



# Annual General Meeting 2024

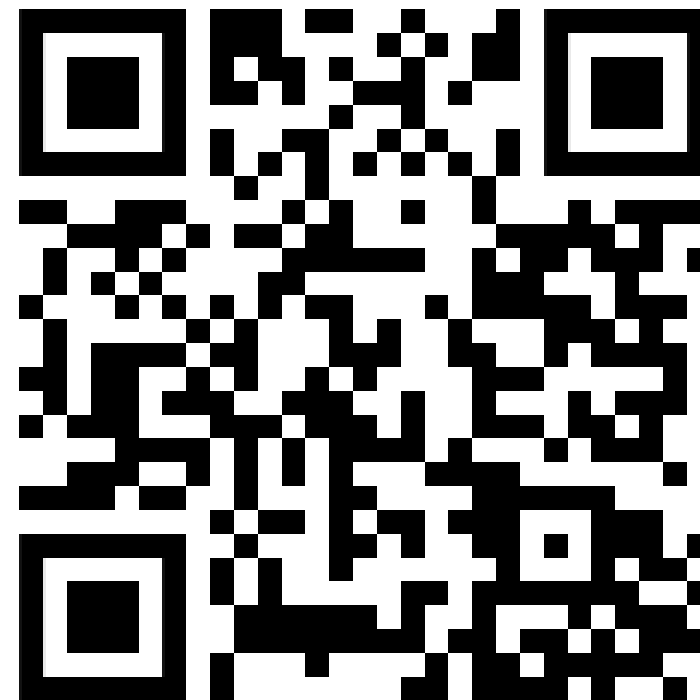
9 May 2024



**Mr Martin Scicluna**  
Chairman, APS Bank

# Scan to view the AGM Pack

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Password: **dragonara**





**Dr Graziella Bray**

Company Secretary, APS Bank



## Ms Leslie Janet Stephenson

- Senior executive with an accomplished track-record spanning more than 30 years in international financial services.
- Spent over 15 years at HSBC in Asia-Pacific, the Middle East and the UK, delivering large-scale transformational change in complex, highly regulated industries.
- NED of Trident Royalties plc.
- Holds a BA and an MBA from the University of Western Ontario, and is a Chartered Life Underwriter. She is also a fully qualified non-executive director.





**Mr Marcel Cassar**  
CEO, APS Bank



**Values you can bank on**

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# A year of activity

# All-round growth *(over 2022)*



Card transactions  
+30%



Credit cards issued  
+18%



Homeloans opened  
+16%



Term Deposits opened  
+130%

# Some product initiatives



Green Term Deposit



LoanUp



e-Statements



Removal of charges on online SEPA payments



Google Wallet



myAPS Investments



# Employer of choice



589 full-timers  
90 temps and interns



20  
Nationalities



92%  
Proud to work for APS Bank



76%  
Employee engagement score



58%  
Female workforce



35 years  
Workforce average age



297 qualified  
Academically / professionally



21,300+  
Training hours in 2023

# Our people - our



Training



Wellbeing



Social



Recognition



Diversity



Sports



# Strategy with a purpose



# The APS Purpose

## Vision

To be **the** community bank in Malta

## Mission

Making the banking experience simpler and more personal, inspired by our commitment to social, economic and environmental progress, while providing our stakeholders with opportunities to grow

**E**xcellence

Get it right  
the first time

**A**uthenticity

Always do  
the right things

**P**assion

Do what you love,  
care about the others

**I**nc. lusi  
veness

Build on differences  
and break the silos

**C**on  
tempo  
rary

Be relevant  
to today's world

# Our four key business areas

## Retail banking

- Home & personal loans
- Green & social loans
- Deposit accounts
- Cards & mobile banking



## Commercial banking

- Loan & overdraft facilities
- Green financing
- Everyday banking
- Acquiring services

## Investment services

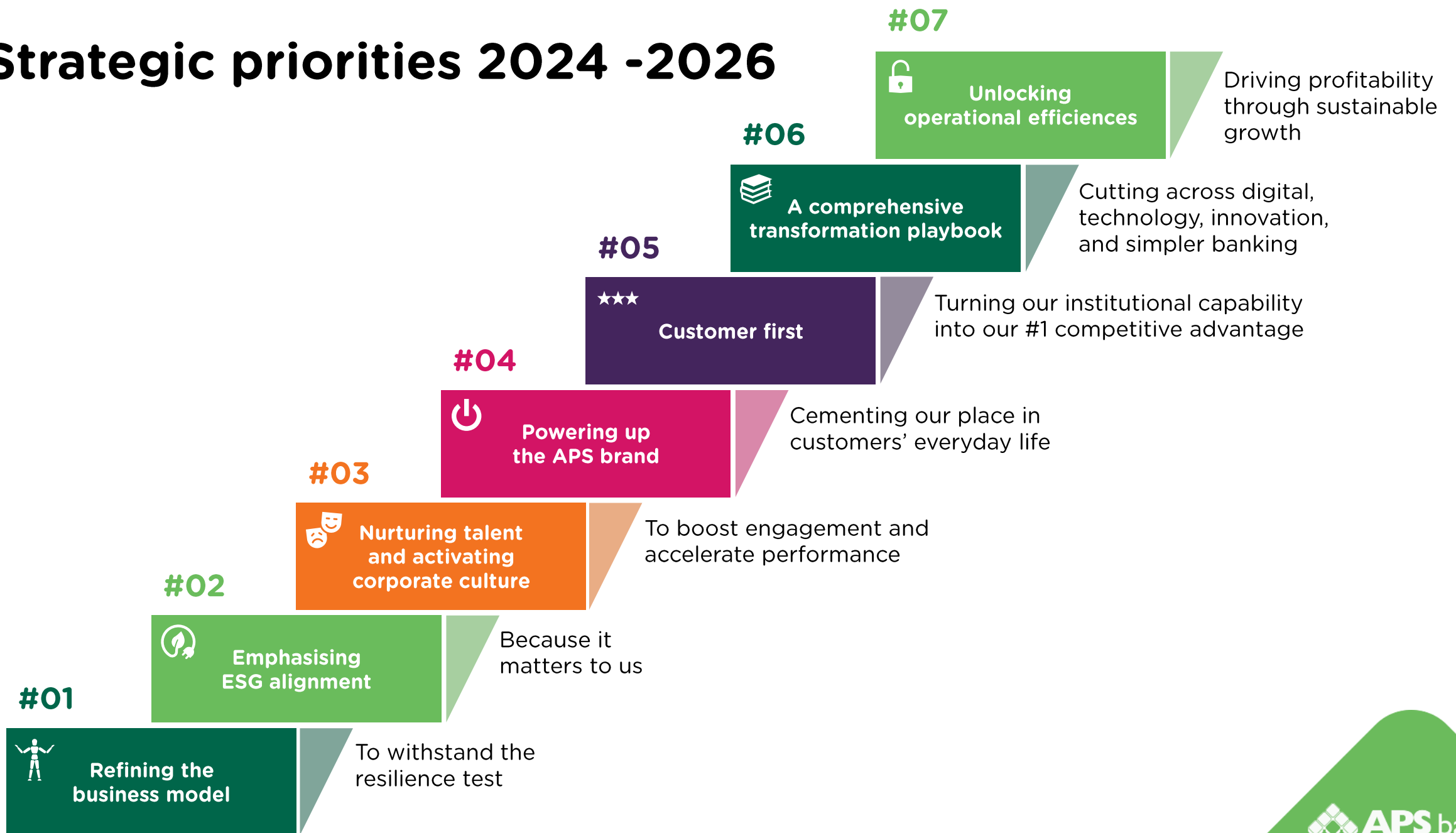
- Investment management & advisory
- Discretionary portfolio management
- Funds & pensions
- Sustainable investing

## Syndications & trade

- International corporate exposures
- Tradeable assets on secondary market
- Sectorial diversification
- ESG opportunities

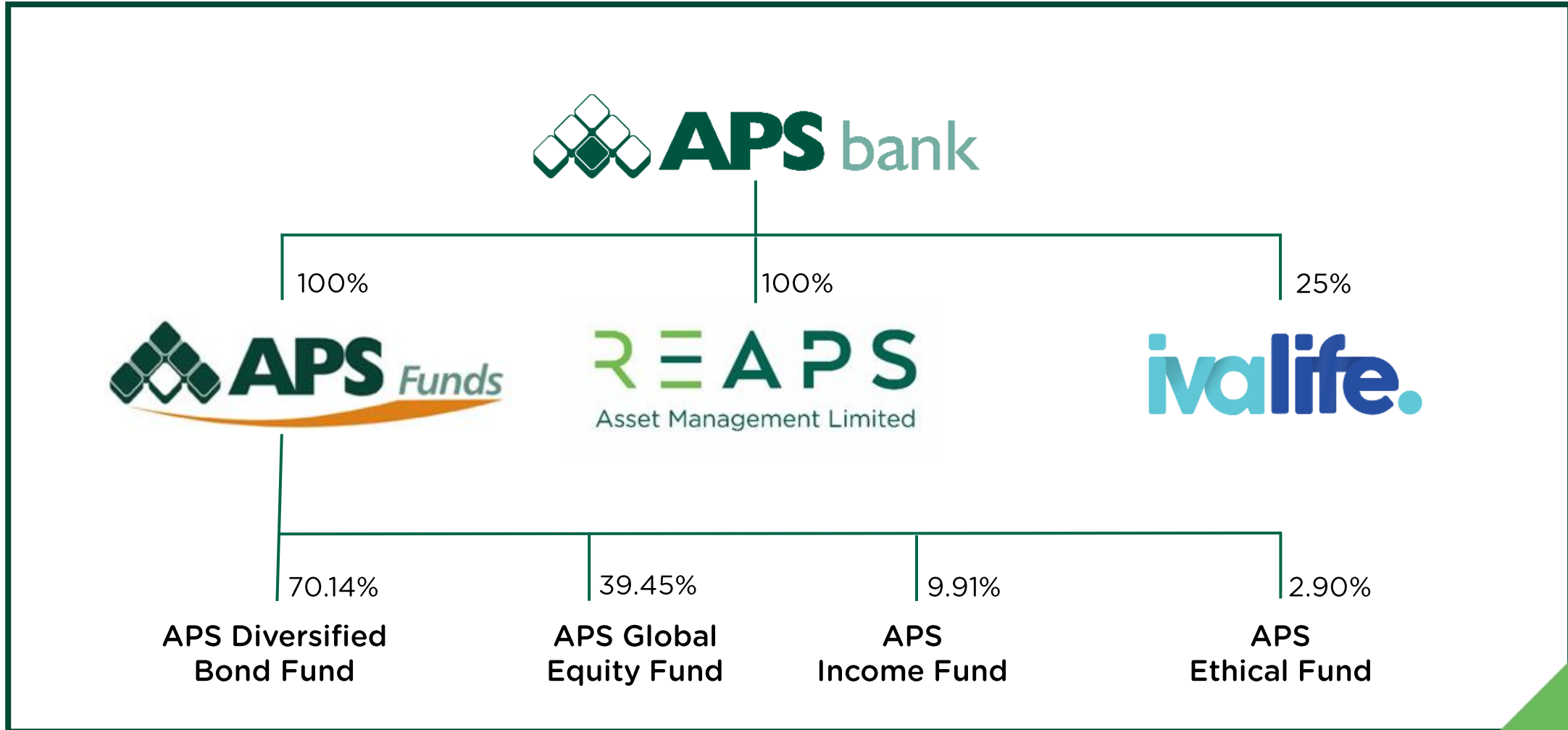
Building our long-term vision of being **the Community Bank in Malta** by focusing our action and initiatives on these three strategic pillars

# Strategic priorities 2024 -2026





# Strategic investments



# Our sustainability commitments

## Financing ESG

Facilitate quarter of a billion of sustainable finance by 2030



A total of €132 million financed by end-2023, up from €54m at end-2022

## Reducing our own impact

Reduce the impact of our operational emissions by 30% by 2030



Own hybrid car fleet, EV charging network at Head Office & energy efficient lighting/sensors

## Integrating ESG & becoming more transparent

Establish a baseline for our financed emissions in order to align our lending to reach carbon neutrality by 2050



Augmenting our reporting transparency beyond the regulatory requirement

Customer Experience vision

**I feel valued,  
confident,  
and happy**





# Our reach in the community

# Network of services



**Transformed  
Attard branch**



**Digitisation  
& Document  
Management  
Centre, Marsa**





# Contribution to: Arts

## Emergent

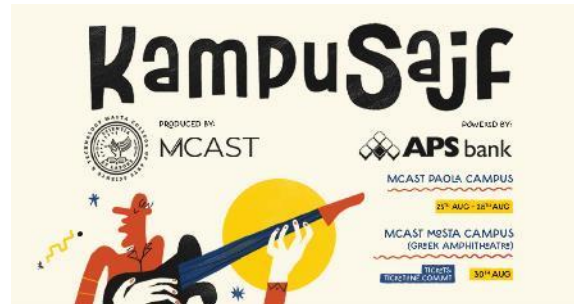


Talent



Exhibition

## Culture



MCAST KampuSajf



Concerts

## Heritage



Fondazzjoni Patrimonju Malti



Heritage

# Contribution to: Lifelong learning

## Sport



Sports - Competitive



Sports - Camps

## Financial



Conferences



Publications

## Wellbeing



Health



APS talks



# Contribution to: Sustainability

## Environment



Sustainability



Circular Economy

## Inclusion



Diversity & Equity



Refugees

## Philanthropy



Impact Investing



Donations

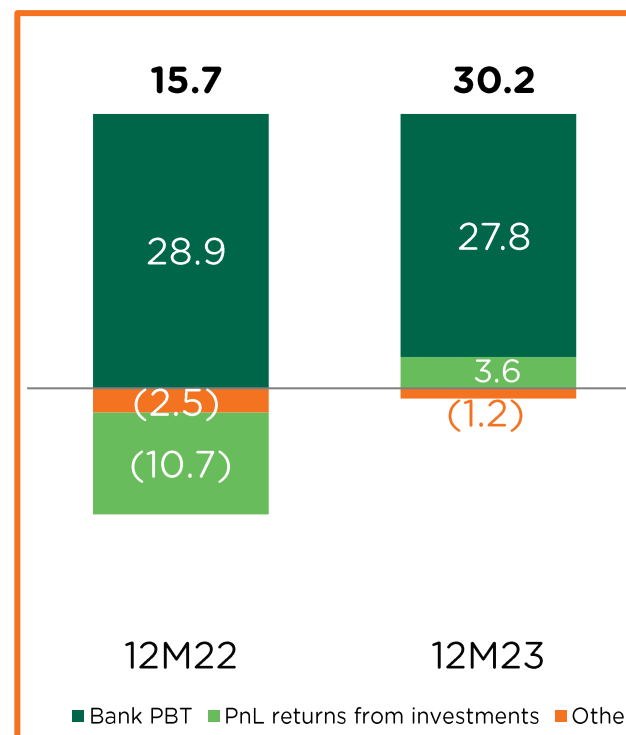


# Financial results - Y2023

# Record year for the Group - strong lending volumes and profitability

€m	BANK		GROUP	
	Y2022	Y2023	Y2022	Y2023
Net interest income	63.7	72.2	65.1	73.6
Net fee income	5.9	7.3	6.9	8.3
Other operating income	2.9	2.2	1.9	0.5
	<b>72.5</b>	<b>81.7</b>	<b>73.9</b>	<b>82.4</b>
Net gains/losses on financial instruments	2.1	1.0	(9.3)	3.1
<b>Operating income</b>	<b>74.6</b>	<b>82.7</b>	<b>64.6</b>	<b>85.5</b>
Operating expenses	(45.9)	(51.4)	(47.0)	(52.6)
Net impairments	0.3	(3.5)	0.3	(3.5)
Results from associates	-	-	(2.2)	0.9
<b>Profit before tax</b>	<b>28.9</b>	<b>27.8</b>	<b>15.7</b>	<b>30.2</b>
Tax	(9.7)	(9.6)	(9.9)	(9.6)
<b>PROFIT AFTER TAX</b>	<b>19.2</b>	<b>18.2</b>	<b>5.8</b>	<b>20.6</b>

Components of Group PBT



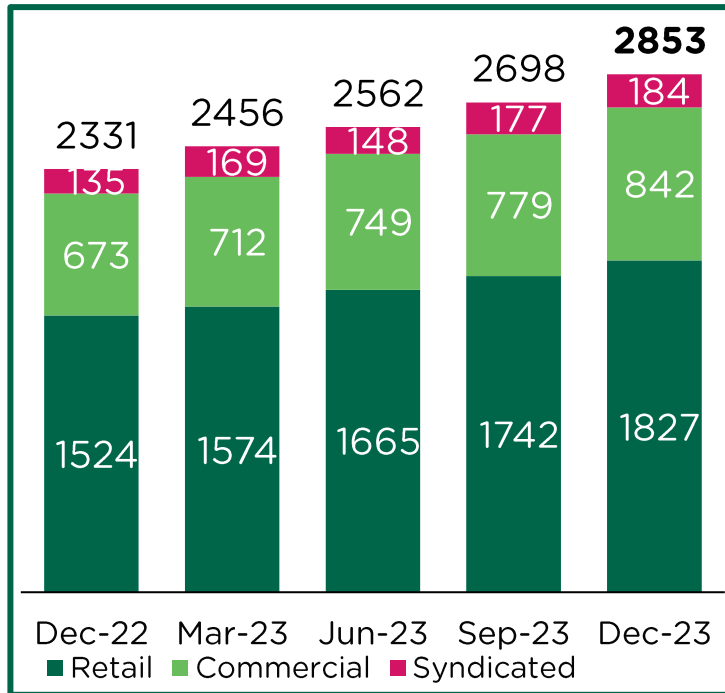
\* Investment returns from the APS Diversified Bond Fund, Global Equity Fund, Income Fund, Income Ethical Income Fund & Ivalife



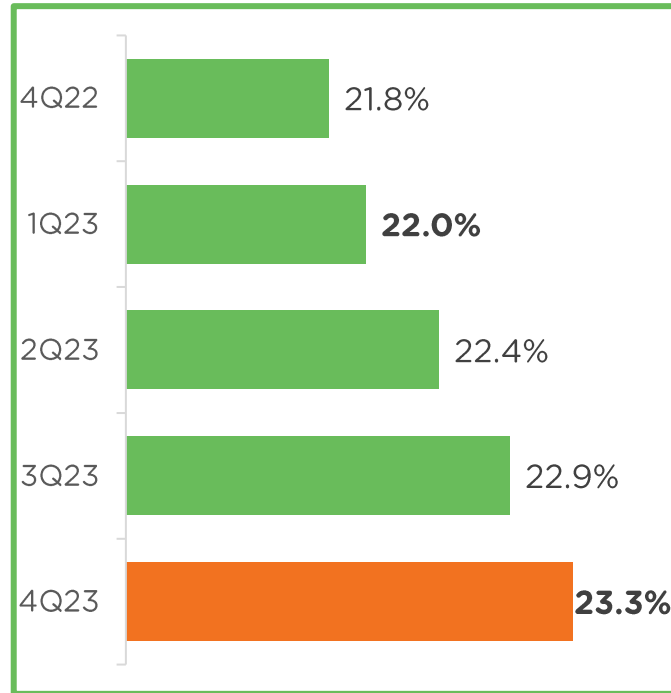
# Loan book steady ascent across all portfolios - AUM bouncing back



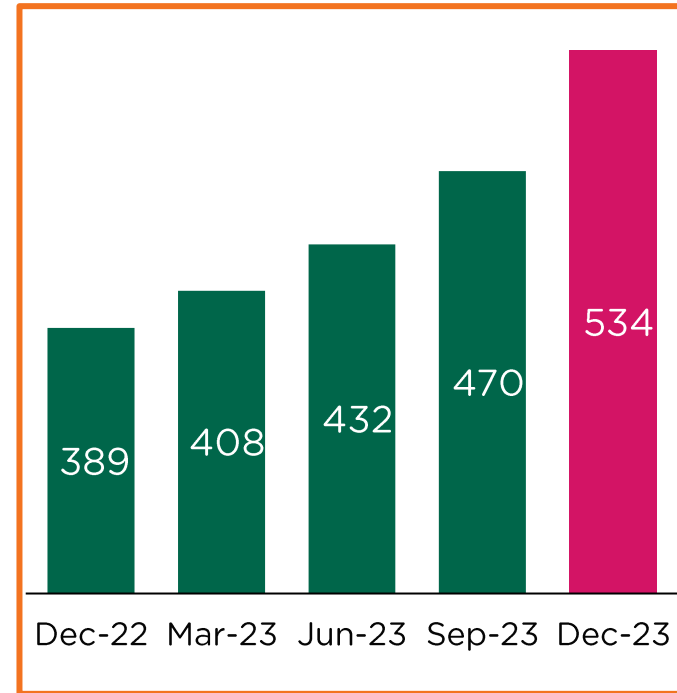
Loan book reaching €2.9bn -> +€0.5bn (22.4%) YoY



High market capture resulting in extended market share

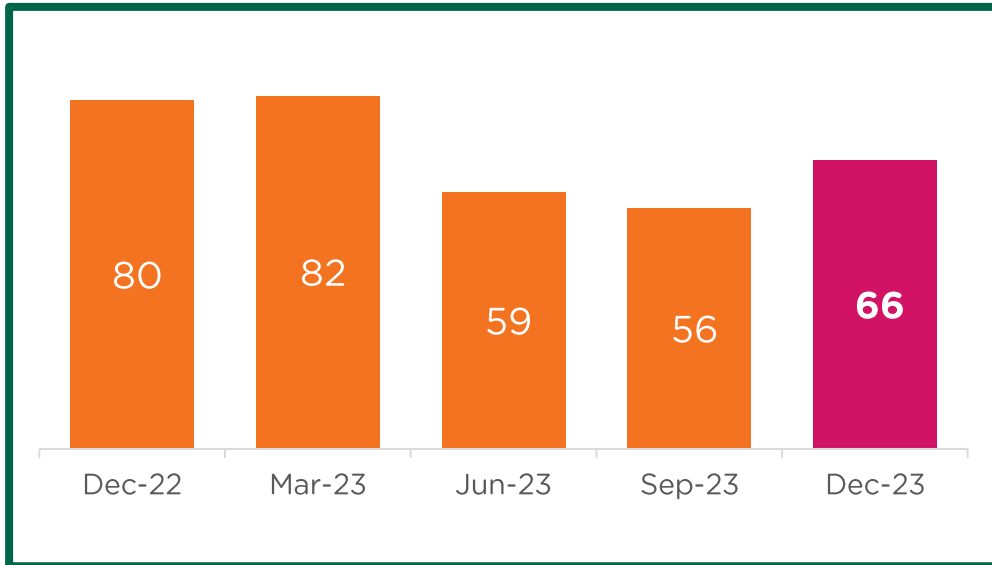


Market recovery and interest rates aiding AUM growth

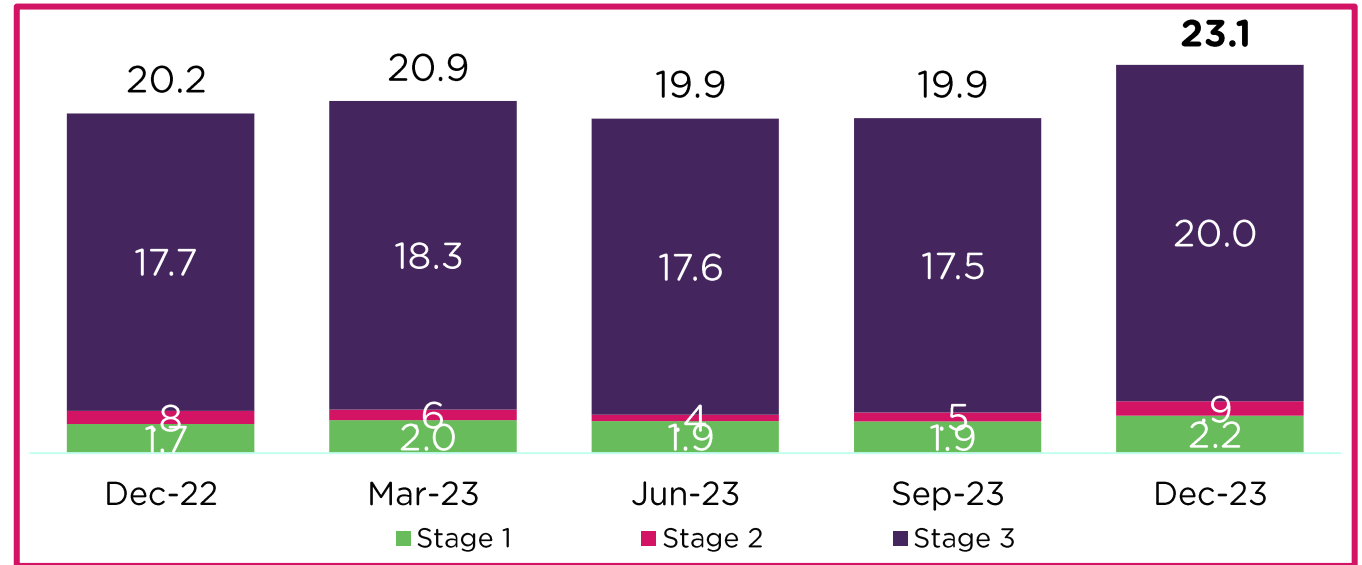


# Lower stock of NPLs, strengthening NPL ratio amid international volatility

Non-performing loans down by 18% (€14m)



ECL increase on book growth and unsecured NPLs



1% improvement in NPL ratio

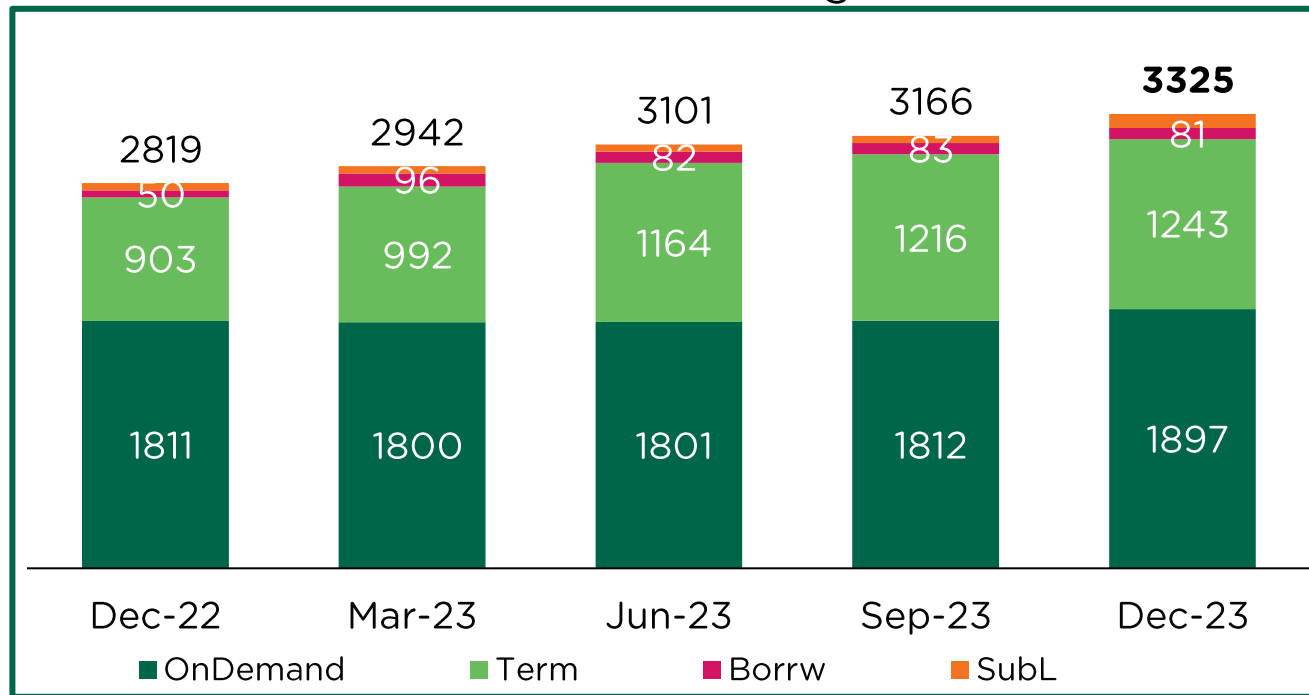
	Dec-22	Dec-23
<b>NPL Ratio</b>	3.2%	2.2%
<b>Coverage<sup>1</sup></b>	100%	100%
<b>Cost of Credit</b>	1bp	11bp

<sup>1</sup> Coverage ratio net of discounted collateral \* All data in €m unless otherwise stated

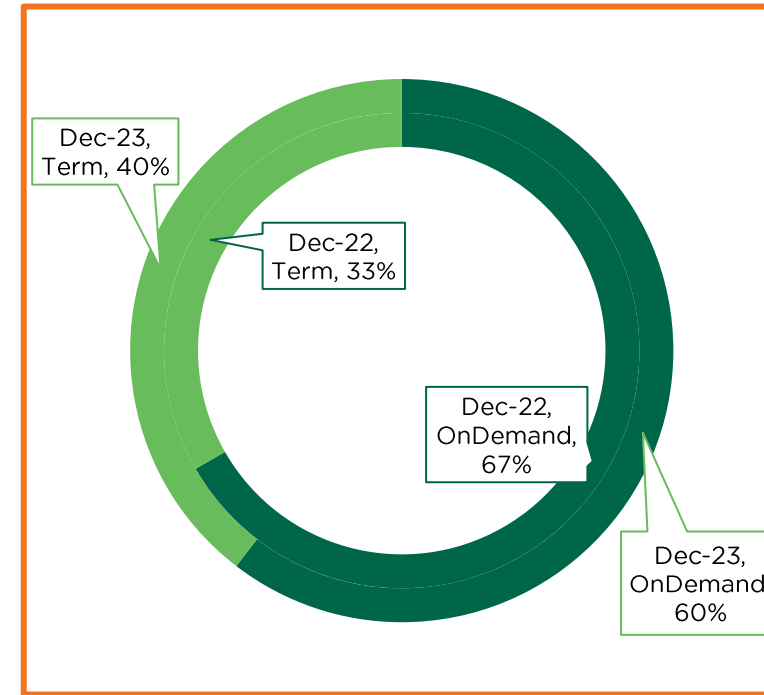
# Steady progression in funding & new deposits, amidst intense competition



Funding growth of €0.5bn +16% YoY, successful MREL raising in 4Q



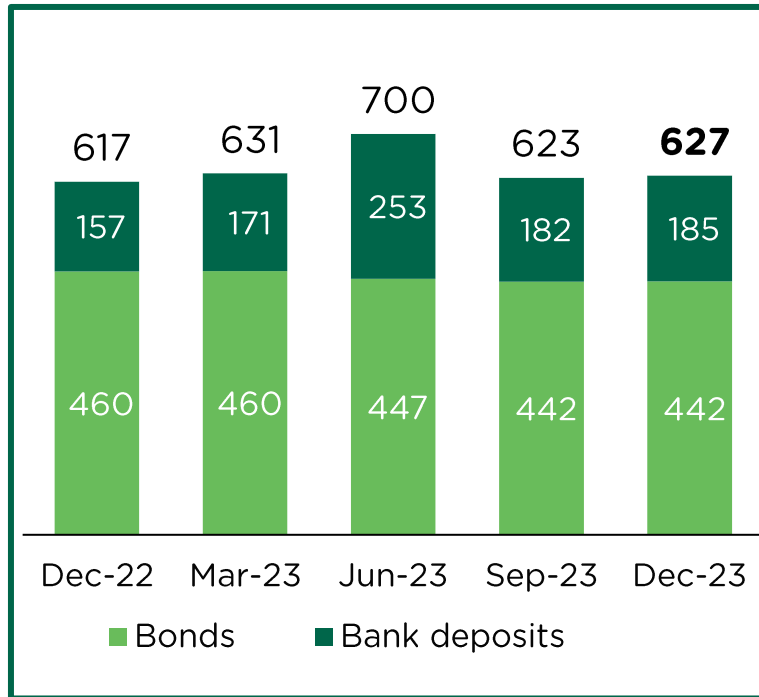
Deposit mix at 60/40



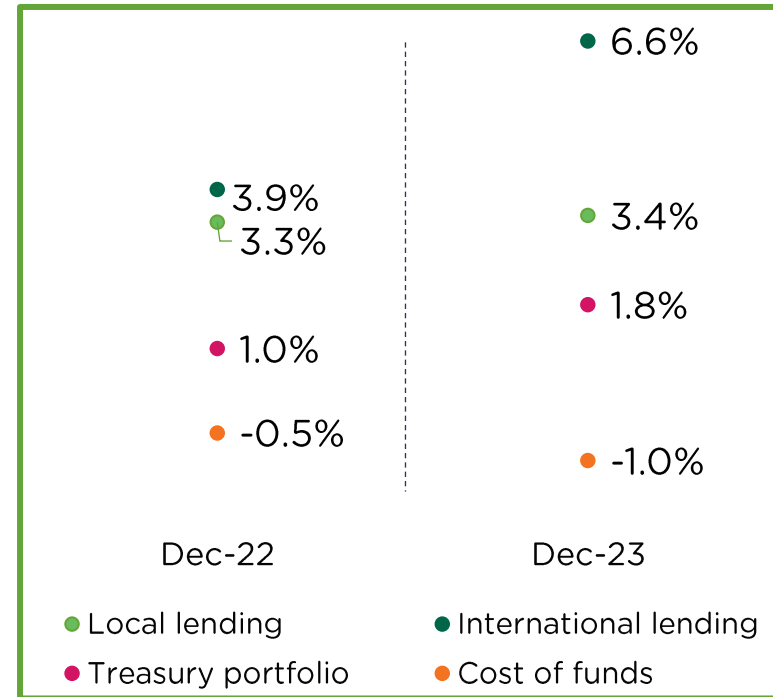
# Optimal liquidity and augmented yields



Liquidity stock supporting the growing business volumes



Lending and liquidity yields rising with higher COF



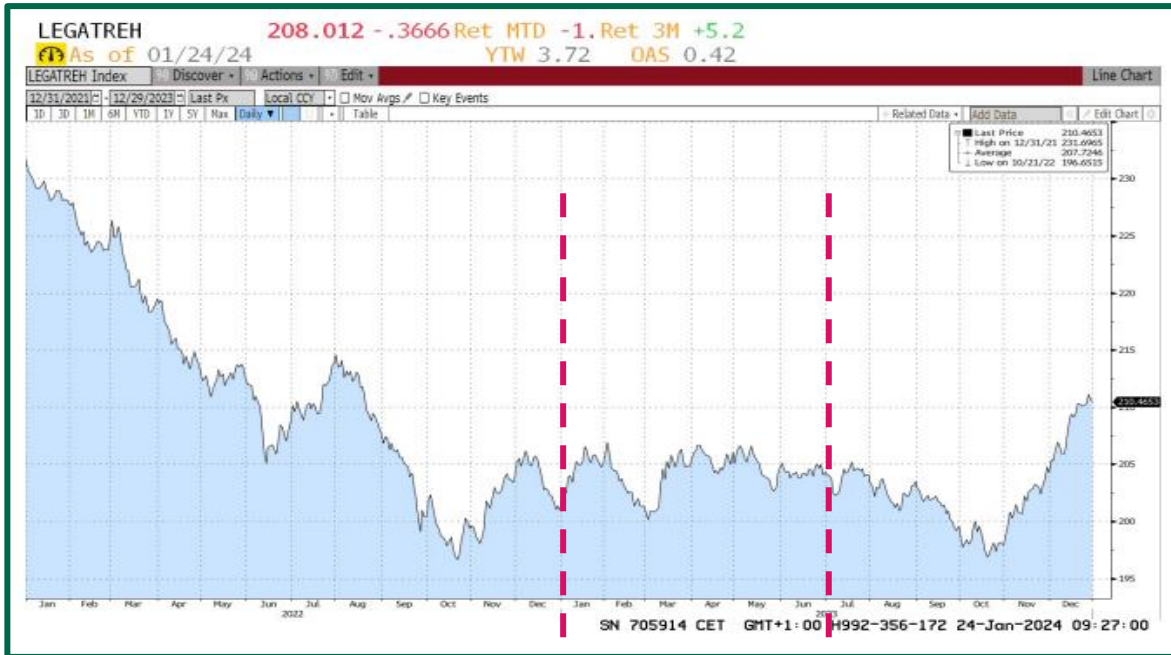
**LCR @ 140%**

**LTD @ 99%**

# Volatile year for Bonds - Equities surpassing expectations

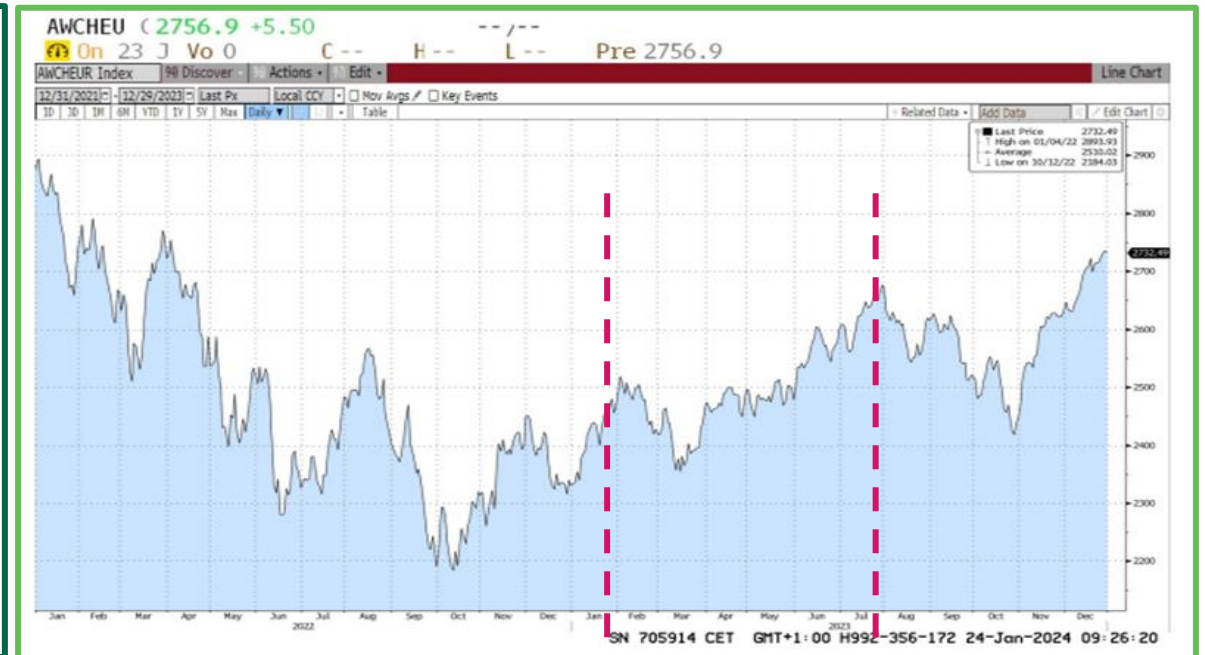
## Bonds

Bloomberg Global Bond Aggregate (hedged to €)  
Jan-2022 to Dec-2023



## Equities

FTSE All-world (hedged to €)  
Jan-2022 to Dec-2023





# Group results buoyed by the market recovery

## APS Diversified Bond Fund\*

Y2023 **+5.8%** return (FY2022 -15.4%)

## APS Ethical Fund\*\*

Y2023 **+8.0%** return (FY2022 -16%)

## APS Global Equity Fund\*\*

Y2023 **+17.6%** return (FY2022 -17.1% return)

## APS Income Fund\*\*

1H2023 **+1.3%** return (FY2022 -8.9%)



	APS % holding	FY2022	FY2023
ReAPS*	100.0	0.2	0.1
Diversified Bond Fund*	70.1	(8.1)	2.6
Global Equity Fund**	39.5	(1.2)	0.8
Income Fund**	9.9	(0.7)	0.1
Ethical Fund**	2.9	(0.4)	0.1
IVALIFE**	25.0	(0.4)	(0.1)
		<b>(10.7)</b>	<b>3.6</b>

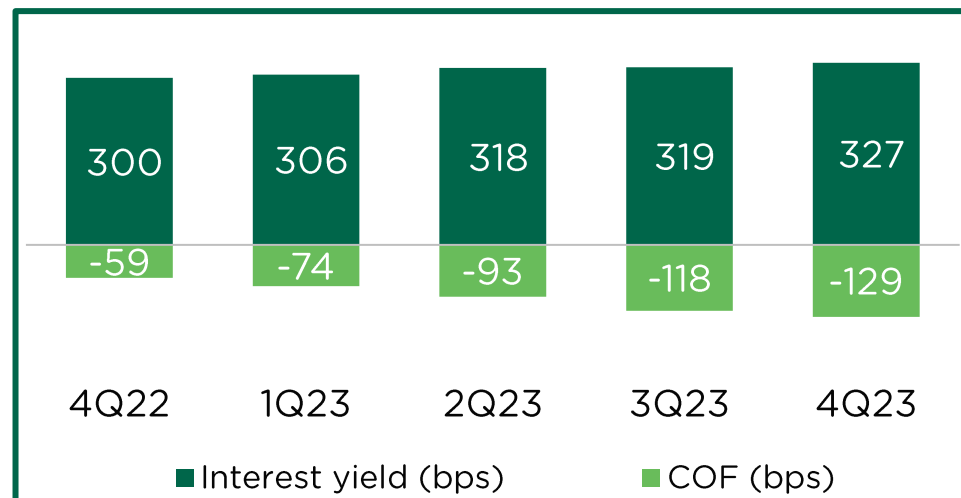
\*Line-by-line consolidation; \*\*Share of results consolidation

Performance of Accumulator Share Classes for Income and Global Equity Funds and A Accumulator Share Classes for Regular Income Ethical and Diversified Bond Funds

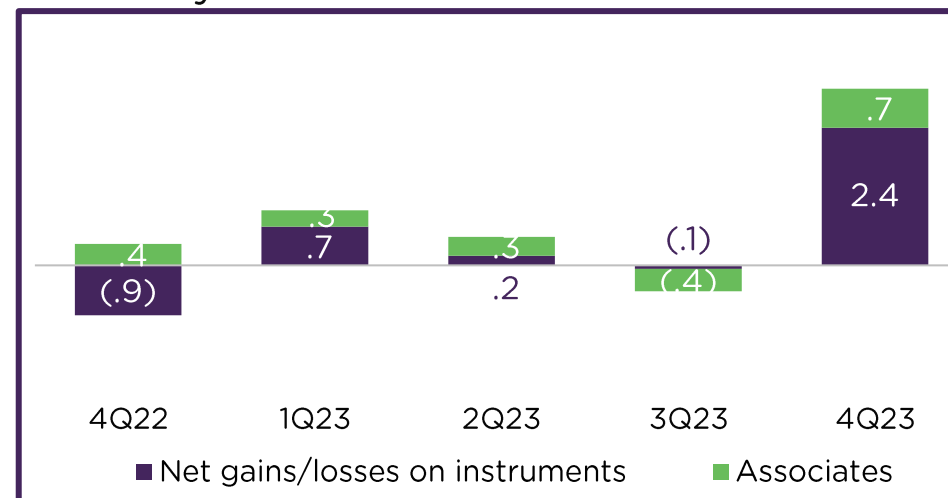
# Core revenues lifted by higher volumes: lending, transaction & investments

	Y2022	Y2023	12M '23 vs 12M '22	4Q '23 vs 3Q '23
<b>NII</b>	65.1	73.6	▲ +13% YoY	▼ -2% QoQ
<b>Advances &amp; payment fees</b>	5.1	5.9	▲ +16% YoY	▼ -6% QoQ
<b>Investments &amp; insurance fees</b>	3.3	3.9	▲ +20% YoY	▲ +7% QoQ
<b>FX</b>	1.3	0.2	▼ -88% YoY	▼ -85% QoQ
<b>Cards</b>	0.7	0.9	▲ +38% YoY	▲ +5% QoQ

Higher yields offset by more expensive funding



Recovery from Y22 un-realised losses

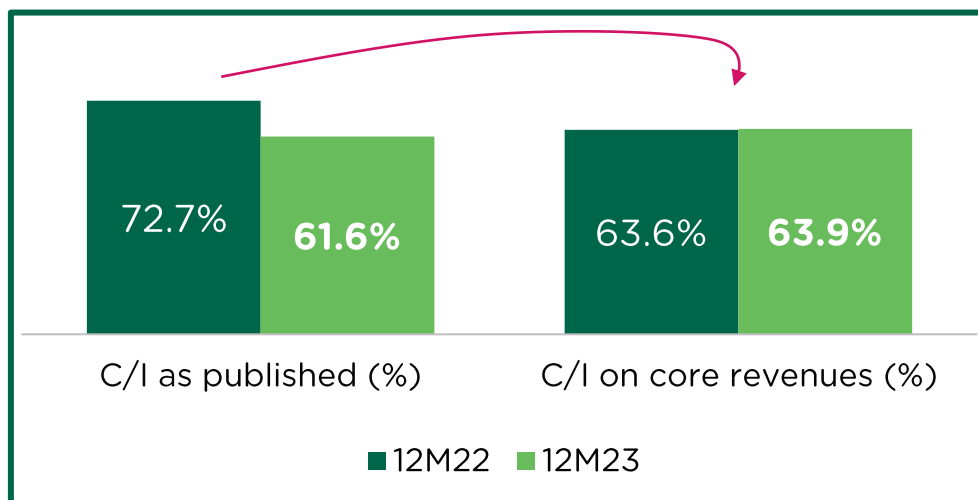


\* All data in €m unless otherwise stated

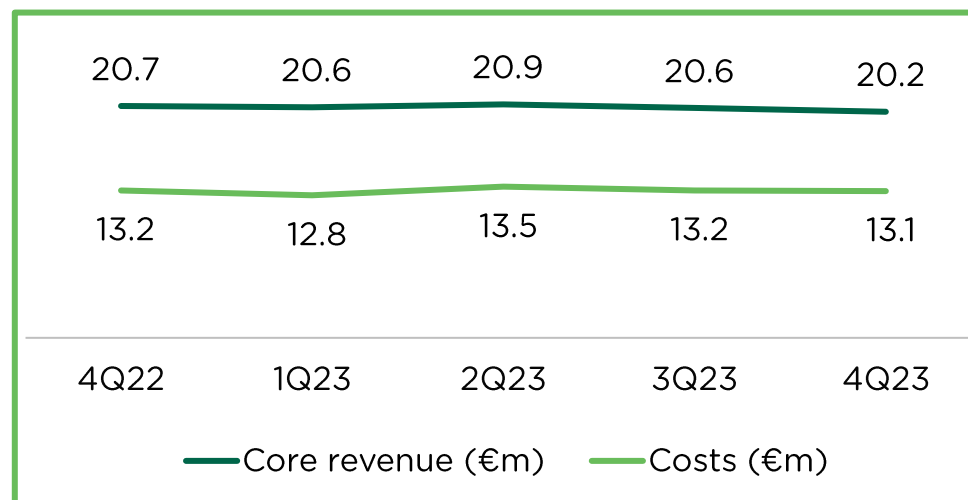
# Drive for transformation and operational excellence on cautious cost growth

	Y2022	Y2023	12M '23 vs 12M '22	4Q '23 vs 3Q '23
<b>Staff costs</b>	26.1	28.6	▲ +10% YoY	▲ +5% QoQ
<b>Admin costs</b>	16.2	18.5	▲ +15% YoY	▼ -8% QoQ
<b>Depreciation/Amortisation</b>	4.8	5.5	▲ +15% YoY	▼ -2% QoQ

Cost-to-income ratio

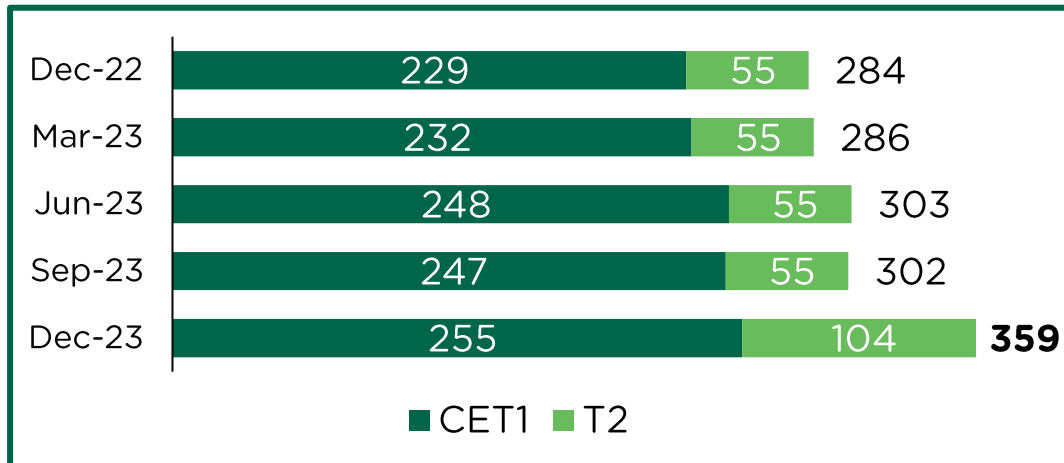


Jaws ratio

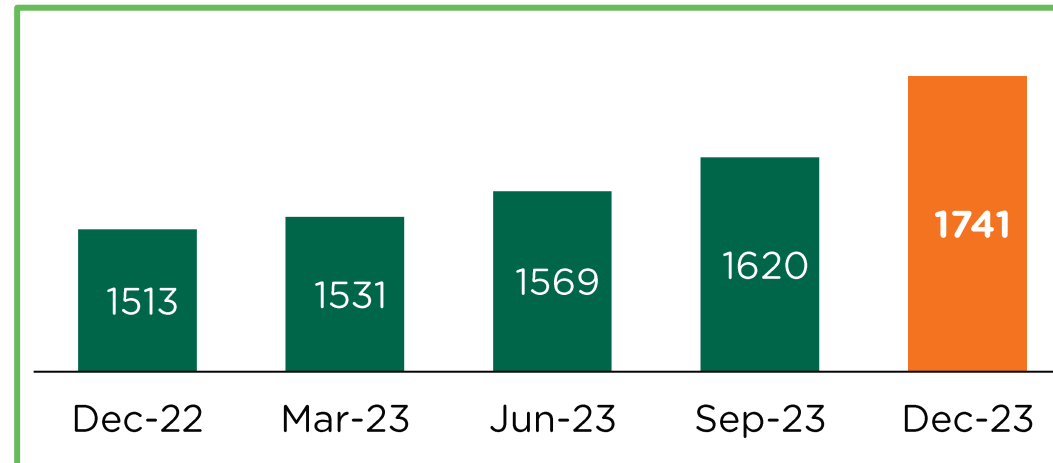


# Higher CET1 & T2 capital - on profits, scrip and Bond issue

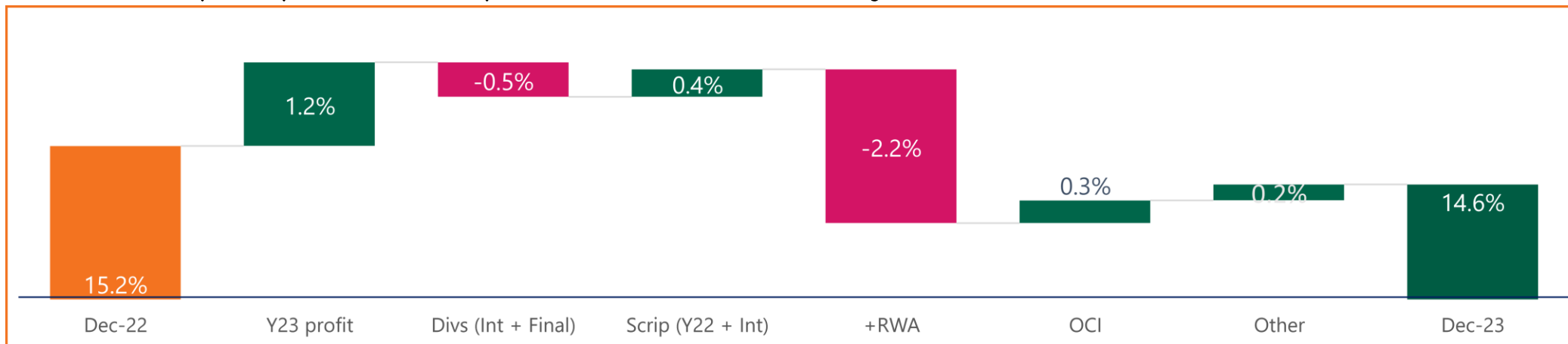
Own funds strengthened by T2 Bonds



Risk-weighted assets mirror asset trajectory



CET1 ratio up on profits & scrip dividend, consumed by RWA

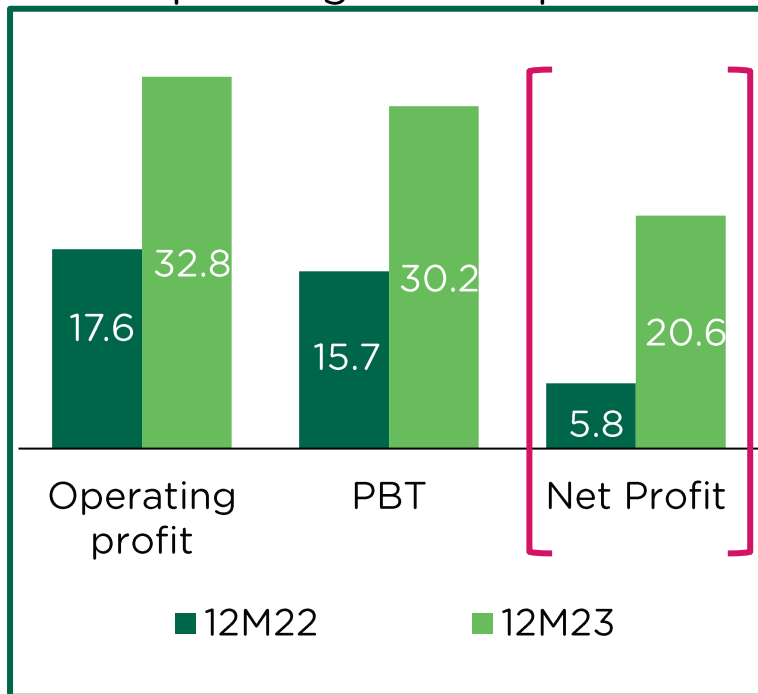


\* All data in €m unless otherwise stated

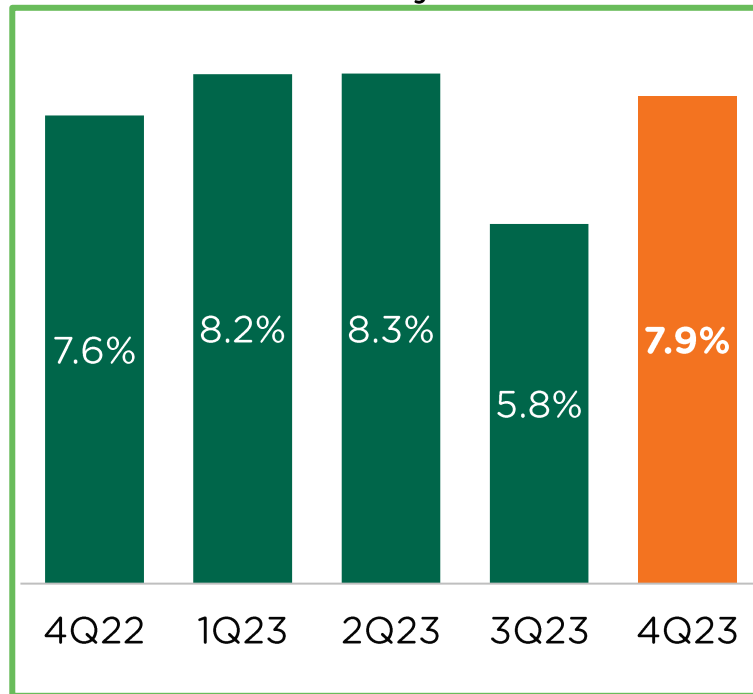
# Highest ever profit for the year and dividend



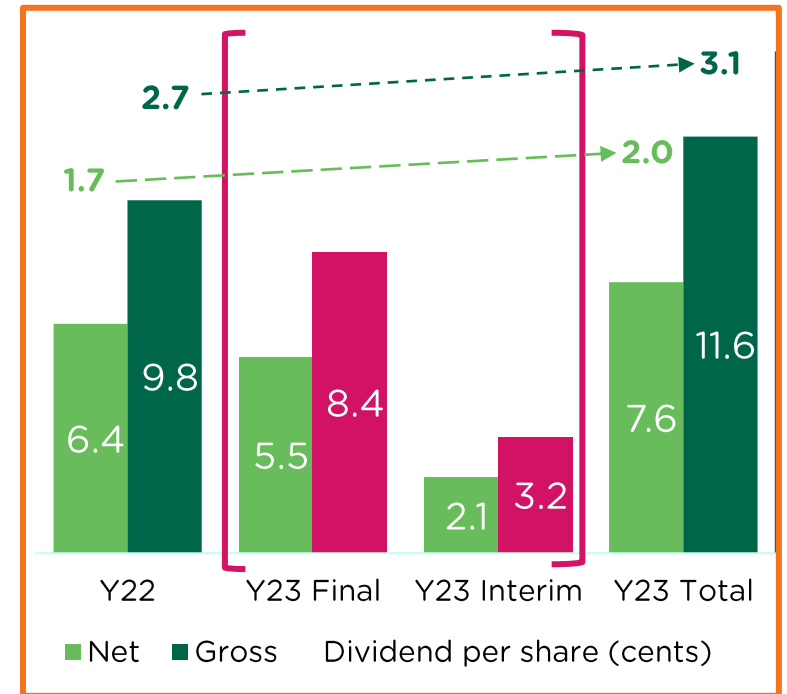
## Operating and net profits



## Quarterly ROAE



## Dividend







# A look around – and ahead

# Strong economic prospects countered by geo-political risks

## Inflation targets

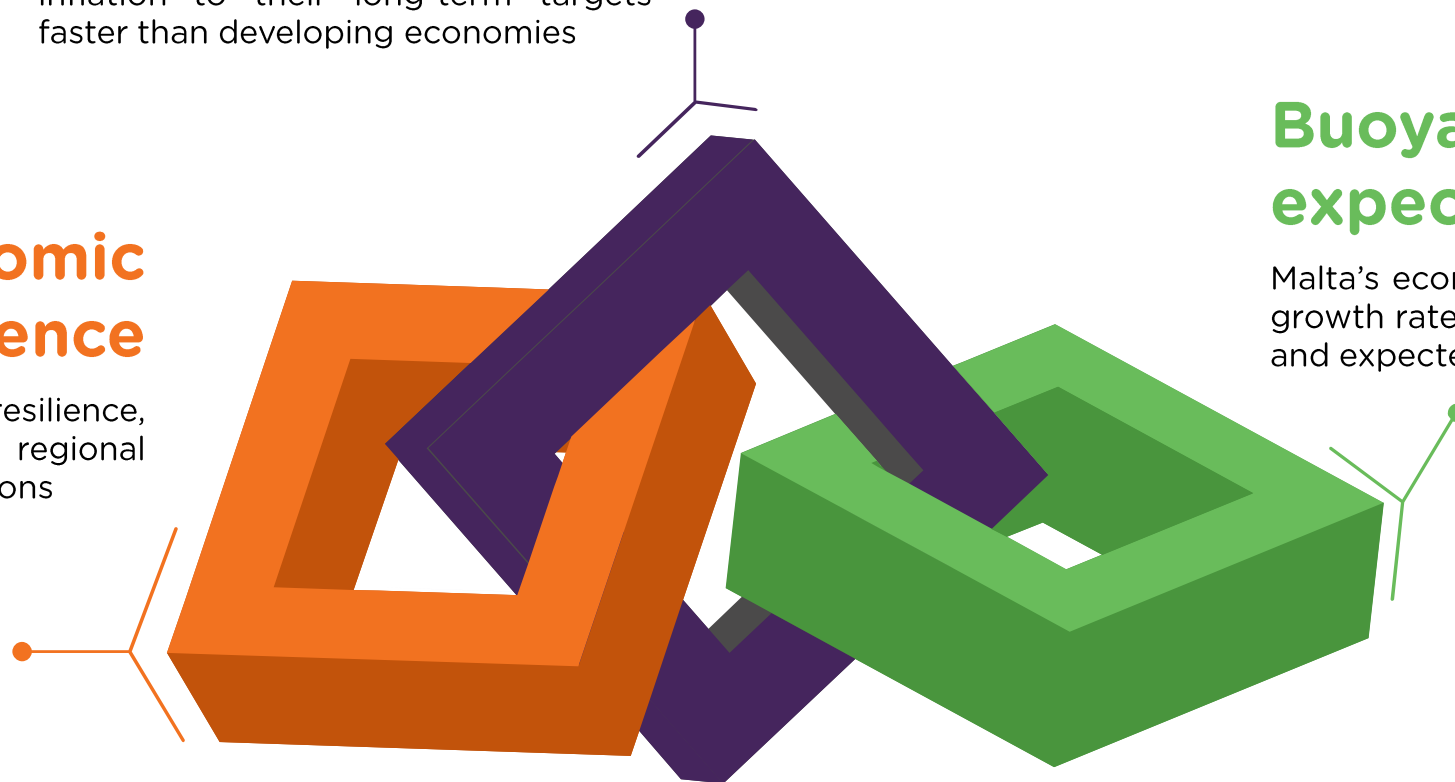
Advanced economies bringing inflation to their long-term targets faster than developing economies

## Economic resilience

Global economy showing resilience, amid interest rate hikes, regional conflicts & continued disruptions

## Buoyant local expectations

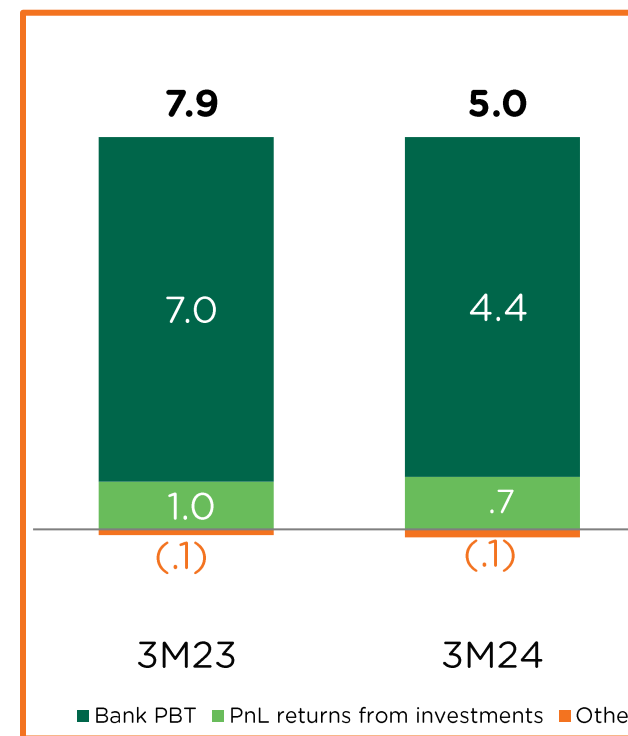
Malta's economy showing strong GDP growth rates, driven by tourism sector and expected lower inflation



# Mixed start to Y2024 - sustained volumes amid margin compression

	BANK		GROUP	
€ mio	3M23	3M24	3M23	3M24
Net interest income	18.0	16.3	18.4	16.7
Net fee income	2.0	2.1	2.2	2.4
Other operating income	0.4	0.5	-	0.3
	<b>20.4</b>	<b>18.9</b>	<b>20.6</b>	<b>19.4</b>
Net gains/losses on fin. inst.	-	-	0.7	(0.1)
<b>Operating income</b>	<b>20.4</b>	<b>18.9</b>	<b>21.3</b>	<b>19.3</b>
Operating expenses	(12.5)	(13.2)	(12.8)	(13.5)
Net impairments	(0.9)	(1.3)	(0.9)	(1.3)
Results from associates	-	-	0.3	0.5
<b>Profit before tax</b>	<b>7.0</b>	<b>4.4</b>	<b>7.9</b>	<b>5.0</b>
Tax	(2.4)	(1.6)	(2.5)	(1.6)
<b>PROFIT AFTER TAX</b>	<b>4.6</b>	<b>2.9</b>	<b>5.4</b>	<b>3.4</b>

Components of Group PBT



\* Investments in the APS Diversified Bond Fund, Global Equity Fund, Income Fund, Income Ethical Income Fund & Ivalife

# A tried & tested business model



## Growth & returns

Strong fundamentals: capital, liquidity, profitability & asset quality, supporting further growth & returns

## Primary banking

Becoming primary bank of choice for more clients - rolling out products, services & technologies

## Transformation

Projects & innovation to reap more efficiency, zealous to perform at highest level - seeking scale

***Ordinary Business - Ordinary Resolutions***

***Xogħol Ordinarju - Riżoluzzjonijiet Ordinarji***

Agenda #3:

**Approval of the audited financial statements  
for the financial year ended 31 December  
2023**

***Approvazzjoni tar-rizultati finanzjarji  
awditjati għas-sena finanzjarja li għalqet fil-  
31 ta' Dicembru tas-sena 2023***





**Ms Sarah Curmi**  
Deloitte

Agenda #3:

**Approval of the audited financial statements  
for the financial year ended 31 December  
2023**

***Approvazzjoni tar-rizultati finanzjarji  
awditjati għas-sena finanzjarja li għalqet fil-  
31 ta' Dicembru tas-sena 2023***

Agenda #4:

**Declaration of dividend**

***Dikjarazzjoni ta' dividend***

Agenda #5:

**Appointment and remuneration of Auditors**

***Hatra u ħlas tal-Awdituri***

Agenda #6:  
**Appointment of Directors**

***Ħatra tad-Diretturi***

Agenda #7:  
**Emoluments of Directors**

***#Has tad-Diretturi***



***Special Business - Ordinary Resolutions***

***Xogħol Speċjali - Riżoluzzjonijiet Ordinarji***

Agenda #8:  
**Remuneration Policy**

Agenda #9:  
**Remuneration Report**

Agenda #10:

**Rights issue and Directors' authority to issue shares for the purpose of undertaking a rights issue**

***Rights issue u l-awtorità lid-Diretturi sabiex joħorġu ishma bil-għan li jwettqu rights issue***

***Special Business - Extraordinary Resolutions***

***Xogħol Speċjali - Riżoluzzjonijiet Straordinarji***

Agenda #11:

**Directors' authority to issue shares limitedly for the purpose of implementing any decision to pay a scrip dividend, and to affect a capitalisation of profits**

***Awtorità lid-Diretturi sabiex joħorġu ishma, speċifikament sabiex ikunu jistgħu jħallsu scrip dividend, u jikkapitalizzaw qligħ***



Agenda #12:

**Renewal of authority to the Directors to issue debt securities**

***Tigdid tal-awtorità lid-Diretturi sabiex joħorġu titoli ta' dejn***

Agenda #13:

**Amendments to the Memorandum and Articles  
of Association of the company**

***Emendi għall-Memorandum u l-Istatut tal-  
kumpanija***



**Thank you**

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