



FACT SHEET

€50 MILLION 5.80% APS BANK PLC UNSECURED SUBORDINATED BONDS 2028-2033 (1st Series of a €150 million unsecured subordinated bond issuance programme)

KEY DETAILS

Issuer:	APS Bank plc	Listing:	Official List, Malta Stock Exchange
Amount:	Up to €50 million	Coupon:	5.80%
Maturity Date:	1 December 2033	Early Redemption*:	Any date between 1 December 2028 and 1 December 2033
Status:	Unsecured Subordinated	Complex:	Yes
Offer Price:	100% (par value of €100)	Interest Payment Date:	Annually on 1 December (with the first interest payment date being 1 December 2024)
Offer Period:	30 October 2023 to 17 November 2023 at 17.00 (or earlier at the discretion of the Issuer)	Minimum Subscription Amount:	€10,000 (and in multiples of €1,000 thereafter)
Expected Listing Date:	1 December 2023	Expected Commencement of Trading Date:	4 December 2023

* Subject to MFSA approval and also subject to the Bank giving not less than 30 days' notice in writing.

Rizzo, Farrugia & Co. (Stockbrokers) Ltd is acting as Sponsor and Manager to APS Bank plc.

NOTICE

These bonds are **COMPLEX** financial instruments in view of their subordinated nature, their callability feature, and since they are also subject to the EU Bank Recovery and Resolution Directive (BRRD). Accordingly, these bonds are subject to a Suitability Assessment and are only appropriate and/or suitable for investors who have the knowledge and experience to understand the risks that are specifically related to this type of financial instrument.

ABOUT APS BANK PLC

APS Bank plc ('APS' or 'the Bank') is a well-established community bank which listed its shares on the Malta Stock Exchange after an Initial Public Offering ('IPO') that was concluded in June 2022. The IPO formed part of the Bank's capital plan as it enabled APS to strengthen its CET 1 capital by around €65 million. The Archdiocese of Malta (through AROM Holdings Ltd) is the Bank's largest shareholder with an equity stake of around 55.2%. The second largest shareholder is the Diocese of Gozo with a stake of around 12.7%.

The Bank offers a wide range of personal and corporate banking, transaction, and credit facilities as well as investment solutions, provided through a network of 11 branches located across the Maltese Islands and the Bank's online platform. APS also owns a wholly-owned asset management company (ReAPS Asset Management Limited) and holds a 25% equity stake in IvaLife Insurance Limited, which is authorised to carry on long term business of insurance. Meanwhile, through APS Funds SICAV plc, the Bank holds investor shares in four sub-funds, of which APS Diversified Bond Fund is considered to be a subsidiary of the Bank and consolidated within APS' financial statements due to a majority stake of 72.7%.

APS is classified by the Central Bank of Malta and the Malta Financial Services Authority as an 'Other Systemically Important Institution' ("O-SII"), thus requiring the Bank to hold additional capital buffers due to its systemic importance to Malta's financial stability and economy. Indeed, APS is the fourth largest financial institution in Malta by total assets and the third largest in terms of deposits held by Maltese residents. As at 30 June 2023, APS had total assets of €3.43 billion and shareholders' funds of €261.4 million.

USE OF PROCEEDS

The net proceeds from the Bond issue, estimated at €49.2 million after issuance costs, will make up a fundamental part of the Bank's capital plan that will qualify as Tier 2 Capital supporting the Bank's general financing requirements.

RISK FACTORS

The Issuer is subject to a number of risks pertaining to the nature of its businesses. Prospective investors are urged to read the 'Risk Factors' found in the Base Prospectus and Final Terms, both dated 24 October 2023.

5.80% APS Bank plc unsecured subordinated bonds 2028-2033
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RANKING OF THE BONDS

The bonds will constitute the general, direct, subordinated, unsecured and unconditional obligations of the Bank to the bondholders, and will at all times rank *pari passu*, without any priority or preference among themselves. In the event of the dissolution and winding up of the Bank, the claims of Bondholders in respect of the payment of capital and interest on the Bonds constitute, so long as the Bonds qualify as Tier 2 Instruments, Tier 2 Claims under the Ranking Legislation, and will have the ranking set out in the Ranking Legislation.

PLAN OF DISTRIBUTION

- **Pre-Allocation Agreements:** An amount of €15 million has been reserved for subscriptions by Authorised Financial Intermediaries through Pre-Allocation Agreements.
- **Intermediaries' Offer:** The remaining balance of €35 million is available for subscriptions by all categories of investors through an Intermediaries' Offer. **Interested applicants are kindly requested to contact us for further information on the detailed application procedure.**

In the event of oversubscription, the Bank will give preference to Preferred Applicants, which are APS shareholders and bondholders as at close of trading on 19 October 2023 and APS employees as at 23 October 2023.

APPLICATION PROCEDURE

Since the new APS Bank plc bonds are categorised as complex instruments, prospective investors wishing to participate will be subjected to a **Suitability Assessment**.

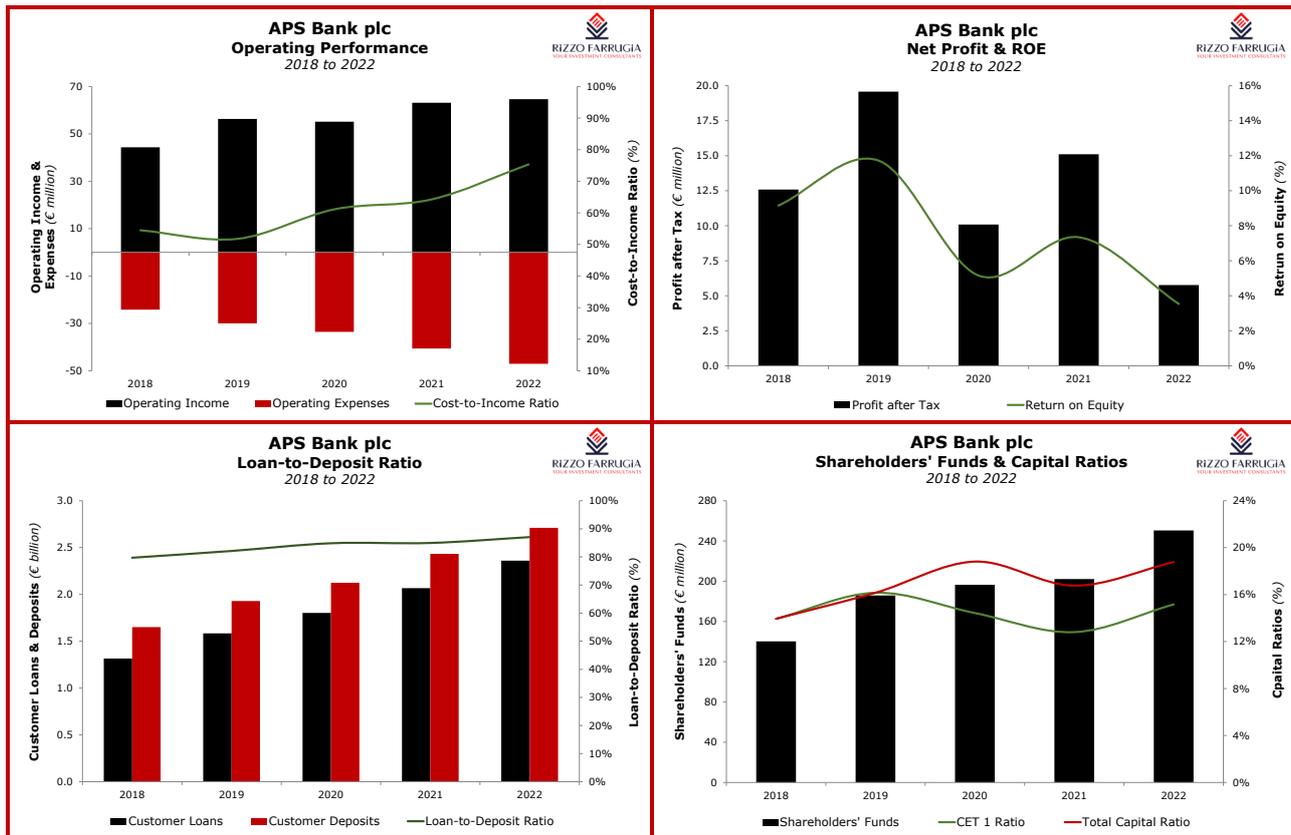
Holders of APS securities are kindly asked to complete the Application Form sent to them directly by APS while other interested investors need to complete our Application Form. All applications must be returned to us by **Friday 17 November 2022** at 17:00 hours at the latest.

Applications must be for a minimum of €10,000 (nominal) and in multiples of €1,000 (nominal) thereafter. All application forms must be accompanied by the appropriate payment, either by cheque in EUR payable to 'Rizzo, Farrugia & Co (Stockbrokers) Ltd – Clients a/c' or credited into either one of our EUR denominated Clients' Accounts as detailed below:

	HSBC Bank Malta plc	Bank of Valletta plc
EUR A/C No	006 050041 004	400 135 62906
IBAN	MT46 MMEB 4406 0000 0000 0605 0041 004	MT18 VALL 2201 3000 0000 400 135 62906
SWIFT CODE	MMEB MTMT	VALL MTMT

KEY FINANCIAL HIGHLIGHTS & METRICS

	2018	2019	2020	2021	2022	H1 2023	
	12 months	12 months	12 months	12 months	12 months	6 months	
Net Interest Income (€000)	37,814	44,642	48,846	55,362	65,093	37,121	
Non-Interest Income (€000)	6,500	11,655	6,298	7,781	(445)	5,235	
Total Operating Income (€000)	44,314	56,297	55,144	63,143	64,648	42,356	
Operating Costs (€000)	(24,170)	(29,970)	(33,551)	(40,584)	(47,029)	(26,293)	
Operating Profit exc. Impairments/Reversals (€000)	20,144	26,327	21,593	22,559	17,619	16,063	
Share of Results of Associates (€000)	38	1,585	(258)	21	(2,213)	611	
Net Impairment (Charge)/Reversal (€000)	(1,555)	(1,074)	(5,538)	1,488	254	117	
Profit before Tax (€000)	18,627	26,838	15,797	24,068	15,660	16,791	
Tax Charge (€000)	(6,043)	(7,268)	(5,707)	(8,967)	(9,893)	(5,760)	
Non-Controlling Interest – (Profit)/Loss (€000)	26	(454)	(237)	(463)	2,236	(215)	
Net Profit (€000)	12,610	19,116	9,853	14,638	8,003	10,816	
Customer Loans inc. Syndicated Loans (€000,000)	1,315	1,584	1,802	2,066	2,360	2,587	
Financial Assets & Investments (€000,000)	289	280	367	390	501	491	
Cash, T-Bills & Balances with the CBM (€000,000)	175	166	108	208	86	229	
Total Assets (€000,000)	1,891	2,169	2,421	2,795	3,112	3,434	
Risk-Weighted Assets (€000,000)	939	1,108	1,244	1,397	1,513	1,569	
Customer Deposits (€000,000)	1,650	1,929	2,123	2,432	2,711	2,963	
Shareholders' Funds (€000,000)	140	186	196	202	250	261	
Common Equity Tier 1 Capital (€000,000)	131	179	180	177	229	248	
Total Capital (€000,000)	131	179	234	231	284	303	
Net Interest Margin [%]	(Net Interest Income + Dividend Income / Average Interest Income Producing Assets)	2.35	2.29	2.22	2.22	2.28	2.36
Cost-to-Income Ratio [%]	(Operating Costs / Operating Income + Share of Results of Associates)	54.5	51.8	61.1	64.3	75.3	61.2
Annualised Return on Equity [%]	(Net Profit / Average Shareholders' Funds)	9.15	11.7	5.15	7.35	3.54	8.50
Annualised Return on Assets [%]	(Profit after Tax / Average Assets)	0.74	0.96	0.44	0.58	0.20	0.68
Loan-to-Deposit Ratio [%]	(Customer Loans / Customer Deposits)	79.7	82.1	84.9	85.0	87.1	87.3
Non-Performing Loan Ratio [%]	(Exposures in Default / Gross Customer Loans)	3.8	2.7	2.6	3.4	3.2	2.2
Common Equity Tier 1 Ratio [%]	(CET 1 Capital / Risk-Weighted Assets)	13.9	16.2	14.4	12.8	15.2	15.8
Capital Adequacy Ratio [%]	(Total Own Funds / Risk-Weighted Assets)	13.9	16.2	18.8	16.8	18.8	19.3
Leverage Ratio [times]	(Average Assets / Average Equity)	12.2	12.2	11.5	12.2	12.2	12.2



Disclaimer

This Fact Sheet was prepared by Jonathan Falzon, Research Analyst at Rizzo, Farrugia & Co. (Stockbrokers) Ltd ("Rizzo Farrugia") and reviewed by Edward Rizzo, a Director at Rizzo Farrugia which is a member of the Malta Stock Exchange and licensed to conduct Investment Services business by the Malta Financial Services Authority.

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Additional information can be made available upon request from Rizzo, Farrugia & Co. (Stockbrokers) Ltd., Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta. Telephone: +356 2258 3000; Email: info@rizzofarrugia.com; Website: www.rizzofarrugia.com