APS Bank plc

ANNUAL REPORT &
FINANCIAL STATEMENTS
2024

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This document is not the official version of the Annual Financial Report for 2024. Official Annual Financial Report for 2024 in line with the ESEF requirements may be accessed through the Bank's website www.apsbank.com.mt. The approved ESEF version should prevail in case of any conflicts with this document.

CHAIRMAN'S STATEMENT

Welcome

A warm welcome to all shareholders. During 2024 we continued to register progress in our long-term strategic plans whilst remaining resolute in keeping customers' needs at the centre of our business.

Our Business Environment

The year under review saw a continued reduction in inflation resulting in reductions of interest rates set by the global central banks, although interest rates continue to be at relatively higher levels when compared to pre-2023. Whilst inflation has been trending downward, central bankers are still very cautious. Further interest rate reductions are uncertain due to a complex global political and social environment. The geo-political situation continues to be volatile, despite some elements of progress. During 2024, we also saw the unfolding of many elections across the globe with persistent growth of nationalistic ideologies. The developments arising out of the change in administration in the United States of America may result in directional shifts that may affect economic, political, social and environmental drivers in the global scene. In Malta we continue to see economic growth which exceeds the EU average with robust employment levels, albeit the long-term challenges of pension sustainability and the viability of subsidies continue to prevail.

The banking industry continues to undergo transformative change, driven by innovation, customer expectations, and regulatory evolution. APS made significant strides in enhancing digital services to meet the growing demand for seamless, accessible, and secure banking experiences. Investments in online and mobile banking platforms have improved customer convenience, while the adoption of automation and data analytics has driven greater efficiency.

In 2024, the European Central Bank (ECB) and the Malta Financial Services Authority (MFSA) persisted with their significant emphasis on improving the banking sector's resilience, governance, and risk management practices. We have worked diligently to align our operations with these supervisory priorities, ensuring that we continue to meet the highest standards of compliance and operational excellence.

Finally, understanding the unique needs of our local community remains central to our mission. The Bank remains committed to fairly compensating its depositors whilst protecting home loan borrowers from any interest rate increases.

Within this landscape, the Board of Directors and the Management team are focused on constantly assessing the potential resulting risks and to implement mitigating strategies with a view to maximising business opportunities whilst being guided by a prudent risk management philosophy and the ethical ethos of the Bank.

Performance

APS Group Profit Before Tax reached €23.8 million versus a prior year result of €30.2 million. Bank solo Profit Before Tax stands at €22.5 million versus prior year of €27.8 million. Non-Performing Loans continue to represent a very strong position at 1.5%. The Chief Executive Officer's report will address the Bank's performance in more detail.

The Bank's capital position is strong with a Tier 1 capital of 14.6 % and a Total Own Funds of € 381.6 million up on prior year by €22.9 million. Total Capital Ratio stands at 20.07%. The Board of Directors reports a Group return on average equity of 6.3% for 2024.

The compression we have experienced in our interest margins result from the Bank's deliberate and responsible setting of our interest rates. We have continued to reward our depositors' trust by paying attractive market rates of credit interest whilst ensuring that our home loan lending rates remained flat. As a result, APS has effectively absorbed the increase in the cost of funding otherwise borne by home loan borrowers. This reflects the Bank's social conscience and our commitment to support society.

On the corporate social responsibility (CSR) side, the Bank has dedicated significant resources, be it financial, human capital or infrastructure to provide support to many areas of the Arts, Culture, Education and other material sustainability topics including financial literacy and long-term financial stability arising out of pension saving plans.

Rewarding Shareholders

I am delighted to advise that the Board is recommending a gross (scrip) dividend to shareholders of €9.9 million, bringing the total dividend for the year to €13.0 million, up from €11.7 million for 2023 - equating to a 2024 dividend per share of €0.034 gross or €0.022 net per share. This dividend distribution reflects a policy that rewards shareholders through the sustainable performance of the Bank. All regulatory approvals for the payment of this dividend have been obtained.

CHAIRMAN'S STATEMENT

Governance Matters

The Board of Directors met regularly during the year. In line with best practice and regulatory corporate governance guidelines, the composition, skills and experience of the Board is regularly reviewed, to ensure that individual and collective suitability continues to be optimal.

Further to the amendments in our Memorandum and Articles of Association that were approved at last year's Annual General Meeting (AGM), and as a result of our ongoing assessment of competences and experiences required at Board level, we are pleased to announce the strengthening of the Board of Directors. I welcome to the Board Ms Leslie Stephenson and Mr Martin Czurda as Independent Non-Executive Directors. Both individuals have brought with them significant, proven, international skills and experiences in various areas of banking, as can be seen from their respective bios. I am positive that Leslie's and Martin's contributions will continue to enhance the strength of the Board. I am also pleased to welcome our Chief Executive Officer, Mr Marcel Cassar as Executive Director on the Board. Marcel's strong track record of governance knowledge and executive competences will further enrich the Board of Directors.

I commend my colleagues on the Board of Directors for their collegial, professional and responsible contributions to the Board's performance.

The way ahead

Throughout its 115-year history, the Bank has grown from humble beginnings to a position where our contribution to the Nation's economy and society is meaningful. This brings about a responsibility on the part of the Bank: a responsibility which frames many of the decisions taken by the Board.

We believe that planned growth of APS Bank would bring many benefits not only to stakeholders but also to the banking industry and to the country.

We firmly believe that a growth strategy is achievable. We have the talent, determination, competence and means to step-up as a major player in the local Banking environment. The road ahead is challenging, but we have full faith in our ability to recognise, address and overcome the challenges to deliver a successful result.

As an industry built on people, we value all individuals' abilities and contributions, and we are committed to continue providing our people with self-development opportunities. On the other side of the coin, our customers, both current and future, will continue to be extended the APS brand values and our commitment to the highest level of service.

The future also holds opportunities for you, our shareholders. Shareholders' trust in the APS brand and in the Bank's leadership, strengthens our resolve to seek growth avenues and to build a sustainable future for all our stakeholders.

Recognition Due

2024 has been a year where we have continued to lay strong foundations for the bank's future growth. I sincerely thank my colleagues on the Board, the Management team led by the Chief Executive Officer, Marcel Cassar, and all the employees for their strong achievements.

It is also appropriate for me to thank our many customers who continue to place their trust in the APS brand. Our advocacy research displays a loyal customer base resulting in a prime position in the local market.

Finally, I would like to sincerely reiterate my thanks to you all, our shareholders, for your continued support.

Martin Scicluna

13 March 2025

2024 marks another year where, despite considerable challenges, APS Bank has demonstrated remarkable resilience, adaptability and future thinking. As we navigated a complex economic landscape, we achieved significant milestones in our digital transformation journey, while providing a superior customer experience and supporting our communities to unprecedented levels.

An unprecedented, complex landscape

It was a year of moderate growth for the global economy, in contrast with previous projections of a slowdown, 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. Moreover, although global inflation showed signs of moderation leading monetary authorities approached interest rate easing with varying degrees of caution. Despite these challenges, economies with strong domestic demand or exposure to the global tech cycle showed particular resilience.

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. Banks also continued their structural transformation, focusing on digitalization and efficiency improvements, including a reduction in the number of credit institutions and branches, reflecting the ongoing drive for consolidation and shift towards digital banking services. Higher interest rates also played a crucial role in supporting banks' profitability, as well as a pick-up in investment banking and wealth management.

Closer to home, Malta's open economy experienced further expansion in 2024, with GDP growing by 5.0%, driven by strong local demand, a thriving tourism sector and solid export performance, partly cushioned by Government energy subsidies which continued to build up public debt. Private consumption remained high, the unemployment rate low at 3.2%, and inflation moderated to 2.5%. This benign picture remains weighed by demographic, infrastructural and over-development pressures that challenge the journey forward for Malta's sustainable progress.

The Maltese banking system also showed resilience and growth, with total assets in the sector increasing by 6% as banks maintained strong capital positions and kept focusing on digital transformation and efficiency improvements. Amidst many global uncertainties, the banks continued to enhance their governance, risk management and operational resilience. As importantly, they remained profitable with some banks riding on the high-interest rate cycle to post super profits.

Strongest ever all-round growth

In this complex picture, 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 – more on this below. This Review does not delve into performance indicators in any detail, nor does it repeat the information which is detailed in other parts of the Annual Report, including the Directors' Report. It is also satisfying to see that the Group communicates with regular frequency about its performance through company announcements and other media, such as Market Briefings. So I shall here elaborate on a few main aspects of our performance and focus on some key messages.

For the year under review, APS Bank plc registered a Consolidated pre-tax profit of €23.8 million (2023: €30.2 million); at the Solo level, pre-tax profit was of €22.5 million (2023: €27.8 million). Despite the reduction in profitability which is explained in more detail below, these results are once again demonstrating robust operating fundamentals, underpinned by a strategy of ongoing digital transformation striving to continuously enrich the customer experience. 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.

We saw significant growth in our retail lending portfolio and record fund-raising, and also a strong increase in corporate banking and investment services activity as interest rates remained high before starting to trend downwards. This translated into a growing market share across all business lines, making APS Bank the 2nd largest retail and commercial lender in the country. We were also improving our liquidity as we stacked up our cash reserves especially from the second half of the year, reaching LCRs of 200% and higher. But we were also rewarding our depositors with tactical campaigns in the short term (< 12 months) segment, ensuring interest rate pass-through which resulted in interest cost growing to €49.2 million (2023: €32.1 million). This led to a contraction in net interest income – our core revenue source - from €73.6 million in 2023 to €65.5 million.

Strongest ever all-round growth (continued)

The all-round growth in business also brings about increases in ECL provisions (on a loan book which grew by €315 million on 2023) and compensation scheme contributions (with deposits up by more than €500 million on the previous year), as well as higher capital consumption and operating expenses. Despite increases in other core income streams, such as from transaction banking, foreign exchange and trading gains, as well as revaluations of the Bank's real estate, they were not enough for 2024 to repeat the profit performance of the previous year. It may appear paradoxical for a bank to experience record growth in its funding and lending activity but not to translate it into increased profits. However, this is explained by how a high-interest rate environment stands to benefit scale and size, where banks with a sizeable low-cost deposit base tend to sit on their nicely remunerated cash rather than lend!

Asset quality always a priority

In 2023, thanks to diligent portfolio management as well as lower market volatility, we saw some of the prior year's unrealised losses on fair value-measured financial instruments and the Bank's seed investments in APS Funds SICAV being reversed. This continued in 2024 although at lower levels, while assets under management, including in discretionary, personal and occupational pensions mandates, continued to grow.

Quality always being a priority, the growth in the Bank's loan book remained supported by high credit underwriting standards, leading to a further improvement in the NPL ratio which closed the year under review at 1.5%. In fact, contrasting with the significant increase in (predominantly domestic) retail and commercial lending for 2024 the ECL charge remained largely flat as Stage 2 and 3 exposures continued to move to Stage 1. However, as also reported in my Review last year, an exposure in our syndicated loan book to investment-grade European CRE stayed in Stage 3 leading to a total charge of €3.0 million (2023: €3.5 million). Aside from these situations, which are a result of the Bank's strategy of diversifying its sectorial and geographical risk through the syndicated loan book, the risk appetite remained prudent and focused on quality. Of note is that, despite the growth in credit activity, we maintained attention on prime collateral with unsecured lending dropping slightly to 17% of the total book, with emphasis only on the best corporate names.

Transformation comes at a cost

2024 saw the continuation and widening of a pipeline of projects that are accompanying the Bank's transformation across many areas. 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. Transformation runs from smaller projects for peripheral systems and initiatives, to upgrades of existing core technologies, exigencies of regulatory authorities and providers of payment systems infrastructures as well as more far-reaching investments due to strengthening of cyber-security and process reengineering. Further development and enhancement to the 'myAPS' facility across personal, business and investments products and services, also provides customers with more convenience and versatility of a seamless, digital experience.

Although other operational improvements continued relentlessly at both front- and back-end functions, including further traction in the work performed by our Marsa Digitisation and Documentation Centre, which led to consistent, increased efficiencies in multiple activities, we experienced cost rises across multiple lines. These include technology licensing and maintenance, regulatory (Depositor Compensation Scheme), professional fees, insurance, security and other, inflationary induced. Our Cost/Income ratio of 68.7% (2023: 61.6%) is a consequence of this ongoing transformation coupled by a narrowing of the net operating income denominator for 2024. We also saw staff remuneration, benefits and share based payments increase marginally on 2023, reflecting our consistent investment in human capital in a rapidly changing, and challenging, employment environment. But above all we continue to believe that the transformation journey will lead to greater efficiency, better value for our operational spend, improved customer satisfaction, a superior digital experience and the ability to retain a competitive edge in the offering of innovative financial products and services.

Committed to the Maltese Islands, enriched by our culture

The year under review saw us growing our business and operations in a way that exceeded new thresholds across the entire spectrum of the Bank's and Group's activities. Retail customer onboarding reached a steady rate of 1,000 new accounts per month and rising, with 100,000 on our books. At the same time, the Bank has now touched 40% market share of all new domestic home loans. We also welcomed record numbers of investment and private clients who now top 5,200 and 900, respectively, as personal (2,300) and occupational (1,100) pension customers likewise reached new levels. Corporate onboarding also picked up speed nicely with emphasis on quality of the relationships. The APS Group population also counts many thousands who are shareholders in the Bank, investors in our bonds, unit holders in the APS Funds SICAV, clients of ReAPS and policy holders in Ivalife – as this 'family' also grows increasingly international, multi-cultural. The epitome of a bank rooted in the local community fabric but more and more reflective of the changing demographic and business characteristics of the Maltese Islands.

Committed to the Maltese Islands, enriched by our culture (continued)

We also take pride at how we have elevated 'culture' to be an integral part of the Bank's DNA. 'Culture' is a concept that cuts right across and fuses our *internal* corporate beliefs with the *external* view of the Bank. This ensures a uniform, overarching message that engages all our staff, customers, business partners and thousands of investors into *one* culture. All of this is drilled into our active approach to marketing, CSR, ESG campaigning and delivering the best customer experience. In an environment where talent is increasingly a scarce resource, our culture also helps us attract the right individuals and skills by a well-defined vision, excellent career prospects and employment conditions. We invest heavily in the wholesome development of our employees, with coaching, training and education opportunities, family-friendly work arrangements, attractive reward structures and many events all-year round such as Staff Townhalls, regular Management offsites, talks, breakfasts, a dynamic social media presence, and a busy calendar of activities thanks to our Social Activities and Sports Committees.

What's next … and conclusion

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. While this dented our profit margins, by taking a broader view of the cycle we are seeing the measures implemented in the second half (and escalated in recent weeks) to ease margin pressures helping our profitability. Our transformation programme continues to step up as new products, services, channels and technologies are rolled out to make APS Bank more the 'primary bank of choice' for consumers, with a simpler and more convenient banking experience. And we have also seen APS Bank's profile become more international, as we establish cross-border banking relationships with important, global corporate names.

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.

An enlarged APS Bank Group will have a more compelling market position and be a force for good in a forward-looking Maltese nation pursuing its economic, social and environmental goals guided by principles of sustainability, inclusivity and good governance.

Marcel Cassar

13 March 2025

1. Martin Scicluna
Chairman of the Board, Non-Executive Director

Appointed to the Board in November 2013 and as Chairman in September 2021.

Committee Memberships: Remuneration, Nominations & Governance Committee (Chair)

Bio: Martin is an Associate of the Chartered Institute of Bankers, holds a Diploma in Financial Studies and was elected Fellow of the Institute of Financial Services in 1999. Martin held a number of managerial appointments in Mid-Med Bank between 1976 and 1996, following which he joined Midland Bank plc which later became HSBC Bank Malta plc. Between 1996 and 2012, Martin held several senior executive roles in HSBC Malta including Group Head of Internal Audit, Deputy Head of Operations and Head of Wealth Management. From 2006 to 2012, he served on several boards for HSBC Malta regulated subsidiaries in Life Insurance, Asset Management and Financial Advisory and on its Audit Committee. Since 2012, he has held directorships in asset management and insurance companies licensed in Malta. Martin has contributed to various areas of voluntary work for 40 years, including Scouting, the preservation of the built and natural environment and financial services education. He has served on the Boards of Administration, in a voluntary capacity, of Non-Governmental Organisations such as Din l-Art Ħelwa (Malta's National Trust) and the HSBC Malta Foundation.

Significant External Appointments: Non-Executive Chairman - Accredited Insurance (Europe) Limited
Non-Executive Director - Merck Capital Asset Management Limited
Non-Executive Director, Member of Investment Committee - Thybo Malta Limited

2. Marcel Cassar
Chief Executive Officer, Executive Director

Appointed Chief Executive Officer in January 2016 and as Executive Director to the Board in January 2025.

Committee Memberships: Executive Committee (Chair)
Management Credit Committee (Chair)
Board Credit Committee
Environmental, Social and Governance Committee
Remuneration, Nominations & Governance Committee
Risk Committee

Bio: Marcel started his career in 1987 with Price Waterhouse Malta followed by MIBA/MFSC, now the MFSA (1991-1996). He was General Manager at Lombard Bank Malta plc (1996-2004) and First Executive Vice President and CFO at FIMBank plc (2004-2015). He served as Chairman of the Malta Bankers' Association between 2018-2020 and 2022-2024, which tenures led to a seat on the board of the Brussels-based European Banking Federation (EBF). Marcel is a CPA, a fellow of the Malta Institute of Accountants, and holds an MBA in Bank Financial Management jointly from the University of Wales and Manchester Business School (1995). He has lectured and examined at both FEMA and the MA Financial Services course, University of Malta, and is a frequent writer and speaker on topics related to financial services and management.

3. Laragh Cassar
Senior Independent Non-Executive Director

Appointed to the Board in April 2016 and as Senior Independent Non-Executive Director in October 2021.

Committee Memberships: Remuneration, Nominations & Governance Committee

Bio: Laragh held the role of partner at Camilleri Preziosi between 2009 and 2015, after which she founded the firm Camilleri Cassar Advocates where she now heads the corporate and commercial practice group. Throughout her career, Laragh has gained extensive experience in many areas of practice, with a particular focus on mergers and acquisitions, banking, asset management, capital markets and corporate law restructuring. She has acted for a significant number of publicly listed companies, structuring the offering/issuance of equity and non-equity securities as well as subsequently advising on continuing obligations as listed entities, and is often appointed by the Faculty of Laws of the University of Malta as supervisor and examiner of MAdv dissertations.

Laragh obtained a degree in law from the University of Malta in 2002 and a Master of Law in Banking and Finance from the University of London in 2003.

3. Laragh Cassar (continued)

Significant External Appointments: Partner - Camilleri Cassar Advocates
Non-Executive Director - Hili Properties plc
Non-Executive Director/Company Secretary - MedservRegis plc

4. Joseph C Attard
Non-Executive Director

Appointed to the Board in July 2018.

Committee Memberships: Technology and Innovation Committee (Chair)
Board Credit Committee
Risk Committee

Bio: Joseph has over 25 years of local and international experience in the information and communication technology (ICT) sector. Between 2007 and 2015, he was the Chief Technology Officer of Emirates International Telecommunications LLC and subsequently Chief Technical Officer of GO plc up till 2020. Since 2002, he has regularly lectured at University College London on ICT related topics.

He holds a BSc (Hons) in Electrical Engineering from the University of Malta, an MSc in Operational Telecommunications from the University of Coventry (UK) and a PhD in Telecommunications Engineering from University College London (UK).

Significant External Appointments: None

5. Juanito Camilleri
Non-Executive Director

Appointed to the Board in September 2021.

Committee Membership: Risk Committee
Technology and Innovation Committee

Bio: Juanito was successively CEO at GO mobile and at Melita Cable plc, then served as Rector of the University of Malta from 2006 to 2016. Between September 2014 and January 2017, he served as non-Executive Director of HSBC Bank Malta plc, and for a period was also Chairman of the Risk Committee. He also held the positions of non-Executive Chairman of EPIC Malta Ltd and Chairman and resident Professor at the Centre for Entrepreneurship and Business Incubation at the University of Malta. Juanito held other non-executive board memberships at the Malta University Innovation Portfolio Ltd and its subsidiaries and sat on the Board of Governors of St. Edward's College. Juanito is the owner of Ta' Betta Wine Estates and St Anne's Clinic.

He holds a BSc (Hons) in Computer Science from the University of Kent at Canterbury and a PhD in Theoretical Computer Science from the University of Cambridge. He completed several Executive Training Programmes at London Business School (LBS) and at Massachusetts Institute of Technology (MIT).

Significant External Appointments: Non-Executive Director - Debono Group Holdings Company Ltd
Non-Executive Director - Prohealth Ltd and its subsidiary TrioMed Ltd

6. Martin Czurda
Non-Executive Director

Appointed to the Board in August 2024.

Committee Memberships: Board Credit Committee (Chair)
Audit Committee

6. Martin Czurda (continued)

Bio: Martin started his career in 1989 with Bank Austria, Vienna, working in international finance. He moved to Raiffeisen Zentral Bank in 1994 as Senior Vice President to set up the Loans Syndications & Asset Sales Department, becoming Division Head Global Financial Institutions in 1998, and from 2006 also heading the Global Markets Division. In 2009, Martin was appointed CEO of Amsterdam Trade Bank, a Dutch bank specialising in international trade and commodity finance. As from 2012 he held C-suite, CEO and Chair roles successively at Slovene owned Adria bank, Austrian Anadi Bank. In 2017 he was selected by the European EcoFin Ministers and appointed by the Greek Finance Minister to head the Hellenic Finance Stability Fund (HFSF), Athens, as a CEO, a position he held until 2021.

Martin is a graduate in Commercial Science and holds a Doctorate in Economics from the University of Economics and Business.

Significant External Appointments: Non-Executive Director Chairman, Member of the Risk Committee - Finstella Ltd

7. Noel Mizzi
Non-Executive Director

Appointed to the Board in May 2023.

Committee Memberships: Audit Committee (Chair)
Environmental, Social and Governance Committee (Chair)

Bio: Noel graduated as an accountant from the University of Malta in 1988. He is a certified public accountant and a holder of a practicing certificate in auditing. Noel is a Fellow of the Malta Institute of Accountants. He commenced his extensive career in 1988. Upon graduation he joined KPMG Malta and dedicated a 35-year career with the said firm, working on auditing entities in the financial services industry, particularly banks and asset management companies. He retired as Partner of the firm in September 2022. Noel was crucial in the setting-up of a dedicated financial services audit team in the Malta KPMG office. Noel was a council member and an officer of the Malta Institute of Accountants up to 30 September 2023. Until retirement, he headed the operations side of the audit practice, which involves the auditing of a number of banks operating locally. He was a member of the firm's Executive Management Committee and the Audit Quality Panel up to the date of his retirement from the firm.

Significant External Appointments: Non-Executive Director - Computime Holdings plc
Non-Executive Director - Embark (Malta) Limited

8. Michael Pace Ross
Non-Executive Director

Appointed to the Board in November 2015.

Committee Memberships: Audit Committee
Environmental, Social and Governance Committee

Bio: Michael served as Director General of the National Statistics Office for six years, sitting on national and European committees, including the European Statistical Advisory Committee, prior to his current appointment as Administrative Secretary of the Archdiocese of Malta. In his official capacity, he sits on several diocesan decision-making bodies. He is a member on the board of trustees of the Richmond Foundation and on the board of governors of the Sacred Heart College. He is also an associate of the London College of Music. Michael holds a BA (Hons) in Economics and Management and an MBA from the University of Malta.

Significant External Appointments: Administrative Secretary - Archdiocese of Malta
Non-Executive Director - Amalgamated Investments SICAV plc
Non-Executive Director - Beacon Media Group Limited
Company Secretary - AROM Holdings Limited

9. Leslie Stephenson
Non-Executive Director

Appointed to the Board in May 2024.

Committee Memberships: Risk Committee (Chair)
Remuneration, Nominations & Governance Committee

Bio: Leslie is a senior executive with an accomplished track-record spanning more than 30 years in international financial services. Having spent over 15 years at HSBC in Asia-Pacific, the Middle East and the UK, she brings overarching expertise and proven experience at delivering large-scale transformational change in complex, highly regulated industries. Prior to joining HSBC, Leslie held various leadership roles in Canada and in the US, in the areas of distribution, operations and new product development at Manulife Financial and London Life Insurance Company. She is also a fully qualified non-executive director. Leslie is actively involved in the broader professional and public community, serving as Vice Chair of the Naval and Military Club (In & Out Club), Chair of the Western University UK Advisory Council and former Vice Chair and current Board Observer of the Canada-UK Chamber of Commerce. She is a Court Member of the Worshipful Company of International Bankers.

Leslie holds a BA and an MBA from the University of Western Ontario and is a Chartered Life Underwriter (CLU).

Significant External Appointments: None

10. Marisa Xuereb
Non-Executive Director

Appointed to the Board in May 2023.

Committee Memberships: Board Credit Committee
Technology and Innovation Committee

Bio: Marisa commenced her career in 1997 and occupied various senior roles in the manufacturing industry including that of Managing Director. She carried out a brief stint at the Central Bank of Malta as an external researcher on Monetary Policy Transmission, and undertook contractual research assignments relating to economic, social and technological impact of ICT and eServices. In March 2015, Marisa was appointed Council Member of the Malta Chamber of Commerce, Enterprise and Industry progressing to President in 2021. By virtue of this appointment, she was nominated to sit on a number of Boards related to the industry which she relinquished following completion of her terms as President of the Malta Chamber in March 2023.

Marisa read for a Bachelor of Commerce (Hons) degree in Economics at the University of Malta, graduating in 2000. She proceeded to read for a Master of Arts in Economics degree from the same University, graduating in 2002.

Significant External Appointments: Chairperson - Epic Communications Limited
Non-Executive Director - Atlas Insurance PCC

11. Graziella Bray
Company Secretary

Appointed as Company Secretary in 2018.

Bio: Graziella joined APS Bank in 2006. Over the years, she has performed duties in various areas of law, regulation, and compliance, including providing support to the Board, its subsidiaries and various committees. In 2021, she was elected fellow of the Chartered Governance Institute of UK & Ireland, as a Chartered Company Secretary and Governance Professional. She also sits on the Board of Directors of APS Funds SICAV plc. Graziella lectures in company law, regulation, and corporate governance at the Malta Stock Exchange (MSE) Institute and as a freelance trainer.

Graziella graduated with a Doctor of Laws from the University of Malta in 2004.

EXECUTIVE MANAGEMENT

1. Chief Executive Officer - Marcel Cassar

Committee Memberships: Executive Committee (Chair)
Management Credit Committee (Chair)
Board Credit Committee
Environmental, Social and Governance Committee
Remuneration, Nominations & Governance Committee
Risk Committee

Bio: Marcel joined the Bank in 2016. He started his career in 1987 with Price Waterhouse Malta followed by MIBA/MFSC, now the MFSA (1991-1996). He was General Manager at Lombard Bank Malta plc (1996-2004) and First Executive Vice President and CFO at FIMBank plc (2004-2015). He served as Chairman of the Malta Bankers' Association between 2018-2020 and 2022-2024, which tenures led to a seat on the board of the Brussels-based European Banking Federation (EBF). Marcel is a CPA, a fellow of the Malta Institute of Accountants, and holds an MBA in Bank Financial Management jointly from the University of Wales and Manchester Business School (1995). He has lectured and examined at both FEMA and the MA Financial Services course, University of Malta, and is a frequent writer and speaker on topics related to financial services and management.

2. Chief Risk Officer – Giovanni Bartolotta

Committee Memberships: Compliance Committee (Chair)
Board Credit Committee (Non-Voting)
Risk Committee (Non-Voting)
Assets & Liabilities Committee
Executive Committee
Management Credit Committee

Bio: Giovanni joined the Bank in 2018. Giovanni is responsible for leading and overseeing the second line of defence of the Bank, through the fostering of an appropriate risk culture within the institution and implementing effective risk management and compliance frameworks, within the boundaries of the risk appetite set by the Board. Prior to joining, he spent ten years in London working for major global investment banks, including Kleinwort Benson, JP Morgan Chase & Co and Bear Stearns International. He then moved to Malta where he spent 14 years at FIMBank plc, as Executive Vice President and Global Head of Risk. He holds a BA in Economics from SDA Bocconi, University of Milan and is currently a member of the Council of the Malta Association of Credit Management.

3. Chief People Officer – Raymond Bonnici

Committee Memberships: Executive Committee

Bio: Raymond joined the Bank in 2016 as Head of Human Capital and was appointed to his present role in June 2020. He is responsible for Human Capital, Career Development and Employer Branding & Succession Planning. He comes from a diverse and international private sector background, marked by a 10 year spell in the airline industry, where he worked for KLM, Swissair and Sabena in Malta and overseas in Sales and Operations. Following this period, he joined Hili Group in 1996 and was a key element in setting up their Group HR function. In 1999, he moved to Hilton Hotels International as Director of HR for Malta, re-joined Hili Group in 2008 as Director of HR, forming part of a team responsible for the acquisition and operation of the Development Licence for McDonalds in the Baltics, Greece and Romania. Raymond holds a BA in Youth and Community Studies from the University of Malta.

4. Chief Banking Officer – Anthony Buttigieg

Committee Memberships: Board Credit Committee (Non-Voting)
Risk Committee (Non-Voting)
Compliance Committee
Executive Committee
Management Credit Committee

Bio: Anthony joined the Bank in 2016 as Head of Banking and was appointed to his present role in June 2019. His experience in the banking sector spans 48 years. His career started with Mid-Med Bank, which later became HSBC Bank (Malta) plc, where he held a number of Senior and Managerial roles. Anthony is responsible for the Bank's commercial business division, retail branches, contact centre and electronic channels. Anthony is an Associate of the Institute of Bankers.

5. Chief Operations Officer - Edward Calleja

Committee Memberships: Board Credit Committee
Executive Committee

Bio: Edward joined the Bank in 1992 and was appointed to his present role in August 2021. He started his career with Mid-Med Bank in 1981. At APS Bank, he held senior managerial positions in lending, corporate strategy, and risk management. Edward was responsible for the setting up of the Bank's lending function and the centralisation of key operations through the implementation of the Loans Processing System in 2009. He oversees the efficient management of the Bank's operations, and of Support Services. He holds a BA (Hons) Accountancy from the University of Malta, a Diploma in Management and an MBA from Henley Management College, UK. He obtained his warrant as CPA and a Fellow member of the Malta Institute of Accountants.

6. Chief Technology Officer – Jonathan Caruana

Committee Memberships: Technology & Innovation Committee
Executive Committee

Bio: Jonathan joined the Bank in 1999 and was appointed to his present role in November 2016. He held various senior managerial positions in the Bank, including retail banking, payments and clearing, and technology. He was appointed Information Systems Manager in 2008 and Head of Technology in 2015. Jonathan is responsible for the technology, project management and digital innovation domains of the Bank. He holds a BSc (Hons) in Computing from the University of Greenwich and an MSc in Software Engineering from the University of Hertfordshire.

7. Chief Strategy Officer – Liana DeBattista

Committee Memberships: Environmental, Social and Governance Committee (Non-Voting)
Executive Committee

Bio: Liana joined the Bank in 2003 and was appointed to her current role in October 2021. Over the years, she held various managerial positions across key areas, including strategy, internal audit, and marketing, and was promoted to Head of Strategy & Propositions in 2020. Liana leads the Bank's business planning process and advises the Board of Directors, the CEO and Senior Management on corporate strategy formulation. In addition, her responsibilities span on a range of functions, including sustainability and CSR, brand and marketing, customer insight and performance management. She also oversees product oversight and governance, corporate culture, and customer experience, ensuring alignment with the Bank's strategic objectives. Liana holds a BSc in Business & Computing (2001) and a BCom (Hons) in Management (2002), both from the University of Malta, and a M.Sc. in Corporate Finance from the University of Liverpool (2015).

8. Chief Investments Officer – Noel McCarthy

Committee Memberships: Environmental, Social and Governance Committee
Executive Committee
Management Credit Committee

Bio: Noel joined the Bank in 2000 and has successively served in a number of senior positions, including the role of Chief Financial Officer since 2016. He was appointed to his present role in 2020. Noel oversees the Investment Management and Investment Distribution units, the activities of the subsidiary and affiliated companies and the Bank's property portfolio. He also serves as a Director in ReAPS Asset Management Limited. Noel holds an MA in Financial Services from the University of Malta. He is a CPA and a Fellow member of the Malta Institute of Accountants.

9. Chief Financial Officer – Ronald Mizzi

Committee Memberships: Risk Committee (Non-Voting)
Assets and Liabilities Committee
Executive Committee
Management Credit Committee

Bio: Ronald joined the Bank in 2020. He is responsible for leading and maintaining the effective governance and stewardship of the Bank's finance, asset-liability management, and capital management programme. He is also responsible for business process reengineering, operational effectiveness and data integrity initiatives at the Bank. Prior to joining the Bank, Ronald was Group Chief Financial Officer at FIMBank plc having spent his earlier career with PricewaterhouseCoopers in Malta, the Channel Islands and New York. He is a Council Member of the Malta Institute of Accountants and sits on the Institute's Financial Services Committee and Sustainable Finance Committee. Ronald holds a BA (Hons) in Accountancy from the University of Malta and a Diploma in VAT Compliance from the institute of Indirect Taxation (UK). He is a warranted CPA and holds a Practicing Certificate in Auditing, both issued by the Accountancy Board in Malta, and is a Fellow of the Malta Institute of Accountants.

EXECUTIVE MANAGEMENT

HEADS OF DEPARTMENTS

Charlton Aquilina	-	Head of Service Management
Kenneth Azzopardi	-	Head of Human Capital
Rachael Blackburn	-	Head of Culture
Cynthia Borg	-	Head of Financial Crime Compliance & MLRO; (CC)
Elaine Calleja	-	Head of Career Development
Alexander Camilleri	-	Head of Operations; (T) (NV)
Gilbert Caruana	-	Head of Finance; (AL) (NV), (T) (NV)
Daniel Cassar	-	Head of Project Delivery and Innovation; (T)
Joseph Farrugia	-	Head of Special Projects
Marvin Farrugia	-	Head of Asset Liability Management; (AL) (CH); MC (NV)
Mario Gauci	-	Head of Commercial; (B) (NV); (MC) (NV); (AL)
Kenneth Genovese	-	Head of Investment Distribution; (AL)
Gordon Gilford	-	Head of Electronic Channels; (T)
Dione Stephan Gravino	-	Head of IT Infrastructure & Operations
Nives Grixti	-	Head of Legal; (B) (NV); (CC) (NV); (MC) (NV)
Scott L Holloway	-	Head of Customer Experience
Zoltan Horvath	-	Head of Propositions; (T) (NV)
Marco Micallef	-	Head of Risk; (R) (NV); (B) (NV); (MC) (NV)
Simon Micallef	-	Head of Customer Profiling; (CC)
Aaron Mifsud	-	Head of Retail; (AL); (MC)
Rodney Naudi	-	Head of Operational Resilience; (R) (NV); (T)
Josef Portelli	-	Head of Investment Management
Ronald Psaila	-	Head of Business Solutions; (T) (NV)
Richard Scerri	-	Head of Internal Audit
Matthew Swain	-	Head of Sustainability; (E); (MC)
Christine Tabone	-	Head of Enterprise Risk Management; (AL) (NV)
Dorianne Tabone	-	Head of Regulatory Compliance; (CC)

LEGEND

Membership in Committees

Audit Committee – (A)	Executive Committee – (EX)	Technology and Innovation Committee – (T)
Risk Committee – (R)	ESG Committee – (E)	Chair – (CH) Non-Voting (NV)
Compliance Committee – (CC)	Board Credit Committee – (B)	
Assets-Liabilities Committee – (AL)	Management Credit Committee – (MC)	

CONSTITUTION AND PRINCIPAL ACTIVITIES

APS Bank Group (the Group) comprises of APS Bank plc (the Bank) and its subsidiaries ReAPS Asset Management Limited (ReAPS) and the APS Diversified Bond Fund. The Group also has a significant investment in its associates IVALIFE Insurance Limited (IVALIFE), the APS Income Fund, the APS Ethical Cautious Fund (previously APS Ethical Fund), the APS Ethical Balanced Fund and the APS Ethical Adventurous Fund (previously APS Global Equity Fund).

The Bank is a public limited company. It is licensed by the Malta Financial Services Authority (the MFSA) to carry out the business of banking and investment services in terms of the Banking Act (Cap. 371 of the Laws of Malta) and the Investment Services Act (Cap. 370 of the Laws of Malta). The Bank is also enrolled in the Tied Insurance Intermediaries List in terms of the Insurance Intermediaries Act (Cap. 487 of the Laws of Malta).

ReAPS is a wholly owned subsidiary of the Bank incorporated in October 2016 as a private limited liability company. The company is a UCITS fund management company and is licenced by the MFSA to perform investment management services under the Investment Services Act. The company also holds a Registration Certificate pursuant to article 6 of the Retirement Pensions Act (Cap. 514) to carry out activities as an Investment Manager of retirement schemes.

APS Funds SICAV plc was incorporated in January 2008 and is licensed by the MFSA as a collective investment scheme under the Investment Services Act. The company operates under the Retail UCITS Scheme and has established five sub-funds.

IVALIFE was incorporated in December 2019 as a private limited liability company and is licenced by the MFSA to undertake insurance business activities in terms of the Insurance Business Act (Cap. 403 of the Laws of Malta).

SHARE CAPITAL STRUCTURE AND MAJOR SHAREHOLDERS

The Bank's authorised share capital is of €250,000,000, divided into 1,000,000,000 shares with a nominal value of €0.25c each, with 379,606,122 ordinary shares in issue. The Bank's entire shareholding is listed on the Malta Stock Exchange. The issued share capital comprises the shares allotted to shareholders following various scrip dividends and the awarding of shares to employees in terms of the Executive Share Incentive Plan. The share capital consists of one class of ordinary shares, with equal voting rights. Further information on the Bank's authorised and issued share capital is disclosed in Note 37 to the financial statements.

The shares are freely transferable. The two-year lock-in period undertaken by AROM Holdings Limited and the Diocese of Gozo not to offer, sell, grant any option, right or warrant to purchase or otherwise transfer, assign or dispose of, any of the shares they held in the Bank as at 24 May 2022 expired on 17 June 2024.

AROM Holdings Limited and the Diocese of Gozo are the Bank's qualifying shareholders, and the only two shareholders holding more than 5% in the Bank. The below table provides an overview of their respective shareholding:

	No. of shares held as at 31 December 2024	**% holding as at 31 December 2024**
AROM Holdings Limited *(wholly owned by the Archdiocese of Malta)*	208,601,350	54.95%
Diocese of Gozo	47,777,556	12.59%

The following table includes the number of shares held by Directors/Company Secretary as at 31 December 2024:

Director/Company Secretary	**No. of shares**
Martin Scicluna	32,687 *
Joseph C Attard	34,321
Laragh Cassar	16,524
Marcel Cassar	89,879
Graziella Bray	30,919

*held jointly with spouse

SHARE CAPITAL STRUCTURE AND MAJOR SHAREHOLDERS (continued)

All of the ordinary shares in the Bank rank *pari passu* in all respects, including in terms of voting rights, participation in dividends and other distributions of profits of the Bank or otherwise.

In terms of Article 19 of the said Articles of Association, the Bank may acquire any of its own shares in line with the provisions of the Companies' Act (Cap 86).

There are no arrangements currently known to the Bank the operation of which may at a subsequent date result in a change of control in the Bank.

DIRECTORS, THEIR APPOINTMENT AND POWERS

Until the 2024 AGM, the Articles of Association specified that a shareholding of ten per cent (10%) of the Bank's shares having voting rights shall constitute a 'qualifying shareholding', and that a shareholder of the Bank that holds, or shareholders who among them hold (in the aggregate), a qualifying shareholding, shall be entitled to appoint one Director by letter in respect of each qualifying shareholding held, in every case subject to regulatory approval[1]. At the last AGM held on 9 May 2024, AROM Holdings Limited held 55.21% shareholding in the Bank and therefore appointed five Board Directors. The Diocese of Gozo held 12.65% shareholding but withdrew its nomination. The sixth Director was appointed by an aggregation of the remaining shareholding owned by the two qualifying shareholders. The seventh and eighth Directors were re-appointed by the public float following a call for nominations issued via a Company Announcement. The ninth Director was co-opted by the Board of Directors. The provisions relating to the appointment of Directors are found in Articles 102 to 115 of the Bank's Articles of Association.

The Articles of Association also provide that the largest single shareholder of the Bank (holding at least twenty-five per cent (25%) of the ordinary issued share capital of the Bank) shall be entitled to appoint the Chairman of the Board from amongst the Directors appointed or elected to the Board. Martin Scicluna was re-appointed Chairman of the Board.

The Directors who served during the financial year were:

Martin Scicluna
Victor E Agius*
Joseph C Attard
Juanito Camilleri
Laragh Cassar
Martin Czurda**
Noel Mizzi
Michael Pace Ross
Joseph Rapa*
Leslie Stephenson**
Marisa Xuereb

*Victor E Agius and Joseph Rapa retired at the AGM on 9 May 2024.

**Leslie Stephenson was appointed to office at the AGM on 9 May 2024. Martin Czurda was co-opted by the Board of Directors on 21 August 2024. All the above Directors, bar Messrs Agius and Rapa, continue to serve at the date of approval of the Directors' Report. Bio notes on these Directors are found on pages 6 to 9.

Marcel Cassar was appointed as an Executive Director to the Board in January 2025.

The powers of Directors are provided in Articles 128-136 of the Bank's Articles of Association.

There are no agreements between the Bank and the Non-Executive Directors providing for compensation on resignation or termination of directorship.

1 This percentage was reduced to eight per cent (8%) following changes to the Articles of Association approved at the 2024 AGM.

NON-FINANCIAL DISCLOSURES

Directive 2014/95/EU - also referred to as the Non-Financial Reporting Directive (NFRD) - lays down the rules on disclosure of non-financial and diversity information by certain large companies. The following are the disclosures hereby made pursuant to this Directive:

1. THE BANK'S BUSINESS MODEL

The Bank is an established Maltese credit institution that provides a comprehensive range of banking and financial services to its personal and corporate customers. Ever since its foundation in 1910, the Bank has remained deeply connected to local communities, supporting customers in realising their financial and economic ambitions, whether purchasing their new family home, financing a new car, investing in renewable energy solutions, or planning for their retirement or other long-term goals.

The Bank provides a wide suite of products and services, ranging from basic deposit accounts, credit and lending facilities, as well as investment and retirement services. These offerings are delivered to customers through the Bank's branch network in Malta and Gozo, which the Bank is continuously investing in to ensure presence and accessibility in various locations.

In addition to its physical network, the Bank ensures that customers can seamlessly manage their finances through myAPS, its user-friendly digital banking platform available on desktop and mobile. This allows customers to view accounts, perform transactions, and access banking services anytime, anywhere.

The Bank also participates in Syndicated Lending on an ongoing basis, securing participations in facilities arranged by renowned international financial institutions. Staying true to its mission of serving the community, APS Bank places a strong emphasis on financial inclusion. It is committed to ensuring that all segments of society, including families in need or those requiring tailored assistance, can access essential banking services.

This is achieved through dedicated products and strategic collaborations with local and international entities, such as the Malta Development Bank, the Malta Housing Authority, and the European Investment Bank. The Bank's commitment to the improvement of the communities it serves also extends to its own core product offering, ensuring that customer receive responsible and impactful financial solutions that contribute to economic and social well-being.

Sustainability matters are at the forefront for APS Bank – The Bank has a Responsible Lending Policy (RLP) which at the time of its launch in 2023 was a pioneering framework that reinforces its Sustainability Strategy. The purpose of this policy, which sought to formalise practices already adopted by the Bank for some years, is to provide clear and transparent assessment criteria for evaluating lending proposals from an environmental, social and governance (ESG), and sustainability perspectives.

The Bank's ESG and Executive Committees have approved the implementation and distribution of the RLP, which has been articulated in line with European Banking Authority (EBA) Guidelines on Loan Origination and Monitoring, outlining responsible lending standards across Europe.

Furthering its commitment to understanding and managing its environmental impact, the Bank launched an initiative in 2024 to measure its financed emissions across its lending and own investments portfolios. This exercise follows the Partnership for Carbon Accounting Financials (PCAF) Framework, ensuring a rigorous and internationally recognised approach to carbon accounting. The results of this analysis are expected in the first quarter of 2025.

2. COMMUNICATING BRAND, PURPOSE AND CORPORATE CULTURE

The Bank adopted an innovative approach towards strategic communication with the setup of the Culture Department in 2021, with the objective of developing effective internal and external communication, while strengthening brand management. This department plays a pivotal role in aligning communication strategies with the Bank's purpose and strategic priorities. It oversees key areas, namely brand and marketing, CSR, and corporate culture change programmes.

Brand and Marketing

The APS Bank brand serves a vital channel for conveying the Bank's vision, mission and values. In 2024, the Brand and Marketing function continued to elevate the brand in its communication strategy to ensure top-of-mind awareness, while complementing product specific messages.

2. COMMUNICATING BRAND, PURPOSE AND CORPORATE CULTURE (continued)

Brand and Marketing (continued)

This was achieved through the continuation of the Bank's brand campaign across integrated media channels, product-specific campaigns, and various brand initiatives – such as the Bank's term deposit offerings, everyday banking services, branch experience initiatives, and investment chats.

Throughout the year, the Bank also presented five livestreamed Market Briefing sessions to inform the market about important or material developments and follow up on company announcements. This offered another avenue to engage with investors and the public, who in turn welcomed this innovative approach.

The brand messaging was further sustained with the Bank's fourth Christmas advert, highlighting the importance of cherishing life's most meaningful moments. With each Christmas advert the Bank moves away from commercial messaging to focus on the sense of belonging and togetherness that defines our community - values that define APS Bank's ethos.

Corporate Culture Change Management Programme

The Corporate Culture Change Management Programme aims to cultivate the Bank's corporate culture as defined in the APS Bank Culture Deck through various activities and strategic corporate culture communications. The Programme is designed to embed the Bank's vision, mission and values in the mindset, behaviour and actions of employees, enhancing employee experience and engagement.

The 2024 Programme introduced several initiatives designed to foster employee engagement, enhance communication, and deepen employee's understanding of the corporate culture. The APS Bank Values and Values Awards were refreshed to reflect the organisation's evolving culture and to recognise employees who consistently embody the values in their daily work.

Reinforcing the commitment to collaboration and inclusion, Culture Activator sessions were delivered bank-wide, engaging all employees in team-building activities and discussions aligned with the APS Bank Culture Deck. Additionally, Psychological Safety Workshops were organised for managers, equipping them with tools to cultivate a workplace where individuals feel empowered to contribute openly and authentically. The #APSlife Toolkit Challenge also invited colleagues to design activities that encouraged team participation on Culture Deck topics.

The #APSlife Breakfasts remained a cornerstone of engagement. Quarterly #APSlife Executive Breakfasts continued to offer a unique opportunity for colleagues to connect with senior leadership and align on strategy in an informal setting. Meanwhile, the monthly #APSlife Breakfast Voyage series celebrated global diversity, showcasing the geography, cuisine and traditions of the countries represented by employees. This series culminated in a Maltese Heritage evening, organised in collaboration with the Social Activities Committee, providing non-Maltese colleagues with deeper insight into Malta's rich heritage.

Following the Bank's signing of the Malta Diversity & Inclusion Charter, a Diversity, Equity, and Inclusion (DEI) Survey and Focus Groups were conducted to gather insights and drive progress toward a more inclusive workplace.

An Employee Listening Strategy was implemented to facilitate employee feedback and foster a culture of continuous improvement. Furthermore, a Communication Strategy to enhance culture activation was developed following a comprehensive Internal Communication Review. The Corporate Culture Change Management Unit also spearheaded culture change in the Bank's core projects, ensuring alignment between corporate culture and strategic goals and priorities.

Corporate Social Responsibility Programme

CSR is a critical driver in the successful delivery of the Bank's business strategy and a vehicle to communicate its brand and corporate values. The annual CSR Programme is made up of curated events and activities, in addition to donations and sponsorships, which are selected in alignment with three CSR pillars to support art, lifelong learning and sustainability.

The CSR Programme includes a wide range of activities with a broad appeal to reach different audiences. From the sponsorship of diverse book publications, artistic exhibitions and performances, restoration projects, to collaborations with educational institutions and conferences organised by professional bodies, each CSR activity demonstrates the Bank's commitment to sustain and celebrate the community, which it serves. Over 250 requests were received in response to the 2025 call for CSR funding proposals, reaffirming the Bank's proactive efforts to respond to the community's needs.

2. COMMUNICATING BRAND, PURPOSE AND CORPORATE CULTURE (continued)

Corporate Social Responsibility Programme (continued)

In 2024, four APS Talks and one APS Business Talk were delivered online, by experts with the objective of knowledge-sharing, building awareness and encouraging the interdisciplinary application of best practices. The Malta Sustainability Forum (MSF) also continued to raise more awareness and empower citizens to make conscious decisions towards a more sustainable life. Three MSF events were delivered in 2024: 'Fashion Reimagined: Rethink, Reuse, Revise' was livestreamed, while 'Pension Reality Check: Facing the Facts' and 'The Impact of Technology on Mental Wellbeing' were recorded and promoted online for public consumption.

Some of the CSR Programme highlights included the APS Bank Holy Week Concert and Mumenti in aid of Hospice Malta. The Bank was once again proud to support the KampuSajf arts festival organised by the Malta College of Arts, Sciences and Technology, and the Dokra exhibition in aid of the Malta Community Chest Fund Foundation.

In recognition and celebration of Malta's artistic and cultural heritage, Fondazzjoni Patrimonju Malti continued to benefit from the provision of the Bank's former Head Office, APS House on St. Paul's Street, Valletta to house the state-of-the-art Victor Pasmore Gallery.

Customer Experience and Voice of the Customer

The Bank's vision, mission and values are also engrained in the Customer Experience and Voice of the Customer (VOC) function as it catalyses its Customer First Strategy, ensuring that the voices of the Bank's customers are heard and channelled throughout the organisation to deliver a superior experience. Responsible for directly assisting customers who have feedback or complaints on any point in the customer journey, the VOC Unit handles each individual case through to resolution, ensuring a fair outcome for all concerned.

The Bank's Customer Experience (CX) Strategy which was initially launched in 2023, introduced various initiatives to enhance service delivery and customer engagement, including: Customer Journey Mapping, a dedicated Senior Management CX Offsite, and the introduction of CX Activation Workshops to cascade the strategy across the Bank.

To further optimise CX, VOC coordinates various external research initiatives annually, ensuring that insights drive meaningful improvements. These exercises include mystery shopping, regular customer satisfaction surveys (CSAT) and focus groups. Additionally, customer feedback touchpads installed across the Branch network continue to provide critical customer sentiment data, which provide real-time sentiment date, with scores displayed on the in-branch digital screens to maintain transparency and accountability.

In the spirit of continuous improvement, VOC collates and shares customer feedback with Senior Management, ensuring that feedback translates into concrete improvements. The function also develops and delivers ongoing coaching and training on effective customer support to front-line and operations teams, equipping them with the skills and knowledge to deliver an exceptional customer experience.

Developing an Environmental, Social and Governance Strategy (ESG)

APS Bank is committed to embedding sustainability and ESG principles at the core of its business strategy. The Sustainability Strategy, led by the Chief Strategy Officer and executed by a dedicated Sustainability Department which ensures a structure approach to ESG integration.

The Bank's ambitions are to expand to a wider sustainability strategy, encompassing the UN Sustainable Development Goals (SDGs) as well as overall responsibility for emissions accounting and ESG reporting.

2. COMMUNICATING BRAND, PURPOSE AND CORPORATE CULTURE (continued)

Developing an Environmental, Social and Governance Strategy (ESG) (continued)

The Bank has also made three Sustainability & ESG public commitments reflecting its long-term vision for responsible banking:

1. **Facilitating EUR250 million of sustainable finance by 2030.** The Bank is committed to financing activities and projects that incorporate ESG principles, supporting initiatives that drive environmental and social progress. In addition, APS Bank aspires to be the go-to partner when it comes to sustainable financing opportunities and options. Sustainable finance is becoming increasingly important to investors and customers who are looking to invest in environmentally and socially responsible undertakings;
2. **Reducing the impact of the Bank's operational emissions by 30% by 2030**. The Bank recognises its role in mitigating climate change and takes responsibility to take action to reduce its carbon footprint, through enhanced energy efficiency and operational improvements. Lowering operational emissions not only supports global climate goals but also improves cost efficiency by reducing energy consumption; and
3. **Establishing a baseline for APS Bank's financed emissions, to align the Bank's lending, and complete a feasibility study with a view to reaching carbon neutrality by 2050.** The Bank is committed to measuring, managing, and reducing the carbon footprint of its lending portfolio, ensuring a science-based approach to achieving net zero emissions.

The Sustainability Department is responsible for formulating and executing the Bank's Sustainability Strategy across all its functions. The role encompasses formulating an ESG and sustainability-led growth business strategy, mapping the delivery of regulatory ESG reporting as well as lending on ESG and sustainability engagement with both internal and external stakeholders of the Bank. Oversight of the sustainability strategy is provided by the ESG Committee.

The Strategy and Propositions teams play a critical role in integrating ESG and sustainability-related factors into the Bank's suite of products and services, and in also enhancing the Bank's green and social product offerings.

The Sustainability Department coordinates the Bank's participation and membership in key sustainability alliances, including:

Malta ESG Alliance (MESGA) – APS Bank is a founding member of MESGA, an initiative launched in July 2022 by 13 leading Maltese companies across various sectors. The Alliance fosters collaborative action to advance national ESG goals. In 2024 APS Bank's Head of Sustainability was elected to the board of MESGA.

Sustainable Banking Coalition (SBC) – The Bank is an active participant of this Brussels-based network, bringing together banks committed to environmental and social sustainability. Through its involvement, the Bank aspires to exert influence in European Public Affairs and steer actions that aim to create a just, equitable, diverse, inclusive and climate- and environment-friendly banking system.

Federation of Ethical and Alternative Banks and Financiers (FEBEA) – The Bank is a member of FEBEA.

Furthermore, the Sustainability Department also provides bespoke training to employees at all levels, from board members to frontline employees, to raise awareness of ESG and sustainability topics. This ensures that the Bank's people are conversant with these vital topics, and that they are also well-versed when it comes to proposing APS Bank's Green Products to current and future customers.

3. CLIMATE CHANGE AND ESG RELATED RISKS

Transitioning to a low-carbon and circular economy presents both risks and opportunities for the economy at large and for financial institutions operating in it. Meanwhile, the physical and economic consequences of climate change and environmental degradation continue to pose significant challenges to both the real economy and the financial system. Throughout the years, the focus on sustainability has been growing, resulting in the need for businesses to act and be part of the solution to pressing environmental and social issues.

The Group recognises the pace of such trends and the need for a sustainable and responsible banking strategy in line with the Group's Vision and Mission. As Malta's community bank, the Group is committed to continue supporting business and economic growth, but mindful of the fact that existential issues such as climate change need to be prioritised if we are to make meaningful inroads into the sustainability of the environment we live in, for our lives and that of our descendants.

3. CLIMATE CHANGE AND ESG RELATED RISKS (continued)

The Group recognises that it has a responsibility towards the environment and society beyond legal and regulatory requirements. It is committed to improving performance in these areas as an integral part of its business strategy, with regular review points. The Group is aware of its exposure to the ESG risks and is following closely regulatory guidelines, developments, and supervisory expectations. As such, measures to mitigate its exposure to these risks form an integral part of the Group's risk management framework. The Group's internal governance arrangements ensure the involvement of the Board and Senior Management in establishing a risk culture, setting the risk appetite and managing ESG risks, whilst having clear allocation of responsibilities and reporting lines to ensure the incorporation of ESG risks into the business strategy, business processes and risk management.

Climate and environmental risk drivers can result – in terms of monetary and other impacts – into traditional financial risk categories, rather than representing a new type of risk, thereby climate-related financial risk is integrated into the Group's risk management framework through the management of the various risk types, including Credit risk, Market risk, Liquidity risk, Operational risk and Reputational risk. Climate risk drivers can affect the Bank's credit risk through its counterparties, its market risk through the value of financial assets, and its liquidity risk through its deposits, funding costs and withdrawal of credit or liquidity lines.

The Responsible Lending Policy sets out, in a clear and transparent manner, the assessment criteria to be used when evaluating lending proposals from an ESG perspective. In line with the mentioned Policy, the evaluation of proposals using ESG assessment criteria has the ultimate objective of grading a borrower and its financing proposal against pre-determined ESG sustainability criteria and metrics. When evaluating new investment opportunities, Management reviews research reports published by external credit rating agencies to get a better understanding not only on the financial aspect of the government or company but also with respect to their ESG criteria.

The Bank has in place an Environmental & Social Management Systems (ESMS) Policy. The ESMS Policy aims to ensure compliance with relevant regulatory requirements, including best practice Exclusion Lists and Standards to actualise environmental and social directives, laws and regulations.

The Sustainability Risk Policy of the Group outlines its approach to sustainability within its risk management framework. It applies as standard to all investments and advice in financial products provided by the Group. This ensures that the sustainability risk profile of the Group is fully aligned with its risk appetite, whilst providing a clear rationale for investment decisions taken. The Treasury bond book is mainly composed of high-quality government and supranational bonds and to a lesser extent investment grade corporate bonds. Before bonds are purchased, the Treasury Unit reviews research reports published by external credit rating agencies to get a better understanding not only on the financial aspect of the government or company but also with respect to their ESG criteria. In line with the Bank's risk appetite and Treasury Policy, the Treasury Unit takes a conservative stance with respect to the Treasury bond book, hence market and liquidity risk are mitigated as the exposure to issuers with a low ESG score is heavily curtailed. ESG is also one of the reputational dimensions considered in the Reputational Risk Management Matrix as part of the Reputational Risk Policy. The Risk Department monitors and reports the Bank's sectorial exposure periodically and benchmarks this to ESG-related ratings issued by external credit rating agencies. Local exposures within the lending portfolio are categorised according to the CO_2 emitted by each sector of economic activity in producing one unit of Gross Value Added (GVA).

The Bank performs an internal adequacy assessment on the Bank's capital and liquidity positions, with the results being reported in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) documents.

These processes include an assessment of the Bank's exposure to ESG risk and the management thereof, to ensure that the risk is managed within the Bank's risk appetite and that the Bank's capital adequately covers its exposure to such risk. As part of the ICAAP and ILAAP document, the Bank includes a tailored and in-depth review of the potential vulnerabilities resulting from transition risk through stress testing, as mandated by ECB Guidelines.

Through this stress scenario the Bank understands and monitors its resilience in the context of stressed macro-economic and financial conditions. The assessment is performed in line with the climate-related adverse scenario published by the Central Bank of Malta[1]. This scenario is tailored to the characteristics of Malta as a small open economy being subject to transition risks because of the assumed international efforts to phase-out fossil fuel. It is developed based on both quantitative and qualitative analysis and consideration is also given to the changing external and internal conditions and supervisory expectations. The results of the Bank compare well with those of other core domestic banks, as per the CBM's own estimates.

[1] FSR-2021.pdf (centralbankmalta.org)

3. CLIMATE CHANGE AND ESG RELATED RISKS (continued)

The regulatory Pillar 3 disclosures on ESG governed by Part Eight of the Capital Requirements Regulation (CRR) II No. 2019/876 and in line with the guidelines published by the EBA on prudential disclosures on ESG risks, was published by the Bank on a semi-annual basis. This report includes data on climate-material sectors which show how climate risk drivers may impact the balance sheet and how these risks are being mitigated. This report is available on the Bank's website.

4. SOCIAL MATTERS

a) Trade Unions

The Bank recognises the Malta Union of Bank Employees (MUBE) as the sole and exclusive bargaining agency for the managerial, clerical and non-clerical categories of employees. The Bank's relationship with the MUBE has been productive throughout the years, with ongoing communication between both parties on various topical matters. The Bank has a current Collective Agreement which covers a period of three years 2023 – 2025. During 2025 negotiations will kickstart for the upcoming three years.

b) Community Relations

The Bank has over the years supported several community projects and initiatives and continues to engage in more on an ongoing basis. These are generally selected for their significance to a specific sector of society, such as youth or people with special needs, or to support specific areas of Maltese culture, such as music or visual arts. The Bank's philosophy is to create partnerships that are just, sustainable and of mutual value, and preference is given to umbrella organisations, federations, or collective interest groups over individual endeavours. Through various direct initiatives, substantial support is given to charitable, voluntary and community projects, in line with the Bank's social support philosophy. The Bank's employees are encouraged to pursue various activities in voluntary work to take an active role in matters that are so vital to society at large.

The Bank contributes to public education and debate by sponsoring seminars and their proceedings which expound topical themes of general or specific interest. In this way, it provides opportunities for the exchange of ideas in a structured and cohesive manner and makes them available to a wider audience. Occasionally, the Bank also publishes studies which consider critically particular issues concerning the demographic, economic, social and political networks in the Maltese Islands and in the European Union.

c) Consumer Relationships

The provision of the Bank's products and services through both its physical and virtual channels, as well as the ongoing refinement and modernisation of its internal processes lend towards the Bank's ultimate objective; that of providing excellent levels of customer experience and service.

The Bank continues to devote increasing attention and resource towards ensuring that its customers feel comfortable and confident in engaging with the Bank through several physical and virtual interactive spaces.

Significant investment has gone into upgrading the Bank's network of Retail branches, making them more modern in design and experience for its customers and colleagues alike. Branches are now being equipped with improved office spaces and furniture, modern waiting and meeting areas, as well as interactive digital display monitors that are available for customers to use.

At the same time, the Bank continued to make a positive difference when it comes to sustainability, through the choices that were made when the project of branch and offices transformation was ongoing. This regeneration of the Bank's premises has, as a matter of fact, been planned to contribute towards lowering its carbon footprint. Energy efficient lighting and heating and cooling systems have been installed in several of its locations. Many branches have already passed through this transformation, with the few remaining renovations planned to follow in short order. The Bank's flagship branch and head office premises in Swatar also allows for the recycling of rain and wastewater, as well as generating renewable energy through several photovoltaic panels. The Bank has also invested in charging bays on every floor of its latest underground staff and customer parking area, aimed at encouraging its staff to invest in hybrid and electric cars, which are less harmful to the environment.

5. EMPLOYEE MATTERS

The Bank's people strategy continues to be aimed at being the 'Employer of Choice' through maintaining an Employee Value Proposition (EVP) that encompasses a unique set of benefits and values in return for the skills, capabilities and experience of our people. A strong EVP is crucial for attracting, engaging, and retaining top talent. The Bank continued to attract and retain the best talent. Employee churn rate for FY2024 increased to 10.5% when compared to 7.6% for the previous year. However, the churn rate remained within an average of 11% experienced over the last five years. Vacant positions continued to attract a good number of applications having the qualifications, skills, competencies, and experience required.

A strong EVP not only attracts top talent but also keeps employees motivated and engaged. Being the 'Employer of Choice' means ensuring that all employees are supported in achieving their full potential supported by a competitive remuneration package, that includes fixed and variable remuneration. The remuneration package includes an occupational pension plan with fixed monthly contributions made by the Bank to all employees employed for more than two years. Being the Employer of Choice is achieved through a strong people policy framework and the ongoing support and investment in the development of employees' skills, knowledge and competencies required to meet todays and future needs. This strong investment in development is coupled with opportunities for career development and growth.

The People Policy Framework encompasses polices on diversity, equity and inclusion, health and wellbeing, preventative medical care, subsidised sports activities, zero-tolerance to bullying, harassment and discrimination, performance development, succession planning, work-life blend and employee screening. By integrating these elements, the Bank further strengthens its EVP and continues to be an attractive employer with a highly engaged workforce. At the end of Q1 2024 out of 89% of employees that responded to an Employee Engagement Survey 87% would recommend APS Bank plc as a great place to work, whilst 92% responded that they were proud to work for APS Bank plc.

Diversity, Equity and Inclusion Policy

The DEI policy continued to support the Bank in fostering, cultivating, and preserving a culture of diversity, equity and inclusion amongst all employees. Its aim is to create an inclusive environment that respects the dignity and diversity of all its people, in line with the Bank's Values. Throughout an employee's life cycle – attraction, recruitment, onboarding, development, retention, and separation – the Bank works hard to give every person an equitable opportunity to grow and to thrive. The Bank's employee complement increasingly comprises of a diverse array of people from different backgrounds, cultures, ages, genders and experiences, employed in various disciplines, specialisations and roles and a good gender balance.

Fostering a diverse and inclusive workplace where all employees feel respected and valued enhances engagement and innovation. In Q4 2024, 89% of employees responding to a DEI survey agree and strongly agree that the Bank values diversity and 86% that the Bank builds teams that are diverse.

Health and Wellbeing

During 2024, the Bank continued to support the mental, physical and social wellness of its employees. The Bank prioritises employee well-being by offering health benefits, promoting work-life balance, and creating a supportive work environment. The Bank provides a health insurance scheme to all employees and provides for regular preventive health checkups, has an on-premises gym and active sport and social committees. In Q1 2024 94% of employees agreed and strongly agreed that their manager genuinely cares for their wellbeing.

In addition, the Bank has an Employee Assistance Programme (EAP), which is continually enhanced to support the mental wellbeing of its employees. The EAP offers confidential counselling, guidance and support to assist employees resolve work, family and personal issues.

Moreover, the Bank's Provident Fund, with contributions made by both the Bank and its employees supports employees in situations that may create challenges in the living or wellbeing standards of employees and their close dependents. The Fund has the objectives of supporting staff:
a) in the course of a long-term illness or condition that may significantly impair the individual's way of life;
b) following the demise of the staff member or a close dependant;
c) in the provision of material items, or to finance the full or partial purchase thereof, required in cases of changed personal circumstances, including illness, disability, accident and similar;
d) in the provision of financial assistance for situations that may create challenges in the living or wellbeing standards of the staff member; and
e) in any other situation or circumstance which the Committee may feel is deserved of assistance in accordance with the values of the Bank and the scope of the Fund.

5. EMPLOYEE MATTERS (continued)

Preventative Medical Care and Sports Activity Policy

Every three years each employee has the option of attending a preventive medical examination/check-up according to their age. This policy complements other wellbeing initiatives organised by the Bank to promote the physical, mental and social health and wellbeing of its employees to achieve their full potential and live a healthy and active lifestyle. The Bank also subsidises sports activities for its employees besides having a gym on its premises.

Zero-tolerance Policy

The Bank is committed to maintaining a respectful and inclusive workplace. It maintains zero-tolerance to cases of bullying, harassment and unlawful discrimination and supports a workplace that promotes a dignified working environment and harmonious relations among its employees based on respect, understanding and appreciation. As in FY2023 there were no reported cases of bullying, harassment or discrimination in FY2024.

Performance Development

The Bank adopts a clear distinction between fixed and variable remuneration. Its variable remuneration is based on the performance of staff members taking in consideration both qualitative and quantitative criteria, the performance of the Bank, the achievement of departmental, team and individual targets in line with Key Performance Indicators (KPIs), living the Bank's values and supporting the ongoing development of skills, knowledge and competency required by each employee. Each employee has clear objectives and ongoing development discussions so that they can achieve high levels of performance across the Bank. Though establishing clear performance expectations, objectives and providing regular feedback helps employees understand their roles and improve their performance.

Succession Planning

This policy details the Bank's process for identifying and growing talent to fill leadership and business-critical functions and positions in the future. Succession and talent planning sits inside a much wider strategic framework encompassing areas such as business strategy and plans, business continuity management, resource management, required skills and competencies, career development as well as mapping employee performance with their potential. The scope of this policy is to complement these areas through a framework for ensuring that the Bank has the right people in the right place at the right time, and that learning, and development investment is maximised.

Remote Working and Flexibility

To support the work-life balance of its employees, the Bank offers flexible working hours, reduced working schedules and remote working options. These initiatives have been made possible through investments in systems and solutions that allow for remote working and access to a wider talent pool.

Employee Screening

By incorporating thorough screening processes, the Bank makes informed hiring decisions to create a safer, more productive work environment. Employee screening presents a critical opportunity to ensure prospective and existing employees are aligned with its desired corporate culture, embrace its values and are 'fit and proper' to discharge their duties and responsibilities.

The Bank uses various tools for screening its employees as part of its due diligence process. Employees are also expected to abide with other policies including its Code of Ethics and other regulatory policies and guidelines.

Training and Career Development

The Bank is committed to foster a culture of continuous learning and development for all its employees. A substantial budget is approved for investment in training annually, offering a comprehensive range of training and career development opportunities, that supports the continuous development of skills and competencies. This has a positive impact on employees' morale and motivation, employees' performance and career development, ultimately leading to the Bank's growth.

5. EMPLOYEE MATTERS (continued)

Training and Career Development (continued)

These programmes include various inhouse training sessions, coaching and mentoring, international travelling, business travelling, conferences and seminars, professional training grants schemes, an effective employee onboarding programme, future banker programme, eLearning courses and external training courses.

A Competency framework has also been developed, outlining the required competencies for all job positions across the Bank. This framework will enhance the recruitment process and the identification of individual personalised training needs, improving performance management by clearly defining expectations across all roles. Having this framework in place will ensure employees are skilled in their current roles and prepare them for future career advancement.

Our continued focus on the future of work and customer service saw the completion of the Bank's Future Banker Programme focused on the digitisation of banking services as well as sharing of knowledge on developing and emerging technologies and the launch of the Customer Service Academy focused on our front-line employees and our service to our customers. These programmes ensure that as a Bank will continue to remain relevant to our time and that we engage with our communities in a meaningful way.

6. IDENTIFICATION AND MANAGEMENT OF PRINCIPAL RISKS

The Bank's Board of Directors retains ultimate responsibility for all the Bank's identified risks. The Board Risk Committee ensures implementation of the Bank's risk management and compliance strategy, systems and policies that ensure adherence to the Bank's Risk Appetite Statement.

Credit Risk

Credit Risk is the potential risk that a borrower or counterparty fails to meet the respective obligations in accordance with or performing according to, agreed terms. Alternatively, losses may result from reduction in assets value arising from actual or perceived deterioration in credit quality.

Lending is considered to be APS Bank's main activity and, as such, assessment of credit risk plays a pivotal part in the execution of the Bank's strategy. The Bank's exposure to credit risk is diversified by maximum single exposure, by sector, by geography, by tenor and by product, through its engagement in Retail Lending, Commercial Lending, Trade Finance and participations in Syndicated Lending. The appetite (and tolerance levels) for credit risk which is deemed acceptable by the Bank at any point in time is defined and evaluated in the Risk Appetite Statement (RAS), which is approved by the Board and reviewed on an annual basis.

Credit Risk is managed and controlled in various ways, including the regular four-eye approach/risk-based review of the:

a) credit risk, credit administration and recoveries policies, including the policies relating to forbearance and non-performing loans;
b) lending procedures of the first line of defence;
c) new lending products and/or the review/ revamp of existing lending products;
d) internal credit scoring systems;
e) internal credit risk grading system based on days past due and other non-financial/ qualitative factors, including cure/ probation periods;
f) daily excesses/loan arrears exceeding the encroachment tolerance limits of the branch/commercial managers and/or the 30 days past due/IFRS9 Stage 1 (Significant Increase in Credit Risk (SICR));
g) non-performing credit exposures graded 'Doubtful' and/or 'Classified' (IFRS9 Stage 3), including monitoring of the Bank's NPL ratio;
h) fresh and/or renewal of business and retail credit limits exceeding €750,000 and/or fresh retail credit facilities below the €750,000 threshold with parameters exceeding established delegated criteria, e.g. DSCR/DSTI-O, LTV-Os, etc.;
i) six monthly sample of credit facilities below the €750,000 threshold sanctioned by the first line of defence;
j) forward-looking expected loss model for quantifying provisions (Expected Credit Losses (ECL)) compliant with the IFRS 9 accounting regime, including putting forward recommendations for ECL Management overlays;
k) stress testing relating to credit risk; and
l) internal limits relating to single-name and sectoral concentration risk.

6. IDENTIFICATION AND MANAGEMENT OF PRINCIPAL RISKS (continued)

Financial Crime Compliance Risk

The Group is committed towards combatting financial crime and complying with all applicable laws and regulations relating to financial crime to protect the Group, its customers and its employees from financial crime related risks, namely:

- Money laundering and funding of terrorism;
- Breach of International & Local Sanctions;
- Bribery & Corruption; and
- Internal and External Fraud.

The Group has therefore implemented the highest standard of financial crime risk management practices to ensure full compliance with applicable anti financial crime laws and regulation.

The Group is deeply committed to remain relevant and up to date by consistently applying industry best practices. In this regard, the Bank has undertaken number of initiatives to strengthen its internal systems.

The Financial Crime Compliance Function is responsible for the design and implementation of a Financial Crime Compliance (FCC) Framework within APS. The FCC Framework is to ensure consistent management of the above-mentioned risks across Group entities. The programme seeks to identify, assess, monitor and manage FCC risks in line with the Group's risk appetite and statutory obligations.

The Head of FCC holds a key leadership role within APS Bank and is a voting member of the Compliance Committee, ensuring that financial crime risks are consistently addressed at the highest levels of governance. Additionally, the Head of FCC provides regular updates to the Board Risk Committee on a quarterly basis. These updates provide an overview of the Group's financial crime compliance activities, including key risk indicators, identification of emerging risks, and assessments of the effectiveness of the Group's risk management strategies in addressing financial crime threats.

To ensure an effective approach to financial crime compliance, the Financial Crime Compliance function within the Bank is structured into a number of distinct units, each focusing on specific areas of financial crime risk management. The units and their respective responsibilities are as follows:

1. **Financial Crime Compliance – Anti-Money Laundering (AML)/Fraud Investigations -** Responsible for analysing, investigating, and escalating unusual or suspicious transactional activities related to financial crime. Specifically, it focuses on Anti-Money Laundering (AML) and fraud-related matters. The team conducts thorough investigations into suspicious transactions to identify potential risks of money laundering, terrorist financing, or fraud. The unit ensures that suspicious behaviour is reported to the respective authorities in a timely manner;
2. **Financial Crime Compliance – Transaction Monitoring -** The Transaction Monitoring team plays a critical role in continuously calibrating and optimising of the transaction monitoring solution to detect suspicious activity. It is responsible for developing new monitoring scenarios, analysing transactional alerts, and ensuring that the system effectively flags potential risks. The unit constantly assesses the efficacy of the monitoring solution, updating it as necessary to reflect emerging financial crime trends and regulatory changes, thereby maintaining a proactive stance in risk detection;
3. **Financial Crime Compliance – AML Operations -** This unit serves as the primary point of contact between the Group and external regulatory bodies such as the Financial Intelligence Analysis Unit (FIAU), the Malta Police, the Asset Recovery Bureau, and other relevant authorities. It is responsible for ensuring the Group's adherence to regulatory reporting requirements under the Prevention of Money Laundering and Funding of Terrorism (PMLFT) regulations. The unit ensures that all regulatory reports are submitted accurately and on time, while maintaining effective communication with authorities to address any inquiries or developments;
4. **Financial Crime Compliance – Advisory Services** - Acting as subject matter experts in financial crime, this unit provides guidance and insights to the Group on managing and mitigating financial crime risks. It advises Senior Management and relevant departments on best practices, regulatory requirements, and emerging risks within the financial crime landscape. Additionally, the unit is responsible for developing and delivering comprehensive training programs to ensure that employees at all levels are equipped to identify, prevent, and report financial crime risks. This includes addressing the risks of sanctions evasion and other forms of financial crime;
5. **Financial Crime Compliance – Monitoring & Testing -** Tasked with the ongoing evaluation of financial crime risks and testing the effectiveness of customer due diligence (CDD) measures and other controls implemented by the Bank to mitigate these risks. It conducts regular assessments and tests to ensure that financial crime controls are functioning

6. IDENTIFICATION AND MANAGEMENT OF PRINCIPAL RISKS (continued)

Financial Crime Compliance Risk (continued)

effectively and in compliance with regulatory standards. The unit plays a critical role in identifying any gaps in the Group's financial crime framework and recommends corrective actions to enhance the overall control environment; and

6. **Financial Crime Compliance – Regulatory Project and AML Solutions –** This role is crucial in ensuring that the Group remains responsive to changing regulatory requirements. This role involves the provision of ongoing guidance and support to drive regulatory projects associated with financial crime, particularly those related to AML compliance.

Together, these units within the FCC function ensure a holistic and coordinated approach to managing financial crime risks across APS. They provide a strong framework for detecting, investigating, preventing, and mitigating risks associated with financial crime.

Operational Risk

Operational Risk is a subset of the overarching Operational Resilience Framework at the Group. The EBA defines Operational Resilience as:
"The ability of an institution to deliver critical operations through disruption. This builds on the prudential operational risk framework, encompassing internal governance, outsourcing, business continuity and relevant risk management-related aspects. Such ability enables an institution to identify and protect itself from threats and potential failures, respond and adapt to, as well as recover and learn from disruptive events in order to minimise their impact on the delivery of critical operations through disruption."

The Group defines Operational Risk as *"the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events"* in line with the Basel Committee's definition. This definition includes legal risk but excludes strategic and reputational risk. Operational Risk Management fits within this Framework by focusing on the specific risks that could disrupt critical operations, such as failed processes, systems, people, or external events. While operational resilience takes a wider view of how the Group can continue operating during disruptions, operational risk is about managing the underlying risks that might cause these disruptions, therefore supporting operational resilience.

Operational risk is inherent in the Group's products, services and activities. The Group's operational risk management framework is fully integrated into its overall risk management framework. The Operational Risk Management Policy is part of the overarching Operational Resilience Framework. The Group aims to ensure sound operational risk governance practices with the involvement of the following functions:

- Management Body, including Board of Directors, Board Committees and Executive Management;
- Operational Resilience Department;
- First Line of Defence;
- First Line of Defence Risk and Control Function;
- Internal Audit as the Third Line of Defence; and
- Regulatory Framework and Industry Guidelines.

The operational risk management process is intended to maintain an overall operational risk level that meets the Group's operational risk appetite. Risk identification considers internal and external factors and is paramount for the subsequent development of a viable operational risk monitoring and control system.

Through ongoing awareness (such as training sessions and working with Business Owners), the Operational Resilience Department continues to promote a culture of risk identification by encouraging employees from all levels to report any identified operational risks and incidents in a timely manner. Following the identification of operational risks, these are measured by quantifying, where possible, the potential losses from each identified risk and allocation of an adequate amount of capital to cover the Bank's exposure to this risk.

The Group maintains a database to regularly quantify and record operational losses and near miss events, reported electronically by staff throughout the Group, and co-ordinated and analysed by the Operational Resilience Department, in order to promote a culture of cooperation, communication and continuous improvement where lessons are learnt from incidents and near misses.

6. IDENTIFICATION AND MANAGEMENT OF PRINCIPAL RISKS (continued)

Operational Risk (continued)

The Operational Resilience Department carries out planned and ad hoc operational risk assessments throughout the year to allow for a more thorough identification, assessment and measurement of operational risk. Controls and process improvements are then suggested and developed and implemented by the business owners as necessary to further mitigate the inherent identified risks to residual risk levels that are within the risk appetite. The Business Risk and Control function's role within the first line of defence in liaison with the Operational Resilience Department, strengthen this process. The Group also ensures that procedures and processes are documented in the Bank's handbooks and reviewed from an Operational Risk perspective.

APS Bank has a Business Continuity Plan where five main disruption scenarios are contemplated:
- Unavailability of the Bank's main premises;
- Staff unavailability;
- Supply-Chain disruptions;
- Cyber Attack; and
- IT Failure.

The Bank also maintains an Operational Losses Database, which uses risk categories that are aligned with the ORX taxonomy. The Bank does regular monitoring of operational risks to quickly detect and correct deficiencies in the Bank's policies, processes and procedures. Finally, appropriate reporting mechanisms are in place to support proactive management of operational risk at Board, Executive and business line levels.

Liquidity Risk

Liquidity risk is the risk that the Bank cannot meet its financial obligations as they fall due in the short term and medium term, either at all or without incurring unacceptable losses. Funding risk is the risk that the Bank cannot meet its financial obligations as they fall due in the medium to long term, either at all or without increasing funding costs unacceptably.

Funding risk can also be seen as the risk that its assets are not stably funded in the medium and long term.

The Bank manages this risk by seeking to match the maturities of assets and liabilities in its balance sheet. The management of liquidity and funding is governed by a detailed Liquidity and Funding Risk Policy. This Policy establishes clear lines of responsibility, limits and guidance on the measurement and monitoring of the Bank's net funding requirements. The ALM Department is responsible for implementing the Policy; whereas Assets-Liabilities Committee (ALCO) is responsible for monitoring and ensuring the implementation of and adherence with the Policy, as well as ensuring consistency with the Bank's Risk Appetite. It also ensures that adequate liquidity is held to meet both expected and unexpected commitments. This Policy includes a detailed Liquidity Contingency Plan, which addresses the strategy for handling liquidity crises and includes procedures for covering cash flow shortfalls in emergency situations.

Market Risk

Market risk is the risk of losses in on-and off-balance sheet positions arising from movements in market prices. The Bank's exposure to market risk is limited since its trading portfolio is minimal. This is consistent with the Bank's Risk Appetite. In accordance with Article 94 of the CRR, the Bank is exempted from the trading book capital requirements.

The Bank's exposure to market risk is mainly related to:
i. Interest rate risk – the risk that the Group's financial position and cash flow are exposed to unfavourable movements in interest rates;
ii. Foreign exchange risk – the risk that the Group's financial position and cash flow are exposed to unfavourable movements in foreign exchange rates; and
iii. Other price risk – the risk of a decline in the value of a security or an investment portfolio which is marked-to-market.

6. IDENTIFICATION AND MANAGEMENT OF PRINCIPAL RISKS (continued)

Solvency Risk

The Group continuously aims at building and sustaining a strong capital base and at applying it efficiently throughout its activities to attain its strategic objectives, optimise shareholder value whilst ensuring the sustainability of the Bank's business model and risk profile. A strong and prudent capital base is one of the pillars of the Group's business model and maintaining adequate capital ratios will continue being key to enable the Group to steer through currently challenging economic conditions.

The Bank performs an ICAAP in compliance with the Pillar II requirements of Banking Rule BR/12/2022 – The Supervisory Review Process of Credit Institutions Authorised Under the Banking Act 1994 and the CRR. This key decision-making tool is of utmost importance for keeping the Board of Directors informed about the Bank's ongoing risk assessment, the mitigation measures adopted and their impact on the capital requirements. The ICAAP includes an assessment of both Pillar I and Pillar II risks. The latter includes concentration risk, IRRBB risk, IT and cyber risk, reputation risk and other key risks.

The Bank's stress testing framework forms an integral part of the ICAAP. A number of severe but plausible scenarios are developed which test the resilience of the Bank's business model and risk profile.

Interest Rate Risk

The Bank has an Interest Rate Risk Policy approved by the Board, which sets out a comprehensive risk management process that identifies, measures, monitors and controls interest rate risk exposures, whilst also ensuring appropriate oversight by Senior Management, Board-appointed committees and ultimately the Board, to confirm that this risk is consistent with the Bank's risk appetite. Market developments and interest rate movements are monitored constantly by Management and corrective action is taken by realigning the maturities and re-pricing of assets and liabilities.

Interest rate risk is measured from two perspectives – the Economic Value of Equity (EVE) and the earnings-based approach. The Bank also monitors its exposure to Credit Spread Risk in the Banking Book (CSRBB), although such exposure is minimal.

The Bank's exposure to interest rate risk is monitored on a monthly basis by the Enterprise Risk Management Department (ERM) and verified by Asset Liability Management Department (ALM), and is reported to Executive Committee, ALCO and Risk Committee on a quarterly basis.

Regulatory Compliance Risk

The performance of banking/financial activities exposes the Bank to regulatory risk. The Basel Committee on Banking Supervision (BCBS) has described Compliance Risk as:
'The risk of legal or regulatory sanctions, material financial loss, or loss of reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory standards, and codes of conduct applicable to its banking activities.'

Regulatory Compliance Risks have been identified as:
- **Risk to reputation** - Risk of damage to the Bank's integrity or reputation as a result of negative publicity, whether founded or not, failure to act in accordance with policies and procedures, or non-compliance with applicable laws, rules, regulations and guidance; and
- **Regulatory risk** - This risk may arise from non-compliance with the applicable laws, rules, regulations and guidelines, including as a result of regulatory developments. There is also a risk that activities may be carried out on the basis of regulatory interpretation or documents that are subsequently found to be inaccurate, inadequate or outdated.

The identification, monitoring and management of these risks will prevent:
- the financial loss or other consequences of disputes between the Group and a client, counterparty or third party (litigation risk);
- the risk of losses due to unsuitable internal processes, or failures due to human error or external events;
- the financial consequences of ineffective controls in place; and
- fines and other administrative measures being imposed on the Group because of failure to comply with any current regulatory provision or decision it is required to implement.

6. IDENTIFICATION AND MANAGEMENT OF PRINCIPAL RISKS (continued)

Regulatory Compliance Risk (continued)

The Group is committed to a corporate culture which promotes high standards of honesty and integrity whilst conducting licensable activities/business activities through serving its customer base. Effective compliance risk management is a key control towards ensuring that the Bank continues to operate within the remit of its operating licenses. Compliance failure is not tolerated within the Bank's operating model and risk appetite.

To mitigate regulatory compliance risk, the Group has established a Regulatory Compliance Department (RC). RC is an integral part of good governance. The Department's purpose is to support the Bank in remaining compliant with the applicable rules, regulations, and guidelines. As a second line of defence function, RC's role is to identify, evaluate, and address regulatory risks.

The key areas within scope of RC's remit as a second line of defence are the following:
- Conduct of business and treating customers fairly (TCF);
- Conflicts of Interest;
- Market Abuse;
- Marketing and Promotions;
- Product Oversight Governance (POG); and
- GDPR.

In performing its responsibilities, the RC Department, to the extent applicable, follows the practices indicated in ESMA Guidance on MiFID II Compliance Function, the EBA Guideline on Internal Governance (transposed locally through BR/24/2022 – Internal Governance of Credit Institutions Authorised Under the Banking Act) and the BCBS Guidance for the Compliance function of Banks.

Regulatory Compliance

RC is headed by the Head of RC and Compliance Officer of the Bank, who reports to the Chief Risk Officer. The Head of RC is also the Bank's official Compliance Officer as approved by the MFSA and is a voting member of the Compliance Committee. The Head of RC/Compliance Officer reports on the activities of the Regulatory Compliance Function to the Risk Committee on a quarterly basis, semi-annually to the Board and to other Bank Committees as necessary.

The Department is divided into Regulatory Development, Regulatory Reporting and Regulatory Oversight:
- **Regulatory Development Unit** is in charge of researching and tracking of rules and regulations which impact the Bank's licensed activities and notifies relevant Departments/Units as necessary of regulatory developments. Notification takes place by highlighting the changes to an existing regulation or outlining the requirements of a new regulation. The Units/Departments are expected to undertake the necessary actions/adjustments to comply. Follow-ups are undertaken to ensure that the implementation is concluded in a timely manner and that any policies and procedures adopted are in line with the new provisions.
- **Regulatory Oversight Unit** oversees conducting oversight monitoring on the various functions within the Bank to ensure that the operational procedures are in line with the regulatory requirements. Monitoring is done through an annually set Compliance Monitoring Programme (CMP) and ad-hoc Reviews. This Section also provides assistance, advice and the necessary approvals in relation to Bank Projects, Product Launches, Complaints Management and Marketing Material.

Regulatory Reporting Unit oversees the compilation and submission of the Regulators' Returns and Tax Authorities' Reports. It is responsible for the implementation of new regulatory reporting requirements, and the maintenance of policies and procedures to ensure compliance with the Bank's reporting obligations.

All the Units are interdependent and provide support to each other on an ongoing basis. In addition to the above, the GDPR function currently falls within the remit of RC, and this is represented by the Data Protection Officer (DPO). The Unit provides training to Bank Officials through a Compliance Education and Training Programme (annually planned), with the aim to foster a Compliance Culture within the Bank.

6. IDENTIFICATION AND MANAGEMENT OF PRINCIPAL RISKS (continued)

Regulatory Compliance Risk (continued)

Reputational Risk

Reputation is one of the Group's most important intangible assets, founded on trust from its internal and external stakeholders. It has a direct impact on the Group's value, which falls under the scrutiny of the Board of Directors, employees, existing and prospective customers, business partners, investors, regulators and legislators.

The Group established an appropriate reputational risk environment by defining the governance framework and pertinent responsibilities for managing reputational risk. The framework is established to provide consistent standards for the identification, assessment, management and monitoring of reputational risk issues, especially direct reputational risk.

The Operational Resilience Department (ORD) has developed a framework for the second line of defence monitoring of Reputational Risk. The framework sets out a risk dashboard which presents metrics that capture the eight reputational risk dimensions defined by the Reputational Risk Policy:

- Corporate Governance;
- Strategy and Leadership;
- Financial Performance and Profitability;
- Products and Services;
- Image, Brand, Communications, Marketing and Customer Relations;
- Ethical, ESG and CSR;
- Innovation, Opportunities and Technology; and
- Employee and Corporate Culture.

This risk dashboard is compiled on a quarterly basis and aims to provide quantitative measurement of reputational risk as well as providing insight and identifying potential issues or gaps that can lead to reputational damage. Reputational risks which may arise from a failure with another risk type, control or process (indirect reputational risk) are addressed separately via the associated risk type framework.

In addition to the above, other mitigating factors that the Group adopts to manage reputational risk are the following:

- Prompt and effective communication with all categories of stakeholders;
- Strong and consistent enforcement of controls on governance, business, legal and compliance;
- Establishment and continual updating of the Business Continuity Plan and Crisis Management Plan, and the team required to support them;
- Continuous monitoring of threats to reputation;
- Clear core corporate values setting out expected standards of behaviour;
- A strong corporate culture that is open, trusting and supportive;
- A robust and dynamic risk management framework which provides continuous monitoring of threats to reputational and early warning of developing issues; and
- Organisational learning leading to corrective action where necessary.

The Group has zero appetite for any form of reputational risk, as articulated in the Bank's Risk Appetite Statement. Reputational risks and their implemented/planned controls are recorded in the Bank's risk register.

6. IDENTIFICATION AND MANAGEMENT OF PRINCIPAL RISKS (continued)

Key Performance Indicators (KPIs)

The Bank has in place a set of KPIs that include:

	2024	2023
	%	**%**
CET1	**14.6**	14.6
Capital Adequacy Ratio	**20.1**	20.6
LCR	**197.4**	140.1

The Group also has in place a set of other KPIs which include:

	2024	2023
	%	**%**
Profitability ROAE	**6.3**	7.5

Further analysis and KPIs are found in CEO's Review, Financial Overview and Notes to the financial statements.

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION

In order to achieve the targets established by the European Union (EU) of reaching net zero greenhouse gas (GHG) emissions by 2050, with an interim target of reducing GHG emissions by 55%, compared to 1990 levels, by 2030, the EU has developed a classification system, by virtue of the EU Taxonomy Regulation[2], or (the EU Taxonomy) which establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable.

The EU Taxonomy establishes criteria in terms of six environmental objectives, against which entities assess whether economic activities qualify as environmentally sustainable.

In order to qualify as such, an economic activity must be assessed to substantially contribute to at least one of these environmental objectives, whilst doing no significant harm (DNSH) to the remaining objectives. This is achieved by reference to technical screening criteria established in delegated acts to the EU Taxonomy. The economic activity is also required to meet minimum safeguards established in the EU Taxonomy.

The six environmental objectives established by the EU Taxonomy are the following, where climate-related environmental objectives (1-2 below) are established in the Climate Delegated Act[3] ('CDA'), whilst non-climate environmental objectives (3-6 below) are established in the Environmental Delegated Act[4] ('EDA').

1. Climate change mitigation;
2. Climate change adaptation;
3. Sustainable use and protection of water and marine resources;
4. Transition to a circular economy;
5. Pollution prevention and control; and
6. Protection and restoration of biodiversity and ecosystems.

The Bank reports Taxonomy information in line with the Disclosures Delegated Act[5] supplementing Article 8 of the Taxonomy Regulation, which establishes relevant disclosure requirements of entities within reporting scope of the Taxonomy. This currently comprises entities, hereon referred to as 'NFRD/CSRD entities', obliged to publish non-financial information pursuant to the Non-Financial Reporting Directive (NFRD)[6], or sustainability information pursuant to the Corporate Sustainability Reporting Directive (CSRD)[7], whichever is currently applicable.

[2] EU Regulation 2020/852
[3] Commission Delegated Regulation 2021/2139
[4] Commission Delegated Regulation 2023/2486
[5] Commission Delegated Regulation 2021/2178
[6] EU Directive 2014/95/EU
[7] EU Directive 2022/2464

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

The Bank reported its initial Taxonomy alignment of economic activities in required disclosure templates in the prior period, and continues to do so in the current period, in respect of climate-related environmental objectives. Initial comparative templates in line with Annex VI of the Disclosures Delegated Act are therefore also disclosed in the current period. Initial Taxonomy eligibility information in respect of non-climate objectives is also published in the current period, whilst Taxonomy alignment information for non-climate objectives is also included given data availability, albeit the requirement applying from the next reporting period.

Scope of consolidation

Section 1.1.1 of Annex V of the Disclosures Delegated Act scopes credit institutions' EU Taxonomy disclosures to their prudential consolidation as determined in article 19 of CRR. However, the Bank is exempt from prudentially consolidating its subsidiaries due to the application of article 19 of the Capital Requirements Regulation[8]. Therefore, the Bank has considered all complementary guidance, in the form of Frequently Asked Questions (FAQs) to the EU Taxonomy and its delegated acts, officially published by the European Commission (EC). Considering this, disclosure templates relating to the Group's asset management and investment service activities, pertaining to Annex IV and VIII of the Disclosures Delegated Act respectively, are disclosed in the current reporting period.

EU Taxonomy KPIs disclosed

The following KPIs are reported in the templates disclosed.

- The green asset ratio ('GAR') is a ratio calculated as the percentage of EU Taxonomy aligned assets as a proportion of total covered assets;
  - The numerator of the GAR includes loans and advances, debt securities, equities and repossessed collateral financing Taxonomy aligned economic activities based on the turnover KPI and CapEx KPI of underlying assets.
  - The denominator of the GAR includes total loans and advances, total debt securities, total equities, total repossessed collaterals and other covered on-balance sheet assets outlined in the section 'Assets excluded from the numerator for GAR calculation (covered in the denominator)'.
- The calculation of the KPI for off-balance sheet exposures relates to APS Bank plc's assets under management, reported in Template 1 relating to GAR as an off-balance sheet item and also in Template 5. Other off-balance sheet exposures such as commitments are excluded from the off-balance sheet KPI;
  - The green ratio for financial guarantees to financial and non-financial undertakings ('FinGuar KPI') is not calculated since it relates to guarantees supporting loans and advances and debt securities. The Bank does not issue guarantees in respect of loans and advances and debt securities.
- The 'KPI of Asset Managers' is calculated as the weighted average value of Taxonomy aligned investments as a proportion of total assets under management (excluding exposures to sovereigns) carried out by the Group; and
- The 'KPIs of Investment Firms' are calculated as follows:
  - The 'dealing on own account services' KPI is calculated as the proportion of assets associated with Taxonomy-aligned economic activities within total assets invested on own account.
  - The 'other services' KPI is calculated as the proportion of revenue from investment services and activities associated with Taxonomy aligned activities within the total of such revenue.

Green Asset Ratio

Covered assets

Covered assets comprise all on-balance sheet assets other than those excluded altogether from the GAR, where such exclusions relate to exposures to central governments, central banks and supranational issuers. Lending towards, or financing of, local governments where the use of proceeds is unknown (i.e. general-purpose lending) is also excluded from the GAR. These assets are all excluded from both the numerator and denominator of the GAR.

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[8] EU Regulation 575/2013

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Green Asset Ratio (continued)

Assets excluded from the numerator for GAR calculation (covered in the denominator)

Exposures to undertakings that are not in scope of NFRD/CSRD, derivatives, on-demand interbank loans, cash and cash-related assets, as well as other assets including tangible and intangible assets are excluded from the assessment of Taxonomy eligible economic activities. Similarly, retail exposures, except for the mortgage lending portfolio, building renovations loans, and credit consumption loans for cars, are also excluded from the EU Taxonomy framework, and not assessed for Taxonomy eligibility. These assets are therefore all excluded from the numerator of the GAR but included in the denominator.

Taxonomy eligible and aligned economic activities

Taxonomy eligible economic activities are those activities which can be assessed as environmentally sustainable and are therefore included in annexes to the EU Taxonomy with relevant technical screening criteria available.

Taxonomy aligned economic activities are those activities which have been assessed as environmentally sustainable, and therefore also comply with the applicable technical screening criteria. Throughout all templates disclosed, 'Environmentally sustainable assets' therefore refers to Taxonomy aligned assets.

Taxonomy eligibility and alignment of general-purpose lending (where the use of proceeds is unknown), have been assessed using the turnover and CapEx eligibility and alignment ratios published in the most recently available annual reports by the Bank's in-scope counterparties.

Taxonomy eligibility and alignment of specific purpose lending, (where the use of proceeds is known), have been assessed in line with the technical screening criteria established in the EU Taxonomy, comprising 'substantial contribution' and 'do no significant harm' criteria. Compliance with minimum safeguards is required further to this, which is an integral part of assessing EU Taxonomy alignment. This is applicable both in the case of exposures towards NFRD/CSRD entities, and in the case of retail exposures such as loans to households collateralised by residential property and loans to households for building renovations, where in the latter case, minimum safeguards compliance is to be ascertained by the Bank by reference to adequate documentary evidence provided by such counterparties, or by reference to data obtained from public authorities, as clarified by FAQ 36 in the third Commission Notice.

Taxonomy non-eligible economic activities

Taxonomy non-eligible economic activities are those activities which cannot be assessed as environmentally sustainable. This relates to exposures towards activities which are not covered by the EU Taxonomy framework.

Data limitations

In the case of general-purpose lending, predominantly to NFRD/CSRD entities, the Bank relies on published counterparty eligibility and alignment ratios to assess eligibility and alignment of exposures. In this respect, the Bank determines whether counterparties are subject to NFRD/CSRD through the use of a financial data terminal. Upon identification of relevant counterparties, the Bank research annual reports of such entities to obtain relevant EU Taxonomy KPIs.

However, in certain cases, the Bank is unable to obtain the required information from counterparties, particularly due to:

- **Data availability:** Counterparties which did not report Taxonomy information or reported in an incomplete manner. By way of example, certain counterparties reported Taxonomy alignment balances which exceeded Taxonomy eligibility balances. In this case, the Bank only considered alignment up to the eligible amount; and
- **Data accuracy:** The precision of data may vary among counterparties, each reporting subject to various assumptions and data limitations, affecting the reliability of Taxonomy information. By way of example, certain counterparties' Taxonomy balances do not cast when summed at an environmental objective level and compared to reporting in the counterparty's 'total column', most often due to rounding differences. In this case, the Bank considers the lower of the sum of parts and the total for the purposes of its reporting.

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Data limitations (continued)

Where Taxonomy information by environmental objective is not available, Taxonomy eligibility and alignment information reported by counterparties is eligible, or aligned, to CCM, except in the case of counterparties which are insurance undertakings, where it is considered eligible or aligned in terms of CCA.

FAQ13 of the third Commission Notice clarifies that in the case that the Bank has an exposure to a counterparty which does not disclose Taxonomy information but is the subsidiary of a parent which does disclose Taxonomy information, the Taxonomy KPI disclosed by the counterparty's closest parent undertaking should be assumed. The Bank did not carry out such exercise to determine any such counterparties.

In exceptional cases, the Bank's NFRD/CSRD counterparties disclose Taxonomy alignment information in terms of non-climate objectives, even though this is not yet required to be reported for both non-financial and financial entities. In such cases, the Bank considered such Taxonomy alignment reported by its counterparties, therefore reporting minimal amounts of Taxonomy alignment in terms of non-climate objectives ahead of the Bank's initial 2026 on FY25 requirement to do so.

In addition, the Bank did not assess car loan exposures which are entirely eligible under the Climate Change Mitigation objective for Taxonomy alignment, given the immaterial nature of such exposures. Such exposures are categorised as 'Other categories of assets' in Template 1 of Annex VI of the Disclosures Delegated Act.

As data becomes more available and improvements in data quality take place over time, differences in the data reported in future financial years, when compared to the current financial year, are expected. This is as more counterparties adopt the EU Taxonomy requirements for their own disclosures and enhance their relevant processes relating to EU Taxonomy reporting.

Financial counterparty eligibility and alignment data

In accordance with the requirements of the EU Taxonomy, insurance undertakings, investment firms and financial conglomerates are required to disclose weighted average KPIs which should be used by the Bank in assessing the Taxonomy eligibility and alignment of exposures to relevant counterparties.

Where the disclosure of weighted average KPIs by such financial counterparties was not available or where counterparties report more than one set of KPIs, the approach towards which data was considered by the Bank is set out below:
- In the case of financial conglomerates, the Bank considers the Green Asset Ratio; if not available, non-life underwriting KPIs; if not available, the Green Investment Ratio is considered;
- In the case of credit institutions, the Green Asset Ratio is considered;
- In the case of insurance undertakings, the Bank considers non-life underwriting KPIs; if not available, the Green Investment Ratio is considered;
- In the case of investment companies, the Bank considers the Green Asset Ratio related to investment services dealt on own account; and
- In the case of asset managers, the Bank considers the Green Investment Ratio.

Business Strategy

The sustainability function within the Strategy, Product and Propositions Department is responsible for the process around EU Taxonomy reporting for the Bank. The Sustainability Strategy is owned by the Chief Strategy Officer whilst formulated and executed through a dedicated Sustainability Unit which has been in place since 2022. The strategy is pivoted toward facilitating green and sustainable growth and raising awareness of the Bank's strategy on sustainability through public and internal engagement.

The ESG Committee and the Executive Committee maintain oversight of the sustainability strategy for the Bank. The sustainability strategy approved in November 2022 by the overseeing committees is a multi-pronged approach which encompasses several key initiatives which include but are not limited to:
- Facilitating an increase in social and green lending referred to as sustainable finance across both retail and commercial portfolios;
- Expanding or enhancing the Bank's ESG suite of products;
- Expanding the Bank's ESG-linked investment offerings;
- Enhancing the Bank's sustainability reporting and meeting ESG regulatory reporting requirements;

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Business Strategy (continued)

- Integrating ESG across some of the Bank's activities and decision making; and
- Rolling out dedicated thematic training across the group from board/executive level for frontline functions. The activities ultimately contribute to the Bank's three Sustainability and ESG Public commitments which are described in detail within the Non-Financial Disclosures Section.

Considering all the points outlined above, these initiatives are intended to be coherent with the objectives of the EU Taxonomy.

EU Taxonomy templates – Annex VI

This section outlines the templates to be disclosed by the Bank covering its banking activities, such requirement emanating from Annex VI of the Disclosures Delegated Act. However, in the case of assets under management, these relate to the Bank's off-balance sheet activities and Group asset management activities, considering that the Bank delegates portfolio management activities to its asset management subsidiary, it also reports such delegated assets under management in line with FAQ 41 of C/2024/6691.

Each template is duplicated in order to disclose Turnover-based and CapEx-based information, except for Template 0, which is adjusted to also include CapEx-based information.

The Bank is also required to disclose the Taxonomy eligibility and Taxonomy alignment of its relevant exposures by environmental objective.

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 0: Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation (T)

Template 0 summarises the KPIs required to be disclosed by the Bank for its banking activities.

As the Trading book KPI and Fees and Commissions KPI are required to be disclosed from 1 January 2026, the applicable rows for these KPIs are not populated.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets (Turnover)	KPI (Turnover)****	Total environmentally sustainable assets (CapEx)	KPI (CapEx)*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	11.91	0.33%	12.07	0.34%	85.45%	27.60%	14.55%

		Total environmentally sustainable assets (Turnover)	KPI (Turnover)	Total environmentally sustainable assets (CapEx)	KPI (CapEx)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	1.53	0.16%	1.60	0.16%	99.31%	21.67%	0.69%
	*Trading book**							
	Financial guarantees	0.00	0.00%	0.00	0.00%			
	Assets under management	5.09	6.12%	8.69	10.44%			
	*Fees and commissions income***							

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR
**Fees and commissions income from services other than lending and AuM
Instutitons shall dislcose forwardlooking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.
*** % of assets covered by the KPI over banks´ total assets
****based on the Turnover KPI of the counterparty
*****based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

Template 0: Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation (T-1)

Template 0 summarises the KPIs disclosed by the Bank for its banking activities, based on the Bank's prior reporting period.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation (T-1)

		Total environmentally sustainable assets (Turnover)	KPI (Turnover)****	Total environmentally sustainable assets (CapEx)	KPI (CapEx)*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	6.53	0.20%	9.11	0.28%	88.25%	32.51%	11.75%

		Total environmentally sustainable assets (Turnover)	KPI (Turnover)	Total environmentally sustainable assets (CapEx)	KPI (CapEx)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	3.45	0.34%	5.04	0.50%	100.00%	40.56%	0.00%
	*Trading book**							
	Financial guarantees	-	-	-	-			
	Assets under management	2.18	2.77%	4.62	5.87%			
	*Fees and commissions income***							

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR
**Fees and commissions income from services other than lending and AuM
Instutitons shall dislcose forwardlooking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.
*** % of assets covered by the KPI over banks´ total assets
****based on the Turnover KPI of the counterparty
*****based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 1: Assets for the calculation of GAR (T)

Template 1 discloses assets used in the calculation of the GAR disaggregated by counterparty type and asset class. Total assets are further categorised between the following:

- Covered assets in both numerator and denominator;
- Assets excluded from the numerator for GAR calculation (covered in the denominator); and
- Assets not covered for GAR calculation

Row 1 of Template 1 'Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation' relates to the numerator of the GAR, whilst row 48 of Template 1 'Total GAR assets' relates to the denominator of the GAR.
This template has been duplicated to disclose turnover-based and CapEx-based information.

The gross carrying amount column excludes impairment allowances for all banking exposures. As a result, total assets reported in this template is not equal to total assets reported in the Bank's balance sheet, with the difference amounting to impairment allowances on banking exposures.

Row 34 'SMEs and NFCs (other than SMEs) not subject to NFRD/CSRD disclosure obligations' also includes non-NFRD financial undertakings in the EU, in the absence of a more appropriate row for such financial undertakings.

In the case of off-balance sheet exposures, the Bank does not issue any financial guarantees supporting loans and advances or debt securities.

The gross carrying amount disclosed for assets under management forms the denominator of the respective KPIs and includes exposures with both NFRD/CSRD and non-NFRD/CSRD counterparties while excluding exposures to central governments, central banks and supranational issuers. In the case of assets under management which are funds, these are treated as non-NFRD/CSRD entities since the Bank does not look through to underlying investees regarding their status as NFRD/CSRD entities, given data limitations.

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

1.Assets for the calculation of GAR (Turnover)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Million EUR	Total [gross] carrying amount	Disclosure reference date T																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,428.31	2,265.46	11.78	0.23	0.05	8.90	0.58	0.14	-	0.14	0.00	-	-	-	5.95	-	-	-	-	-	-	-	0.02	-	-	-	2,272.00	11.91	0.23	0.05	9.04
2	**Financial undertakings**	**73.07**	**3.50**	**0.29**	**0.23**	**0.05**	**0.02**	**0.01**	**0.00**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**3.51**	**0.29**	**0.23**	**0.05**	**0.02**
3	Credit institutions	20.95	3.50	0.29	0.23	0.05	0.02	0.01	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.51	0.29	0.23	0.05	0.02
4	Loans and advances	2.00	0.55	0.01	-	0.00	0.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.55	0.01	-	0.00	0.00
5	Debt securities, including UoP	12.92	2.95	0.28	0.23	0.05	0.01	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.95	0.28	0.23	0.05	0.01
6	Equity instruments	6.02	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
7	Other financial corporations	52.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
12	of which management companies	0.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	0.25	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	**127.03**	**33.75**	**11.49**	-	-	**8.89**	**0.57**	**0.14**	-	**0.14**	**0.00**	-	-	-	**5.95**	-	-	-	-	-	-	-	**0.02**	-	-	-	**40.29**	**11.62**	-	-	**9.03**
21	Loans and advances	111.39	20.15	7.71	-	-	7.71	0.57	0.14	-	0.14	0.00	-	-	-	5.45	-	-	-	-	-	-	-	0.02	-	-	-	26.19	7.85	-	-	7.85
22	Debt securities, including UoP	15.64	13.60	3.77	-	-	1.17	-	-	-	-	-	-	-	-	0.50	-	-	-	-	-	-	-	-	-	-	-	14.09	3.77	-	-	1.17
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
24	**Households**	**2,225.15**	**2,225.15**	-	-	-	-	-	-	-	-					-	-	-	-									**2,225.15**	-	-	-	-
25	of which loans collateralised by residential immovable property	24.35	24.35	-	-	-	-	-	-	-	-					-	-	-	-									24.35	-	-	-	-
26	of which building renovation loans	6.25	6.25	-	-	-	-	-	-	-	-					-	-	-	-									6.25	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-																					-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**3.05**	**3.05**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**3.05**	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**1,158.33**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

1.Assets for the calculation of GAR (Turnover) (continued)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Million EUR	Total [gross] carrying amount	Disclosure reference date T																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
33	**Financial and Non-financial undertakings**	**1,001.01**	[redacted]																													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	824.34																														
35	Loans and advances	801.71																														
36	of which loans collateralised by commercial immovable property	722.05																														
37	of which building renovation loans	93.42																														
38	Debt securities	18.65																														
39	Equity instruments	3.98																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	176.68																														
41	Loans and advances	78.46																														
42	Debt securities	98.15																														
43	Equity instruments	0.07																														
44	**Derivatives**	**2.42**																														
45	**On demand interbank loans**	**22.13**																														
46	**Cash and cash-related assets**	**13.30**																														
47	**Other categories of assets (e.g. Goodwill,**	**119.46**																														
48	**Total GAR assets**	**3,586.64**	**2,265.46**	**11.78**	**0.23**	**0.05**	**8.90**	**0.58**	**0.14**	**-**	**0.14**	**0.00**	**-**	**-**	**-**	**5.95**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**-**	**-**	**-**	**2,272.00**	**11.91**	**0.23**	**0.05**	**9.04**
49	**Assets not covered for GAR calculation**	**610.79**	[redacted]																													
50	**Central governments and Supranational**	**244.44**																														
51	**Central banks exposure**	**366.35**																														
52	**Trading book**	**-**																														
53	**Total assets**	**4,197.42**	**2,265.46**	**11.78**	**0.23**	**0.05**	**8.90**	**0.58**	**0.14**	**-**	**0.14**	**0.00**	**-**	**-**	**-**	**5.95**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.02**	**-**	**-**	**-**	**2,272.00**	**11.91**	**0.23**	**0.05**	**9.04**
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																															
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	83.21	22.28	5.01	0.04	0.70	2.09	0.09	0.00	-	0.00	0.02	0.02	-	0.00	2.78	0.02	-	-	1.73	0.04	-	-	1.00	-	-	-	27.90	5.09	0.04	0.70	2.09
56	Of which debt securities	20.93	7.55	1.59	0.00	0.38	0.44	0.01	0.00	-	0.00	0.00	0.00	-	-	0.61	-	-	-	0.10	-	-	-	-	-	-	-	8.27	1.59	0.00	0.38	0.44
57	Of which equity instruments	34.23	8.24	2.30	0.03	0.05	1.20	0.05	0.00	-	0.00	0.02	0.02	-	0.00	1.59	0.02	-	-	1.63	0.04	-	-	-	-	-	-	11.53	2.38	0.03	0.05	1.20

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

1.Assets for the calculation of GAR (CapEx)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
			Disclosure reference date T																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Million EUR	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2,428.31	2,277.91	12.07	0.23	0.08	8.19	0.37	0.00	-	-	0.05	-	-	-	5.94	-	-	-	0.01	-	-	-	-	-	-	-	2,284.28	12.07	0.23	0.08	8.19
2	**Financial undertakings**	**73.07**	**3.55**	**0.33**	**0.23**	**0.05**	**0.03**	**0.01**	**0.00**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**3.56**	**0.33**	**0.23**	**0.05**	**0.03**
3	Credit institutions	20.95	3.55	0.33	0.23	0.05	0.03	0.01	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.56	0.33	0.23	0.05	0.03
4	Loans and advances	2.00	0.55	0.02	-	0.00	0.01	0.01	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.56	0.02	-	0.00	0.01
5	Debt securities, including UoP	12.92	3.00	0.32	0.23	0.05	0.03	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00	0.32	0.23	0.05	0.03
6	Equity instruments	6.02	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
7	Other financial corporations	52.12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-																	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-																	-	-		-	-
12	of which management companies	0.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	0.25	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	**127.03**	**46.15**	**11.74**	-	**0.02**	**8.16**	**0.36**	-	-	-	**0.05**	-	-	-	**5.94**	-	-	-	**0.01**	-	-	-	-	-	-	-	**52.51**	**11.74**	-	**0.02**	**8.16**
21	Loans and advances	111.39	30.89	7.80	-	-	6.35	0.36	-	-	-	0.05	-	-	-	5.94	-	-	-	0.00	-	-	-	-	-	-	-	37.24	7.80	-	-	6.35
22	Debt securities, including UoP	15.64	15.26	3.94	-	0.02	1.81	-	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	-	-	-	15.27	3.94	-	0.02	1.81
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-
24	**Households**	**2,225.15**	**2,225.15**	-	-	-	-	-	-	-	-					-	-	-	-									**2,225.15**	-	-	-	-
25	of which loans collateralised by residential immovable	24.35	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
26	of which building renovation loans	6.25	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-																					-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**3.05**	**3.05**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**3.05**	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**1,158.33**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

1.Assets for the calculation of GAR (CapEx) (continued)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	Million EUR	Total [gross] carrying amount	Disclosure reference date T																													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
33	**Financial and Non-financial undertakings**	**1,001.01**																														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	824.34																														
35	Loans and advances	801.71																														
36	of which loans collateralised by commercial immovable property	722.05																														
37	of which building renovation loans	93.42																														
38	Debt securities	18.65																														
39	Equity instruments	3.98																														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	176.68																														
41	Loans and advances	78.46																														
42	Debt securities	98.15																														
43	Equity instruments	0.07																														
44	**Derivatives**	**2.42**																														
45	**On demand interbank loans**	**22.13**																														
46	**Cash and cash-related assets**	**13.30**																														
47	**Other categories of assets (e.g. Goodwill,**	**119.46**																														
48	**Total GAR assets**	**3,586.64**	**2,277.91**	**12.07**	**0.23**	**0.08**	**8.19**	**0.37**	**0.00**	-	-	**0.05**	-	-	-	**5.94**	-	-	-	**0.01**	-	-	-	-	-	-	-	**2,284.28**	**12.07**	**0.23**	**0.08**	**8.19**
49	**Assets not covered for GAR calculation**	**610.79**																														
50	**Central governments and Supranational issuers**	**244.44**																														
51	**Central banks exposure**	**366.35**																														
52	**Trading book**	-																														
53	**Total assets**	**4,197.42**	**2,277.91**	**12.07**	**0.23**	**0.08**	**8.19**	**0.37**	**0.00**	-	-	**0.05**	-	-	-	**5.94**	-	-	-	**0.01**	-	-	-	-	-	-	-	**2,284.28**	**12.07**	**0.23**	**0.08**	**8.19**
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																																
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	83.21	29.34	8.61	0.04	0.96	3.64	0.04	0.00	-	0.00	0.02	0.02	-	0.001	2.45	0.02	-	-	1.50	0.04	-	-	0.00	-	-	-	33.35	8.69	0.04	0.96	3.64
56	Of which debt securities	20.93	8.79	2.58	0.00	0.49	1.17	0.00	0.00	-	0.00	-	-	-	-	0.60	-	-	-	0.04	-	-	-	-	-	-	-	9.43	2.59	0.00	0.49	1.17
57	Of which equity instruments	34.23	11.69	4.07	0.03	0.06	1.71	0.02	0.00	-	0.00	0.02	0.02	-	0.001	1.34	0.02	-	-	1.46	0.04	-	-	0.00	-	-	-	14.53	4.15	0.03	0.06	1.71

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 1: Assets for the calculation of GAR (Turnover) (T-1)

This template discloses assets for the calculation of GAR based on the Bank's prior period reporting. Considering data availability, this comparative Template 1 could not be restated to be entirely comparable with the current period Template 1.

		a	b	c	d	e	f	g	h	i	j	ab	ac	ad	ae	af
			Disclosure reference date T													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Million EUR	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	**2,080.30**	-	-	-	-	-	-	-	-	-	1,944.29	6.53	-	-	-
2	**Financial undertakings**	71.90	-	-	-	-	-	-	-	-	-	34.64	-	-	-	-
3	Credit institutions	19.96	-	-	-	-	-	-	-	-	-	4.52	-	-	-	-
4	Loans and advances	5.07	-	-	-	-	-	-	-	-	-	0.26	-	-	-	-
5	Debt securities, including UoP	8.03	-	-	-	-	-	-	-	-	-	2.78	-	-	-	-
6	Equity instruments	6.86	-	-		-	-	-	-		-	1.48	-		-	-
7	Other financial corporations	51.94	-	-	-	-	-	-	-	-	-	30.12	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
12	of which management companies	0.25	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	0.25	-	-		-	-	-	-		-	0.01	-		-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	118.99	-	-	-	-	-	-	-	-	-	22.48	6.53	-	-	-
21	Loans and advances	110.90	-	-	-	-	-	-	-	-	-	15.66	5.68	-	-	-
22	Debt securities, including UoP	8.09	-	-	-	-	-	-	-	-	-	6.82	0.85	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
24	**Households**	1,887.18	-	-	-	-	-	-	-	-	-	1,887.18	-	-	-	-
25	of which loans collateralised by residential immovable property	1,717.94	-	-	-	-	-	-	-	-	-	1,717.94	-	-	-	-
26	of which building renovation loans	113.62	-	-	-	-	-	-	-	-	-	113.62	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-					-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	2.23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	1,213.46	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	987.93														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	806.95														
35	Loans and advances	790.59														
36	of which loans collateralised by commercial immovable	570.37														
37	of which building renovation loans	-														
38	Debt securities	13.19														
39	Equity instruments	3.17														
40	Non-EU country counterparties not subject to NFRD disclosure	180.98														
41	Loans and advances	84.60														
42	Debt securities	96.38														
43	Equity instruments	-														
44	**Derivatives**	**0.54**														
45	**On demand interbank loans**	**54.24**														
46	**Cash and cash-related assets**	**13.03**														
47	**Other categories of assets (e.g. Goodwill,**	**157.72**														
48	**Total GAR assets**	**3,293.76**	-	-	-	-	-	-	-	-	-	**1,944.29**	**6.53**	-	-	-
49	**Assets not covered for GAR calculation**	**438.76**														
50	**Central governments and Supranational issuers**	**320.71**														
51	**Central banks exposure**	**118.05**														
52	**Trading book**	-														
53	**Total assets**	**3,732.52**	-	-	-	-	-	-	-	-	-	**1,944.29**	**6.53**	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	78.64	-	-	-	-	-	-	-	-	-	8.48	2.18	-	-	-
56	Of which debt securities	41.01	-	-	-	-	-	-	-	-	-	5.01	1.52	-	-	-
57	Of which equity instruments	24.40	-	-	-	-	-	-	-	-	-	3.52	0.17	-	-	-

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

1.Assets for the calculation of GAR (CapEx) (T-1)

		a	b	c	d	e	f	g	h	i	j	ab	ac	ad	ae	af
		Disclosure reference date T														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Million EUR	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	**2,080.30**	-	-	-	-	-	-	-	-	-	1,922.17	9.11	-	-	-
2	**Financial undertakings**	71.90	-	-	-	-	-	-	-	-	-	2.85	-	-	-	-
3	Credit institutions	19.96	-	-	-	-	-	-	-	-	-	2.85	-	-	-	-
4	Loans and advances	5.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	8.03	-	-	-	-	-	-	-	-	-	2.85	-	-	-	-
6	Equity instruments	6.86	-	-		-	-	-	-		-	-	-		-	-
7	Other financial corporations	51.94	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
12	of which management companies	0.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	0.25	-	-		-	-	-	-		-	-	-		-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
20	**Non-financial undertakings**	118.99	-	-	-	-	-	-	-	-	-	32.15	9.11	-	-	-
21	Loans and advances	110.90	-	-	-	-	-	-	-	-	-	25.81	7.36	-	-	-
22	Debt securities, including UoP	8.09	-	-	-	-	-	-	-	-	-	6.34	1.75	-	-	-
23	Equity instruments	-	-	-		-	-	-	-		-	-	-		-	-
24	**Households**	1,887.18	-	-	-	-	-	-	-	-	-	1,887.18	-	-	-	-
25	of which loans collateralised by residential immovable	1,717.94	-	-	-	-	-	-	-	-	-	1,717.94	-	-	-	-
26	of which building renovation loans	113.62	-	-	-	-	-	-	-	-	-	113.62	-	-	-	-
27	of which motor vehicle loans	-	-	-	-	-	-					-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	2.23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	1,213.46	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Financial and Non-financial undertakings**	987.93														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	806.95														
35	Loans and advances	790.59														
36	of which loans collateralised by commercial	570.37														
37	of which building renovation loans	-														
38	Debt securities	13.19														
39	Equity instruments	3.17														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	180.98														
41	Loans and advances	84.60														
42	Debt securities	96.38														
43	Equity instruments	-														
44	**Derivatives**	**0.54**														
45	**On demand interbank loans**	**54.24**														
46	**Cash and cash-related assets**	**13.03**														
47	**Other categories of assets (e.g. Goodwill,**	**157.72**														
48	**Total GAR assets**	**3,293.76**	-	-	-	-	-	-	-	-	-	**1,922.17**	**9.11**	-	-	-
49	**Assets not covered for GAR calculation**	**438.76**														
50	**Central governments and Supranational**	**320.71**														
51	**Central banks exposure**	**118.05**														
52	**Trading book**	-														
53	**Total assets**	**3,732.52**	-	-	-	-	-	-	-	-	-	**1,922.17**	**9.11**	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Assets under management	78.64	-	-	-	-	-	-	-	-	-	6.35	4.62	-	-	-
56	Of which debt securities	41.01	-	-	-	-	-	-	-	-	-	2.66	3.08	-	-	-
57	Of which equity instruments	24.40	-	-	-	-	-	-	-	-	-	3.69	1.49	-	-	-

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 2: GAR Sector information

Template 2 presents eligible and aligned exposures in the banking book to non-financial counterparties subject to NFRD/CSRD, broken down by sector of economic activities based on the NACE code of the principal activity of the immediate counterparty

2. GAR sector information (Turnover)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				OTAL (CCM + CCA + WTR + CE + PPC + BIO			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC	Mn EUR	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC
1	K63.10 - Computing infrastructure, data processing, hosting and r	26.81	-			26.81	-			26.81	-			26.81	-			26.81	-			26.81	-			26.81	-		
2	C29.32 - Manufacture of other parts and accessories for motor	13.47	1.78			13.47	-			13.47	-			13.47	-			13.47	-			13.47	-			13.47	1.78		
3	M68.20 - Rental and operating of own or leased real estate	10.79	-			10.79	-			10.79	-			10.79	-			10.79	-			10.79	-			10.79	-		
4	C29.10 - Manufacture of motor vehicles	8.09	1.17			8.09	-			8.09	-			8.09	-			8.09	-			8.09	-			8.09	1.17		
5	C27.90 - Manufacture of other electrical equipment	8.06	1.53			8.06	-			8.06	-			8.06	-			8.06	-			8.06	-			8.06	1.53		
6	N71.11 - Architectural activities	7.16	0.79			7.16	0.14			7.16	-			7.16	-			7.16	-			7.16	-			7.16	0.93		
7	C28.22 - Manufacture of lifting and handling equipment	7.07	-			7.07	-			7.07	-			7.07	-			7.07	-			7.07	-			7.07	-		
8	C20.59 - Manufacture of other chemical products n.e.c.	6.77	-			6.77	-			6.77	-			6.77	-			6.77	-			6.77	-			6.77	-		
9	R86.10 - Hospital activities	6.08	-			6.08	-			6.08	-			6.08	-			6.08	-			6.08	-			6.08	-		
10	H49.12 - Other passenger rail transport	5.18	2.60			5.18	-			5.18	-			5.18	-			5.18	-			5.18	-			5.18	2.60		
11	C26 - Manufacture of computer, electronic and optical products	5.08	1.07			5.08	-			5.08	-			5.08	-			5.08	-			5.08	-			5.08	1.07		
12	C27.40 - Manufacture of lighting equipment	5.01	0.43			5.01	-			5.01	-			5.01	-			5.01	-			5.01	-			5.01	0.43		
13	R86.90 - Other human health activities	5.00	-			5.00	-			5.00	-			5.00	-			5.00	-			5.00	-			5.00	-		
14	C14.20 - Manufacture of other wearing apparel and accessories	4.02	-			4.02	-			4.02	-			4.02	-			4.02	-			4.02	-			4.02	-		
15	C27.51 - Manufacture of electric domestic appliances	3.06	2.12			3.06	-			3.06	-			3.06	-			3.06	-			3.06	-			3.06	2.12		
16	H52.10 - Warehousing and storage	3.00	-			3.00	-			3.00	-			3.00	-			3.00	-			3.00	-			3.00	-		
17	L64.91 - Financial leasing	2.37	-			2.37	-			2.37	-			2.37	-			2.37	-			2.37	-			2.37	-		
	Check against the ‹1 Covered assets-Turnover› tab	-	-			-	-			-	-			-	-			-	-			-	-			-	-		

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 2: GAR Sector information (continued)

2. GAR sector information (CapEx)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	ab
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				AL (CCM + CCA + WTR + CE + PPC +			
		Non-Financial corporates		SMEs and other NFC not		Non-Financial		SMEs and other NFC		Non-Financial		SMEs and other NFC		Non-Financial		SMEs and other NFC		Non-Financial		SMEs and other NFC		Non-Financial		SMEs and other NFC		Non-Financial		SMEs and other NFC	
	Breakdown by sector - NACE 4 digits level (code and label)	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (CCA)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (WTR)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (CE)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (PPC)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (BIO)	Mn EUR	Of which environmentally sustainable (CCM + CCA +	Mn EUR	Of which environmentally sustainable (CCM + CCA +
1	K63.10 - Computing infrastructure, data processing, hosting and related activities	26.81	-			26.81	-			26.81	-			26.81	-			26.81	-			26.81	-			26.81	-		
2	C29.32 - Manufacture of other parts and accessories for motor vehicles	13.47	1.85			13.47	-			13.47	-			13.47	-			13.47	-			13.47	-			13.47	1.85		
3	M68.20 - Rental and operating of own or leased real estate	10.79	-			10.79	-			10.79	-			10.79	-			10.79	-			10.79	-			10.79	-		
4	C29.10 - Manufacture of motor vehicles	8.09	2.02			8.09	-			8.09	-			8.09	-			8.09	-			8.09	-			8.09	2.02		
5	C27.90 - Manufacture of other electrical equipment	8.06	1.06			8.06	-			8.06	-			8.06	-			8.06	-			8.06	-			8.06	1.06		
6	N71.11 - Architectural activities	7.16	1.39			7.16	-			7.16	-			7.16	-			7.16	-			7.16	-			7.16	1.39		
7	C28.22 - Manufacture of lifting and handling equipment	7.07	-			7.07	-			7.07	-			7.07	-			7.07	-			7.07	-			7.07	-		
8	C20.59 - Manufacture of other chemical products n.e.c.	6.77	-			6.77	-			6.77	-			6.77	-			6.77	-			6.77	-			6.77	-		
9	R86.10 - Hospital activities	6.08	0.06			6.08	-			6.08	-			6.08	-			6.08	-			6.08	-			6.08	0.06		
10	H49.12 - Other passenger rail transport	5.18	1.92			5.18	-			5.18	-			5.18	-			5.18	-			5.18	-			5.18	1.92		
11	C26 - Manufacture of computer, electronic and optical products	5.08	0.81			5.08	-			5.08	-			5.08	-			5.08	-			5.08	-			5.08	0.81		
12	C27.40 - Manufacture of lighting equipment	5.01	0.43			5.01	-			5.01	-			5.01	-			5.01	-			5.01	-			5.01	0.43		
13	R86.90 - Other human health activities	5.00	-			5.00	-			5.00	-			5.00	-			5.00	-			5.00	-			5.00	-		
14	C14.20 - Manufacture of other wearing apparel and accessories	4.02	0.01			4.02	-			4.02	-			4.02	-			4.02	-			4.02	-			4.02	0.01		
15	C27.51 - Manufacture of electric domestic appliances	3.06	2.19			3.06	-			3.06	-			3.06	-			3.06	-			3.06	-			3.06	2.19		
16	H52.10 - Warehousing and storage	3.00	-			3.00	-			3.00	-			3.00	-			3.00	-			3.00	-			3.00	-		
17	L64.91 - Financial leasing	2.37	-			2.37	-			2.37	-			2.37	-			2.37	-			2.37	-			2.37	-		
	Check against the <1 Covered assets-CAPEX> tab	-	-			-	-			-	-			-	-			-	-			-	-			-	-		

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 3: GAR KPI Stock

Template 3 discloses the proportion of total covered assets funding Taxonomy relevant sectors in respect of both Taxonomy eligibility and Taxonomy alignment on a stock basis. The Bank's approach towards disclosing GAR KPI (stock) ratios in this template is based on the amounts of assets disclosed in Template 1, whereby each ratio's denominator is equal to the respective gross carrying amount of the particular counterparty type and asset class. This is in line with guidance provided in the respective sub-sections of section 1.2.1 of the Disclosures Delegated Act.

Template 3 also discloses the particular counterparty type and asset class captured in each relevant row as a proportion of the Bank's total assets.

3. GAR KPI stock (Turnover)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date T																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
% (compared to total covered assets in the denominator)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	93.29%	0.48%	0.01%	-	0.37%	0.02%	0.01%	-	0.01%	-	-	-	-	0.24%	-	-	-	-	-	-	-	0.00%	-	-	-	93.56%	0.49%	0.01%	-	0.37%	57.85%
2	**Financial undertakings**	4.79%	0.40%	0.32%	0.06%	0.02%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.80%	0.40%	0.32%	0.06%	0.02%	1.74%
3	Credit institutions	16.72%	1.39%	1.11%	0.23%	0.08%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.74%	1.39%	1.11%	0.23%	0.08%	0.50%
4	Loans and advances	27.42%	0.49%	-	0.03%	0.18%	0.24%	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.66%	0.52%	-	0.03%	0.18%	0.05%
5	Debt securities, including UoP	22.85%	2.17%	1.79%	0.36%	0.11%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22.85%	2.17%	1.79%	0.36%	0.11%	0.31%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.14%
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.24%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.01%
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	26.57%	9.04%	-	-	7.00%	0.45%	0.11%	-	0.11%	-	-	-	-	4.68%	-	-	-	-	-	-	-	0.01%	-	-	-	31.71%	9.15%	-	-	7.10%	3.03%
21	Loans and advances	18.09%	6.93%	-	-	6.93%	0.51%	0.12%	-	0.12%	-	-	-	-	4.89%	-	-	-	-	-	-	-	0.02%	-	-	-	23.51%	7.05%	-	-	7.05%	2.65%
22	Debt securities, including UoP	86.94%	24.11%	-	-	7.50%	-	-	-	-	-	-	-	-	3.18%	-	-	-	-	-	-	-	-	-	-	-	90.12%	24.11%	-	-	7.50%	0.37%
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
24	**Households**	100.00%	-	-	-	-	-	-	-	-					-	-	-	-									100.00%	-	-	-	-	53.01%
25	of which loans collateralised by residential immovable	100.00%	-	-	-	-	-	-	-	-					-	-	-	-									100.00%	-	-	-	-	0.58%
26	of which building renovation loans	100.00%	-	-	-	-	-	-	-	-					-	-	-	-									100.00%	-	-	-	-	0.15%
27	of which motor vehicle loans	-	-	-	-	-																										
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	0.07%
32	**Total GAR assets**	**63.16%**	**0.33%**	**0.01%**	**-**	**0.25%**	**0.02%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.17%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**63.35%**	**0.33%**	**0.01%**	**-**	**0.25%**	**85.45%**

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 3: GAR KPI Stock (Continued)

3. GAR KPI stock (CapEx)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
	% (compared to total covered assets in the denominator)	Disclosure reference date T																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	93.81%	0.50%	0.01%	-	0.34%	0.02%	-	-	-	-	-	-	-	0.24%	-	-	-	-	-	-	-	-	-	-	-	94.07%	0.50%	0.01%	-	0.34%	57.85%
2	**Financial undertakings**	4.86%	0.45%	0.32%	0.07%	0.04%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.87%	0.45%	0.32%	0.07%	0.04%	1.74%
3	Credit institutions	16.97%	1.58%	1.11%	0.25%	0.15%	0.03%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17.00%	1.59%	1.11%	0.25%	0.15%	0.50%
4	Loans and advances	27.62%	0.77%	-	0.03%	0.31%	0.25%	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.87%	0.80%	-	0.03%	0.31%	0.05%
5	Debt securities, including UoP	23.22%	2.44%	1.79%	0.39%	0.20%	0.01%	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	-	0.00%	-	23.23%	2.45%	1.79%	0.39%	0.20%	0.31%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.14%
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.24%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	0.01%
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	36.33%	9.24%	-	0.02%	6.42%	0.28%	-	-	-	0.04%	-	-	-	4.68%	-	-	-	0.01%	-	-	-	-	-	-	-	41.34%	9.24%	-	0.02%	6.42%	3.03%
21	Loans and advances	27.73%	7.00%	-	-	5.70%	0.32%	-	-	-	0.04%	-	-	-	5.34%	-	-	-	0.00%	-	-	-	-	-	-	-	33.43%	7.00%	-	-	5.70%	2.65%
22	Debt securities, including UoP	97.57%	25.18%	-	0.15%	11.56%	-	-	-	-	-	-	-	-	-	-	-	-	0.06%	-	-	-	-	-	-	-	97.64%	25.18%	-	0.15%	11.56%	0.37%
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
24	**Households**	100.00%	-	-	-	-	-	-	-	-					-	-	-	-									100.00%	-	-	-	-	53.01%
25	of which loans collateralised by residential immovable	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	0.58%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-					-	-	-	-									-	-	-	-	-	0.15%
27	of which motor vehicle loans	-	-	-	-	-																										
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	0.07%
32	**Total GAR assets**	63.51%	0.34%	0.01%	-	0.23%	0.01%	-	-	-	-	-	-	-	0.17%	-	-	-	-	-	-	-	-	-	-	-	63.69%	0.34%	0.01%	-	0.23%	85.45%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 3: GAR KPI Stock (Continued)

3. GAR KPI stock (Turnover) (T-1)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae	af
	% (compared to total covered assets in the denominator)	Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	93.46%	0.31%	-	-	-	55.73%
2	**Financial undertakings**	-	-	-	-	-	-	-	-	-	48.18%	-	-	-	-	1.93%
3	Credit institutions	-	-	-	-	-	-	-	-	-	22.63%	-	-	-	-	0.53%
4	Loans and advances	-	-	-	-	-	-	-	-	-	5.13%	-	-	-	-	0.14%
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	34.65%	-	-	-	-	0.22%
6	Equity instruments	-	-		-	-	-	-		-	21.50%	-		-	-	0.18%
7	Other financial corporations	-	-	-	-	-	-	-	-	-	58.00%	-	-	-	-	1.39%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	5.80%	-	-	-	-	0.01%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	5.80%	-		-	-	0.01%
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	0.00%	-	-	-	-	0.00%
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	0.00%	-		-	-	0.00%
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	18.89%	5.49%	-	-	-	3.19%
21	Loans and advances	-	-	-	-	-	-	-	-	-	14.12%	5.12%	-	-	-	2.97%
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	84.21%	10.49%	-	-	-	0.22%
23	Equity instruments	-	-		-	-	-	-		-	0.00%	-		-	-	0.00%
24	**Households**	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	50.56%
25	of which loans collateralised by residential immovable	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	46.03%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	3.04%
27	of which motor vehicle loans	-	-	-	-	-										
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06%
32	**Total GAR assets**	-	-	-	-	-	-	-	-	-	59.03%	0.20%	-	-	-	88.25%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 3: GAR KPI Stock (Continued)

3. GAR KPI stock (CapEx) (T-1)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae	af
	% (compared to total covered assets in the denominator)	Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	92.40%	0.44%	-	-	-	55.73%
2	**Financial undertakings**	-	-	-	-	-	-	-	-	-	3.96%	-	-	-	-	1.93%
3	Credit institutions	-	-	-	-	-	-	-	-	-	14.25%	-	-	-	-	0.53%
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14%
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	35.45%	-	-	-	-	0.22%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	0.18%
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.39%
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01%
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	0.01%
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	27.02%	7.66%	-	-	-	3.19%
21	Loans and advances	-	-	-	-	-	-	-	-	-	23.27%	6.64%	-	-	-	2.97%
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	78.34%	21.61%	-	-	-	0.22%
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
24	**Households**	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	50.56%
25	of which loans collateralised by residential immovable	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	46.03%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	3.04%
27	of which motor vehicle loans	-	-	-	-	-										
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06%
32	**Total GAR assets**	-	-	-	-	-	-	-	-	-	58.36%	0.28%	-	-	-	88.25%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 4: GAR KPI Flow

Template 4 discloses the proportion of total covered assets funding Taxonomy relevant sectors in respect of both Taxonomy eligibility and Taxonomy alignment on a flow basis. The Bank's approach towards disclosing GAR (flow) KPI ratios in this template is based on the amounts of new covered assets throughout the financial year, whereby each ratio's denominator is equal to the respective gross carrying amount of the particular counterparty type and asset class. This is in line with guidance provided in the respective sub-sections of section 1.2.1 of the Disclosures Delegated Act. Taxonomy guidance requires that the Bank does not compute the numerator and denominator of the flow KPI as exposures on the disclosure reference date (T) less exposures on the prior period disclosure reference date (T-1) but requires newly incurred exposures to be considered without deducting the amounts of loan repayments or security disposals. Given this, in the case of row 32 'Total GAR assets', only Taxonomy eligible assets are considered in the GAR denominator, as per the header to the template which asks for % (compared to flow of total eligible assets). This is also since including non-eligible assets (referred to in Template 1 rows 44-47) would not necessarily result in a more accurate representation of financial flows throughout the reporting period.

4. GAR KPI flow (Turnover)

	% (compared to flow of total eligible assets)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date T																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation				Water and marine resources				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems				TOTAL (CCM + CCA + WTR + CE + PPC +					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	97.97%	0.20%	0.02%	0.00%	0.18%	0.00%	0.00%	-	-	-	-	-	-	0.24%	-	-	-	-	-	-	-	-	-	-	-	98.21%	0.20%	0.02%	0.00%	0.18%	77.79%
2	**Financial undertakings**	27.99%	3.31%	3.09%	0.01%	0.08%	0.11%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.09%	3.33%	3.09%	0.01%	0.08%	0.59%
3	Credit institutions	27.99%	3.31%	3.09%	0.01%	0.08%	0.11%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.09%	3.33%	3.09%	0.01%	0.08%	0.59%
4	Loans and advances	27.42%	0.49%	-	0.03%	0.18%	0.24%	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.66%	0.52%	-	0.03%	0.18%	0.26%
5	Debt securities, including UoP	28.44%	5.58%	5.58%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.44%	5.58%	5.58%	-	-	0.33%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	33.94%	7.85%	-	-	7.85%	-	-	-	-	-	-	-	-	10.52%	-	-	-	-	-	-	-	-	-	-	-	44.46%	7.85%	-	-	7.85%	1.75%
21	Loans and advances	21.36%	9.55%	-	-	9.55%	-	-	-	-	-	-	-	-	12.73%	-	-	-	-	-	-	-	-	-	-	-	34.09%	9.55%	-	-	9.55%	1.44%
22	Debt securities, including UoP	92.30%	-	-	-	-	-	-	-	-	-	-	-	-	0.29%	-	-	-	-	-	-	-	-	-	-	-	92.59%	-	-	-	-	0.31%
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
24	**Households**	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	75.45%
25	of which loans collateralised by residential immovable	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	5.98%
26	of which building renovation loans	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	0.35%
27	of which motor vehicle loans	-	-	-	-	-																					-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	-
32	**Total GAR assets**	**76.74%**	**0.16%**	**0.02%**	**0.00%**	**0.14%**	**0.00%**	**0.00%**	-	-	-	-	-	-	**0.19%**	-	-	-	-	-	-	-	-	-	-	-	**76.92%**	**0.16%**	**0.02%**	**0.00%**	**0.14%**	**99.31%**

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 4: GAR KPI Flow (continued)

4. GAR KPI flow (CapEx)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date T																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	% (compared to flow of total eligible assets)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator																															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	98.37%	0.17%	0.02%	0.00%	0.14%	0.00%	0.00%	-	-	-	-	-	-	0.02%	-	-	-	-	-	-	-	-	-	-	-	98.39%	0.17%	0.02%	0.00%	0.14%	77.79%
2	**Financial undertakings**	28.08%	3.44%	3.09%	0.01%	0.14%	0.11%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.19%	3.45%	3.09%	0.01%	0.14%	0.59%
3	Credit institutions	28.08%	3.44%	3.09%		0.14%	0.11%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.19%	3.45%	3.09%	-	0.14%	0.59%
4	Loans and advances	27.62%	0.77%	-	0.03%	0.31%	0.25%	0.03%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27.87%	0.80%	-	0.03%	0.31%	0.26%
5	Debt securities, including UoP	28.44%	5.58%	5.58%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.44%	5.58%	5.58%	-	-	0.33%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	51.84%	6.43%	-	-	5.98%	-	-	-	-	-	-	-	-	0.75%	-	-	-	-	-	-	-	-	-	-	-	52.59%	6.43%	-	-	5.98%	1.75%
21	Loans and advances	41.55%	7.82%	-	-	7.27%	-	-	-	-	-	-	-	-	0.91%	-	-	-	-	-	-	-	-	-	-	-	42.45%	7.82%	-	-	7.27%	1.44%
22	Debt securities, including UoP	99.60%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99.60%	-	-	-	-	0.31%
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-		-	-	-
24	**Households**	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	-
25	of which loans collateralised by residential	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.98%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.35%
27	of which motor vehicle loans																										-	-	-	-	-	
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	-
32	**Total GAR assets**	**76.74%**	**0.16%**	**0.02%**	**0.00%**	**0.14%**	**0.00%**	**0.00%**	-	-	-	-	-	-	**0.19%**	-	-	-	-	-	-	-	-	-	-	-	**76.92%**	**0.16%**	**0.02%**	**0.00%**	**0.14%**	**99.31%**

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 4: GAR KPI Flow (continued)

4. GAR KPI flow (Turnover) (T-1)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae	af
	% (compared to flow of total eligible assets)	Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	-	-	-	-	-	-	-	-	-	90.61%	0.57%	-	-	-	59.44%
2	**Financial undertakings**	-	-	-	-	-	-	-	-	-	21.50%	-	-	-	-	0.68%
3	Credit institutions	-	-	-	-	-	-	-	-	-	21.50%	-	-	-	-	0.68%
4	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	1.14%
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	-	-	-	-	-	-	-	-	-	19.85%	5.40%	-	-	-	6.30%
21	Loans and advances	-	-	-	-	-	-	-	-	-	19.85%	5.40%	-	-	-	6.30%
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
24	**Households**	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	52.46%
25	of which loans collateralised by residential immovable	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	37.41%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	7.54%
27	of which motor vehicle loans	-	-	-	-	-					-	-	-	-	-	-
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	-	-	-	-	-	-	-	-	-	53.86%	0.34%	-	-	-	100.00%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 4: GAR KPI Flow (continued)

4. GAR KPI flow (CapEx) (T-1)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae	af
% (compared to flow of total eligible assets)		Disclosure reference date T														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	98.37%	0.17%	0.02%	-	0.14%	-	-	-	-	98.39%	0.17%	0.02%	-	0.14%	77.79%
2	**Financial undertakings**	28.08%	3.44%	3.09%	0.01%	0.14%	0.11%	0.01%	-	-	28.19%	3.45%	3.09%	0.01%	0.14%	0.59%
3	Credit institutions	28.08%	3.44%	3.09%		0.14%	0.11%	0.01%	-	-	28.19%	3.45%	3.09%	-	0.14%	0.59%
4	Loans and advances	27.62%	0.77%	-	0.03%	0.31%	0.25%	0.03%	-	-	27.87%	0.80%	-	0.03%	0.31%	0.26%
5	Debt securities, including UoP	28.44%	5.58%	5.58%	-	-	-	-	-	-	28.44%	5.58%	5.58%	-	-	0.33%
6	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
20	**Non-financial undertakings**	51.84%	6.43%	-	-	5.98%	-	-	-	-	52.59%	6.43%	-	-	5.98%	1.75%
21	Loans and advances	41.55%	7.82%	-	-	7.27%	-	-	-	-	42.45%	7.82%	-	-	7.27%	1.44%
22	Debt securities, including UoP	99.60%	-	-	-	-	-	-	-	-	99.60%	-	-	-	-	0.31%
23	Equity instruments	-	-		-	-	-	-		-	-	-		-	-	-
24	**Households**	100.00%	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	-
25	of which loans collateralised by residential immovable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.98%
26	of which building renovation loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.35%
27	of which motor vehicle loans										-	-	-	-	-	
28	**Local governments financing**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	100.00%	-	-	-	-	-	-	-	-	100.00%	-	-	-	-	-
32	**Total GAR assets**	76.74%	0.16%	0.02%	-	0.14%	-	-	-	-	76.92%	0.16%	0.02%	-	0.14%	99.31%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 5: KPI off-balance-sheet exposures

Template 5 presents eligible and aligned off-balance sheet exposures as a proportion of covered assets by Taxonomy environmental objective. The covered assets forming the denominator of each ratio is the respective off-balance sheet exposure relating to the Bank's assets under management, including exposures with both NFRD/CSRD and non-NFRD/CSRD counterparties while excluding exposures to central governments, central banks and supranational issuers.

In the case of assets under management which are funds, these are treated as non-NFRD/CSRD entities since the Bank does not look through to underlying investees regarding their status as NFRD/CSRD entities, given data limitations.

5. KPI off-balance sheet exposures (Turnover) (Stock)

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)	Disclosure reference date T																													
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	26.78%	6.02%	0.05%	0.84%	2.51%	0.11%	-	-	-	0.03%	0.02%	-	-	3.34%	0.03%	-	-	2.08%	0.05%	-	-	1.20%	-	-	-	33.54%	6.12%	0.05%	0.84%	2.51%

5. KPI off-balance sheet exposures (Turnover) (Flow)

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)	Disclosure reference date T																													
	Climate Change Mitigation (CCM)					Climate Change Adaptation				Water and marine resources				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems				TOTAL (CCM + CCA + WTR + CE + PPC +				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	39.05%	7.31%	0.01%	1.75%	2.64%	0.03%	0.00%	-	0.00%	0.10%	0.07%	-	0.01%	12.39%	0.11%	-	-	0.38%	0.19%	-	-	-	-	-	-	51.94%	7.68%	0.01%	1.75%	2.65%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 5: KPI off-balance-sheet exposures (continued)

5. KPI off-balance sheet exposures (CapEx) (Stock)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
	% (compared to total eligible off-balance sheet assets)	Disclosure reference date T																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	35.26%	10.34%	0.05%	1.15%	4.37%	0.05%	-	-	-	0.03%	0.02%	-	-	2.95%	0.03%	-	-	1.80%	0.05%	-	-	-	-	-	-	40.08%	10.44%	0.05%	1.15%	4.37%

5. KPI off-balance sheet exposures (CapEx) (Flow)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
	% (compared to total eligible off-balance sheet assets)	Disclosure reference date T																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	42.12%	9.72%	0.01%	2.19%	4.47%	0.02%	0.00%	-	0.00%	0.10%	0.07%	-	0.01%	9.93%	0.11%	-	-	0.32%	0.19%	-	-	-	-	-	-	52.50%	10.10%	0.01%	2.19%	4.48%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 5: KPI off-balance-sheet exposures (continued)

5. KPI off-balance sheet exposures (Turnover) (Stock) (T-1)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae
	% (compared to total eligible off-balance sheet assets)	Disclosure reference date T													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	10.79%	2.77%	-	-	-

5. KPI off-balance sheet exposures (Turnover) (Flow) (T-1)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae
	% (compared to total eligible off-balance sheet assets)	Disclosure reference date T													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	0.00%	-	-	-	0.00%
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	21.71%	6.93%	-	-	0.00%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

Template 5: KPI off-balance-sheet exposures (continued)

5. KPI off-balance sheet exposures (CapEx) (Stock) (T-1)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)		Disclosure reference date T													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	8.07%	5.87%	-	-	-

5. KPI off-balance sheet exposures (CapEx) (Flow) (T-1)

		a	b	c	d	e	f	g	h	i	aa	ab	ac	ad	ae
% (compared to total eligible off-balance sheet assets)		Disclosure reference date T													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	20.3%	19.2%	-	-	-

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates - Annex XII

The following are the templates to be disclosed by credit institutions, such requirement emanating from Annex XII of the Disclosures Delegated Act.

Template 1: Nuclear and fossil gas related activities (T)

Template 1 indicates whether, or not, the Bank has exposures to nuclear energy and fossil gas related activities, based on its counterparties' disclosures in this respect. In the current financial year, the Bank does not have any on-balance sheet exposures to counterparties which carry out nuclear energy and fossil gas related activities and that are also required to disclose templates relating to the Complementary Climate Delegated Act. The Bank does, however, have off-balance sheet exposures to such entities through its assets under management. The Bank consequently only discloses the remainder of the nuclear and fossil gas related templates found in Annex XII of the Disclosures Delegated Act (Templates 2 - 5) in respect of such off-balance sheet exposures. In this regard, the Bank only considers such off-balance sheet exposures towards non-financial undertakings which carry out nuclear and fossil gas related activities and does not consider off-balance sheet exposures towards financial undertakings, such as credit institutions, which fund such economic activities, due to data limitations. Furthermore, such templates are only disclosed on a stock, and not flow, basis, given data limitations.

Row	**Nuclear energy related activities**	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	YES

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates - Annex XII (continued)

Template 1: Nuclear and fossil gas related activities (T-1)

This template discloses the Bank's exposures to nuclear energy and fossil gas related activities, as outlined above, based on the Bank's prior period reporting.

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	NO

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates - Annex XII (continued)

Template 2: Nuclear and fossil gas related activities

The following templates present the Bank's exposures to nuclear and gas activities 4.26 to 4.31, as defined in Annex XII of the Disclosures Delegated Act, covering Taxonomy aligned activities in the denominator in relation to assets under management. The templates have been duplicated to present the information separately based on Turnover and CapEx KPIs as reported by the Bank's counterparties.

Template 2 (Turnover)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)	
		CCM + CCA	
		Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	799,936	3.30%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2,500	0.01%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2,383	-
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3,574	0.01%

Template 2 (CapEx)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)	
		CCM + CCA	
		Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3,073	0.01%
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	89,824	0.37%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	590,161	2.43%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	24,594	0.10%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	35,225	0.15%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,191	-

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates - Annex XII (continued)

Template 3: Nuclear and fossil gas related activities

The following templates present the Bank's exposures to nuclear and gas activities 4.26 to 4.31, as defined in Annex XII of the Disclosures Delegated Act, covering Taxonomy aligned activities in the numerator in relation to assets under management. The templates have been duplicated to present the information separately based on Turnover and CapEx KPIs as reported by the Bank's counterparties.

Template 3 (Turnover)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)	
		(CCM+CCA)	
		Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	385	-
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1,563,654	6.44%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	360,010	1.48%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	5,957	0.02%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	9,531	0.04%

Template 3 (CapEx)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)	
		(CCM+CCA)	
		Amount	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	-
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	45,512	1.22%
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	267,526	7.16%
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	114,890	3.08%
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	35,457	0.95%
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1,429	0.04%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates - Annex XII (continued)

Template 4: Nuclear and fossil gas related activities

The following templates present the Bank's exposures to nuclear and gas activities 4.26 to 4.31, as defined in Annex XII of the Disclosures Delegated Act, covering Taxonomy eligible but not Taxonomy aligned activities in the numerator in relation to assets under management. The templates have been duplicated to present the information separately based on Turnover and CapEx KPIs as reported by the Bank's counterparties.

Template 4 (Turnover)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)	
		(CCM+CCA)	
		Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	118,415	0.49%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	720,824	2.97%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	591,139	2.44%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	92,578	0.38%

Template 4 (CapEx)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)	
		(CCM+CCA)	
		Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	10,247	0.04%
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	534,243	2.20%
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	481,841	1.99%
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	190,254	0.78%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates - Annex XII (continued)

Template 5: Nuclear and fossil gas related activities

The following templates present the Bank's exposures to Taxonomy non-eligible nuclear and gas activities, as defined in Annex XII of the Disclosures Delegated Act. The templates have been duplicated to present the information separately based on Turnover and CapEx KPIs as reported by the Bank's counterparties.

Template 5 (Turnover)

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	139,807	0.58%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	16,866,358	69.49%
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	17,005,806	70.06%

Template 5 (CapEx)

Row	Economic activities	Amount	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	499,112	2.06%
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	91,203	0.38%
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	38	-
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-
7.	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	14,728,884	60.68%
8.	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	15,318,000	63.11%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates – Annex IV

This section outlines the template to be disclosed by the bank covering its asset management activities, such requirement emanating from Annex IV of the Disclosures Delegated Act.

Template for the KPI of Asset Managers

This template discloses the eligible and aligned value of investments, both as a proportion of covered assets, and in absolute terms. Further additional complementary disclosures are provided through the breakdown of the KPI in respect of the numerator and denominator. A comparative template is not published considering this is the first year of reporting such a template.

The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities **relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings per below:		The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below:		
Turnover-based: %	2.48%	Turnover-based:	€	5,091,771.23
CapEx-based: %	4.23%	CapEx-based:	€	8,689,387.73
The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities.		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.		
Coverage ratio: %	69.92%	Coverage:	€	205,258,904.97
Additional, complementary disclosures: breakdown of **denominator** of the KPI				
The percentage of derivatives relative to total assets covered by the KPI.	-	The value in monetary amounts of derivatives:.	€	-
The proportion of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/ 34/EU** over total assets covered by the KPI:		Value of **exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**:		
For non-financial undertakings:	13.90%	For non-financial undertakings:	€	28,534,024.42
For financial undertakings:	3.30%	For financial undertakings:	€	6,783,244.15
The proportion of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of exposures **to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**:		
For non-financial undertakings:	22.68%	For non-financial undertakings:	€	46,556,935.53
For financial undertakings:	7.78%	For financial undertakings:	€	15,962,803.66
The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**:		
For non-financial undertakings:	26.06%	For non-financial undertakings:	€	53,486,817.32
For financial undertakings:	14.48%	For financial undertakings:	€	29,719,190.50
The proportion of **exposures to other counterparties and assets** over total assets covered by the KPI:	11.80%	Value of **exposures to other counterparties and assets:**	€	24,215,889.37
The value of all the investments that are funding **economic activities that are not taxonomy-eligible** relative to the value of total assets covered by the KPI:	59.46%	Value of all the investments that are funding **economic activities that are not taxonomy-eligible**:	€	122,052,897.14
The value of all the investments that are funding taxonomy-eligible economic activities, **but not taxonomy-aligned relative to the value** of total assets covered by the KPI:	12.29%	Value of all the investments that are funding Taxonomy-eligible economic activities, **but not taxonomy-aligned:**	€	25,229,202.88

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates – Annex IV (continued)

Template for the KPI of Asset Managers (continued)

Additional, complementary disclosures: breakdown of **numerator** of the KPI				
The proportion of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**:		
For non-financial undertakings:		**For non-financial undertakings:**		
Turnover-based: %	2.34%	Turnover-based:	€	4,793,104.62
Capital expenditures-based: %	4.06%	Capital expenditures-based:	€	8,339,416.86
For financial undertakings:		**For financial undertakings:**		
Turnover-based: %	0.15%	Turnover-based:	€	298,666.61
Capital expenditures-based: %	0.17%	Capital expenditures-based:	€	349,970.88
The proportion of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI:		Value of **Taxonomy-aligned exposures to other counterparties and assets**:		
Turnover-based: %	-	Turnover-based:	€	-
Capital expenditures-based: %	-	Capital expenditures-based:	€	-

Breakdown of the numerator of the KPI per environmental objective				
Taxonomy-aligned activities –:				
		Total: %	Transitional activities: %	Enabling activities: %
(1) Climate change mitigation	Turnover: %	2.44%	0.34%	1.02%
	CapEx:%	4.19%	0.47%	1.77%
(2) Climate change adaptation	Turnover: %	-	-	-
	CapEx:%	-	-	-
(3) The sustainable use and protection of water and marine resources	Turnover: %	-	-	-
	CapEx:%	-	-	-
(4) The transition to a circular economy	Turnover: %	0.01%	-	-
	CapEx:%	0.01%	-	-
(5) Pollution prevention and control	Turnover: %	0.02%	-	-
	CapEx:%	0.02%	-	-
(6) The protection and restoration of biodiversity and ecosystems	Turnover: %	-	-	-
	CapEx:%	-	-	-

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates – Annex VIII

This section outlines the templates to be disclosed by investment firms (IF), such requirement emanating from Annex IV of the Disclosures Delegated Act.

Template 0: Summary of KPIs to be disclosed by investment firms under Article 8 Taxonomy Regulation

Template 0 summarises the KPIs required to be disclosed by the Bank as an investment firm.

0. **Summary of KPIs to be disclosed by investment firms under Article 8 Taxonomy Regulation**

		Total environmentally sustainable assets (Turnover)	Total environmentally sustainable assets (CapEx)	KPI (***)	KPI (****)	% coverage (over total assets) (**)
Main KPI (for dealing on own account)	Green asset ratio	5.09	8.69	6.12%	10.44%	69.92%
		Total revenue from environmentally sustainable services and activities (Turnover)	Total revenue from environmentally sustainable services and activities (CapEx)	KPI	KPI	% coverage (over total revenue)
Main KPI (for services and activities other than dealing on own account)	KPI on Revenue (*)	0.01	0.01	1.93%	4.21%	32.10%

(*) Fees, commissions and other monetary benefits.
(**) % of assets covered by the KPI over total assets.
(***) Based on the Turnover KPI of the counterparty.
(****) Based on the CapEx KPI of the counterparty.

Template 1: Dealing on own account services

Template 1 discloses the eligible and aligned asset balances related to investment services provided on own account. The Bank does not have asset amounts to report on own behalf (row 2) but on behalf of clients (row 3).

IF template 1 Turnover

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y
				Disclosure reference date T																						
				Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	% (compared to total covered assets in the denominator)	Total (Million EUR)	Of which covered by the KPI (Million EUR)	Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)				Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)			Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)			
					Of which linked to activities				Of which linked to			Of which linked to			Of which linked to			Of which linked to			Of which linked to			Of which linked to activities		
						Of which transitional (%)	Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which transitional (%)	Of which enabling (%)
1	Total assets invested under investment firms' activities dealing on own account (as per Section A of Annex I to Directive 2014/65/EU)																									
2	Of which: on own behalf	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Of which: on behalf of clients	293.55	205.26	26.78%	6.02%	0.84%	2.51%	0.11%	-	-	0.03%	0.02%	-	3.34%	0.03%	-	2.08%	0.05%	-	1.20%	-	-	33.54%	6.12%	0.84%	2.51%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates – Annex VIII (continued)

Template 1: Dealing on own account services (continued)

IF template 1 Capex

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y
				Disclosure reference date T																						
				Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
% (compared to total covered assets in the denominator)		Total (Million EUR)	Of which covered by the KPI (Million EUR)	Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which transitional (%)	Of which enabling (%)	Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which enabling (%)	Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which enabling (%)	Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which enabling (%)	Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which enabling (%)	Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which enabling (%)	Of which assets covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which transitional (%)	Of which enabling (%)
1	Total assets invested under investment firms' activities dealing on own account (as per Section A of Annex I to Directive 2014/65/EU)																									
2	Of which: on own behalf	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Of which: on behalf of clients	293.55	205.26	35.26%	10.34%	1.15%	4.37%	0.05%	-	-	0.03%	0.02%	-	2.95%	0.03%	-	1.80%	0.05%	-	-	-	-	40.08%	10.44%	1.15%	4.37%

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates – Annex VIII (continued)

Template 2: Other services

Template 2 discloses the eligible and aligned revenue i.e. fees, commissions, and other monetary benefits earned by the group as an investment service provider for the respective services outlined in each row. Only trade commissions earned can be considered for Taxonomy eligibility and Taxonomy alignment in this report, considering that other revenue such as custody fees, coupon charges, and management fees are currently not able to be discerned on the basis of each underlying counterparty.

IF template 2 Turnover

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y
			Disclosure reference date T																						
			Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
% (compared to total covered assets in the denominator)	Total (Million EUR)	Of which covered by the KPI (Million EUR)	Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which transitional (%)	Of which enabling (%)	Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which enabling (%)	Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which enabling (%)	Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which enabling (%)	Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%)	Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-	Of which enabling (%)	Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which enabling (%)	Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%) (Taxonomy Eligible)	Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)	Of which transitional (%)	Of which enabling (%)
1 **Revenue (i.e fees, commissions and other monetary benefits) from investment and activities other than dealing on own account**	**1.77**	**0.57**	-	-	-	-	-	-	-	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	-	-	-	-
2 Reception And Transmission Of Orders In Relation To One Or More Financial	0.46	0.04	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
3 Execution Of Orders On Behalf Of Clients	0.02	0.01	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
4 Portfolio Management	0.74	0.07	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	0.00%	0.00%	-	-	-	-	-	-	-	-
5 Investment Advice	0.55	0.45	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	0.00%	-	-	-	-	-	-	-	-	-
6 Underwriting Of Financial Instruments And/Or Placing Of Financial Instruments On A Firm Commitment Basis																									
7 Placing Of Financial Instruments Without A Firm Commitment Basis																									
8 Operation Of An MTF																									
9 Operation Of An OTF																									

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates – Annex VIII (continued)

Template 2: Other services (continued)

IF template 2 CAPEX

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y
				Disclosure reference date T																						
	% (compared to total covered assets in the denominator)	Total (Million EUR)	Of which covered by the KPI (Million EUR)	Climate Change Mitigation (CCM)				Climate Change Adaptation			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
				Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%) (Taxonomy Eligible)				Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU			Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%)			Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%)			Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%) (Taxonomy Eligible)			Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%)			Of which Revenue (fees, commissions and other monetary benefits) from services and activities towards sectors covered by the EU Taxonomy (%) (Taxonomy Eligible)			
					Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)				Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)			Of which from services and activities linked to activities aligned with the EU Taxonomy (%) (Taxonomy-aligned)		
						Of which transitional (%)	Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which enabling (%)			Of which transitional (%)	Of which enabling (%)
1	**Revenue (i.e fees, commissions and other monetary benefits) from investment and activities other than dealing on own account (as per Section A of Annex I to**	**1.77**	**0.57**	-	-	-	-	-	-	-	0.00%	-	-	0.00%	-	-	0.00%	-	-	-	-	-	-	-	-	-
2	Reception And Transmission Of Orders In Relation To One Or More Financial Instruments	0.46	0.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Execution Of Orders On Behalf Of Clients	0.02	0.01	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Portfolio Management	0.74	0.07	-	-	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	0.00%	-	-	-	-	-	-	-	-	-
5	Investment Advice	0.55	0.45	-	-	0.00%	-	-	-	-	-	-	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
6	Underwriting Of Financial Instruments And/Or Placing Of Financial Instruments On A Firm																									
7	Placing Of Financial Instruments Without A Firm Commitment Basis																									
8	Operation Of An MTF																									
9	Operation Of An OTF																									

CONSOLIDATION DISCLOSURES PURSUANT TO ARTICLE 8 OF THE EU TAXONOMY REGULATION (continued)

EU Taxonomy templates – Annex VIII (continued)

Consolidated weighted average KPI

Consolidated weighted average KPI template

Weighted Average Of KPIs On Taxonomy-Aligned Activities Of Groups

			KPI per Business segment			
	Revenue (Million €)	**Proportion of total group revenue (A)**	**KPI turnover based (B)**	**KPI CapEx based (C)**	**KPI turnover based weighted (A*B)**	**KPI CapEx based weighted (A*C)**
Asset Management	0.74	0.70%	6.12%	10.44%	0.04%	0.07%
Credit Institutions	104.16	98.33%	0.33%	0.34%	0.32%	0.33%
Investment firms	1.03	0.97%	1.93%	4.21%	0.02%	0.04%
Total	105.93	100.00%				
Average KPI					**0.38%**	**0.44%**

FINANCIAL OVERVIEW

INCOME STATEMENT

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). Whilst performance improved progressively throughout the year, results were lower when compared to those of 2023 primarily due to the contraction in net interest income brought about by margin compressions on loans and deposits.

a) Net Interest Income generated 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. Growth was seen across retail and commercial product lines, mostly on an increase in the loan portfolios. Interest expense increased to €49.2 million, over the €32.1 million of the comparative year with the increase reflecting the higher MREL funding cost and the pass-through of interest rates to depositors.

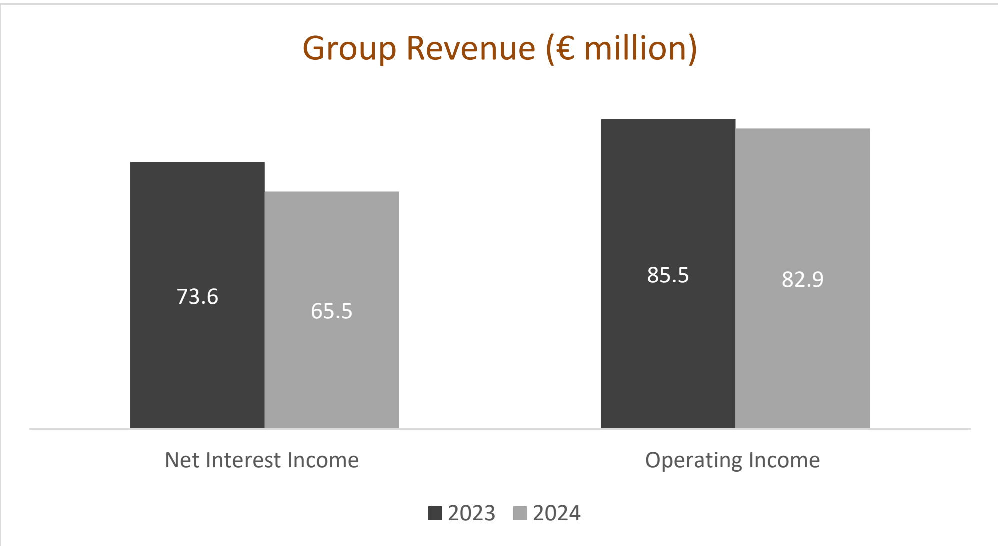
b) Net fee and commission income rose by 7.3% to a total net income of €8.9 million from the €8.3 million recorded for 2023. This is a reflection of the overall business growth in the business activity of the Group, particularly driven by investment services and card related transactions.

c) Other income generated for the year amounted to €8.4 million, significantly higher by €4.9 million over last year. This is mainly attributable to €4.8 million uplift in the valuation of investment properties carried at fair value.

d) Net impairment losses of €3.0 million for 2024 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, higher 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 the cost of deposit insurance, 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.



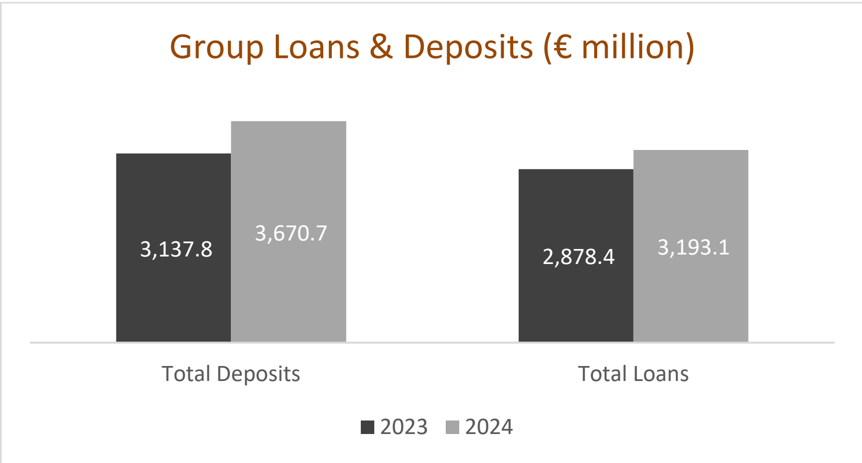
FINANCIAL OVERVIEW (continued)

FINANCIAL POSITION

g) The Group's total assets/liabilities base as of 31 December 2024 reached €4.2 billion, surpassing the €4 billion mark during the year. This is €500.0 million higher than the balances reported for 31 December 2023. Key contributors to this expansion include:
  - The growth in net loans and advances to customers and syndicated loans which taken together had an expansion of €314.7 million.
  - Increase in cash and balances with the Central Bank of Malta by €248.6 million reaching a balance of €379.7 million.
  - Counterbalancing this growth on the assets side, was the contraction in the debt and fixed income instruments portfolio. Balance as at end of the reporting period was €387.0 million, lower by €55.0 million over the €442.0 million reported as at the end of 2023. The Bank's Liquidity Coverage Ratio (LCR) at the end of the year stood at 197.4%, an increase of 57.3% from the 140.1% reported in December 2023.
  - Customer deposits grew by €532.8 million to a balance of €3.7 billion, mainly attributable to new term deposit funding and new Kapital Plus issuances.
  - Countering the increase in liabilities was the reduction of amounts owed to banks which reduced to a balance of €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 a balance of €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 value 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 to be determined and announced. 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 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

OUTLOOK

2025 started with encouraging indications of economic stabilisation at a global level with policy makers and monetary authorities feeling more confident at keeping inflation under control. However, the escalation in geopolitical tensions and adverse trade policy shifts are creating uncertainty at unprecedented levels, leading to an unpredictable political and economic order. Amidst this complex picture, the Maltese economy is again promising a fairly positive outlook led by strong domestic demand and export performance, with key sectors like tourism, financial and online services and emerging tech industries largely contributing to this growth. The unemployment rate is projected to remain low at 3.1%, and inflation expected to moderate to 2.2%.

The APS Bank strategy remains focused on delivering simpler banking through better products and digital offerings and enhancing the overall customer experience. As detailed in the 2025-2027 Business Plan, the strategic priorities continue to look at growth driven by strengthening the resources of capital, funding, talent, innovation, and operational resilience, while maintaining an emphasis on the sustainability and social responsibility agenda. At the same time, we shall also step up the measures to improve our margins and core revenues, from an enlarged customer base across the main business segments of retail and commercial banking, investment services and pensions. The need to gain scale and scope from the significant transformational investment we have been making in recent years is also a top priority, and we firmly believe this to be in the best interests of consumers and the market in general, and the Bank's and Group's stakeholders in particular.

GOING CONCERN

The financial statements are prepared on a going concern basis. The Group prepared financial plans for the next three years addressing the Group's strategic objectives, operating performance, risks, capital and liquidity. As required by the Companies Act (Cap 386) and the Capital Markets Rule 5.62, the Directors having considered the financial performance and position of the Company and its future outlook deem that the Group is able to continue operating as a going concern for the foreseeable future.

STATEMENT OF RESPONSIBILITY

This Statement of Responsibility is required in terms of the Companies Act (Cap 386) and the Capital Markets Rule 5.55.2 and set out in the form required by Capital Markets Rules 5.67 to 5.69.

The Companies' Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Bank at end of each financial year and of its profit or loss for that financial year in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time, the financial position of the Group and the Bank and which enable them to ensure that the financial statements comply with the Companies Act and the Banking Act. The Directors are also responsible for ensuring that:

- Appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgments and estimates;
- The financial statements are prepared on a going concern basis; and
- Account has been taken of income and charges relating to the accounting period, irrespective of the date of receipt or payment.

The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors, through oversight of Management, are responsible to ensure that the Group establishes and maintains internal controls to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

STATEMENT OF RESPONSIBILITY (continued)

Additionally, the Directors are responsible for:

- The preparation and publication of the Annual Financial Report, including the consolidated financial statements and the relevant tagging requirements therein, as required by Capital Markets Rule 5.56A, in accordance with the requirements of the European Single Electronic Format Regulatory Technical Standard as specified in the Commission Delegated Regulation (EU) 2019/815 (the ESEF RTS);
- Designing, implementing, and maintaining internal controls relevant to the preparation of the Annual Financial Report that is free from material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error; and
- Consequently, for ensuring the accurate transfer of the information in the Annual Financial Report into a single electronic reporting format.

DISCLOSURE IN TERMS OF THE SIXTH SCHEDULE TO THE COMPANIES' ACT

During the financial year ended 31 December 2024, no shares in the Bank were:

- Purchased by the Bank itself or acquired by it by forfeiture or surrender or otherwise;
- Acquired by another person in circumstances where the acquisition was the Bank's nominee, or by another with the Bank's financial assistance, the Bank itself having a beneficial interest; or
- Pledged or made subject to other privileges, to a hypothec or to any other charge in favour of the Bank.

STANDARD LICENCE CONDITIONS

a) In February 2023, the Bank paid an administrative penalty to the FIAU amounting to €228,706. The penalty was applied following an inspection which was carried out in 2020. The Bank had fully cooperated with the FIAU during the inspection and had taken immediate remedial action soon after the review was concluded. The Bank did not appeal this decision and settled the penalty once notification was received.

   There were no breaches of licence requirements nor any other regulatory sanctions against the Bank.

b) In accordance with Standard Licence Condition 7.28 and R1-2.1.3 of the Investment Services Guidelines issued by the MFSA, licence holders are required to disclose any regulatory breaches of the Standard Licence Conditions in their annual report.

During the year under review, there were no such regulatory breaches nor were any regulatory sanctions imposed on the Group by the MFSA.

AUDITORS

Deloitte Audit Limited have signified their willingness to continue in office as auditors of the Group and a resolution proposing their reappointment will be put to the AGM.

The Directors' report was signed on behalf of the Board of Directors on the 13 March 2025 by Martin Scicluna (Chairman) and Noel Mizzi (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Martin Scicluna	**Noel Mizzi**
Chairman	Director

STATEMENT OF COMPLIANCE WITH THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board of Directors (''Board'' or ''Directors'') of APS Bank plc (''Bank'') is presenting this Statement of Compliance in conformity with the requirements of the Capital Markets Rules 5.94 *et seq* of the Malta Financial Services Authority (the MFSA) and the principles outlined in the "Code of Principles for Good Corporate Governance" (the Code), in Appendix 5.1 of the Capital Markets Rules. Reference to the Bank also covers the subsidiary undertakings forming the APS Group as noted in the Directors' Report on page 14.

The Board is committed to the well-being of the Bank by instilling robust corporate governance principles, sound management and general supervision of its affairs. The Board acknowledges that the Code recommends principles for the Board and the Bank's Management to pursue objectives that are in the interest of the Bank and its shareholders and undertakes to comply fully with it to the extent that this is considered consistent with the size, nature, and operations of the Bank. As at the date of this Statement, the Bank has fully applied the principles of good governance and has been compliant with the provisions contained in the Code. The Board remains dedicated to open and transparent reporting, and the following Statement provides an overview of this application.

The full wording of the Code of Principles for Good Corporate Governance is available on the MFSA's website.

COMPLIANCE WITH THE CODE

Principle 1: The Board

The Board plays a salient role in setting the strategy of the Bank by providing leadership, integrity and judgement, upholding the highest standards of corporate governance. In terms of the Companies Act, Directors are required to promote the success of the Bank for the benefit of all shareholders, taking into account other key stakeholders. So as to progress the strategy and achieve long-term sustainable success, the Board must consider all relevant stakeholders in their decisions and ensure that any decision upholds the Bank's culture of 'collaboration, inclusivity, and purpose-driven strategy'. The values are central to the business operations and are closely aligned with the considerations the Directors must make as part of their fiduciary duties.

As at the date of this Statement, the Board is composed of nine Non-Executive Directors, including the Chairman, and one Executive Director, this being the CEO in his *ex officio* capacity. There is a strong, value-adding Board, with diverse range of skills, experiences, background and competencies, ensuring effective and efficient decision making. Their bio notes are provided on pages 6 to 9. Furthermore, the Board delegates specific responsibilities to various Board and Management Committees, as illustrated by the governance structure chart on page 84. Supplementary information on delegated authorities and responsibilities is provided in Principle 4. Each Director is expected to be an active participant to ensure that the Board functions effectively as a whole, and are all committed to high standards of conduct, ethics and governance practices.

The Board is fully supported by a Company Secretary, whose role is separate and independent from other management bodies. All Directors have unrestricted access to the Company Secretary. The Company Secretary works closely with the Chairman to ensure effective functioning of the Board and appropriate information flows between the Board and its Committees. The Company Secretary also facilitates Board induction and Directors' professional development. The responsibilities of the Company Secretary also cover Corporate Governance and Investor Relations.

Principle 2: Chairman and CEO

The Bank's organisational structure incorporates the positions of a Chairman and a Chief Executive Officer, which are separate and distinct positions, occupied by different individuals, having clear division of responsibilities.

The Chairman is appointed from amongst the Directors by the largest shareholder, holding at least twenty-five per cent of the ordinary issued share capital of the Bank. The Chairman is responsible for leading the Board and setting its agenda for meetings, ensuring that the Directors receive precise, timely and objective information so that they can properly discharge their duties, while encouraging their active engagement at meetings and on issues of a complex or contentious nature.

COMPLIANCE WITH THE CODE (continued)

Principle 2: Chairman and CEO (continued)

The Chief Executive Officer is responsible for the running of the Bank's business and to lead the Management team, establishing the required fora to communicate, review and agree on issues and actions of Group-wide significance, with the exception of those matters reserved for the Board or specifically delegated by the Board to its Committees. The Chief Executive Officer is also responsible for the recruitment and appointment of Senior Management, after consultation with the Remuneration, Nominations & Governance Committee.

To allow the respective responsibilities to be discharged effectively and yet ensure an effective flow of information, the Chairman and the Chief Executive Officer maintain regular dialogue outside the Boardroom.

Principle 3: Composition of the Board

Non-Executive Directors hold office from the close of the AGM at which they are appointed until the end of the subsequent General Meeting, at which they become eligible for re-election. The Bank's Articles of Association, with their detailed provisions, govern the appointment in office, and the retirement and/or resignations of Board Directors.

The Board's composition and effectiveness are regularly reviewed by the Remuneration, Nominations and Governance Committee, which considers the balance of skills, tenure, experience, and independence, in accordance with the Board Diversity Policy Statement. New Board appointments are made through a formal, rigorous, and transparent process overseen by the said Committee, with final decisions reserved for the Board. Over the past year, the Board and the Remuneration, Nominations and Governance Committee has spent considerable time assessing Board composition to ensure the right mix of skills and experience, as well as the capacity to provide effective challenge and promote diversity.

The first half of 2024 saw a period of transition within the Bank's Board, summarised below, together with disclosures in the Nominations and Remuneration Report on pages 91 to 100.

Appointment of Executive Director

At the AGM held in May 2024, two main changes were carried out to the Bank's Memorandum and Articles of Association that permits the Bank further execute its good corporate governance vision. The first amendment refers to the *ex officio* appointment of the CEO as Executive Director on the Bank's Board. The Board is cognisant that it is a well-established principle of good corporate governance that the Board should be composed of executive and non-executive Directors, and this appointment brings the Bank fully aligned with this Principle 3.

Changes to the Memorandum and Articles of Association

Furthermore, the Memorandum and Articles of Association were also amended to effect a change in the minimum number of Directors from 5 to 7 and a change in the maximum number of Directors from 9 to 11. The maximum number of Directors was amended to cater for (i) the appointment *ex officio* of the CEO; and (ii) to strengthen the Board composition by the addition of another Director. This allows for a broader range and diversity of knowledge, skills and experience commensurate to the nature, scale and complexity of the Bank's operations and also taking into account the ever-changing risks, challenges, trends and business needs.

Given that the Board may now be composed of a maximum of 11 Directors, the qualifying shareholding threshold was also reduced to bring the qualifying shareholding percentage commensurate to this increase so as to permit a fair balance between those Directors appointed directly by letter and those appointed by the free float. Consequently, the qualifying shareholding threshold was reduced from 10% of the shares having voting rights to 8% of the shares having voting rights. A member holding a qualifying shareholding, or members who among them hold (in the aggregate) a qualifying shareholding, are entitled to appoint one (1) Director in respect of each qualifying shareholding held. They are also entitled to utilise their respective entire qualifying shareholding (but only insofar as the excess shares not so utilised) to participate in any election of Directors.

COMPLIANCE WITH THE CODE (continued)

Principle 3: Composition of the Board (continued)

Succeeded Director and Co-option

At the Bank's AGM Leslie Stephenson succeeded Victor E Agius, who retired at the said Meeting. Subsequently, one of the qualifying shareholders withdrew the appointment of Joseph Rapa as Director. Later in the year, the Board co-opted Martin Czurda as Non-Executive Director. Both newly appointed Directors bring a wealth of experience having worked in the banking and financial services sectors of multi-national firms. The appointment of Leslie Stephenson and Martin Czurda was a result of an open call for applications issued by the Bank for those who have the required skills to submit their interest for potential inclusion in the Bank's Nominations Pool. This brought about a clear and well-thought-out Board composition process. Further information on their appointment process is found in the Nominations and Remuneration Report. Appropriate changes were also made to the composition of certain Board Committees, an updated table is found on page 80.

Diversity

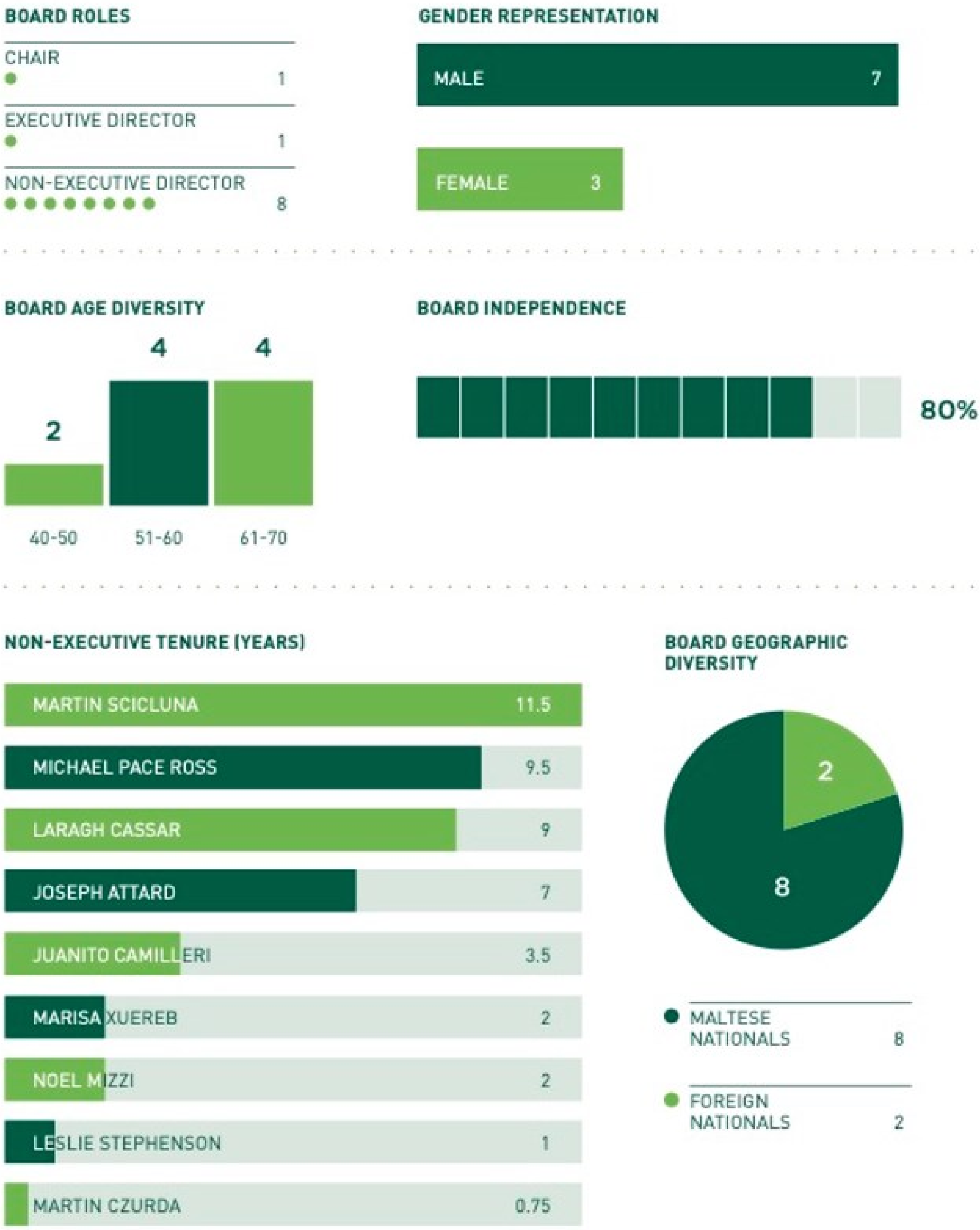
The Bank has the most diverse board in the Bank's history, with three female Directors, a majority of independent members, and two foreign nationals. This diversity helps the Board effectively understand business risks and key performance indicators that impact the Bank's ability to achieve its objectives. This diversity is further heightened by a mix of longer serving and recently appointed Directors ensuring a balance of institutional memory and fresh perspectives. Additionally, there is an ongoing evaluation of the skills, competencies, knowledge, experience, tenure, and independence required to fulfil boardroom responsibilities. These attributes are mapped out in a skills matrix, which is valuable for Board succession planning when the Remuneration, Nominations and Governance Committee deliberates on this.

The infographic overleaf gives an illustrative overview of the key factors pertaining to the Bank's Board composition:

COMPLIANCE WITH THE CODE (continued)

Principle 3: Composition of the Board (continued)

Diversity (continued)



COMPLIANCE WITH THE CODE (continued)

Principle 3: Composition of the Board (continued)

Diversity (continued)

In accordance with the Code Provision 3.2, the independent non-executive Directors of the Bank as at 31 December 2024 were:

Martin Scicluna (Chairman)
Joseph C Attard
Juanito Camilleri
Laragh Cassar
Martin Czurda
Noel Mizzi
Leslie Stephenson
Marisa Xuereb

In determining the independence or otherwise of its Directors, the Board has considered the principles emanating from the Code, the Joint EBA and ESMA "Guidelines on the Assessment of the Suitability of Members of the Management Body" (2021), as well as general principles of good practice.

The Board considers Michael Pace Ross, who holds the role of Administrative Secretary of the Archdiocese of Malta, to be non-independent from the Bank. This notwithstanding, the Board does not consider that his role with the shareholder hinders him from maintaining independence of free judgement and character; as he demonstrably makes his own objective, sound and independent decisions and judgements when performing Board duties.

Principle 4: The Responsibilities of the Board

The Board ensures effective execution of its functions through clear articulation of the Bank's purpose and strategy, exercising stewardship and oversight of the institution. In doing so, the Board works closely with the Senior Management team, led by the Chief Executive Officer, and together establish a balance between oversight and strategy execution.

The Board actively oversees the affairs of the Bank by formulating policy in alignment with relevant laws, regulations, and code of practice. The Board is responsible to approve major projects, budgets, capital expenditures and financing, and oversees the adequacy of its corporate governance, transformation strategy, internal control systems, and risk management, as well as people management. The Board ensures that the Bank has appropriate policies and procedures in place to lead its employees in accordance with the highest standards of corporate conduct and to comply at all times with applicable laws, regulations, business and ethical standards. Further information on the Board's responsibilities on internal controls and risk management is found on pages 88 to 90.

As detailed in Principle 1, the Board delegates its authority to various Board and Management Committees which operate under their respective Terms of Reference, setting out the Committee's mandate, scope and working procedure. The Committee structure is reviewed continuously and changes applied where required. In the period under review, to further streamline the Board Committees, minimise overlap and ensure proper time allocation, the Nominations and Remuneration Committee absorbed the main responsibilities of the Conduct Committee, thereby being renamed Remuneration, Nominations and Governance Committee.

COMPLIANCE WITH THE CODE (continued)

Principle 4: The Responsibilities of the Board (continued)

The below is an infographic on the Bank's governance framework.

The Board

The main role of the Board of Directors is to perform the duties of strategic planning and oversight.
Roles and responsibilities: Board Charter & Matters Reserved to the Board
Bio Notes: See pages 6 to 9

The Board Committees

The Board has the following six Board Committees to which it delegates certain responsibilities.

Audit Committee	**Risk Committee**	**Remuneration, Nominations and Governance Committee**	**Board Credit Committee**	**Environmental, Social and Governance Committee**	**Technology & Innovation Committee**	
Assists the Board in monitoring the integrity of the financial reporting process, including the audit of the annual accounts and review of any interim reporting, and ensuring an effective system of internal controls and the effectiveness of the Internal and External Auditors	Has a wide mandate for risk oversight, including credit risk, market risk, reputational risk, operational risk, technology / cyber risk, concentration risk, liquidity risk as well as compliance and reputational matters, and reviews the Bank's risk management framework accordingly.	Keeps the Board composition under review and carries out the process for Board appointments and assists the Board on Senior Management appointment and succession planning. Recommends the compensation framework of Board and senior executives. Ensures the Bank is in line with corporate governance practices.	Provides oversight of the Bank's credit risk management and lending strategies and objectives; which includes: a review of the quality and performance of the Bank's credit portfolio; the establishment of portfolio limits; the approval of loans at thresholds determined by the Bank's Credit Policy as approved by the Board; and, the appraisal and approval of credit limits in Treasury products.	Considers the material environmental, social & governance issues and policies relevant to the Bank's business activities and promotes initiatives to raise ESG performance. Oversees the implementation of social sustainability initiatives and commitments, including performance, challenges and opportunities, to ensure their effectiveness in delivering social impact.	Oversees management with regard to IT-related risks, security and business continuity plans. Provides strategic leadership through a steady flow of innovative ideas that will serve as a catalyst for innovation at the Bank as well as monitoring IT project implementation.	

The Chief Executive Officer

The CEO is responsible for the development and implementation of the Group's strategy and overall commercial objectives. In ensuring that this role is carried out effectively, the Board has set-up the following Management Committees.

Executive Committee (EXCO)	**Assets-Liabilities Committee (ALCO)**	**Management Credit Committee (MCC)**	**Compliance Committee (COMPCO)**	**Weekly Management Meeting (WMM)**
Acts as consultative body and advisor to the CEO on matters such as strategy, operations and business. Focuses on the four Ps, namely Performance, Products, Projects and People, and these four broad areas describe adequately the	Generally responsible for the Asset Liability Management (ALM) strategy, policy, surveying of market developments, including the Bank's Base Rate and funding strategy. Focuses on liquidity management and contingency planning,	Receives and reviews credit applications and approves credit limits for customers and transactions, within the parameters set by the Board in terms of the credit policy and procedures. Refers and recommends to the BCC limit applications	Ensures that prescribed regulations, rules, policies, guidelines and procedures are being followed and also anticipated in advance. Acts as a decision point for business acceptance, on-boarding and dismissal of customers, in line with the Bank's on-	Reports into the EXCO, with which it also works very closely. The Meeting brings together the senior levels of management – Chiefs and Heads, in a weekly forum where all members share updates about their respective areas of responsibility, work plans as well as matters or items of significant interest.

coverage of this Committee.	determines the liquidity strategy.	where these exceed its MCC limits. Refers and recommends to the BCC limit applications where these exceed its MCC limits.	boarding and exit policies. The Compliance Committee reports to the Risk Committee.	

A full list of the Committee members is found on the Bank's website.

Principle 5: Board Meetings

The Board meets regularly to discharge its duties effectively, typically monthly. Board meetings take place in person, with videoconferencing facilities in place to accommodate uninterrupted attendance, where necessary. Absences from meetings are pre-authorised and most of the time Directors appoint an alternate Director in their stead for that particular meeting.

Board agendas and packs are circulated in advance via a specialised Board portal application, to permit Board Directors prepare themselves for the discussions that take place during the meetings. Board meetings cover a comprehensive schedule and have a forward agenda to ensure effective and constructive meetings. Over a twelve-month period, Board Agendas cover the following topics, Create Long-Term Value, Responsibility Towards Stakeholders, Instil Values and Shape Culture, Scrutinise Performance, Exercise Accountability and Set Strategy, and ensure that sufficient time is allocated to focus on evolving and developing matters. Furthermore, a CEO Report detailing the main updates from the various Departments and concluding with the CEO's vision, and structured reporting from the Committees, Subsidiaries and Associates are standard agenda items at each Board Meeting.

Throughout 2024, the Board engaged in critical deliberations that impacted the Bank's business direction. Guided by market dynamics and economic conditions, the Board's discussions centred on strategic decisions to shape the Bank's future. They assessed the Bank's performance and outlook, approving significant financial and operational actions. Among these were planning for growth via the potential acquisition of appropriate banking, asset management and insurance distribution entities, the approval of dividend payments, and the approval of the budget and business plans for 2025-2027. The Board reviewed and noted the actions taken on the Bank's ESG priorities and progress towards their achievement.

Until his appointment as Executive Director, the CEO was invited to attend all Board meetings. Other Senior Management officials attend Board meetings as required, according to the nature of the discussion and their specific area of responsibility. This provides the Board with an opportunity to engage directly with Senior Management on key issues.

During the year under review, the Board met 14 times, with another 1 additional meeting held on an *ad hoc* basis. During 2024, the average rate of attendance was 96.67%. In addition to its scheduled meetings, the Board also met with the Management Team in: a) July for the Annual Business Planning brainstorming days and b) November for the Business Planning Wrap-up Workshop, looking into the Bank's main priorities for the updated 2025-2027 Plan and strategic initiatives for the same period.

All Directors are required to attend all meetings of the Board, the meetings of those Committees on which they serve, and the AGM. All Directors are expected to devote sufficient time to the Bank's affairs to enable them to fulfil their duties as Directors, always exercising independent judgement.

The below table provides the attendance of Board members at Board and key Board Committee meetings as at 31 December 2024:

Director	**Board Attendance**
Martin Scicluna	15/15
Victor Agius	5/6*
Joseph C Attard	15/15
Juanito Camilleri	14/15
Laragh Cassar	15/15
Martin Czurda	6/6**
Noel Mizzi	14/15
Michael Pace Ross	14/15
Joseph Rapa	6/6*
Leslie Stephenson	9/9***
Marisa Xuereb	15/15

**retired from the Board on 9 May 2024*
*** co-opted to the Board on 21 August 2024*
**** appointed to the Board on 9 May 2024*

COMPLIANCE WITH THE CODE (continued)

Principle 5: Board Meetings (continued)

After each Board Meeting, minutes are drawn up by the Company Secretary, faithfully recording the attendance of Directors at said meetings, conflicts raised, matters discussed, considerations made, decisions taken, and action points agreed upon. Minutes are kept of all the business transacted in the course of Committee meetings. All Directors have ready access to Committee papers and Minutes.

Principle 6: Information and Professional Development

Directors have access to a wide range of briefing and training sessions and other professional development opportunities to help them keep abreast of the environment that the Bank operates in. Training discussions and updates are provided by professional advisors and external and internal subject-matter experts. These updates not only cover a range of pertinent strategic, legislative and regulatory issues but also those relating to the political and economic environment, sustainability and technological considerations. The Company Secretary also provides regular updates on corporate governance matters. Directors may also request individual in-depth briefings from time to time on areas of particular interest. Directors were kept abreast of other activities that were organised by local and international entities. A training and development log is maintained by the Human Capital Department.

The annual Business Plan & Budget Review Off-Site Workshops held in July and November, also served as a professional development opportunity for the Directors. Directors are also invited to visit key operational facilities and branches of the Bank.

Upon appointment, all Directors undertake a formal and tailored induction programme providing the required familiarisation with the Bank. In preparation for their appointment, Leslie Stephenson and Martin Czurda were provided with an induction programme facilitated by the Chairman and Company Secretary and tailored to their respective experience, background, Committee membership and requirements. This included a series of in-person meetings with Senior Management, providing an overview of the Bank's main functions, namely strategy, finance, risk, people, technology, operations, and other internal control functions. The programme also provided sessions with the Risk, Board Credit Committee, Audit and Remuneration, Nominations and Governance Committee Secretaries for a familiarisation session on the Committee's Terms of Reference and proceedings, given that the newly appointed Directors are either chairing or sitting on these Committees. Site visits of the Bank's operations and meetings with core clients and other stakeholders were also organised to bring the two newly appointed Directors in touch with the Bank's culture first hand.

Principle 7: Evaluation of the Board's Performance

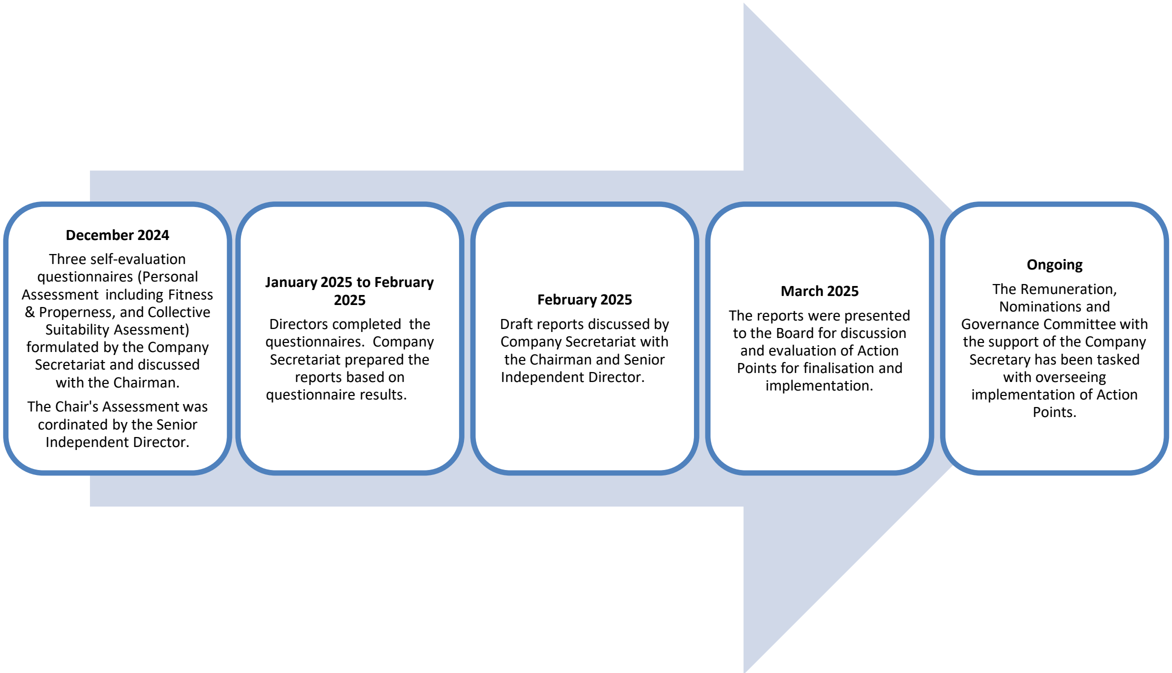
On an annual basis, the Board of Directors, both individually and collectively take part in a Board Evaluation exercise that focuses on their fit and proper requirements, skills, competencies, and experiences in addition to softer attributes such as strategic thought, communication, external awareness, ability to forge relationships and other important attributes that make an effective board room. The Board Evaluation process for 2024 was conducted in-house following a thorough external Board evaluation carried out in January 2024. The evaluation consisted of a reassessment of the suitability of individual board members and an evaluation of the collective suitability of the Board in light of the requirement of the Joint ESMA/EBA Guidelines, i.e. to review the internal governance arrangements by the Board. The outcome of this assessment was very positive, and the action points drew out were implemented by the end of December 2024, which action points served to further strengthen the Board's alignment with the suitability criteria.

The Board Evaluation process for 2022 was conducted in-house following the process detailed hereunder. Evaluations are carried out under the oversight of the Remuneration, Nominations & Governance Committee, and facilitated by the Company Secretariat. Outcomes are discussed in detail with the Chairman of the Board.

COMPLIANCE WITH THE CODE (continued)

Principle 7: Evaluation of the Board's Performance (continued)

The Internal Evaluation Process:



It is positive to note the satisfactory outcome of the evaluation, where no changes in the governance and the organisation have resulted from the Board evaluation. Outputs of the Board Evaluation processes are actioned via training programmes and/or sharing of feedback at the appropriate forum.

The Committee evaluation exercise for 2024 took a more comprehensive approach, wherein the exercise entailed a review of the Board Committee Terms of Reference and an assessment of the respective meeting proceedings to ensure further efficient and effective Committee meetings. The exercise was spearheaded by the Company Secretariat under the direction of the Board Chairman. The involvement of the Committee Chairs and the Committee Secretaries was key to ensure a tailor-made outcome for each Committee.

Principle 8: Committees

The Board places significant reliance on its Committees and therefore it remains crucial that there are effective linkages between Committees and the Board. There is constant attention to ensure there are no gaps or unnecessary duplications and continuous efforts are done to avoid this happening. References to Board and Management Committees is made throughout this report.

Further information on the Audit Committee and Risk Committee, is found in the Section below "Internal Control and Risk Management System". The function of the Remuneration, Nominations and Governance Committee is covered under Principle 4, when reviewing all the other Bank Committees, and in the Remuneration, Nominations & Governance Report, which also includes the Remuneration Statement in terms of Code Provision 8.A.4 and the Nominations Report in terms of Code Provision 8.B.7.

COMPLIANCE WITH THE CODE (continued)

Principle 8: Committees (continued)

Membership of Board and Management Committees as at the date of this report

		Board Committees						Management Committees			
		Audit	Risk	ESG	RNG	BCC	TAIC	EXCO	Compliance	ALCO	MCC
Directors	Martin Scicluna				C						
	Joseph C. Attard		■			C	C				
	Juanito Camilleri		■				■				
	Laragh Cassar				■						
	Martin Czurda	■				C					
	Noel Mizzi	C		C							
	Michael Pace Ross	■		■							
	Leslie J. Stephenson		C		■						
	Marisa Xuereb					■	■				
Management	Marcel Cassar		■	■	■	■		C			C
	Giovanni Bartolotta		NV			NV		■	C	■	■
	Raymond Bonnici							■			
	Anthony Buttigieg		NV			NV		■	■		■
	Edward Calleja					■		■			
	Jonathan Caruana						■	■			
	Liana Debattista			NV				■			
	Noel McCarthy			■				■			■
	Ronald Mizzi		NV					■		■	■
	Cynthia Borg								■		
	Alexander Camilleri						NV				
	Gilbert Caruana						NV			NV	
	Daniel Cassar						■				
	Marvin Farrugia									C	NV
	Mario Gauci					NV				■	NV
	Kenneth Genovese									■	
	Gordon Gilford						■				
	Nives Grixti					NV			NV		NV
	Zoltan Horvath						NV				
	Marco Micallef		NV			NV					NV
	Simon Micallef								■		
	Aaron Mifsud									■	■
	Rodney Naudi		NV				■				
	Ronald Psaila						NV				
	Matthew Swain			■							■
	Christine Tabone									NV	
	Dorianne Tabone								■		
	Gevit Duca			NV							
	David Galea									NV	
	Lana Sant								NV		

Legend

Audit	**Audit Committee**
Risk	**Risk Committee**
ESG	**ESG Committee**
RNG	**Remuneration, Nominations & Governance**
BCC	**Board Credit Committee**
TAIC	**Technology & Innovation Committee**
EXCO	**Executive Committee**
Compliance	**Compliance Committee**
ALCO	**Assets & Liabilities Committee**
MCC	**Management Credit Committee**

C **Chair** **NV** **Non-Voting Member**

COMPLIANCE WITH THE CODE (continued)

Principles 9 and 10: Relations with Shareholders and with the Market and Institutional Investors

The Board recognises that stakeholder engagement is essential to understand what matters most to the Bank's stakeholders and the likely impact of any key decisions. As a Community Bank, the Bank has a long history of engaging with all its stakeholders and the Board continues to highly value the feedback that this engagement provides.

The table below identifies the Bank's key stakeholders and how both the Bank and the Board engaged with them throughout 2024. The Board seeks to understand the needs and the key areas of interest of each stakeholder group and consider them during deliberations and as part of the decision-making process.

Key stakeholders	Reason for engagement and key priorities for 2024
Shareholders, Bondholders and Institutional Investors	The Board prioritises engagement with shareholders. The Board is provided with regular updates on share price movements, movements in the share register, engagements with investors. It also discusses shareholder issues and expectations as part of its decision-making. How it engages: - Meetings with major shareholders organised by the Chairman; - Meetings with the Malta Association of Small Shareholders; - Issuing Company Announcements, as necessary - Market Briefings with results presentations and updates to the market; - Keeping the Investor Relations webpage constantly updated on the Bank's website; and - Attractive Investor Offers & Benefits package (www.apsbank.com.mt/investor-offers-benefits/).
Customers: including Retail customers, Business customers, Investment customers and potential new customers	The Bank engages with new and potential customers to share the mission, vision and strategy of the Bank. Beyond customer communications and brand and marketing messaging, the Bank maintains a constant flow of information and updates through press releases, company announcements, and Market Briefing events held throughout the year. How it engages: - Regular updates provided on the Bank's website and social media platforms; - Press Releases; - Well-manned customer support centre; - APS Digest Communication; - Customer surveys; and - Clear complaint process. The section "Communicating brand, purpose and corporate culture" in the Directors' Report covers the Culture Department's Brand and Marketing, Corporate Culture Change Management, CSR and Voice of the Customer contributions, and is found on pages 16 to 19.
Employees	The strategic approach taken towards community engagement and corporate communications, equally applies to employee engagement and internal communications. In addition to the ongoing Corporate Culture Change Management communication and

	activation activities, employees are also invited to various social gatherings organised by the Social Activities and Sports Committees. Opportunities to attend various Bank-sponsored CSR events are also regularly extended to employees. The Board promotes the talents of the workforce and commends their efforts and successes. When opportune, the Board visits various branches and offices to observe the Bank's operations in action and reinforce their knowledge. The section "Employee Matters" provides more details on the Bank's people strategy and is found on pages 22 to 24.
Regulators	The Bank maintains dialogue with its regulators by ensuring open and transparent communication, which is essential for compliance and effective governance. This ongoing interaction helps the Bank stay aligned with regulatory expectations and adapt to any changes in the regulatory environment. Of particular note are the Minimum Engagement Level Meetings organised by the MFSA wherein the regulator meets with various Bank stakeholders such as Board Directors and Senior Management, to discuss key issues and ensure compliance with regulatory requirements. The Bank has a representation on the Board of the Malta Bankers' Association and is a member on a number of sub-committees of the same association.
Relevant information provided to stakeholders	**1. Annual Report and Financial reporting** The Bank's Annual Report and the Interim Financial Statements are available to shareholders and the public at large. The Bank aims to make the Annual Report and Interim Financial Statements as accessible as possible. Copies are available on the Bank's website. A number of printed copies of the Annual Report are available at Branches. Interested parties may also contact the Company Secretariat to obtain a copy. **2. Market Briefings** From time to time the Bank organises Market Briefing events as an occasion to inform the market about important or material developments or to follow up on company announcements when considered necessary. These Market Briefings are notified to the public via a company announcement and registration to attend is promoted through the Bank's social media channels. Market Briefings are held either virtually or hybrid. Questions from investors and analysts are received during the event ensuring an open dialogue with the market. In 2024, five Market Briefings were held, three of which were in relation to the Bank's financial reports. Such events are recorded and made available on the Bank's website. **3. Company Announcements** As a listed entity, the Bank is required to issue Company Announcements, in terms of the Capital Markets Rules to bring useful, relevant and material facts to the attention of the market.

	4. Press releases The Bank issues press releases on a regular basis to inform its customers and other stakeholders about developments and news. The Bank's social media presence has increased the reach and speed of its communication. **5. Corporate Website** The Bank's website (www.apsbank.com.mt) is the primary source of information for interested parties. The website is consistently updated with financial reports, regulatory disclosures, investor presentations, press releases, product and service updates, security alerts, CSR initiatives, career opportunities, and customer support resources to ensure transparency, compliance, and engagement with all stakeholders.

Principle 11: Conflicts of Interest

Each Director is expected to act to the highest standards of ethical behaviour and fiduciary duties. Directors are aware of their obligation to avoid conflicts of interest and their responsibility to act in the wider interest of the Bank and its shareholders, irrespective of which shareholder nominated him/her to the Board.

The Board Charter contains specific sections dealing with conflicts of interest, starting with the general precept that Directors should take all reasonable steps to avoid such situations. However, from time to time, actual or potential conflicts of interest may arise in which case it needs to be ensured that these are managed properly by the Board and the interested Director, as also provided in the amended Conflicts of Interest Policy. Directors are required to inform the Board or Committee of any matter that may result or has already resulted in a conflict of interest. A record of such declaration is entered into the meeting's minute book and the said Director is precluded from voting on any resolution concerning a matter in respect of which they have declared a direct or indirect interest or asked to absent themselves when the conflicting matter is discussed.

Board Directors hold external Directorships and other outside business interests, and these are recognised as significant benefits that greater boardroom exposure provides for the Bank's Directors. However, Directors are expected to report the holding of new Directorships and other roles to ensure that any potential or actual conflicts of interest are mitigated, and additional appointments will not adversely impact their time commitment or their ability to continue to fulfil their role as Director.

Directors are informed and reminded of their obligations vis-a-vis dealing in the Bank's shares and bonds in line with prevailing legislation and in terms of the Capital Markets Rules. Clearance prior to dealing is obtained from the Chairman in line with the Bank's Personal Dealing Policy. These obligations are likewise applicable to further cohorts of the Bank's staff identified as insiders whereby strict protocols are adopted.

Principle 12: Corporate Social Responsibility

The Board of Directors ensures that sound principles of CSR are adhered to and integrated into the core ethos of the Bank and embedded into its day-to-day culture and operations. For these reasons also, the Bank is a prominent supporter of various CSR initiatives at both national and community level aimed at contributing to economic, societal, environmental, and cultural development.

Further details on the Banks' CSR outreach are disclosed separately on pages 17 to 18.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM

Board responsibility

The Board, supported by the Risk Committee and Audit Committee, oversees the system of internal controls, corporate governance and risk management frameworks, ensuring they are in line with applicable rules, regulations and guidelines, and assumes responsibility for establishing the purpose and risk appetite of the Bank, setting its strategy, establishing its culture and determining the values to be observed in achieving that strategy. The Directors and Senior Management are committed to maintaining a robust control framework as the foundation for the delivery of effective risk management. The Directors acknowledge their responsibilities in relation to the Bank's risk management and internal control systems and for reviewing their effectiveness.

In establishing and reviewing the risk management and internal control systems on an ongoing basis, the Directors carry out a robust assessment of the most significant and emerging risks facing the Bank, including those that would threaten its business model, future performance, solvency or liquidity and reputation; the likelihood of a risk event occurring; and the costs of control. The process for identification, evaluation and management of the risk events faced by the Bank is integrated into the Bank's overall framework for risk governance. The risk identification, evaluation and management process also cover an assessment of whether the controls in place result in an acceptable level of residual risk. The Risk Appetite Statement and Risk Appetite Dashboard are presented to and reviewed and debated regularly by the Risk Committee and the Board, in the presence of the Chief Risk Officer, to ensure that the Board is satisfied with the overall risk profile, risk accountabilities and mitigating actions. Monthly and quarterly dashboards offer an overview of the Bank's risk profile, key risks, management actions, performance against risk appetite, and emerging risks that may impact the Bank's strategy.

Control effectiveness review

The Bank's control effectiveness is carried out following the "Three Lines Model" with an aim to evaluate the effectiveness of the Bank's control framework in its widest sense, with regard to its material risks, and to ensure management actions are in place to address key gaps or weaknesses in the control framework. The second line, manifesting itself in reporting to the Risk Committee, is responsible for the design and implementation of the risk management framework and for risk reporting to Senior Management and the Board. As the third line, the Internal Audit function provides independent assurance to Senior Management and the Board that the Group's control framework and the risk management process are operating effectively. The Audit Committee receives reports from the Bank's statutory auditors, Deloitte (which would include details of any significant internal control matters that identified), and it has discussions with the statutory auditors at least four times a year, to ensure that there are no unresolved issues of concern. It also regularly receives audit reports on the Group's control framework from the Bank's Group Internal Auditor. The Internal Auditor is a permanent invitee to the Audit Committee and Risk Committee meetings to support the proceedings.

In terms of Capital Markets Rules 5.117, 5.118 and 5.118A, the Audit Committee is composed of three Non-Executive Directors. The majority of the Audit Committee members are considered as independent of the Bank, since they are free from any business, family or other relationship with the Bank or its management that may create a conflict of interest such as to impair their judgement (see also Principle 3 above). Michael Pace Ross, as the Director representing the Qualifying Shareholder, is nonetheless considered to be independent of mind. Until June 2024, the Committee was composed of the following three members, Noel Mizzi (Chair), Joseph C Attard and Juanito Camilleri. Subsequently, Messrs Attard and Camilleri were rotated out of the Committee and Michael Pace Ross was appointed in their stead. Martin Czurda was appointed as Committee member as from 1 October 2024. Noel Mizzi is the member who the Board considers as competent in accounting. In view of the diverse skills and professional experience of each of the Audit Committee Members, the Bank considers the Audit Committee as a whole to have the adequate competence and meet the independence criteria as required by Capital Markets Rule 5.118.

Audit Committee:

Membership	2024 Attendance
Noel Mizzi	8/8
Joseph C Attard	3/3*
Juanito Camilleri	3/3*
Michael Pace Ross	5/5*
Martin Czurda	2/2**
** rotation of Committee Membership on 2 September 2024* *** appointed as from 1 October 2024*	

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM (continued)

Control effectiveness review (continued)

Risk Committee:

Membership	2024 Attendance
Leslie Stephenson	4/5**
Juanito Camilleri	8/8
Joseph C Attard	6/6***
Noel Mizzi	2/2
Joseph Rapa	1/1*

** retired on 9 May 2024*
*** attended as an observer on 27 May 2024 and started chairing the Risk Committee as from 26 June 2024*
**** appointed on 26 June 2024.*

The Bank's risk management and internal control systems are regularly reviewed by the Board and are consistent with applicable guidance issued by the competent authorities and compliant with the requirements of CRD V. More detail on the review of internal controls is found in the Pillar 3 Disclosures Report found on the Bank's website.

The below infographic summarises the Bank's internal control framework:

Board of Directors

1st line of Defence	2nd Line of Defence	3rd Line of Defence
Who is responsible:	**Who is responsible:**	**Who is responsible:**
Operational management/ Employees Spearheaded by the Business Risk and Control Management function	Compliance/Risk oversight Functions	Audit Committee Internal Audit
Activity/controls:	**Activity/controls:**	**Activity/controls:**
- Policies and procedures; - Internal controls; - Planning, budgeting, forecasting processes; - Delegated authorities; - Business workflows/ IT system controls; - Personal objectives and incentives.	- Operational/governance/regulatory compliance; - Compliance Committee/Risk, Committee Controls compliance; - Monitoring, Management/Board reporting and review of Key Risk Indicators (KRIs); and - Financial performance/Emerging risks; - Corporate policies/Recovery; and - Resolution planning.	- Approved Internal Audit plan; - Internal Audit reporting line to Audit Committee; - Regular Internal Audit updates to Audit Committee; - Financial Reporting process, External Auditor's selection & appointment; - Remuneration, rotation of the External Auditors & oversight of External Auditors' performance; - Approval and review of Related Party transactions; and - Selection & appointment of Internal Auditor.

Capital Markets Rule 5.97.5

The information relating to the Shareholder register required by Capital Markets Rule is found in the Directors' Report.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEM (continued)

General Meetings

General Meetings are the Bank's highest decision-making body, at which the shareholders exercise their voting rights. The proceedings are conducted in terms of the Bank's Articles of Association. A general meeting of the Bank is duly convened by providing twenty-one days prior notice to the shareholders.

Ordinary business is transacted at the Bank's AGM, that considers the accounts and the reports of the Directors and the auditors, the appointment or election of Directors, the appointment of auditors and the fixing of the remuneration of Directors and the auditors. All other business is deemed to be 'special', whether transacted at the AGM or at an Extraordinary General Meeting.

The Articles relating to 'General Meetings' stipulate that shareholders registered in the Shareholders' Register on the Record Date, have the right to attend, participate and vote at the General Meeting, and those owning not less than five percent (5%) of the voting issued share capital of the Bank may request the Bank to include items on the agenda of a General Meeting, and table draft resolutions for items included in the agenda of a General Meeting, insofar as they are received at least forty-six days before the date set for the relative General Meeting.

A shareholder who is unable to participate in the General Meeting can appoint a proxy by written or electronic notification to the Bank. Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to items on the agenda of the General Meeting and to have such questions answered by the Directors or such persons as the Directors may delegate for that purpose.

During the period under review, the Bank held its AGM on 9 May. Apart from the standing AGM Agenda Items, which also included a declaration of a final scrip dividend, the shareholders considered a Special Business resolution for the Directors' authority to issue shares for the purpose of undertaking a rights issue. Furthermore, extraordinary resolutions were also tabled relating to the Directors' authority to issue shares limitedly for the purpose of implementing a decision to pay a scrip dividend, and to affect a capitalisation of profits, the Directors' authority to issue debt securities up to €150,000,000, and changes to the Bank's Memorandum and Articles of Association. These latter changes mainly concerned: (i) increasing the Company's authorised share capital to €250,000,000, divided into 1,000,000,000 ordinary shares having a nominal value of €0.25 per share; (ii) reducing the percentage shareholding constituting a 'Qualifying Shareholding' to 8%; and (iii) changes related to the composition of the Board of Directors, primarily: (a) an increase in the minimum and in the maximum number of Directors on the Board; (b) the automatic appointment of the Chief Executive Officer of the Company as an executive Director on the Board; and (c) the authority of the Board to co-opt a Director in defined circumstances. References to these changes were made earlier in this report. All resolutions were carried. Shareholders were requested to cast their voting preferences before the General Meeting. Shareholders were invited to submit any questions relating to the items on the Agenda prior to the meeting.

This Statement was authorised for issue by the Board of Directors on 13 March 2025 and signed on its behalf by:

Martin Scicluna
Chairman

Noel Mizzi
Director

NOMINATIONS AND REMUNERATION REPORT

REMUNERATION POLICY

The Remuneration Policy of the Bank and its subsidiaries (collectively the Group) aims to exercise a competent and independent judgement on its remuneration practices and its incentives created for managing risk, capital and liquidity, and ensure that they are in line with applicable legislation, directives, regulations and guidelines. The approval of the Group's Remuneration Policy is the responsibility of the Board of Directors and covers all categories of staff, including Senior Management (Executives and Heads of Department), material risk takers and staff engaged in control functions. Remuneration of the Board of Directors and of the CEO is covered by the Directors' and CEO's Remuneration Policy, approved by ordinary resolution at the 2024 AGM.

The application of the principles of Directive 2013/36/EU, the EBA Guidelines on sound remuneration policies and Banking Rule 21 (BR21/2022) – Remuneration Policies and Practices, considers the nature and scale of the Group and the complexity of its activities. A Collective Agreement with the Malta Union of Bank Employees, for the three years 2023 – 2025, covers all staff members, excluding Senior Management. References in this Report to types and modes of remuneration apply to all staff, but where these refer to staff covered by the Collective Agreement, they shall be construed accordingly.

The Group Remuneration Policy is reviewed on a regular basis and was last updated and approved by the Board of Directors in 2023, following the recommendation of the Nominations and Remuneration Committee, to cover clawback and malus provisions for variable remuneration of Identified Staff. During 2024, the remits of the Nominations and Remuneration Committee and of the Conduct Committee were brought together under one Committee - Remuneration, Nominations and Governance Committee.

Fixed Remuneration

The base salary to staff provides a predictable base level of income reflecting each staff member's level of responsibility, capabilities, skills and experience. Base salaries are reviewed annually, and increases are granted in line with performance and when a staff member assumes increased responsibilities or significantly deepens knowledge and expertise. Base salaries may also be reviewed when there is a material change in the remuneration levels of comparable roles in the respective market. Base salaries are set for a number of different levels within approved salary ranges. Fixed remuneration includes an occupational pension scheme for staff members with a fixed contribution in accordance with established eligibility criteria.

Variable Remuneration

Staff members may have a variable component to their remuneration in addition to their fixed remuneration. The variable portion is clearly connected to the work and performance of the staff member, the performance of their business unit and the overall performance of the Bank and its subsidiaries. The goals are based on factors that support the Group's long-term strategy and business objectives. Staff in Control Functions are adequately compensated in accordance with their own objectives and not directly tied to the results of any business unit. They are judged on their success in developing appropriate policies, developing effective risk management controls and procedures, monitoring risk and building control systems.

Bonuses related to individual performance are based on both quantitative and qualitative targets. Qualitative criteria consider (i) adherence to the applicable regulatory framework, (ii) treating customers fairly, and (iii) the on-going provision of a high-quality service to customers. Performance bonus promotes teamwork and encourages all staff members to perform to the best of their abilities, for their mutual benefit and the long-term sustainable success of the Group.

The Group ensures that bonuses are fair, transparent, easy to understand and based on the Bank's Business Plan and Annual Budgets. Any variable remuneration, be it monetary or non-monetary, outside the parameters of the Policy is referred to the Remuneration, Nominations and Governance Committee for approval. APS Group does not offer buy-out contracts or share options. Schemes relating to early termination are established within the Collective Agreement.

REMUNERATION POLICY (continued)

Employee Share Incentive Plan

During the AGM held on 28 April 2022, the shareholders approved the establishment of an executive share incentive plan for the period 2022 – 2026 (ESIP). By virtue of the ESIP, the Board of Directors may grant shares to the CEO, and other eligible employees, subject to the rules of the ESIP. The purpose of the ESIP is to ensure that the Company can continue to properly incentivise its key employees with a view to aligning their interests to those of the Company's shareholders. The implementation of the rules governing the ESIP was delegated by the Board of Directors to the Remuneration, Nominations and Governance Committee.

An eligible employee (including the CEO) will therefore be awarded share awards pursuant to the ESIP, subject to the attainment of stipulated performance criteria in a particular year. The ESIP contemplates loss of benefits to varying degrees depending on the circumstances, including to those eligible employees who do not remain in the employ of the Group. Share awards have a vesting period of three years following their award.

Link between Pay and Performance

The variable portion of remuneration is linked to the level of profit earned by the Bank during the relative financial period. The bonus pool allocated to the staff in the clerical, non-clerical and managerial grades is calculated as determined in the Collective Agreement and based on the profit achieved by the Bank. The bonus is distributed to employees according to the merit of performance achieved by the individual and reflecting the respective grade and level of responsibility. Annual bonus entitlements are also applicable to members of Senior Management in terms of their individual contracts.

Performance Management System

Key Performance Indicators (KPIs), by which employees' performance is measured, provide corporate, departmental, unit and team/individual targets aligned with the strategic objectives and business plan of the Group. Performance management also takes into consideration leadership competencies required by the individual positions as well as the Group's corporate values. Performance targets are reviewed periodically to ensure that these are aligned to specific strategic and operational objectives set out by the Board of Directors, covering not only business generation, but also other areas of importance such as compliance with prevalent regulation and internal policies and procedures, onboarding and customer due diligence, non-performing borrowing, quality of service and others.

Identified Staff

Additional disclosures on the governance process related to remuneration have been made in this report. The target population defined as Identified Staff for the purposes of this disclosure represents 8% of total number of employees in the Group. Identified staff is determined in line with recommended EBA Regulatory Technical Standards[9] and includes:

- all members of the Management body and Senior Management;
- staff members with managerial responsibility over the institution's control functions or material business units; and
- Other employees who are members of Committees with collective authority to commit to risk exposures per transaction beyond 0.5% of CET1 Capital, and employees who, individually or as part of a committee take, approve or veto decisions on new products, material processes or material systems.

9 EBA Final Draft Regulatory Technical Standards EBA/RTS/2020/05 dated 18 June 2020

REMUNERATION POLICY (continued)

Identified Staff (continued)

For the purposes of remuneration, Identified Staff have been split into business areas according to EBA guidelines[10]. The tables below (REM 1, REM 3 & REM 5) show total fixed and variable remuneration for Identified Staff during the financial year 2024 broken down by business area, Senior Management and members of staff whose actions have a material impact on the risk profile of the institution. All fixed and variable remuneration were paid in cash apart from the Occupational Pension Scheme and Share Awards.

In line with Annex XXXIII of the EBA Implementing Technical Standards on institutions' public disclosures of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013, the Bank is required to disclose information in respect of special payments made to Identified Staff. No severance payments or sign-on payments were made and no payments of €1 million and over were made. Therefore, the REM2 table and the REM 4 table are not required for this Remuneration Report.

Standard contracts for all Identified staff would generally be indefinite following a period of definite employment with notice periods and retirement from the Bank in line with local legislation.

The Tables below present remuneration disclosures in respect of the Bank's Remuneration Policy.

REM 1		Management Body Supervisory function	Management Body Management function	Other Senior Management	Other Identified Staff
Fixed Remuneration	**Number of identified staff**	**9**	**9**	**25**	**4**
		€	**€**	**€**	**€**
	Total fixed remuneration of which:	**538,610**	**1,759,098**	**2,518,703**	**176,874**
	Cash based	538,610	1,716,475	2,410,125	172,718
	Other forms	-	42,623	108,578	4,156
Variable Remuneration	**Number of identified staff**	**9**	**9**	**25**	**4**
		€	**€**	**€**	**€**
	Total variable remuneration of which:	**-**	**485,383**	**708,029**	**20,650**
	Cash based	-	361,383	435,229	19,100
	Share-linked instruments or equivalent non-cash instruments	-	124,000	272,800	1,550
Total Remuneration		**538,610**	**2,244,481**	**3,226,732**	**197,524**

REM 3 **Deferred and retained remuneration**	**Total amount of deferred remuneration awarded for previous performance periods** **€**	**Of which due to vest in the financial year** **€**	**Of which vesting in subsequent financial years** **€**
Management Body	43,400	73,160	197,160
Other Senior Management	107,942	176,576	449,736
Other Identified staff	992	1,674	3,224
Total amount	**152,334**	**251,410**	**650,120**

[10] EBA Guidelines on the remuneration benchmarking exercise EBA/GL/2014/08 dated 16 July 2014

REMUNERATION POLICY (continued)

Identified Staff (continued)

REM 5	MB Supervisory function	MB Management function	Total MB	Investment Banking	Retail Banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
Total number of identified staff	**9**	**9**	**18**	**2**	**3**	**5**	**12**	**7**	**4**	**51**
Of which:										
Other Senior Management				2	3	1	12	7	-	
Other identified staff				-	-	4	-	-	4	
	€	**€**	**€**	**€**	**€**	**€**	**€**	**€**	**€**	**€**
Total remuneration of identified staff	**538,610**	**2,244,481**	**2,783,091**	**313,810**	**404,493**	**338,955**	**1,460,990**	**906,009**	**53,000**	**6,260,348**
Of which:										
Variable remuneration	-	485,383	485,383	66,067	92,855	50,090	320,183	199,484	-	1,214,062
Fixed remuneration	538,610	1,759,098	2,297,708	247,743	311,638	288,865	1,140,807	706,525	53,000	5,046,286

Notes to the table:

- Total fixed remuneration comprises benefits, specifically car allowances;
- Fixed occupational pension contribution is subject to eligibility criteria;
- Share awards are vested over the next three years, in line with the vesting periods declared at time of award;
- Variable remuneration for identified staff includes performance related bonuses and share awards; and
- Other Identified Staff in REM1 and in REM5 includes ReAPS Directors.

The table below represents the annual change of remuneration, the performance of the Bank, and the average remuneration on a full-time equivalent (FTE) basis of employees of the Group/Bank other than Directors.

	The Group			The Bank		
	2024	2023	2022	**2024**	2023	2022
	€000	€000	€000	**€000**	€000	€000
Profit before tax	**23,762**	30,241	15,660	**22,512**	27,805	28,929
Average Remuneration						
Wages and salaries	**41.7**	40.5	37.8	**41.0**	39.6	36.9
Social security costs	**2.5**	2.4	2.2	**2.5**	2.4	2.2
Total	**44.2**	42.9	40.0	**43.5**	42.0	39.1

The Group's and Bank's performance is measured using Profit before tax.

NOMINATIONS AND REMUNERATION REPORT

TERMS OF REFERENCE AND MEMBERSHIP OF THE REMUNERATION, NOMINATIONS AND GOVERNANCE COMMITTEE

With a view to improve efficiency in 2024, the works of the Conduct Committee were absorbed into the Remuneration & Nominations Committee. As a result, the Nominations & Remuneration Committee was reconstituted as the Remuneration, Nominations & Governance Committee (the "Committee"). From a remuneration and nominations perspective, the Committee has a two-pronged function: (i) ensuring that the Directors and Senior Management of the Bank have the appropriate mix of skills, qualifications, and experience necessary to fulfil their supervisory and management functions respectively; (ii) overseeing the development and implementation of the remuneration and related policies of the Group and to exercise a competent and independent judgement on its remuneration practices.

Until October 2024, the Committee was composed of three non-executive directors – Martin Scicluna (Chair), Laragh Cassar and Michael Pace Ross, after which it was recomposed. The current members of the Committee are Martin Scicluna as Chairman, Laragh Cassar, Leslie Stephenson and Marcel Cassar, the latter being an executive director. None of the members participate in the discussion regarding their own nomination, remuneration or performance. A senior member within the Human Capital Department acts as Secretary to the Committee.

Further detail on the Terms of Reference of the Committee is found in the "Statement of Compliance with the Code of Principles of Good Corporate Governance" under Principle 4, on pages 79 to 81.

MEETINGS

The Committee held 6 meetings during the period under review. The Chief People Officer and Company Secretary were invited to the meetings to contribute as necessary.

NOMINATIONS

In line with the requirement of the Capital Markets Rule 8.B.7, the work carried out by the Committee relating to Nominations throughout 2024 is being presented under the following main headings:

Review of Terms of Reference

During the period under review, the Committee's Terms of Reference Committee were reviewed to:

i. ensure that the Committee supports, advises and recommends to the Board on the following matters:
    a. Setting the overarching principles and parameters of remuneration policy for the Board, Management and employees;
    b. Establishing the attributes required of its Board members and ensuring it is comprised of individuals who are best able to discharge the duties and responsibilities of Directors;
    c. Considering the composition, appointments, attributes of members, ensuring that criteria such as merit, competence and experience complement cognitive, personal and diversity attributes;
    d. Considering the succession of Board and Senior Management members; and
    e. Overseeing the Bank's compliance with, and approach to, all applicable regulation and guidance related to corporate governance matters, and

ii. to also include the new element relating to Governance matters, in lieu of certain matters that were previously considered by the (now replaced) Conduct Committee. These include, amongst others, the Board evaluation process and monitoring trends in customer complaints as well as measures and remedies undertaken to mitigate the issue/s leading to complaints. The Committee will also serve as a high-level oversight Committee for major developments in the Regulatory and Financial Crime Compliance environments.

Board Composition and Appointment

Following the issue of Company Announcement number 51 dated 6 October 2023, referring to an open call for individuals with relevant qualifications, competence and experience to show their interest in joining the Bank's Board of Directors as independent, non-executive members, the Committee assessed the expressions received. Applicants with knowledge and experience that fits in the Bank's current skills based were included in the Bank's Nomination Pool.

NOMINATIONS (continued)

Board Composition and Appointment (continued)

At the 2024 AGM, Victor E Agius retired from the Board. The Committee assessed the Board's collective balance of skills, experience and diversity requirements, on a current and forward-looking basis, and drew up a required skillset for the Board to deliver its long-term sustainable success. Following interviews held with candidates from the Bank's Nominations Pool, and in consultation with the Bank's qualifying shareholder, Leslie Stephenson was appointed by letter to the Board. Her bio may be found on page 9.

Furthermore, at the said AGM, the Board, on the recommendation of the Committee, presented resolutions for shareholder approval relating to three main corporate governance areas: increase of the number of directors on the Board, with a maximum of 11 Directors and this to permit strengthening of the Board's collective suitability and the appointment of the CEO as an *ex officio* Executive Director; and refining the definition of the qualifying shareholding. Further details on these resolutions are found in the Corporate Governance Report.

Later on in the year, the Committee evaluated and recommended to the Board for approval, the co-option of Martin Czurda as Non-Executive Director. His bio note is found on pages 7 and 8. Once again, this appointment followed a rigorous selection process emanating from the Bank's Nominations Pool in the context of the ongoing Board requirements for a forward-looking Board skills and competence requirement.

These appointments were conducted in a transparent and formal manner and based on merit and objective criteria, continue to enhance the diversity of gender, age, geography, cognitive and personal strengths.

Succession Planning

The Committee is conscious of the tenure applicable for non-executive directors to maintain their independence, and also of the fact that directors may not seek re-appointment at the next term or a contingent vacancy arising. In this regard, the Committee has succession plans in place to enhance the level of preparedness for an eventual vacancy arising out of planned or unplanned circumstances. The current plans are predominantly focused on the Chair and the CEO. The Nominations Pool and skills matrix are fundamental tools to permit discussions ensue at the Committee. Furthermore, they also assist in the Committee's ongoing succession planning.

Succession planning is also considered for Senior Management as well as the wider workforce. The Committee provides oversight and review of relevant policies development requirements which supports potential succession in the future. The Committee is assisted by the Human Capital and Strategy departments.

Output of the External Board Evaluation and Governance Review Project

Throughout the year, the Committee also dedicated time to consider the outcome of the Board external evaluation exercise carried out in early in 2024. The action points which served to further strengthen good corporate governance were discussed in depth at Board meetings and followed up through the setting-up of a detailed action plan. Together with the outcome of the external Board evaluation, the Chairman mandated an in-house Governance Review Project. Part of this exercise sought to ensure that the Board and its delegated Board Committees have the appropriate tools to permit them carry out their function effectively. The purpose of this detailed revision was to ensure goodness of fit, avoidance of duplication and full coverage in line with both business and regulatory requirements, with the ultimate aim of leading and contributing to sustainable business outcomes.

NOMINATIONS AND REMUNERATION REPORT

REMUNERATION STATEMENT

Remuneration Policy – Senior Management

The Board of Directors determines the framework of the overall remuneration policy for Executives based on recommendations from the Remuneration, Nominations and Governance Committee. The Committee, on the recommendations of the Chief Executive Officer, then establishes the individual remuneration arrangements of the Group's Senior Management, namely the Executives and Heads of Departments in accordance with the Group Remuneration Policy. The overriding principle of the Remuneration Policy is that individual performance is evaluated according to both quantitative/financial and qualitative/competency measures.

The Committee considers that the current remuneration packages for Executives are based upon the appropriate market equivalents and are adequate for the responsibilities involved to enable the Group to attract, retain and motivate executives having the appropriate skills and qualities, in order to ensure the proper management of the organisation.

For the purposes of this Remuneration Statement, references to "Executives" shall mean the eight members of the Executive Committee. Executives are in full employment with the Bank on indefinite contracts. They enjoy health insurance arrangements, death in service benefits, an occupational pension scheme, as all Bank employees, and participate in the Executive Share Incentive Plan.

Apart from the Occupational Pension Scheme and ESIP, no discretionary pensions or other supplementary pension benefits were payable to the Executives in 2024. Insofar as early retirement schemes are concerned, the Executives are subject to the schemes which are set out and defined in the Collective Agreement (for Managerial and Clerical Grades) as may be applicable to employees from time to time.

Variable Remuneration of Executives

The total Variable Remuneration of Executives including share awards is proposed by the CEO, reviewed by the Remuneration, Nominations and Governance Committee, and confirmed by the Board. During 2024, the Executives and Heads of Department were awarded a performance bonus linked to the performance and achievement of their objectives, and vested share awards awarded in 2022 and vested over a period of three years 2023 – 2025, and share awards awarded in 2023 and vested over a period of three years 2024 – 2026. Executives were also awarded new share awards which will be vested over a period of three years 2025 – 2027.

The objectives were based partly on financial targets (financial ratios) and partly on qualitative performance review. Provided that any Variable Remuneration (including performance bonus) received and/or that is to be received by the employee from the Bank at any time, regardless of the method used for computation or payment, including deferral and/or retention arrangements, shall be subject to the malus and clawback provisions found in the APS Group Remuneration Policy, as may be amended from time to time, which allow for a reduction or reversal of any variable remuneration. These provisions may be enforced by the Bank against the employee within a period of time as established in the APS Group Remuneration Policy, and shall apply in cases where:

- the employee participated in or was responsible for conduct which resulted in significant losses to the Bank; and/or
- the employee failed to meet appropriate standards of fitness and propriety; and/or
- in any other cases as listed in the APS Group Remuneration Policy.

Total emoluments received by Executives during the financial year ended 31 December 2024 are reported in the Remuneration Report.

Remuneration Policy – Directors and the Chief Executive Officer

The Remuneration Policy for Directors and the Chief Executive Officer was approved by the shareholders at the 2024 AGM and effective from 9 May 2024, following its submission to a vote at the AGM reflecting the provisions of Chapter 12 (Capital Markets Rules) and is available in full on http://www.apsbank.com.mt/investor-relations/. The said Policy and its implementation are reviewed regularly by the Remuneration, Nominations and Governance Committee. Any material amendments to the Policy shall be submitted to a vote by the General Meeting before their adoption and in any case at least every four years. There were no deviations from the procedure for the implementation of the Directors' and CEO's Remuneration Policy.

REMUNERATION STATEMENT (continued)

Remuneration Policy – Directors and the Chief Executive Officer (continued)

The aim of this Policy is to contribute to the business strategy, long-term interests, and sustainability of the Company by ensuring that the Company is able to attract and retain sufficiently qualified directors and a CEO who are crucial for the formulation and proper implementation of the Company's strategic vision. The Policy applies to 'directors' as such term is defined in Chapter 12 and therefore in the case of the Company it applies to any member of the Board of Directors (the "Directors") and to the CEO. The Policy is in addition to the remuneration policy of APS Group, reference to which is made to in section ''Remuneration Policy''.

In order to avoid any conflict of interest, the Company's remuneration is managed through well-defined processes ensuring no individual is involved in the decision-making process related to their own remuneration. In line with best practice, non-executive Directors' remuneration is reviewed on an annual basis by the Remuneration, Nominations and Governance Committee, which in turn makes any recommendations for consideration by the Board. The remuneration of the CEO, including any variable remuneration is approved by the Board of Directors, upon a recommendation of the Remuneration, Nominations and Governance Committee. In their recommendation to the Board, the Remuneration, Nominations and Governance Committee shall be guided exclusively by the best interests of the Company.

Remuneration Policy – Chief Executive Officer

The remuneration of the CEO takes into account the Company's need to attract, retain and motivate an individual who possesses the necessary experience, qualities and attributes for this key executive role within the Company by offering terms of employment which are competitive within the market. The remuneration package offered to the CEO also considers the size and scope of the role, the experience of the individual, market realities, practices or standards for similar positions within regulated entities, group financial performance, salary levels and increases.

In setting the CEO's remuneration, the Remuneration, Nominations and Governance Committee is guided by the remuneration framework and reward policies and practices applicable to the rest of the Company's employees. These policies and practices are relevant to today's labour market and reflect the added value of each position in line with expertise that supports the Company's goals and which attracts and retains highly talented individuals in possession of the right skill sets, aptitude and knowledge to carry out complex and challenging roles. The Chief Executive Officer's remuneration is composed of fixed and variable remuneration.

The fixed (base) salary awarded to the CEO provides a predictable base level of income reflecting level of responsibility, capabilities, skills, experience and market conditions. The CEO's base salary is determined by the terms of the relevant employment contract. Fixed remuneration includes an occupational pension scheme through a fixed percentage contribution of the base salary.

Variable pay is clearly connected to the work and performance of the CEO, with objectives based on factors that support the Group's long-term strategy and business objectives. The variable component of the CEO's remuneration takes the form of (i) an annual performance bonus and (ii) share awards in terms of the ESIP.

The annual performance bonus is contingent on a performance assessment carried out by the Remuneration, Nominations and Governance Committee and approved by the Board of Directors. The assessment evaluates the extent to which the CEO would have reached pre-set objectives and behaviours set by the Board of Directors, including business growth in line with the Company's strategic plan, engagement with other key stakeholders and regulators, CSR, ESG objectives and ensuring adherence to risk management and compliance measures. All of these objectives, which form the basis of the Board's assessment of the CEO's entitlement to an annual performance bonus, are aligned with the Company's business strategy and long-term interests, and therefore ensure that the CEO's performance, and remuneration, is linked to the Company's long-term success and sustainability. Clawback provisions apply in line with the Group Remuneration Policy.

REMUNERATION STATEMENT (continued)

Remuneration Policy – Directors and the Chief Executive Officer (continued)

Remuneration Policy – Chief Executive Officer (continued)

Total remuneration, including all benefits, awarded in 2024 and 2023 to the CEO are shown in the table below.

	2024	2023
	€	€
Fixed Pay	**370,590**	360,515
Fringe Benefits (Car, Expenses and Pension Scheme)	**40,316**	37,376
Variable Pay (Performance Bonus and ESIP)	**134,800**	96,200
Aggregate	**545,706**	494,091

	Number of shares	Number of shares
Number of Shares – Awarded (Tranche 3)	**40,000**	30,000
Number of Shares – Vested (Tranche 1 and Tranche 2)	**20,000**	10,000

In 2024, the variable remuneration awarded to the CEO stood at 33%, from a maximum 50% of the CEO's fixed remuneration established in the Remuneration Policy. The amounts above represents the remuneration package of the CEO, accruing for the financial year ending 31 December 2024.

The Chief Executive Officer is employed on a fixed-term contract. The performance assessment of the Chief Executive Officer involved the evaluation of the targets achieved against a number of pre-set objectives and behaviours, including business growth in line with the Bank's strategic plan, engagement with other key stakeholders and regulators, and ensuring adherence to risk management and compliance measures. The extent to which the Chief Executive Officer would have reached each objective is discussed and reviewed by the Board of Directors. These objectives are reviewed on a quarterly basis to ensure ongoing review and alignment with expected performance.

The CEO is entitled to benefits enjoyed by all employees of the Company including health insurance, group life insurance, personal accident insurance, discounts on products or services and a mobile phone allowance. The CEO is also entitled to the use of a fuelled licenced insured and maintained company car and meeting expenses in respect of professional and club memberships, subscriptions and similar up to a maximum of Euro 4,000 per annum.

The CEO is not entitled to any form of payment on resignation or termination of employment apart from the entitlement at law governed by legal provisions applicable to the termination of definite employment contracts. Entitlement to a retirement gratuity is based on number of years' service, as is the case of all employees, and is equivalent to one time of the terminal monthly salary.

Remuneration Policy – Non-Executive Directors

In 2024, the Board of Directors was composed in its entirety of Non-Executive Directors. The remuneration of the Directors does not include a variable component and none of the Directors, in their capacity as Directors of the Bank, are entitled to profit sharing, share awards or pension benefits. All Directors are non-employees and receive a fee for their services as Directors. Directors are entitled to be reimbursed all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board or any committee of the Board or general meetings of the Company or in connection with the business of the Company. Such expenses shall, subject always to all applicable laws and/or regulations, not be deemed to form part of the Directors' emoluments. Directors who are resident in Malta are entitled to avail themselves of the health insurance scheme offered by the Company and to certain discounts on products and services of the Company. This health insurance benefit, if availed of, continues to apply for the rest of the year after Directors' resignation from office and for the two calendar years that follow.

REMUNERATION STATEMENT (continued)

Remuneration Policy – Directors and the Chief Executive Officer (continued)

Remuneration Policy – Non-Executive Directors (continued)

The Board proposes the maximum aggregate emoluments that may be paid to the Directors in any financial year for approval by the shareholders. The maximum aggregate emoluments that may be paid to the Directors was fixed at €700,000, as approved by shareholders at the 2024 AGM. The remuneration consists of fixed fees for being appointed as Board of Director as well as for membership in Board Committees. It is set at a level which broadly reflects:

- market practices and rates of compensation at comparable regulated firms;
- the competencies and contribution required; and
- the time commitment and extent of responsibilities and the number of board meetings and committee membership/s.

The Directors are appointed at every AGM following their resignation and resubmitting themselves for reappointment. There is no severance payments upon termination of their respective directorship. Directors are entitled to certain benefits after the termination of their directorship, including discounts on products and services offered by the Group.

Directors' Fees

The Bank's Directors' Fees are as follows:

	2024	2023
	€	€
Board Fees		
Chairman	**98,478**	75,000
All other Directors	**299,989**	203,000
Board Committee Fees		
Chairman of the Board	**8,924**	8,746
All other Directors	**131,219**	146,407

The Bank's Directors' Fees for the year ended 2024 and 2023 are as follows:

	2024	2023
	€	€
Martin Scicluna	**107,402**	83,746
Victor E Agius (retired at AGM 2024)	**13,630**	49,267
Joseph C Attard	**63,565**	47,000
Franco Azzopardi (retired at AGM 2023)	**-**	17,688
Juanito Camilleri	**55,510**	47,000
Laragh Cassar	**58,513**	47,000
Martin Czurda (appointed on 1 August 2024)	**25,250**	-
Alfred De Marco (retired at AGM 2023)	**-**	16,183
Noel Mizzi (appointed at AGM 2023)	**57,620**	25,570
Michael Pace Ross	**51,505**	39,000
Joseph Rapa (retired at AGM 2024)	**13,272**	37,000
Leslie Stephenson (appointed at AGM 2024)	**40,234**	-
Marisa Xuereb (appointed at AGM 2023)	**52,109**	23,699
TOTAL	**538,610**	433,153

This Directors' Remuneration Report in terms of Chapter 12 of the Capital Markets Rules is being put forward to an advisory vote of the 2024 AGM in accordance with the requirements of the Capital Markets Rule 12.26L.

In accordance with the requirements emanating from Appendix 12.1 of the Capital Markets Rules, the contents of the Directors' Remuneration Report within this Remuneration Report have been reviewed by the external auditor to ensure compliance with such requirements.

STATEMENTS OF PROFIT OR LOSS
for the year ended 31 December 2024

		The Group		The Bank	
		2024	2023	**2024**	2023
	Note	**€000**	€000	**€000**	€000
Interest and similar income:					
On loans and advances, balances with the Central Bank of Malta and treasury bills	(3)	**107,682**	98,664	**107,682**	98,664
On debt and other fixed income instruments	(3)	**7,052**	7,020	**5,250**	5,499
Total interest and similar income	(3)	**114,734**	105,684	**112,932**	104,163
Interest expense	(4)	**(49,225)**	(32,096)	**(49,225)**	(32,096)
Net interest income		**65,509**	73,588	**63,707**	72,067
Fee and commission income		**11,605**	10,820	**10,443**	9,850
Fee and commission expense		**(2,696)**	(2,515)	**(2,647)**	(2,505)
Net fee and commission income	(5)	**8,909**	8,305	**7,796**	7,345
Dividend income	(6)	**124**	-	**1,639**	1,252
Net gains on foreign exchange	(7)	**1,427**	154	**778**	701
Net gains from derecognition of financial assets at amortised cost	(8)	**596**	-	**596**	-
Net gains on other financial instruments	(8)	**260**	3,148	**434**	1,037
Fair value movement on investment properties	(26)	**4,786**	-	**4,786**	-
Other operating income		**1,239**	271	**1,239**	271
Operating income before net impairments		**82,850**	85,466	**80,975**	82,673
Net impairment losses	(11)	**(2,956)**	(3,497)	**(2,956)**	(3,497)
Net operating income		**79,894**	81,969	**78,019**	79,176
Employee compensation and benefits	(9)	**(29,859)**	(28,625)	**(29,043)**	(27,941)
Other administrative expenses	(10)	**(21,560)**	(18,504)	**(20,942)**	(17,929)
Depreciation of property and equipment	(27)	**(2,092)**	(1,871)	**(2,092)**	(1,871)
Amortisation of intangible assets	(28)	**(2,781)**	(3,016)	**(2,781)**	(3,016)
Depreciation of right-of-use assets	(29)	**(649)**	(614)	**(649)**	(614)
Operating expenses		**(56,941)**	(52,630)	**(55,507)**	(51,371)
Net operating profit before associates' results		**22,953**	29,339	**22,512**	27,805
Share of results of associates, net of tax	(25)	**809**	902	**-**	-
Profit before tax		**23,762**	30,241	**22,512**	27,805
Income tax expense	(12)	**(5,581)**	(9,667)	**(5,515)**	(9,598)
Profit for the year		**18,181**	20,574	**16,997**	18,207
Profit for the year attributable to:					
Equity holders of the parent		**17,599**	19,799	**16,997**	18,207
Non-controlling interest		**582**	775	**-**	-
		18,181	20,574	**16,997**	18,207
Basic and diluted earnings per share	(13)	**4.6c**	5.2c	**4.5c**	4.8c

STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 December 2024

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Profit for the year	**18,181**	20,574	**16,997**	18,207
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Change in fair value on debt instruments measured at fair value through other comprehensive income (FVTOCI)	**2,975**	6,678	**2,975**	6,678
Fair value losses reclassified to profit or loss on disposal of debt instruments measured at FVTOCI	**(172)**	(1,099)	**(172)**	(1,099)
Deferred income tax relating to the components of other comprehensive income (OCI)	**26**	(655)	**26**	(655)
Items that may not be reclassified subsequently to profit or loss:				
Revaluation of land and buildings	**10,011**	-	**10,011**	-
Deferred income tax relating to the revaluation on land and buildings	**(1,430)**	-	**(1,430)**	-
Other comprehensive income for the year, net of tax	**11,410**	4,924	**11,410**	4,924
Total comprehensive income for the year, net of tax	**29,591**	25,498	**28,407**	23,131
Total comprehensive income attributable to:				
Equity holders of the parent	**29,009**	24,723	**28,407**	23,131
Non-controlling interest	**582**	775	**-**	-
	29,591	25,498	**28,407**	23,131

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2024

	Note	The Group 2024 €000	The Group 2023 €000	The Bank 2024 €000	The Bank 2023 €000
ASSETS					
Cash and balances with Central Bank of Malta	(15)	**379,653**	131,071	**379,653**	131,071
Loans and advances to banks	(16)	**24,057**	54,499	**22,027**	53,951
Financial assets at fair value through profit or loss	(17)	**45,441**	46,267	**-**	-
Non-current assets held for sale	(18)	**-**	1,738	**-**	1,738
Syndicated loans	(19)	**180,097**	184,172	**180,097**	184,172
Loans and advances to customers	(20)	**3,013,014**	2,694,229	**3,013,014**	2,694,229
Derivative assets held for risk management	(21)	**2,607**	846	**2,422**	536
Other debt and fixed income instruments	(22)	**386,988**	442,032	**386,589**	442,032
Equity and other non-fixed income instruments	(23)	**6,190**	6,960	**6,190**	6,960
Investment in subsidiaries	(24)	**-**	-	**40,251**	40,251
Investment in associates	(25)	**16,204**	14,784	**15,749**	14,563
Investment properties	(26)	**13,227**	6,714	**13,227**	6,714
Property and equipment	(27)	**49,730**	39,824	**49,730**	39,824
Intangible assets	(28)	**20,742**	17,523	**20,742**	17,523
Right-of-use assets	(29)	**4,185**	4,386	**4,185**	4,386
Other receivables	(30)	**12,860**	12,813	**12,534**	12,180
Current tax assets		**5,700**	195	**5,457**	-
Deferred tax assets	(31)	**457**	3,154	**457**	3,154
TOTAL ASSETS		**4,161,152**	3,661,207	**4,152,324**	3,653,284
LIABILITIES					
Derivative liabilities held for risk management	(21)	**2,892**	629	**2,422**	536
Amounts owed to banks	(32)	**28,609**	80,685	**28,609**	80,685
Amounts owed to customers	(33)	**3,670,650**	3,137,839	**3,671,739**	3,139,214
Lease liabilities	(29)	**4,366**	4,585	**4,366**	4,585
Accruals	(34)	**22,433**	22,842	**22,611**	22,787
Debt securities in issue	(35)	**104,210**	104,173	**104,210**	104,173
Other liabilities	(36)	**18,068**	20,385	**18,047**	20,339
Current tax liabilities		**-**	2,641	**-**	2,641
TOTAL LIABILITIES		**3,851,228**	3,373,779	**3,852,004**	3,374,960
EQUITY					
Share capital	(37)	**94,902**	94,451	**94,902**	94,451
Share premium	(37)	**52,467**	51,907	**52,467**	51,907
Revaluation reserve	(38)	**19,315**	7,905	**19,315**	7,905
Retained earnings	(39)	**128,612**	118,508	**133,270**	123,768
Other reserves		**366**	293	**366**	293
Attributable to equity holders of the parent		**295,662**	273,064	**300,320**	278,324
Non-controlling interest	(40)	**14,262**	14,364	**-**	-
TOTAL EQUITY		**309,924**	287,428	**300,320**	278,324
TOTAL LIABILITIES AND EQUITY		**4,161,152**	3,661,207	**4,152,324**	3,653,284
MEMORANDUM ITEMS					
Contingent liabilities	(41)	**32,630**	30,638	**32,630**	30,638
Commitments	(42)	**1,184,054**	1,099,547	**1,184,054**	1,099,547

The financial statements on pages 101 to 201 were approved and authorised for issue by the Board of Directors on 13 March 2025. The financial statements were signed on behalf of the Board of Directors as per the Directors' Declaration on ESEF Audit Financial Report submitted in conjunction with the Annual Financial Report and were signed by:

Martin Scicluna
Chairman

Noel Mizzi
Director

Marcel Cassar
Chief Executive Officer

Ronald Mizzi
Chief Financial Officer

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2024

The Group	Share capital €000	Share premium €000	Revaluation reserve €000	Retained earnings €000	Other reserves €000	Total €000	Non-controlling interest €000	Total equity €000
	Attributable to the equity holders of the parent							
FINANCIAL YEAR ENDED								
31 December 2024								
Balance at 1 January 2024	**94,451**	**51,907**	**7,905**	**118,508**	**293**	**273,064**	**14,364**	**287,428**
Profit for the year	-	-	-	17,599	-	17,599	582	18,181
Other comprehensive income	-	-	11,410	-	-	11,410	-	11,410
Total comprehensive income	**-**	**-**	**11,410**	**17,599**	**-**	**29,009**	**582**	**29,591**
Allotment of shares upon vesting of share awards (Note 37)	127	207	-	-	(334)	-	-	-
Share incentive plan - Value of employee services	-	-	-	-	407	407	-	407
Dividends to equity holders (Note 14)	324	388	-	(7,495)	-	(6,783)	(298)	(7,081)
Net share capital redeemed by subsidiary company	-	-	-	-	-	-	(386)	(386)
Share issuance transaction costs	-	(35)	-	-	-	(35)	-	(35)
Total transactions with owners	**451**	**560**	**-**	**(7,495)**	**73**	**(6,411)**	**(684)**	**(7,095)**
Balance at 31 December 2024	**94,902**	**52,467**	**19,315**	**128,612**	**366**	**295,662**	**14,262**	**309,924**
FINANCIAL YEAR ENDED								
31 December 2023								
Balance at 1 January 2023	**91,729**	**48,410**	**2,981**	**107,209**	**147**	**250,476**	**10,982**	**261,458**
Profit for the year	-	-	-	19,799	-	19,799	775	20,574
Other comprehensive income	-	-	4,924	-	-	4,924	-	4,924
Total comprehensive income	**-**	**-**	**4,924**	**19,799**	**-**	**24,723**	**775**	**25,498**
Allotment of shares upon vesting of share awards (Note 37)	79	115	-	-	(194)	-	-	-
Share incentive plan - Value of employee services	-	-	-	-	340	340	-	340
Dividends to equity holders (Note 14)	2,643	3,382	-	(8,500)	-	(2,475)	(227)	(2,702)
Net share capital issued by subsidiary company	-	-	-	-	-	-	2,834	2,834
Total transactions with owners	**2,722**	**3,497**	**-**	**(8,500)**	**146**	**(2,135)**	**2,607**	**472**
Balance at 31 December 2023	**94,451**	**51,907**	**7,905**	**118,508**	**293**	**273,064**	**14,364**	**287,428**

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2024

The Bank	Share capital €000	Share premium €000	Revaluation reserve €000	Retained earnings €000	Other reserves €000	Total equity €000
FINANCIAL YEAR ENDED 31 DECEMBER 2024						
Balance at 1 January 2024	**94,451**	**51,907**	**7,905**	**123,768**	**293**	**278,324**
Profit for the year	-	-	-	16,997	-	16,997
Other comprehensive income	-	-	11,410	-	-	11,410
Total comprehensive income	**-**	**-**	**11,410**	**16,997**	-	**28,407**
Allotment of shares upon vesting of share awards (Note 37)	127	207	-	-	(334)	-
Share incentive plan - Value of employee services	-	-	-	-	407	407
Dividends to equity holders (Note 14)	324	388	-	(7,495)	-	(6,783)
Share issuance transaction costs	-	(35)	-	-	-	(35)
Total transactions with owners	**451**	**560**	**-**	**(7,495)**	**73**	**(6,411)**
Balance at 31 December 2024	**94,902**	**52,467**	**19,315**	**133,270**	**366**	**300,320**
FINANCIAL YEAR ENDED 31 DECEMBER 2023						
Balance at 1 January 2023	**91,729**	**48,410**	**2,981**	**114,061**	**147**	**257,328**
Profit for the year	-	-	-	18,207	-	18,207
Other comprehensive income	-	-	4,924	-	-	4,924
Total comprehensive income	**-**	**-**	**4,924**	**18,207**	-	**23,131**
Allotment of shares upon vesting of share awards (Note 37)	79	115	-	-	(194)	-
Share incentive plan - Value of employee services	-	-	-	-	340	340
Dividends to equity holders (Note 14)	2,643	3,382	-	(8,500)	-	(2,475)
Total transactions with owners	**2,722**	**3,497**	**-**	**(8,500)**	**146**	**(2,135)**
Balance at 31 December 2023	**94,451**	**51,907**	**7,905**	**123,768**	**293**	**278,324**

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2024

	Note	The Group 2024 €000	The Group 2023 €000	The Bank 2024 €000	The Bank 2023 €000
OPERATING ACTIVITIES					
Interest and commission receipts		**121,728**	110,550	**118,765**	108,167
Interest and commission payments		**(52,390)**	(35,021)	**(51,774)**	(34,500)
Cash paid to employees and suppliers		**(50,501)**	(39,651)	**(49,644)**	(38,915)
Operating profit before changes in operating assets and liabilities		**18,837**	35,878	**17,347**	34,752
(Increase)/decrease in operating assets					
Loans and advances to customers/syndicated loans		**(317,811)**	(521,542)	**(317,811)**	(521,542)
Loans and advances to banks		**-**	(500)	**-**	(500)
Reserve deposit with Central Bank of Malta		**(4,359)**	(4,219)	**(4,359)**	(4,219)
Other assets		**749**	22	**-**	-
Increase/(decrease) in operating liabilities					
Amounts owed to customers		**532,812**	427,095	**532,526**	426,299
Amounts owed to banks		**(1,549)**	(1,549)	**(1,549)**	(1,549)
Other liabilities		**1,654**	6,917	**2,357**	7,666
Cash from/(used in) operating activities before tax		**230,333**	(57,898)	**228,511**	(59,093)
Income tax paid		**(12,440)**	(10,347)	**(12,319)**	(10,087)
Net cash flows from/(used in) operating activities		**217,893**	(68,245)	**216,192**	(69,180)
INVESTING ACTIVITIES					
Dividends received		**513**	286	**1,639**	1,252
Interest income from debt securities		**5,993**	7,015	**5,991**	7,015
Purchase of financial assets measured at amortised cost		**(399)**	(14,168)	**-**	(14,168)
Proceeds on maturity/disposal of financial assets measured at amortised cost		**56,319**	5,064	**56,319**	5,064
Purchase of debt instruments measured at FVTOCI		**(31,316)**	(8,629)	**(31,316)**	(8,629)
Proceeds on disposal of debt instruments measured at FVTOCI		**34,467**	38,958	**34,467**	38,958
Purchase of financial assets at FVTPL		**(31,446)**	(46,678)	**-**	-
Proceeds on disposal of financial assets at FVTPL		**33,435**	42,804	**-**	-
Purchase of equity and other non-fixed income instruments		**(47)**	(5,718)	**(47)**	(5,718)
Additional investment in associate		**(3,000)**	(500)	**(3,000)**	(500)
Proceeds from disposal of investment in associate		**1,814**	-	**1,814**	-
Purchase of property, equipment and intangible assets		**(11,713)**	(8,861)	**(11,713)**	(8,861)
Net cash flows from investing activities		**54,620**	9,573	**54,154**	14,413
FINANCING ACTIVITIES					
Dividends paid		**(7,081)**	(2,703)	**(6,783)**	(2,475)
Amounts received on creation of shares in subsidiaries		**2,064**	3,459	**-**	-
Proceeds from issue of debt securities in issue		**-**	49,486	**-**	49,486
Amounts paid on redemption of units in subsidiaries		**(2,451)**	(625)	**-**	-
Cash payment for security deposit on right of use asset		**(24)**	-	**(24)**	-
Cash payment for the principal portion of lease liability		**(741)**	(722)	**(741)**	(722)
Net cash flows (used in)/from financing activities		**(8,233)**	48,895	**(7,548)**	46,289
Net increase/(decrease) in cash and cash equivalents		**264,280**	(9,777)	**262,798**	(8,478)
Cash and cash equivalents at 1 January		**82,487**	92,264	**81,939**	90,417
Cash and cash equivalents at 31 December	(43)	**346,767**	82,487	**344,737**	81,939

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

APS Group comprises APS Bank plc, ReAPS Asset Management Limited and APS Diversified Bond Fund (sub-fund of APS Funds SICAV plc, in which the Bank holds 99.99% of the founder shares). The Group also has a significant investment in its associates IVALIFE Insurance Limited and in the following sub-funds of APS Funds SICAV plc - APS Income Fund, APS Ethical Cautious Fund (previously APS Ethical Fund), APS Ethical Adventurous Fund (previously APS Global Equity Fund) and APS Ethical Balanced Fund. During the year under review, the Group has affected a number of switches between funds and invested in the new sub-fund, APS Ethical Balanced Fund.

APS Bank plc is incorporated and domiciled in Malta as a public limited company under the Companies Act (Cap. 386 of the Laws of Malta). It is licensed by the MFSA to carry out the business of banking and investment services in terms of the Banking Act (Cap. 371 of the Laws of Malta) and the Investment Services Act (Cap. 370 of the Laws of Malta). The Bank is also enrolled in the Tied Insurance Intermediaries List in terms of the Insurance Intermediaries Act (Cap. 487 of the Laws of Malta).

The registered office of APS Bank plc is APS Centre, Tower Street, Birkirkara, BKR 4012 with corporate registration number C2192.

The principal activities of the Group are described in the Directors' report on page 14.

2. MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on a historical cost basis, except for derivative financial instruments, certain financial assets and investment property, which have been measured at fair value and land and buildings classified in the statements of financial position as property and equipment, which have been measured at their revalued amounts. Assets held for realisation are measured at fair value less costs to sell if lower than their cost. The consolidated and separate financial statements are presented in Euro (€), and all values are rounded to the nearest thousand (€000) except when otherwise indicated.

The Group and the Bank present their statements of financial position in order of liquidity.

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and comply with the provisions of the Banking Act, Cap. 371 and the Companies Act, Cap. 386 of the Laws of Malta.

Basis of consolidation

The consolidated financial statements comprise the financial statements of APS Bank plc and its subsidiaries, which together are referred to as the 'Group'. Subsidiaries are fully consolidated from the date on which the Group achieves control and continue to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, a majority of voting rights results in control to the extent that such substantive rights provide the investor with the current ability to direct the relevant activities of the investee. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.2 INTERNATIONAL FINANCIAL REPORTING STANDARDS EFFECTIVE IN THE CURRENT YEAR AND THOSE IN ISSUE BUT NOT YET EFFECTIVE

Standards, interpretations and amendments to published standards, which are effective in the current year

The following amendments are effective in the current year:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (effective for financial years on or after 1 January 2024 by virtue of the October 2022 Amendments) and Non-Current Liabilities with Covenants. The amendments affect only the presentation of liabilities in the statements of financial position and not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. The amendments:

a) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability, and covenants that need to be complied with after the reporting period should not affect that classification;

b) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability;

c) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services; and

d) introduce additional presentation and disclosure requirements for liabilities that are subject to covenants.

- Amendments to IAS 7 – Statements of Cash Flows and IFRS 7 – Financial Instruments Disclosures: Supplier Finance Arrangements (effective for financial periods beginning on or after 1 January 2024).
- Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback (effective for financial periods beginning on or after 1 January 2024).

The Group's assets and liabilities are presented in order of liquidity. Therefore, the Group is not affected by Classification of Liabilities as Current or Non-current (Amendments to IAS 1) and Non-current liabilities with Covenants (Amendments to IAS 1), which clarify certain requirements for determining whether a liability is classified as current or non-current.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 INTERNATIONAL FINANCIAL REPORTING STANDARDS EFFECTIVE IN THE CURRENT YEAR AND THOSE IN ISSUE BUT NOT YET EFFECTIVE (continued)

Standards, interpretations and amendments to published standards that are not yet effective

Up to the date of approval of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early.

The following standards, interpretations and amendments have been issued by the IASB:

- Amendments to IAS 21 – The Effects of Change in Foreign Exchange Rates – lack of exchangeability (effective for financial periods beginning on or after 1 January 2025);
- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity (effective for financial periods beginning on or after 1 January 2026);
- Annual Improvements Volume 11 (effective for financial periods beginning on or after 1 January 2026);
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures (effective for financial periods beginning on or after 1 January 2027);
- IFRS 18 'Presentation and Disclosure in Financial Statements', which becomes effective (subject to endorsement by the EU) for financial periods beginning on or after 1 January 2027, will replace IAS 1 Presentation of Financial Statements. It nevertheless carries forward many of the requirements in IAS 1. The main changes brought about by IFRS 18 are the introduction of new requirements to:

a) present specified categories and defined subtotals in the statement of profit or loss, with special rules applicable to banks and similar entities whose main business activity is to invest in assets and/or provide financing to customers;
b) provide disclosures on management-defined performance measures in the notes to the financial statements, whereby information about any such alternative performance measures must be presented in a single note that must include, amongst others, reconciliations to the most directly comparable subtotal listed in IFRS 18; and
c) improve aggregation and disaggregation by including which characteristics to consider when assessing whether items have similar or dissimilar characteristics; and

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which become effective (subject to endorsement by the EU) for financial periods beginning on or after 1 January 2026:

a) permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met, including that the entity neither has the practical ability to access the cash or to withdraw, stop or cancel the payment instruction, nor has any significant settlement risk;
b) provide clarification on the assessment of whether the contractual cash flows on a financial asset represent solely payments of principal and interest, with additional examples now provided in IFRS 9, and additional guidance on assessing:
    - whether contractual terms are consistent with a basic lending arrangement;
    - assets with non-recourse features; and
    - contractually-linked instruments;
c) introduce additional disclosures for investments in equity instruments designated at fair value through other comprehensive income; and
d) introduce new disclosures in relation to contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

The changes resulting from the future adoption of IFRS 18 and of the amendments to IFRS 9 and IFRS 7 (Classification and Measurement of Financial Instruments) are in the process of being assessed by the Group to determine the potential effect on the financial statements of the Group and the Bank.

The amendments to IAS 21, IFRS 9 and IFRS 7 (Contracts Referencing Nature-dependent Electricity), the Annual Improvements Volume 11, and the introduction of IFRS 19 have been determined not to have a material effect.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest and similar income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' (EIR) is the rate that exactly discounts estimated future cash payments or receipts, excluding expected credit losses (ECLs), through the expected life of the financial instrument, or where appropriate, a shorter period, to that instrument's gross carrying amount on initial recognition.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fees and commissions that are earned from services provided to customers are accrued for over that period. These fees include commission income, custody and other management and advisory fees. Other fee and commission income is recognised on completion of underlying transactions in the relevant period.

Dividend income

Dividend income from investments is recognised when the right to receive income is established, which is generally when shareholders approve the dividend.

Net gains on financial instruments

Net gains on financial instruments include realised gains and losses on disposal of financial instruments and unrealised gains and losses on financial assets at fair value through profit or loss (FVTPL). Realised gains and losses on disposal of financial assets at FVTPL represent the difference between an instrument's cost and disposal amount and are recognised on the trade date of transaction. Unrealised gains and losses on financial assets at FVTPL represent changes in fair value of financial instruments during the year and up to the reporting date. Net gains presented in the income statement on financial instruments also include the reclassification of cumulative fair value movements from OCI to profit or loss on the derecognition of debt instruments at FVTOCI.

Foreign currency translation

The consolidated financial statements are presented in Euro, which is the functional currency of the Bank and its subsidiaries. Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of recognition.

Net gains or losses resulting from foreign exchange on financial assets and financial liabilities are recognised in Note 7.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Share incentive plan

During the year under review and the preceding year, the Group entered into equity-settled share-based payment transactions which were awarded to eligible employees as an addition to their remuneration. These share-based payments are recognised on a straight-line basis and charged under employee expenses with a corresponding increase in the related equity reserves. The Group is accounting for the equity-settled share-based payments under IFRS 2.

As the standard requires, the fair value of the shares was measured at the market price of the Group's shares, adjusted for market performance conditions. In order to assess and measure the cost of these share-based payments, the Group used the Black-Scholes valuation model as the tool to determine the share fair value. Through using this option pricing model, the Group took into account the spot price at grant date, vesting time, applicable strike price, volatility percentage, the expected dividend yield and the risk-free interest rate for the term of the options.

Share awards are dependent on the attainment of objectives set out in the Remuneration Policy. Satisfactory performance is at the Board's discretion. The Bank retains flexibility to have awards vesting on a number of years. Upon each anniversary, in accordance with the vesting schedule, the portion of the share awards which vests in the hands of the eligible employee for that year, shall become unconditionally due to the eligible employee unless they express a desire to postpone vesting by means of notice to the Bank not later than 30 days prior to the vesting anniversary. The Bank has no obligation to allot the shares before vesting date. If employment is terminated before the vesting date, the awards will lapse unless termination is due to a permissible cause such as retirement, serious illness, injury or incapacitation, or any other situation which the Board deems justifiable.

Share awards do not entitle eligible employees to any voting, dividend, transfer or other rights, attaching to the Bank's shares until such shares are vested and the eligible employee is listed in the register of members of the Bank. Any vested shares rank *pari passu* with all other issued shares. Except for the transmission of rights on death, share awards granted to eligible employees under a plan are not transferable and can only be exercised by the eligible employee to whom they were originally issued.

Financial assets and liabilities

Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following principal categories:
- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); or
- Amortised cost.

Consequently, all recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value. Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the hybrid contract is classified and subsequently measured in its entirety at either amortised cost or fair value.

Classification and subsequent measurement of financial assets depend on:

i. the Group's business model for managing the asset; and
ii. the cash flow characteristics of the asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Financial assets (continued)

Business model assessment

The business model reflects how the Group manages its financial assets in order to achieve a particular business objective. That is, whether the Group's objective is solely to hold assets to collect the contractual cash flows from assets or both to collect the contractual cash flows and to sell the assets. If neither of these is applicable i.e. financial assets are held for trading purposes or financial assets are managed and their performance is evaluated on a fair value basis, then the financial assets that meet the solely payment of principal and interest (SPPI) criterion are classified as part of 'other' business model and measured at FVTPL.

The Bank's business model does not depend on Management's intentions for an individual instrument therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis. Factors considered by the Group in determining the business model for a group of assets include;

- the stated policies and objectives for the portfolio and the operation of those policies in practice, including whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- past experience i.e. the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Solely payment of principal and interest (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and to sell, the Group assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group will consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms; and
- features that modify consideration for the time value of money - e.g. periodic reset of interest rates.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset fails the SPPI test.

Financial assets with embedded derivatives are considered in their entirety, when determining whether their cash flows are SPPI. If the hybrid contract contains a host that is a financial asset, then the Group assesses the entire contract as described in the financial assets section above for classification and measurement purposes.

All of the Group's retail loans and certain fixed-rate corporate loans contain prepayment features. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Financial assets (continued)

Solely payment of principal and interest (SPPI) (continued)

In addition, a prepayment feature is treated as consistent with this criterion if:

- a financial asset is acquired or originated at a premium or discount to its contractual par amount;
- the prepayment amount substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination); and
- the fair value of the prepayment feature is insignificant on initial recognition.

The Group reclassifies financial assets when and only when the business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

Debt instruments

Amortised cost

Debt financial assets which are held within a business model whose objective is to hold assets for collection of contractual cash flows where those cash flows give rise on specified dates to cash flows that are SPPI, and that are not designated at FVTPL, are measured at amortised cost.

Appropriate allowances for ECLs are recognised in profit or loss in accordance with the Bank's accounting policy on ECLs.

Interest income from debt financial assets is included in 'Interest and similar income' using the EIR method. Foreign exchange gains and losses are recognised in profit or loss. Financial assets classified in this category are principally as follows – Cash and bank balances, loans and advances to banks and customers, certain debt and fixed income instruments and syndicated loans.

Fair value through other comprehensive income (FVTOCI)

Debt financial assets that are held within a business model whose objective is achieved by both collection of contractual cash flows and sale of the assets, where those cash flows give rise on specified dates to cash flows that are SPPI, and that are not designated at FVTPL, are measured at FVTOCI.

Appropriate allowances for ECLs are recognised in profit or loss in accordance with the Bank's accounting policy on ECLs. Any movements in OCI are presented in the financial instruments at FVTOCI revaluation reserve (Note 38). When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net (losses)/gains on financial instruments'. Interest income from these financial assets is included in 'Interest and similar income' using the EIR method. Foreign exchange gains and losses are recognised in profit or loss. Certain debt and other fixed income instruments are being classified in this category.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Financial assets (continued)

Debt instruments (continued)

Fair value through profit or loss (FVTPL)

Debt financial assets that are not classified as measured at amortised cost or FVTOCI are measured at FVTPL. Certain debt and other fixed income instruments are being classified in this category.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as FVTPL if in doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Group did not designate any of its debt financial assets in terms of this requirement.

A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented in the profit or loss statements within 'Net (losses)/gains on financial instruments' in the period in which it arises. Interest income from these financial assets is included in 'Interest and similar income' using the EIR method. Foreign exchange movements are recognised in Net gains on foreign exchange under Note 7.

Equity instruments

The Group subsequently measures all equity investments at FVTPL, except where the Group's Management has elected, at initial recognition, to irrevocably designate an equity investment at FVTOCI unless the instrument is held for trading. The Group's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns.

Equity investments at FVTOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The investments in subsidiaries and associates are held at cost in the Bank's financial statements.

Impairment of financial assets

IFRS 9 is based on a forward-looking 'ECL' model. This requires considerable judgement over how changes in economic factors affect ECLs, which are determined on a probability-weighted basis.

The Group assesses on a forward-looking basis the ECL associated with;
- debt financial assets carried at amortised cost and FVTOCI, comprising mainly debt and other fixed income securities, loans and advances to customers and banks, syndicated loans and balances with CBM; and
- irrevocable loan commitments and financial guarantee contracts issued.

The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group recognises loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- financial assets, including debt investment securities that are determined to have low credit risk at the reporting date. The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the definition of 'investment-grade'; and
- other financial instruments for which credit risk has not increased significantly since initial recognition.

The credit risk note provides more detail of how the ECL allowance is measured. Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether this modification results in derecognition. A modification results in derecognition when the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- whether any substantial new terms are introduced;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate; and
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at amortised cost and recalculates a new EIR for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial assets and liabilities (continued)

Financial assets (continued)

Collateral valuation

The Bank uses collateral to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, guarantees and real estate. The fair value is generally assessed at a minimum at inception date. However, some collateral, for example cash or securities, is valued monthly. To the extent possible, the Group uses active market data for valuing collateral. Non-financial collateral, such as real estate, is valued based on data provided by external valuers to the extent that the underlying loans continue to be recognised.

Financial liabilities

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Amounts owed to banks and to customers and debt securities in issue

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Amounts owed to banks, Amounts owed to customers and Debt securities in issue are subsequently measured at amortised cost using the EIR method.

Modification of financial liabilities

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability at fair value. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid between the borrower and the lender net of any fees received and discounted using the original EIR, is at least 10% different from the discounted present value of the cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Derivative instruments held for risk management

Derivatives embedded in hybrid contracts that contain financial asset hosts are not separated; instead, the hybrid contract is classified and subsequently measured in its entirety at either amortised cost or fair value. Derivatives embedded in hybrid contracts that contain financial liability hosts are treated as separate derivatives and measured at fair value if their economic characteristics and risks are not closely related to those of the host contract and the host contract is not itself measured at FVTPL.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial guarantee contracts and loan commitments

Financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of:
(i) the amortised premium; and
(ii) the amount of the loss allowance determined in accordance with IFRS 9 arising as a result of the financial guarantee.

Any increase in the liability relating to financial guarantees is taken to the statements of profit or loss.

Loan commitments provided by the Group are considered for loss allowance determined in accordance with IFRS 9. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

Contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the ECLs on the undrawn commitment component from those on the loan component, the ECLs on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, the ECLs are recognised as a provision.

Equity

Ordinary shares issued by the company are classified as equity instruments.

Share premium reserve account represents the excess price for issued shares above their nominal value. The reserve cannot be used for dividend distribution.

Property and equipment

The Group and the Bank account for subsequent measurement of land and buildings under the revaluation model.

Any movements in OCI that arise from revaluation of property and equipment are presented within the land and buildings revaluation reserve (Note 38).

Depreciation on property and equipment is calculated using the straight-line method to write off the cost or revalued amount of each asset to its residual value over its estimated useful economic life. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The annual rates used for this purpose are:

	%
Building	1.0
Computer equipment	25.0
Other	5.0 – 20.0

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Land is not depreciated by the Group.

Property and equipment are derecognised upon disposal or when no future economic benefits are expected from its use. The asset's residual value, useful life and method is reviewed, and adjusted if appropriate, at each financial year end.

Right of use assets, that would be presented within property and equipment if they were owned, are presented separately in the statements of financial position and their accounting policy is included below.

Intangible assets

Intangible assets comprise computer software.

Amortisation is calculated using the straight-line method to write down the cost of computer software to its residual value over its estimated useful life of 4 – 8 years. The amortisation period and the amortisation method for an intangible asset is reviewed at least at each financial year end.

Impairment of non-financial assets and investments in subsidiaries and associates

The Group assesses at each reporting date whether there is an indication that an asset may be impaired.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less any accumulated impairment losses in the separate financial statements of the Bank.

Investment in associates

The Group

The Group's investment in its associates is accounted for using the ''equity method''.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Bank

The investment in associates is stated in the separate financial statements of the Bank at cost less any accumulated impairment losses.

Income from the investments is recognised only to the extent of the distributions received by the Bank.

Dividends payable on ordinary shares

Dividends payable on ordinary shares are recognised in the period in which they are declared.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Retirement benefit costs

The Group contributes towards the government pension defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of fixed contributions. These obligations are recognised as an expense in the statements of profit or loss as they accrue.

Other liabilities

Liabilities for other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents also comprise:
- cash in hand and deposits repayable on call or short notice or with a contractual period to maturity of less than three months, with any bank or financial institution;
- short-term highly liquid investments which are readily convertible into known amounts of cash without notice, subject to an insignificant risk of changes in value and with a contractual period of maturity of less than three months; and
- advances to/from banks repayable within three months from the date of the advance.

Leases

The Group acts both as a lessor and as a lessee. The accounting policies herein address the accounting treatment of the Group in both instances.

The Group as a lessee

The Group has elected to apply the recognition exemptions for low value assets and to recognise the lease payments as an expense on a straight-line basis over the lease term.

The Group determines that the following leases qualify as leases of low-value assets on the basis of the Group's accounting policy for such items:
(a) leases of IT equipment; and
(b) leases of water dispensers.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Section entitled 'Impairment of non-financial assets and investments in subsidiaries and associates'.

The Group presents lease liabilities and right-of-use assets that are not investment property separately from other assets and liabilities in the statements of financial position. The Group presents interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. In the statements of cash flows, cash payments for the principal portion of the lease liability are presented within financing activities and cash payments for the interest portion of the lease liability are presented within operating activities. Short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of the lease liability are presented within operating activities.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures certain financial instruments and certain non-financial assets at fair value at each reporting date as disclosed in the Basis of Preparation.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 – Quoted (unadjusted) market prices in active markets for identical assets and liabilities;
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

External valuers are involved for valuation of non-financial assets. Selection criteria of valuer include market knowledge, reputation, independence and whether professional standards are maintained.

Significant accounting judgements, estimates and assumptions

In the process of applying its accounting policies, the Group is required to make judgements, estimates and assumptions that affect the amounts recognised or disclosed in the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Accounting for investments in which the Group controls less than 20%

Management has made the following judgements and estimates which have the most significant effect on amounts recognised in the consolidated financial statements:

As of 31 December 2024, the Group directly held 9.90% (2023: 9.91%) interest in APS Income Fund and 0.11% (2023: 2.90%) interest in APS Ethical Cautious Fund.

The Group assessed whether it has significant influence over the investees and concluded that significant influence can be clearly established upon considering the following factors:

- Representation in the board of directors;
- Participation in policy-making processes;
- Material transaction between the investee and the Bank; and
- Provision of technical information and management services.

Therefore, the Group continues to account for the investment in APS Income Fund and APS Ethical Cautious Fund as associates (Note 25).

Fair value of investment properties

The Group and the Bank carry their investment properties at fair value, with changes in fair value being recognised in the statements of profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2024. For investment properties, the valuation specialist determines the most appropriate methodology (market or/income approach) depending on the nature of the property. For the year ended 2023, no valuations took place given that the Bank's internal evaluation did not conclude that its property experienced substantial and volatile changes in fair value to warrant an independent architect (Note 26).

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Significant accounting judgements, estimates and assumptions (continued)

Fair value of land and buildings included within property and equipment

Land and buildings owned by the Group are carried at fair value, with changes in fair value being recognised in the OCI. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2024. The valuation specialist determines the most appropriate methodology (market or/income approach) depending on the nature of the property. For the year ended 2023, no valuations took place given that the Bank's internal evaluation did not conclude that its property experienced substantial and volatile changes in fair value to warrant evaluation by an independent architect (Note 27).

Impairment losses on loans and advances

The Group and the Bank review their loans and advances at each reporting date to assess whether an impairment loss should be recorded in the statements of profit or loss. In particular, Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

The critical judgements and estimates are explained in Note 47.2 Credit Risk.

Impairment of debt and other fixed income securities

The Group reviews its debt investments measured at FVTOCI and its debt investments measured at amortised cost at each reporting date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances (Note 11).

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. INTEREST AND SIMILAR INCOME

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
On loans and advances to banks	**6,043**	5,197	**6,043**	5,197
On loans and advances to customers	**101,639**	93,467	**101,639**	93,467
	107,682	98,664	**107,682**	98,664
On debt securities:				
Measured at amortised cost	**3,502**	4,232	**3,500**	4,232
Amortisation on premiums and discounts on debt securities measured at amortised cost	**137**	(335)	**137**	(335)
Measured at FVTPL	**1,800**	1,521	**-**	-
Measured at FVTOCI	**2,441**	2,686	**2,441**	2,686
Amortisation of premiums and discounts on other debt securities	**(828)**	(1,084)	**(828)**	(1,084)
	7,052	7,020	**5,250**	5,499
	114,734	105,684	**112,932**	104,163

4. INTEREST EXPENSE

	The Group/The Bank	
	2024	2023
	€000	€000
On amounts owed to banks	**2,261**	4,633
On amounts owed to customers	**42,074**	25,185
On lease liabilities	**98**	101
On debt securities in issue	**4,792**	2,177
	49,225	32,096

5. NET FEE AND COMMISSION INCOME

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
On loans and advances and other general banking activities	**5,555**	5,764	**5,555**	5,764
On insurance, investments and similar activities	**4,725**	3,925	**3,563**	2,955
Other activities	**1,325**	1,131	**1,325**	1,131
	11,605	10,820	**10,443**	9,850
Fee and commission expense	**(2,696)**	(2,515)	**(2,647)**	(2,505)
	8,909	8,305	**7,796**	7,345

6. DIVIDEND INCOME

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
From equity shares held in local and foreign entities and collective investment schemes	**124**	-	**1,639**	1,252

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. NET GAINS ON FOREIGN EXCHANGE

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Net unrealised/realised gains on foreign exchange	**1,427**	154	**778**	701

8. NET GAINS ON FINANCIAL INSTRUMENTS

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Realised gains on disposal of financial assets at amortised cost	**596**	**-**	**596**	-
Realised gains on disposal of shares in collective investment scheme	**-**	-	**186**	-
Realised gains on disposal of financial assets at FVTOCI	**248**	1,036	**248**	1,037
Unrealised net fair value movements on financial assets at FVTPL	**46**	3,826	**-**	-
Fair value losses on financial assets at FVTPL	**(34)**	(1,714)	**-**	-
	260	3,148	**434**	1,037
	856	3,148	**1,030**	1,037

During 2024, the Group disposed of an amount of financial assets held at amortised cost, realising previously unrecognised gains. The sale of these assets is very infrequent and the Bank's business model for managing financial assets at amortised cost had not changed as a result of the disposals.

9. EMPLOYEE COMPENSATION AND BENEFITS

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Wages and salaries:				
- key management personnel other than Directors	**6,032**	5,640	**6,032**	5,640
- other staff	**20,997**	20,086	**20,997**	20,086
- wages recharged to subsidiary at cost	**-**	-	**(816)**	(684)
Social security contributions	**1,643**	1,493	**1,643**	1,493
Share based payments	**407**	191	**407**	191
Other staff costs	**780**	1,215	**780**	1,215
	29,859	28,625	**29,043**	27,941

The average number of persons employed during the year was as follows:

	The Group		The Bank	
	2024	2023	**2024**	2023
Senior Management	**35**	35	**35**	35
Managerial	**198**	180	**198**	180
Senior officers and officers	**367**	366	**367**	366
Others	**7**	8	**7**	8
	607	589	**607**	589

9. EMPLOYEE COMPENSATION AND BENEFITS (continued)

Executive Share Incentive Plan Awards

As at 31 December 2024, the Group's share incentive plan had three tranches with outstanding share awards. In the first tranche, a total of 637,800 share awards were granted with a grant date of 12 August 2022. In the second tranche, the Group granted 713,200 share awards with a grant date of 17 August 2023. In the third tranche, the Group granted 786,800 share awards with a grant date of 23 July 2024.

The tables below summarise outstanding share awards at the end of the year with the respective vesting period:

Grant Year	Vesting Date	2024	2023
2022	30 June 2024	**-**	155,700
2023	30 June 2024	**-**	356,600
		-	512,300
2022	30 June 2025	**153,400**	155,700
2023	30 June 2025	**177,100**	178,300
2024	30 June 2025	**393,400**	-
		723,900	334,000
2023	30 June 2026	**177,100**	178,300
2024	30 June 2026	**196,700**	-
		373,800	178,300
2024	30 June 2027	**196,700**	-
		196,700	-
Total outstanding share awards		**1,294,400**	1,024,600

Share-based payment awards granted on 12 August 2022, had a staged vesting period of three years, ending June 2025. The estimated fair value of each share award granted is of €0.65 cents and was measured by applying the Black-Scholes valuation model. The model components inputs were the share price at grant date of €0.65 cents, no strike price, expected dividend yield of 3.3% and a contractual life of 3 years. After the vesting period, share awards are allotted to eligible employees for no consideration.

Similar to the share-based payment awards granted in 2022, another tranche was granted on 17 August 2023, with a staged vesting period of three years, ending June 2026. The estimated fair value of each share award granted is of €0.62 cents and was measured by applying the Black-Scholes valuation model. The model components inputs were the share price at grant date of €0.62 cents, no strike price, compounded risk-free interest rate of 3.9%, annualized volatility rate of 24.0% and a contractual life of 3 years. After the vesting period, share awards are allotted to eligible employees for no consideration. Accordingly, all movements in the number of options, as well as options outstanding at the end of the reporting period, had an exercise price of nil.

During 2024, the third tranche was granted on 23 July 2024 with a staged vesting period of three years, ending June 2027. The estimated fair value of each share award granted is of €0.56 cents and was measured by applying the Black-Scholes valuation model. The model components inputs were the share price at grant date of €0.56 cents, no strike price, compounded risk-free interest rate of 3.5%, annualized volatility rate of 28.6% and a contractual life of 3 years. After the vesting period, share awards are allotted to eligible employees for no consideration. Accordingly, all movements in the number of options, as well as options outstanding at the end of the reporting period, had an exercise price of nil.

All plans have no vesting conditions attached to the awards other than service conditions, and hence such awards become due as soon as the vesting term ends. If employment is terminated before any vesting date, the unvested awards will be forfeited unless in case of a permissible cause when termination is the result of retirement, serious illness, injury or incapacitation, or any other situation which the Board deems justifiable. All cases of permissible causes shall be communicated in writing by the Board to the eligible employee. During the year under review 8,750 (2023: 7,500) share awards were forfeited due to termination of employment of eligible employees.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. EMPLOYEE COMPENSATION AND BENEFITS (continued)

Executive Share Incentive Plan Awards (continued)

At year-end, the total expense arising from these share incentive plan awards amounted to €407K (2023: €340K) and the weighted average remaining contractual life 1.09 years (2023: 1.17 years). Furthermore, 25% of the first share incentive plan award amounting to 153,400 and 50% of the second share incentive plan amounting to 354,850 were vested and allotted during the financial year.

A summary of share incentive awards granted is being set out below:

	The Group/The Bank	
	2024	2023
	€000	€000
As at 1 January	**1,024,600**	637,800
Granted	**786,800**	713,200
Vested	**(508,250)**	(318,900)
Forfeited	**(8,750)**	(7,500)
As at 31 December	**1,294,400**	1,024,600

10. OTHER ADMINISTRATIVE EXPENSES

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Remuneration payable to the statutory auditors for:				
- the audit of financial statements	**228**	189	**186**	173
- tax advisory services	**8**	7	**5**	5
- other non-audit services	**57**	50	**53**	48
Directors' emoluments	**656**	433	**539**	433
Insurance	**516**	522	**515**	521
Professional fees	**3,070**	1,890	**2,960**	1,779
Regulatory fees	**4,497**	3,554	**4,491**	3,548
Repairs and maintenance	**6,158**	5,429	**6,114**	5,386
Telecommunications	**892**	897	**876**	881
Office operating expenses	**3,282**	3,464	**3,228**	3,410
Other administrative expenses	**2,196**	2,069	**1,975**	1,745
	21,560	18,504	**20,942**	17,929

Additional disclosures on Directors' emoluments are made on pages 99 to 100 of the Remuneration Report. The above administrative expenses are inclusive of the applicable non-recoverable VAT under the Maltese legislation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NET IMPAIRMENT LOSSES

	The Group/The Bank 2024 €000	2023 €000
Charge for the year:		
- collective impairment	**(1,394)**	(1,584)
- individual impairment	**(5,476)**	(6,741)
- bad debts written off	**(5,088)**	(606)
	(11,958)	(8,931)
Reversal of write-downs:		
- collective impairment	**1,773**	1,239
- individual impairment	**7,229**	4,195
	9,002	5,434
Net impairment losses	**(2,956)**	(3,497)

	The Group/The Bank 2024 €000	2023 €000
Loans and advances to banks		
- Stage 1	**28**	24
Loans and advances to customers:		
- Stage 1	**117**	(370)
- Stage 2	**226**	(32)
- Stage 3	**430**	94
	773	(308)
Syndicated loans:		
- Stage 1	**(17)**	2,526
- Stage 2	**(525)**	93
- Stage 3	**(3,332)**	(5,356)
	(3,874)	(2,737)
Debt securities at amortised cost:		
- Stage 1	**86**	44
- Stage 2	**10**	(40)
	96	4
Debt securities at FVTOCI:		
- Stage 1	**21**	(280)
- Stage 2	**-**	331
- Stage 3	**-**	(331)
	21	(280)
Fair value loss on equity and other non-fixed income instruments	**-**	(200)
Net impairment losses	**(2,956)**	(3,497)

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INCOME TAX EXPENSE

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Current income tax	**4,287**	10,510	**4,221**	10,441
Deferred income tax	**1,294**	(843)	**1,294**	(843)
Income tax expense	**5,581**	9,667	**5,515**	9,598

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate in Malta of 35% (2023: 35%) for the years ended 31 December 2024 and 2023 is as follows:

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Profit before tax	**23,762**	30,241	**22,512**	27,805
Theoretical tax expense at 35%	**8,317**	10,584	**7,879**	9,731
Tax effect of:				
- Non-taxable sale of investments	**(733)**	(1,146)	**(361)**	(362)
- Income taxed at lower rates of tax	**(530)**	(438)	**(530)**	(438)
- Depreciation not recovered by way of capital allowance	**17**	338	**17**	338
- Other disallowed expenses	**265**	580	**265**	580
- Unrealised gain on revaluation of properties	**(1,675)**	-	**(1,675)**	-
- Other differences	**(80)**	(251)	**(80)**	(251)
Income tax expense	**5,581**	9,667	**5,515**	9,598

13. EARNINGS PER SHARE

	The Group		The Bank	
	2024	2023	**2024**	2023
	cents per share	cents per share	**cents per share**	cents per share
Basic earnings per share	**4.6**	5.2	**4.5**	4.8

The basic earnings per share was calculated on profit attributable to shareholders of the Group; €17.6 million (2023: €19.8 million) and profit attributable to the Bank €17.0 million (2023: €18.2 million) divided by the weighted average number of ordinary shares outstanding during the year amounting to 379.6 million (2023: 379.6 million).

	The Group		The Bank	
	2024	2023	**2024**	2023
	cents per share	cents per share	**cents per share**	cents per share
Diluted earnings per share	**4.6**	5.2	**4.5**	4.8

The diluted earnings per share was calculated on profit attributable to shareholders of the Group; €17.6 million (2023: €19.8 million) and profit attributable to the Bank €17.0 million (2023: €18.2 million) divided by the weighted average number of ordinary shares outstanding during the year, together with the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares, amounting to 380.9 million (2023: 380.9 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. DIVIDENDS

	The Bank	
	2024	2023
	€000	€000
Dividends paid on ordinary shares:		
Final gross of income tax: 2.24 €cents per share (2022: 2.68 €cents per share)	**8,454**	9,846
Final net of income tax: 1.45 €cents per share (2022: 1.74 €cents per share)	**5,495**	6,400
Interim gross of income tax: 0.81 €cents per share (2023: 0.86 €cents per share)	**3,077**	3,231
Interim net of income tax: 0.53 €cents per share (2023: 0.56 €cents per share)	**2,000**	2,100

Following the publication of the interim results for 2023, the Bank paid an interim gross dividend amounting to €3.2 million (net dividend of €2.1 million) with the option for a scrip dividend (Note 37).

Following the year-end results for 2023, the Bank paid a final dividend of €8.5 million (net dividend of €5.5 million). Equity holders were given the option of a scrip dividend and share capital was accordingly increased by €0.3 million and share premium by €0.4 million. Following the publication of the interim results for 2024, the Group paid an interim gross dividend amounting to €3.1 million (net dividend of €2.0 million) (Note 37). The interim dividend was paid in cash.

Details of the recommended final dividend for 2024 can be found on page 72 in the Directors' report.

15. CASH AND BALANCES WITH CENTRAL BANK OF MALTA

	The Group/The Bank	
	2024	2023
	€000	€000
Cash in hand (Note 43)	**13,303**	13,027
Balances with Central Bank of Malta (excluding reserve deposit) (Note 43)	**236,491**	91,448
Placements with the Central Bank of Malta	**98,904**	-
Reserve deposit with Central Bank of Malta	**30,957**	26,598
Gross cash and bank balances	**379,655**	131,073
Less: allowance for impairment losses	**(2)**	(2)
Net cash and bank balances	**379,653**	131,071

Reserve deposits with Central Bank of Malta are mandatory and are not available for use in the Group's day-to-day operations. During the current and the prior year, the Bank has been compliant with the reserve deposit requirement.

Included in balances with Central Bank of Malta is an amount of €3,091,912 (2023: €2,506,000) pledged in favour of the MFSA's Depositors' Compensation Scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. LOANS AND ADVANCES TO BANKS

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Repayable on call and at short notice (Note 43)	**23,580**	54,050	**21,550**	53,502
Over one year	**500**	500	**500**	500
Gross loans and advances to banks (i)	**24,080**	54,550	**22,050**	54,002
Less: allowance for impairment losses (ii)	**(23)**	(51)	**(23)**	(51)
Net loans and advances to banks	**24,057**	54,499	**22,027**	53,951

(i) Gross loans and advances to customers analysed by currency

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
- Euro	**15,144**	28,797	**13,114**	28,249
- Other	**8,936**	25,753	**8,936**	25,753
	24,080	54,550	**22,050**	54,002

(ii) Impairment allowance for loans and advances to banks

	The Group/The Bank	
	2024	2023
	€000	€000
At 1 January	**51**	75
Reversal for the year	**(28)**	(24)
At 31 December	**23**	51

The impairment allowance on loans and advances to banks is recognised on a collective basis.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2024	2023
	€000	€000
Fixed income instruments and collective investment schemes	**45,441**	46,267
Analysed by currency:		
- Euro	**24,361**	27,162
- Other	**21,080**	19,105
	45,441	46,267
Listing Status:		
- Listed on Malta Stock Exchange	**822**	1,624
- Listed on other stock exchanges	**44,619**	44,643
	45,441	46,267

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

	The Group	
	2024	2023
	€000	€000
Carrying amount		
At 1 January	**46,267**	41,046
Disposals	**(33,435)**	(42,804)
Acquisitions	**31,446**	46,678
Movement in fair value/foreign exchange	**1,163**	1,347
At 31 December	**45,441**	46,267

18. NON-CURRENT ASSETS HELD FOR SALE

	The Group/The Bank	
	2024	2023
	€000	€000
As at 1 January	**1,738**	1,733
Property reclassified to investment properties (Note 26)	**(1,738)**	-
Improvements to property	**-**	5
	-	1,738

During the year under review, the Group's property amounting to €1,738K was reclassified from non-current assets held for sale to investment properties.

As at end of December 2023, the Bank was still pursuing a sale of its property classified as Non-Current Assets Held for Sale. Following various attempts to sell the property, the Bank does not expect to sell the property within the next 12 months and thus, reclassified back the property to Investment Property.

19. SYNDICATED LOANS

	The Group/The Bank	
	2024	2023
	€000	€000
Repayable within one year	**72,178**	40,375
Over one year	**115,307**	147,311
Gross syndicated loans (i)	**187,485**	187,686
Less: allowance for impairment losses (ii)	**(7,388)**	(3,514)
Net syndicated loans	**180,097**	184,172

(i) Gross syndicated loans analysed by currency

	The Group/The Bank	
	2024	2023
	€000	€000
- Euro	**148,174**	135,127
- Other	**39,311**	52,559
	187,485	187,686

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. SYNDICATED LOANS (continued)

(ii) Impairment allowance for syndicated loans

	The Group/The Bank	
	2024	2023
	€000	€000
At 1 January	**3,514**	776
- Collective	**542**	64
- Individual	**3,332**	2,674
At 31 December	**7,388**	3,514

Concentration of syndicated loans

The following table shows the risk concentration by industry for syndicated loans, gross of provisions:

	The Group/The Bank	
	2024	2023
	€000	€000
Agriculture	**9,214**	12,095
Manufacturing	**66,823**	71,131
Financial intermediation	**58,532**	48,478
Real estate, renting and business	**24,416**	25,949
Health and social work	**14,000**	15,533
Other industries	**14,500**	14,500
Gross syndicated loans	**187,485**	187,686

20. LOANS AND ADVANCES TO CUSTOMERS

	The Group/The Bank	
	2024	2023
	€000	€000
Repayable on call and at short notice	**137,258**	113,990
Term loans and advances	**2,888,579**	2,598,923
Gross loans and advances to customers (i)	**3,025,837**	2,712,913
Less: allowance for impairment losses (ii)	**(12,823)**	(18,684)
Net loans and advances to customers	**3,013,014**	2,694,229

(i) Gross loans and advances to customers analysed by currency

	The Group/The Bank	
	2024	2023
	€000	€000
- Euro	**3,025,679**	2,680,302
- Other	**158**	32,611
	3,025,837	2,712,913

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. LOANS AND ADVANCES TO CUSTOMERS (continued)

(ii) Impairment allowance for loans and advances to customers

	The Group/The Bank	
	2024	2023
	€000	€000
At 1 January	**18,684**	18,982
(Reversal)/charge for the year:		
- Collective	**(786)**	402
- Individual	**(5,075)**	(700)
At 31 December	**12,823**	18,684

- Collective impairment losses	**1,359**	1,703
- Individual impairment losses	**11,464**	16,981
	12,823	18,684

Concentration of loans and advances to customers

The following table shows the risk concentration by industry for loans and advances to customers, gross of provisions:

	The Group/The Bank	
	2024	2023
	€000	€000
Fishing	**36,165**	36,582
Manufacturing	**32,185**	29,177
Construction	**101,247**	107,636
Wholesale and retail trade	**62,719**	58,590
Hotels and restaurants, excluding related construction activities	**129,747**	126,227
Transport, storage and communication	**31,474**	65,938
Financial intermediation	**142,052**	127,129
Real estate, renting and business	**227,934**	209,566
Professional, Scientific and technical	**29,661**	27,415
Administrative and Support services	**21,753**	14,231
Health and social work	**11,011**	12,043
Households and individuals	**2,178,596**	1,875,759
Other industries	**21,293**	22,620
	3,025,837	2,712,913

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. DERIVATIVE ASSETS/LIABILITIES HELD FOR RISK MANAGEMENT

	The Group 2024 €000	The Group 2023 €000	The Bank 2024 €000	The Bank 2023 €000
Derivative assets held for risk management, classified at fair value through profit or loss, not classified as hedges	**2,607**	846	**2,422**	536
Derivative liabilities held for risk management, classified at fair value through profit or loss, not classified as hedges	**2,892**	629	**2,422**	536

The Group's derivative financial liabilities mainly comprise of customer deposits on which the return varies with the performance of reference equity and commodity indices; the Group and the Bank manage the resulting market risks through purchased warrants that are presented as derivative financial assets. Although the warrants provide economic hedges, hedge accounting under IFRS 9 has not been applied.

The table below shows the fair values of derivative financial instruments recorded as assets and liabilities together with their notional amount. The notional amount represents the basis upon which changes in the value of derivatives are measured. Notional amount indicates the volume of outstanding transactions as at the year end.

The Group	Notional 2024 €000	Assets 2024 €000	Liabilities 2024 €000	Notional 2023 €000	Assets 2023 €000	Liabilities 2023 €000
Over the counter derivatives:						
Equity/commodity-index warrants purchased	**46,077**	**2,607**	**-**	40,735	846	-
Equity/commodity-index warrants written	**(50,973)**	**-**	**2,892**	(40,398)	-	629
	(4,896)	**2,607**	**2,892**	337	846	629

The Bank	Notional 2024 €000	Assets 2024 €000	Liabilities 2024 €000	Notional 2023 €000	Assets 2023 €000	Liabilities 2023 €000
Over the counter derivatives:						
Equity/commodity-index warrants purchased	**38,600**	**2,422**	**-**	31,600	536	-
Equity/commodity-index warrants written	**(38,600)**	**-**	**2,422**	(31,600)	-	536
	-	**2,422**	**2,422**	-	536	536

The Group's exposure under the derivative contracts is closely monitored as part of the overall management of market risk.

22. OTHER DEBT AND FIXED INCOME INSTRUMENTS

	The Group 2024 €000	The Group 2023 €000	The Bank 2024 €000	The Bank 2023 €000
At amortised cost	**271,903**	326,723	**271,504**	326,723
Fair value through other comprehensive income	**115,188**	115,508	**115,188**	115,508
Gross other debt and fixed income instruments (i)	**387,091**	442,231	**386,692**	442,231
Less: allowance for impairment losses (ii)	**(103)**	(199)	**(103)**	(199)
Net other debt and fixed income instruments	**386,988**	442,032	**386,589**	442,032

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. OTHER DEBT AND FIXED INCOME INSTRUMENTS (continued)

(i) Gross other debt and fixed income instruments

	The Group		The Bank	
	2024	2023	**2024**	2023
At amortised cost	**€000**	€000	**€000**	€000
Issued by public bodies:				
- Local government	**35,554**	43,275	**35,554**	43,275
- Foreign government	**160,170**	215,302	**160,170**	215,302
	195,724	258,577	**195,724**	258,577
Issued by other issuers:				
- Foreign other	**75,780**	68,146	**75,780**	68,146
- Local banks	**399**	-	**-**	-
	76,179	68,146	**75,780**	68,146
Total	**271,903**	326,723	**271,504**	326,723

	The Group		The Bank	
	2024	2023	**2024**	2023
Fair value through other comprehensive income	**€000**	€000	**€000**	€000
Issued by public bodies:				
- Local government	**47,289**	46,166	**47,289**	46,166
- Foreign government	**38,847**	51,889	**38,847**	51,889
	86,136	98,055	**86,136**	98,055
Issued by other issuers:				
- Foreign banks	**15,244**	9,859	**15,244**	9,859
- Foreign other	**13,808**	7,550	**13,808**	7,550
- Local other	**-**	44	**-**	44
	29,052	17,453	**29,052**	17,453
Total	**115,188**	115,508	**115,188**	115,508
Total gross other debt and fixed income instruments	**387,091**	442,231	**386,692**	442,231
Analysed by currency:				
- Euro	**356,281**	409,055	**355,882**	409,055
- Other	**30,810**	33,176	**30,810**	33,176
	387,091	442,231	**386,692**	442,231
Unamortised premiums included within the gross other debt and fixed income instrument	**3,064**	4,280	**3,064**	4,280

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Listing status:				
- Listed on Malta Stock Exchange	**83,241**	89,485	**82,842**	89,485
- Listed on other stock exchanges	**303,650**	352,510	**303,650**	352,510
- Unlisted	**200**	236	**200**	236
	387,091	442,231	**386,692**	442,231

22. OTHER DEBT AND FIXED INCOME INSTRUMENTS (continued)

Carrying amount – Gross of impairment allowances	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
At amortised cost				
At 1 January	**326,723**	317,877	**326,723**	317,877
Redemptions and disposals	**(55,723)**	(5,064)	**(55,723)**	(5,064)
Acquisitions	**399**	14,193	**-**	14,193
Amortisation	**170**	(328)	**170**	(328)
Exchange adjustments	**334**	45	**334**	45
At 31 December	**271,903**	326,723	**271,504**	326,723

Carrying amount – Gross of impairment allowances	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Fair value through other comprehensive income				
At 1 January	**115,508**	141,927	**115,508**	141,927
Redemptions and disposals	**(34,033)**	(37,587)	**(34,033)**	(37,587)
Acquisitions	**26,261**	5,730	**26,261**	5,730
Amortisation	**(911)**	(1,188)	**(911)**	(1,188)
Increase in fair value	**3,615**	4,440	**3,615**	4,440
Exchange adjustments	**4,748**	2,186	**4,748**	2,186
At 31 December	**115,188**	115,508	**115,188**	115,508
Total	**387,091**	442,231	**386,692**	442,231

(ii) Impairment allowance for debt and other fixed income instruments

	The Group/The Bank	
	2024	2023
	€000	€000
At 1 January	**199**	203
Collective reversal for the year	**(96)**	(4)
At 31 December	**103**	199

The balance on impairment allowance for other debt and fixed income instruments as at end of December 2024 and 2023 is all in respect of collective impairment losses.

Eligible debt instruments with a nominal value of €164,500,000 (2023: €202,600,000) have been pledged against the provision of credit lines by the Central Bank of Malta, under the usual terms and conditions applying to such agreements. Debt instruments with a nominal value of €5,000,000 (2023: €3,850,000) have been pledged in favour of the MFSA's Depositors' Compensation Scheme.

23. EQUITY AND OTHER NON-FIXED INCOME INSTRUMENTS

	The Group/The Bank	
	2024	2023
	€000	€000
Equity and other non-fixed income instruments at FVTOCI	**6,190**	6,960
Analysed by currency:		
- Euro	**6,123**	6,890
- Other	**67**	70
	6,190	6,960
Listing status:		
- Listed on Malta Stock Exchange	**6,022**	6,862
- Unlisted	**168**	98
	6,190	6,960

	The Group/The Bank	
	2024	2023
	€000	€000
Gross carrying amount		
At 1 January	**6,960**	303
Acquisitions	**47**	5,718
Exchange adjustments	**(5)**	-
Fair value movement	**(812)**	939
At 31 December	**6,190**	6,960

These equity investments are not held for trading. As part of the Group's business model, investments recognised at FVTOCI do not form part of its core business.

24. INVESTMENT IN SUBSIDIARIES

The Bank	**2024**	2023
	€000	€000
Cost		
At 1 January and 31 December	**40,251**	40,251

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. INVESTMENT IN SUBSIDIARIES (continued)

The Bank's investment in subsidiaries are made up as follows:

Name	Principle place of business and country of incorporation	Equity interest 2024 Parent % holding	2024 NCI % holding	2023 Parent % holding	2023 NCI % holding	Cost 2024 €000	Cost 2023 €000
APS Funds SICAV plc 1,199 founder shares at €1.00 (2023: 1,199 founder shares at €1.00)	**Malta**	**99.99***	**0.01**	99.99*	0.01	**1**	1
APS Diversified Bond Fund 40,000,000 investor shares at €1.00 (2023: 40,000,000 investor shares at €1.00)	**Malta**	**70.25**	**29.75**	70.14	29.86	**40,000**	40,000
ReAPS Asset Management Limited 250,000 ordinary shares at €1.00 (2023: 250,000 ordinary shares at €1.00)	**Malta**	**100.00**	**-**	100.00	-	**250**	250
						40,251	40,251

*The 99.99% equity interest pertains solely to the Bank's share in the total founder shares of APS Funds SICAV plc.

APS Diversified Bond Fund and ReAPS Asset Management Limited are held at cost in the Bank's separate financial statements.

	APS Diversified Bond Fund 2024 €000	APS Diversified Bond Fund 2023 €000	**ReAPS Asset Management Limited 2024 €000**	ReAPS Asset Management Limited 2023 €000
Current assets	**48,049**	47,610	**2,581**	2,055
Current liabilities	**(393)**	(99)	**(833)**	(436)
Net assets value	**47,656**	47,511	**1,748**	1,619
Income	**2,462**	3,085	**2,045**	1,775
Expenses	**(506)**	(488)	**(1,858)**	(1,587)
Profit before tax	**1,956**	2,597	**187**	188
Tax	**(1)**	(3)	**(65)**	(66)
Profit after tax	**1,955**	2,594	**122**	122
Dividends paid to non-controlling interest	**298**	227	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. INVESTMENT IN ASSOCIATES

The Bank

The Bank's investment in associates is as follows:

Name	Principle place of business and country of incorporation	Equity interest 2024 %	Equity interest 2023 %	Cost 2024 €000	Cost 2023 €000
APS Income Fund 53,188 investor shares at €100.01 (2023: 56,880 investor shares at €100.01)	**Malta**	**9.90**	9.91	**5,319**	5,688
APS Ethical Cautious Fund (previously APS Ethical Fund) 39,003 investor shares at €1.00 (2023: 1,000,000 investor shares at €1.00)	**Malta**	**0.11**	2.90	**39**	1,000
APS Ethical Adventurous Fund (previously APS Global Equity Fund) 4,515,816 investor shares at €1.00 (2023: 5,000,000 investor shares at €1.00)	**Malta**	**31.70**	39.45	**4,516**	5,000
APS Ethical Balanced Fund 2,000,000 investor shares at €1.00 (2023: Nil)	**Malta**	**32.31**	-	**2,000**	-
IVALIFE Insurance Limited 3,875,000 ordinary shares at €1.00 (2023: 2,875,000 ordinary shares at €1.00)	**Malta**	**25.00**	25.00	**3,875**	2,875
				15,749	14,563

APS Ethical Cautious Fund, APS Ethical Adventurous Fund and APS Ethical Balanced Fund and IVALIFE Insurance Limited are held at cost in the Bank's separate financial statements.

The following table illustrates summarised financial information of the Bank's investment in associates:

	APS Income Fund 2024 €000	APS Income Fund 2023 €000	APS Ethical Cautious Fund 2024 €000	APS Ethical Cautious Fund 2023 €000	APS Ethical Adventurous Fund 2024 €000	APS Ethical Adventurous Fund 2023 €000	APS Ethical Balanced Fund 2024 €000	APS Ethical Balanced Fund 2023 €000	IVALIFE Insurance Limited 2024 €000	IVALIFE Insurance Limited 2023 €000
Current assets	**58,710**	63,050	**37,814**	36,239	**18,036**	14,219	**6,097**	-	**31,054**	14,736
Non-current assets	**-**	-	**-**	-	**-**	-	**-**	-	**2,414**	3,780
Current liabilities	**(193)**	(268)	**(319)**	(109)	**(389)**	(51)	**(49)**	-	**(1,016)**	(658)
Non-current liabilities	**-**	-	**-**	-	**-**	-	**-**	-	**(21,238)**	(11,385)
Net assets value (NAV)	**58,517**	62,782	**37,495**	36,130	**17,647**	14,168	**6,048**	-	**11,214**	6,473
Split into:										
Accumulator shares	**15,064**	16,104	**18,086**	15,401	**8,484**	5,629	**4,094**	-	**-**	-
Distributor shares	**43,453**	46,678	**19,409**	20,729	**9,163**	8,539	**1,954**	-	**-**	-
	58,517	62,782	**37,495**	36,130	**17,647**	14,168	**6,048**	-	**-**	-
Group's share of:										
- Distributor shares' NAV	**5,793**	6,222	**41**	1,048	**5,594**	5,589	**1,954**	-	**-**	-
- NAV	**-**	-	**-**	-	**-**	-	**-**	-	**2,804**	1,618
Income/(loss)	**2,754**	1,793	**1,404**	3,277	**2,190**	2,283	**(111)**	-	**4,784**	2,958
Expenses	**(692)**	(737)	**(519)**	(527)	**(285)**	(222)	**(37)**	-	**(4,875)**	(3,343)
Profit/(loss) before tax	**2,062**	1,056	**885**	2,750	**1,905**	2,061	**(148)**	-	**(91)**	(385)
Tax	**(428)**	(281)	**(26)**	(46)	**(54)**	(54)	**(1)**	-	**-**	-
Profit/(loss) after tax	**1,634**	775	**859**	2,704	**1,851**	2,007	**(149)**	-	**(91)**	(385)
Group's share of profit/ (loss) for the year	**168**	87	**26**	76	**712**	835	**(74)**	-	**(23)**	(96)
Dividends paid to the Group	**246**	167	**28**	24	**115**	94	**-**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. INVESTMENT IN ASSOCIATES (continued)

The Group

The following table illustrates the movements in the carrying amount of the Group's investment in associates:

	2024	2023
	€000	€000
Carrying amount of the investment at 1 January	**14,784**	13,667
Share of associate's results, net of tax	**809**	902
Investment in associate	**3,000**	500
Dividend distribution	**(389)**	(285)
Partial disposal of investment in associates	**(2,000)**	-
Carrying amount of the investment at 31 December	**16,204**	14,784

The associates had no contingent liabilities or capital commitments as at 31 December 2024 (2023: nil).

APS Income Fund, APS Ethical Cautious Fund (previously known as APS Ethical Fund), APS Ethical Adventurous Fund (previously known as APS Global Equity Fund) and APS Ethical Balanced Fund

The APS Income Fund, APS Ethical Cautious Fund, APS Ethical Adventurous Fund and APS Ethical Balanced Fund are sub-funds of APS Funds SICAV plc. The SICAV is recognised under the laws of Malta as a multi-fund public limited liability company with variable share capital pursuant to the Companies Act. The Company and its sub-funds are authorised in terms of the Investment Services Act (Cap. 370, Laws of Malta) as an open-ended collective investment scheme qualifying as a Maltese UCITS, and licensed and regulated by the MFSA.

During the year under review, the Group effected a number of switches between funds. The Group disposed of 3,692 shares in APS Income Fund, 960,997 shares in APS Ethical Cautious Fund and 484,184 shares in APS Ethical Adventurous Fund. The Group has invested the amount of 2,000,000 shares in the new Ethical Balanced Fund.

As at end of December 2024, the Group held 9.9% (2023: 9.9%) in APS Income Fund, 0.1% (2023: 2.9%) in APS Ethical Cautious Fund, 31.7% (2023: 39.5%) in APS Ethical Adventurous Fund and 32.3% in APS Ethical Balanced Fund. The Group still holds significant influence in these investments and thus, have been treated as associates as at end of December 2024 (2023: same).

The fair value of the investments in APS Income Fund (Class D), APS Ethical Cautious Fund (Class B), APS Ethical Adventurous Fund (Class B) and APS Ethical Balanced Fund (Class B) as at 31 December 2024 amounted to €13,382,919 (2023: €12,858,828). The fair value of the investment in IVALIFE Insurance Limited as at 31 December 2024 amounted to €2,774,733 (2023: €1,618,356).

IVALIFE Insurance Limited

During the financial year ended 31 December 2024, the Group made a further investment of €1,000,000 (2023: €500,000) in IVALIFE Insurance Limited.

The Group is deemed to have a significant influence in the company and is measuring its investment as an associate.

26. INVESTMENT PROPERTIES

The Group's investment properties consist of commercial and residential properties in Malta. These properties consist of a mix of vacant offices and repossessed properties. As at 31 December 2024 and 2023 the fair values of investment properties held by the Group were as follows:

	The Group/The Bank	
	2024	2023
	€000	€000
As at 1 January	**6,714**	6,593
Improvements to property	**(11)**	121
Fair value movement	**4,786**	-
Reclassification from non-current assets held for sale to investment property (Note 18)	**1,738**	-
As at 31 December	**13,227**	6,714

26. INVESTMENT PROPERTIES (continued)

The Group accounts for its investment properties at fair value in line with IAS 40. Gains or losses arising from changes in the fair value of the immovable properties are included in the statements of profit or loss in the period in which it arises.

During 2024, the Bank appointed an independent architect to perform a valuation exercise of all its properties. The Bank's policy requires that a detailed valuation and condition survey is carried out by an independent architect at least every three years. On a yearly basis, the Bank considers the market conditions to ensure that there are no material changes in market value of assets and if there is an indication that the market value of the assets has changed significantly, a detailed valuation exercise would be carried out.

The changes emanating from the 2024 valuations are mainly attributable to:

- changes in the interest rate environment which has shifted direction in 2024 and with sustained expectations of further reductions in the forthcoming period;
- normal growth in property market prices; and
- changes in the property-specific conditions including renovations and improvements and development and use potential.

During the year under review, the Group's property amounting to €1,738K was reclassified from non-current assets held for sale to investment properties.

As at end of December 2023, the Bank was still pursuing a sale of its property classified as Non-Current Assets Held for Sale. Following various attempts to sell the property, the Bank does not expect to sell the property within the next 12 months and thus, reclassified back the property to Investment Property.

Leased Investment Property

The Group leased out one of the investment properties to third parties.

The agreement, which was signed in 2021, is for a period of 15 years expiring in 2036. The initial term may be extended by the mutual written agreement of both parties by an additional 5 years.

The unguaranteed residual value of the property does not represent a significant risk for the Group, as it relates to property which is situated in a location with a constant increase in value over the past years. The Group did not identify any indications that the situation will change.

In this respect the Group recorded the amount of €177K (2023: €177K) as rental income on this said property. Direct operating expenses incurred during the year were mainly professional fees and insurance cover which costs are deemed to be minimal. No other rental income was received from the other properties.

The lease is classified as an operating lease under IFRS 16.

At the end of the reporting period, the respective lessees had outstanding undiscounted lease payments for operating leases, which fall due as follows:

	The Group/The Bank	
	2024	2023
	€000	€000
Within one year	**177**	177
Within two years	**177**	177
Within three years	**177**	177
Within four years	**177**	177
Within five years	**177**	177
Over five years	**1,193**	1,370
	2,078	2,255

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. PROPERTY AND EQUIPMENT

The Group/The Bank

	Land and Buildings €000	Computer Equipment €000	Other €000	Total €000
Cost or valuation				
At 1 January 2023	27,943	11,751	23,022	62,716
Additions	1,272	772	399	2,443
Disposals	-	-	(21)	(21)
Reclassifications	831	-	(831)	-
At 31 December 2023	30,046	12,523	22,569	65,138
Additions	247	341	490	1,078
Revaluation increase of property	10,920	-	-	10,920
Accumulated depreciation on revalued property	(322)	-	-	(322)
Reclassifications	988	-	(988)	-
At 31 December 2024	**41,879**	**12,864**	**22,071**	**76,814**
Depreciation				
At 1 January 2023	735	8,586	14,143	23,464
Charge for the year	233	983	655	1,871
Disposals	-	-	(21)	(21)
At 31 December 2023	968	9,569	14,777	25,314
Charge for the year	182	985	925	2,092
Accumulated depreciation on revalued property	(322)	-	-	(322)
At 31 December 2024	**828**	**10,554**	**15,702**	**27,084**
Net Book Value				
At 31 December 2024	**41,051**	**2,310**	**6,369**	**49,730**
At 31 December 2023	29,078	2,954	7,792	39,824
At 1 January 2023	27,208	3,165	8,879	39,252

	2024 €000	2023 €000
Future capital expenditure:		
- Authorised by the Directors and contracted	**861**	2,164
- Authorised by the Directors but not yet contracted	**1,639**	3,637
	2,500	5,801

The carrying amount of land and buildings at 31 December 2024 that would have been recognised had these been carried under the cost model is €14,217K (2023: €12,391K) for both the Group and the Bank.

During 2024, the Bank appointed an independent architect to perform a valuation exercise of all its properties. Further details are included in Note 26.

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. INTANGIBLE ASSETS

	The Group Computer software €000	The Bank Computer software €000
Cost		
At 1 January 2023	32,125	32,121
Additions	5,994	5,994
At 31 December 2023	38,119	38,115
Additions	6,000	6,000
At 31 December 2024	**44,119**	**44,115**
Amortisation		
At 1 January 2023	17,580	17,576
Charge for the year	3,016	3,016
At 31 December 2023	20,596	20,592
Charge for the year	2,781	2,781
At 31 December 2024	**23,377**	**23,373**
Net book value		
At 31 December 2024	**20,742**	**20,742**
At 31 December 2023	17,523	17,523
At 1 January 2023	14,545	14,545

	The Group/The Bank 2024 €000	2023 €000
Future capital expenditure:		
- Authorised by the Directors and contracted	**2,870**	5,483
- Authorised by the Directors but not yet contracted	**5,313**	1,242
	8,183	6,725

29. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases properties, warehouses, office spaces, vehicles and spaces for the utilisation of parking.

Rental contracts are typically made for fixed periods with the lease term varying from 4 years to 20 years, with some of the lease agreements containing an extension option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Extension and Termination Options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group`s operations. The majority of extension and termination options held are exercisable only after an express written consent by both parties after expiration of the contract. Where lessor consent is also required, the Group does not have enforceable rights over the periods covered by the extension options, and these optional periods are excluded from the lease term.

If the Group has the unilateral right to exercise extension options, the periods covered by the extension options are only included in the lease term if the Group has economic compulsion to exercise the option; those periods are excluded from the lease term where the Group could replace the assets without significant cost or business disruption.

Purchase options

The majority of the Group's leased vehicles have a term which varies between 5 to 7 years. The Group has the option to purchase these vehicles, however there is no intention to exercise the option when the lease term expires.

Moreover, an additional vehicle lease agreement was entered into late during 2024 with a 6-year lease term. A purchase option has been granted at the expiration of the agreement, whereby the lessee has the option to purchase the vehicle. However, the Group has no intention to exercise this option.

The statements of financial position show the following amounts relating to leases:

	The Group/The Bank	
	2024	2023
	€000	€000
Right-of-use-assets		
Property	**3,922**	4,144
Equipment	**8**	11
Vehicles	**255**	231
	4,185	4,386
Lease liabilities		
Current	**714**	602
Non-Current	**3,652**	3,983
	4,366	4,585

Additions to the right-of-use assets during the year ended 31 December 2024 were €448k (2023: €0.3k), while there were no derecognised leases which expired in 2024 (2023: €40k). The increase in the right-of-use assets was in relation to the two new lease agreements contracted for in the year 2024 (the new branch opened in Skyparks and a new vehicle lease). Total cash outflows in relation to leases during the year amounted to €830K (2023: €829K).

29. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The statements of profit or loss shows the following amounts relating to leases:

	The Group/The Bank	
	2024	2023
	€000	€000
Depreciation charge on right-of-use assets		
Property	**565**	533
Equipment	**4**	4
Vehicles	**80**	77
	649	614
Other expenses recognised in profit or loss		
Interest expense (included in interest expense)	**98**	101
Expenses relating to leases of low-value assets (included in other administrative expenses)	**89**	111
	187	212

Variable Lease payments

There were no new lease agreements subject to variable lease payments during the year ended 31 December 2024.

Leases not yet commenced to which the lessee is committed

As at end of December 2024, the Group was committed to a new lease but not yet commenced (2023: none).

Residual Guarantees

During the current financial year, there were no leases with residual value guarantees.

Restrictions or covenants

The Group is restricted from assigning, letting or subletting of the premises to third parties. However, there are cases where the lessee may be able to do so with prior written consent of the lessor and which approval shall remain in the absolute discretion of the lessor.

Restrictions are also imposed in cases of motor vehicles where the lessee is expressly prohibited from lending, leasing, hiring or in any other manner transferring control or use of the vehicle to third parties whether gratuitously or against payment or in any other manner, whether directly or indirectly, using the vehicle for hire and reward purposes. The Group is expressly precluded from permitting the utilisation of the properties or any part thereof for any other purpose than that stipulated in the contract.

The following table shows the movement on the Lease liabilities:

	The Group/The Bank	
	2024	2023
	€000	€000
At 1 January	**4,585**	5,246
Additions	**424**	-
Disposals	**-**	(40)
Interest expense	**98**	101
Lease liability payments	**(741)**	(722)
At 31 December	**4,366**	4,585

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. OTHER RECEIVABLES

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Accrued income	**9,124**	9,232	**9,124**	9,232
Prepayments and other receivables	**3,736**	3,581	**2,627**	2,595
Amounts due from subsidiaries	**-**	-	**783**	353
	12,860	12,813	**12,534**	12,180

Amounts due from subsidiaries represent accrued income that is unsecured, do not bear interest, and will fall due for payment within three months.

31. DEFERRED TAX ASSETS

Deferred income tax at 31 December relates to the following:

	The Group/The Bank	
	2024	2023
	€000	€000
Fair value movements on investment securities	**89**	63
Fair value movements on investment properties	**(1,261)**	(178)
Impairment allowance for loans and advances to banks and customers	**7,074**	7,857
Impairment allowance for investment securities	**5**	13
Excess of capital allowances over depreciation	**(2,107)**	(2,085)
Deferred tax assets on temporary differences on lease liabilities	**1,528**	1,605
Deferred tax liabilities on temporary differences on right-of-use assets	**(1,465)**	(1,535)
Revaluation of land and buildings	**(3,406)**	(2,586)
	457	3,154

Deferred tax arising on the fair value movements on land and buildings classified in the statements of financial position within property and equipment and on investment securities, amounting to €1,403K was debited (2023: €645K debited) directly in OCI. For details on other movements refer to Note 12.

32. AMOUNTS OWED TO BANKS

	The Group/The Bank	
	2024	2023
	€000	€000
With agreed maturity dates or periods of notice, by remaining maturity:		
- 3 months or less but not repayable on demand (Note 43)	**25,511**	76,038
- over 1 year	**3,098**	4,647
	28,609	80,685
Analysed by currency:		
- Euro	**3,592**	4,661
- Foreign	**25,017**	76,024
	28,609	80,685

NOTES TO THE FINANCIAL STATEMENTS (continued)

33. AMOUNTS OWED TO CUSTOMERS

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Term deposits	**1,629,045**	1,242,051	**1,629,045**	1,242,051
Repayable on demand	**2,041,605**	1,895,788	**2,042,694**	1,897,163
	3,670,650	3,137,839	**3,671,739**	3,139,214
Analysed by currency:				
- Euro	**3,516,727**	3,067,002	**3,517,816**	3,068,377
- Other	**153,923**	70,837	**153,923**	70,837
	3,670,650	3,137,839	**3,671,739**	3,139,214

34. ACCRUALS

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Accrued interest payable	**16,178**	12,309	**16,178**	12,309
Other accruals	**6,255**	10,533	**6,433**	10,478
	22,433	22,842	**22,611**	22,787

35. DEBT SECURITIES IN ISSUE

	The Group/The Bank	
	2024	2023
	€000	€000
At 1 January	**104,173**	54,642
New debt securities issued	**-**	50,000
Unamortised expenses	**-**	(522)
Amortisation of issuance costs	**37**	53
At 31 December	**104,210**	104,173

During 2020, the Bank issued unsecured subordinated bonds which maturing in 2030. The bonds may be early redeemed by the Bank on specific dates, subject to MFSA approval and subject to the Bank providing at least 30 days' written notice. The earliest redemption date is 19 November 2025. The bonds are classified as a financial liability at amortised cost and are denominated in Euro.

	Nominal amount	Coupon rate (p.a.)	Issue date	Maturity date	Status
2020 bond issue	EUR 55m	3.25%	19 November 2020	19 November 2030	Unsecured Subordinated

NOTES TO THE FINANCIAL STATEMENTS (continued)

35. DEBT SECURITIES IN ISSUE (continued)

During 2023, the Bank launched an unsecured subordinated bond programme of up to €150,000,000. An amount of €50,000,000 bonds were issued under this programme. The bonds may be early redeemed by the Bank on specific dates, subject to MFSA approval and subject to the Bank providing at least 30 days' written notice. The earliest redemption date is 1 December 2028. The bonds are classified as a financial liability at amortised cost and are denominated in Euro.

	Nominal amount	Coupon rate (p.a.)	Issue date	Maturity date	Status
2023 bond issue	EUR 50m	5.80%	1 December 2023	1 December 2033	Unsecured Subordinated

36. OTHER LIABILITIES

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Bills payable	**15,992**	14,897	**15,992**	14,897
Other liabilities	**2,076**	5,488	**2,055**	5,442
	18,068	20,385	**18,047**	20,339

37. SHARE CAPITAL AND SHARE PREMIUM

	The Group/The Bank	
	2024	2023
	€000	€000
Authorised		
500,000,000 ordinary shares at €0.25 each		
(2023: 500,000,000 ordinary shares of €0.25 each)	**125,000**	125,000
Issued and fully paid		
379,606,122 ordinary shares of €0.25 each		
(2023: 377,803,569 ordinary shares of €0.25 each)	**94,902**	94,451

	The Group/The Bank					
	Share Capital 2024 €000	Share Capital 2023 €000	**Share Premium 2024 €000**	Share Premium 2023 €000	**Number of Shares 2024 '000**	Number of Shares 2023 '000
At 1 January	**94,451**	91,729	**51,907**	48,410	**377,804**	366,917
Scrip dividend (Note 14)	**324**	2,643	**388**	3,382	**1,294**	10,568
Executive Share incentive plan (Note 9)	**127**	79	**207**	115	**508**	319
Share issuance transaction costs	**-**	-	**(35)**	-	**-**	-
At 31 December	**94,902**	94,451	**52,467**	51,907	**379,606**	377,804

Further information on the Bank's Shareholders is disclosed in the Directors' Report.

The share premium is not available for distribution.

NOTES TO THE FINANCIAL STATEMENTS (continued)

38. REVALUATION RESERVE

The Group and the Bank apply the revaluation model for the subsequent measurement of land and buildings classified in the statements of financial position within property and equipment.

	The Group/The Bank	
	2024	2023
	€000	€000
Revaluation reserve on:		
Financial instruments at FVTOCI	**(4,332)**	(7,161)
Land and buildings	**23,647**	15,066
	19,315	7,905

The following table shows the movement in the revaluation reserve attributable to the land and buildings and financial instruments measured at FVTOCI:

	The Group/The Bank			
	Land and buildings		Financial instruments at FVTOCI	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
At 1 January	**15,066**	15,066	**(7,161)**	(12,085)
Revaluation adjustment, gross of tax	**10,011**	-	**2,803**	5,579
Deferred tax thereon	**(1,430)**	-	**26**	(655)
At 31 December	**23,647**	15,066	**(4,332)**	(7,161)

The revaluation reserve is not available for distribution.

39. RETAINED EARNINGS

Retained earnings represent retained profits which are available for distribution to Shareholders subject to qualification as realised profits in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta.

40. NON-CONTROLLING INTEREST

The following is a reconciliation of the Non-controlling interest:

	APS Diversified Bond Fund	
	2024	2023
	€000	€000
At 1 January	**14,364**	10,982
Creation of shares	**2,070**	3,463
Redemption of shares	**(2,456)**	(629)
Dividends paid	**(298)**	(227)
Profit after tax	**582**	775
At 31 December	**14,262**	14,364

NOTES TO THE FINANCIAL STATEMENTS (continued)

41. CONTINGENT LIABILITIES

	The Group / The Bank	
	2024	2023
	€000	€000
Guarantees	**29,990**	28,940
Other contingent liabilities	**2,640**	1,698
	32,630	30,638

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit and guarantees. Outflows in respect of these guarantees are possible, given that, whether or not a payment will be required is not within the Bank's control. Such guarantees are collateralised either by cash or by property.

The commitments primarily have one year expiry date to be withdrawn.

42. COMMITMENTS

	The Group / The Bank	
	2024	2023
	€000	€000
Undrawn formal standby facilities, credit facilities and other commitments to lend	**1,184,054**	1,099,547

Capital commitments, if any, are disclosed in Notes 27 and 28.

43. CASH AND CASH EQUIVALENTS

	The Group		The Bank	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Cash in hand (Note 15)	**13,303**	13,027	**13,303**	13,027
Balances with Central Bank of Malta (excluding reserve deposit) (Note 15)	**236,491**	91,448	**236,491**	91,448
Placements with the Central Bank of Malta (Note 15)	**98,904**	-	**98,904**	-
Loans and advances to banks (repayable within 3 months) (Note 16)	**23,580**	54,050	**21,550**	53,502
Amounts owed to banks (3 months or less) (Note 32)	**(25,511)**	(76,038)	**(25,511)**	(76,038)
Cash and cash equivalents included in the statements of cash flows	**346,767**	82,487	**344,737**	81,939

44. OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Operating results of all operating segments are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group has four reportable segments, as reported below. In identifying segments, Management follows the Group's service lines which make up its main products and services:

- **Retail:** offers a broad range of products and services to meet the personal banking of individual customers. This includes home loans, personal loans, overdraft facilities, deposits products and other general banking activities;
- **Commercial:** offers banking products to meet the needs of commercial customers. This includes all lending facilities falling under the suite of the commercial products as well as deposit products;
- **Investment Services:** provides a range of products and services to meet the investment need of clients including a broad range of investment and insurance products, as well as the pension plan product and discretionary investment services; and
- **Liquidity Management and Structured Loans:** includes the management of the financial investments portfolio, correspondent bank relationships and the trade finance and syndicated loan portfolios.

Each of these operating segments is managed separately as each requires a different client approach and expertise. As for intersegment transactions, these consist of the following transactions:

- The Retail is being compensated for unutilised deposits which are being used by other segments as follows; Commercial amounting to €10,166K (2023: €9,203K), Liquidity Management and Structured Loans amounting to €14,999K (2023: €11,844K). Starting from the year under review, the Investment Services are also being compensated for unutilised deposits, used by other segments, consisting of Commercial amounting to €753K and Liquidity Management and Structured Loans amounting to €1,112K.
- During the year under review, the compensation allocated to the operating segments, has been also extended to capture other specific deposits. This compensation is being charged to other cost centres. The operating segments are being compensated as follows; Retail compensated with an amount of €973K, Investment services compensated with an amount of €8,152K, Commercial compensated with an amount of €30K and Liquidity Management and Structured Loans compensated with an amount of €5,737K.

The compensation rate is based on the price charged to unrelated customers in a stand-alone sale of identical services. The total amount of the intersegment transactions amount to €41,922K (2023: €21,047K), of which €14,892K being linked to deposits held for Regulatory purposes, are not allocated to one of the four reportable segments but are rather included with the unallocated items as part of the Interest (payable)/receivable.

In addition, several costs, assets, and liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment but rather included within the below table under the unallocated items. This primarily applies to the following items which are not included in the tables hereunder:

- Salaries pertaining to staff contributing to other cost centres;
- Recurrent costs of maintenance agreements for software and hardware support, attributed to other cost centres;
- Depreciation charge of fixed assets attributed to other cost centres;
- Property and Equipment; and
- Other assets and liabilities which include tax liability, accruals and accrued income.

All revenues, investment properties, property and equipment, intangible assets and right-of-use assets are attributed to Malta. The information in this note is based on internal management reports that are reviewed by the Group's Executive Committee.

NOTES TO THE FINANCIAL STATEMENTS (continued)

44. OPERATING SEGMENTS (continued)

The Group	Retail 2024 €000	Retail 2023 €000	Commercial 2024 €000	Commercial 2023 €000	Investment Services 2024 €000	Investment Services 2023 €000	Liquidity Management and Structured Loans 2024 €000	Liquidity Management and Structured Loans 2023 €000	Total Reportable Segments 2024 €000	Total Reportable Segments 2023 €000
Interest and similar income from external customers	**52,892**	46,245	**35,179**	33,857	**-**	-	**24,494**	22,926	**112,565**	103,028
Interest expense	**(32,681)**	(25,881)	**(826)**	(767)	**(8,493)**	(4)	**(7,159)**	(5,370)	**(49,159)**	(32,022)
Intersegment transactions	**26,138**	21,047	**(10,889)**	(9,203)	**10,016**	-	**(10,373)**	(11,844)	**14,892**	-
Net fee and commission income and other income	**2,114**	1,110	**3,504**	3,855	**7,739**	2,466	**3,051**	1,449	**16,408**	8,880
Net gains on financial instruments	**-**	-	**-**	-	**-**	-	**856**	3,148	**856**	3,148
Operating income before net impairments	**48,463**	42,521	**26,968**	27,742	**9,262**	2,462	**10,869**	10,309	**95,562**	83,034
Impairment gains/(losses)	**437**	(429)	**486**	(540)	**-**	-	**(3,729)**	(3,189)	**(2,806)**	(4,158)
Net operating income	**48,900**	42,092	**27,454**	27,202	**9,262**	2,462	**7,140**	7,120	**92,756**	78,876
Personnel expenses	**(5,421)**	(5,083)	**(2,333)**	(1,935)	**(2,664)**	(2,358)	**(572)**	(580)	**(10,990)**	(9,956)
Other administrative and operating expenses	**(582)**	(596)	**(17)**	(58)	**(548)**	(516)	**(297)**	(288)	**(1,444)**	(1,458)
Operating expenses	**(6,003)**	(5,679)	**(2,350)**	(1,993)	**(3,212)**	(2,874)	**(869)**	(868)	**(12,434)**	(11,414)
Net operating profit before associates' results	**42,897**	36,413	**25,104**	25,209	**6,050**	(412)	**6,271**	6,252	**80,322**	67,462
Share of results from associates	**-**	-	**-**	-	**-**	-	**809**	902	**809**	902
Profit/(loss) before tax as per segments	**42,897**	36,413	**25,104**	25,209	**6,050**	(412)	**7,080**	7,154	**81,131**	68,364
Less: Unallocated items	**-**	-	**-**	-	-	-	-	-	**(57,369)**	(38,123)
Profit/(loss) before tax as per statements of profit or loss	**42,897**	36,413	**25,104**	25,209	**6,050**	(412)	**7,080**	7,154	**23,762**	30,241

	Retail 2024 €000	Retail 2023 €000	Commercial 2024 €000	Commercial 2023 €000	Investment Services 2024 €000	Investment Services 2023 €000	Liquidity Management and Structured Loans 2024 €000	Liquidity Management and Structured Loans 2023 €000	Total Reportable Segments 2024 €000	Total Reportable Segments 2023 €000
Total assets as per segments	**2,120,135**	1,826,825	**892,879**	867,404	**-**	-	**1,041,237**	880,631	**4,054,251**	3,574,860
Add: Unallocated items	**-**	-	**-**	-	**-**	-	**-**	-	**106,901**	86,347
Total assets as per statements of financial position									**4,161,152**	3,661,207
Investment in associates	**-**	-	-	-	**-**	-	**16,204**	14,784	**16,204**	14,784
Total liabilities as per segments	**3,424,446**	2,964,831	**246,204**	173,008	**-**	-	**135,711**	185,487	**3,806,361**	3,323,326
Add: Unallocated items	**-**	-	**-**	-	**-**	-	**-**	-	**44,867**	50,453
Total liabilities as per statements of financial position									**3,851,228**	3,373,779

NOTES TO THE FINANCIAL STATEMENTS (continued)

44. OPERATING SEGMENTS (continued)

	2024 €000	2023 €000
Profit before tax		
As per reportable segments	**81,131**	68,364
Unallocated items:		
Interest (payable)/receivable	**(12,789)**	2,581
Net fee and commission income and other income	**78**	(149)
Personnel expenses	**(19,411)**	(19,102)
Professional fees	**(2,818)**	(1,707)
Repairs and maintenance	**(6,114)**	(5,386)
Telecommunications	**(876)**	(881)
Other administrative expenses	**(9,773)**	(8,638)
Depreciation and amortisation	**(5,516)**	(5,501)
Impairments	**4,928**	1,265
Write-offs	**(5,078)**	(605)
As per statements of profit or loss	**23,762**	30,241

	2024 €000	2023 €000
Total assets		
As per reportable segments	**4,054,251**	3,574,860
Unallocated items:		
Investment properties	**13,227**	6,714
Non-current assets held for sale	**-**	1,738
Property and equipment	**49,730**	39,824
Intangible assets	**20,742**	17,523
Right-of use assets	**4,185**	4,386
Deferred tax assets	**457**	3,154
Income tax	**5,700**	195
Other receivables	**12,860**	12,813
As per statements of financial position	**4,161,152**	3,661,207

	2024 €000	2023 €000
Total liabilities		
As per reportable segments	**3,806,361**	3,323,326
Unallocated items:		
Current tax	**-**	2,641
Lease liabilities	**4,366**	4,585
Other liabilities	**18,068**	20,385
Accruals	**22,433**	22,842
As per statements of financial position	**3,851,228**	3,373,779

45. RELATED PARTY DISCLOSURES

The Group's structure

The consolidated financial statements of the Group include the financial statements of APS Bank plc and its subsidiaries and associates, as disclosed in Notes 24 and 25 respectively. During the course of its normal banking business, the Bank conducts business on commercial terms with its subsidiaries, associates, shareholders, key management personnel and other related parties.

The registered office of APS Funds SICAV plc, APS Income Fund, APS Diversified Bond Fund, APS Ethical Adventurous Fund, APS Ethical Balanced Fund, APS Ethical Cautious Fund and ReAPS Asset Management Limited is APS Centre, Tower Street, Birkirkara, BKR 4012. The registered office of IVALIFE Insurance Limited is Centris Business Gateway II, Level 1D, Triq is-Salib tal-Imriehel, Central Business District, Birkirkara, CBD 3020.

Information on the Bank's Shareholders is disclosed in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS (continued)

45. RELATED PARTY DISCLOSURES (continued)

Related party transactions

The following tables provide the total amount of transactions, which have been entered into by the Group and the Bank with the shareholders, key management personnel, subsidiaries, associates and other related parties for the year under review:

	The Group		**The Bank**	
	Dec-24	Dec-23	**Dec-24**	Dec-23
	€000	€000	**€000**	€000
Interest and similar income:				
Shareholders	**29**	2	**29**	2
Key management personnel	**70**	40	**70**	40
Entities of the same Group	**256**	227	**256**	227
Other related parties	**58**	33	**58**	33
Fee and commission income:				
ReAPS Asset Management Limited	**-**	-	**567**	511
APS Income Fund	**457**	486	**-**	-
APS Ethical Cautious Fund	**355**	346	**-**	-
APS Ethical Adventurous Fund	**168**	128	**-**	-
APS Ethical Balanced Fund	**8**	-	**-**	-
IVALIFE Insurance Limited	**53**	49	**-**	-
Qualifying Shareholders	**233**	205	**-**	-
Other related parties	**179**	142	**-**	-
Dividend income:				
APS Diversified Bond Fund	**-**	-	**1,126**	966
APS Income Fund	**-**	-	**246**	168
APS Ethical Cautious Fund	**-**	-	**28**	24
APS Ethical Adventurous Fund	**-**	-	**115**	94
Interest expense:				
Qualifying Shareholders	**7**	48	**7**	48
Bank Directors	**6**	-	**6**	-
Key management personnel	**39**	16	**39**	16
Entities of the same Group	**35**	9	**35**	9
Other related parties	**28**	15	**28**	15
Personnel expenses:				
Key management personnel	**5,346**	4,974	**5,346**	4,974
General administrative expenses:				
Qualifying Shareholders	**277**	86	**277**	86

	The Group		**The Bank**	
	Dec-24	Dec-23	**Dec-24**	Dec-23
	€000	€000	**€000**	€000
Amounts due (to)/from related parties				
ReAPS Asset Management Limited	**-**	-	**(537)**	(1,022)
APS Income Fund	**111**	86	**-**	(29)
APS Ethical Cautious Fund	**96**	89	**-**	-
APS Ethical Balanced Fund	**8**	-	**-**	-
APS Ethical Adventurous Fund	**49**	35	**-**	-
IVALIFE Insurance Limited	**5**	15	**-**	-
Qualifying Shareholders	**64**	73	**-**	-
Other related parties	**44**	42	**-**	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

45. RELATED PARTY DISCLOSURES (continued)

Related party transactions (continued)

Related party transactions in respect of Shareholders and key management personnel are included in the below tables.

a) Compensation of key management personnel of the Group/Bank

The amounts disclosed in Note 9 and 10 are recognised as an expense during the reporting year and are paid to key management personnel of the Group. These include short-term employee benefits as well as a share incentive plan (2023: same).

b) Outstanding balances with Directors

	2024	2023
	€000	€000
Loans and advances	**707**	903
Commitments	**531**	551

Facilities granted to Bank Directors are made in the ordinary course of business on the same terms as for comparable transactions with individuals of a similar standing, or where applicable, other employees.

c) Outstanding balances with key management personnel

	2024	2023
	€000	€000
Loans and advances	**10,054**	8,154
Commitments	**724**	512

Facilities granted to key management personnel are made in the ordinary course of business on the same terms with other employees.

d) Balances with other related parties

	Balances as at 31.12.2024 €000	**Interest income 2024 €000**	Balances as at 31.12.2023 €000	Interest income 2023 €000
Amounts due from other related parties:				
Shareholders and entities with common directorship	**8,102**	**248**	8,124	230

	Balances as at 31.12.2024 €000	**Interest expense 2024 €000**	Balances as at 31.12.2023 €000	Interest expense 2023 €000
Amounts due to other related parties:				
Shareholders	**2,676**	**7**	6,577	48
Bank Directors	**2,324**	**14**	1,111	-
Other key management personnel	**2,947**	**53**	2,394	21
Other related parties	**2,681**	**29**	3,515	15

NOTES TO THE FINANCIAL STATEMENTS (continued)

45. RELATED PARTY DISCLOSURES (continued)

Related party transactions (continued)

There are no deposits held as collateral for loan commitments and overdraft facilities granted to related parties (2023: same). Also, included in Amounts owed to customers are term deposits of €6,597,000 (2023: €5,051,274), which bear interest at the prevailing Bank rates. Furthermore, the amounts due from other related parties include secured facilities of €8,080,931 (2023: €8,122,871) and €21,171 (2023: €919) unsecured facilities.

No guarantees were received by related parties as at end of December 2024 (2023: Nil). Special guarantees given to related parties amount to €365,428 (2023: €224,366).

46. FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The level within which the fair value measurement is categorised is determined based on the lowest level of input that is significant to fair value measurement.

The reporting of fair values is intended to guide users as to the amount, timing and certainty of cash flows.

Fair value measurement hierarchy of the Group's and Bank's assets and liabilities is as follows:

	Fair value measurement hierarchy			
The Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	€000	**€000**	**€000**	**€000**
Assets as at 31 December 2024				
Property and Equipment (Note 27)				
- Land and buildings	-	-	41,051	41,051
Investment properties (Note 26)				
- Residential property	-	-	1,100	1,100
- Commercial property	-	-	12,127	12,127
Derivative assets held for risk management, not designated as hedges (Note 21)	-	2,607	-	2,607
Financial assets at FVTPL (Note 17)				
- Fixed income instruments and collective investment schemes	-	45,441	-	45,441
Financial assets at FVTOCI				
- Other debt and fixed income instruments (Note 22)	114,665	-	523	115,188
- Equity and other non-fixed income instruments (Note 23)	6,021	-	169	6,190
Total	**120,686**	**48,048**	**54,970**	**223,704**
Liabilities as at 31 December 2024				
Derivative liabilities held for risk management, not designated as hedges (Note 21)	-	2,892	-	2,892
Total	**-**	**2,892**	**-**	**2,892**

NOTES TO THE FINANCIAL STATEMENTS (continued)

46. FAIR VALUES (continued)

	Fair value measurement hierarchy			
The Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	€000	**€000**	**€000**	**€000**
Assets as at 31 December 2023				
Property and Equipment (Note 27)				
- Land and buildings	-	-	29,078	29,078
Investment properties (Note 26)				
- Residential property	-	-	495	495
- Commercial property	-	-	6,219	6,219
Non-current assets held for sale (Note 18)	-	-	1,738	1,738
Derivative assets held for risk management, not designated as hedges (Note 21)	-	846	-	846
Financial assets at FVTPL (Note 17)				
- Fixed income instruments and collective investment schemes	-	46,267	-	46,267
Financial assets at FVTOCI				
- Other debt and fixed income instruments (Note 22)	114,985	-	523	115,508
- Equity and other non-fixed income instruments (Note 23)	6,862	-	98	6,960
Total	**121,847**	**47,113**	**38,151**	**207,111**
Liabilities as at 31 December 2023				
Derivative liabilities held for risk management, not designated as hedges (Note 21)	-	629	-	629
Total	**-**	**629**	**-**	**629**

	Fair value measurement hierarchy			
The Bank	**Level 1**	**Level 2**	**Level 3**	**Total**
	€000	**€000**	**€000**	**€000**
Assets as at 31 December 2024				
Property and equipment (Note 27)				
- Land and buildings	-	-	41,051	41,051
Investment properties (Note 26)				
- Residential property	-	-	1,100	1,100
- Commercial property	-	-	12,127	12,127
Derivative assets held for risk management, not designated as hedges (Note 21)	-	2,422	-	2,422
Financial assets at FVTOCI				
- Other debt and fixed income instruments (Note 22)	114,665	-	523	115,188
- Equity and other non-fixed income instruments (Note 23)	6,021	-	169	6,190
Total	**120,686**	**2,422**	**54,970**	**178,078**
Liabilities as at 31 December 2024				
Derivative liabilities held for risk management, not designated as hedges (Note 21)	-	2,422	-	2,422
Total	**-**	**2,422**	**-**	**2,422**

46. FAIR VALUES (continued)

The Bank	Fair value measurement hierarchy Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
Assets as at 31 December 2023				
Property and equipment (Note 27)				
- Land and buildings	-	-	29,078	29,078
Investment properties (Note 26)				
- Residential property	-	-	495	495
- Commercial property	-	-	6,219	6,219
Non-current assets held for sale (Note 18)	-	-	1,738	1,738
Derivative assets held for risk management, not designated as hedges (Note 21)	-	536	-	536
Financial assets at FVTOCI				
- Other debt and fixed income instruments (Note 22)	114,985	-	523	115,508
- Equity and other non-fixed income instruments (Note 23)	6,862	-	98	6,960
Total	**121,847**	**536**	**38,151**	**160,534**
Liabilities as at 31 December 2023				
Derivative liabilities held for risk management, not designated as hedges (Note 21)	-	536	-	536
Total	**-**	**536**	**-**	**536**

There were no reclassifications made within the fair value hierarchy and there were no changes in valuation techniques used by the Group during the year, except as disclosed below.

Investment properties

For the year ended 31 December 2024, an independent architect was engaged to provide the valuations of the investment properties. The valuations were based on the investment method and the comparative valuation methodology for both commercial and residential properties. The investment valuation methodology can be applied to determine the market value of a freehold or leasehold interest in property from its potential to generate future income. It is typically used for the main forms of properties where a tenant is providing the landlord with an investment return on his capital cost. Using this method, the comparable property transactions of sales and lettings are analysed to find the revenue. Under the comparative valuation methodology, the current value of the property is compared to another property with similar characteristics. This method involves comparing the subject property with similar properties that have been recently sold and those that are currently being offered for sale in the vicinity of other comparable localities. The characteristics, merits and demerits of these properties are noted, and appropriate adjustments thereof are then made to arrive at the value of the subject property. Market value in relation to the majority of the commercial properties was based on prices in the range of €3,105 and €3,367 per square metre. The Group also held another commercial property with a market value of €11,643 per square metre. The market value of the residential property was of €2,240 per square metre.

The changes emanating from the 2024 valuations are explained in further detail in Note 26.

During the year ended 31 December 2023, no valuations took place given that the property prices maintained an upward trajectory. No valuation adjustments were recognised given that the fair value movement was not material. Investment properties are being used in their highest and best use.

NOTES TO THE FINANCIAL STATEMENTS (continued)

46. FAIR VALUES (continued)

Investment properties (continued)

Significant increases/(decreases) in estimated market rates per square meter in isolation would result in a significantly higher/(lower) fair value of the properties. Significant increases/(decreases) in the discount rate in isolation would result in a (decrease)/increase in the estimated property values.

As at the end of 31 December 2024 (2023: nil) the Group has no restrictions on the realisation of investment properties (Note 26).

The fair value movement in relation to 2024 is all attributable to assets held at year end and no fair value movement was recognised in respect of assets disposed during the year.

	Residential properties		Commercial properties	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
At 1 January	**495**	495	**6,219**	6,098
Improvements	**-**	-	**-**	121
Reclassification from non-current assets held for sale to investment properties, net of depreciation	**-**	-	**1,738**	-
Fair value movement	**605**	-	**4,170**	-
At 31 December	**1,100**	495	**12,127**	6,219

Non-current assets held for sale

During the year under review, the Group's property amounting to €1,738K was reclassified from non-current assets held for sale to investment properties.

As at end of December 2023, the Bank was still pursuing a sale of its property classified as Non-Current Assets Held for Sale. Following various attempts to sell the property, the Bank does not expect to sell the property within the next 12 months and thus, reclassified back the property to Investment Property.

Property and equipment – Land and buildings

For the year ended 31 December 2024, the independent architect based the valuations on the investment method and the comparative valuation methodology. The investment valuation methodology takes into consideration the rental value of the property by comparison and capitalises it at an appropriate yield in order to render the current market value of the property. Under the comparative valuation methodology, the current value of the property is compared to another property with similar characteristics. This method involves comparing the subject property with similar properties that have been recently sold and those that are currently being offered for sale in the vicinity of other comparable localities. The characteristics, merits and demerits of these properties are noted, and appropriate adjustments thereof are then made to arrive at the value of the subject property. Market value was based on prices in the range of €2,046 and €17,310 per square metre.

The changes emanating from the 2024 valuations are explained in further detail in Note 26.

For financial year ended December 2023, in line with the Bank's revaluation policy, a desktop assessment was carried out and determined that the fair value of the properties was not significantly different than the carrying amount and thus, no external valuations have been carried out. The properties are being used at their highest and best use.

46. FAIR VALUES (continued)

Other financial instruments

Cash balances, balances with the CBM and loans and advances to banks which are repayable on call and at short notice are highly liquid assets. The Directors regard the amounts shown in the statements of financial position for these items as reflecting their fair value, as these assets will be realised for cash in the immediate future. The fair value of the placements with other banks not repayable at short notice is not materially different from their carrying amount since these carry an arm's length rate of interest which is reflective of conditions at year end. The fair value was determined using a Level 2 discounted cash flow valuation technique using relevant interest rates as the major inputs.

At the reporting date, debt securities classified at amortised cost amounted to €271.5 million (2023: €326.7 million). Their market value amounted to €266.4 million (2023: €316.9 million) (Level 1), whilst their nominal value amounted to €271.0 million (2023: €326.2 million). For other details refer to Note 22.

Loans and advances to customers are stated at the amounts contractually due less provision to reflect the expected recoverable amounts. Their carrying amount is not deemed to differ materially from their fair value as these are re-priced to take into consideration changes in both the Bank's base rate and credit margins. Their fair value measurement is a Level 2 input.

At the reporting date, syndicated loans and trade finance classified at amortised cost amounted to €180.1 million (2023: €184.2 million). Their market value amounted to €186.3 million (2023: €187.0 million) (Level 2), whilst their nominal value amounted to €187.5 million (2023: €174.7 million). For other details refer to Note 19.

Amounts owed to banks and customers include deposit liabilities. Of this category of liability, 87% (2023: 80%) have contractual re-pricing within one year, whilst 13% (2023: 20%) re-prices between one year and over. For demand deposits and term deposits within one-year, fair value is taken to be the amount payable on demand at the reporting date (Level 2). For term deposits after one-year with a carrying amount of €491.7 million (2023: €653.4 million), fair value is €470.6 million (2023: €661.6 million). All term deposits at different maturities were revalued to reflect the current interest rates. Their fair value measurement is a Level 2 input.

Debt securities in issue have a carrying amount of €104.2 million (2023: €104.2 million) at 31 December 2024. The market value, based on quoted prices in an active market (Level 1), amounted to €104.9 million at 31 December 2024 (2023: €107.3 million).

The reconciliation of Level 3 fair value measurements of financial instruments is disclosed below.

	2024	2023
	€000	€000
At 1 January	**98**	303
Acquisitions	**45**	-
Fair value movement	**26**	(200)
Exchange rate movement	**-**	(5)
At 31 December	**169**	98

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT

47.1 Risk management framework

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has delegated risk-related functions to the Risk Committee. The Risk Committee proposes the risk appetite statement for approval by the Board and ensures implementation of the Group's risk management and compliance strategy, systems and policies. The Group's Risk Appetite Statement articulates the types and level of risk that the Group is willing to take in the pursuit of the strategic objectives. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's risk governance framework ensures oversight of, and accountability for, the effective management of risk. Responsibility for risk lies at all levels within the Group through the adoption of the IIA's Three Lines Model, which promotes strong governance and risk management. Business units, as the first line, align operations with the risk management framework. The second line, represented by the Risk Management Department, develops risk policies, conducts risk assessments and monitors risk exposures. This includes carrying out forward-looking assessments to capture emerging risks through key risk indicators and through the monitoring of risks recorded in the Risk Register. This involves working closely with management (both first and second line) to ensure controls are in place. The Internal Audit Department, as the third line , provides independent assurance to the Board on the adequacy of the on the effectiveness of the risk strategy and compliance with policies.

47.2 Credit risk

Credit Risk is the possibility that a borrower or counterparty fails to meet its obligations in accordance with (or performing according to) agreed terms, causing a financial loss, including losses resulting from a reduction in portfolio value arising from actual or perceived deterioration in credit quality. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit, endorsements and acceptances.

To meet the financial needs of customers, the Group and the Bank enter into various commitments and contingent liabilities, as disclosed below. Even though these obligations are not recognised on the statements of financial position (being off-balance sheet items), they are subject to credit risk and are, therefore, part of the overall risk of the Group and the Bank.

	The Group / The Bank Not later than one year	
	2024	2023
	€000	€000
Loan commitments	**1,184,054**	1,099,547
Guarantees, acceptance and other financial facilities	**32,630**	30,638
	1,216,684	1,130,185

The Group is also exposed to credit risk arising from investments in debt securities and other financial instruments through its trading[11] and investment activities including non-equity portfolio assets and derivatives as well as settlement balances with market counterparties, reverse repurchase agreements and balances with CBM.

The Group has a detailed Credit Risk Policy, which lays down the principles for the management of credit risk. The Group manages and controls its exposure to credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and connected entities, as well as by geographical and industry concentrations.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

[11] As at end December 2024, the Bank did not have a Trading Book

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

The Group applies an automated proprietary credit rating system to differentiate the degree of credit risk inherent in advances extended to its customers. Internal ratings are used to grade loans and advances with a view to assess the repayment ability of the borrower and to assist in the monitoring and control of credit risk. The credit rating process also provides a basis for the recognition of any under- performing or non-performing credit facilities and for the assessment of expected credit losses in line with IFRS9 requirements. Further information on the credit risk grading system is included in Note 47.2.1.1 ('Credit Risk Grading').

47.2.1 Credit Risk Measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

47.2.1.1 Credit Risk Grading

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The Group uses these grades in identifying significant increases in credit risk under IFRS 9. Credit risk grades are a primary input into the determination of the term structure of Probability of Default ("PD") for exposures.

The Group use internal rating models tailored to the various categories of counterparty. Borrower and loan specific information collected at the time of application (such as the level of collateral for retail exposures and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as information from the Central Credit Register. In addition, the models enable management overlay by the responsible person, to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The following are additional considerations for each type of portfolio held by the Group:
Retail
After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. Any other known information about the borrower which impacts their creditworthiness, such as unemployment and previous delinquency history, is also incorporated into the internal credit rating system.

Commercial
For commercial business, the rating is determined at the borrower level. A relationship manager will incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, the relationship manager will also update information about the creditworthiness of the borrower every year from sources such as public financial statements. This will determine the updated internal credit rating.

Debt securities
For debt securities in the treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The Probability of Defaults ("PDs") associated with each grade are determined based on historical realised default rates, as published by an external credit rating agency.

Syndicated loans
Similar to debt securities, the majority of syndicated loans are rated using external rating agency credit grades. Again, these credit grades are frequently reviewed and monitored for immediate update where necessary.

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.1 Credit Risk Measurement (continued)

47.2.1.1 Credit Risk Grading (continued)

The Group's internal gradings for loans and advances comprise of nine (9) rating levels including three (3) default classes, whilst the remaining rating levels represent exposures not in default. Each rating category is assigned a stage under IFRS 9, where the PDs differ according to which stage, the rating category falls under.

For debt securities and syndicated loans, PDs are obtained from market data provided by a third party. PDs are assigned to the instruments, according to their external credit rating, region and sector. The risk of default increases exponentially at each higher credit risk rating. This means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

47.2.2 ECL Measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:
- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group;
- If a SICR since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Note 47.2.2.1 describes how the Group determines when a SICR has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Note 47.2.2.2 describes how the Group defines credit-impairment and default;
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECLs that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on ECLs on a lifetime basis. Please refer to Note 47.2.2.3 for a description of inputs, assumptions and estimation techniques used in measuring the ECL; and
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. Note 47.2.2.4 includes an explanation of how the Group has incorporated this in its ECL models.

Further disclosure is also provided in Note 47.2.2.5 on how the Group determines appropriate groupings when ECL is measured on a collective basis.

47.2.2.1 Significant increase in Credit Risk (SICR)

The following diagram summarises the impairment requirements under IFRS 9:

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
Initial Recognition	Significant increase in credit risk since initial recognition	Credit-impaired assets
12-month ECL	Lifetime ECL	Lifetime ECL

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are discussed in the following notes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.2 ECL Measurement (continued)

47.2.2.1 Significant increase in Credit Risk (SICR) (continued)

Under IFRS 9, when determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information.

The main judgements are made by the Group in identifying whether a significant increase in credit risk has occurred for an exposure are as follows:

- For loans and advances to customers, the Group's internal credit risk grades are used to assess whether there has been a significant increase in credit risk, performed by comparing the internal credit risk grades as at reporting date with the internal credit risk grades on initial recognition;
- For the loans and advances to banks and balances with CBM, the Group applies low credit risk simplification to all its exposures, thus to the extent that these investments are considered to be low credit risk, they are not subject to the significant increase in credit risk assessment;
- The investment and syndicated loans' portfolios are divided into two separate sub portfolios; Investment grade and Sub-Investment grade. The low credit risk simplification is applied for investment grade exposures, thus not subject to significant increase in credit risk assessment. For the sub-investment grade exposures, a one-notch downgrade in their respective external credit rating is considered as a significant increase in credit risk; and
- In assessing whether there has been a SICR since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

Assessing whether credit risk has increased significantly since initial recognition of a financial instrument requires identifying the date of initial recognition of the instrument, together with its internal grading/credit rating on initial recognition. For certain revolving facilities (e.g. overdrafts), the date when the facility was first entered into, could be a long time ago. Modifying the contractual terms of a financial instrument may also affect this assessment, as discussed in Note 2.3 *Modification of loans*.

Determining whether credit risk has increased significantly

The Group has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Group's internal credit risk management process.

The criteria for determining whether credit risk has increased significantly varies by portfolio and includes a backstop based on delinquency.

Quantitative Criteria:

For financial instruments other than the Group's investment portfolio, the Group presumptively considers that a SICR occurs when the borrower is more than 30 days past due on its contractual payments. The Group determines days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. In assessing whether a financial instrument has experienced a SICR, the Group also considers non-payments on connected accounts of the same issuer to the Group, which exceed 30 days.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.2 ECL Measurement (continued)

47.2.2.1 Significant increase in Credit Risk (SICR) (continued)

Qualitative Criteria:

Using its expert credit judgement and, where possible, relevant historical experience, the Group may determine that an exposure has undergone a SICR based on particular qualitative indicators that it considers indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

If the borrower meets one or more of the following criteria, the internal grading of the credit facility falls due to a SICR i.e. transition to Stage 2:

- Excesses over an overdraft limit become fairly frequent and/or exceed the 30 days past due (latter automated in the core banking system);
- A pattern of cheques returned unpaid;
- Review of borrowing accounts overdue;
- Trading losses that indicate a negative financial trend leading to an unsound financial position;
- A significant downgrade from a superior credit rating;
- Significant decrease in collateral value which is expected to increase risk of default (for bullet repayment loans only, such as commercial property-for-resale and/or residential Bridge Loans repayable from sale of the same collateral); and
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans and/or non-collection of debtors/amounts due.

The assessment of SICR incorporates forward-looking information and is performed on a regular basis.

The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- The average time between the identification of a significant increase in credit risk and default appears reasonable; and
- Exposures are not generally transferred directly from 12-month ECL measurement (Stage 1) to credit-impaired (Stage 3).

47.2.2.2 Definition of Default and credit impaired

Under IFRS 9, the Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- with respect to loans and advances to customers, the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered past due once the customer has either exceeded a sanctioned limit or has been advised of a limit that is smaller than the current balance outstanding; or
- with regards to investments' portfolio and syndicated loans' portfolio, a payment by the counterparty or issuer is more than 30 days past due.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.2 ECL Measurement (continued)

47.2.2.2 Definition of Default and credit impaired (continued)

In assessing whether a borrower is in default, the Group considers indicators that are:
- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

At each reporting date, the Group assesses whether financial assets carried at amortised cost, debt financial assets carried at FVTOCI, loan commitments and financial guarantees are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of three months. This period of three months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

47.2.2.3 Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit impaired.

ECLs are the discounted product of the PD, Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:
- PD estimates are estimates at a certain date, which, for loans and advances to customers, loan commitments and financial guarantees, are calculated based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. They are adjusted to reflect forward-looking information as described below. Market data, obtained from a third party service provider, is used for the PD of investment portfolio, balances with CBM and loans and advances to banks;

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.2 ECL Measurement (continued)

47.2.2.3 Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

- EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is the gross carrying amount at default. For lending commitments and financial guarantees, the EAD considers the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which is estimated based on historical observations and forward-looking forecasts. For some financial assets, the Group determines EAD by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques; and
- LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims, adjusted by the cure rates, against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. LGD estimates are calibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the EIR as the discounting factor.

ECLs are a probability-weighted estimate of credit losses and are measured as follows:
- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn irrevocable loan commitments: the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the present value of the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECLs considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. The maximum contractual period extends to the date at which the Group has the right to require repayment of an advance or terminate a loan commitment or guarantee.

For retail overdrafts and certain corporate revolving facilities that include both a loan and an undrawn commitment component, the Group measures ECLs over a period longer than the maximum contractual period if the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are risk managed on an individual basis; these facilities are however collectively assessed for IFRS 9 purposes. Although the Group can cancel these facilities with immediate effect, this contractual right is not enforced in the normal day-to-day management, but rather only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take and that serve to mitigate ECLs. These include a reduction in limits and cancellation of the facility.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.2 ECL Measurement (continued)

47.2.2.4 Forward Looking Information

Under IFRS 9, the Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECLs. The assessment of SICR and the calculation of ECL, both incorporate forward-looking information. The Group performs a historical analysis and identifies the key economic variables affecting credit risk and ECLs for each portfolio. These economic variables and their associated impact on the PD, EAD and LGD may vary by financial instrument. The Group performs expert judgement in this process.

A third party provider has been engaged to provide, on a regular basis, the forecasted macro-economic scenarios covering a ten-year time horizon. The 'base line' scenario represents the most-likely outcome and is the same scenario considered by the Group for the purposes of strategic planning and budgeting. Apart from the 'base line' scenario, the Group considers two other macro-economic scenarios, which represent more optimistic and more pessimistic outcomes.

As with any macro-economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of uncertainty and therefore, the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes.

The Group has identified key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has analysed relationships between macro-economic variables and credit risk and credit losses. These key drivers include inflation rates, unemployment rates and GDP growth rates.

The following table illustrates the macro-economic indicators incorporated in the IFRS 9 model, for each macro-economic scenario:

		Scenarios					
	Macro-Economic Variables		**2024**			2023	
		Baseline	**Upside**	**Downside**	Baseline	Upside	Downside
Indicators	GDP Growth (%)	**3.10**	**3.27**	**2.69**	3.34	3.51	2.88
	Inflation rates (%)	**2.02**	**2.05**	**1.81**	2.50	2.53	2.21
	Unemployment rates (%)	**2.97**	**2.97**	**3.01**	3.51	3.49	3.57

This above data is reviewed and updated on a quarterly basis, nevertheless, for the ECL calculation as at the reporting date, the latest macro-economic data available was incorporated within the IFRS 9 model.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.2 ECL Measurement (continued)

47.2.2.5 Grouping shared risk characteristics

For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. The characteristics and any supplementary data used to determine groupings are outlined below:

- Product type (e.g. residential/buy to let mortgage, credit cards);
- Credit risk grades; and
- Industry – taking into consideration external information.

The groupings selected by the Group are subject to regular review to ensure that exposures within a particular group remain appropriately homogenous. The groups are classified as follows;

- Loans and advances to customers;
    a) Mortgages;
    b) Personal lending;
    c) Commercial lending;
- Loans and advances to banks;
- Debt instruments; and
- Syndicated loans.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

47.2.3 Credit Risk Exposure

47.2.3.1 Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

With respect to financial instruments which expose the Group to credit risk, the maximum exposure equals the carrying amount of these instruments, except for loan commitments and financial guarantees.

Credit risks exposures relating to the statements of financial position assets and off-balance sheet items are as follows:

	The Group Maximum exposure		**The Bank Maximum exposure**	
	2024	2023	**2024**	2023
	€000	€000	**€000**	€000
Cash and balances with Central Bank of Malta (excluding cash in hand) (net)	**366,350**	118,044	**366,350**	118,044
Loans and advances to banks (net)	**24,057**	54,499	**22,027**	53,951
Financial assets at FVTPL	**45,441**	46,267	**-**	-
Syndicated loans (net)	**180,097**	184,172	**180,097**	184,172
Loans and advances to customers (net)	**2,209,343**	1,907,513	**2,209,343**	1,907,513
Loans and advances to corporate entities (net)	**803,671**	786,716	**803,671**	786,716
Derivative assets held for risk management	**2,607**	846	**2,422**	536
Other debt and fixed income instruments (net)	**386,988**	442,032	**386,589**	442,032
Other receivables	**9,124**	12,813	**9,907**	12,180
As at 31 December	**4,027,678**	3,552,902	**3,980,406**	3,505,144
Credit risk exposures relating to off-balance sheet items are as follows:				
Financial guarantees and other contingent liabilities	**32,630**	30,638	**32,630**	30,638
Commitments	**1,184,054**	1,099,547	**1,184,054**	1,099,547
As at 31 December	**1,216,684**	1,130,185	**1,216,684**	1,130,185

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.3 Credit Risk Exposure (continued)

47.2.3.2 Concentration of risk

The Group

Concentrations of risk	Financial Institutions	Manufact-uring	Real Estate	Wholesale and Retail Trade	Public Sector	Other Industries	Individuals	Total
	€000	€000	€000	€000	€000	€000	€000	€000
Cash and balances with Central Bank of Malta (excluding cash in hand) (gross)	366,352	-	-	-	-	-	-	366,352
Loans and advances to banks (gross)	24,080	-	-	-	-	-	-	24,080
Financial assets at FVTPL	10,435	1,040	98	239	16,933	16,696	-	45,441
Syndicated loans (gross)	58,532	66,823	18,000	4,000	-	40,130	-	187,485
Loans and advances to customers (gross)	2,137	32,185	327,076	62,719	5,158	417,966	2,178,596	3,025,837
Derivative assets held for risk management	2,607	-	-	-	-	-	-	2,607
Other debt and fixed income instruments (gross)	71,541	4,998	799	10,370	296,301	3,082	-	387,091
Other receivables	-	-	-	-	-	9,124	-	9,124
As at 31 December 2024	**535,684**	**105,046**	**345,973**	**77,328**	**318,392**	**486,998**	**2,178,596**	**4,048,017**
Financial guarantees and other contingent liabilities	797	772	9,017	3,700	-	13,164	5,180	32,630
Commitments	68,550	15,426	245,036	28,031	4,918	135,308	686,785	1,184,054
As at 31 December 2024	**69,347**	**16,198**	**254,053**	**31,731**	**4,918**	**148,472**	**691,965**	**1,216,684**

The Group

Concentrations of risk	Financial Institutions	Manufact-uring	Real Estate	Wholesale and Retail Trade	Public Sector	Other Industries	Individuals	Total
	€000	€000	€000	€000	€000	€000	€000	€000
Cash and balances with Central Bank of Malta (excluding cash in hand)	118,046	-	-	-	-	-	-	118,046
Loans and advances to banks	54,550	-	-	-	-	-	-	54,550
Financial assets at FVTPL	10,591	1,198	-	-	21,442	13,036	-	46,267
Syndicated loans (gross)	33,768	71,131	18,000	4,000	-	60,786	-	187,685
Loans and advances to customers (gross)	1,735	29,177	304,338	58,590	39,115	407,099	1,872,859	2,712,913
Derivative assets held for risk management	846	-	-	-	-	-	-	846
Other debt and fixed income instruments (gross)	66,799	7,512	785	8,155	356,401	2,579	-	442,231
Other receivables	-	-	-	-	-	12,813	-	12,813
As at 31 December 2023	**286,335**	**109,018**	**323,123**	**70,745**	**416,958**	**496,313**	**1,872,859**	**3,575,351**
Financial guarantees and other contingent liabilities	748	998	8,470	1,634	-	14,486	4,302	30,638
Commitments	63,623	21,267	260,627	32,639	4,808	70,905	645,678	1,099,547
As at 31 December 2023	**64,371**	**22,265**	**269,097**	**34,273**	**4,808**	**85,391**	**649,980**	**1,130,185**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.3 Credit Risk Exposure (continued)

47.2.3.2 Concentration of risk (continued)

The Bank

Concentrations of risk	Financial Institutions	Manufac -turing	Real Estate	Wholesale and Retail Trade	Public Sector	Other Industries	Individuals	Total
	€000	€000	€000	€000	€000	€000	€000	€000
Cash and balances with Central Bank of Malta (excluding cash in hand) (gross)	366,352	-	-	-	-	-	-	366,352
Loans and advances to banks (gross)	22,050	-	-	-	-	-	-	22,050
Syndicated loans (gross)	58,532	66,823	18,000	4,000	-	40,130	-	187,485
Loans and advances to customers (gross)	2,137	32,185	327,076	62,719	5,159	417,966	2,178,596	3,025,838
Derivative assets held for risk management	2,422	-	-	-	-	-	-	2,422
Other debt and fixed income instruments (gross)	71,142	4,998	799	10,370	296,301	3,082	-	386,692
Other receivables	-	-	-	-	-	9,907		9,907
As at 31 December 2024	**522,635**	**104,006**	**345,875**	**77,089**	**301,460**	**471,085**	**2,178,596**	**4,000,746**
Financial guarantees and other contingent liabilities	797	772	9,017	3,700	-	13,164	5,180	32,630
Commitments	68,550	15,426	245,036	28,031	4,918	135,308	686,785	1,184,054
As at 31 December 2024	**69,347**	**16,198**	**254,053**	**31,731**	**4,918**	**148,472**	**691,965**	**1,216,684**

The Bank

Concentrations of risk	Financial Institutions	Manufac -turing	Real Estate	Wholesale and Retail Trade	Public Sector	Other Industries	Individuals	Total
	€000	€000	€000	€000	€000	€000	€000	€000
Cash and balances with Central Bank of Malta (excluding cash in hand) (gross)	118,046	-	-	-	-	-	-	118,046
Loans and advances to banks (gross)	54,002	-	-	-	-	-	-	54,002
Syndicated loans (gross)	33,768	71,131	18,000	4,000	-	60,787	-	187,686
Loans and advances to customers (gross)	1,735	29,177	304,338	58,590	39,115	407,099	1,872,859	2,712,913
Derivative assets held for risk management	536	-	-	-	-	-	-	536
Other debt and fixed income instruments (gross)	66,799	7,512	785	8,155	356,401	2,579	-	442,231
Other receivables	-	-	-	-	-	12,180	-	12,180
As at 31 December 2023	**274,886**	**107,820**	**323,123**	**70,745**	**395,516**	**482,645**	**1,872,859**	**3,527,594**
Financial guarantees and other contingent liabilities	748	998	8,470	1,634	-	14,486	4,302	30,638
Commitments	63,623	21,267	260,627	32,639	4,808	70,905	645,678	1,099,547
As at 31 December 2023	**64,371**	**22,265**	**269,097**	**34,273**	**4,808**	**85,391**	**649,980**	**1,130,185**

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.3 Credit Risk Exposure (continued)

47.2.3.3 Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. Of the total loans and advances to customers, 87.91% (2023: 87.26%) were collateralised.

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Cash and securities;
- Government guarantees;
- Mortgages over residential properties, with the substantial majority being situated in Malta;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities, equities and insurance policies.

Longer-term finance and lending to corporate entities are generally secured, however, revolving personal credit facilities are, generally, unsecured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities are generally unsecured, with the exception of covered bonds, which are mainly secured by residential mortgages.

The Group's policies regarding obtaining collateral, there have been no significant deterioration during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use. During 2024, no new properties have been repossessed (same in 2023).

A portion of the Group's financial assets originated by the mortgage business has sufficiently low LTV ratios, which results in no loss allowance being recognised in accordance with the Group's ECL model. The carrying amount of such financial assets is €1,910 million as at 31 December 2024 (2023 - €1,657 million).

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown overleaf.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.3 Credit Risk Exposure (continued)

47.2.3.3 Collateral and other credit enhancements (continued)

The Group / The Bank

31 December 2024 Credit-impaired assets	Gross Exposure €000	Impairment allowance €000	Carrying amount €000	Fair value of collateral held €000
Loans to individuals:				
- Overdrafts	2,302	1,823	479	397
- Term Loans	1,586	536	1,050	1,050
- Home Loans	8,762	2,195	6,567	6,648
Loans to corporate entities:				
- Large corporate entities	10,000	6,014	3,986	-
- Small and medium-sized enterprise (SMEs)	16,915	3,073	13,842	14,081
- Other	8,523	3,836	4,687	4,383
Total credit-impaired assets	**48,088**	**17,477**	**30,611**	**26,559**

The Group / The Bank

31 December 2023 Credit-impaired assets	Gross Exposure €000	Impairment allowance €000	Carrying amount €000	Fair value of collateral held €000
Loans to individuals:				
- Overdrafts	2,042	1,635	407	324
- Term Loans	2,293	538	1,755	1,659
- Home Loans	8,620	2,333	6,287	6,210
Loans to corporate entities:				
- Large corporate entities	10,000	2,682	7,318	-
- Small and medium-sized enterprise (SMEs)	32,910	7,297	25,613	26,661
- Other	9,570	5,179	4,391	3,860
Total credit-impaired assets	**65,435**	**19,664**	**45,771**	**38,714**

The Group / The Bank

The following table shows the distribution of LTV ratios for the Group's home loans and term loans credit-impaired portfolio:

Home loans portfolio- LTV distribution	**Credit-impaired (Gross carrying amount)** **2024** **€000**	2023 €000
Lower than 50%	**2,326**	1,896
50 to 60%	**1,774**	1,519
60 to 70%	**576**	693
70 to 80%	**2,404**	1,638
80 to 90%	**987**	2,244
90 to 100%	**321**	-
Higher than 100%	**375**	630
Total	**8,763**	8,620

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.3 Credit Risk Exposure (continued)

47.2.3.4 Credit quality

The following table sets out information about the credit quality of financial assets[12] measured at amortised cost and FVTOCI. Unless specifically indicated, for financial assets, the amount in the table represents gross carrying amounts.

Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in previous notes.

The Bank

31 December 2024	12-month ECL €000	Lifetime ECL not credit- impaired €000	Lifetime ECL credit-impaired €000	Total €000
Loans and advances to customers at amortised cost				
Grade 1-4: Low risk	2,937,659	-	-	2,937,659
Grades 5-6: Watch & substandard	-	50,090	-	50,090
Grade 7: Doubtful	-	-	13,067	13,067
Grade 8: Classified	-	-	25,021	25,021
Loss allowance	(983)	(376)	(11,464)	(12,823)
Carrying amount	**2,936,676**	**49,714**	**26,624**	**3,013,014**
Debt securities – At amortised cost				
Investment grade	271,304	-	-	271,304
Sub-investment grade	-	200	-	200
Loss allowance	(73)	(30)	-	(103)
Carrying amount	**271,231**	**170**	**-**	**271,401**
Debt securities - FVTOCI				
Investment grade	113,170	-	-	113,170
Sub-investment grade	2,018	-	-	2,018
Carrying amount	**115,188**	**-**	**-**	**115,188**
Syndicated loans				
Grade 1-4: Low risk	24,214	-	-	24,214
Investment grade	77,097	8,000	-	85,097
Sub-investment grade	42,174	26,000	10,000	78,174
Loss allowance	(541)	(833)	(6,014)	(7,388)
Carrying amount	**142,944**	**33,167**	**3,986**	**180,097**
Cash and balances with Central Bank of Malta				
Investment grade	379,656	-	-	379,656
Loss allowance	(3)	-	-	(3)
Carrying amount	**379,653**	**-**	**-**	**379,653**
Loans and advances to banks				
Investment grade	22,050	-	-	22,050
Loss allowance	(23)	-	-	(23)
Carrying amount	**22,027**	**-**	**-**	**22,027**

[12] The financial assets of the Group are excluded from this section since they are out of scope of ECL calculation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.3 Credit Risk Exposure (continued)

47.2.3.4 Credit quality (continued)

The Bank

31 December 2023	12-month ECL €000	Lifetime ECL not credit- impaired €000	Lifetime ECL credit-impaired €000	Total €000
Loans and advances to customers at amortised cost				
Grade 1-4: Low risk	2,597,610	-	-	2,597,610
Grades 5-6: Watch & substandard	-	59,869	-	59,869
Grade 7: Doubtful	-	-	28,121	28,121
Grade 8: Classified	-	-	27,313	27,313
Loss allowance	(1,101)	(602)	(16,981)	(18,684)
Carrying amount	**2,596,509**	**59,267**	**38,453**	**2,694,229**
Debt securities – At amortised cost				
Investment grade	326,487	-	-	326,487
Sub-investment grade	36	200	-	236
Loss allowance	(159)	(40)	-	(199)
Carrying amount	**326,364**	**160**	**-**	**326,524**
Debt securities - FVTOCI				
Investment grade	114,941	-	-	114,941
Sub-investment grade	43	-	524	567
Carrying amount	**114,984**	**-**	**524**	**115,508**
Syndicated loans				
Grade 1-4: Low risk	26,805	-	-	26,805
Investment grade	80,100	-	-	80,100
Sub-investment grade	57,748	13,032	10,000	80,780
Loss allowance	(613)	(218)	(2,682)	(3,513)
Carrying amount	**164,040**	**12,814**	**7,318**	**184,172**
Cash and balances with Central Bank of Malta				
Investment grade	131,073	-	-	131,073
Loss allowance	(2)	-	-	(2)
Carrying amount	**131,071**	**-**	**-**	**131,071**
Loans and advances to banks				
Investment grade	54,002	-	-	54,002
Loss allowance	(51)	-	-	(51)
Carrying amount	**53,951**	**-**	**-**	**53,951**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.3 Credit Risk Exposure (continued)

47.2.3.4 Credit quality (continued)

The following table provides an analysis of the performing and non-performing exposures of the Group's and Bank's lending portfolio:

The Group/The Bank	**Total 2024 €000**	**Of which forborne 2024 €000**	Total 2023 €000	Of which forborne 2023 €000
Performing				
Stage 1	**2,937,659**	**18,860**	2,597,610	21,782
Stage 2	**50,090**	**6,993**	59,869	405
Non-Performing				
Stage 3	**38,088**	**18,163**	55,434	23,266
Total gross/forborne exposures	**3,025,837**	**44,016**	2,712,913	45,453

47.2.4 Loss Allowance

The loss allowance recognised during the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowance for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurements of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.4 Loss Allowance (continued)

The Bank	Stage 1	Stage 2	Stage 3	
Loans and advances to customers at amortised cost	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Loss allowance as at 1 January 2024	1,101	601	16,982	18,684
Movements in loss allowance				
Transfers:				
Transfer to/(from) stage 1	1	-	-	1
Transfer to/(from) stage 2	-	(139)	-	(139)
Transfer to/(from) stage 3	-	-	363	363
Write-offs	-	-	(5,088)	(5,088)
New financial assets originated or purchased	230	39	93	362
Financial assets derecognised during the period	(46)	(49)	(730)	(825)
(Decreases)/increases due to change in credit risk	(302)	(77)	(156)	(535)
Loss allowance as at 31 December 2024	**984**	**375**	**11,464**	**12,823**

The Bank	Stage 1	Stage 2	Stage 3	
Loans and advances to customers at amortised cost	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Loss allowance as at 1 January 2023	731	570	17,681	18,982
Movements in loss allowance				
Transfers:				
Transfer to/(from) stage 1	(7)	-	-	(7)
Transfer to/(from) stage 2	-	52	-	52
Transfer to/(from) stage 3	-	-	505	505
Write-offs	-	-	(605)	(605)
New financial assets originated or purchased	467	86	484	1,037
Financial assets derecognised during the period	(54)	(28)	(1,515)	(1,597)
(Decreases)/increases due to change in credit risk	(36)	(79)	432	317
Loss allowance as at 31 December 2023	**1,101**	**601**	**16,982**	**18,684**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.4 Loss Allowance (continued)

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Debt securities at amortised cost	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Loss allowance as at 1 January 2024	159	40	-	199
Financial assets derecognised during the period	(21)	-	-	(21)
Decreases due to change in credit risk	(64)	(11)	-	(75)
Loss allowance as at 31 December 2024	**74**	**29**	**-**	**103**

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Debt securities at amortised cost	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Loss allowance as at 1 January 2023	203	-	-	203
Movements in loss allowance				
Transfers:				
Transfer to/(from) stage 1	(40)	-	-	(40)
Transfer to/(from) stage 2	-	40	-	40
New financial assets originated or purchased	10	-	-	10
Financial assets derecognised during the period	(1)	-	-	(1)
Decreases due to change in credit risk	(13)	-	-	(13)
Loss allowance as at 31 December 2023	**159**	**40**	**-**	**199**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.4 Loss Allowance (continued)

The Bank	Stage 1	Stage 2	Stage 3	
Debt securities at FVTOCI	12-month ECL	Lifetime ECL	Lifetime ECL (but not POCI)	Total
	€000	€000	€000	€000
Loss allowance as at 1 January 2024	423	(322)	331	432
New financial assets originated or purchased	12	-	-	12
Financial assets derecognised during the period	(4)	-	-	(4)
Decreases due to change in credit risk	(29)	-	-	(29)
Loss allowance as at 31 December 2024	**402**	**(322)**	**331**	**411**

The Bank	Stage 1	Stage 2	Stage 3	
Debt securities at FVTOCI	12-month ECL	Lifetime ECL	Lifetime ECL (but not POCI)	Total
	€000	€000	€000	€000
Loss allowance as at 1 January 2023	143	9	-	152
Movements in loss allowance				
Transfers:				
Transfer to/(from) stage 2	-	(331)	-	(331)
Transfer to/(from) stage 3	-	-	331	331
New financial assets originated or purchased	1	-	-	1
Financial assets derecognised during the period	(9)	-	-	(9)
Increases due to change in credit risk	288	-	-	288
Loss allowance as at 31 December 2023	**423**	**(322)**	**331**	**432**

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.4 Loss Allowance (continued)

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Syndicated loans	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Loss allowance as at 1 January 2024	(1,954)	112	5,356	3,514
Movements in loss allowance				
Transfers:				
Transfer to/(from) stage 1	(89)	-	-	(89)
Transfer to/(from) stage 2	-	208	-	208
New financial assets originated or purchased	250	-	-	250
Financial assets derecognised during the period	(225)	-	-	(225)
Increases due to change in credit risk	200	198	3,332	3,730
Loss allowance as at 31 December 2024	**(1,818)**	**518**	**8,688**	**7,388**

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Syndicated loans	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Loss allowance as at 1 January 2023	571	205	-	776
Movements in loss allowance				
Transfers:				
Transfer to/(from) stage 1	(2,749)	-	-	(2,749)
Transfer to/(from) stage 2	-	67	-	67
Transfer to/(from) stage 3	-	-	2,682	2,682
New financial assets originated or purchased	160	-	-	160
Financial assets derecognised during the period	(51)	(143)	-	(194)
Increases/(decreases) due to change in credit risk	115	(17)	2,674	2,772
Loss allowance as at 31 December 2023	**(1,954)**	**112**	**5,356**	**3,514**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.4 Loss Allowance (continued)

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Loans and advances to banks	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Loss allowance as at 1 January 2024	51	-	-	51
New financial assets originated or purchased	10	-	-	10
Financial assets derecognised during the period	(17)	-	-	(17)
Decreases due to change in credit risk	(21)	-	-	(21)
Loss allowance as at 31 December 2024	**23**	**-**	**-**	**23**

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Loans and advances to banks	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Loss allowance as at 1 January 2023	75	-	-	75
New financial assets originated or purchased	12	-	-	12
Decreases due to change in credit risk	(36)	-	-	(36)
Loss allowance as at 31 December 2023	**51**	**-**	**-**	**51**

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Cash and balances with the Central Bank of Malta	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Loss allowance as at 1 January 2024	2	-	-	2
Loss allowance as at 31 December 2024	**2**	-	**-**	**2**

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Cash and balances with the Central Bank of Malta	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Loss allowance as at 1 January 2023	2	-	-	2
Loss allowance as at 31 December 2023	**2**	-	**-**	**2**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.4 Loss Allowance (continued)

The following tables further explain changes in the gross carrying amount of each portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above:

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Loans and advances to customers at amortised cost	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Gross carrying amount as at 1 January 2024	2,597,610	59,869	55,434	2,712,913
Transfers:				
Transfer to/(from) stage 1	10,782	-	-	10,782
Transfer to/(from) stage 2	-	(7,110)	-	(7,110)
Transfer to/(from) stage 3	-	-	(4,097)	(4,097)
Write-offs	-	-	(5,088)	(5,088)
New financial assets originated or purchased	584,078	2,123	676	586,877
Financial assets derecognised during the period	(222,290)	(2,097)	(9,444)	(233,831)
Increases/(decreases) due to changes in credit risk	(32,520)	(2,695)	606	(34,609)
Gross carrying amount as at 31 December 2024	**2,937,660**	**50,090**	**38,087**	**3,025,837**

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Loans and advances to customers at amortised cost	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Gross carrying amount as at 1 January 2023	2,052,270	110,982	80,424	2,243,676
Transfers:				
Transfer to/(from) stage 1	62,783	-	-	62,783
Transfer to/(from) stage 2	-	(47,515)	-	(47,515)
Transfer to/(from) stage 3	-	-	(21,524)	(21,524)
Write-offs	-	-	(606)	(606)
New financial assets originated or purchased	608,357	6,232	1,287	615,876
Financial assets derecognised during the period	(151,571)	(6,123)	(4,872)	(162,566)
Increases/(decreases) due to changes in credit risk	25,771	(3,707)	725	22,789
Gross carrying amount as at 31 December 2023	**2,597,610**	**59,869**	**55,434**	**2,712,913**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.4 Loss Allowance (continued)

The Bank	Stage 1	Stage 2	Stage 3	
Debt securities at amortised cost	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Gross carrying amount as at 1 January 2024	326,523	200	-	326,723
Financial assets derecognised during the period	(48,357)	-	-	(48,357)
Decreases due to change in credit risk	(6,862)	-	-	(6,862)
Gross carrying amount as at 31 December 2024	**271,304**	**200**	**-**	**271,504**

The Bank	Stage 1	Stage 2	Stage 3	
Debt securities at amortised cost	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Gross carrying amount as at 1 January 2023	317,877	-	-	317,877
Transfers:				
Transfer to/(from) stage 1	(200)	-	-	(200)
Transfer to/(from) stage 2	-	200	-	200
New financial assets originated or purchased	14,250	-	-	14,250
Financial assets derecognised during the period	(4,999)	-	-	(4,999)
Decreases due to change in credit risk	(405)	-	-	(405)
Gross carrying amount as at 31 December 2023	**326,523**	**200**	**-**	**326,723**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.4 Loss Allowance (continued)

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Syndicated loans	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Gross carrying amount as at 1 January 2024	168,951	8,734	10,000	187,685
Transfers:				
Transfer to/(from) stage 1	(21,000)	-	-	(21,000)
Transfer to/(from) stage 2	-	21,000	-	21,000
New financial assets originated or purchased	75,251	-	-	75,251
Financial assets derecognised during the period	(76,339)	-	-	(76,339)
(Decreases)/increases due to change in credit risk	920	(32)	-	888
Gross carrying amount as at 31 December 2024	**147,783**	**29,702**	**10,000**	**187,485**

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Syndicated loans	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Gross carrying amount as at 1 January 2023	103,196	32,790	-	135,986
Transfers:				
Transfer to/(from) stage 1	(8,365)	-	-	(8,365)
Transfer to/(from) stage 2	-	(1,635)	-	(1,635)
Transfer to/(from) stage 3	-	-	10,000	10,000
New financial assets originated or purchased	103,055	-	-	103,055
Financial assets derecognised during the period	(28,027)	(22,518)	-	(50,545)
(Decreases)/increases due to change in credit risk	(908)	97	-	(811)
Gross carrying amount as at 31 December 2023	**168,951**	**8,734**	**10,000**	**187,685**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.4 Loss Allowance (continued)

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Cash and Balances with Central Bank of Malta	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Gross carrying amount as at 1 January 2024	131,073	-	-	131,073
New financial assets originated or purchased	248,582	-	-	248,582
Gross carrying amount as at 31 December 2024	**379,655**	**-**	**-**	**379,655**

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Cash and Balances with Central Bank of Malta	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Gross carrying amount as at 1 January 2023	85,889	-	-	85,889
New financial assets originated or purchased	45,184	-	-	45,184
Gross carrying amount as at 31 December 2023	**131,073**	**-**	**-**	**131,073**

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Loans and advances to Banks	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Gross carrying amount as at 1 January 2024	54,002	-	-	54,002
New financial assets originated or purchased	2,850	-	-	2,850
Financial assets derecognised during the period	16,967	-	-	16,967
Decreases due to change in credit risk	(51,769)	-	-	(51,769)
Gross carrying amount as at 31 December 2024	**22,050**	**-**	**-**	**22,050**

The Bank	**Stage 1**	**Stage 2**	**Stage 3**	
Loans and advances to Banks	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL (but not POCI)**	**Total**
	€000	**€000**	**€000**	**€000**
Gross carrying amount as at 1 January 2023	71,098	-	-	71,098
New financial assets originated or purchased	499	-	-	499
Financial assets derecognised during the period	(763)	-	-	(763)
Decreases due to change in credit risk	(16,832)	-	-	(16,832)
Gross carrying amount as at 31 December 2023	**54,002**	**-**	**-**	**54,002**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.2 Credit risk (continued)

47.2.5 Write-off Policy

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- ceasing enforcement activity; and
- situations where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group does not have any enforcement activities on written-off activities, meaning that the Group does not seek to recover amounts which it is legally owed in full, once these are written off.

47.2.6 Modification of Financial Assets

The Group sometimes modifies the terms of loans provided to customers. The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

Under IFRS 9, when the terms of a financial asset are modified but the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- internal grading/credit rating at the reporting date based on the modified terms; with
- internal grading/credit rating on initial recognition at the original contractual terms.

The Group renegotiates loans and advances to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if:

- the debtor is currently in default on its debt or if there is a high risk of default;
- there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms; and
- the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, revision of interest rate, or changing the timing of interest payments. Both retail and corporate loans are subject to the forbearance policy. The appropriate committee, depending on the facility amount and type of facility, reviews reports on forborne facilities on a regular basis.

For financial assets modified as part of the Group's forbearance policy, the credit grading reflects whether the modification has improved or restored the Group's ability to collect interest and principal and the Group's previous experience of similar forbearance action. As part of this process, the Group evaluates the borrower's payment performance against the modified contractual terms and consider various behavioural indicators.

Generally, forbearance is a qualitative indicator of default and credit impairment and expectations of forbearance are relevant to assessing whether there is a significant increase in credit risk. Following forbearance, a customer needs to demonstrate consistently good payment behaviour over a period of one year before the exposure is no longer considered to be in default/credit-impaired.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.3 Liquidity risk

Liquidity risk is the risk that Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. It arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due. To limit this risk, the Group has arranged for diversified funding sources. The Group also manages this risk by matching the maturities of assets and liabilities.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The disclosures made in the financial statements showing maturities are intended to show the timing of cash flows arising from assets and liabilities.

The Bank's Liquidity Coverage Ratio (LCR) remained relatively stable and within the Bank's risk appetite and applicable regulatory limit. Further information on the LCR is included in the 'Pillar 3 Disclosures' Report as published on the Bank's website.

The table overleaf analyses the carrying amounts of assets and liabilities into relevant maturity groupings, based on the remaining period to the contractual maturity date. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date it could be required to pay and the table below does not reflect the expected cash flows indicated by its deposit retention history.

The Group

	Less than three months	Between three months and one year	Between one year and five years	More than five years	Others	Total
	€000	€000	€000	€000	€000	€000
At 31 December 2024						
Assets						
Cash and balances with Central Bank of Malta	379,653	-	-	-	-	379,653
Loans and advances to banks	24,057	-	-	-	-	24,057
Financial assets at FVTPL	241	1,476	15,424	22,180	6,120	45,441
Syndicated loans (net)	9,577	57,688	95,542	17,290	-	180,097
Loans and advances to customers (net)	23,934	149,926	151,672	2,687,482	-	3,013,014
Derivative assets held for risk management	-	186	2,421	-	-	2,607
Other debt and fixed income instruments (net)	70,343	149,509	133,334	33,802	-	386,988
Equity and other non-fixed income instruments	-	-	-	-	6,190	6,190
Investment in associates	-	-	-	-	16,204	16,204
Other assets	11,757	1,104	-	-	94,040	106,901
	519,562	**359,889**	**398,393**	**2,760,754**	**122,554**	**4,161,152**
Liabilities and equity						
Derivative liabilities held for risk management	-	471	2,421	-	-	2,892
Amounts owed to banks	25,511	3,098	-	-	-	28,609
Amounts owed to customers	2,512,376	669,659	487,209	1,406	-	3,670,650
Lease liabilities	-	713	2,446	1,207	-	4,366
Debt securities in issue	-	-	-	104,210	-	104,210
Other liabilities	4,960	5,672	5,084	460	24,325	40,501
Equity	-	-	-	-	309,924	309,924
	2,542,847	**679,613**	**497,160**	**107,283**	**334,249**	**4,161,152**
Gap	**(2,023,285)**	**(319,724)**	**(98,767)**	**2,653,471**	**(211,695)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.3 Liquidity risk (continued)

The Group

	Less than three months	Between three months and one year	Between one year and five years	More than five years	Others	Total
	€000	€000	€000	€000	€000	€000
At 31 December 2023						
Assets						
Cash and balances with Central Bank of Malta	131,071	-	-	-	-	131,071
Loans and advances to banks	54,499	-	-	-	-	54,499
Financial assets at FVTPL	-	-	17,035	23,997	5,235	46,267
Syndicated loans (net)	6,005	34,317	143,850	-	-	184,172
Loans and advances to customers (net)	22,082	154,165	183,527	2,334,455	-	2,694,229
Derivative assets held for risk management	-	310	-	536	-	846
Other debt and fixed income instruments (net)	8,058	58,334	281,348	94,292	-	442,032
Equity and other non-fixed income instruments	-	-	-	-	6,960	6,960
Investment in associates	-	-	-	-	14,784	14,784
Other assets	12,812	-	-	-	73,535	86,347
	234,527	**247,126**	**625,760**	**2,453,280**	**100,514**	**3,661,207**
Liabilities and equity						
Derivative liabilities held for risk management	-	93	-	536	-	629
Amounts owed to banks	76,038	4,647	-	-	-	80,685
Amounts owed to customers	2,132,257	360,748	644,234	600	-	3,137,839
Lease liabilities	-	602	2,241	1,742	-	4,585
Debt securities in issue	-	-	-	104,173	-	104,173
Other liabilities	8,603	985	2,533	2,829	30,918	45,868
Equity	-	-	-	-	287,428	287,428
	2,216,898	367,075	649,008	109,880	318,346	3,661,207
Gap	**(1,982,371)**	**(119,949)**	**(23,248)**	**2,343,400**	**(217,832)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.3 Liquidity risk (continued)

The Bank

	Less than three months €000	Between three months and one year €000	Between one year and five years €000	More than five years €000	Others €000	Total €000
At 31 December 2024						
Assets						
Cash and balances with Central Bank of Malta	379,653	-	-	-	-	379,653
Loans and advances to banks	21,536	491	-	-	-	22,027
Syndicated loans (net)	9,577	57,688	95,542	17,290	-	180,097
Loans and advances to customers (net)	23,934	149,926	151,672	2,687,482	-	3,013,014
Derivative assets held for risk management	-	1	2,421	-	-	2,422
Other debt and fixed income instruments (net)	70,343	149,509	133,334	33,403	-	386,589
Equity and other non-fixed income instruments	-	-	-	-	6,190	6,190
Investment in subsidiaries	-	-	-	-	40,251	40,251
Investment in associates	-	-	-	-	15,749	15,749
Other assets	10,646	1,104	-	-	94,582	106,332
	515,689	**358,719**	**382,969**	**2,738,175**	**156,772**	**4,152,324**
Liabilities and equity						
Derivative liabilities held for risk management	-	1	2,421	-	-	2,422
Amounts owed to banks	25,511	3,098	-	-	-	28,609
Amounts owed to customers	2,513,465	669,659	487,209	1,406	-	3,671,739
Lease liabilities	-	713	2,446	1,207	-	4,366
Debt securities in issue	-	-	-	104,210	-	104,210
Other liabilities	4,960	5,672	5,084	460	24,482	40,658
Equity	-	-	-	-	300,320	300,320
	2,543,936	**679,143**	**497,160**	**107,283**	**324,802**	**4,152,324**
Gap	**(2,028,247)**	**(320,424)**	**(114,191)**	**2,630,892**	**(168,030)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.3 Liquidity risk (continued)

The Bank

	Less than three months	Between three months and one year	Between one year and five years	More than five years	Others	Total
	€000	€000	€000	€000	€000	€000
At 31 December 2023						
Assets						
Cash and balances with Central Bank of Malta	131,071	-	-	-	-	131,071
Loans and advances to banks	53,951	-	-	-	-	53,951
Syndicated loans (net)	6,005	34,317	143,850	-	-	184,172
Loans and advances to customers (net)	22,082	154,165	183,527	2,334,455	-	2,694,229
Derivative assets held for risk management	-	-	-	536	-	536
Other debt and fixed income instruments (net)	8,058	58,334	281,348	94,292	-	442,032
Equity and other non-fixed income instruments	-	-	-	-	6,960	6,960
Investment in subsidiaries	-	-	-	-	40,251	40,251
Investment in associates	-	-	-	-	14,563	14,563
Other assets	11,825	-	-	-	73,694	85,519
	232,992	**246,816**	**608,725**	**2,429,283**	**135,468**	**3,653,284**
Liabilities and equity						
Derivative liabilities held for risk management	-	-	-	536	-	536
Amounts owed to banks	76,038	4,647	-	-	-	80,685
Amounts owed to customers	2,133,632	360,748	644,234	600	-	3,139,214
Lease liabilities	-	602	2,241	1,742	-	4,585
Debt securities in issue	-	-	-	104,173	-	104,173
Other liabilities	8,603	985	2,533	2,829	30,817	45,767
Equity	-	-	-	-	278,324	278,324
	2,218,273	**366,982**	**649,008**	**109,880**	**309,141**	**3,653,284**
Gap	**(1,985,281)**	**(120,166)**	**(40,283)**	**2,319,403**	**(173,673)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.3 Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2024 and 31 December 2023 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date it could be required to pay and the table below does not reflect the expected cash flows:

The Group

	Less than three months	Between three months and one year	Between one year and five years	More than five years	Others	Total
	€000	€000	€000	€000	€000	€000
At 31 December 2024						
Liabilities						
Derivative liabilities held for risk management	-	471	2,421	-	-	2,892
Amounts owed to banks	25,511	3,098	-	-	-	28,609
Amounts owed to customers	2,518,527	675,277	492,275	1,409	-	3,687,488
Lease liabilities	-	800	2,810	1,291	-	4,901
Debt securities in issue	114	343	18,750	116,228	-	135,435
Other liabilities	4,960	5,672	5,084	460	24,325	40,501
	2,549,112	**685,661**	**521,340**	**119,388**	**24,325**	**3,899,826**
Loan Commitments	1,184,054					
Contingent Liabilities	2,640					

	Less than three months	Between three months and one year	Between one year and five years	More than five years	Others	Total
	€000	€000	€000	€000	€000	€000
At 31 December 2023						
Liabilities						
Derivative liabilities held for risk management	-	-	-	629	-	629
Amounts owed to banks	76,168	4,649	-	-	-	80,817
Amounts owed to customers	2,136,647	363,966	649,540	601	-	3,150,754
Lease liabilities	-	692	2,601	1,859	-	5,152
Debt securities in issue	150	450	18,750	127,610	-	146,960
Other liabilities	8,603	985	2,533	2,829	30,918	45,868
	2,221,568	**370,742**	**673,424**	**133,528**	**30,918**	**3,440,180**
Loan Commitments	1,099,547					
Contingent Liabilities	30,638					

47. RISK MANAGEMENT (continued)

47.3 Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Bank's financial liabilities as at 31 December 2024 and 31 December 2023 based on contractual undiscounted repayment obligations:

The Bank

	Less than three months	Between three months and one year	Between one year and five years	More than five years	Others	Total
	€000	€000	€000	€000	€000	€000
At 31 December 2024						
Liabilities						
Derivative liabilities held for risk management	-	1	2,421	-	-	2,422
Amounts owed to banks	25,555	3,098	-	-	-	28,653
Amounts owed to customers	2,518,527	675,277	492,275	1,409	-	3,687,488
Lease liabilities	-	800	2,810	1,291	-	4,901
Debt securities in issue	114	343	18,750	116,228	-	135,435
Other liabilities	4,960	5,672	5,084	460	24,482	40,658
	2,549,156	**685,191**	**521,340**	**119,388**	**24,482**	**3,899,557**
Loan Commitments	1,184,054					
Contingent Liabilities	2,640					

	Less than three months	Between three months and one year	Between one year and five years	More than five years	Others	Total
	€000	€000	€000	€000	€000	€000
At 31 December 2023						
Liabilities						
Derivative liabilities held for risk management	-	-	-	536	-	536
Amounts owed to banks	76,038	4,647	-	-	-	80,685
Amounts owed to customers	2,136,647	363,966	649,540	601	-	3,150,754
Lease liabilities	-	692	2,601	1,859	-	5,152
Debt securities in issue	150	450	18,750	127,610	-	146,960
Other liabilities	8,603	985	2,533	2,829	30,817	45,767
	2,221,438	**370,740**	**673,424**	**133,435**	**30,817**	**3,429,854**
Loan Commitments	1,099,547					
Contingent Liabilities	30,637					

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.3 Liquidity risk (continued)

Asset encumbrance

In accordance with Appendix 3 of BR07/2014 - *Publication of Annual Report and Audited Financial Statements of Credit Institutions Authorised under the Banking Act 1994* and the CRR, credit institutions shall ensure compliance with the provisions of the EBA Guidelines on Disclosure of Encumbered and Unencumbered Assets.

The Bank's encumbered assets relate to debt securities which are pledged in favour of the European Central Bank for the purposes of existing and potential long term re-financing operations and also cash in favour of the Depositor Compensation Scheme.

The Bank **Assets as at 31 December 2024**	**Carrying amount of encumbered assets €000**	**Fair value of encumbered assets €000**	**Carrying amount of unencumbered assets €000**	**Fair value of unencumbered assets €000**
Equity instruments	-	-	62,190	6,441
Debt securities	168,195	163,491	217,872	217,520
Other assets	3,092	-	3,700,975	-
Assets of the reporting institutions	**171,287**	**163,491**	**3,981,037**	**223,961**

The Bank **Assets as at 31 December 2023**	**Carrying amount of encumbered assets €000**	**Fair value of encumbered assets €000**	**Carrying amount of unencumbered assets €000**	**Fair value of unencumbered assets €000**
Equity instruments	-	-	61,773	7,410
Debt securities	204,837	198,624	236,671	233,075
Other assets	2,506	-	3,147,496	-
Assets of the reporting institutions	**207,343**	**198,624**	**3,445,940**	**240,485**

In the above table, the unencumbered assets disclosed under *Other Assets* include loans and advances, cash and short- term funds, property, plant and equipment, tax assets and other assets.

The table below discloses the liabilities associated with the Bank's encumbered assets.

	The Bank			
	2024		2023	
	Matching liabilities	**Encumbered Assets**	Matching liabilities	Encumbered Assets
Encumbered assets/collateral received and associated liabilities	**€000**	**€000**	€000	€000
Carrying amount of selected financial liabilities	**171,762**	**171,287**	208,184	207,343

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and the prices of equities, bonds and commodities.

The Group's exposure to market risk is mainly in the form of interest rate risk and foreign exchange risk. The risk associated with the Group's exposure in equities is not considered to be material. Also, as disclosed in Note 21, derivative liabilities held for risk management comprise customer deposits on which the return varies with the performance of reference equity and commodity indices. The Bank manages the resulting market risks through purchased warrants that are presented as derivative assets held for risk management.

47.4.1 Interest rate risk

Interest rate risk is the risk of the exposure of the Group's financial condition to unfavourable movements in interest rates.

The Group manages its exposure to interest rate risk using interest rates repricing gaps and both economic value and earnings-based measures. The Group's interest rate risk management framework is in line with the relevant guidelines issued by the EBA. Further information is provided in the Pillar 3 Disclosures Report[13] as published on the Bank's website.

The following tables show the impact on the Bank's economic value under different interest rate scenarios. The Bank's interest rate risk management framework follows relevant EBA Guidelines. These Guidelines mandate six shock scenarios that set out the change in interest rates under which the impact on the economic value of equity is assessed.

	Parallel shock up €000	Parallel shock down €000	Short rates up €000	Short rates down €000	Steepener €000	Flattener €000
Sensitivity of reported equity to interest rates movements						
At 31 December 2024						
Average for the period	16,178	(19,465)	11,031	(6,999)	5,490	8,417
Maximum for the period	28,399	(9,967)	17,987	2,978	15,398	10,478
Minimum for the period	4,060	(29,816)	4,435	(18,470)	(5,761)	6,435

	Parallel shock up €000	Parallel shock down €000	Short rates up €000	Short rates down €000	Steepener €000	Flattener €000
Sensitivity of reported equity to interest rates movements						
At 31 December 2023						
Average for the period	13,853	(13,396)	13,935	(14,264)	(8,019)	10,535
Maximum for the period	27,526	(6,051)	17,209	(11,954)	(4,409)	12,394
Minimum for the period	7,560	(28,918)	11,717	(17,695)	(10,156)	8,928

The potential impact on the Group's economic value is based on the most unfavourable scenario which, as at 31 December 2024, was brought through the 'parallel down' scenario. The scenarios are reviewed periodically by Management to ensure that these capture all plausible scenarios. As from 31 December 2023, Management added a scenario where long-term rates drop below short-term rate assuming that the market starts to price in rate cuts, resulting in an 'inverted steepener' yield curve. As at 31 December 2024, this scenario would result in an impact of +€5.8 million on the Group's economic value.

[13] The Pillar 3 Disclosures Report is not subject to external audit, with the exception of any disclosures that are equivalent to those made in the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.4 Market risk (continued)

47.4.1 Interest rate risk (continued)

The following tables show the impact on the Bank`s net interest income under two different interest rate scenarios as outlined in the respective EBA Guidelines[14].

	Parallel shock up €000	Parallel shock down €000
Sensitivity of projected net interest rate income to interest rates movements Financial year ended 31 December 2024		
Average for the period	5,259	(5,259)
Maximum for the period	9,364	(2,676)
Minimum for the period	2,676	(9,364)

	Parallel shock up €000	Parallel shock down €000
Sensitivity of projected net interest rate income to interest rates movements Financial year ended 31 December 2023		
Average for the period	1,961	(1,961)
Maximum for the period	2,167	(1,758)
Minimum for the period	1,758	(2,167)

The below tables set out interest sensitive assets and liabilities categorised by repricing dates.

The Group At 31 December 2024	Up to 1 year €000	1 – 5 years €000	5 – 10 years €000	More than 10 years €000	Others €000
Assets					
Cash and balances with Central Bank of Malta	335,393	-	-	-	-
Loans and advances to banks	24,057	-	-	-	-
Loans and advances to customers	1,969,198	475,508	562,397	5,912	-
Syndicated loans	180,097	-	-	-	-
Derivative assets held for risk management	186	2,422	-	-	-
Financial assets at FVTPL	10,221	18,041	10,555	6,625	-
Debt securities	219,852	133,334	33,802	-	-
	2,739,004	**629,305**	**606,754**	**12,537**	**-**
Liabilities					
Amounts owed to banks	28,609	-	-	-	-
Amounts owed to customers	2,461,655	1,207,589	1,406	-	-
Derivative liabilities held for risk management	471	2,422	-	-	-
Debt securities in issue	-	49,476	54,733	-	-
	2,490,735	**1,259,487**	**56,139**	**-**	**-**
Net interest rate risk GAP at 31 December 2024	**248,269**	**(630,182)**	**550,615**	**12,537**	**-**

[14] NII model was updates during 2024, to reflect the latest EBA guidelines.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.4 Market risk (continued)

47.4.1 Interest rate risk (continued)

The Group

At 31 December 2023	Up to 1 year €000	1 – 5 years €000	5 – 10 years €000	More than 10 years €000	Others €000
Assets					
Cash and balances with Central Bank of Malta	91,448	-	-	-	-
Loans and advances to banks	54,499	-	-	-	-
Loans and advances to customers	2,001,304	463,115	228,629	1,182	-
Syndicated loans	184,172	-	-	-	-
Derivative assets held for risk management		846			
Financial assets at FVTPL	4,597	20,886	12,095	8,471	218
Debt securities	66,392	281,349	87,770	6,521	-
	2,402,412	**766,196**	**328,494**	**16,174**	**218**
Liabilities					
Amounts owed to banks	80,685	-	-	-	-
Amounts owed to customers	1,752,612	1,384,612	615	-	-
Derivative liabilities held for risk management	-	629	-	-	-
Debt securities in issue	-	49,493	54,680	-	-
	1,833,297	**1,434,734**	**55,295**	**-**	**-**
Net interest rate risk GAP at 31 December 2023	**569,115**	**(668,538)**	**273,199**	**16,174**	**218**

The Bank

At 31 December 2024	Up to 1 year €000	1 – 5 years €000	5 – 10 years €000	More than 10 years €000	Others €000
Assets					
Cash and balances with Central Bank of Malta	335,393	-	-	-	-
Loans and advances to banks	22,027	-	-	-	-
Loans and advances to customers	1,969,198	475,508	562,397	5,912	-
Syndicated Loans	180,097	-	-	-	-
Derivative assets held for risk management	-	2,422	-	-	-
Financial assets at FVTPL	-	-	-	-	-
Debt securities	219,852	133,334	33,403	-	-
	2,726,567	**611,264**	**595,800**	**5,912**	**-**
Liabilities					
Amounts owed to banks	28,609	-	-	-	-
Amounts owed to customers	2,462,744	1,207,589	1,406	-	-
Derivative liabilities held for risk management	-	2,422	-	-	-
Debt securities in issue	-	49,476	54,733	-	-
	2,491,353	**1,259,487**	**56,139**	**-**	**-**
Net interest rate risk GAP at 31 December 2024	**235,214**	**(648,223)**	**539,661**	**5,912**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.4 Market risk (continued)

47.4.1 Interest rate risk (continued)

The Bank

At 31 December 2023	Up to 1 year €000	1 – 5 years €000	5 – 10 years €000	More than 10 years €000	Others €000
Assets					
Cash and balances with Central Bank of Malta	91,448	-	-	-	-
Loans and advances to banks	53,951	-	-	-	-
Loans and advances to customers	2,001,303	463,115	228,629	1,182	-
Syndicated loans	184,172	-	-	-	-
Loans and advances to customers	-	536	-	-	-
Debt securities	66,392	281,349	87,770	6,521	-
	2,397,266	**745,000**	**316,399**	**7,703**	**-**
Liabilities					
Amounts owed to banks	80,685	-	-	-	-
Amounts owed to customers	1,753,987	1,384,612	615	-	-
Derivative liabilities held for risk management	-	536	-		
Debt securities in issue	-	49,493	54,680	-	-
	1,834,672	**1,434,641**	**55,295**	**-**	**-**
Net interest rate risk GAP at 31 December 2023	**562,594**	**(689,641)**	**261,104**	**7,703**	**-**

The carrying amount of assets and liabilities that carry a variable interest rate is €2.5 billion and €2.0 billion, respectively (2023: €3.0 billion and €1.9 billion).

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.4 Market risk (continued)

47.4.2 Currency risk

Currency risk is the risk of the exposure of the Group's financial position, financial performance and cash flow to unfavourable movements in foreign exchange rates.

The Group's financial assets and liabilities are substantially held in Euro. Limits are set on the level of exposure, both by individual currency and in total. The exposure is also monitored through regular sensitivity analysis.

The aggregate amount of assets and liabilities denominated in foreign currencies translated into Euro are as follows:

	2024			
	USD	**GBP**	**Other**	**Total**
	€000	**€000**	**€000**	**€000**
Assets	**131,874**	**35,415**	**12,013**	**179,302**
Liabilities	**131,867**	**35,413**	**11,902**	**179,182**
GAP	**7**	**2**	**111**	**120**

	2023			
	USD	GBP	Other	Total
	€000	€000	€000	€000
Assets	20,148	27,077	23,994	71,219
Liabilities	20,143	27,067	23,883	71,093
GAP	5	10	111	126

The minimal currency exposure is not expected to leave any significant impact on the Group's income.

Additional disclosures on currency composition of year-end balances are disclosed in Notes 16, 17, 19, 20, 22, 23, 32 and 33.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.5 Capital management

The Group continuously aims at building and sustaining a strong capital base and at applying it efficiently throughout its activities to attain its strategic objectives, optimise shareholder value whilst ensuring the sustainability of the Bank's business model and risk profile. A strong and prudent capital base is one of the pillars of the Group's business model and maintaining adequate capital ratios will continue being key to enable the Group to steer through currently challenging economic conditions.

During the current financial year, the Group continued to perform the ICAAP, in compliance with Banking Rule BR/12/2022 - The Supervisory Review Process of Credit Institutions Authorised Under the Banking Act 1994, as mandated by the Capital Requirements Directive. The objective of the ICAAP is to inform the Board of Directors of the ongoing assessment of the Group's risks, how the Group mitigates those risks and how much capital is necessary having considered other mitigating factors. This process takes into consideration Pillar I risks, as well as other material risks (Pillar II risks) including concentration risk, interest rate risk, IT and Cyber risks, ESG risks, reputation risk and other key risks. Thus, the ICAAP serves as a key decision-making tool. The ICAAP demonstrated that the Group is well capitalised. The document was approved by the Board of Directors and submitted to the MFSA.

In accordance with the CRR, the Bank calculates its capital requirements for Pillar 1 risks as shown in the tables below. In addition, the Bank is required to meet a total SREP capital requirement (TSCR) of 11.15%, consisting of 8.0% minimum Pillar 1 requirement and a 3.15% Pillar 2 requirement (P2R). Banking Rule BR/15/2022 – Capital Buffers of Credit Institutions Authorised Under Banking Act 1994 requires institutions to maintain capital buffers over and above the Pillar 1 requirements. During 2024 the Bank operated at all times above the level of capital including the capital buffers. Further information on the P2R and capital buffers is included in the 'Pillar 3 Disclosures' Report as published on the Bank's website.

Further information on the Bank's capital position may be found in the 'Pillar 3 Disclosures' Report as published on the Bank's website which is prepared in line with the Pillar III requirements of Banking Rule BR/07/2014 – Publication of Annual Report and Audited Financial Statements of Credit Institutions Authorised Under the Banking Act 1994 and governed by the CRR II No. 2019/876.

The capital adequacy ratio measures the Bank's own funds as a percentage of the total risk-weighted assets and off-balance sheet items. The ratio for the year under review has been prepared in compliance with the CRR and Capital Requirements Directive V. During the year under review and the prior year, the Bank has complied with the externally imposed capital requirements. The table overleaf summarises the composition of regulatory capital and the ratios of the Bank as at the reporting date.

The Bank's capital is composed of Common Equity Tier 1 (CET 1) and Tier 2 capital instruments, as defined by the CRR. CET 1 capital is the highest quality capital and, therefore, the most effective in absorbing losses. The Bank's capital is mainly composed of CET 1 capital, which primarily consists of ordinary share capital and retained earnings.

In June 2023, 318,900 shares under the Executive Share Incentive Plan were vested. In June 2024, an additional 508,250 shares under the Executive Share Incentive Plan were vested. Scrip dividends amounting to 1,294,303 shares were issued during the year ended 2024 (2023: 10,567,500 shares). The shares qualify as Tier 1 capital, which ranks as Shareholders' equity.

Further information on the composition and features of the Bank's capital instruments is provided in the table overleaf.

No changes were made in the objectives, policies and processes governing the Bank's capital management from the previous years.

The original own funds calculation comprises retained earnings which are adjusted to exclude the amount specified in favour of the Depositor's Compensation Scheme Reserve in line with the legislation (Note 22).

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.5 Capital management (continued)

The Bank	2024	2023
	€000	€000
CET1 capital: instruments and reserves		
Capital instruments and the related share premium accounts	**147,368**	146,358
Retained earnings	**119,530**	111,955
Accumulated other comprehensive income	**26,773**	7,905
Funds for general banking risk	-	-
Other reserves	**366**	293
	294,037	266,511
CET1 capital: regulatory adjustments		
Intangible assets	**(15,160)**	(11,501)
Regulatory adjustments due to the requirements for prudent valuation pursuant to Article 4 of Delegated Regulation (EU) 2016/101	**(207)**	(215)
Regulatory adjustments due to insufficient coverage for non-performing exposures	**(1,263)**	(292)
	(16,630)	(12,008)
CET 1/Tier 1 Capital	**277,407**	254,503
Tier 2 capital		
Debt securities in issue	**104,210**	104,173
Total Capital	**381,617**	358,676
Total Risk Weighted Assets	**1,901,000**	1,740,983
Capital Ratios		
CET1/Tier 1Capital Ratio	**14.59%**	14.62%
Total Capital Ratio	**20.07%**	20.60%
Amounts below the thresholds for deduction:		
Direct and indirect holdings of the capital of financial sector entities where the institution does not have significant investments in those entities (not included in CET 1 capital)	**10,066**	16,689

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.5 Capital management (continued)

In line with the CRR, the following table discloses the main features and the terms and conditions of Bank's Tier 1 and Tier 2 instruments.

Capital Instruments Main Features			
Issuer	APS Bank plc	APS Bank plc	APS Bank plc
Unique identifier	213800A1O379I6DMCU10	213800A1O379I6DMCU10	213800A1O379I6DMCU10
Governing law(s) of the instrument	Maltese law	Maltese law	Maltese law
Regulatory treatment			
Transitional CRR rules	CET 1	Tier 2	Tier 2
Post-transitional CRR rules	CET 1	Tier 2	Tier 2
Eligible at solo/(sub-)consolidated/solo& (sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
Instrument type	Ordinary shares	Debt securities in issue	Debt securities in issue
Amount recognised in regulatory capital	94,902	55,000	50,000
Nominal amount of instrument	94,902	55,000	50,000
Issue price	N/A	55,000	50,000
Redemption price	N/A	100	100
Accounting classification	Shareholder's equity	Amortised cost	Amortised cost
Original date of issuance	1 June 1970*	19 November 2020	13 November 2023
Perpetual or dated	Perpetual	Dated	Dated
Original maturity date	No	19 November 2030	13 November 2033
Issuer call subject to prior supervisory approval	No	Yes	Yes
Optional call date, contingent call dates and redemption amount	No	19 November 2025 at 100	13 November 2028 at 100
Subsequent call dates, if applicable	No	19 November 2026, 19 November 2027, 19 November 2028, 19 November 2029	13 November 2029, 13 November 2030, 13 November 2031, 13 November 2032
Coupons / dividends			
Fixed or floating dividend/coupon	Floating	Fixed	Fixed
Coupon rate and any related index	N/A	3.25%, no index	5.80%, no index
Existence of a dividend stopper	No	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	Mandatory
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	Mandatory
Existence of step up or other incentive to redeem	No	No	No
Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
Write-down features	No	No	No
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated to creditors and depositors	Subordinated to creditors, senior secured and depositors	Subordinated to creditors, senior secured and depositors
Non-compliant transitioned features	No	N/A	N/A

*Various, latest date of capital injection was 13 June 2022. Furthermore, during 2024 a scrip dividend was distributed to shareholders and a number of shares have been vested under the Employee Share Incentive Plan scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)

47. RISK MANAGEMENT (continued)

47.5 Capital management (continued)

Full Reconciliation of Own Funds Items to Audited Financial Statements of the Bank as at 31 December 2024 is presented below:

	Balance in accordance with IFRS €000	Reconciling items €000	Balance in accordance with regulatory scope €000
Share capital (Note 37)	94,902	-	94,902
Debt securities in issue (Note 35)	104,210	-	104,210
Share premium (Note 37)	52,467	-	52,467
Revaluation reserve (Note 38)	19,315	7,458	26,773
Retained earnings (Note 39)	133,270	(13,740)	119,530
Other reserves	366	-	366
Intangible assets (Note 28)	20,742	(5,582)	15,160
Prudent valuation adjustment	-	(207)	(207)

48. ULTIMATE CONTROLLING PARTY

The financial statements of APS Bank plc are included in the consolidated financial statements of AROM Holdings Limited – the Bank's ultimate parent company, registered in Malta. The ultimate controlling party of APS Bank plc is the Archdiocese of Malta.

The registered address of both AROM Holdings Limited and the Archdiocese of Malta is Archbishop's Curia, St. Calcedonius Square, Floriana.

49. COMPARATIVE INFORMATION

Certain items of the comparative period have been reclassified to conform to the presentation of the current year's financial statements. These include reclassifications in Note 17, Note 21, Note 23, Note 28, Note 44 and Note 47.

50. SUBSEQUENT EVENTS

There are no subsequent events up to the date of approval of the consolidated financial statements.

Deloitte.

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Independent auditor's report

to the members of
APS Bank p.l.c.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of APS Bank p.l.c. (the "Bank" or the "Company") and the consolidated financial statements of the Bank and its subsidiaries (together, the "Group"), set out on pages 101 to 201, which comprise the statements of financial position as at 31 December 2024, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank and the Group as at 31 December 2024, and of the Bank's and the Group's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies Act (Cap.386) and the Banking Act (Cap.371).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the *Accountancy Profession (Code of Ethics for Warrant Holders) Directive* (Maltese Code) that is relevant to our audit of the financial statements of public interest entities in Malta. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Maltese Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In conducting our audit, we have remained independent of the Bank and the Group and have not provided any of the non-audit services prohibited by article 18A (1) of the Accountancy Profession Act (Cap. 281).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. The key audit matter described below pertains to the audit of both the Bank and the Group financial statements. This matter was addressed in the context of our audit of the Bank and the Group's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment allowances on loans and advances to customers and on syndicated loans

At 31 December 2024 the Bank and Group reported total gross loans and advances to customers ("assets") of EUR 3,025,837,000 and EUR 12,823,000 of expected credit loss provisions ("ECL") and total gross syndicated loans ("assets") of EUR 187,485,000 and EUR 7,388,000 of ECL.

The determination of the Bank and the Group's ECL on its loans and advances to customers and on syndicated loans is subject to a high degree of estimation uncertainty and management judgement. Assumptions in respect of the timing, measurement and disclosure of ECL include:

- **Staging** – Allocation of assets to stage 1, 2, or 3 on a timely basis using criteria in accordance with IFRS 9 considering the impact of macroeconomic uncertainties on customer behaviours and further support measures that were granted following the identification of underlying significant deterioration in credit risk;
- **Model estimations** – Accounting interpretations, modelling assumptions and data used to build and run the models that calculate the ECL;
- **Economic scenarios** – Inputs, assumptions and weightings used to estimate the impact of multiple economic scenarios;
- **Post model adjustments** – Assumptions used to estimate the possible negative impact of macroeconomic uncertainties on certain customers and/or sectors and any resulting model adjustments;
- **Individual provisions** - Measurement of individual provisions including the assessment of multiple scenarios on exit strategies, collateral valuations and time to collect; and
- **Disclosure** - The completeness and accuracy of disclosures considering the key judgments, sources of data and the design of the disclosures.

Our audit response to address the risk of material misstatement arising from the ECL calculation comprised the following:

Controls testing and analytical procedures:

We evaluated the design and implementation and tested the operating effectiveness of the Bank's and Group's key controls across the processes relevant to the ECL calculation, including testing of the automated controls embedded in the ECL system. Data analytics was used in order to analyse the loan data and the movements in the various credit risk grading categories and stages in order to identify any anomalies and possible risk areas. We reviewed management's assessment of the reliability of the collateral valuation reports being used in the ECL calculation.

Key Audit Matters (continued)

Impairment allowances on loans and advances to customers and on syndicated loans (continued)

Staging:
We performed an overall assessment of the ECL provision levels by stage to determine if they were reasonable considering the Bank's and Group's portfolio, risk profile, credit risk management policies and the macroeconomic environment. We challenged the criteria used to allocate an asset to stage 1, 2 or 3 in accordance with IFRS 9 and sample tested assets classified in each of stages 1, 2 and 3 to verify that they were allocated to the appropriate stage.

Model estimations:
We tested the data used in the ECL calculation by reconciling to source systems in order to gain reasonable assurance over the data quality. Assumptions and inputs used in ECL models were tested substantively, including assessing the appropriateness of model design. Formulas used were recalculated for mathematical accuracy.

Economic scenarios:
We reviewed the inputs, assumptions and weightings used to estimate the impact of multiple economic scenarios.

Post model adjustments:
We reviewed management's assessment of post model adjustments for appropriateness.

Individual provisions:
For a sample of individually impaired loans, we evaluated the specific circumstances of the customer, including latest available information, the basis for measuring the impairment provision, and whether key judgements were appropriate. We reperformed management's impairment calculations, which were largely based on the expected recovery from collateral held. We tested the valuation of collateral, challenging subjective estimates by referring to historical recoveries and market information available.

Disclosure:
We assessed the adequacy and appropriateness of disclosures for compliance with IFRS Accounting Standards as issued by the IASB as adopted by the EU and regulatory considerations.

The Bank and Group's disclosures about impairment are included in Notes 2.3, 11 and 47, which include the directors' assessment of the adequacy of the impairment provisions.

Other information
The directors are responsible for the other information. The other information comprises the Chairman's Statement, the CEO's Review, the Board of Directors pages, the Executive Management pages, Corporate Governance Report which includes the Compliance with the code, the Directors' Report which includes the statement of directors' responsibilities, the Remuneration Report required under Rule 12.26K of the Capital Markets Rules, the Five Year Summaries and Our Presence page which we obtained prior to the date of this auditor's report.

Other information (continued)

However, the other information does not include the individual and consolidated financial statements, our auditor's report and the relevant tagging applied in accordance with the requirements of the European Single Electronic Format, as defined in our *Report on Other Legal and Regulatory Requirements*.

Except for our opinions on the Directors' Report in accordance with the Companies Act (Cap. 386), and on the Corporate Governance Statement of Compliance and on the Remuneration Report in accordance with the Capital Markets Rules issued by the Malta Financial Services Authority, our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosure requirements of Article 177 of the Companies Act (Cap. 386), and the statement required by Rule 5.62 of the Capital Markets Rules on the Bank's and the Group's ability to continue as a going concern.

In accordance with the requirements of sub-article 179(3) of the Companies Act (Cap. 386) in relation to the Directors' Report on pages 14 to 74, in our opinion, based on the work undertaken in the course of the audit:

(a) Non-financial statement in the Directors' Report

- The Directors' Report includes non-financial information in line with the requirements of paragraphs 8 and 11 of the Sixth Schedule to the Companies Act (Cap. 386). The proviso to sub-article 179(3) of that Act requires us to check whether such information is provided, but not to express any comment thereon.

(b) Directors' Report information other than the non-financial statement

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Directors' Report has been prepared in accordance with the applicable legal requirements.

In the light of the knowledge and understanding of the Bank, the Group and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities of the Directors and the Audit Committee for the Financial Statements
As explained more fully in the Statement of directors' responsibilities on pages 73 to 74, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB as adopted by the EU and the requirements of the Companies Act (Cap.386) and the Banking Act (Cap.371), and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Bank and/or the Group or to cease operations, or have no realistic alternative but to do so.

The directors have delegated the responsibility for overseeing the Bank's and the Group's financial reporting process to the Audit Committee.

Auditor's Responsibilities for the Audit of the Financial Statements
This report, including the opinions set out herein, has been prepared for the Bank's members as a body in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386).

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions in accordance with articles 179, 179A and 179B of the Companies Act (Cap. 386). Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In terms of article 179A(4) of the Companies Act (Cap. 386), the scope of our audit does not include assurance on the future viability of the Bank or of the Group, or on the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the Bank and the Group. The financial position of the Bank or the Group may improve, deteriorate, or otherwise be subject to change as a consequence of decisions taken, or to be taken, by the management thereof, or may be impacted by events occurring after the date of this opinion, including, but not limited to, events of force majeure.

As such, our audit report on the Bank's and the Group's historical financial statements is not intended to facilitate or enable, nor is it suitable for, reliance by any person, in the creation of any projections or predictions, with respect to the future financial health and viability of the Bank and/or the Group , and cannot therefore be utilised or relied upon for the purpose of decisions regarding investment in, or otherwise dealing with (including but not limited to the extension of credit), the Bank and/or the Group. Any decision-making in this respect should be formulated on the basis of a separate analysis, specifically intended to evaluate the prospects of the Bank and/or the Group and to identify any facts or circumstances that may be materially relevant thereto.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's or the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and/or the Group to cease to continue as a going concern. Accordingly, in terms of generally accepted auditing standards, the absence of any reference to a material uncertainty about the Bank's or the Group's ability to continue as a going concern in our auditor's report should not be viewed as a guarantee as to the Bank's and/or the Group's ability to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank or the business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

For the avoidance of doubt, any conclusions concerning the adequacy of the capital structure of the Bank, including the formulation of a view as to the manner in which financial risk is distributed between shareholders and/or creditors cannot be reached on the basis of these financial statements alone and must necessarily be based on a broader analysis supported by additional information.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance of the Annual Financial Report with the requirements of the European Single Electronic Format Regulatory Technical Standard as specified in the Commission Delegated Regulation (EU) 2019/815 (the "ESEF RTS")

Pursuant to Capital Markets Rule 5.55.6 issued by the Malta Financial Services Authority, we have undertaken a reasonable assurance engagement in accordance with the requirements of the Accountancy Profession (European Single Electronic Format) Assurance Directive issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281), hereinafter referred to as the "ESEF Directive 6", on the annual financial report of the Company and the Group for the year ended 31 December 2024, prepared in a single electronic reporting format.

Solely for the purposes of our reasonable assurance report on the compliance of the annual financial report with the requirements of the ESEF RTS, the "Annual Financial Report" comprises the Directors' Report, the Statement of Directors' responsibilities, the Corporate Governance Statement of Compliance, the annual financial statements, the prescribed disclosures of material contracts, General Company Information, and the Independent auditor's report, as set out in Capital Markets Rules 5.55.

Responsibilities of the Directors for the Annual Financial Report
The directors are responsible for:

- the preparation and publication of the Annual Financial Report, including the consolidated financial statements and the relevant tagging requirements therein, as required by Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS, *Report on Other Legal and Regulatory Requirements (continued)*

Report on compliance of the Annual Financial Report with the requirements of the European Single Electronic Format Regulatory Technical Standard as specified in the Commission Delegated Regulation (EU) 2019/815 (the "ESEF RTS") (continued)

- designing, implementing, and maintaining internal controls relevant to the preparation of the Annual Financial Report that is free from material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error,

and consequently, for ensuring the accurate transfer of the information in the Annual Financial Report into a single electronic reporting format.

Auditor's responsibilities for the Reasonable Assurance Engagement
Our responsibility is to obtain reasonable assurance about whether the Annual Financial Report, including the consolidated financial statements and the relevant electronic tags therein comply, in all material respects, with the ESEF RTS, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

The nature, timing and extent of procedures we performed, including the assessment of the risks of material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error, were based on our professional judgement and included:

- Obtaining an understanding of the Bank's and the Group's internal controls relevant to the financial reporting process, including the preparation of the Annual Financial Report, in accordance with the requirements of the ESEF RTS, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Obtaining the Annual Financial Report and performing validations to determine whether the Annual Financial Report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.

- Examining the information in the Annual Financial Report to determine whether all the required tags therein have been applied and evaluating the appropriateness, in all material respects, of the use of such tags in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance opinion.

Reasonable Assurance Opinion
In our opinion, the Annual Financial Report for the year ended 31 December 2024 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

This reasonable assurance opinion only covers the transfer of the information in the Annual Financial Report into a single electronic reporting format as required by the ESEF RTS, and therefore does not cover the information contained in the Annual Financial Report.

Report on Corporate Governance Statement of Compliance
Pursuant to Rule 5.94 of the Capital Market Rules issued by the Malta Financial Services Authority, the directors are required to include in the Bank's Annual Financial Report a Corporate Governance Statement of Compliance explaining the extent to which they have adopted the Code of Principles of Good Corporate Governance set out in Appendix 5.1 to Chapter 5 of the Capital Markets Rules, and the effective measures that they have taken to ensure compliance with those principles. The Corporate Governance Statement of Compliance is to contain at least the information set out in Rule 5.97 of the Capital Markets Rules.

Our responsibility is laid down by Rule 5.98 of the Capital Markets Rules, which requires us to include a report to shareholders on the Corporate Governance Statement of Compliance in the Company's Annual Financial Report.

We read the Corporate Governance Statement of Compliance and consider the implications for our report if we become aware of any information therein that is materially inconsistent with the financial statements or our knowledge obtained in the audit, or that otherwise appears to be materially misstated. We also review whether the Corporate Governance Statement of Compliance contains at least the information set out in Rule 5.97 of the Capital Markets Rules.

We are not required to, and we do not, consider whether the directors' statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate Governance Statement of Compliance set out on pages 75 to 90 has been properly prepared in accordance with the requirements of Rules 5.94 and 5.97 of the Capital Markets Rules.

Report on Remuneration Report
Pursuant to Rule 12.26K of the Capital Markets Rules issued by the Malta Financial Services Authority, the directors are required to draw up a Remuneration Report, whose contents are to be in line with the requirements listed in Appendix 12.1 to Chapter 12 of the Capital Markets Rules.

Our responsibility is laid down by Rule 12.26N of the Capital Markets Rules, which requires us to check that the information that needs to be provided in the Remuneration Report, as required in terms of Chapter 12 of the Capital Markets Rules, including Appendix 12.1, has been included.

In our opinion, the Remuneration Report set out on pages 91 to 100 includes the information that needs to be provided in the Remuneration Report in terms of the Capital Markets Rules.

Deloitte.

Independent auditor’s report (continued)

to the members of
APS Bank p.l.c.

Additional matters on which we are required to report pursuant to the Banking Act (Cap. 371)

In our opinion:

- Proper accounting records have been kept so far as it appears from our examination thereof;
- The financial statements are in agreement with the accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Matters on which we are required to report by exception pursuant to the Companies Act (Cap. 386) in addition to those reported above

We have responsibilities to report to you if in our opinion:

- Proper returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns.

We have nothing to report to you in respect of these responsibilities.

Auditor tenure

We were first appointed to act as statutory auditor to audit the Bank’s and the Group’s financial statements by the members of the Bank on 27 July 2017 for the financial year ended 31 December 2017, and were subsequently reappointed as statutory auditor by the members of the Bank on an annual basis. The period of total uninterrupted engagement as statutory auditor is eight financial years.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee in accordance with the provisions of Article 11 of the EU Audit Regulation No. 537/2014.

The audit report was drawn up on 13 March 2025 and signed by:

Annabelle Zammit Pace as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Central Business District, Birkirkara, Malta.

FIVE-YEAR SUMMARIES - STATEMENTS OF PROFIT OR LOSS

The Group

	2024	2023	2022	2021	2020
	€000	€000	€000	€000	€000
Interest and similar income	**114,734**	105,684	79,859	69,135	62,280
Interest expense	**(49,225)**	(32,096)	(14,766)	(13,773)	(13,434)
Net interest income	**65,509**	73,588	65,093	55,362	48,846
Other operating income/(loss)	**17,341**	11,878	(445)	7,781	6,298
Total operating income	**82,850**	85,466	64,648	63,143	55,144
Operating expenses	**(56,941)**	(52,630)	(47,029)	(40,584)	(33,551)
Share of results of associate, net of tax	**809**	902	(2,213)	21	(258)
Net impairment (losses)/gains	**(2,956)**	(3,497)	254	1,488	(5,538)
Profit before tax	**23,762**	30,241	15,660	24,068	15,797
Income tax expense	**(5,581)**	(9,667)	(9,893)	(8,967)	(5,707)
Profit for the year	**18,181**	20,574	5,767	15,101	10,090

The Bank

	2024	2023	2022	2021	2020
	€000	€000	€000	€000	€000
Interest and similar income	**112,932**	104,163	78,439	67,640	61,140
Interest expense	**(49,225)**	(32,096)	(14,766)	(13,773)	(13,434)
Net interest income	**63,707**	72,067	63,673	53,867	47,706
Other operating income	**17,268**	10,606	10,882	8,060	6,600
Total operating income	**80,975**	82,673	74,555	61,927	54,306
Operating expenses	**(55,507)**	(51,371)	(45,880)	(39,678)	(33,246)
Net impairment (losses)/gains	**(2,956)**	(3,497)	254	1,488	(5,538)
Profit before tax	**22,512**	27,805	28,929	23,737	15,522
Income tax expense	**(5,515)**	(9,598)	(9,773)	(8,696)	(5,589)
Profit for the year	**16,997**	18,207	19,156	15,041	9,933

THE GROUP'S FIVE-YEAR SUMMARY - STATEMENTS OF FINANCIAL POSITION

	2024	2023	2022	2021	2020
	€000	€000	€000	€000	€000
ASSETS					
Cash, treasury bills and balances					
with Central Bank of Malta	**13,303**	13,027	13,499	15,165	15,064
Balances with Central Bank of Malta	**366,350**	118,044	72,388	192,558	93,266
Cheques in course of collection	**-**	-	-	2,881	103
Loans and advances to banks	**24,057**	54,499	72,870	32,296	51,068
Financial assets at fair value through profit or loss	**45,441**	46,267	41,046	61,846	50,636
Non-current assets held for sale	**-**	1,738	1,733	-	-
Syndicated loans	**180,097**	184,172	135,210	134,262	113,152
Loans and advances to customers	**3,013,014**	2,694,229	2,224,694	1,932,044	1,689,003
Derivative assets held for risk management	**2,607**	846	738	552	499
Other debt and fixed income instruments	**386,988**	442,032	459,601	328,041	315,983
Equity and other non-fixed income instruments	**6,190**	6,960	303	307	303
Investment in associate	**16,204**	14,784	13,667	19,803	18,641
Investment properties	**13,227**	6,714	6,593	6,053	1,830
Property and equipment	**49,730**	39,824	39,252	40,998	46,180
Intangible assets	**20,742**	17,523	14,545	11,746	8,848
Right-of-use assets	**4,185**	4,386	5,040	5,051	5,235
Other receivables	**12,860**	12,813	8,016	9,152	8,619
Current tax assets	**5,700**	195	-	-	-
Deferred tax assets	**457**	3,154	2,957	2,249	2,553
TOTAL ASSETS	**4,161,152**	3,661,207	3,112,152	2,795,004	2,420,983
LIABILITIES					
Derivative liabilities held for risk management	**2,892**	629	738	552	499
Amounts owed to banks	**28,609**	80,685	50,387	57,208	9,304
Amounts owed to customers	**3,670,650**	3,137,839	2,710,633	2,431,757	2,123,446
Lease liabilities	**4,366**	4,585	5,246	5,348	5,365
Accruals	**22,433**	22,842	13,621	13,325	10,103
Debt securities in issue	**104,210**	104,173	54,642	54,597	54,558
Other liabilities	**18,068**	20,385	13,121	10,450	10,090
Current tax liabilities	**-**	2,641	2,306	945	1,399
TOTAL LIABILITIES	**3,851,228**	3,373,779	2,850,694	2,574,182	2,214,764
EQUITY					
Share capital	**94,902**	94,451	91,729	62,429	62,255
Share premium	**52,467**	51,907	48,410	10,453	10,140
Revaluation reserve	**19,315**	7,905	2,981	25,334	32,260
Retained earnings	**128,612**	118,508	107,209	103,974	91,736
Other reserves	**366**	293	147	-	-
Non-controlling interest	**14,262**	14,364	10,982	18,632	9,828
TOTAL EQUITY	**309,924**	287,428	261,458	220,822	206,219
TOTAL LIABILITIES AND EQUITY	**4,161,152**	3,661,207	3,112,152	2,795,004	2,420,983
MEMORANDUM ITEMS					
Contingent liabilities	**32,630**	30,638	21,911	25,356	23,128
Commitments	**1,184,054**	1,099,547	878,787	802,552	786,427

THE BANK'S FIVE-YEAR SUMMARY - STATEMENTS OF FINANCIAL POSITION

	2024	2023	2022	2021	2020
	€000	€000	€000	€000	€000
ASSETS					
Cash, treasury bills and balances with Central Bank of Malta	**13,303**	13,027	13,499	15,165	15,064
Balances with Central Bank of Malta	**366,350**	118,044	72,388	192,558	93,266
Cheques in course of collection	**-**	-	-	2,881	103
Loans and advances to banks	**22,027**	53,951	71,023	30,831	46,281
Financial assets at fair value through profit or loss	**-**	-	-	-	251
Non-current assets held for sale	**-**	1,738	1,733	-	-
Syndicated loans	**180,097**	184,172	135,210	134,262	113,152
Loans and advances to customers	**3,013,014**	2,694,229	2,224,694	1,932,044	1,689,003
Derivative assets held for risk management	**2,422**	536	738	552	499
Other debt and fixed income instruments	**386,589**	442,032	459,601	328,041	315,983
Equity and other non-fixed income instruments	**6,190**	6,960	303	307	303
Investment in subsidiaries	**40,251**	40,251	40,251	45,251	45,251
Investment in associate	**15,749**	14,563	14,063	16,761	15,261
Investment properties	**13,227**	6,714	6,593	6,053	1,830
Property and equipment	**49,730**	39,824	39,252	40,998	46,180
Intangible assets	**20,742**	17,523	14,545	11,746	8,848
Right-of-use assets	**4,185**	4,386	5,040	5,051	5,235
Other receivables	**12,534**	12,180	8,202	8,303	7,974
Current tax assets	**5,457**	-	-	-	-
Deferred tax assets	**457**	3,154	2,957	2,249	2,553
TOTAL ASSETS	**4,152,324**	3,653,284	3,110,092	2,773,053	2,407,037
LIABILITIES					
Derivative liabilities held for risk management	**2,422**	536	738	552	499
Amounts owed to banks	**28,609**	80,685	50,387	57,208	9,304
Amounts owed to customers	**3,671,739**	3,139,214	2,712,804	2,433,073	2,124,149
Lease liabilities	**4,366**	4,585	5,246	5,348	5,365
Accruals	**22,611**	22,787	13,561	13,224	10,031
Debt securities in issue	**104,210**	104,173	54,642	54,597	54,558
Other liabilities	**18,047**	20,339	13,080	10,404	10,090
Current tax liabilities	**-**	2,641	2,306	758	1,354
TOTAL LIABILITIES	**3,852,004**	3,374,960	2,852,764	2,575,164	2,215,350
EQUITY					
Share capital	**94,902**	94,451	91,729	62,429	62,255
Share premium	**52,467**	51,907	48,410	10,453	10,140
Revaluation reserve	**19,315**	7,905	2,981	25,334	32,260
Other reserves	**366**	293	147	-	-
Retained earnings	**133,270**	123,768	114,061	99,673	87,032
TOTAL EQUITY	**300,320**	278,324	257,328	197,889	191,687
TOTAL LIABILITIES AND EQUITY	**4,152,324**	3,653,284	3,110,092	2,773,053	2,407,037
MEMORANDUM ITEMS					
Contingent liabilities	**32,630**	30,638	21,911	25,356	23,128
Commitments	**1,184,054**	1,099,547	878,787	802,552	786,427

THE GROUP'S FIVE-YEAR SUMMARY - STATEMENTS OF CASH FLOWS

	2024	2023	2022	2021	2020
	€000	€000	€000	€000	€000
Net cash flows from/(used in) operating activities	**217,893**	(68,245)	3,835	49,036	(12,347)
Investing activities					
Dividends received	**513**	286	403	597	544
Interest income from debt securities	**5,993**	7,015	7,328	7,054	6,684
Purchase of debt and other fixed income instruments	**(31,715)**	(22,797)	(229,935)	(44,389)	(134,778)
Proceeds on maturity and disposal of debt and other fixed income instruments	**90,786**	44,022	73,040	23,838	55,957
Purchase of financial assets at FVTPL	**(31,446)**	(46,678)	(98,742)	(46,241)	(39,165)
Proceeds on disposal of financial assets at FVTPL	**33,435**	42,804	99,653	34,605	31,496
Purchase of equity and other fixed income instruments	**(47)**	(5,718)	-	-	(950)
Proceeds on disposal of equity and other non-fixed income instruments	**-**	-	-	-	1,000
Proceeds on disposal of investments in associates	**1,814**	-	9,589	-	-
Investment in associate	**(3,000)**	(500)	(500)	(1,500)	-
Purchase of property and equipment	**(11,713)**	(8,861)	(5,431)	(653)	(6,034)
Net cash flows from/(used in) investing activities	**54,620**	9,573	(144,595)	(26,689)	(85,246)
Financing activities					
Dividends paid	**(7,082)**	(2,703)	(3,170)	(2,144)	(91)
Amounts received on creation of units in subsidiary	**2,065**	3,459	1,027	9,386	4,207
Amounts paid on redemption of units in subsidiary	**(2,451)**	(625)	(630)	(794)	(535)
Net proceeds from issue from debt securities in issue	**-**	49,486	-	-	55,000
Proceeds from issue of new shares, net of issue costs	**-**	-	65,457	-	-
Cash payment for the principal portion of lease liability	**(765)**	(722)	(761)	(515)	(496)
Net cash flows (used in)/from financing activities	**(8,233)**	48,895	61,923	5,933	58,085
Net increase/(decrease) in cash and cash equivalents	**264,280**	(9,777)	(78,837)	28,280	(39,508)
Cash and cash equivalents at 1 January	**82,487**	92,264	171,101	142,821	182,329
Cash and cash equivalents at 31 December	**346,767**	82,487	92,264	171,101	142,821

THE BANK'S FIVE-YEAR SUMMARY – STATEMENTS OF CASH FLOWS

	2024	2023	2022	2021	2020
	€000	€000	€000	€000	€000
Net cash flows from/(used in) operating activities	**216,192**	(69,180)	3,517	48,158	(13,136)
Investing activities					
Dividends received	**1,639**	1,252	1,477	1,273	1,236
Interest income from debt securities	**5,991**	7,015	7,328	7,054	6,684
Purchase of debt and other fixed income instruments	**(31,316)**	(22,797)	(229,935)	(44,389)	(134,778)
Proceeds on maturity and disposal of debt and other fixed income instruments	**90,786**	44,022	73,040	23,838	55,957
Purchase of equity and other non-fixed income instruments	**(47)**	(5,718)	-	-	(950)
Proceeds on disposal of equity and other non-fixed income instruments	**-**	-	-	-	1,000
Proceeds on disposal of financial assets at FVTPL	**-**	-	-	249	221
Purchase of property and equipment	**(11,713)**	(8,861)	(5,431)	(653)	(6,034)
Proceeds on disposal of investments in associates	**1,814**	-	9,589	-	-
Investment in associates	**(3,000)**	(500)	(500)	(1,500)	-
Investment in subsidiaries	**-**	-	-	-	(5,000)
Net cash flows from/(used in) investing activities	**54,154**	14,413	(144,432)	(14,128)	(81,664)
Financing activities					
Dividends paid	**(6,783)**	(2,475)	(3,000)	(1,913)	-
Proceeds from issue of debt securities in issue	**-**	49,486	-	-	55,000
Proceeds from issue of new shares, net of issue costs	**-**	-	65,457	-	-
Cash payment for the principal portion of lease liability	**(765)**	(722)	(761)	(515)	(496)
Net cash flows (used in)/from financing activities	**(7,548)**	46,289	61,696	(2,428)	54,504
Net increase/(decrease) in cash and cash equivalents	**262,798**	(8,478)	(79,219)	31,602	(40,296)
Cash and cash equivalents at 1 January	**81,939**	90,417	169,636	138,034	178,330
Cash and cash equivalents at 31 December	**344,737**	81,939	90,417	169,636	138,034

THE GROUP'S FIVE-YEAR SUMMARY - ACCOUNTING RATIOS

	2024	2023	2022	2021	2020
	%	**%**	%	%	%
Net interest income and other operating income to total assets	**2.0**	2.3	2.1	2.3	2.3
Operating expenses to total assets	**1.4**	1.4	1.5	1.5	1.4
Cost to income ratio	**68.7**	61.6	72.7	64.3	60.8
Profit before tax to total assets	**0.6**	0.8	0.5	0.9	0.7
Return on average equity after tax	**6.3**	7.5	2.3	7.1	5.1

	2024	2023	2022	2021	2020
Shares in issue (thousands)*	**379,606**	377,804	366,917	249,716	249,019
Net assets per share	**78c**	72c	66c	75c	73c

THE BANK'S FIVE-YEAR SUMMARY - ACCOUNTING RATIOS

	2024	2023	2022	2021	2020
	%	%	%	%	%
Net interest income and other operating income to total assets	**2.0**	2.3	2.4	2.2	2.3
Operating expenses to total assets	**1.3**	1.4	1.5	1.4	1.4
Cost to income ratio	**68.5**	62.1	61.5	64.1	61.2
Profit before tax to total assets	**0.5**	0.8	0.9	0.9	0.6
Return on average equity after tax	**6.0**	6.8	8.3	7.7	5.3

	2024	2023	2022	2021	2020
Shares in issue (thousands)*	**379,606**	377,804	366,917	249,716	249,019
Net assets per share	**79c**	73c	68c	73c	71c

*The Net assets per share for 2020 to 2023 have been restated to include the scrip dividend and share based payments issued in 2024, 2023 and 2022 in the form of shares amounting to 7.2 million, 10.9 million and 1.8 million respectively.

Return on average equity before tax of the Bank is calculated as the return as a percentage of the 12 months ending equity balances. The average capital employed of the Group is calculated as the average of the opening and closing equity balances.

APS BANK PLC

OUR PRESENCE

HEAD OFFICE
APS Centre
Tower Street, Birkirkara, BKR 4012

COMMERCIAL BUSINESS
APS Centre
Tower Street, Birkirkara, BKR 4012

RETAIL BRANCHES

ATTARD
St. Catherine's Street, Attard, ATD 2609

BIRKIRKARA (SWATAR)
APS Centre
Tower Street, Birkirkara, BKR 4012

MOSTA
9, Rotunda Square, Mosta, MST 9042

PAOLA
146/147, Antoine De Paule Square, Paola, PLA 1260

QORMI
70-72, St. Sebastian Street, Qormi, QRM 2335

RABAT
25, Saqqajja Street, Rabat, RBT 1192

SKYPARKS
Skyparks Business Centre – Level 1, Malta International Airport plc, Luqa, LQA 4000

SLIEMA
226, Tower Road, Sliema, SLM 1600

ST. PAUL'S BAY
Mosta Road, St. Paul's Bay, SPB 3115

VALLETTA
17/18, Republic Street, Valletta, VLT 1111

VICTORIA (GOZO)
10, Main Gate Street, Victoria, VCT 1341

ZEJTUN
12, Republic Square, Zejtun, ZTN 1011

REGISTERED OFFICE

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