

Company Announcement

Quarterly Financial Update – 3Q2025

Date of announcement: 27 October 2025

Reference number: APSB97

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 2025 (also referred to as the “period”, “3Q”, or “9M”), as presented to the Board of Directors on 27 October 2025.

Income Statement

For the period under review, APS Bank plc delivered a **pre-tax profit of €17.8 million at Group level** (3Q2024: €16.5 million) and **€18.2 million at Bank level** (3Q2024: €14.8 million). In line with expectations and the various measures taken by the Bank to alleviate pressures on the net interest margin, as well as overall growth in revenues and business volumes, profitability improved notably resulting in **one of the strongest quarterly performances on record**.

- a) **Net interest income for the period increased by 15.1% to €56.5 million** (3Q2024 - €49.1 million). The growth was driven by continued expansion in retail and commercial lending, a pick-up in yields from liquid assets and the bond book, as well as a marked shift downwards in funding costs, collectively contributing to an improvement in net interest margins.
- b) Significantly, **interest expense declined to €34.7 million from €35.6 million for 3Q2024**, despite on higher customer deposit volumes. This reduction in interest expense reflects a strategic shift towards overnight and demand deposit funding, thanks also to various ‘everyday banking’ propositions and services launched in recent years.
- c) **Net fee and commission income rose by 12.4% to €7.2 million**, compared to €6.4 million for the same period last year. The increase was underpinned by broad-based business growth, and higher revenues from fees on advances, investment services, cards and general transactional banking.
- d) **Other income at Bank level reached €3.3 million, up by €0.7 million on 3Q2024**. The main contributor to the increase was a partial divestment of shares in an APS Funds SICAV sub-fund earlier in the year which realised gains of €0.7 million. At the Group level, these positive results were partially offset by unfavourable foreign exchange movements, reflecting the ongoing volatility in global markets.

- e) **Net impairment losses for the 9M amounted to €0.5 million, down from €1.1 million in the same period last year.** The decrease is mainly due to lower ECL charges and net releases in provisions, reflecting the **strong credit quality and prudent underwriting practices despite a growing lending base**. The Non-Performing Loans (NPL) ratio improved to 1.4%, a 0.3 percentage point reduction compared to 3Q2024.
- f) **Operating expenses for the period totalled €47.2 million, an increase of 14.8% on the €41.1 million of 3Q2024.** As reported in previous updates, early outliers were the advisory and due-diligence costs incurred in the Bank's bid for HSBC Bank Malta plc, as well as elevated contributions to the Depositor Compensation Scheme. As growth in the main opex segments stabilised or was kept under budget, there were increases in regulatory and professional fees.
- g) **Profitability indicators for the period showed notable progress. Cost-to-income ratio for the 9M fell to 72.8% (3Q2024: 70.8%); while core cost-to-income stood at 70.2% (3Q2024: 73.0%) – a marked improvement from the high 70s/low 80s recorded earlier this year. A strong ROAE for the 3rd quarter of 7.4% has now pushed the Group's annualised 2025 ROAE to 4.7%, with prospects for this to improve further by year-end.**

Financial Position

- h) **Group total assets increased to €4.38 billion, up by €221.7 million on 31 December 2024,** with the main drivers being:
- Growth in retail and corporate lending of €249.7 million, complemented by a €33.2 million rise in loans and advances to banks. Liquidity management continued to be very active in search of best yield opportunities, with holdings of debt securities increasing only slightly over the period.
 - The above growth was partly offset by a reduction of €45.5 million in balances with the Central Bank of Malta, reflecting the strategic redeployment of liquidity into higher-yielding instruments. Additionally, the syndicated loan portfolio declined by €19.7 million over the 9M, as maturing exposures were replaced only selectively.
- i) **Group total liabilities reached €4.07 billion, an increase of €220.3 million on December 2024.** Key contributors to this growth were:
- Customer deposits which increased by €242.7 million during the period, reflecting growth in line with the Bank's broader 'everyday banking' expansion goals; however
 - The portfolio experienced a significant shift from term deposits towards overnight, demand and savings accounts, resulting in more efficient use of operating balances and month-on-month cost of funding trending lower.
- j) **Total equity at the end of 3Q2025 stood at €311.4 million,** with the main movements on 31 December 2024 being:
- The profit after tax for the period of €10.5 million.
 - Dividend distributions, reducing the increase in retained earnings to €2.1 million.
- k) **The Bank's CET1 ratio stood at 14.7% (31 Dec-2024: 14.6%) and the Capital Adequacy Ratio at 20.2% (31 Dec-2024: 20.1%) – healthy levels despite the growth in lending volumes which consume their fair share of capital.**

CEO Marcel Cassar commented:

“True to form, we are reporting one of the strongest quarterly operating and profit performances on record – thanks to the success of strategic measures aimed at enhancing interest margins, expanding lending activity, and driving revenue growth across all business lines. The rebound in net interest income which started in 2Q2025 is indeed accelerating and is expected to strengthen going forward. We continue to do all this while remaining competitive, invested in our ongoing transformation, and in introducing new products and digital channels, all along enriching the overall customer experience. We are also pleased to report comfortable liquidity and capital indicators, with asset quality at a multi-year high.

Today also marks the opening of our Rights Issue - an important milestone which has already seen two-thirds of the €45 million of new equity we are raising being placed with existing shareholders and new investors. This vote of confidence directs us towards the next steps of our journey, permitting more investment across resources, technology, distribution channels, product offerings, and overall business growth. It also helps us reinforce our strategic focus as an increasingly first-choice provider of comprehensive financial services, with growing market share across various segments. But these results also confirm a pick-up in profitability which we are confident of maintaining and improving in the months ahead – aiming for €9 to €10 million pre-tax profits per quarter. This is also what we want to promise today to our shareholders, old and new.”

Unquote

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

STATEMENTS OF PROFIT OR LOSS *(unaudited)*

for the period ended 30 September 2025

	The Group		The Bank	
	Sep-25 €000	Sep-24 €000	Sep-25 €000	Sep-24 €000
Interest receivable and similar income:				
On loans and advances and balances with the Central Bank of Malta	85,200	79,197	85,200	79,197
On debt and other fixed income instruments	6,052	5,482	4,753	4,162
Total interest receivable and similar income	91,252	84,679	89,953	83,359
Interest payable	(34,730)	(35,586)	(34,730)	(35,586)
Net interest income	56,522	49,093	55,223	47,773
Fee and commission income	10,151	8,212	9,082	7,364
Fee and commission expense	(3,001)	(1,851)	(2,881)	(1,825)
Net fee and commission income	7,150	6,361	6,201	5,539
Dividend income	276	81	1,155	977
Net (losses)/gains on foreign exchange	(343)	518	674	564
Net gains on other financial assets	836	1,725	1,099	844
Other operating income	384	267	384	267
Operating income before net impairments	64,825	58,045	64,736	55,964
Net impairment charges	(534)	(1,134)	(534)	(1,134)
Net operating income	64,291	56,911	64,202	54,830
Employee compensation and benefits	(24,364)	(21,911)	(23,720)	(21,271)
Other administrative expenses	(18,281)	(15,054)	(17,764)	(14,615)
Depreciation of property and equipment	(1,445)	(1,563)	(1,445)	(1,563)
Amortisation of intangible assets	(2,547)	(2,115)	(2,547)	(2,115)
Depreciation of right-of-use assets	(551)	(462)	(551)	(462)
Operating expenses	(47,188)	(41,105)	(46,027)	(40,026)
Net operating profit before associates' results	17,103	15,806	18,175	14,804
Share of results of associates, net of tax	695	717	-	-
Profit before tax	17,798	16,523	18,175	14,804
Income tax expense	(7,337)	(4,896)	(7,264)	(4,859)
Profit for the period	10,461	11,627	10,911	9,945

STATEMENTS OF FINANCIAL POSITION *(unaudited)*

as at 30 September 2025

	The Group		The Bank	
	Sep-25	Dec-24	Sep-25	Dec-24
	€000	€000	€000	€000
ASSETS				
Cash and balances with Central Bank of Malta	334,199	379,653	334,199	379,653
Loans and advances to banks	57,218	24,057	54,178	22,027
Loans and advances to customers	3,262,717	3,013,014	3,262,717	3,013,014
Syndicated loans	160,421	180,097	160,421	180,097
Derivative financial instruments	2,332	2,607	2,332	2,422
Financial assets at fair value through profit or loss	42,455	45,441	-	-
Other debt and fixed income instruments	393,792	386,988	393,043	386,589
Equity and other non-fixed income instruments	5,505	6,190	5,505	6,190
Investment in subsidiaries	-	-	40,251	40,251
Investment in associates	14,453	16,204	14,299	15,749
Investment properties	13,227	13,227	13,227	13,227
Property and equipment	49,559	49,730	49,559	49,730
Intangible assets	21,368	20,742	21,368	20,742
Right of use assets	3,668	4,185	3,668	4,185
Deferred tax assets	-	457	-	457
Other receivables	21,971	18,563	21,222	17,991
TOTAL ASSETS	4,382,885	4,161,155	4,375,989	4,152,324
LIABILITIES				
Derivative financial instruments	2,332	2,892	2,332	2,422
Amounts owed to banks	2,333	28,609	2,333	28,609
Amounts owed to customers	3,913,338	3,670,650	3,914,005	3,671,739
Debt securities in issue	104,287	104,210	104,287	104,210
Lease liabilities	3,825	4,366	3,825	4,366
Deferred tax liabilities	157	-	157	-
Other liabilities	21,473	18,068	21,454	18,047
Accruals	23,750	22,431	23,879	22,611
TOTAL LIABILITIES	4,071,495	3,851,226	4,072,272	3,852,004
EQUITY				
Share capital	95,394	94,902	95,394	94,902
Share premium	53,114	52,467	53,114	52,467
Revaluation reserve	19,018	19,315	19,018	19,315
Other reserve	261	366	261	366
Retained earnings	130,733	128,619	135,930	133,270
Attributable to equity holders of the parent	298,520	295,669	303,717	300,320
Non-controlling interest	12,870	14,260	-	-
TOTAL EQUITY	311,390	309,929	303,717	300,320
TOTAL LIABILITIES AND EQUITY	4,382,885	4,161,155	4,375,989	4,152,324