# Company Announcement

**Interim Financial Update – 1H2026**

Date of announcement: 30 July 2026
Reference number: APSB113

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

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**Quote**

The Board of Directors of APS Bank plc met on 30 July 2026 and approved the attached Condensed Interim Financial Statements for the period ended 30 June 2026.

The first half of 2026 saw geopolitical tensions and disruptions to shipping through the Strait of Hormuz, driving oil prices higher, causing supply chain pressures and market volatility. Notwithstanding, global equity markets remained resilient while rising energy costs intensified inflationary pressures in the Eurozone and the United States, prompting the ECB to raise interest rates and the Federal Reserve signalled a more hawkish monetary policy stance. Meanwhile, Malta's economy continued to perform well, supported by tourism, exports, a robust labour market and resilient consumer spending. Against this backdrop, APS Bank stepped up its growth with stronger, more diversified customer activity, delivering higher revenues and helped by solid capital and liquidity, sound asset quality and healthy net interest margins which returned these outstanding financial results.

The following is an extract from the Condensed Interim Financial Statements for the period ended 30 June:

| | The Group | | The Bank | |
|---|---|---|---|---|
| | **Jun-26** | **Jun-25** | **Jun-26** | **Jun-25** |
| | ***€ mio*** | ***€ mio*** | ***€ mio*** | ***€ mio*** |
| **Profit before tax** | 23.9 | 9.1 | 23.5 | 10.2 |
| **Net interest income** | 51.0 | 35.6 | 50.1 | 34.8 |
| **Operating income before net impairments** | 58.7 | 40.8 | 57.9 | 41.4 |
| **Operating expenses** | (32.8) | (31.6) | (31.9) | (30.8) |
| **Net impairment losses** | (2.5) | (0.5) | (2.5) | (0.5) |
| | ***%*** | ***%*** | ***%*** | ***%*** |
| **ROAE** | 9.2 | 3.3 | 8.9 | 4.0 |
| **Cost/Income** | 55.9 | 77.4 | 55.2 | 74.2 |
| | | | | |
| | **Jun-26** | **Dec-25** | **Jun-26** | **Dec-25** |
| | ***€ mio*** | ***€ mio*** | ***€ mio*** | ***€ mio*** |
| **Loans & advances** | 3,812 | 3,551 | 3,812 | 3,551 |
| **Cash and bank balances** | 264 | 401 | 264 | 401 |
| **Debt securities** | 564 | 506 | 521 | 462 |
| **Customer deposits** | 4,242 | 4,134 | 4,243 | 4,135 |
| **Total equity** | 371 | 362 | 364 | 355 |
| **Total assets/liabilities** | 4,796 | 4,645 | 4,789 | 4,639 |
| | **%** | **%** | **%** | **%** |
| **Capital Adequacy Ratio** | 21.5 | 23.2 | 21.5 | 23.2 |

**Financial Performance**

For the period under review**, APS Bank plc delivered a record interim financial result with profit before tax of €23.9 million at Group level (1H 2025: €9.1 million) and €23.5 million at Bank level (1H 2025: €10.2 million),** thanks to sustained growth in business volumes, leading to more robust and diversified revenue streams and effective margin and cost management.

a) **Interest income for the first half of the year amounts to €67.8 million, an increase of €7.7 million (12.8%) on 1H 2025**. Interest income growth was primarily driven by the Group's core retail and commercial lending portfolios, with lower returns from syndicated loans than the corresponding period of 2025 as these facilities repriced at lower interest rates. However, this was more than offset by a significant increase in treasury portfolio interest yields leading to the overall strengthening of the Group's interest income profile.

b) **Interest payable of €16.8 million for the period under review represents a significant reduction of €7.7 million compared to the corresponding 1H 2025**. The continued optimisation of the Group's funding profile, with the mix shifting towards overnight and demand deposits, contributed to a significant reduction in funding costs during the period, further enhancing the Group's net interest margins despite the Bank remaining competitive in its fixed-term deposit offerings.

c) **The Group's cost of funds for the first half of the year contracted to 78 basis points (1H 2025: 125 basis points).** This contributed to a strengthening of the Net Interest Margin (NIM) to 2.23% for 1H 2026 compared to 1.72% in the corresponding period, a 51 basis point improvement which is a key contributing factor to the enhanced NIM.

d) **Net fee and commission income of €6.1 million is up by 32.6% (1H 2025: €4.6 million).** This is the result of all-round growth mainly in banking income, thanks to the sustained expansion in the lending portfolio, complemented by higher revenues generated from investment services, pensions products, treasury and transactional banking activities.

e) **Net impairment charges for the half year increased to €2.5 million (1H 2025: €0.5 million)**, primarily due to Stage 3 elements in the commercial and syndicated loan portfolios. Notwithstanding this prudent review of impairment provisions, the Non-Performing Loans (NPL) ratio of 1.44% (1H 2025 - 1.42%) still attests to the book's credit quality and high underwriting standards adopted by the Bank.

f) **Operating expenditure of €32.8 million is up 4.0% on 1H 2025 (€31.6 million), the lowest increase for years.** Higher staff costs of €1.6 million over the corresponding period confirm the continued investment in talent, upskilling and human capital transformation to support, and future-proof, the Bank's long-term strategic positioning. On the other hand, **administrative expenses reduced by €0.7 million** thanks to greater efficiencies and cost management discipline while continuing to invest heavily in operational resilience and technology. It is pertinent to remind that 1H 2025 included €1.3 million of non-recurring due-diligence and other costs incurred in relation to the abandoned acquisition of HSBC Malta.

g) **Operational efficiency improved significantly, with the cost-to-income ratio declining to 55.9% from 77.4% in the corresponding period of 2025**. Excluding non-recurring items, the core cost-to-income ratio similarly declined to 56.0% from 75.3% in the corresponding period.

h) **Group profit after tax for the six months under review amounts to a record interim result of €16.3 million (1H 2025: €4.9 million).** This translates into a Return on Average Equity of 9.2%, compared to 3.3% in the same period last year.

**Financial Position**

i) **Group assets stand at €4.8 billion, up by 3.2% on December 2025. The main growth streams being:**
- The retail and corporate loan book, which increased by a net €252.9 million, or 7.5%, compared to December 2025.
- Syndicated loans also grew by a net €8.1 million, while debt securities increased by €58.2 million, collectively contributing to the continued expansion of the Bank's asset base.
- Partially offsetting the above growth, cash balances with the Central Bank of Malta declined by €137.5 million as surplus liquidity was efficiently deployed into interest-bearing securities.

j) **Total liabilities closed at €4.4 billion, up by 3.3% on December 2025. Key contributors to this growth are:**

- Customer deposits, which increased by €107.8 million over the period, reflecting continued growth in the Bank's funding portfolio despite 'leakages' from competing offerings, including Malta Government securities.
- As already noted, the deposit mix shifted towards overnight balances, enhancing funding efficiency and contributing to a more favourable cost of funding.

k) **Total equity at the end of 1H 2026 of €371.2 million, reflecting the following movements:**

- Post-tax profit for the period amounted to €16.3 million.
- The distribution of scrip dividend totalling €7.4 million relating to the financial year ended 31 December 2025, with €1.6 million being retained in equity.

l) **The Bank's CET1 ratio stood at 16.6% (Dec-2025: 17.6%) and the Capital Adequacy Ratio at 21.5% (Dec-2025: 23.2%).**

**Dividend**

The Board is declaring the payment of an interim net dividend of €4,000,000 (gross dividend of €6,153,846), in the form of scrip, subject to regulatory approval. The net dividend equates to €0.0082 cents per ordinary share (gross dividend of €0.0126 cents per ordinary share) and will be paid to shareholders appearing on the Register of the Central Securities Depository on 20 August 2026 (last trading day 18 August 2026), i.e. the 'Record Date'. The attribution price for the determination of the scrip dividend will be announced on the same Record Date, with payment taking place on 30 September 2026.

**CEO Marcel Cassar commented:**

"We are pleased to report a record first-half performance, testament to the strength of our business strategy and the discipline with which we are executing it. These results are not the product of some exceptional short-term measure or one-off event, but the outcome of prudent management, ongoing transformation and an unwavering commitment to putting our customers first. The strength and scale of this performance does not come as a surprise but is aligned with our ambitious objectives of increasing our share of market and wallet across all business lines, firming up profitability and improving efficiency, including in the use of capital and liquidity.

It is also appropriate to reflect on our growing importance as the second largest lender to the domestic economy, and the responsibility to support local and international enterprise with more scale, products and efficient delivery. At the same time we must keep diversifying our markets and sectors, increasingly mindful that Malta's economic model is not immune from geopolitical risks and also has sustainability challenges that need to be taken seriously. With these results and our outlook for the months ahead, APS Bank and Group are now established as one of Malta's top corporate performers, demonstrating the power that can emanate when a strong sense of purpose, sound governance, innovation and diligent management work hand in hand. Thank you to all our stakeholders, in particular, our customers, staff and investors, for the trust, loyalty and commitment."

The Condensed Interim Financial Statements for the period ended 30 June 2026 can also be viewed on the Bank's website https://www.apsbank.com.mt/financial-information/.

**Unquote**

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

*Company Secretary*