage points)	1.41%	1.41%	1.41%	1.77%	1.77%
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	1.88%	1.88%	1.88%	2.36%	2.36%
EU 7g	Total SREP own funds requirements (%)	10.50%	10.50%	10.50%	11.15%	11.15%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	-
9	Institution specific countercyclical capital buffer (%)	0.10%	0.10%	0.10%	0.09%	0.08%

EU 9a	Systemic risk buffer (%)	1.02%	1.01%	0.89%	0.90%	0.57%
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	0.50%	0.50%	0.50%	0.44%	0.44%
11	Combined buffer requirement (%)	4.11%	4.11%	3.99%	3.92%	3.59%
EU 11a	Overall capital requirements (%)	14.61%	14.61%	14.49%	14.74%	14.74%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.56%	8.76%	8.67%	6.75%	6.56%
	Leverage ratio					
13	Total exposure measure	5,025,052	4,910,215	4,830,300	4,755,060	4,489,809
14	Leverage ratio (%)	6.58%	6.80%	6.58%	6.87%	6.24%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	-
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	-
EU 14c	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
EU 14d	Leverage ratio buffer requirement (%)	-	-	-	-	-
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	762,589	720,616	732,064	750,502	608,132
EU 16a	Cash outflows - Total weighted value	556,034	550,089	560,064	533,520	501,637
EU 16b	Cash inflows - Total weighted value	35,766	64,932	103,676	185,375	152,415
16	Total net cash outflows (adjusted value)	520,268	485,157	456,388	421,288	349,222
17	Liquidity coverage ratio (%)	146.58%	148.53%	160.40%	178.14%	174.14%
	Net Stable Funding Ratio					
18	Total available stable funding	4,177,383	4,073,613	4,019,400	3,951,340	3,717,445
19	Total required stable funding	3,016,234	2,971,031	2,848,692	2,788,424	2,684,279
20	NSFR ratio (%)	138.50%	137.11%	141.10%	141.71%	138.49%

3. Capital Management

The Group continuously aims at building and sustaining a strong capital base and at applying it efficiently throughout its activities to reach its strategic objectives, optimise shareholder value whilst ensuring the sustainability of the Bank's business model and risk profile. A strong and prudent capital base is one of the pillars of the Group's business model and maintaining adequate capital ratios will continue being key to enable the Group to steer through both challenging and benign economic conditions.

As part of its business planning process, the Group examines both the current and future capital requirements in line with its Risk Appetite and strategic business objectives, in order to establish its near and long-term capital needs, capital expenditures required for the foreseeable future, target capital levels and potential sources of capital. Capital planning is the responsibility of the ALCO.

As an integral part of the Group's business planning process, the Risk Department performs a detailed analysis of the capital requirements over the medium- and long-term which also form an integral part of the Internal Capital Adequacy Assessment Process (ICAAP). This involves compiling scenario analysis and stress testing exercises to evaluate the impact of the Bank's strategic growth on its risk profile, whilst also taking into consideration regulatory requirements. The impact of business objectives on the Group's risk profile is also evaluated as part of the annual budgeting process.

3.1. Capital Instruments

The Bank's capital is composed of Common Equity Tier 1 (CET 1) and Tier 2 capital instruments, as defined by the CRR. CET 1 capital is the highest quality capital and, therefore, the most effective in absorbing losses. The Bank's capital is mainly composed of CET 1 capital, which primarily consists of ordinary share capital and retained earnings. In June 2022 the Bank issued its first equity public offering worth €65,800,000, hence strengthening further its capital position. In 2025 the Bank successfully completed a Rights Issue, raising €45,800,000 of new CET 1 capital. Further information on the share capital composition is provided in Note 46 to the Financial Statements.

In November 2020, the Bank joined the list of issuers on the Malta Stock Exchange for the first time with the listing of the €55,000,000 3.25% APS Bank plc Unsecured Subordinated Bonds 2025-2030. In November 2023, the Bank announced the issuance of €50 million 5.80% Unsecured Subordinated Bonds 2028-2033. The subordinated bonds qualify as Tier 2 Capital, which ranks after the claims of all depositors (including financial institutions) and all other creditors.

3.2. Capital Requirements

In accordance with the CRR, the Bank calculates its capital requirements for Pillar 1 risks using the following approaches:

- The Standardised Approach for the purposes of calculating its risk-weighted exposure to credit risk. The minimum regulatory capital allocation to credit risk is calculated at 8% of the credit risk-weighted exposures.
- The Standardised Approach for the purposes of calculating its risk-weighted exposure to foreign exchange risk. The capital allocation for foreign exchange risk is therefore equal to 4% of the matched position for closely correlated currencies, while a capital allocation of 8% of the position is applied for non-closely correlated currencies.
- The Standardised Measurement Approach (SMA) is used for the purposes of calculating its risk-weighted exposure to operational risk. Under this approach, the Bank applies fixed percentages to different components of the Bank's business indicator, adjusted, where applicable, by an Internal Loss Multiplier that reflects the Bank's historical loss experience.

The following table discloses the Bank's risk weighted assets and capital requirements as at 30th September 2026 for each exposure class in line with the CRR, and the respective Pillar 1 capital requirement based on the methods outlined above. The difference between the capital requirement of the Group and the Bank is immaterial.

EU OV1 – Overview of total risk exposure amounts

		RWA		Minimum Capital requirements
		Sep-26 €000	Jun-26 €000	Sep-26 €000
1	**Credit risk (excluding counterparty credit risk)**	1,877,219	1,871,453	150,178
2	Of which: standardised approach	1,877,219	1,871,453	150,178
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	-	-
6	Counterparty credit risk - CCR	-	-	-
7	Of which the standardised approach	-	-	-
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
9	Of which other CCR	-	-	-
10	Credit valuation adjustments risk - CVA risk	-	-	-
EU 10A	Of which the standardised approach (SA)	-	-	-
EU 10B	Of which the basic approach (F-BA and R-BA)	-	-	-
EU 10C	Of which the simplified approach	-	-	-
11	**Settlement risk**	-	-	-
12	Securitisation exposures in the non-trading book (after the cap)	-	-	-
13	Of which SEC-IRBA approach	-	-	-
14	Of which SEC-ERBA (including IAA)	-	-	-
15	Of which SEC-SA approach	-	-	-
EU 15a	Of which 1250% / deduction	-	-	-
16	Position, foreign exchange and commodities risks (Market risk)	83	92	7
17	Of which the Alternative standardised approach (A-SA)	-	-	-
EU17a	Of which the Simplified standardised approach (S-SA)	83	92	7
18	Of which Alternative Internal Model Approach (A-IMA)	-	-	-
EU18a	Large exposures	-	-	-
19	Reclassifications between the trading and non-trading books	-	-	-
20	**Operational risk**	134,100	134,100	10,728
EU20a	Exposures to crypto-assets	-	-	-
21	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
22	Output floor applied (%)	-	-	-
23	Floor adjustment (before application of transitional cap)	-	-	-
24	Floor adjustment (after application of transitional cap)	-	-	-
25	**Total**	**2,011,402**	**2,005,645**	**160,913**

The Bank is required to meet a total SREP capital requirement (TSCR) of 10.50%, consisting of 8% minimum Pillar 1 requirement and a 2.50% Pillar 2 requirement (P2R)[1]. In line with the Capital Requirement Directive (CRD VI), Banks may partially use capital instruments that do not qualify as Common Equity Tier 1 (CET1) capital, for example Additional Tier 1 or Tier 2 instruments, to meet the P2R.

[1] Further information on the capital requirements is included in Section 2, table EU KM1

Banking Rule BR/15/2025 – *Capital Buffers of Credit Institutions Authorised Under Banking Act 1994* requires institutions to maintain capital buffers over and above the Pillar 1 requirements. In accordance with this Rule, the Bank maintains a Capital Conservation Buffer (CCB), a Countercyclical Capital Buffer (CCyB), an Other-Systemically Important Institutions (O-SII) buffer and a Systemic Risk Buffer (sSyRB). The capital buffers (collectively referred to as the Combined Buffer Requirement) are to be met from Common Equity Tier 1 capital and, if the minimum buffer requirements are breached, the Group might be subject to capital distribution constraints.

As at 30 September 2026, the Bank's Tier 1 and Total Capital Ratios stood at 16.43% and 21.17%, respectively, thereby above the respective applicable regulatory minima. During Q3 2026, both the Tier 1 and Total Capital ratios declined by 21 bps and 35 bps, respectively. The decrease is primarily due to a decrease by approximately €3m in Tier 1 Capital (through accumulated other comprehensive income) while Risk Weighted Assets (RWAs) increased by approximately €5m reflected planned growth in business.

4. Liquidity and Funding Risk

Liquidity risk is the risk that the Group cannot meet its financial obligations as they fall due in the short term and medium term, either at all or without incurring unacceptable losses.

Funding risk is the risk that the Group cannot meet its financial obligations as they fall due in the medium to long term, either at all or without increasing funding costs unacceptably. Funding risk can also be seen as the risk that the Group's assets are not stably funded in the medium and long term.

The Bank manages these risks by seeking to match the maturities of assets and liabilities in its balance-sheet. The management of liquidity and funding is governed by a detailed Liquidity and Funding Risk Policy. This Policy establishes clear lines of responsibility, limits and guidance on the measurement and monitoring of the Group's net funding requirements. The Asset Liability Management Unit is responsible for implementing such Policy; whereas the ALCO is responsible for monitoring and ensuring the implementation of and adherence with the Policy, as well as ensuring consistency with the Bank's Risk Appetite. It also ensures that adequate liquidity is held to meet both expected and unexpected commitments. This Policy includes a detailed Liquidity Contingency Plan, which addresses the strategy for handling liquidity crises and includes procedures for covering cash flow shortfalls in emergency situations.

Through the Internal Liquidity Adequacy Assessment Process (ILAAP), the Bank ensures that it maintains, at all times, liquidity resources, which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due. Thus, the ILAAP serves as a key decision-making tool in liquidity and funding management. The latest ILAAP, compiled in line with EBA Guidelines, concluded that the Bank maintains adequate levels of liquidity buffers and adequate funding. The document is reviewed in detail by the Bank's Internal Audit Department and Risk Committee and subsequently presented to the Board for approval. Following Board approval, the ILAAP Report is submitted to the MFSA.

The Bank funds loans primarily by sourcing retail deposits. As at 30 September 2026, the Bank's Loan-to-Deposit ratio, computed in line with the methodology adopted by the EBA, was equal to 98.15% (30 Jun 2026: 99.81%), which is in line with the Bank's risk appetite. Moreover, the Bank has a high level of stable deposits, which acts as a virtually permanent source of liquidity. The Bank also has a portfolio of highly marketable assets that can be easily liquidated in the event of any unforeseen cash flow requirements, as also confirmed by its Liquidity Coverage Ratio (LCR).

4.1. Liquidity Coverage Ratio

The LCR measures the Bank's liquidity buffer to its net liquidity outflows over a 30 calendar day stressed period. The Bank reports this ratio to the MFSA on a monthly basis. During Q3 2026, the Bank's LCR remained consistently above the applicable minimum requirement of 100% and in line with its risk appetite.

The below table discloses quantitative information on the Bank's LCR for each of the four calendar quarters, starting December 2025 and ending September 2026. The figures are calculated as the simple averages of month-end observations over the twelve months preceding the end of each quarter. Given that the Bank does not have another 'material currency'[2], other than the Euro, the Bank reports the LCR in the reporting currency (Euro).

[2] Banks are required to assess the LCR by material currencies. A currency is considered to be a 'material currency' if the aggregate liabilities denominated in that currency amount to, or exceed, 5% of a bank's total liabilities.

EU LIQ1 - Quantitative information of Liquidity Coverage Ratio (LCR)

		Total unweighted value (average)				Total weighted value (average)			
Quarter ending on		Sep-26 €000	Jun-26 €000	Mar-26 €000	Dec-25 €000	Sep-26 €000	Jun-26 €000	Dec-25 €000	Sep-25 €000
EU 1a		T	T-1	T-2	T-3	T	T-1	T-2	T-3
EU 1b	Number of data points used in the calculation of average	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total HQLA					**735,676**	**705,381**	**697,820**	**658,415**
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	2,376,727	2,291,337	2,185,374	2,981,997	172,882	165,719	157,251	145,676
3	*Stable deposits*	*1,646,096*	*1,597,304*	*1,533,171*	*1,444,491*	*82,305*	*79,865*	*76,659*	*72,225*
4	*Less Stable deposits*	*730,631*	*694,032*	*652,204*	*594,691*	*91,203*	*86,479*	*81,219*	*74,077*
5	Unsecured wholesale funding, of which:	691,167	680,163	662,153	627,922	310,004	302,699	293,063	278,887
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*3,327*	*4,065*	*4,296*	*3,996*	*660*	*844*	*902*	*827*
7	*Non-operational deposits (all counterparties)*	*687,840*	*676,098*	*657,856*	*623,927*	*309,344*	*301,854*	*292,161*	*278,060*
8	*Unsecured debt*	-	-	-	-	-	-	-	-
9	Secured wholesale funding					-	-	-	-
10	Additional requirements, of which:	**624,330**	**611,645**	**597,150**	**579,019**	**46,157**	**45,726**	**45,047**	**43,953**
11	*Outflows related to derivative exposures and other collateral requirements*	-	-	-	-	-	-	-	-
12	*Outflows related to loss of funding on debt products*	-	-	-	-	-	-	-	-

13	*Credit and liquidity facilities*	*624,330*	*611,645*	*597,150*	*579,019*	*46,157*	*45,726*	*45,047*	*43,953*
14	Other contractual funding obligations	4,359	4,651	4,954	5,286	3,477	3,643	3,937	4,241
15	Other contingent funding obligations	28,506	27,041	25,467	23,931	-	-	-	-
16	**Total Cash Outflows**					**539,632**	**524,900**	**506,411**	**479,870**
Cash Inflows									
17	Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	91,617	113,963	126,904	132,670	78,610	101,248	114,282	120,385
19	Other cash inflows	852	821	2,336	3,446	852	821	2,336	3,446
20	**Total Cash Inflows**	**92,469**	**114,784**	**129,240**	**136,116**	**79,462**	**102,069**	**116,618**	**123,832**
20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
20 b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
20c	*Inflows subject to 75% cap*	92,469	114,784	129,240	136,116	79,462	102,069	116,618	123,832
Total Adjusted Value									
EU -21	**Liquidity Buffer**					**762,589**	**720,616**	**732,064**	**750,502**
22	**Total net cash outflows**					**520,268**	**485,157**	**456,388**	**421,288**
23	**Liquidity Coverage Ratio (%)**					**146.58%**	**148.53%**	**160.40%**	**178.14%**

LIQB: Qualitative information on LCR

(a)	Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time.	The Bank's Liquidity Coverage Ratio (LCR) is primarily driven by the level of high-quality liquid assets (HQLA) held and the net cash outflows projected over a 30-day stress horizon. The main contributors to HQLA include cash balances with the central bank and high-quality marketable securities. Net cash outflows are influenced by the Bank's deposit structure, maturing liabilities, and contingent liquidity needs. Over time, the composition of the LCR has evolved due to changes in the balance sheet, including variations in deposit balances, loan growth, and the mix of HQLA held. The Bank actively manages the contribution of these inputs through funding diversification, prudent liquidity buffers, and ongoing monitoring of cash flow projections to ensure the LCR remains consistently above regulatory requirements.

(b)	Explanations on the changes in the LCR over time	When compared to the ratio as at end June, the Bank maintained a healthy Liquidity Buffer, increasing by c.€42m. The increase in Net Liquidity Outflow of c.€35m led to a decline in the LCR to 146.58% (30 Jun 2026: 148.53%). The increase in Net Liquidity Outflow is attributed to the growth in the Bank's deposit base which is its main source of funding. The Bank's liquidity buffer increased during Q3 2026 through the purchase of debt securities. At 146.58%, the LCR is well above the regulatory minimum requirement of 100%, and within the Bank's risk appetite.
(c)	Explanations on the actual concentration of funding sources	The Bank maintains a diversified funding base to mitigate liquidity risk arising from over-reliance on any single source. The Bank is mainly funded through customer deposits, with only a small portion of wholesale bank funding. The Bank monitors the concentration of funding by counterparty, instrument type, and tenor to ensure that no single source or group of related counterparties represents a material proportion of total funding.
(d)	High-level description of the composition of the institution`s liquidity buffer.	The Bank's liquidity buffer is classified into: -Level 1 assets (99%), which include withdrawable central bank reserves and central government assets; and -Level 2 assets (1%), which include regional government or public sector entity assets and corporate debt securities with a credit rating of BBB- or higher.
(f)	Currency mismatch in the LCR	The Bank monitors the currency composition of its liquidity buffer and net cash outflows to manage potential mismatches under the Liquidity Coverage Ratio (LCR) framework. While the majority of assets and liabilities are denominated in the domestic currency, minor exposures in foreign currencies are managed through matching assets and liabilities or access to contingent foreign funding lines. Banks are required to assess the LCR by material currencies. A currency is considered to be a 'material currency' if the aggregate liabilities denominated in that currency amount to, or exceed, 5% of a bank's total liabilities. The Bank does not have a 'material currency', other than the Euro.