

Company Announcement

Quarterly Financial Update – 3Q2026

Date of announcement: 28 October 2026

Reference number: APSB131

The following is a Company Announcement by APS Bank plc (or the “Bank”) pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority.

Quote

APS Bank plc announces the publication of its financial results, extracted from the Group and Bank unaudited management accounts for the nine months ended 30 September 2026 (also referred to as the “period”, “3Q”, or “9M”), as presented to the Board of Directors on 28 October 2026.

Income Statement

For the period under review, **APS Bank plc posted a pre-tax profit of €34.5 million at Group level (9M2025: €17.8 million) and €35.4 million for Bank solo (9M2025: €18.2 million). This 94% jump to a record nine-month performance maintains the trend already in evidence at the interim (30 June 2026) stage**, and is the result of sustained growth in revenues and business volumes, continued strengthening of net interest margins and disciplined management of the cost base.

- a) **Net interest income grew by 37.5% to €77.7 million (9M2025: €56.5 million)**, thanks to the expansion in retail and commercial lending activities, a materially stronger contribution from the treasury portfolio and improved funding costs. As returns on the syndicated lending book moderated, this was more than compensated for by higher cash and fixed income yields supporting the continued strengthening of the Group’s overall interest income generation.
- b) **Interest expense is down to €25.6 million from €34.7 million in 9M2025, notwithstanding the enlarged deposit base.** This is due to the continued optimisation of the funding mix, with the profile trending further to overnight and demand deposits attracting lower pricing compared to term deposits. This, in turn, contributed to a marked improvement in net interest margin (NIM) which widened to 2.23% from 1.80% for the same period in 2025 as the Bank continued to maintain a competitive proposition across its fixed-term deposit offering.
- c) **Net fee and commission income grew by 22.1% reaching €8.7 million (9M2025: €7.1 million).** The performance reflects broad-based growth across the Group’s banking activities, underpinned by a larger lending portfolio and further supported by elevated revenues from investment services, sales of insurance and pensions products, treasury and transactional banking activities. In contrast, market instability especially in September, resulted in **net (unrealised) losses on financial instruments particularly at Group level of €1.8 million, against the net gains of €0.8 million in 9M2025.**
- d) **Net impairment charges for the nine-month period amounted to €3.5 million, compared to €0.5 million for 9M2025.** The increase primarily reflects additional provisions relating to Stage 3 exposures within the commercial and syndicated loan portfolios, as part of an overall updated assessment of the risk environment. Despite the higher provisioning, the Bank’s NPL ratio remained at a contained level of 1.48%, reflecting the overall resilience and quality of the loan book, the Bank’s prudent underwriting standards and disciplined approach to credit risk management.

- e) **Operating expenditure of €48.9 million is up 3.7% on 9M2025 (€47.2 million)**, Personnel costs rose by €2.0 million, partially offset by a €0.8 million reduction in administrative overheads, thanks to more efficiency and continued focus on disciplined cost management, despite the heavier strategic investment in talent, human capital transformation and upskilling, operational resilience, technology and cyber security. Correspondingly, the cost-to-income ratio improved to 56.6%, from 72.8% in 9M2025. Excluding non-recurring items, the core cost-to-income ratio similarly declined from 71.3% to 55.5% for the same periods (primarily, 9M2025 included €1.5 million of due-diligence and related advisory costs associated with the proposed acquisition of HSBC Bank Malta plc).
- f) **The stronger post-tax performance** of €22.7 million for the Group (9M2025: €10.5 million) and €23.6 million for the Bank (9M2025: €10.9 million) **translates into a Return on Average Equity of 8.6%, up from 4.7% in the corresponding period** and represents a significant bolstering of the Group's and Bank's profitability.

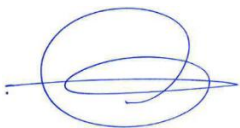
Financial Position

- g) **Group total assets increased to €4.91 billion, up by €260.7 million from 31 December 2025**, with the movement primarily reflecting:
- **Continued growth in the retail and corporate loan portfolio, which grew by €326.8 million, or 9.7%**, on December 2025, reflecting persistent credit activity across the Group's core franchises.
 - **Further expansion of the debt securities portfolio**, which expanded by **€57.8 million** over the period, supporting the continued deployment of the balance sheet into interest-bearing assets.
 - **An €85.3 million reduction in balances held with the Central Bank of Malta**, as surplus liquidity was redeployed into higher interest-bearing instruments.
- h) **Group total liabilities reached €4.54 billion, an increase of €255.9 million on December 2025**. Key contributors to this movement are:
- **Customer deposits are up by €216.2 million over the period**, reflecting continued expansion of the Bank's funding portfolio and market reach, and sustained growth in customer balances. It also confirms the continued strengthening of the APS brand resulting in attracting new customers and greater volume in everyday banking activities.
 - **Consistent with the trend observed in prior periods**, the mix has continued to shift towards overnight balances, enhancing deposit efficiency and lowering the overall cost of funding.
- i) **Total equity at the end of 3Q2026 stood at €367.1 million**, with the main movements on 31 December 2025 being:
- Profit after tax of €22.7 million generated during the period, contributing to the higher retained earnings.
 - Of the €11.4 million dividend distributions during the period – final 2025 and interim 2026 - €3.0 million were retained in equity as scrip dividend.
- j) **The Bank's CET1 ratio stood at 16.4% (31 Dec-2025: 17.6%) and the Capital Adequacy Ratio at 21.2% (31 Dec-2025: 23.2%)**, reflecting the continued strength and resilience of the Bank's capital position while supporting the ongoing expansion of the business.

CEO Marcel Cassar commented:

“We are pleased to report a strong 3rd quarter performance leading to record 9-month results for both Group and Bank. These numbers once again prove the momentum and strength of our business and underline the progress we are making in building a more efficient, focused and profitable banking franchise. We have also continued to deploy our balance sheet and to manage risk effectively while stepping up our investment in people, technology, digital channels, operational resilience and the overall experience. And as indicated when we announced our interim 1H2026 financials in July, this performance is testament to the strength of our business strategy, brand and customer confidence in our propositions.

While these results confirm APS Bank as one of Malta’s top corporate performers and a principal player in the domestic economy, they remind us of the need to keep diversifying our markets, sectors and business lines, including cross-border. Our 3-year business plan, now rolling into 2027-2029 and in course of finalisation, will be reflecting this, mindful that the market, cyber and geopolitical environments are presenting unprecedented risks and challenges. Our response is that of a business model that will continue to be built on agility, discipline and resilience, and a commitment to sustain our customers, from young local households to important international corporates, with more scale, products and efficiency. As we look ahead to close 2026 with milestone record results, it is appropriate to thank all our stakeholders, in particular our customers, staff and investors, for their trust, loyalty and support.”

Unquote

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

STATEMENTS OF PROFIT OR LOSS *(unaudited)*

for the period ended 30 September 2026

	The Group		The Bank	
	Sep-26	Sep-25	Sep-26	Sep-25
	€000	€000	€000	€000
Interest receivable and similar income:				
On loans and advances and balances with the Central Bank of Malta	91,421	85,200	91,421	85,200
On debt and other fixed income instruments	11,932	6,052	10,568	4,753
Total interest receivable and similar income	103,353	91,252	101,989	89,953
Interest payable	(25,624)	(34,730)	(25,624)	(34,730)
Net interest income	77,729	56,522	76,365	55,223
Fee and commission income	12,368	10,151	11,027	9,082
Fee and commission expense	(3,641)	(3,001)	(3,523)	(2,881)
Net fee and commission income	8,727	7,150	7,504	6,201
Dividend income	265	276	1,152	1,155
Net gains/(losses) on foreign exchange	1,002	(343)	958	674
Net (losses)/gains on other financial assets	(1,809)	836	(93)	1,099
Other operating income	544	384	544	384
Operating income before net impairments	86,458	64,825	86,430	64,736
Net impairment charges	(3,489)	(534)	(3,489)	(534)
Net operating income	82,969	64,291	82,941	64,202
Employee compensation and benefits	(26,376)	(24,364)	(25,536)	(23,720)
Other administrative expenses	(17,527)	(18,281)	(16,997)	(17,764)
Depreciation of property and equipment	(1,858)	(1,445)	(1,858)	(1,445)
Amortisation of intangible assets	(2,621)	(2,547)	(2,621)	(2,547)
Depreciation of right-of-use assets	(543)	(551)	(543)	(551)
Operating expenses	(48,925)	(47,188)	(47,555)	(46,027)
Net operating profit before associates' results	34,044	17,103	35,386	18,175
Share of results of associates, net of tax	486	695	-	-
Profit before tax	34,530	17,798	35,386	18,175
Income tax expense	(11,853)	(7,337)	(11,746)	(7,264)
Profit for the period	22,677	10,461	23,640	10,911

STATEMENTS OF FINANCIAL POSITION *(unaudited)*

as at 30 September 2026

	The Group		The Bank	
	Sep-26	Dec-25	Sep-26	Dec-25
	€000	€000	€000	€000
ASSETS				
Cash and balances with Central Bank of Malta	315,789	401,094	315,789	401,094
Loans and advances to banks	22,623	53,062	21,616	51,860
Financial assets at fair value through profit or loss	60,657	43,161	19,844	-
Syndicated loans	167,485	172,716	167,485	172,716
Loans and advances to customers	3,704,705	3,377,945	3,704,705	3,377,945
Derivative assets held for risk management	1,443	1,968	1,443	1,968
Other debt and fixed income instruments	503,260	462,977	502,511	462,228
Equity and other non-fixed income instruments	5,815	6,342	5,815	6,342
Investment in subsidiaries	-	-	40,251	40,251
Investment in associates	15,976	14,798	15,299	14,299
Investment properties	13,247	13,227	13,247	13,227
Property and equipment	47,963	49,298	47,963	49,298
Intangible assets	22,188	21,731	22,188	21,731
Right of use assets	3,039	3,489	3,039	3,489
Other receivables	20,935	16,570	20,086	15,387
Deferred tax assets	649	-	649	-
Current tax assets	-	6,699	-	6,699
TOTAL ASSETS	4,905,774	4,645,077	4,901,930	4,638,534
LIABILITIES				
Derivative financial instruments	1,644	1,968	1,644	1,968
Amounts owed to banks	23,922	1,849	23,922	1,849
Amounts owed to customers	4,350,430	4,134,250	4,351,217	4,134,965
Lease liabilities	3,195	3,728	3,195	3,728
Accruals	22,845	17,492	23,324	17,587
Debt securities in issue	104,392	104,314	104,392	104,314
Other liabilities	23,347	18,933	23,329	18,881
Deferred tax liabilities	-	244	-	244
Current tax liabilities	8,867	-	8,801	-
TOTAL LIABILITIES	4,538,642	4,282,778	4,539,824	4,283,536
EQUITY				
Share capital	123,033	121,411	123,033	121,411
Share premium	74,088	72,228	74,088	72,228
Revaluation reserve	10,896	19,177	10,896	19,177
Retained earnings	148,005	136,545	154,047	141,810
Other reserves	42	372	42	372
Attributable to equity holders of the parent	356,064	349,733	362,106	354,998
Non-controlling interest	11,068	12,566	-	-
TOTAL EQUITY	367,132	362,299	362,106	354,998
TOTAL LIABILITIES AND EQUITY	4,905,774	4,645,077	4,901,930	4,638,534