

Company Announcement

Annual Report and Audited Financial Statements 2024

Date of announcement: 13 March 2025

Reference number: APSB80

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

Quote

The Board of Directors of APS Bank plc met on 13 March 2025 and approved the Group Annual Report and Audited Financial Statements for the financial year ended 31 December 2024.

For the year ended 31 December 2024, APS Bank plc registered a pre-tax profit of €23.8 million at Group level (2023: €30.2 million) and €22.5 million at Bank level (2023: €27.8 million). As anticipated early in the year, and notwithstanding a progressive improvement in performance particularly during the second half, the bottom line continued to lag that of 2023, mainly due to a narrowing of net interest income. Competitive pressures on both asset yields and cost of funding prevailed, which contrast with the fact that both sides of the balance sheet grew appreciably during 2024. Despite the reduction in profitability these results are once again demonstrating robust operating fundamentals, underpinned by a strategy of ongoing digital transformation striving to continuously enrich the customer experience.

Highlights	The Group		The Bank	
	2024	2023	2024	2023
Profit before tax (€ mio)	23.8	30.2	22.5	27.8
Net interest income (€ mio)	65.5	73.6	63.7	72.1
Operating income (€ mio)	82.9	85.5	81.0	82.7
Operating costs (€ mio)	56.9	52.6	55.5	51.4
Net impairment losses (€ mio)	(3.0)	(3.5)	(3.0)	(3.5)
Loan book (€ mio)	3,193	2,878	3,193	2,878
Total assets (€ mio)	4,161	3,661	4,152	3,653
Customer deposits (€ mio)	3,671	3,138	3,672	3,139
Total equity (€ mio)	310	287	300	278
ROAE (%)	6.3	7.5	6.0	6.8
Cost/Income (%)	68.7	61.6	68.5	62.1

Financial Performance

- a) Net Interest Income for the year was €65.5 million (2023: €73.6 million). Interest receivable increased to €114.7 million over the €105.7 million registered for 2023, in part due to growth across the retail and commercial loan portfolios. Interest expense increased to €49.2 million, compared to the €32.1 million of the previous year reflecting the MREL funding cost and the pass-through of higher interest rates to depositors.
- b) Net fee and commission income rose by 7.3% to a total net income of €8.9 million from the €8.3 million recorded for 2023. This is a reflection of the overall business growth in the business activity of the Group, particularly driven by investment services and card related transactions.
- c) Other income generated for the year amounted to €8.4 million, significantly higher than 2023 and mainly helped by a €4.8 million uplift in the valuation of investment properties carried at fair value.
- d) Net impairment losses of €3.0 million for 2024 were spread over the three Expected Credit Losses (ECL) stages covering mostly the local commercial book and the international syndicated loan portfolio. The NPL (Non-Performing Loans) ratio at the end of 2024 was 1.5%, the lowest in years and indicative of the quality of the book and strength of the Group's credit underwriting standards.
- e) Operating expenses for the year under review amounted to €56.9 million, up by €4.3 million on the previous year. The continuous investment in human resources largely steered this increase, especially since this remains one of the key points in the execution of the Group's business strategy. Other costs contributing to this increase were mainly arising from depositor compensation, licensing and maintenance of technologies, professional fees, regulatory and compliance requirements, marketing and related spend and general inflationary pressures.
- f) Cost-to-income ratio for the year was 68.7%, up by 7.1% over that of the previous year mainly resultant from the net contraction in net interest income.

Financial Position

- g) The Group's total assets/liabilities reached €4.2 billion at 31 December 2024, a growth of €500 million on the balance sheet of 31 December 2023. Key contributors include:
 - An increase in net loans and advances to customers and syndicated loans which in total grew by €314.7 million.
 - A substantial increase in the liquidity stock, with cash and Central Bank of Malta balances reaching €379.7 million.
 - Complementing this growth, debt and fixed income instruments contracted by €55.0 million on 2023 to €387.0 million at end of the reporting period. The Bank's Liquidity Coverage Ratio (LCR) at the end of the year stood at 197.4%, up from the 140.1% reported at December 2023.
 - Customer deposits grew by €532.8 million to reach €3.7 billion, mainly attributable to campaigns to attract term deposit funding across short to medium term maturities, and new Kapital Plus issuances.
 - Countering the increase in deposits was the reduction of amounts owed to banks, down to €28.6 million from €80.7 million in December 2023.
- h) Total equity for the year ended 31 December 2024 grew by 7.8% to €309.9 million, compared to last year's closing of €287.4 million. Driving this increase were:
 - The profit for the period of €18.2 million.
 - Changes to revaluation reserve of € 11.4 million, following the revaluation of property and also changes to the valuation of financial instruments carried at fair value through other comprehensive income.
 - Scrip shares for 2023, with €0.7 million being retained in equity.
- i) The Bank's CET1 ratio stood at 14.6% (2023: 14.6%) and the Capital Adequacy Ratio at 20.1% (2023: 20.6%).

Dividends

The Directors are recommending a final gross dividend of €0.026 (net dividend of €0.017) per ordinary share to be paid to ordinary shareholders in the form of scrip. That is, each shareholder will have the option to receive the dividend in cash or as new ordinary shares at an attribution price of €0.57 per share. Taken together with the interim gross dividend of €3.1 million (net dividend of €2.0 million) paid in September 2024, the total gross dividend distribution for 2024 will be of €13.0 million (total net dividend of €8.5 million), or a total gross dividend per share of €0.034 (total net dividend per share of €0.022).

This final dividend, acknowledged by the Malta Financial Services Authority, is subject to final regulatory approval, and shareholder approval at the Annual General Meeting. The dividend has not been included as a liability in these financial statements.

Shareholders appearing on the register of members maintained by the Central Securities Depository of the Malta Stock Exchange as at close of trading on 8 April 2025 (trading session of 4 April 2025) will receive notice of the Meeting and be entitled to the dividend.

CEO Marcel Cassar commented:

“2024 was a year of moderate growth for the global economy, with the U.S.A. outperforming expectations and the Eurozone showing signs of a slow recovery. At the same time, China’s growth was hindered by property market challenges as geopolitical risks, such as escalating trade tensions and policy uncertainty, continued to pose significant threats. European banks were largely navigating this complex landscape marked by economic uncertainty, geopolitical tensions and regulatory changes – but they showed robustness and good financial health in various respects. Strong capital and liquidity ratios indicate that banks were well-prepared to meet regulatory requirements and absorb potential shocks.

Against this backdrop, the APS Bank Group posted its strongest ever all-round growth confirming its central role as a key player supporting Maltese businesses and households. But in spite of double digit % increases in our deposit, lending and liquidity books, this was not mirrored in corresponding growth in profits which were constrained by margin pressures. 2024 saw the continuation and widening of a pipeline of projects that are accompanying the Bank’s digital transformation journey and the provision of a superior customer experience. Millions of euros are being invested in projects that range from backbone technology to more visible, customer interfacing solutions, as well as those driven by compliance, risk management and data quality considerations.

Early in 2024 we made it clear that our model was not going to look at riding the interest cycle and sitting on cash, but at doing our duty as bankers which is to support our customers and the economy at large. Our ambition to grow as a Bank and Group is driven by a wish to expand our offering and serve consumers better, by continuing to invest in innovation, and a need to deliver greater value to our stakeholders. As announced on various occasions over the past months, the Bank has long identified the need for scale as a priority and this led to extensive studies and detailed professional evaluation as to how this should be best pursued. We are also encouraged by the view of European policy makers that market consolidation can enhance financial stability, improve efficiency and serve consumers better - which is why we are actively pursuing strategic acquisitions, permitting us to expand inorganically and capitalise on the opportunities that these can offer.”

The Annual Report and Audited Financial Statements for the year ended 31 December 2024 can be viewed on the Bank’s website: <https://www.apsbank.com.mt/financial-information/>

Unquote



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

Company Secretary

**DIRECTORS' DECLARATION
ON THE ESEF ANNUAL FINANCIAL REPORT 2024**

We, Martin Scicluna and Noel Mizzi, in our capacity as Directors of APS Bank p.l.c – C2192 hereby certify:

- i. that the Annual Financial Report for the year ended 31st December 2024 has been approved by the Board of Directors of the Company and is hereby being made available to the public.
- ii. that the Annual Financial Report has been prepared in terms of the applicable rules and regulations, including the Commission Delegated Regulation on the European Single Electronic Format (“ESEF”)¹ and the Capital Markets Rules².
- iii. that the Audit Report on the ESEF Annual Financial Report is an exact copy of the original signed by the auditor and that no alterations have been made to the audited elements of the Annual Financial Report including the annual financial statements.
- iv. that the Annual Financial Report shall serve as the official document for the purposes of the Capital Markets Rules and, where the issuer is registered in Malta, the Companies Act (Chapter 386 of the Laws of Malta).



Martin Scicluna

Chairman



Noel Mizzi

Director

13th March 2025

¹ Commission Delegated Regulation 2019/815 on the European Single Electronic Format, as may be further amended from time to time.

² Capital Markets Rules as issued by the Malta Financial Services Authority (MFSA).
