

## COMPANY ANNOUNCEMENT

### Quarterly Financial Update – 3Q2021

Date of Announcement:

28 October 2021

Reference No:

APSB17

The following is a Company Announcement issued 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 the following information extracted from the Group and Bank unaudited financial statements for the period ended 30 September 2021, as presented today at a meeting of the Board of Directors.

#### G: Group

#### B: Bank

#### LOANS PORTFOLIO<sup>1</sup>

2021

**G: €1,986.0m** Dec 2020: €1,802.2m

**B: €1,986.0m** Dec 2020: €1,802.2m

#### TOTAL ASSETS<sup>1</sup>

2021

**G: €2,702.6m** Dec 2020: €2,421.0m

**B: €2,681.6m** Dec 2020: €2,407.0m

#### CUSTOMER DEPOSITS<sup>1</sup>

2021

**G: €2,335.0m** Dec 2020: €2,123.4m

**B: €2,336.0m** Dec 2020: €2,124.1m

#### TOTAL EQUITY<sup>1</sup>

2021

**G: €216.7m** Dec 2020: €206.2m

**B: €194.8m** Dec 2020: €191.7m

#### NET INTEREST INCOME<sup>2</sup>

2021

**G: €40.6m** 3Q2020: €36.1m

**B: €39.3m** 3Q2020: €35.6m

#### OPERATING INCOME<sup>2</sup>

2021

**G: €46.1m** 3Q2020: €40.9m

**B: €44.8m** 3Q2020: €41.0m

#### NET IMPAIRMENT (WRITE-BACK)/CHARGE<sup>2</sup>

2021

**G: (€1.0m)** 3Q2020: €1.5m

**B: (€1.0m)** 3Q2020: €1.5m

#### OPERATING COSTS<sup>2</sup>

2021

**G: €30.4m** 3Q2020: €25.2m

**B: €29.8m** 3Q2020: €25.0m

#### PROFIT BEFORE TAX<sup>2</sup>

2021

**G: €16.7m** 3Q2020: €13.6m

**B: €16.0m** 3Q2020: €14.5m

#### ROAE<sup>2</sup>

2021

**G: 6.9%** 3Q2020: 5.9%

**B: 7.2%** 3Q2020: 6.8%

<sup>1</sup> At 30 September 2021 and 31 December 2020

<sup>2</sup> For the period ended 30 September 2021 and 30 September 2020

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APS Bank plc is regulated by the Malta Financial Services Authorities as a Credit Institution under the Banking Act 1994 and licenced to carry out Investment Services activities under the Investment Service Act 1994. The Bank is also registered as a Tied Insurance Intermediary under the Insurance Distribution Act 2018

For the nine months ended 30 September 2021, the Group registered a pre-tax profit of €16.7 million (same period 2020: €13.6 million) and the Bank a pre-tax profit of €16.0 million (2020: €14.5 million).

Following on the announcement of the half-yearly results on 29 July 2021, the third quarter (3Q) continued being dominated by COVID-19 economic disruption with the surfacing of new variants and consequent unpredictability on the business landscape. Locally, as tourism numbers increased over summer and Government cautiously eased containment measures, the Group's operating performance maintained its positive momentum. True to its values, APS Bank supported the retail and business community with products across the educational, family, and social space whilst continuing to invest in people at all levels and skill sets.

At 30 September 2021 the Group's loans portfolio reached €2.0 billion net of impairment charges, growing by €184 million (+10.2%) on December 2020. The household sector's demand for home and personal financing steered this expansion contributing the bulk of the increase. With additional liquidity available across the whole banking system, customer deposits stood at €2.3 billion expanding by €211m (+10.0%) over the nine months. While funding growth slowed marginally in 3Q2021 overall liquidity remained strong and well above regulatory ratios. Treasury assets for managing liquidity grew by €83 million (+17.4%) from end-2020 to reach €558 million, in part also reflecting a strong commercial loan portfolio which continued to perform and cash-flow regularly.

During the first nine months Interest Income grew by 10.3% to €50.9 million largely due to the continued growth in the Group's lending book. Interest Expense remained at 2020 levels of €10.3 million notwithstanding the significant growth in deposits - evidencing the Group's success in managing its cost of funding more efficiently. Net Interest Income increased by 12.3% to €40.6 million, while Other Operating Income, largely made up of results from financial instruments and FX gains, followed market trends and retracted marginally in 3Q2021 after the positive performance of the first half - resulting in a net income for the nine months of €0.5 million (2020: €0.6 million). The sustained investment in human resources, technology and systems grew operating costs by €5.2 million to €30.4 million for a Group cost-to-income ratio of 66.1% as at end-September. Net Impairment Charges on credit losses for the first nine months amounted to a writeback of €1.0 million – with a charge of €0.7m in the third quarter on growth in the asset book and a few legacy loan write-offs.

The associated investments in the APS Funds SICAV returned mixed results, whilst the Group's life insurance affiliate IVALIFE, which was licensed earlier in the year, maintained its good business momentum.

Nine-months' Profit After Tax for the Group amounted to €10.9 million (2020: €8.5 million), with an annualised return on average equity of 6.9% (5.9% for the comparative 2020 period). The Bank's CET1 ratio stood at 13.0% and Capital Adequacy Ratio at 17.1%.

CEO Marcel Cassar commented: *“As the economy adapts to the new contours of the post-COVID crisis, we are pleased to see strong 3Q2021 results which confirm that our business model is prevailing even in such unprecedented circumstances. At the same time, we are vigilant towards any economic risks that may arise from the extent of rebound in key economic sectors as well as any possible consequences of the FATF decision on Malta. Our plans remain on track to approach the market in 2022 to raise new equity as we prepare for our next stage of development. We look at the coming months with renewed confidence and optimism.”*

*Unquote*

A blue ink handwritten signature, appearing to read "Graziella Bray", written in a cursive style.

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