



Values you can bank on

Initial Public Offering 2022 - 26 May 2022

Initial Public Offering

Offer of shares
at €0.62 per share

Joint Sponsor & Manager



Joint Sponsor & Manager

**CURMI &
PARTNERS**

Legal Counsel



Registrar



MALTA
STOCK EXCHANGE



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Origins & Evolution

APS Bank

Origins of APS Bank

The Start

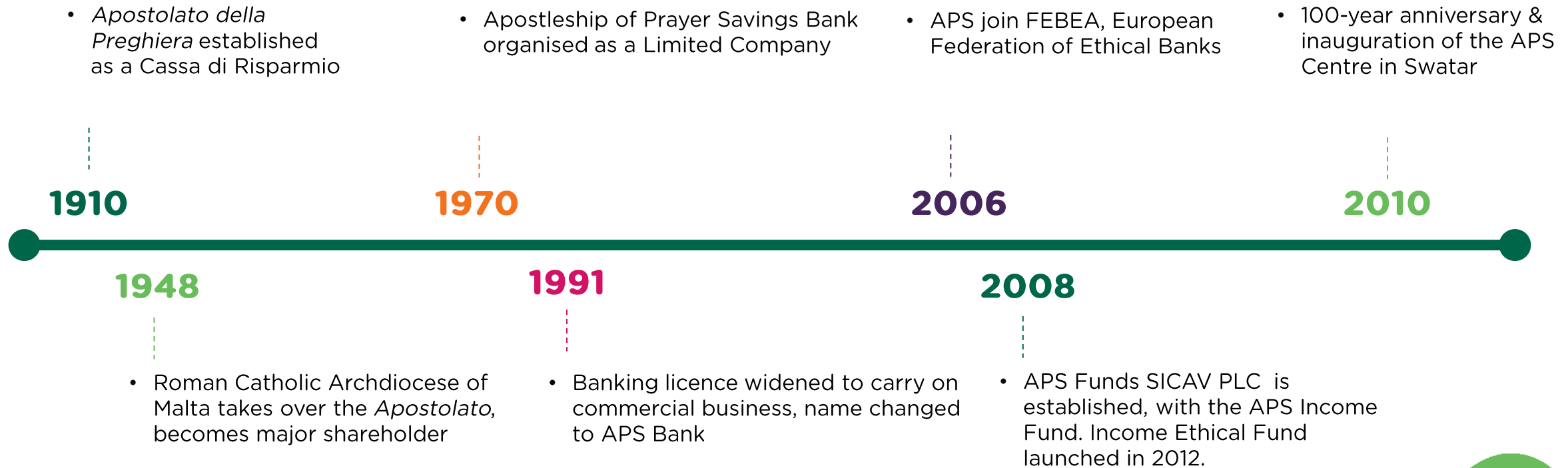
In 1910, the Gozitan Jesuit Fr. Michael Vella brought together a group of people – mainly professionals and merchants – motivated by a desire to help the working classes at a time when a welfare state barely existed. Inspired by the social teaching of the Catholic Church an **Apostolato della Preghiera** was created under the auspices of the Unione Cattolica di San Giuseppe, as a type of mutual provident society.

Savings Bank

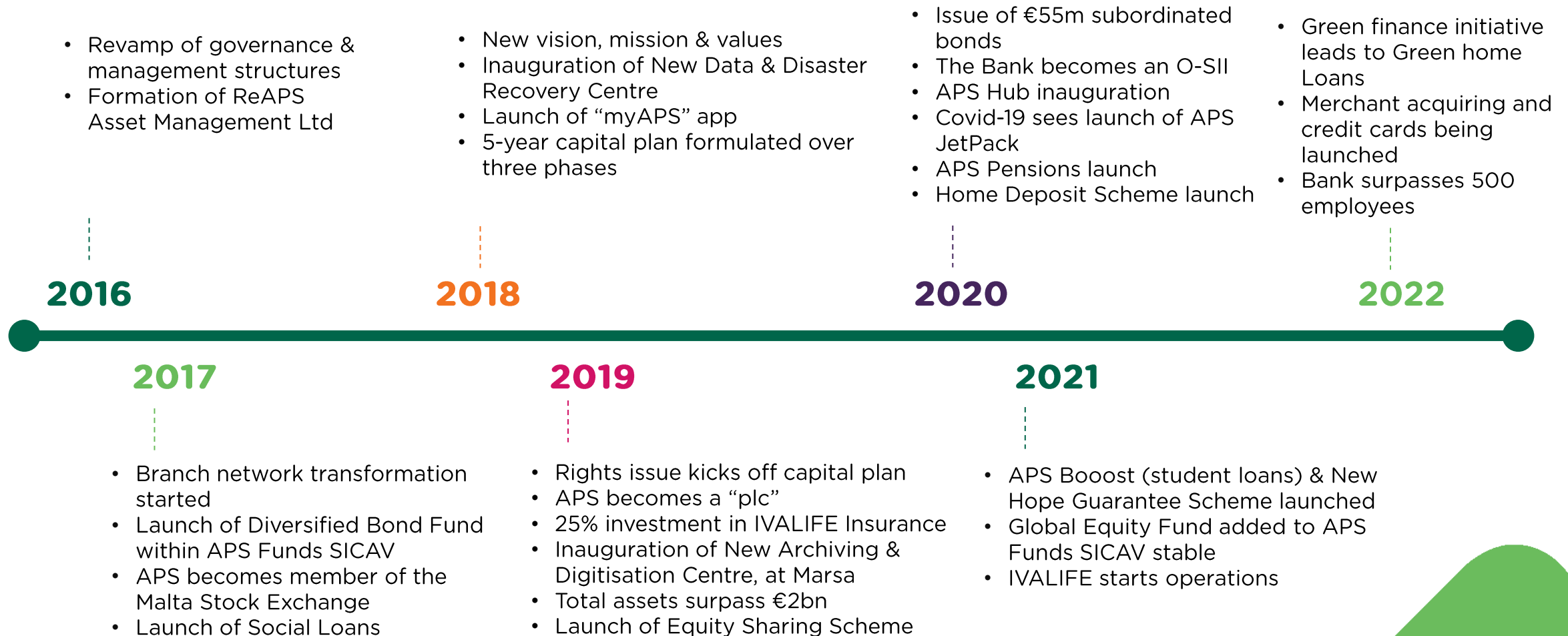
Later in the year, a Savings Bank was established – **Cassa di Risparmio dell'Apostolato della Preghiera** with the goal to encourage savings habits amongst the population. Savings institutions in France and in Italy were contacted to assist in the formulation of the Savings Bank's initial regulations. Deposits from the public were first accepted in December 1910.



112 Years of APS Bank



112 Years of APS Bank continued



Vision, Mission & Values

Vision

To be **the** community bank in Malta

Mission

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

Ex
cel
lence

Get it right
the first time

Aut
henti
city

Always do
the right things

Pa
ss
ion

Do what you love,
care about the others

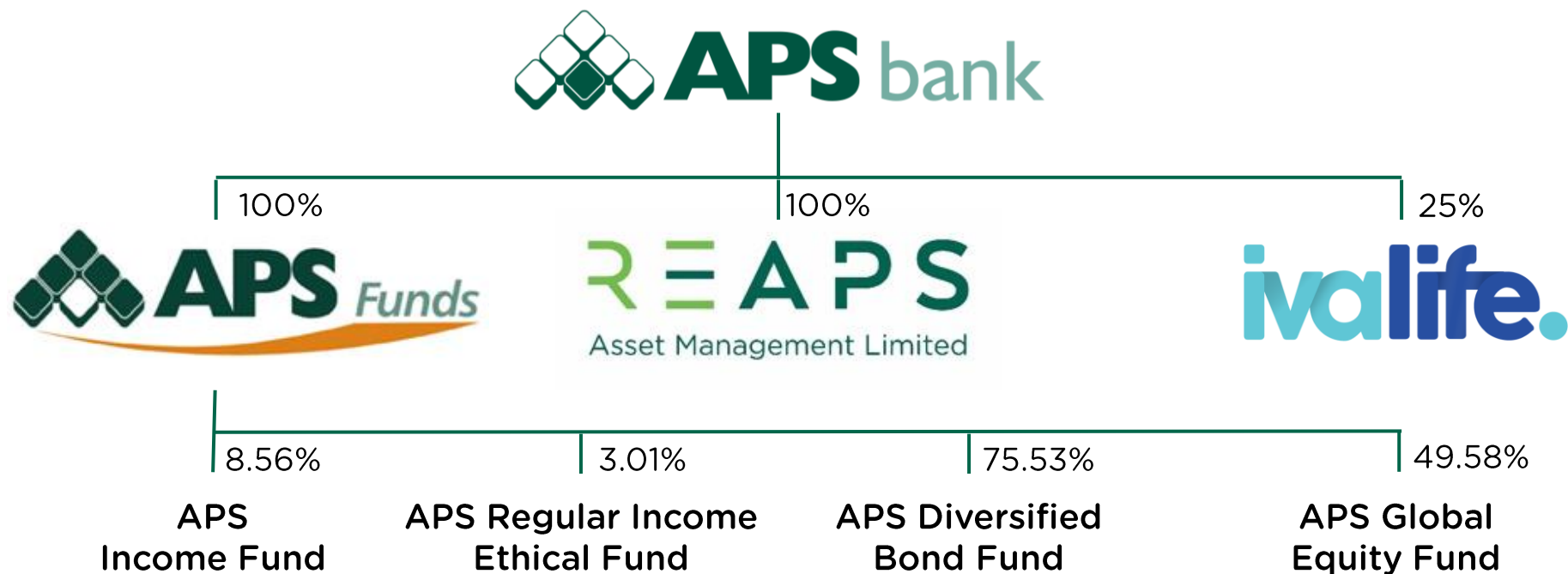
Inc.
lusi
ven
ess

Build on differences
and break the silos

Con
tem
pora
ry

Be relevant
to today's world

Group Entities



APS Funds Sicav

- Incorporated in 2008 as a Multi-fund investment company (SICAV)
- Umbrella of 4 funds, the most recent being the APS Global Equity Fund

ReAPS

- Incorporated in 2016, 100% owned subsidiary of APS Bank
- Close to €500m assets under management

IVALIFE

- Incorporated in 2019 as a joint-venture with Atlas Insurance, GasanMamo Insurance and MaltaPost, each with 25% holding
- Licensed for both Class I and III long term business of insurance

Board of Directors



Martin Scicluna
Chairperson



Victor E. Agius
Non-Executive Director



Joseph C. Attard
Non-Executive Director



Franco Azzopardi
Non-Executive Director



Juanito Camilleri
Non-Executive Director



Laragh Cassar
Non-Executive Director



Alfred DeMarco
Non-Executive Director



Victor Gusman
Non-Executive Director

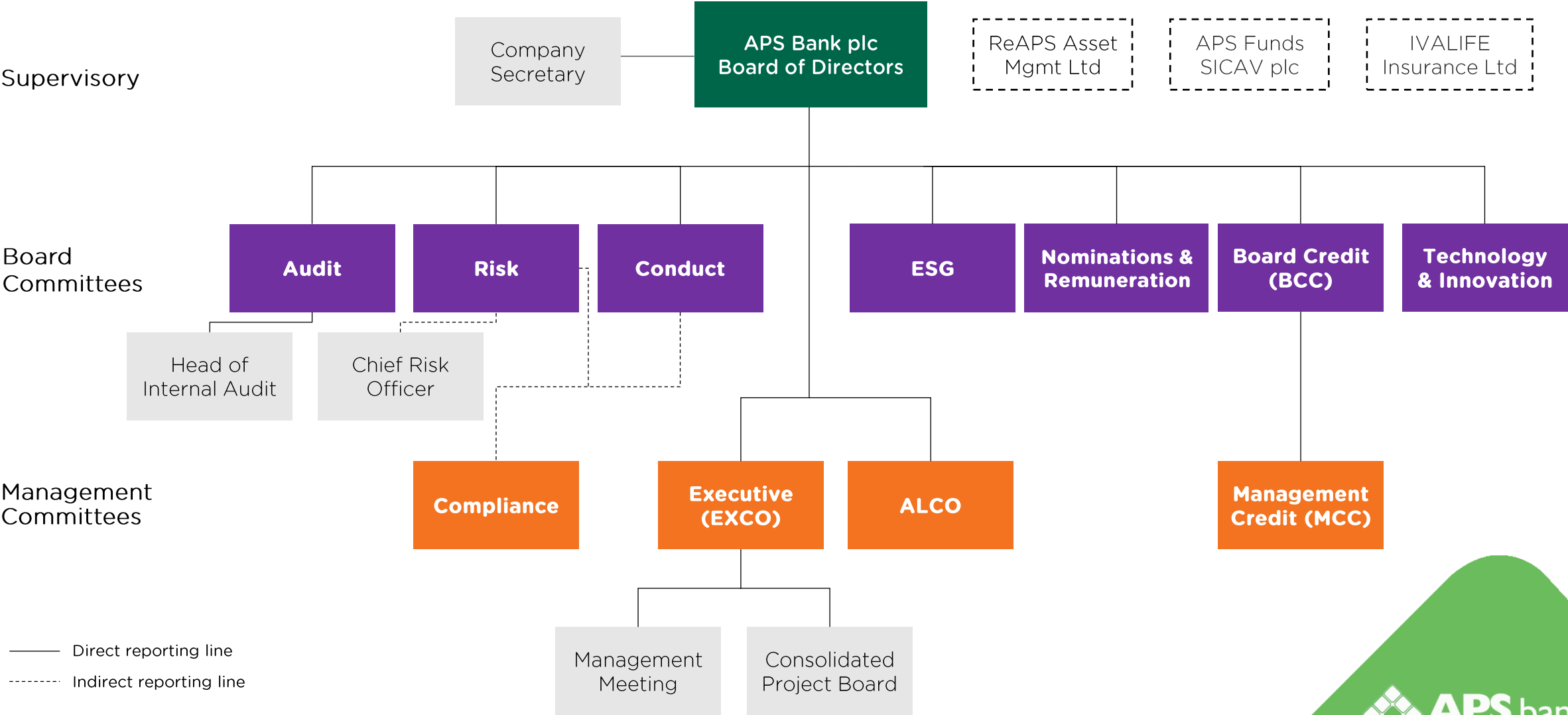


Michael Pace Ross
Non-Executive Director



Graziella Bray
Company Secretary

Corporate Governance



Executive Management



Marcel Cassar
Chief Executive Officer



Giovanni Bartolotta
Chief Risk Officer



Raymond Bonnici
Chief People Officer



Anthony Buttigieg
Chief Banking Officer



Edward Calleja
Chief Operations Officer



Jonathan Caruana
Chief Technology Officer



Liana DeBattista
Chief Strategy Officer

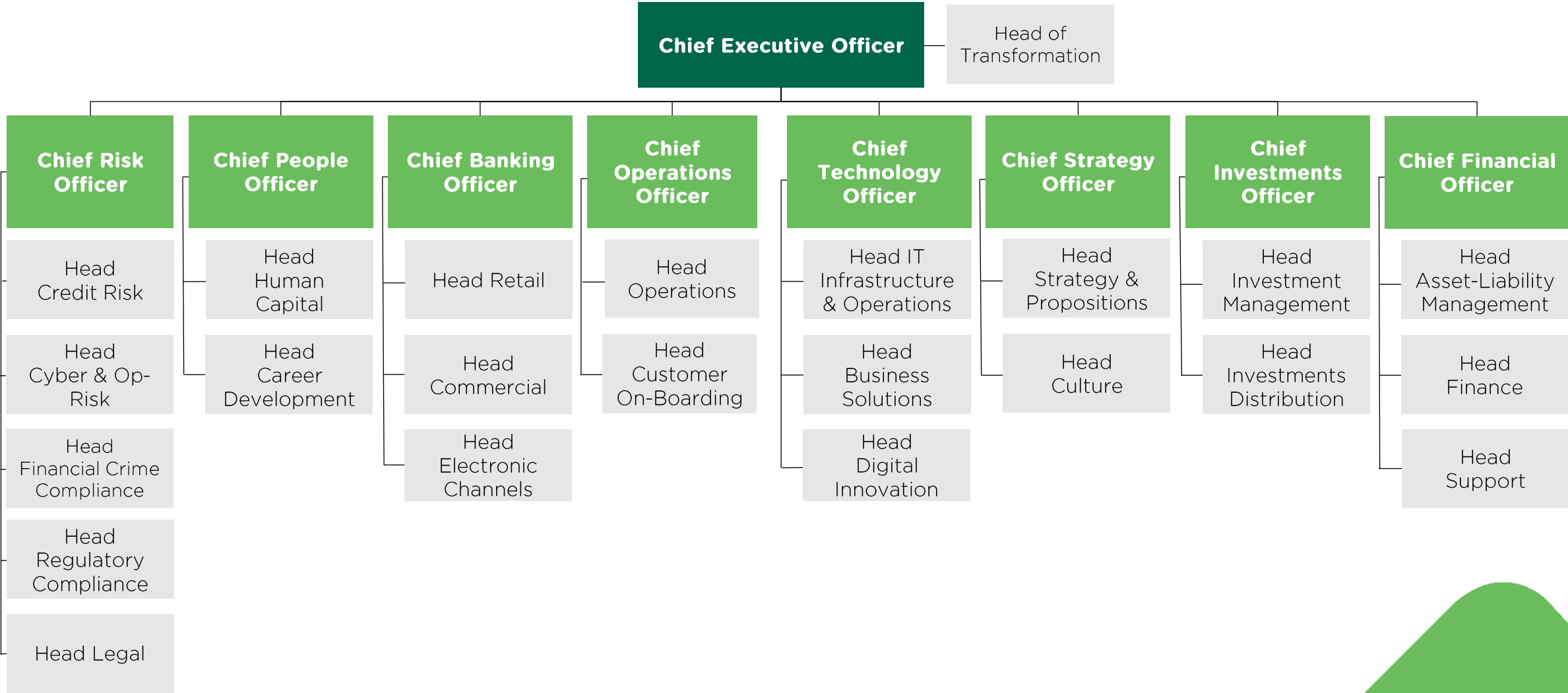


Noel McCarthy
Chief Investments Officer



Ronald Mizzi
Chief Financial Officer

Organisation





Our Strategy

APS Bank

The Four Key Activities of the Group

Retail banking

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

Commercial banking

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

Investment management

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

Syndications & trade

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



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

Our Strategic Objectives

Keeping customers central, using market data and intelligence to anticipate their needs and build long term competitive advantage

Developing products, offerings, channels and processes that will deliver a simpler and more personal experience to our customers

Growing a profitable, viable and sustainable business

Reinforcing our Brand positioning, engaging with employees and developing a strong corporate culture

Embracing technological innovation to make the digital transformation a key driver of the Bank's transformation

Our Priorities for 2022-2024

#1 Refining the business model to withstand the resilience test - including strengthening of capital base

#2 Leveraging the company's purpose to fuel growth

#3 Corporate culture and embracing new ways of working

#4 Building on our established and contemporary brand to drive sustained growth



#5 Customer First

#6 Developing innovation to support the Bank's areas of growth

#7 Accelerating transformation

SWOT Analysis

Strengths

- Trusted brand name in the community
- Driven by a social & sustainability agenda
- Resilient & sustainable performance
- Strong governance, employer of choice

Challenges

- Achieving further scale
- Attracting millennial customers
- Becoming the everyday bank
- Optimising funding mix

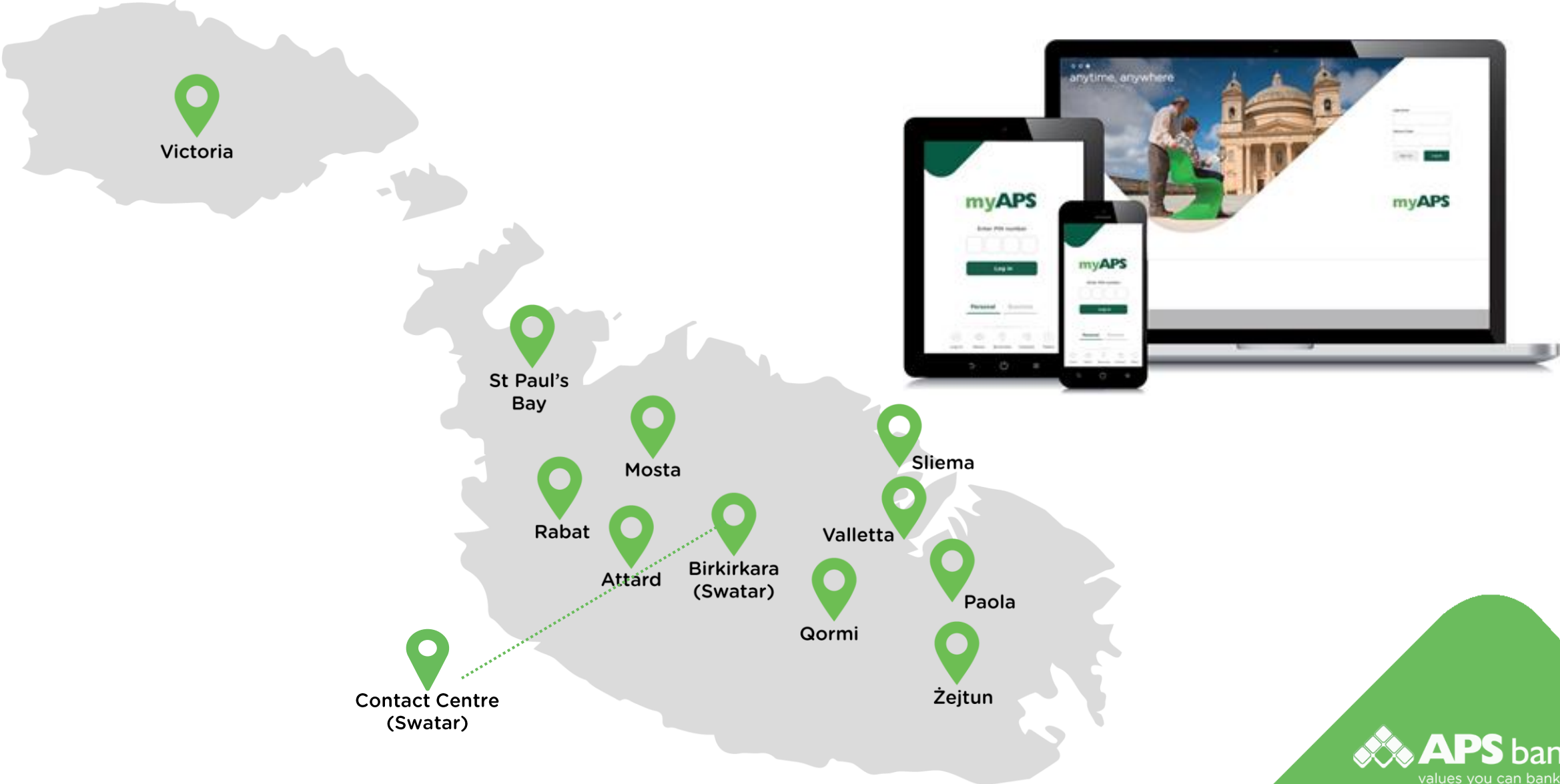
Opportunities

- ESG strategy implementation
- Diversification of income streams
- Blends traditional with digital
- Increasingly systemically important

Threats

- Increasing regulatory pressure
- New digital-native entrants
- Competition for talent
- Emerging risks (cyber, geo-political)

Distribution Network



APS Bank at a Glance



500+
employees



48
Employee NPS



115,000+
deposit accounts



67,000+
customer base



33,000+
myAPS active users



12,000+
home loans



6,400+
investment
customer base



78,000+
debit cards in
circulation



Responsible Lending

APS Bank

Setting the Standard

Criteria	Low Score (1)	Medium Score (3)	High Score (5)
Environmental Considerations			
Pollution		x	
Waste Management	x		
Impact on Biodiversity (Land/Marine)	x		
Development Height and Fit with Surroundings	x		
Other Externalities		x	
Social Considerations			
Health and Safety			x
Labour Issues			x
Employee Diversity		x	
Governance Considerations			
Board Composition and Independence		x	
Policies		x	
CSR Strategy		x	
Timeline of Audits and Financial Statements	x		
Procurement Policies		x	
Total (H=5; M=3; L=1)		35	

Testament to the Bank's vision and mission, ESG has been part of our DNA and our ambition is to be leaders on this front.

This is achieved through a strong sense of corporate purpose, through various product developments to support our community, through strong governance structures and strict lending and investment practices, all of which are governed by the ESG Committee.

Responsible and Sustainable Products



**Make your
business greener**
with APS Green Finance



**Boost your
studies**
with APS **BOOST**

APS bank
values you can bank on

**Rewarding
your efforts**
with the APS
Green Home Loan

APS bank
values you can bank on

**EQUITY
SHARING**

akkomodazzjoni **HOUSING**
AUTHORITY

APS bank
values you can bank on

NEW HOPE
GUARANTEE SCHEME

APS bank
values you can bank on

Risk Appetite

The Bank's risk appetite is guided by prudence and avoidance of activities that are inherently high risk. By design, APS has low appetite for:

- Activities with no local nexus
- Gambling
- Cryptocurrencies
- Electronic Money Institutions
- Citizenship by investment schemes
- Trade in harmful or illicit goods
- Sanctioned entities

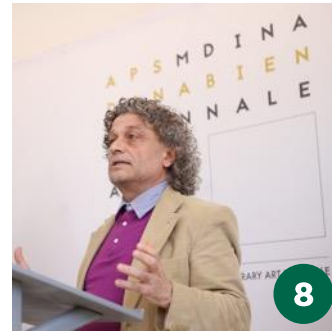




In the Community

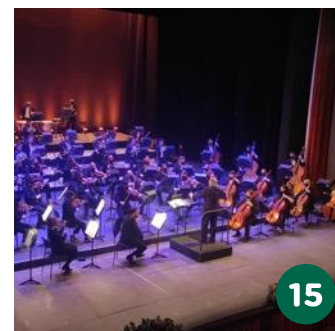
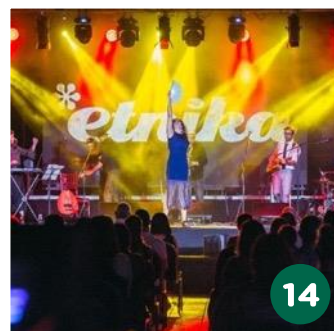
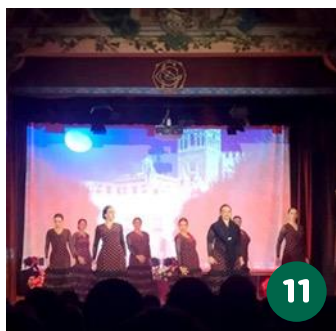
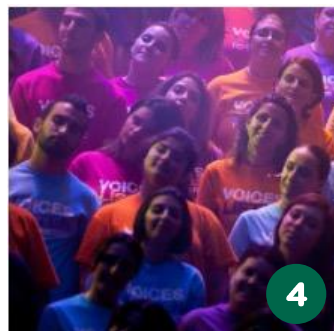
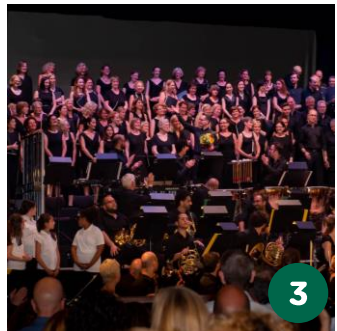
APS Bank

Publications, Heritage & Visual Arts



1. 'The Great Maltese Composers' book launch (2016)
2. 'The Power of Photography' book collection (2016-2018)
3. 'Two Generations of Maltese Artistic Families' exhibition (2014-2016)
4. Supporting restoration projects
5. 'Vanishing Valletta' photography exhibition (2018)
6. 'The Human Turned Divine' exhibition (2019)
7. 'Malta in Transition' photography exhibition (2019)
8. APS MdnA Biennale (since 2015)
9. Umama Art Exhibition, supporting art therapy organised by SJAF (2019)
10. Restoration of Balzan Church Façade (2020)
11. FPM and APS Bank plc sign partnership agreement (2021)
12. 'Josef Kalleya & Dante' book launch (2021)
13. 'The Streak - An Isabelle Borg Retrospective' exhibition (2021)
14. 'Il-Ktieb ta' San Ġuzepp: Ġabra ta' studji' (2022)
15. Restoration of statue of Our Lady of Mount Carmel (2022)

The Performing Arts



1. APS Concerts recorded on CDs carrying GegaNew label (2001 - 2016)
2. APS Concerts reviving Maltese Composers (2001 - 2016)
3. Victoria International Arts Festival (2019)
4. Voices (2016)
5. Esprit Méditerranéen Harp Recital (2019)
6. The Other Door, performed during Evenings on Campus festival (2019)
7. Il-Kbir Għadu Ġej (2019)
8. SJAF survivors invited to APS Teatru Unplugged sound check (2018-2019)
9. APS Teatru Unplugged (since 2016)
10. Virtuosi (2019)
11. Promesas Flamenco performance (2019)
12. APS Summer Festival 2020
13. National Prize for the Promotion of Arts & Culture (2021)
14. APS Summer Festival 2021
15. Gaulitana: A Festival of Music (2022)

Sustainability & Education



1



2



3



4



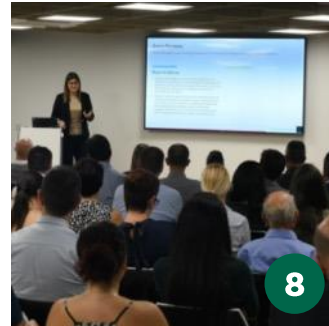
5



6



7



8



9



10



11



12



13



14



15

1. Why diversity matters – Women in Finance (2018)
2. Youth Football Association (2002 – 2017)
3. APS talks: Strategies of Innovation (2018)
4. APS talks: Trading on China's New Silk Road (2019)
5. Readathon (2019)
6. Project AEGLE competition - Towards Sustainable Mobility (2019)
7. APS Hub (2020)
8. APS talks: Emotional Intelligence at the workplace (2019)
9. Malta Sustainability Forum 2019
10. World Bicycle Day 2020 offer with NextBike
11. APS talks: Deciphering food labels (2020)
12. Malta Sustainable Mobility Challenge – Greentrips (2020)
13. The Sinking Shore book by Dr Ivan X. Gatt (2020)
14. YMCA's Solar Energy Project (2020)
15. Malta Sustainability Forum 2021

Employer of Choice



An invested
learning
organisation



Equal, diverse and
inclusive



Dedicated to staff
wellbeing



13
nationalities



56%
female workforce



34 years
workforce
average age



20,300+
training hours in
2021



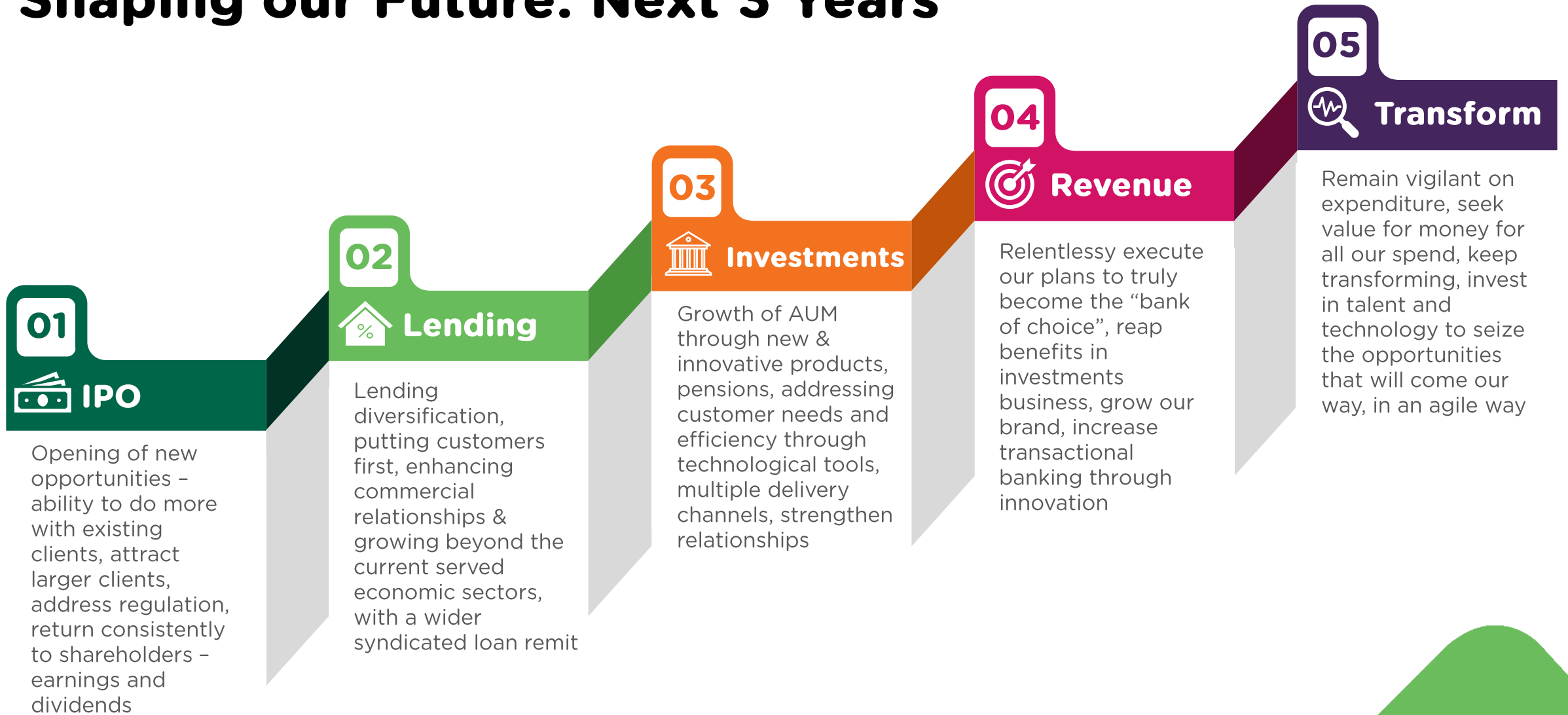
216
qualified staff
members



Financial Performance

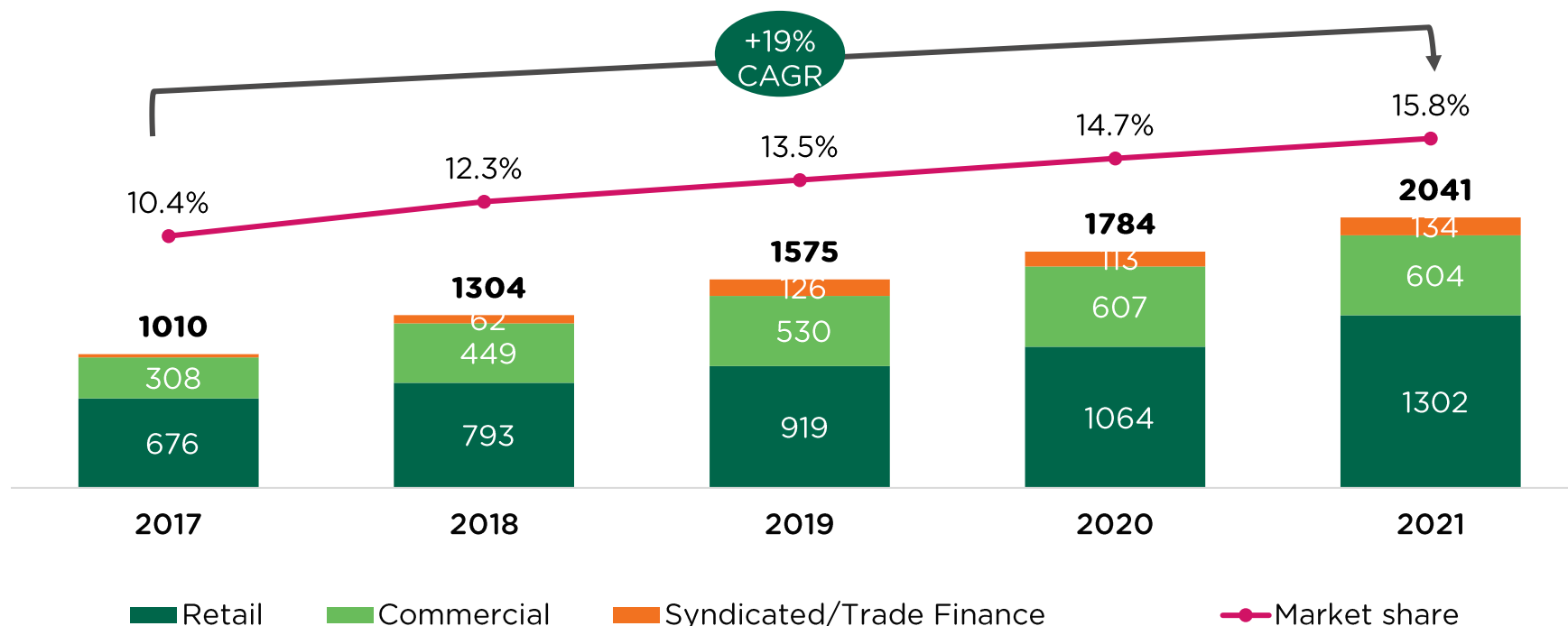
APS Bank

Shaping our Future: Next 3 Years



Consistent Growth in Loan Book

Performing loans (€m)



Stable interest yields
@3.6% during last 5 years

Medium-term goal
Loan book: +10%-15% 3Y CAGR

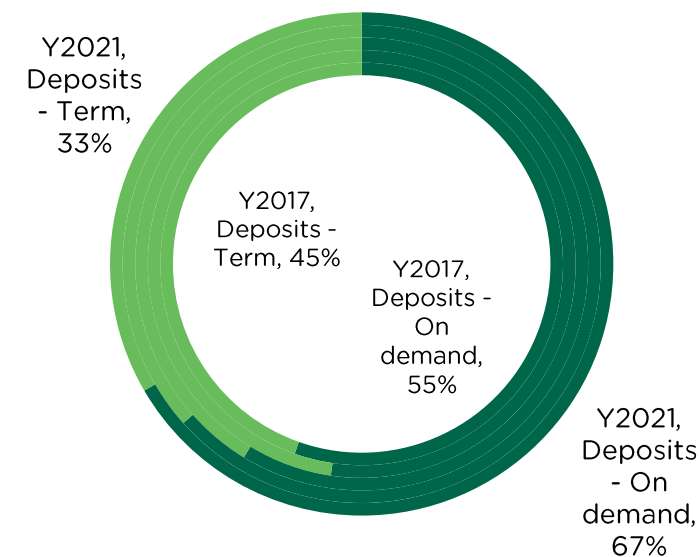
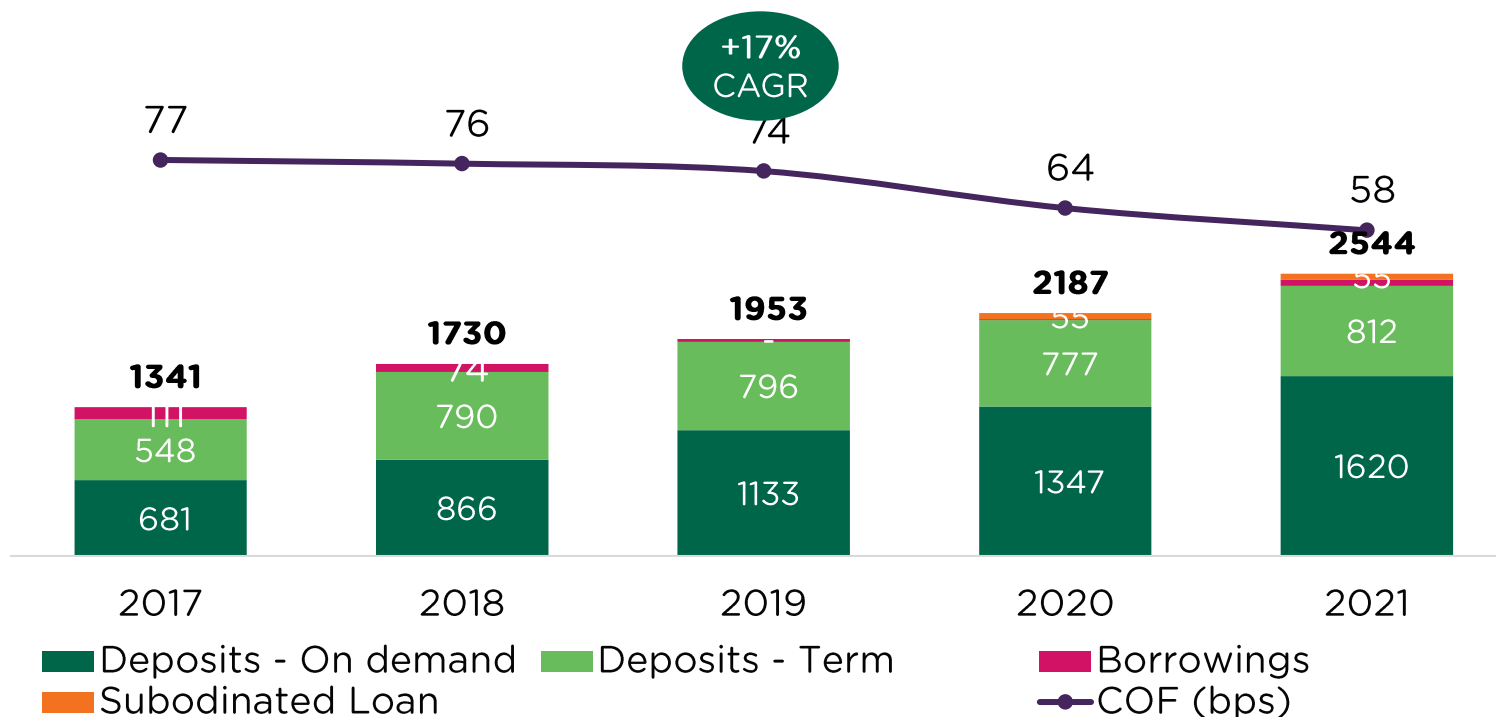
2021 highlights

- **Home and personal loans** up €238m (+22%) from 2020, exceeding own forecasts
- **Commercial** lending flat to 2020 on high drawdowns and repayment activity
- **Syndicated** & trade-finance book growing through wider market and sectorial diversification
- Steady reduction in **Covid-moratoria** facilities. Renewed support via APS Jet Pack

Table showing performing loans only; Figures might differ to Prospectus due to rounding or classification

Funded by Local Customer Deposits

Funding (€m)



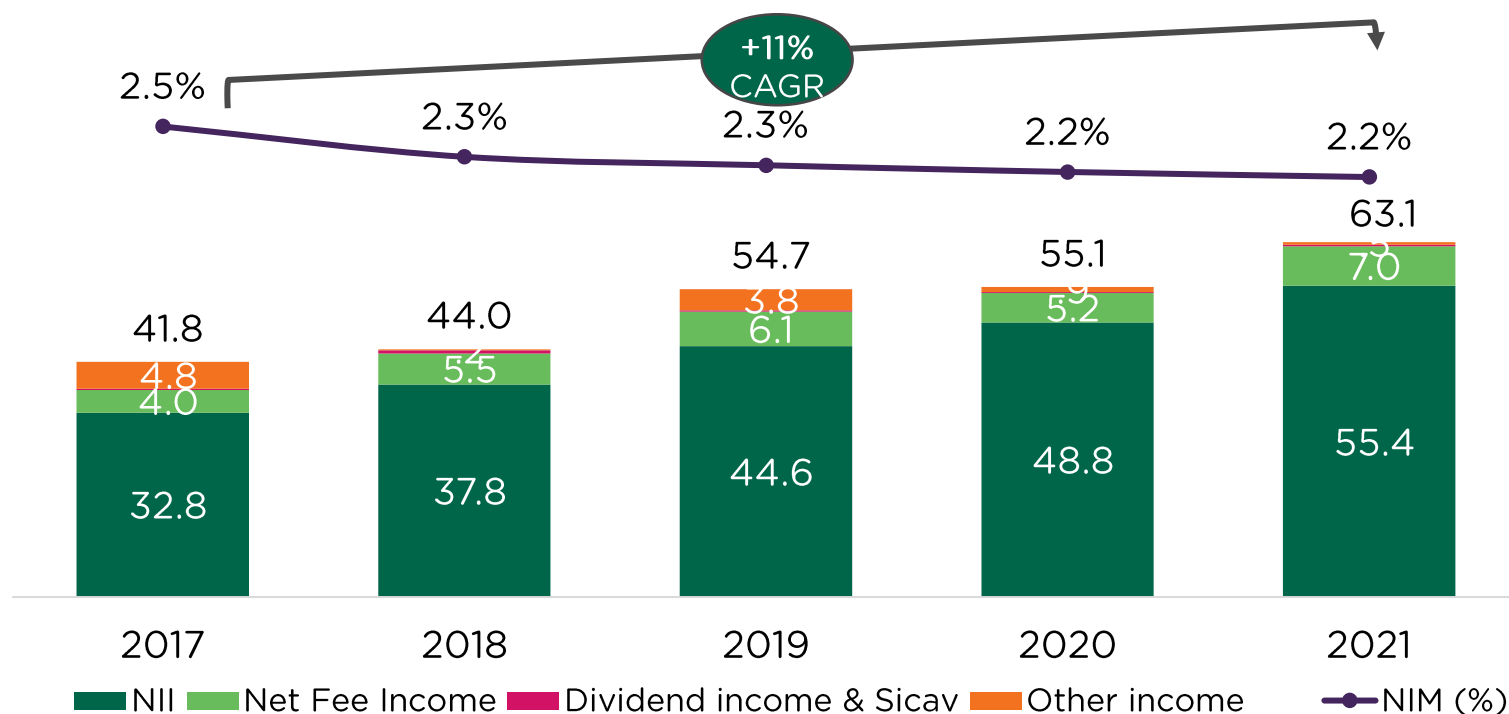
Medium-term goal
COF: 38bps – 43bps

2021 highlights

- **Growth in funding** by +€356m to year-end. Becoming more the bank of choice for personal and corporate clients
- Of the new 2021 deposits, 89% are **demand deposits**, 11% term: 5-year +24% CAGR in “daily banking balances”
- Lowering **cost of funds**

Stable Revenue Across both Interest and Fees

Revenues (€m)



6% 5Y CAGR
growth in AUM

Medium-term goal
Revenue: +10%-15% 3Y CAGR

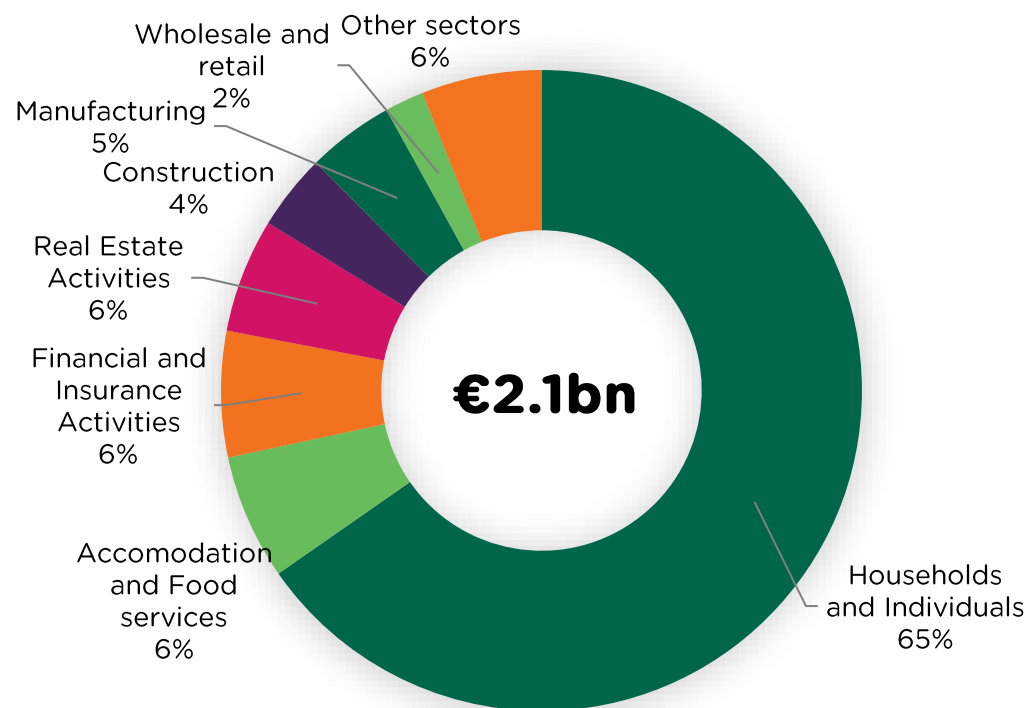
2021 highlights

- Revenues at €63.1m, higher by €8.0m **(+15%)** to last year
- Investment services contributing **€4.2m** across discretionary & advisory business, fund management and pensions
- **Other income** higher lending and transactional income with higher cost of distribution impacting net fees

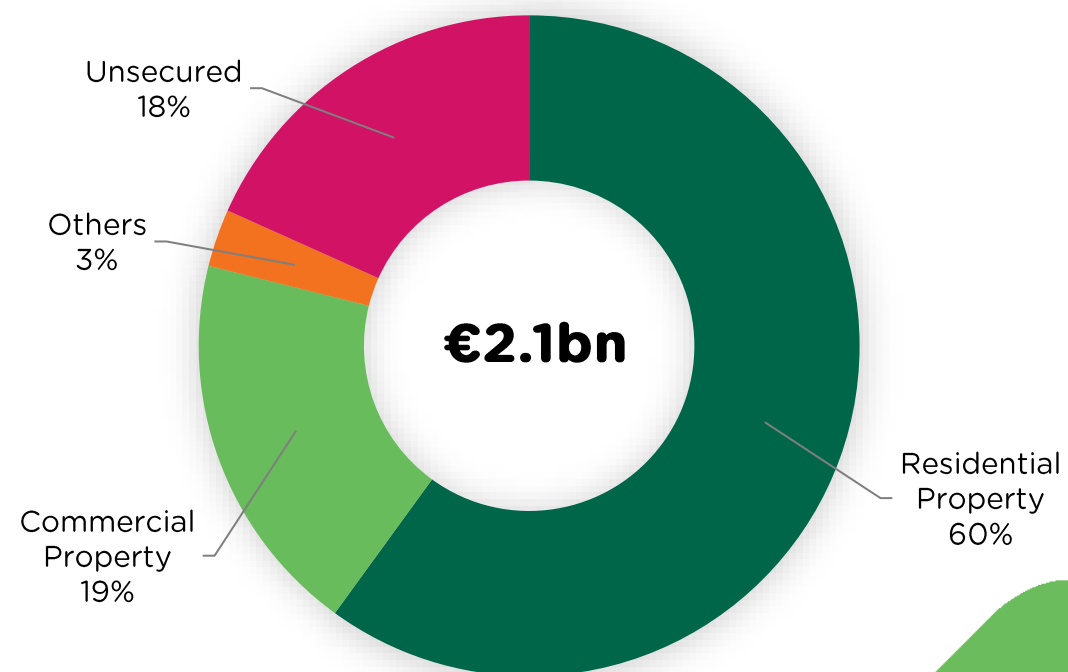
Figures might differ to Prospectus due to rounding or classification

Loan Book Remaining Diversified and Robust

Lending by sector – Dec 2021

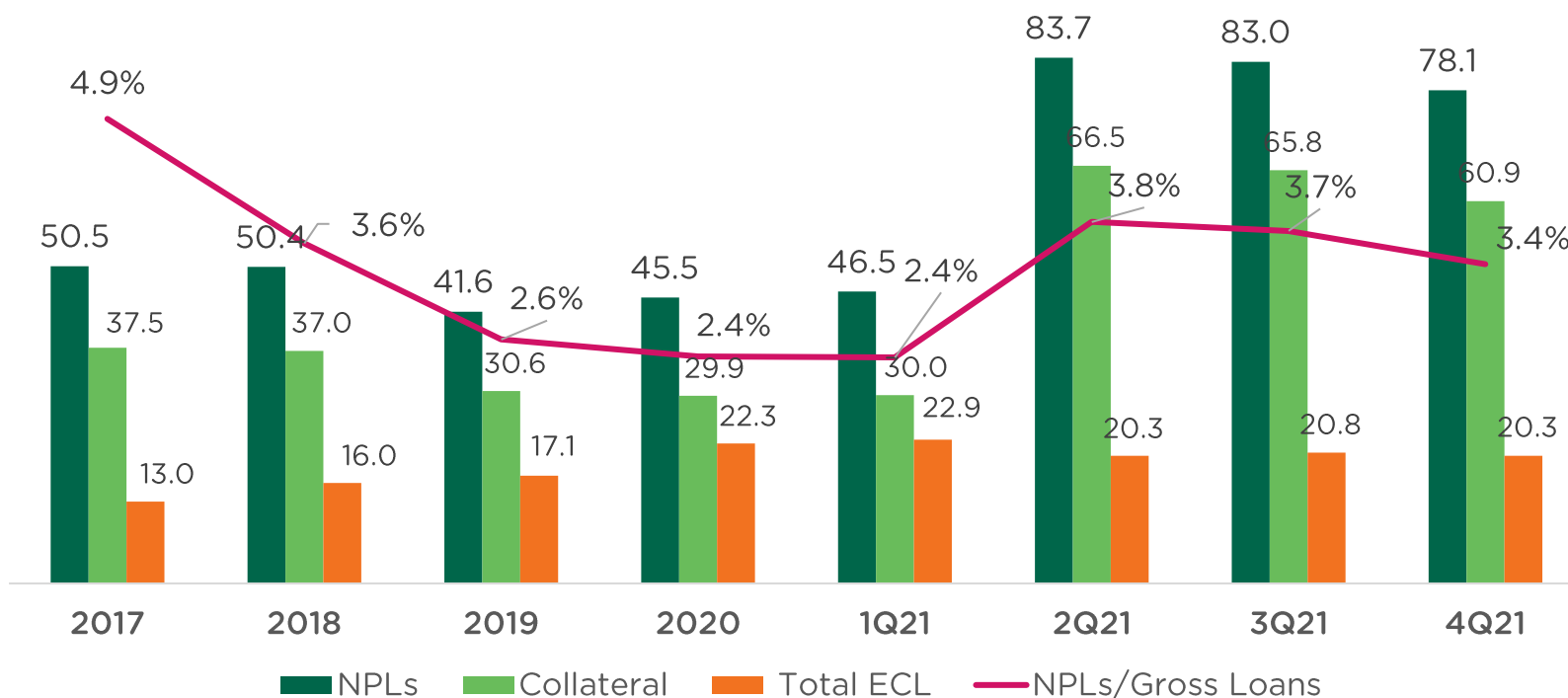


Lending collateral (after haircuts) – Dec 2021



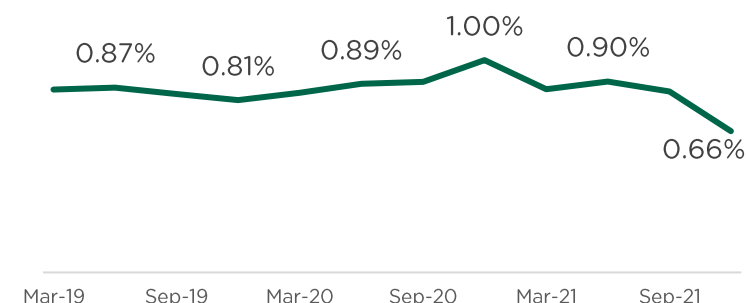
Superior Loan Quality, COVID Correction

Non-performing loans (€m)



Reducing COVID
“post-model adjustment”

House Loans NPL vs Total House Loans

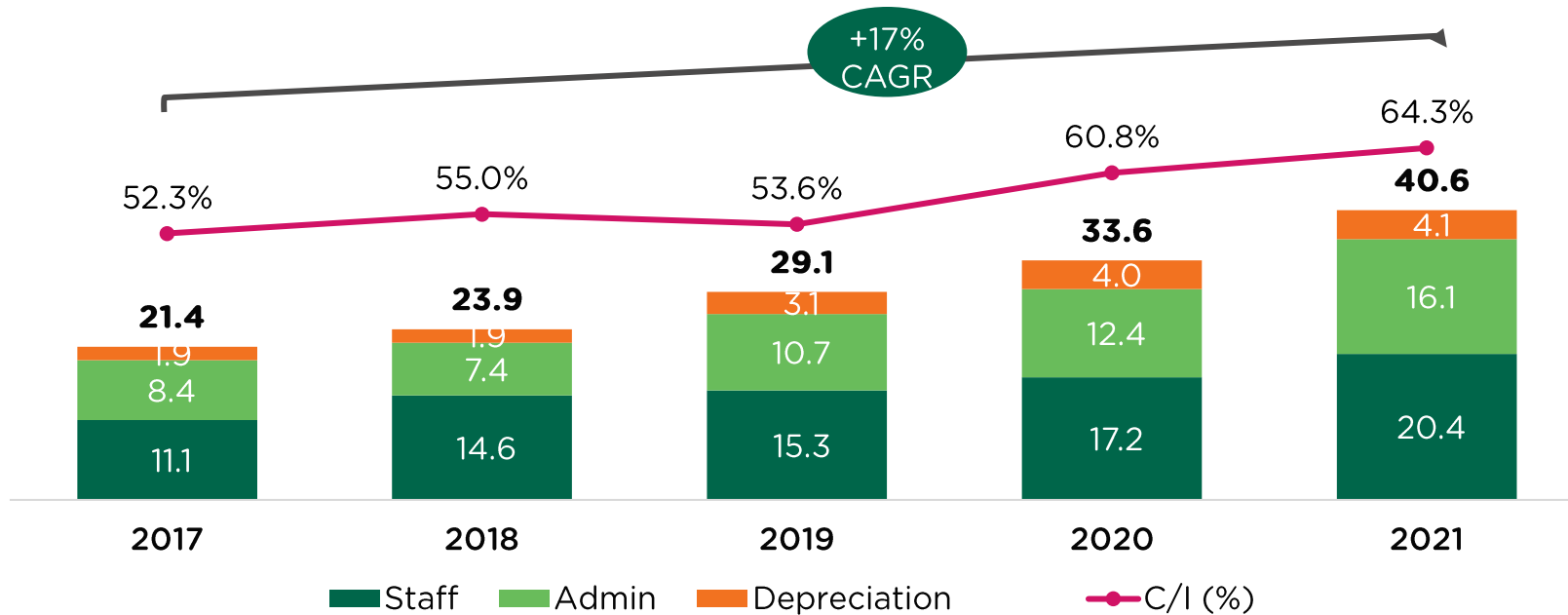


2021 highlights

- Portfolio approach for **retail lending** post-model adjustment driven by moratoria requests on critical sectors
- Granular analysis for **commercial lending** based on type of moratoria and financial analysis
- Conservative **collateral haircuts** + ECL giving 100% NPL coverage

Cost growth supporting Group's evolution

Costs (€m)



500+ employees
13 nationalities

Branch refurbishment
programme

Medium-term goal
Costs: +7%-10% 3Y CAGR

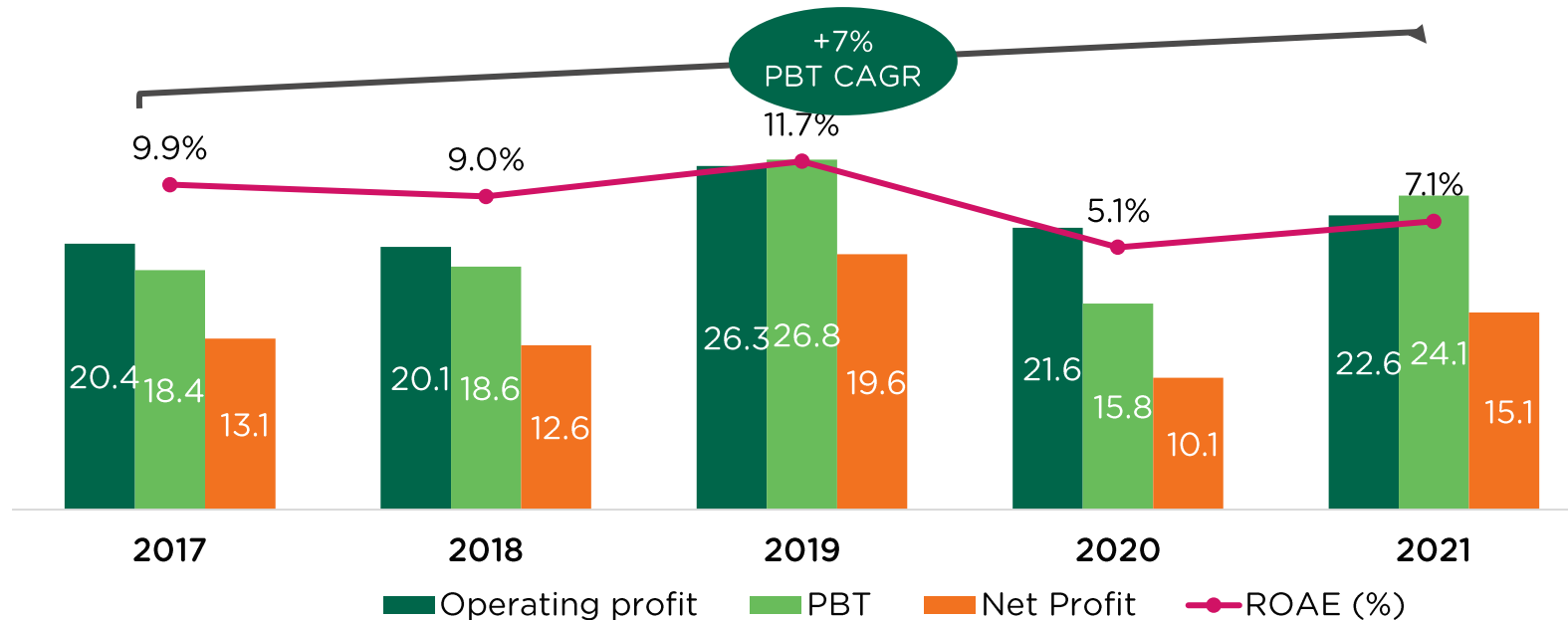
2021 highlights

- **Staff costs** increase from last year on the adoption of updated governance and control structures and related capacity building
- Other **admin/depreciation** costs higher on telecoms (pandemic impact), physical premises and regulatory fees (mostly deposits driven)
- **Cost-to-income** at 64%, within strategic target range

Figures might differ to Prospectus due to rounding or classification

Consistent Profitability, Superior Returns

Profitability (€m)



FY2021 Dividend of €3m
20% pay-out

FY2017 - FY2020¹ pay-out
range between 20% to 25%

Medium-term goal
ROAE: 6-9%

2021 highlights

- Stable operating performance reflecting **robust business model**
- Differentiating our **brand** through communication of our values and commitment to the Community
- Above market Group ROAE @ 7.1%, Bank **ROAE** @ 7.7%

¹No final dividend paid for FY2019 in view of ECB restrictions

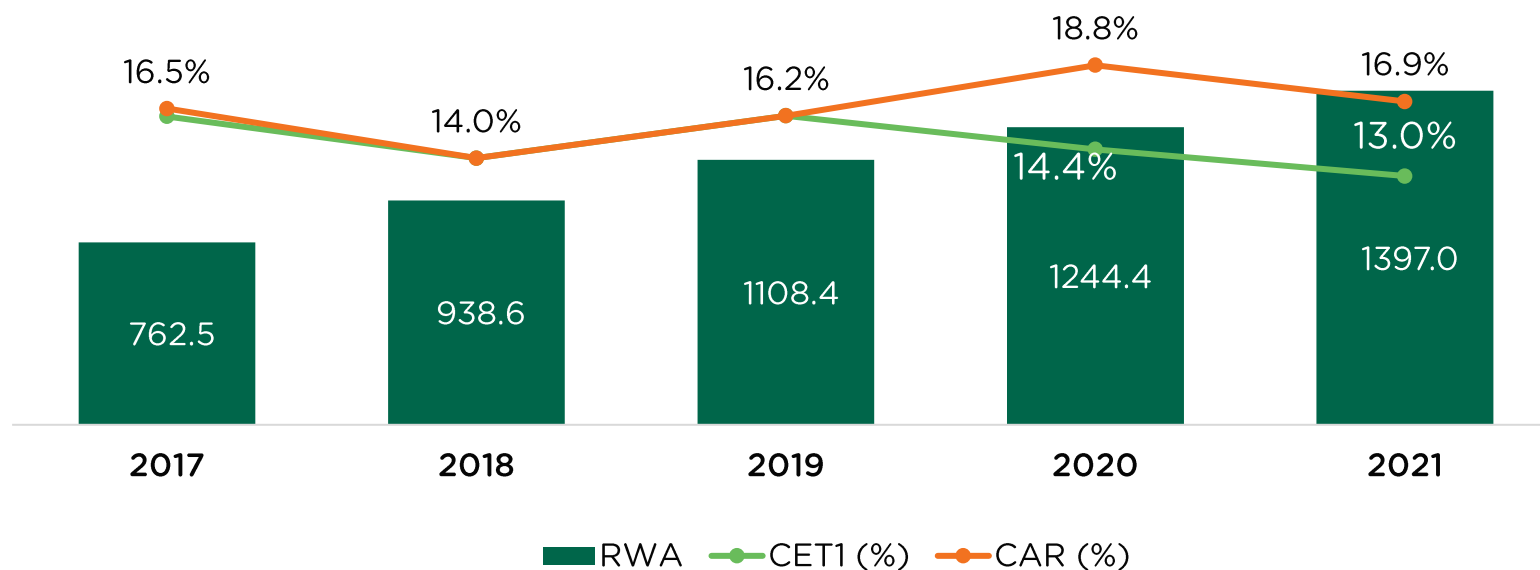
"Operating profit" excludes Impairment gains/losses; Figures might differ to Prospectus due to rounding or classification

Dividends

- The Bank's **dividend policy** prudently balances the dual objectives of appropriately rewarding risk capital held by the shareholders - through dividends - and retaining capital to maintain healthy capital adequacy ratios.
- The payment of a dividend will depend a number of factors prevailing at the time of declaring a dividend, including the profits available for distribution, the Bank's capital requirements, the market conditions and any restrictions that may be imposed by regulatory authorities.
- The dividend payment for Y2022 represents a gross dividend yield of 3.0%.
- Over the **medium term** (3 years), it is the Bank's intention to distribute one third (1/3) of its post-tax profits, which would represent approximate gross dividend yields ranging between 3.3% and 4.3%.

Efficient Use of Capital

Capital adequacy (€m)



2019 €13m
Rights Issue

2020 €55m
Subordinated Bonds

2021 highlights

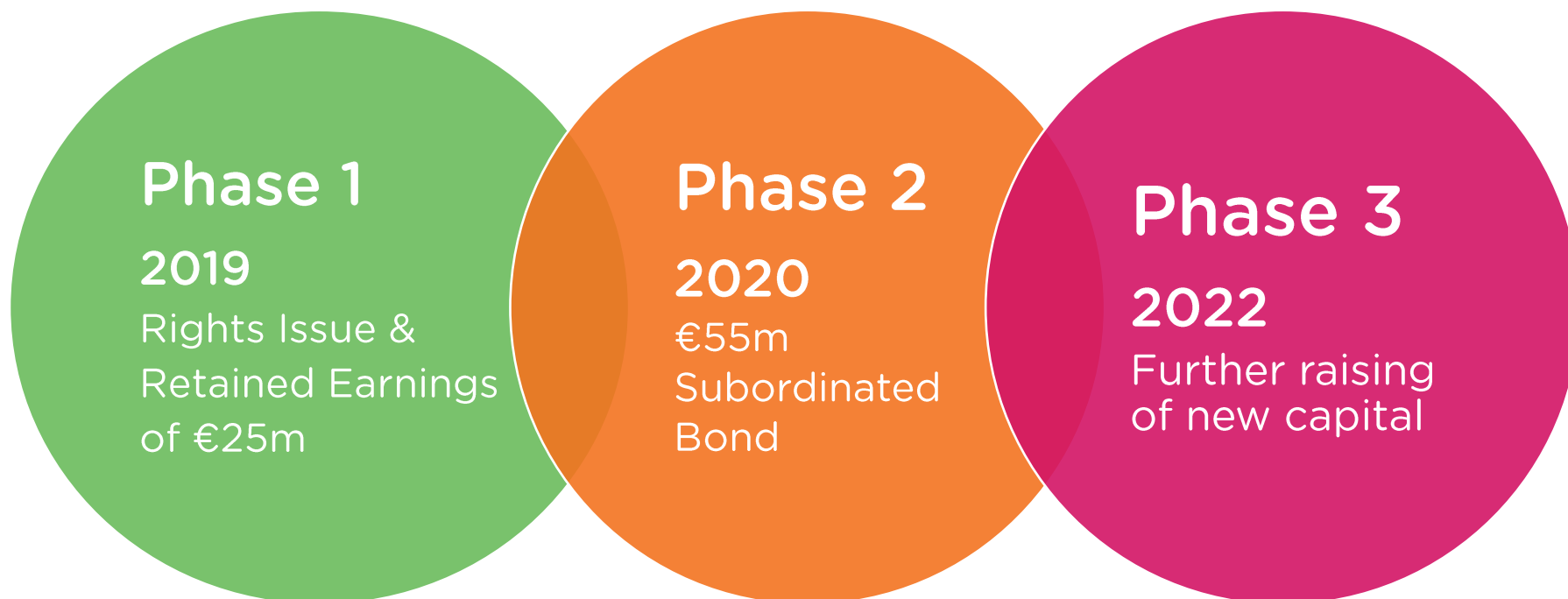
- **RWA increase** on growth in loan book, better operational performance and IFRS9 stage migration
- Commitment to **shareholder** returns through the consistent payment of a dividend
- Capital plan **Phase 3** to ensure continued sustainable growth and returns



The Transaction

APS Bank

Capital Plan



The **net proceeds** from the Share Issue will constitute an integral part of the Bank's capital plan- **to further strengthen its CET 1 capital** - and will enable the Bank to **achieve its strategic objectives** whilst ensuring **compliance with the relevant capital requirements**.

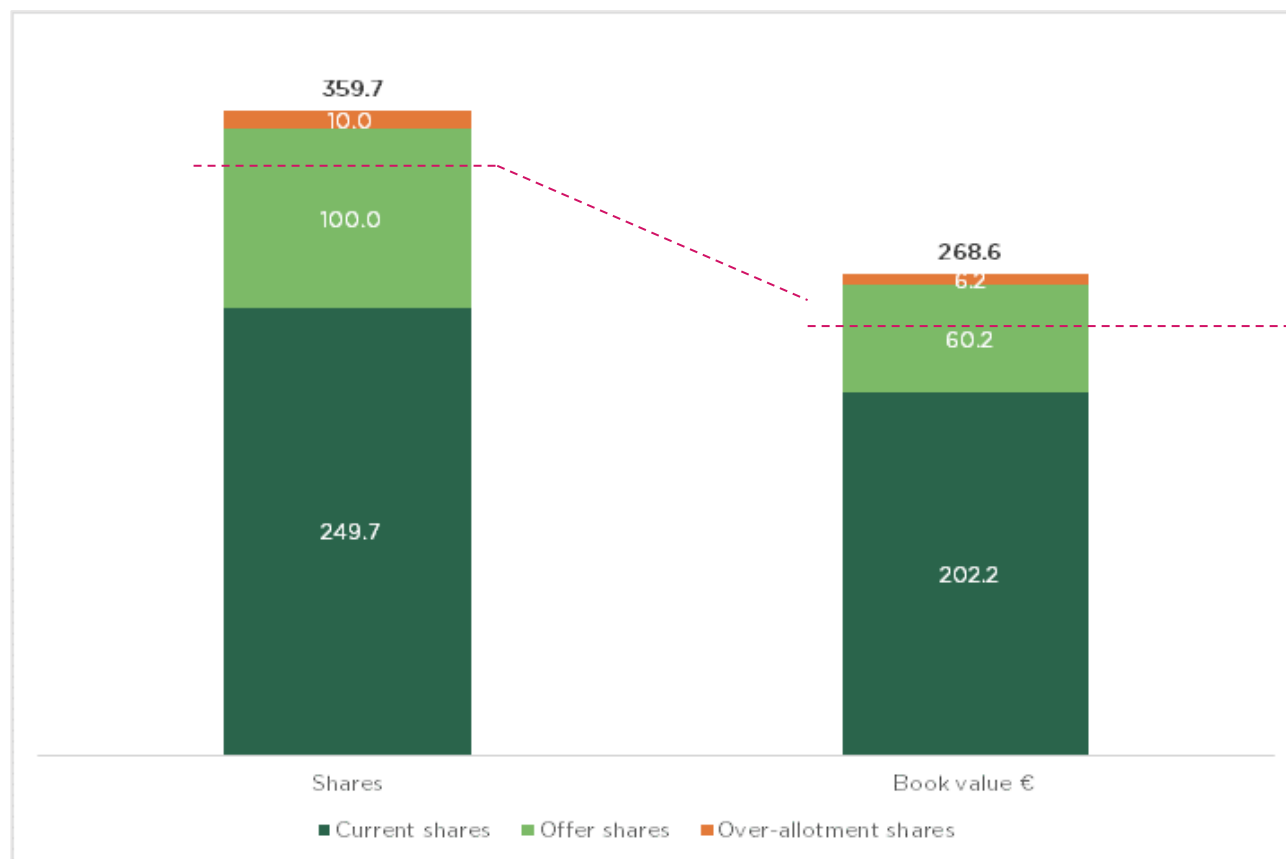
Current Shareholding

	Number of shares	%
AROM Holdings Limited, <i>ultimately owned by the Archdiocese of Malta</i>	198,367,765	79.44%
Diocese of Gozo	45,449,032	18.20%
Metropolitan Cathedral Chapter	5,831,889	2.33%
Abbey Holdings Limited	66,975	0.03%
	249,715,661	100.0%

- The **current shareholders will not be selling** any of the existing holdings
- All IPO proceeds will be “**new money**” for the Bank

Terms of the offer

- Offer for **100,000,000 shares**, with an **over-allotment option** of up to an additional 10,000,000 shares
- General public offer price is **€0.62 per share** - 23.5% discount to 31/12/2021 Book Value



69,681,981 shares
committed through pre-
allocation agreements:
€41,399,655

Pre-allocation agreements and GPO

- The Bank entered into pre-allocation agreements with various financial intermediaries and investors
- Investors subscribed for New Shares at the issue price of €0.62 or at a discount depending on the total Euro amount invested by each investor
- In terms of these pre-allocation agreements, the Bank is conditionally bound to issue 69,681,981 New Shares (**€41,399,655**) at an average price of €0.594 per share
- A balance of 30,318,019 New Shares (**€18,797,172**) will be available for subscription during the GPO, which can increase by an extra 10,000,000 (**€6,200,000**) if the Bank exercises the over-allotment option

Applications

- Minimum application size is **1,000 shares (€620)**
- Applicants who are:
 - a) either registered Bondholders of the 3.25% Subordinated Bond; or
 - b) APS Group employees or Directors

at close of business of 23 May 2022 (trading session of 19 May 2022) will be “**preferred applicants**” in terms of a potential allocation policy

- Also in case of **over-subscription**, applicants can decide to be refunded the excess amount or apply to benefit from favourable rates in different deposit products to be offered exclusively for the Share Issue (Terms and Conditions apply)
- Applications will be received from **Friday 3 June** for a maximum period of 2 weeks

Authorised intermediaries

- APS Bank plc
- Bank of Valletta plc
- Calamatta Cuschieri Investment Services Ltd
- Curmi & Partners Ltd
- Finco Treasury Management Ltd
- Hogg Capital Investments Ltd
- Jesmond Mizzi Financial Advisors
- Lombard Bank Malta plc
- MeDirect Bank (Malta) plc
- Michael Grech Financial Investment Services Ltd
- MZ Investment Services Limited
- Rizzo Farrugia & Co (Stockbrokers) Ltd

Expected Timetable

26-May-22	Issue of Formal Notice in newspapers
	Publication of Prospectus on website
03-Jun-22	Opening of Issue Period
17-Jun-22	Closing of Issue Period
24-Jun-22	Announcement Basis of Acceptance
30-Jun-22	Listing of the Shares on the MSE
30-Jun-22	Refund of unallocated monies (if applicable)
Fri-01-Jul-22	Trading commences

Advisors Line-up



Joint Sponsor & Manager
Rizzo Farrugia



Legal Counsel
Ganado Advocates

**CURMI &
PARTNERS**

Joint Sponsor & Manager
Curmi & Partners



Registrar
Malta Stock Exchange



Thank you

Disclaimer

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No offer or advice

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Summary information

This Presentation is not intended to be read as a stand-alone document. This Presentation contains selected and abbreviated summary information about the Bank and its subsidiaries and their activities current as at the date of this Presentation. The information in this Presentation is of a general background and does not purport to be complete. The information is relevant at the time of presentation and the Bank has no obligation to update the information.

In case of discrepancy between the content of the Prospectus dated 24 May 2022 and this Presentation, the content provided in the Prospectus shall prevail.

Future performance

This Presentation may contain certain “forward-looking statements”. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements, opinions and estimates are not guarantees of future performance. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements are relevant at the date of this Presentation and the Bank assumes no obligation to update such information.

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