CONDENSED INTERIM FINANCIAL STATEMENTS

30 June 2023

APS bank
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TABLE OF CONTENTS

DIRECTORS' REPORT PURSUANT TO CAPITAL MARKET RULE 5.75.2

INCOME STATEMENT

In the first half of 2023, conditions for the world economy to move towards a soft landing receded amid stubbornly high inflation and financial sector turmoil. Inflation started to decline as central banks have raised interest rates and food and energy prices have come down, underlying price pressures are proving sticky, with labour markets tight in several economies, including Malta. Policymakers have taken forceful actions to stabilize financial systems and avoid that the Silicon Valley Bank and Credit Suisse episodes lead to contagion.

APS Bank plc delivered a pre-tax profit of €16.8 million (1H2022: €1.9 million) at Group level and €16.1 million (1H2022: €13.6 million) at Bank level. The improved performance reflects the business strategy which navigated its way through persistent economic challenges and uncertainties. Further supporting the Group's actions was a calming of financial markets from last year's instability as sentiment generally improved. Our business model continues to be underpinned by strong operating fundamentals and strategic priorities that place emphasis on digital transformation and maintaining asset quality, all centred around the customer.

a) APS Group generated interest income of €49.6 million during 1H2023, 35.3% or €13.0 million higher than 1H2022 attributable to a mix of a) growth across the Bank's credit portfolio which during the period expanded across all segments, and b) increased interest revenues on commercial and syndicated loans, cash balances and bond book.
b) Interest expense amounted to €12.5 million increasing by €5.6 million over 1H2022 as local deposits and non-EUR fund-raising repriced higher in line with rising interest rates. Notwithstanding this, net interest margins remained strong and higher than last year as the increase in costs of funds was offset by higher interest on repriced loans.
c) Net fee and commission income for the period went up by 4.7% to €4.0 million (1H2022: €3.8 million). This reflects the growth in the customer base and results from increased commission income on advances, card related transactions, investments and local and foreign transaction banking.
d) Other operating income amounted to €1.3 million, recovering from last years' negative results of €6.6 million. Key contributor to this recovery were fair value changes on financial instruments which at over 1H2023 reported a net gain of €0.8 million against the loss of €8.2 million over the same period last year. Compared to the severe market turbulence that negatively impacted our investments portfolio valuations in 2022, the period under review saw some of the unrealised losses coming back, with anticipation that this trend may continue in the coming financial periods.
e) Net impairment writeback of €0.1 million compared to the €0.1 million charge posted in 1H2022. This was largely due to the improved performance of previously-classified stage 3 loans, resulting in a lower ECL charge, once more attesting to the Bank's prudent credit underwriting standards and risk appetite.
f) Operating expenses increased by 14.5% to €26.3 million. Staff costs are again a key contributor as the need to attract and retain the best human resources remains a key strategic priority. Other cost increases came on the back of new technologies, regulatory and compliance requirements, security, insurance and general inflationary rises.
g) Cost-to-income ratio from business operations for the period was 63.3%. Supported by the positive recovery in net operating income, the ratio improved by 2.1% as the Bank continues to monitor and search for opportunities to improve efficiency without compromising quality or the customer experience.

FINANCIAL POSITION

h) Group total assets at 30 June 2023 were up by 10.3% reaching €3.4 billion. Key drivers of this €321.5 million growth since the start of the year were:
    - In large part, net loans and advances to customers and the syndicated loan book which grew by 9.6% to €2.6 billion. Home finance was again the main component of the growth followed by commercial and corporate lending.
    - Cash reserves at the Central Bank of Malta which increased by €143.0 million to reach €228.9 million, now earning decent returns for the first time in years.
    - Loans and advances to banks which contracted by €47.4 million to €25.5 million, counterbalancing the increase in balances with the Central Bank.

DIRECTORS' REPORT PURSUANT TO CAPITAL MARKET RULE 5.75.2 (CONTINUED)

FINANCIAL POSITION (continued)

i) **Group liabilities stood at €3.2 billion, growing by 10.8%.** By far this growth came mainly from customer deposits and amounts owed to banks, with balances increasing by €251.9 million and €31.3 million respectively amidst a more competitive interest rate environment.

j) **Equity closed the period 1H2023 at €274.6 million,** up by 5% or €13.2 million over the half-year. The main contributors were:
- Scrip dividend for FY 2022, with €5.6 million being retained in equity.
- The profit for the period of €11.0 million.

k) **The Bank's CET1 ratio stood at 15.8%** (31 December 2022: 15.2%) **and the Capital Adequacy Ratio at 19.3%** (31 December 2022: 18.8%).

DIVIDENDS

During the Annual General Meeting held in May 2023, shareholders approved the payment of a net scrip dividend of €6,400,000 (gross dividend of €9,846,154) at an attribution price of €0.57 per share. 88% of the distribution was taken as scrip, resulting in 9,896,000 new ordinary shares being issued.

The Board is declaring the payment of an interim net dividend of €2,100,000 (gross dividend of €3,230,769), as scrip, i.e., giving the option to shareholders to elect receiving the dividend in cash or through the issuance of new ordinary shares at the same attribution price of €0.57 per share. The net dividend equates to €0.0056 cents per ordinary share (gross dividend of €0.0086 cents per ordinary share).

OUTLOOK

Forecasts for global growth in 2023 were revised downwards to 2.8%, before rising slowly and settling at 3.0% in 2024 and 2025. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7% in 2022 to 1.3% in 2023. Closer to home, Central Bank of Malta forecasts are projecting Malta's GDP growth to slow down from 7.0% in 2022 to 4.0% in 2023, and to ease slightly further to 3.8%, and 3.7%, in 2024 and 2025, respectively. Net export activity is expected to be the main contributor to this growth, with tourism again posting a robust performance in contrast with a slowdown in imports amidst continuing high inflation and tight labour market conditions. On balance, risks to economic activity are tilted to the downside for 2023 and 2024, with the possibility of stronger than envisaged weakness in the international economic environment which could lead to weaker tourism demand. On the fiscal side, risks are also on the downside (deficit-increasing) particularly in 2023, reflecting the continuation of Government energy subsidies and other inflation-relief measures, and the likelihood of additional support towards Air Malta.

The period under review has seen APS Bank and Group delivering their best-ever half-yearly results, underpinned by strong revenue growth and complemented by stabilised, improved asset quality, thanks also to the tapering-off of the last residual COVID-19 support measures. Continuing on the trend evinced in the first quarter, we made new, exciting inroads in commercial and corporate business, increased further our share in the home finance market, managed liquidity and capital efficiently while prioritising our sustainability agenda also through new products like the green loans and green deposits offerings. Despite increasing pressures on funding costs, our commitment remains to manage the transmission of interest rates with the concerns of all our customers in mind. This presents a continuous test for our asset-liability management, and we are pleased to see that both our team and their modelling are standing to this challenge with excellent results for both Bank and customers. For 2H2023 we look forward to a stepping-up of our funding activity with the start of an issuance programme of Tier 2 instruments, qualifying as Minimum Required Eligible Liabilities (MREL).

STATEMENT OF DIRECTORS' RESPONSIBILITES PURSUANT TO CAPITAL MARKET RULES

The Directors are responsible for the preparation and fair presentation of the condensed interim financial statements in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU and the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting*. In preparing the condensed interim financial statements, the Directors should:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business as a going concern.

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. This responsibility includes designing, implementing and maintaining such internal controls as the Directors determine is necessary to enable the preparation of these condensed interim financial statements that are free from material misstatement, whether due to fraud or error. 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.

MARTIN SCICLUNA
Charmain

NOEL MIZZI
Director

27 July 2023

STATEMENTS OF PROFIT OR LOSS

for the period ended 30 June 2023

	Note	The Group Jun-23 €000	The Group Jun-22 €000	The Bank Jun-23 €000	The Bank Jun-22 €000
Interest and similar income:					
On loans and advances and balances with the Central Bank of Malta		46,043	33,964	46,043	33,964
On debt and other fixed income instruments		3,572	2,701	2,858	1,938
Total interest and similar income		49,615	36,665	48,901	35,902
Interest expense		(12,494)	(6,882)	(12,494)	(6,882)
Net interest income		37,121	29,783	36,407	29,020
Fee and commission income		5,367	4,723	4,907	4,220
Fee and commission expense		(1,401)	(935)	(1,383)	(935)
Net fee and commission income		3,966	3,788	3,524	3,285
Dividend income		-	86	693	882
Net gains on foreign exchange		364	345	364	365
Net gains from derecognition of financial assets at amortised cost		-	984	-	984
Net gains/(losses) on other financial instruments		792	(8,164)	497	1,369
Other operating income		113	169	113	169
Operating income before net impairments		42,356	26,991	41,598	36,074
Net reversal of impairment losses/(impairment losses)	3	117	(59)	117	(59)
Net operating income		42,473	26,932	41,715	36,015
Employee compensation and benefits		(14,184)	(12,417)	(13,846)	(12,188)
Other administrative expenses		(9,428)	(8,270)	(9,121)	(7,962)
Depreciation of property and equipment		(962)	(946)	(962)	(946)
Amortisation of intangible assets		(1,412)	(1,040)	(1,412)	(1,040)
Depreciation of right-of-use assets		(307)	(287)	(307)	(287)
Operating expenses		(26,293)	(22,960)	(25,648)	(22,423)
Net operating profit before associates' results		16,180	3,972	16,067	13,592
Share of results of associates, net of tax		611	(2,028)	-	-
Profit before tax		16,791	1,944	16,067	13,592
Income tax expense	5	(5,760)	(4,428)	(5,739)	(4,321)
Profit/(loss) for the period		11,031	(2,484)	10,328	9,271
Profit/(loss) for the period attributable to:					
Equity holders of the parent		10,816	(496)	10,328	9,271
Non-controlling interest		215	(1,988)	-	-
		11,031	(2,484)	10,328	9,271
Basic and diluted earnings per share	6	2.9c	(0.9c)	2.7c	3.5c

STATEMENTS OF COMPREHENSIVE INCOME

for the period ended 30 June 2023

	The Group		The Bank	
	Jun-23 €000	Jun-22 €000	Jun-23 €000	Jun-22 €000
Profit/(loss) for the period	**11,031**	(2,484)	**10,328**	9,271
Other comprehensive income/(loss):				
Items that may be subsequently reclassified to profit and loss:				
Change in fair value on debt instruments measured at fair value through other comprehensive income (FVTOCI)	**1,122**	(18,754)	**1,122**	(18,754)
Release of fair value on disposal of debt instruments measured at FVTOCI	**(415)**	1,375	**(415)**	1,375
Deferred income tax related to the components of other comprehensive income (OCI)	**14**	526	**14**	526
Other comprehensive profit/(loss) for the period, net of tax	**721**	(16,853)	**721**	(16,853)
Total comprehensive income/(loss) for the period, net of tax	**11,752**	(19,337)	**11,049**	(7,582)
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the parent	**11,537**	(17,349)	**11,049**	(7,582)
Non-controlling interest	**215**	(1,988)	**-**	-
	11,752	(19,337)	**11,049**	(7,582)

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2023

	Note	The Group Jun-23 €000	The Group Dec-22 €000	The Bank Jun-23 €000	The Bank Dec-22 €000
ASSETS					
Cash and balances with Central Bank of Malta		**228,888**	85,887	**228,888**	85,887
Loans and advances to banks		**25,495**	72,870	**24,245**	71,023
Financial assets at fair value through profit or loss		**43,823**	41,046	**-**	-
Non-current assets held for sale		**1,738**	1,733	**1,738**	1,733
Syndicated loans		**148,468**	135,210	**148,468**	135,210
Loans and advances to customers		**2,438,943**	2,224,694	**2,438,943**	2,224,694
Derivative financial instruments		**655**	738	**655**	738
Other debt and fixed income instruments		**446,758**	459,601	**446,758**	459,601
Equity and other non-fixed income instruments		**296**	303	**296**	303
Investment in subsidiaries		**-**	-	**40,251**	40,251
Investment in associates		**14,054**	13,667	**14,063**	14,063
Investment properties		**6,713**	6,593	**6,713**	6,593
Property and equipment	7	**40,080**	39,252	**40,080**	39,252
Intangible assets	7	**16,569**	14,545	**16,569**	14,545
Right of use assets		**4,732**	5,040	**4,732**	5,040
Other receivables		**13,960**	8,016	**13,286**	8,202
Current tax		**34**	-	**-**	-
Deferred tax assets		**2,495**	2,957	**2,495**	2,957
TOTAL ASSETS		**3,433,701**	3,112,152	**3,428,180**	3,110,092
LIABILITIES					
Derivative financial instruments		**655**	738	**655**	738
Amounts owed to banks		**81,693**	50,387	**81,693**	50,387
Amounts owed to customers		**2,962,553**	2,710,633	**2,964,020**	2,712,804
Lease liabilities		**4,855**	5,246	**4,855**	5,246
Accruals		**20,005**	13,621	**19,974**	13,561
Debt securities in issue		**54,665**	54,642	**54,665**	54,642
Other liabilities		**28,735**	13,121	**28,644**	13,080
Current tax		**5,910**	2,306	**5,910**	2,306
TOTAL LIABILITIES		**3,159,071**	2,850,694	**3,160,416**	2,852,764
EQUITY					
Share capital	12	**94,283**	91,729	**94,283**	91,729
Share premium	12	**51,690**	48,410	**51,690**	48,410
Revaluation reserve		**3,702**	2,981	**3,702**	2,981
Retained earnings		**111,625**	107,209	**117,989**	114,061
Other reserves		**100**	147	**100**	147
Attributable to equity holders of the parent		**261,400**	250,476	**267,764**	257,328
Non-controlling interest		**13,230**	10,982	**-**	-
TOTAL EQUITY		**274,630**	261,458	**267,764**	257,328
TOTAL LIABILITIES AND EQUITY		**3,433,701**	3,112,152	**3,428,180**	3,110,092
MEMORANDUM ITEMS					
Contingent liabilities		**30,716**	21,911	**30,716**	21,911
Commitments		**987,730**	878,787	**987,730**	878,787

The interim financial statements were approved by the Board of Directors and authorised for issue on 27 July 2023 and signed on its behalf by:

MARTIN SCICLUNA
Chairman

NOEL MIZZI
Director

MARCEL CASSAR
Chief Executive Officer

RONALD MIZZI
Chief Financial Officer

STATEMENTS OF CHANGES IN EQUITY

for the period ended 30 June 2023

The Group	Share capital €000	Share premium €000	Revaluation reserve €000	Retained earnings €000	Other reserves €000	Total €000	Non-controlling interest €000	Total €000
	Attributable to equity holders of the parent							
PERIOD ENDED 30 JUNE 2023								
Balance at 1 January 2023	91,729	48,410	2,981	107,209	147	250,476	10,982	261,458
Profit for the period	-	-	-	10,816	-	10,816	215	11,031
Other comprehensive income	-	-	721	-	-	721	-	721
Total comprehensive income	**-**	**-**	**721**	**10,816**	**-**	**11,537**	**215**	**11,752**
Share incentive plan – Value of employee services (Note 4)	-	-	-	-	147	147	-	147
Share incentive plan – Vesting of shares (Note 4)	80	114	-	-	(194)	-	-	-
Dividends to equity holders (Note 11)	2,474	3,166	-	(6,400)	-	(760)	(102)	(862)
Net share capital issued by subsidiary company	-	-	-	-	-	-	2,135	2,135
Balance at 30 June 2023	**94,283**	**51,690**	**3,702**	**111,625**	**100**	**261,400**	**13,230**	**274,630**
PERIOD ENDED 30 JUNE 2022								
Balance at 1 January 2022	62,429	10,453	25,334	103,974	-	202,190	18,632	220,822
Loss for the period	-	-	-	(496)	-	(496)	(1,988)	(2,484)
Other comprehensive loss	-	-	(16,853)	-	-	(16,853)	-	(16,853)
Total comprehensive loss	**-**	**-**	**(16,853)**	**(496)**	**-**	**(17,349)**	**(1,988)**	**(19,337)**
Issue of shares, net of issue costs	27,500	38,314	-	-	-	65,814	-	65,814
Dividends to equity holders (Note 11)	-	-	-	(3,000)	-	(3,000)	(199)	(3,199)
Net share capital issued by subsidiary company	-	-	-	-	-	-	949	949
Loss of control of subsidiary company	-	-	-	-	-	-	(6,209)	(6,209)
Balance at 30 June 2022	**89,929**	**48,767**	**8,481**	**100,478**	**-**	**247,655**	**11,185**	**258,840**

STATEMENTS OF CHANGES IN EQUITY

for the period ended 30 June 2023

The Bank	Share capital €000	Share premium €000	Revaluation reserve €000	Retained earnings €000	Other reserves €000	Total €000
PERIOD ENDED 30 JUNE 2023						
Balance at 1 January 2023	91,729	48,410	2,981	114,061	147	257,328
Profit for the period	-	-	-	10,328	-	10,328
Other comprehensive income	-		721	-	-	721
Total comprehensive income	**-**	**-**	**721**	**10,328**	**-**	**11,049**
Share incentive plan – Value of employee services (Note 4)	-	-	-	-	147	147
Share incentive plan – Vesting of shares (Note 4)	80	114	-	-	(194)	-
Dividends to equity holders (Note 11)	2,474	3,166	-	(6,400)	-	(760)
Balance at 30 June 2023	**94,283**	**51,690**	**3,702**	**117,989**	**100**	**267,764**
PERIOD ENDED 30 JUNE 2022						
Balance at 1 January 2022	62,429	10,453	25,334	99,673	-	197,889
Profit for the period	-	-	-	9,271	-	9,271
Other comprehensive loss	-	-	(16,853)	-	-	(16,853)
Total comprehensive (loss)/income	**-**	**-**	**(16,853)**	**9,271**	**-**	**(7,582)**
Issue of shares, net of issue costs	27,500	38,314	-	-	-	65,814
Dividends to equity holders (Note 11)	-	-	-	(3,000)	-	(3,000)
Balance at 30 June 2022	**89,929**	**48,767**	**8,481**	**105,944**	**-**	**253,121**

STATEMENTS OF CASH FLOWS

for the period ended 30 June 2023

	The Group		The Bank	
	Jun-23	Jun-22	Jun-23	Jun-22
	€000	€000	€000	€000
OPERATING ACTIVITIES				
Interest and commission receipts	**48,592**	39,073	**47,522**	38,003
Interest and commission payments	**(12,693)**	(6,829)	**(12,443)**	(6,829)
Cash paid to employees and suppliers	**(19,438)**	(20,651)	**(18,947)**	(20,481)
Operating profit before changes in operating assets and liabilities	**16,461**	11,593	**16,132**	10,693
(Increase)/decrease in operating assets				
Loans and advances to customers/syndicated loans	**(227,182)**	(131,321)	**(227,182)**	(131,321)
Loans and advances to banks	-	(707)	-	-
Reserve deposit with Central Bank of Malta	**(2,841)**	(1,936)	**(2,841)**	(1,936)
Cheques in course of collection	-	2,876	-	2,876
Other assets	**48**	129	-	-
Increase/(decrease) in operating liabilities				
Amounts owed to customers	**251,921**	186,942	**251,216**	187,234
Amounts owed to banks	**(773)**	(774)	**(773)**	(774)
Other liabilities	**14,585**	18,191	**15,342**	18,282
Net cash generated from operating activities before tax	**52,219**	84,993	**51,894**	85,054
Income tax paid	**(1,696)**	(1,466)	**(1,643)**	(1,434)
Net cash flows generated from operating activities	**50,523**	83,527	**50,251**	83,620
INVESTING ACTIVITIES				
Dividends received	**225**	351	**693**	882
Interest income from debt securities	**3,663**	3,284	**3,663**	3,284
Purchase of debt instruments measured at FVTOCI	**(4,356)**	(1,907)	**(4,356)**	(1,907)
Proceeds on disposal of debt instruments measured at FVTOCI	**19,950**	38,381	**19,950**	38,381
Purchase of debt instruments measured at amortised cost	**(2,630)**	(105,348)	**(2,630)**	(105,348)
Proceeds on disposal of debt instruments measured at amortised cost	-	3,988	-	3,988
Purchase of financial assets measured at FVTPL	**(28,826)**	(75,249)	-	-
Proceeds on disposal of financial assets at FVTPL	**26,393**	78,346	-	-
Proceeds on disposal of investment in associates	-	9,589	-	9,589
Purchase of property, equipment and intangible assets	**(5,131)**	(3,739)	**(5,131)**	(3,739)
Net cash flows from/(used in) investing activities	**9,288**	(52,304)	**12,189**	(54,870)
FINANCING ACTIVITIES				
Dividends paid	**(862)**	(3,122)	**(760)**	(3,000)
Proceeds from issue of new shares by subsidiaries	-	65,814	-	65,814
Amounts received on creation of shares by subsidiaries	**2,252**	527	-	-
Amounts paid on redemption of shares by subsidiaries	**(117)**	(285)	-	-
Cash payment for the principal portion of lease liability	**(441)**	(433)	**(441)**	(433)
Net cash flows from/(used in) financing activities	**832**	62,501	**(1,201)**	62,381
Net increase in cash and cash equivalents	**60,643**	93,724	**61,239**	91,131
Cash and cash equivalents at 1 January	**92,264**	171,101	**90,417**	169,636
Cash and cash equivalents at 30 June	**152,907**	264,825	**151,656**	260,767

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the period ended 30 June 2023

1. CORPORATE INFORMATION

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

APS Group comprises APS Bank plc, ReAPS Asset Management Limited and APS Diversified Bond Fund (sub-fund of APS Funds SICAV plc). The Group also has a significant investment in its associates IVALIFE Insurance Limited, APS Income Fund, APS Regular Income Ethical Fund and APS Global Equity Fund (the latter funds are also sub-funds of APS Funds SICAV plc).

2. BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. The condensed interim financial statements have been extracted from the unaudited accounts for the period ended 30 June 2023 and have been reviewed in terms of ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The comparative amounts reflect the position of the Group and the Bank as included in the audited financial statements for the year ended 31 December 2022 and the unaudited results, changes in equity and cash flows for the period ended 30 June 2022.

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's and the Bank's annual financial statements as at 31 December 2022, which form the basis for these condensed interim financial statements. The condensed interim financial statements are intended to provide an update from the most recent audited annual financial statements and accordingly disclose material new activities, events and circumstances.

The significant accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the Group's and the Bank's audited financial statements for the year ended 31 December 2022, unless otherwise disclosed below in the Section entitled 'IFRS applicable in the current year'. These policies are described in Note 2 of the audited financial statements for the year ended 31 December 2022. In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and that can significantly affect the amounts recognised. The significant judgements made in applying the Group's and the Bank's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Use of judgements and estimates

The following are the significant judgements made in applying the Group's accounting policies, which are the same as those described in the last annual financial statements:

- accounting for investments in which the Group controls less than 20%;
- accounting for investments in which the Group controls less than 50%;
- fair value of investment properties;
- fair value of land and buildings included within property and equipment; and
- impairment losses on financial assets.

The significant estimate which has the most significant effect on amounts recognised in the financial statements continues to relate to the impairment losses on financial assets.

2. BASIS OF PREPARATION (continued)

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

The following amendments are effective in the current year:

- IFRS 17 Insurance Contracts.
- Amendments to IFRS 4 – Extension of the Temporary Exemption from applying IFRS 9 (in which the fixed expiry date of the amendment was deferred to annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Material accounting policy information is now required to be disclosed instead of significant accounting policies. The amendments explain how an entity can identify material accounting policy information and give examples of when accounting policy information is likely to be material. Accounting policy information may be material due to its nature and is material if users of an entity's financial statements would need it to understand other material information in financial statements.

  In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

- Amendments to IAS 8 – Definition of Accounting Estimates. The changes to IAS 8 focus entirely on accounting estimates and introduces a definition of "accounting estimates"; it also removes the explanation of what constitutes a change in accounting estimates. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. A change in accounting estimate that results from new information or new developments is not the correction of an error and a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods.
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

  The amendment results in the recognition of deferred tax balances for all temporary differences related to leases and decommissioning obligations and entities must recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The Group assessed the impact of these amendments on the condensed interim financial statements and determined that these did not have a material effect on the financial statements of the Group.

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

Up to the date of approval of these condensed interim 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 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:

2. BASIS OF PREPARATION (continued)

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

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 (effective for financial periods beginning on or after 1 January 2024). The amendments supplement requirements already in IFRS Accounting Standards and require the Group to disclose:
  a) the terms and conditions;
  b) the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from finance providers, and stating where the liabilities sit in the balance sheet;
  c) ranges of payment due dates; and
  d) liquidity risk information.

- Amendments to IAS 12 – Income Taxes. The amendment is effective for financial periods beginning on or after 1 January 2023, however this has not yet been endorsed by the EU. The amendments will introduce:
  a) a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules. This will help to ensure consistency in the financial statements while easing into the implementation of the rules; and
  b) targeted disclosure requirements to help investors better understand the Group's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

- Amendments to IFRS 16 – Leases: Lease Liability in a Sale and Leaseback. The amendment is effective for financial periods beginning on or after 1 January 2024. The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.

The changes resulting from these standards, interpretations and amendments are in the process of being assessed by the Group to determine their applicability and potential effect on the financial statements of the Group and the Bank.

3. NET REVERSAL OF IMPAIRMENT LOSSES/(IMPAIRMENT LOSSES)

The following table provides the changes in loss allowance during the period for each portfolio;

The Group/The Bank

	Jun-23 €000	Dec-22 €000	Movement in H1 2023 €000
Loans and advances to banks - amortised cost	12	75	63
Cash and balances with the Central Bank of Malta	2	2	-
Loans and advances to customers – amortised cost	18,577	18,923	346
Syndicated loans	685	776	91
Debt securities – amortised cost	183	203	20
Debt securities - FVTOCI	443	152	(291)
Total	**19,902**	**20,131**	**229**
Write offs during the period			**(171)**
Post model adjustment			**59**
Net reversal of impairment losses			**117**

The table hereunder analyses further the net reversal of impairment losses/impairment losses for the period:

The Group/The Bank	Jun-23 €000	Jun-22 €000
Charge for the year:		
- collective impairment	**(968)**	(733)
- individual impairment	**(391)**	(633)
- bad debts written off	**(171)**	(191)
	(1,530)	(1,557)
Reversal of write-downs:		
- collective impairment	**859**	385
- individual impairment	**788**	1,113
	1,647	1,498
Net reversal of impairment losses/(impairment losses)	**117**	(59)

4. SHARE INCENTIVE PLAN AWARDS

On 12 August 2022, the Group granted 637,800 share awards to a number of employees; these awards vest in three tranches, ending June 2025. The table below summarises share awards granted to employees under the respective year along with the vesting period.

Grant date	Vesting date	Vesting percentage	Share Awards
12 August 2022	30 June 2023	50%	318,900
12 August 2022	30 June 2024	25%	159,450
12 August 2022	30 June 2025	25%	159,450
			637,800

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%, with a 0% volatility and a contractual life ranging from 1 to 3 years. After the vesting period, shares are allotted to eligible employees for no consideration.

There are no vesting conditions attaching 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 it is a permissible cause relating to instances 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 six-month period, the total expense arising from these share incentive plan awards amounted to €147K and the weighted average remaining period stood at 1.5 years. Furthermore, as illustrated in the below table, in line with the pre-determined vesting schedule, 50% of the share awards vested and were exercised by end June 2023. There were no forfeitures or postponements of these share awards and no new share awards were granted during the period ending June 2023.

	Number of Share Awards
Outstanding as at 1 January 2023	637,800
Exercised during the period	(318,900)
Outstanding as at 30 June 2023	**318,900**

The share price at the date of exercise for shares issued during the period was €0.61 cents. None of the outstanding awards as at 30 June 2023 were exercisable as at that date.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
for the period ended 30 June 2023

5. INCOME TAX EXPENSE

Income tax expense is recognised in each period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

6. EARNINGS PER SHARE

	The Group		The Bank	
	Jun-23 cents per share	Jun-22 cents per share	Jun-23 cents per share	Jun-22 cents per share
Basic earnings per share	**2.9**	(0.9)	**2.7**	3.5

The basic earnings per share was calculated on profit attributable to shareholders of the Group; €11,031K (Jun-22: loss of €2,484K) and profit attributable to the Bank €10,328K (Jun-22: €9,271K) divided by the weighted average number of ordinary shares outstanding during the year amounting to 377,131K (Jun-22: 265,412K).

	The Group		The Bank	
	Jun-23 cents per share	Jun-22 cents per share	Jun-23 cents per share	Jun-22 cents per share
Diluted earnings per share	**2.9**	(0.9)	**2.7**	3.5

The diluted earnings per share was calculated on profit attributable to shareholders of the Group; €11,031K (Jun-22: loss of €2,484K) and profit attributable to the Bank €10,328K (Jun-22: €9,271K) 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 377,450K (Jun-22: 265,176K).

7. TANGIBLE AND INTANGIBLE ASSETS

The following table includes a summary of the tangible and intangible assets acquired by the Group during the six months to June 2023 and the full year to 31 December 2022.

The Group/The Bank

	Jun-23 €000	Dec-22 €000
Land and buildings (including improvements)	789	212
Computer software	3,431	5,063
Computer hardware	310	1,163
Other fixed assets	695	837

In addition to the above, during the period under the review, the Group effected a number of reclassifications from other fixed assets to land and buildings amounting to €901K. Up to the date of approval of the condensed interim financial statements the Group entered into a number of commitments amounting to €6,638K (Dec-22: €4,309K).

There was no disposal of assets during the period ended June 2023 (Dec-22: nil).

8. RELATED PARTY DISCLOSURES

The Group's structure

The condensed interim financial statements of the Group include the financial statements of APS Bank plc and its subsidiaries, together with associates accounted for using the equity method.

During the course of its normal banking business, the Bank conducts business on commercial terms with its subsidiaries, associates, controlling parties, key management personnel and other related parties.

The following tables provide the total amount of transactions, which have been entered into by the Group and the Bank with related parties for the relevant period:

	The Group		The Bank	
	Jun-23	Jun-22	Jun-23	Jun-22
	€000	€000	€000	€000
Interest and similar income:				
Shareholders	**8**	2	**8**	2
Key management personnel	**22**	17	**22**	17
Other related parties	**157**	163	**157**	163
Fee and commission income:				
ReAPS Asset Management Ltd	**-**	-	**232**	286
APS Income Fund	**250**	303	**-**	-
APS Regular Income Ethical Fund	**169**	188	**-**	-
APS Global Equity Fund	**60**	27	**-**	-
IVALIFE Insurance Limited	**26**	15	**-**	-
Shareholders	**99**	107	**-**	-
Other related parties	**71**	78	**-**	-
Interest payable:				
APS Income Fund	**4**	9	**4**	9
Shareholders	**60**	88	**60**	88
Key management personnel	**11**	7	**11**	7
Other related parties	**21**	11	**21**	11
Personnel expenses:				
Key management personnel	**2,897**	2,605	**2,876**	2,584
General administrative expenses:				
ReAPS Asset Management Ltd	**-**	-	**489**	354
Shareholders	**38**	91	**38**	91

a) Outstanding balances with Directors:

	Jun-23	Dec-22
	€000	€000
Loans and advances	**943**	762
Commitments	**533**	551

b) Outstanding balances with Executives:

	Jun-23	Dec-22
	€000	€000
Loans and advances	**8,195**	7,919
Commitments	**835**	1,507

8. RELATED PARTY DISCLOSURES (continued)

The above facilities do not involve more than the normal risk of repayment or present other unfavourable features and were made in the ordinary course of business on substantially the same terms as for comparable transactions with persons of a similar standing, or where applicable, other employees.

Included in the amounts owed to customers are term deposits of controlling parties amounting to €6,039,432 (Dec-22: €10,947,032), which bear interest at the prevailing Bank rates. Furthermore, the amounts due from other related parties include secured facilities of €7,691,933 (Dec-22: €7,953,687). There were no unsecured facilities as at end of June 2023 (Dec-22: nil). For the period ended 30 June 2023, the Bank provided for Stage 1 impairment of receivables relating to amounts due from related parties amounting to €3,017 (Dec-22: €3,030). No guarantees were received by related parties as at end of June 2023 (Dec-22: Nil). Special guarantees given to related parties amount to €221,397 (Dec-22: €121,121).

During the period under review, the Group reclassified intra group transactions from fees and commissions to administrative expenses. In view of this, the comparative period has been reclassified to conform to the presentation of the current period's financial statements.

9. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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 Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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.

9. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Fair value measurement hierarchy of the Group's and the Bank's assets and liabilities are as follows:

The Group	Fair value measurement hierarchy			
	Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
Assets as at 30 June 2023				
Property and equipment				
- Land and buildings	-	-	28,838	28,838
Investment properties				
- Residential property	-	-	495	495
- Commercial property	-	-	6,218	6,218
Non-current assets held for sale	-	-	1,738	1,738
Derivative assets not designated as hedges	-	655	-	655
Financial assets at FVTPL				
- Fixed income instruments and investment in collective investment schemes	43,823	-	-	43,823
Financial assets at FVTOCI				
- Other debt and fixed income instruments	126,493	-	-	126,493
- Non-listed equity and other non-fixed income instruments	-	-	296	296
Total	**170,316**	**655**	**37,585**	**208,556**
Liabilities as at 30 June 2023				
Derivative liabilities not designated as hedges	-	655	-	655
Total	**-**	**655**	**-**	**655**

The Group	Fair value measurement hierarchy			
	Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
Assets as at 31 December 2022				
Property and equipment				
- Land and buildings	-	-	27,208	27,208
Investment properties				
- Residential property	-	-	495	495
- Commercial property	-	-	6,098	6,098
Non-current assets held for sale	-	-	1,733	1,733
Derivative assets not designated as hedges	-	738	-	738
Financial assets at FVTPL				
- Fixed income instruments and investment in collective investment schemes	41,046	-	-	41,046
Financial assets at FVTOCI				
- Other debt and fixed income instruments	141,927	-	-	141,927
- Non-listed equity and other non-fixed income instruments	-	-	303	303
Total	**182,973**	**738**	**35,837**	**219,548**
Liabilities as at 31 December 2022				
Derivative liabilities not designated as hedges	-	738	-	738
Total	**-**	**738**	**-**	**738**

9. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

	Fair value measurement hierarchy			
The Bank	**Level 1**	**Level 2**	**Level 3**	**Total**
	€000	**€000**	**€000**	**€000**
Assets as at 30 June 2023				
Property and equipment				
- Land and buildings	-	-	28,838	28,838
Investment properties				
- Residential property	-	-	495	495
- Commercial property	-	-	6,218	6,218
Non-current assets held for sale	-	-	1,738	1,738
Derivative assets not designated as hedges	-	655	-	655
Financial assets at FVTOCI				
- Other debt and fixed income instruments	126,493	-	-	126,493
- Non-listed equity and other non-fixed income instruments	-	-	296	296
Total	**126,493**	**655**	**37,585**	**164,733**
Liabilities as at 30 June 2023				
Derivative liabilities not designated as hedges	-	655	-	655
Total	**-**	**655**	**-**	**655**

	Fair value measurement hierarchy			
The Bank	**Level 1**	**Level 2**	**Level 3**	**Total**
	€000	**€000**	**€000**	**€000**
Assets as at 31 December 2022				
Property and equipment				
- Land and buildings	-	-	27,208	27,208
Investment properties				
- Residential property	-	-	495	495
- Commercial property	-	-	6,098	6,098
Non-current assets held for sale	-	-	1,733	1,733
Derivative assets not designated as hedges	-	738	-	738
Financial assets at FVTOCI				
- Other debt and fixed income instruments	141,927	-	-	141,927
- Non-listed equity and other non-fixed income instruments	-	-	303	303
Total	**141,927**	**738**	**35,837**	**178,502**
Liabilities as at 31 December 2022				
Derivative liabilities not designated as hedges	-	738	-	738
Total	**-**	**738**	**-**	**738**

There were no reclassifications made within the fair value hierarchy and there were no changes in valuation techniques used by the Group during the period.

9. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

Financial assets at fair value through profit or loss – fixed income instruments and collective investments schemes

All of the Group's financial assets at FVTPL are carried at market value using available quoted market prices.

Fair value through other comprehensive income

Fair values of debt and equity instruments classified in this category are generally based on quoted market prices, if available.

The reconciliation of Level 3 fair value measurements of financial instruments is disclosed below.

The Group/The Bank

	Jun-23 €000	Dec-22 €000
Opening balance	303	307
Fair value movements	(7)	(4)
Closing balance	296	303

10. 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 and deposits products.

- **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.

- **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, Retail is being compensated for unutilised deposits which are being used by other segments as follows; Commercial amounting to €1,581K (Jun-22: €1,579K) and Liquidity Management and Structured Loans amounting to €2,437K (Jun-22: €2,811K). 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 €4,018K (Jun-22: €4,390K).

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.

10. OPERATING SEGMENTS (continued)

The Group	Retail		Commercial		Investment Services		Liquidity Management and Structured Loans		Total Reportable Segments	
	Jun-23 €000	Jun-22 €000	Jun-23 €000	Jun-22 €000	Jun-23 €000	Jun-22 €000	Jun-23 €000	Jun-22 €000	Jun-23 €000	Jun-22 €000
Interest and similar income from external customers	22,010	19,388	15,871	11,321	-	-	10,066	4,733	47,947	35,442
Interest expense	(9,702)	(5,832)	(300)	(353)	-	-	(2,414)	(654)	(12,416)	(6,839)
Intersegment transactions	4,018	4,390	(1,581)	(1,579)	-	-	(2,437)	(2,811)	-	-
Net gains/(losses) on financial instruments	-	-	-	-	-	-	792	(8,164)	792	(8,164)
Net fee and commission income and other income	513	636	2,037	1,523	1,844	1,656	(61)	1,583	4,333	5,398
Operating income/(loss) before net impairments	16,839	18,582	16,027	10,912	1,844	1,656	5,946	(5,313)	40,656	25,837
Net reversal of impairment losses/(impairment losses)	341	(171)	64	656	-	-	(117)	(353)	288	132
Net operating income/(loss)	17,180	18,411	16,091	11,568	1,844	1,656	5,829	(5,666)	40,944	25,969
Personnel expenses	(2,313)	(1,861)	(896)	(838)	(1,222)	(1,218)	(352)	(297)	(4,783)	(4,214)
Other administrative and operating expenses	(862)	(1,121)	(56)	(57)	(627)	(402)	(353)	(338)	(1,898)	(1,918)
Operating expenses	(3,175)	(2,982)	(952)	(895)	(1,849)	(1,620)	(705)	(635)	(6,681)	(6,132)
Net operating profit/(loss) before associates' results	14,005	15,429	15,139	10,673	(5)	36	5,124	(6,301)	34,263	19,837
Share of results from associates	-	-	-	-	-	-	611	(2,028)	611	(2,028)
Profit/(loss) before tax as per segments	14,005	15,429	15,139	10,673	(5)	36	5,735	(8,329)	34,874	17,809
Less: Unallocated items									(18,083)	(15,865)
Profit before tax as per statements of profit or loss									16,791	1,944

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the period ended 30 June 2023

10. OPERATING SEGMENTS (continued)

The Group	Retail		Commercial		Investment Services		Liquidity Management and Structured Loans		Total Reportable Segments	
	Jun-23	Dec-22	Jun-23	Dec-22	Jun-23	Dec-22	Jun-23	Dec-22	Jun-23	Dec-22
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Total assets as per segments	**1,664,632**	1,523,605	**774,311**	701,089	-	-	**908,437**	809,322	**3,347,380**	3,034,016
Add: Unallocated items									**86,321**	78,136
Total assets as per Statements of Financial Position									**3,433,701**	3,112,152
Investment in associates	-	-	-	-	-	-	**14,054**	13,667	**14,054**	13,667
Total liabilities as per segments	**2,817,934**	2,522,220	**144,619**	188,413	-	-	**137,013**	105,767	**3,099,566**	2,816,400
Add: Unallocated items									**59,505**	34,294
Total liabilities as per Statements of Financial Position									**3,159,071**	2,850,694

	Jun-23 €000	Jun-22 €000
Profit before tax		
As per reportable segments	**34,874**	17,809
Unallocated items:		
Interest payable	**1,588**	1,181
Net fee and commission income and other income	**110**	150
Personnel expenses	**(9,630)**	(8,466)
Professional fees	**(468)**	(480)
Repairs and maintenance	**(3,051)**	(2,182)
Telecommunications	**(260)**	(280)
Other administrative expenses	**(3,521)**	(3,323)
Depreciation and amortisation	**(2,681)**	(2,274)
Write-offs	**(170)**	(191)
As per Statements of Profit or Loss	**16,791**	1,944

	Jun-23 €000	Dec-22 €000
Total assets		
As per reportable segments	**3,347,380**	3,034,016
Unallocated items:		
Investment properties	**6,713**	6,593
Non-current assets held for sale	**1,738**	1,733
Property and equipment	**40,080**	39,252
Intangible assets	**16,569**	14,545
Right-of use assets	**4,732**	5,040
Current tax	**34**	-
Deferred tax assets	**2,495**	2,957
Other receivables	**13,960**	8,016
As per Statements of Financial Position	**3,433,701**	3,112,152

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the period ended 30 June 2023

10. OPERATING SEGMENTS (continued)

	Jun-23 €000	Dec-22 €000
Total liabilities	**3,099,566**	2,816,400
As per reportable segments		
Unallocated items:		
Current tax	**5,910**	2,306
Lease liabilities	**4,855**	5,246
Other liabilities	**28,735**	13,121
Accruals	**20,005**	13,621
As per Statements of Financial Position	**3,159,071**	2,850,694

During the period under review the Group has modified the approach for allocating certain items within the Profit or Loss. In view of this, the comparative period has been reclassified to conform to the presentation of the current period's financial statements.

11. DIVIDENDS

During the period under review the Bank distributed a gross dividend of €9,846K (Jun-22: €4,615K); net dividend of €6,400K (Jun-22: €3,000K) to its shareholders.

Equity holders were given the option of a scrip dividend and share capital was accordingly increased by 9,896K shares (Note 12). The shares were offered at an attribution price of €0.57 cents and the Group's equity was accordingly increased by €5,640K, with €2,474K being the increase in share capital and €3,166K being the increase in share premium.

The Bank paid the remaining amount of dividend in cash which amounted to €760K.

The Group's subsidiaries paid dividends amounting to €102K to the non-controlling shareholders (Jun-22: €199K).

12. SHARE CAPITAL AND SHARE PREMIUM

The following tables show the movement on the share capital and share premium following the dividend distribution as scrip dividend and the exercise of 50% of the share awards:

Share Capital	Jun-23 €000	Dec-22 €000	Number of shares Jun-23 '000	Number of shares Dec-22 '000
Opening balance	**91,729**	62,429	**366,917**	249,716
Issue of new shares	**-**	27,500	**-**	110,000
Scrip dividend	**2,474**	1,800	**9,896**	7,201
Vesting and exercise of share awards	**80**	-	**318**	-
Closing balance	**94,283**	91,729	**377,131**	366,917

Share Premium	Jun-23 €000	Dec-22 €000
Opening balance	**48,410**	10,453
Issue of new shares	**-**	37,957
Scrip dividend	**3,166**	-
Vesting and exercise of share awards	**114**	-
Closing balance	**51,690**	48,410

13. COMPARATIVE INFORMATION

Certain items of the comparative period have been reclassified to conform to the presentation of the current period's financial statements. These include reclassifications in the Statements of profit or loss, Note 8 and Note 10.

Deloitte.

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Independent review report of condensed interim financial statements

to the members of Board of Directors of APS Bank plc

Introduction

We have reviewed the accompanying condensed interim financial statements of APS Bank plc ('the Bank') and the consolidated condensed interim financial statements of the Bank and its subsidiaries (together 'the Group'), which comprise the interim statements of financial position as at 30 June 2023, and the related statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the six month period then ended and other explanatory notes. We have read the other information contained in the financial report and considered whether it contains any apparent misstatement or material inconsistencies with the information in the condensed set of interim financial statements.

Directors' responsibilities

The condensed interim financial report is the responsibility of and has been approved by the Directors and is released for publication in compliance with the requirement of Rule 5.75.4 of the Capital Market Rules. As disclosed in page 5, the condensed set of interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting.

Our responsibility

Our responsibility is to express to the Group and the Bank a conclusion on the condensed interim set of financial information based on our review.

Deloitte.

Independent review report of condensed interim financial statements (continued)

to the members of Board of Directors of APS Bank plc

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As with the statutory audit of the Bank and the Group prepared in accordance with articles 179, 179A and 179B of the Companies Act (Cap.386), the scope of our review does not address the future viability of the Bank and the Group or the efficiency or effectiveness with which the directors have conducted or will conduct the affairs of the Bank and the Group. Decisions taken, or to be taken, by the management of the Bank and/or the Group may impact the financial position of the Bank and/or Group as may events occurring after the date of our review, including, but not limited to, events of force majeure.

As such, our review of the Bank's and the Group's historical condensed interim 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.

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 the condensed interim financial statements alone and must necessarily be based on a broader analysis supported by additional information.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not present fairly, in all material respects, in accordance with the recognition and measurements principles of International Financial Reporting Standards as adopted by the EU and the presentation and disclosure requirements of IAS 34 Interim Financial Reporting.

This review report was drawn up on 27 July 2023 and signed by:

Sarah Curmi as Director
In the name and on behalf of
Deloitte Audit Limited
Registered auditor
Central Business District, Malta

27 July 2023

PERFORMANCE RATIOS

for the period ended 30 June 2023

	The Group		The Bank	
	Jun-23	Jun-22	Jun-23	Jun-22
	%	%	%	%
Return on average equity after tax (ROAE)*	**8.2**	(2.2)	**7.8**	9.1
Net interest income and other operating income to total assets*	**2.5**	1.8	**2.4**	2.4
Cost to operating income ratio	**62.1**	85.1	**61.7**	62.5
Growth in total assets / liabilities	**10.3**	9.3	**10.2**	10.0
Growth in gross loans and advances to customers	**9.5**	6.3	**9.5**	6.3
Growth in amounts owed to customers	**9.3**	7.7	**9.3**	7.7
Non-performing loans to total gross loans and advances	**2.2**	3.6	**2.2**	3.6
CET 1 Capital Ratio	**15.8**	16.4	**15.8**	16.4
Total Capital Ratio	**19.3**	20.3	**19.3**	20.3

*Annualised over a 12-month period.