CONDENSED INTERIM FINANCIAL STATEMENTS

30 June 2024

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DIRECTORS' REPORT PURSUANT TO CAPITAL MARKETS RULE 5.75.2

The first half of 2024 continued to present a complex and dynamic landscape characterised by economies moving at different speeds as they emerge from the shocks of recent years. While the post-pandemic recovery continued, inflation remains a significant concern globally as major central banks try to balance between controlling price pressures and supporting economic growth with a more benign monetary policy outlook.

At the same time, geopolitical events and tensions in various parts of the world remain a key influence on global markets impacting energy prices, global trade and general investor confidence. Volatility also continues in the financial markets as equity prices show resilience while the timing of future interest rate changes leaves risks and uncertainty in investors' minds.

Domestically, the Maltese economy maintained its strong trajectory of the previous year helped by record tourism numbers, exports of goods and services, low unemployment and high private consumption, leading to a GDP growth forecast of 4.6% for the current year. At the same time, Government intervention to keep energy prices and inflation stable keeps piling pressure on the national debt and deficit, which however remain generally under control.

INCOME STATEMENT

For the period under review, APS Bank plc delivered a pre-tax profit of €10.1 million (1H 2023: €16.8 million) at Group level and €9.9 million (1H 2023: €16.1 million) at Bank level. As already anticipated at the stage of 1Q 2024, returns were lower when compared to the same period last year mainly due to margin compression resulting from the higher interest rate expense, including from the MREL build-up late in 2023.

a) APS Group generated interest income of €56.0 million for 1H 2024, up by €6.4 million compared to the same period in 2023. The growth in interest income was across the main credit product lines – retail, commercial and syndicated loans – as well as the liquidity holdings of cash and treasury instruments.

b) Interest expense amounted to €22.9 million up from the €12.5 million recorded for 1H 2023. This is mainly due to the higher interest paid on euro deposits reflecting the pass-through of interest rates and significantly more competitive pricing on various savings products in an increasingly tight market.

c) Net fee and commission income went up by 12.7% to €4.5 million (1H2023: €4.0 million). This increase is in synch with the growth in business activity of the Group, denoted by key commission streams related to advances, card related transactions and investment services.

d) Other operating income for the first half of 2024 is €0.9 million, or €0.4 million lower than the comparative period. The reduction is mostly due to lower Group results in the trading of financial instruments at the level of its investment in the APS Funds SICAV plc Diversified Bond Fund.

e) Net impairment losses for 1H 2024 were €2.0 million, reflecting credit charges across the three IFRS 9 stages spread over a growing local commercial book and the international syndicated lending portfolio.

f) At the same time, and quite notably, the Group closed the six months with an NPL (non-performing loans) ratio of 1.9% - the lowest in years and reflecting the strength of the Group's credit underwriting standards.

g) Operating expenditure for the six-month period amounted to €27.0 million, up by 2.5% on 1H 2023. The marginal increase in costs is due to sustained investment in technology, regulatory and compliance requirements, professional fees and employee compensation. Cost-to-income ratio for the period under review was 70.0% (1H 2023: 62.1%).

FINANCIAL POSITION

h) Group assets stood at €3.77 billion, growing by 3.0% or €110.5 million. The main growth streams were:
   - Net loans and advances to customers and syndicated loan portfolio which in aggregate grew by €138.4 million to €3.0 billion, with home financing once again being a main contributor.
   - Countering the above increase in loans and advances, other debt and fixed income instruments contracted by €28.0 million.

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

FINANCIAL POSITION (CONTINUED)

i) Total liabilities closed at €3.48 billion, growing €108.0 million over the period. Key contributors to this growth were:
   - Customer deposits which increased by €158.8 million. The mix was skewed in favour of term deposits, also reflecting the launch of the Kapital+ 18 in April 2024 – with overnight deposits also growing on the back of further improvements to the Bank's everyday banking proposition.
   - Countering the above increase, a reduction in amounts owed to banks of €51.2 million.

j) Total equity at the end of 1H 2024 was €289.9 million, up by €2.5 million over the December 2023 closing of €287.4 million. The main contributors were:
   - The scrip dividend paid for the financial year ended 31 December 2023, with €0.7 million being retained in equity.
   - The profit for the period of €6.9 million.

k) The Bank's CET1 ratio stood at 14.1% (1H 2023: 15.8%) and the Capital Adequacy Ratio at 19.8% (1H 2023: 19.3%).

DIVIDENDS

During the Annual General Meeting held in May 2024, shareholders approved the payment of a net scrip dividend of €5,495,303 (gross dividend of € 8,454,312) at an attribution price of €0.55. 1,294,303 new ordinary shares were issued in satisfaction of the distribution of which 13% was taken as scrip – a low percentage compared to previous financial periods but in large part reflecting the weary sentiment in the Maltese capital market.

The Board is declaring the payment of an interim net dividend of € 2,000,000 (gross dividend of € 3,076,923). The net dividend equates to €0.00527 cents per ordinary share (gross dividend of €0.00811 cents per ordinary share).

OUTLOOK

The second half of 2024 is expected to see global economic growth becoming steadier thanks to an easing of monetary policy and further interest rate cuts as inflationary pressures continue to moderate aided also by the decline in energy prices. At the same time, regional differences, geopolitical risks and trade tensions will need to be managed carefully in order to calm down market volatility and potential asset price corrections. Against this landscape, European banks have remained resilient, posting record profits helped by the high interest rate environment. The same can be said of the core Maltese banks, largely operating with ample liquidity and capital headroom above regulatory requirements, providing them with the capacity to absorb shocks.

APS Bank's business model continues to take a more medium to long-term view beyond the recent interest rate cycle which has delivered super profits to some banks. As already stated with the announcement of the 1Q 2024 results, corrective actions were being taken to ease pressure on our margins and we are pleased to note the results starting to appear in 2Q. Concurrently, our transformation programme continues as new products, services, channels and technologies are being rolled out to make APS Bank more the 'primary bank of choice' for our customers, through greater efficiency and a simpler banking experience. Equally, our business strategy stands to benefit from more scale to optimise on such investment and maximise value for all our stakeholders.

STATEMENT OF DIRECTORS' RESPONSIBILITES PURSUANT TO CAPITAL MARKETS 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
Chairman

NOEL MIZZI
Director

25 July 2024

STATEMENTS OF PROFIT OR LOSS

for the period ended 30 June 2024

	Note	The Group Jun-24 €000	The Group Jun-23 €000	The Bank Jun-24 €000	The Bank Jun-23 €000
Interest and similar income:					
On loans and advances and balances with the Central Bank of Malta		**52,413**	46,043	**52,413**	46,043
On debt and other fixed income instruments		**3,626**	3,572	**2,735**	2,858
Total interest and similar income		**56,039**	49,615	**55,148**	48,901
Interest expense		**(22,889)**	(12,494)	**(22,889)**	(12,494)
Net interest income		**33,150**	37,121	**32,259**	36,407
Fee and commission income		**5,643**	5,367	**5,110**	4,907
Fee and commission expense		**(1,174)**	(1,401)	**(1,164)**	(1,383)
Net fee and commission income		**4,469**	3,966	**3,946**	3,524
Dividend income		**81**	-	**899**	693
Net gains on foreign exchange		**645**	364	**357**	364
Net gains from derecognition of financial assets at amortised cost		**596**	-	**596**	-
Net (losses)/gains on other financial instruments		**(609)**	792	**(2)**	497
Other operating income		**163**	113	**163**	113
Operating income before net impairments		**38,495**	42,356	**38,218**	41,598
Net impairment (losses)/gains	3	**(2,045)**	117	**(2,045)**	117
Net operating income		**36,450**	42,473	**36,173**	41,715
Employee compensation and benefits		**(14,310)**	(14,184)	**(13,947)**	(13,846)
Other administrative expenses		**(9,890)**	(9,428)	**(9,581)**	(9,121)
Depreciation of property and equipment		**(1,013)**	(962)	**(1,013)**	(962)
Amortisation of intangible assets		**(1,443)**	(1,412)	**(1,443)**	(1,412)
Depreciation of right-of-use assets		**(304)**	(307)	**(304)**	(307)
Operating expenses		**(26,960)**	(26,293)	**(26,288)**	(25,648)
Net operating profit before associates' results		**9,490**	16,180	**9,885**	16,067
Share of results of associates, net of tax		**619**	611	**-**	-
Profit before tax		**10,109**	16,791	**9,885**	16,067
Income tax expense	5	**(3,175)**	(5,760)	**(3,137)**	(5,739)
Profit for the period		**6,934**	11,031	**6,748**	10,328
Profit for the period attributable to:					
Equity holders of the parent		**6,835**	10,816	**6,748**	10,328
Non-controlling interest		**99**	215	**-**	-
		6,934	11,031	**6,748**	10,328
Basic and diluted earnings per share	6	**1.8c**	2.8c	**1.8c**	2.7c

STATEMENTS OF COMPREHENSIVE INCOME

for the period ended 30 June 2024

	The Group		The Bank	
	Jun-24 €000	Jun-23 €000	**Jun-24 €000**	Jun-23 €000
Profit for the period	**6,934**	11,031	**6,748**	10,328
Other comprehensive (loss)/income:				
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)	**(535)**	1,122	**(535)**	1,122
Release of fair value on disposal of debt instruments measured at FVTOCI	**2**	(415)	**2**	(415)
Deferred income tax related to the components of other comprehensive income (OCI)	**(17)**	14	**(17)**	14
Other comprehensive (loss)/income for the period, net of tax	**(550)**	721	**(550)**	721
Total comprehensive income for the period, net of tax	**6,384**	11,752	**6,198**	11,049
Total comprehensive income for the period attributable to:				
Equity holders of the parent	**6,285**	11,537	**6,198**	11,049
Non-controlling interest	**99**	215	**-**	-
	6,384	11,752	**6,198**	11,049

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2024

	Note	The Group		The Bank	
		Jun-24	Dec-23	Jun-24	Dec-23
		€000	€000	€000	€000
ASSETS					
Cash and balances with Central Bank of Malta		130,781	131,071	130,781	131,071
Loans and advances to banks		47,700	54,499	46,930	53,951
Financial assets at fair value through profit or loss		47,292	46,484	-	-
Non-current assets held for sale	7	-	1,738	-	1,738
Syndicated loans		174,223	184,172	174,223	184,172
Loans and advances to customers		2,842,625	2,694,229	2,842,625	2,694,229
Derivative financial instruments		1,656	536	1,656	536
Other debt and fixed income instruments		414,092	442,032	414,092	442,032
Equity and other non-fixed income instruments		6,193	6,960	6,193	6,960
Investment in subsidiaries		-	-	40,251	40,251
Investment in associates		16,133	14,784	15,563	14,563
Investment properties	7	8,393	6,714	8,393	6,714
Property and equipment	8	39,223	39,824	39,223	39,824
Intangible assets	8	19,235	17,523	19,235	17,523
Right of use assets		4,082	4,386	4,082	4,386
Other receivables		15,898	12,813	15,491	12,180
Current tax assets		171	195	-	-
Deferred tax assets		3,890	3,154	3,890	3,154
TOTAL ASSETS		3,771,587	3,661,114	3,762,628	3,653,284
LIABILITIES					
Derivative financial instruments		1,656	536	1,656	536
Amounts owed to banks		29,525	80,685	29,525	80,685
Amounts owed to customers		3,296,681	3,137,839	3,298,433	3,139,214
Lease liabilities		4,280	4,585	4,280	4,585
Accruals		22,590	22,842	22,154	22,787
Debt securities in issue		104,157	104,173	104,157	104,173
Other liabilities		18,257	20,385	17,970	20,339
Current tax liabilities		4,521	2,641	4,521	2,641
TOTAL LIABILITIES		3,481,667	3,373,686	3,482,696	3,374,960
EQUITY					
Share capital	13	94,902	94,451	94,902	94,451
Share premium	13	52,502	51,907	52,502	51,907
Revaluation reserve		7,355	7,905	7,355	7,905
Retained earnings		119,848	118,508	125,021	123,768
Other reserves		152	293	152	293
Attributable to equity holders of the parent		274,759	273,064	279,932	278,324
Non-controlling interest		15,161	14,364	-	-
TOTAL EQUITY		289,920	287,428	279,932	278,324
TOTAL LIABILITIES AND EQUITY		3,771,587	3,661,114	3,762,628	3,653,284
MEMORANDUM ITEMS					
Contingent liabilities		30,688	30,638	30,688	30,638
Commitments		1,077,119	1,099,547	1,077,119	1,099,547

The interim financial statements were approved by the Board of Directors and authorised for issue on 25 July 2024 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 2024

The Group	Share capital €000	Share premium €000	Revaluation reserve €000	Retained earnings €000	Other reserves €000	Total €000	Non-controlling interest €000	Total €000
	Attributable to equity holders of the parent							
PERIOD ENDED 30 JUNE 2024								
Balance at 1 January 2024	94,451	51,907	7,905	118,508	293	273,064	14,364	287,428
Profit for the period	-	-	-	6,835	-	6,835	99	6,934
Other comprehensive loss	-	-	(550)	-	-	(550)	-	(550)
Total comprehensive (loss)/income	**-**	**-**	**(550)**	**6,835**	**-**	**6,285**	**99**	**6,384**
Share incentive plan – Value of employee services (Note 4)	-	-	-	-	193	193	-	193
Share incentive plan – Vesting of shares (Note 4)	127	207	-	-	(334)	-	-	-
Dividends to equity holders (Note 12)	324	388	-	(5,495)	-	(4,783)	(144)	(4,927)
Net share capital issued by subsidiary company	-	-	-	-	-	-	842	842
Balance at 30 June 2024	**94,902**	**52,502**	**7,355**	**119,848**	**152**	**274,759**	**15,161**	**289,920**
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 12)	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**

STATEMENTS OF CHANGES IN EQUITY

for the period ended 30 June 2024

The Bank	Share capital €000	Share premium €000	Revaluation reserve €000	Retained earnings €000	Other reserves €000	Total €000
PERIOD ENDED 30 JUNE 2024						
Balance at 1 January 2024	94,451	51,907	7,905	123,768	293	278,324
Profit for the period	-	-	-	6,748	-	6,748
Other comprehensive loss	-	-	(550)	-	-	(550)
Total comprehensive (loss)/income	**-**	**-**	**(550)**	**6,748**	**-**	**6,198**
Share incentive plan – Value of employee services (Note 4)	-	-	-	-	193	193
Share incentive plan – Vesting of shares (Note 4)	127	207	-	-	(334)	-
Dividends to equity holders (Note 12)	324	388	-	(5,495)	-	(4,783)
Balance at 30 June 2024	**94,902**	**52,502**	**7,355**	**125,021**	**152**	**279,932**
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 12)	2,474	3,166	-	(6,400)	-	(760)
Balance at 30 June 2023	**94,283**	**51,690**	**3,702**	**117,989**	**100**	**267,764**

STATEMENTS OF CASH FLOWS

for the period ended 30 June 2024

	The Group		The Bank	
	Jun-24	Jun-23	Jun-24	Jun-23
	€000	€000	€000	€000
OPERATING ACTIVITIES				
Interest and commission receipts	56,716	48,592	55,354	47,522
Interest and commission payments	(23,137)	(12,693)	(22,844)	(12,443)
Cash paid to employees and suppliers	(26,141)	(19,438)	(25,765)	(18,947)
Operating profit before changes in operating assets and liabilities	7,438	16,461	6,745	16,132
(Increase)/decrease in operating assets				
Loans and advances to customers/syndicated loans	(140,538)	(227,182)	(140,538)	(227,182)
Loans and advances to banks	500	-	500	-
Reserve deposit with Central Bank of Malta	(1,077)	(2,841)	(1,077)	(2,841)
Other assets	379	48	-	-
Increase/(decrease) in operating liabilities				
Amounts owed to customers	158,842	251,921	159,219	251,216
Amounts owed to banks	(774)	(773)	(774)	(773)
Other liabilities	338	14,585	63	15,342
Net cash generated from operating activities before tax	25,108	52,219	24,138	51,894
Income tax paid	(2,029)	(1,696)	(2,008)	(1,643)
Net cash flows generated from operating activities	23,079	50,523	22,130	50,251
INVESTING ACTIVITIES				
Dividends received	351	225	899	693
Interest income from debt securities	3,268	3,663	3,268	3,663
Purchase of debt instruments measured at FVTOCI	(10,803)	(4,356)	(10,803)	(4,356)
Proceeds on disposal of debt instruments measured at FVTOCI	30,930	19,950	30,930	19,950
Purchase of debt instruments measured at amortised cost	-	(2,630)	-	(2,630)
Proceeds on disposal of debt instruments measured at amortised cost	8,175	-	8,175	-
Purchase of financial assets measured at FVTPL	(14,707)	(28,826)	-	-
Proceeds on disposal of financial assets at FVTPL	13,830	26,393	-	-
Purchase of equity investments	(47)	-	(47)	-
Additional investment in associate	(1,000)	-	(1,000)	-
Purchase of property, equipment and intangible assets	(5,939)	(5,131)	(5,939)	(5,131)
Net cash flows from investing activities	24,058	9,288	25,483	12,189
FINANCING ACTIVITIES				
Dividends paid	(4,927)	(862)	(4,783)	(760)
Amounts received on creation of shares by subsidiaries	1,203	2,252	-	-
Amounts paid on redemption of shares by subsidiaries	(361)	(117)	-	-
Cash payment for the principal portion of lease liability	(350)	(441)	(350)	(441)
Net cash flows (used in)/from financing activities	(4,435)	832	(5,133)	(1,201)
Net increase in cash and cash equivalents	42,702	60,643	42,480	61,239
Cash and cash equivalents at 1 January	82,487	92,264	81,939	90,417
Cash and cash equivalents at 30 June	125,189	152,907	124,419	151,656

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

for the period ended 30 June 2024

1. CORPORATE INFORMATION

APS Bank plc is incorporated and registered 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 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 2024 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 2023 and the unaudited results, changes in equity and cash flows for the period ended 30 June 2023.

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 2023, 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 material 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 2023, 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 2023. 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:

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

The Group 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 21 – The Effects of Change in Foreign Exchange Rates – lack of exchangeability (effective for financial periods beginning on or after 1 January 2025).
- IFRS 18 'Presentation and Disclosure in Financial Statements', which becomes effective (subject to endorsement by the EU) for financial periods beginning on or after 1 January 2027, will replace IAS 1 Presentation of Financial Statements. It nevertheless carries forward many of the requirements in IAS 1. The main changes brought about by IFRS 18 are the introduction of new requirements to:
  a) present specified categories and defined subtotals in the statement of profit or loss, with special rules applicable to banks and similar entities whose main business activity is to invest in assets and/or provide financing to customers;
  b) provide disclosures on management-defined performance measures in the notes to the financial statements, whereby information about any such alternative performance measures must be presented in a single note that must include, amongst others, reconciliations to the most directly comparable subtotal listed in IFRS 18; and
  c) improve aggregation and disaggregation by including which characteristics to consider when assessing whether items have similar or dissimilar characteristics.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which become effective (subject to endorsement by the EU) for financial periods beginning on or after 1 January 2026:
  a) permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met, including that the entity neither has the practical ability to access the cash or to withdraw, stop or cancel the payment instruction, nor has any significant settlement risk;
  b) provide clarification on the assessment of whether the contractual cash flows on a financial asset represent solely payments of principal and interest, with additional examples now provided in IFRS 9, and additional guidance on assessing:
     i) whether contractual terms are consistent with a basic lending arrangement;
     ii) assets with non-recourse features; and
     iii) contractually-linked instruments;
  c) introduce additional disclosures for investments in equity instruments designated at fair value through other comprehensive income; and

2. BASIS OF PREPARATION (continued)

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

d) introduce new disclosures in relation to contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs.

The changes resulting from the future adoption of IFRS 18 and of the amendments to IFRS 9 and IFRS 7 are in the process of being assessed by the Group to determine the potential effect on the financial statements of the Group and the Bank. The amendments to IAS 21 have been determined not to have a material effect.

3. NET IMPAIRMENT (LOSSES)/GAINS

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

The Group/The Bank	Jun-24 €000	Dec-23 €000	Movement in 1H 2024 €000
Loans and advances to banks - amortised cost	33	51	18
Cash and balances with the Central Bank of Malta	2	2	-
Loans and advances to customers – amortised cost	20,040	18,684	(1,356)
Syndicated loans	4,224	3,514	(710)
Debt securities – amortised cost	159	199	40
Debt securities - FVTOCI	444	432	(12)
Total	**24,902**	22,882	**(2,020)**
Write offs during the period			**(25)**
Net impairment losses			**(2,045)**

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

The Group/The Bank	Jun-24 €000	Jun-23 €000
Charge for the year:		
- collective impairment	**(1,300)**	(968)
- individual impairment	**(1,951)**	(391)
- bad debts written off	**(25)**	(171)
	(3,276)	(1,530)
Reversal of write-downs:		
- collective impairment	**863**	859
- individual impairment	**368**	788
	1,231	1,647
Net impairment (losses)/gains	**(2,045)**	117

4. SHARE INCENTIVE PLAN AWARDS

As at 30 June 2024, the Group's share incentive plan award had two tranches with outstanding share awards. Under tranche 1 a total of 637,800 share awards were granted with a grant date of 12 August 2022. In the second tranche, the Group granted 713,200 share awards with a grant date of 17 August 2023.

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

Grant Year	Vesting Date	2024	2023
2022	30 June 2024	-	155,700
2023	30 June 2024	-	356,600
		-	512,300
2022	30 June 2025	153,400	155,700
2023	30 June 2025	177,425	178,300
		330,825	334,000
2023	30 June 2026	177,425	178,300
		177,425	178,300
Total outstanding share awards		**508,250**	**1,024,600**

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

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

Both tranches have no vesting conditions attached to the awards other than service conditions, and hence such awards become due as soon as the vesting term ends. If employment is terminated before any vesting date, the unvested awards will be forfeited unless 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 period under review 8,100 share awards were forfeited due to termination of employment of eligible employees.

For the six months under review, the total expense arising from these share incentive plan awards amounted to €193K (Jun-23: €146K) and the weighted average remaining contractual life 1.35 years. Furthermore, on 30 June 2024, the following share awards were vested and allotted:

Grant Year	Vesting Date	Vesting Percentage	Number of Share Awards Vested and Allotted
2022	30 June 2024	25%	153,400
2023	30 June 2024	50%	354,850
			508,250

4. SHARE INCENTIVE PLAN AWARDS (CONTINUED)

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

	The Group/The Bank	
	Jun-24	Dec-23
As at 1 January	**1,024,600**	637,800
Granted	**-**	713,200
Vested	**(508,250)**	(318,900)
Forfeited	**(8,100)**	(7,500)
Total	**508,250**	1,024,600

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-24 cents per share	Jun-23 cents per share	**Jun-24 cents per share**	Jun-23 cents per share
Basic earnings per share	**1.8**	2.8	**1.8**	2.7

The basic earnings per share was calculated on profit attributable to shareholders of the Group; €6,835K (Jun-23: €10,816K) and profit attributable to the Bank €6,748K (Jun-23: €10,328K) divided by the weighted average number of ordinary shares outstanding during the year amounting to 379,606K (Jun-23: 379,606K).

	The Group		The Bank	
	Jun-24 cents per share	Jun-23 cents per share	**Jun-24 cents per share**	Jun-23 cents per share
Diluted earnings per share	**1.8**	2.8	**1.8**	2.7

The diluted earnings per share was calculated on profit attributable to shareholders of the Group; €6,835K (Jun-23: €10,816K) and profit attributable to the Bank €6,748K (Jun-23: €10,328K) divided by the weighted average number of ordinary shares outstanding during the year, together with the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares, amounting to 380,114K (Jun-23: 380,114K).

7. NON-CURRENT ASSETS HELD FOR SALE AND INVESTMENT PROPERTIES

During the period under review, the Group's property amounting to €1,738K was reclassified from non-current assets held for sale to investment properties.

As at end of December 2023, a buyer was located for one of the Group's properties and a promise of sale agreement was in the process of being signed. Given that the Group will not proceed with the signing of the agreement, the property has been reclassified back as an investment property. The Group is not expecting to sell the property within the next 12 months and thus, the reclassification to investment property.

8. 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 2024 and the full year to 31 December 2023.

The Group/The Bank

	Jun-24 €000	Dec-23 €000
Land and buildings (including improvements)	676	1,272
Computer software	3,650	5,994
Computer hardware	304	772
Other fixed assets	1,677	399

Up to the date of approval of the condensed interim financial statements the Group entered into a number of commitments amounting to €7,895K (Dec-23: €7,403K). There was no disposal of assets during the period ended June 2024 (Dec-23: €21K).

9. 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.

9. RELATED PARTY DISCLOSURES (continued)

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-24	Jun-23	Jun-24	Jun-23
	€000	€000	€000	€000
Interest and similar income:				
Shareholders	1	8	1	8
Key management personnel	21	22	21	22
Other related parties	130	157	130	157
Fee and commission income:				
ReAPS Asset Management Ltd	-	-	283	232
APS Income Fund	229	250	-	-
APS Ethical Fund	170	169	-	-
APS Global Equity Fund	77	60	-	-
IVALIFE Insurance Limited	26	26	-	-
Shareholders	113	99	-	-
Other related parties	77	71	-	-
Dividend income:				
APS Diversified Bond Fund	-	-	548	468
APS Income Fund	-	-	193	168
APS Ethical Fund	-	-	19	13
APS Global Equity Fund	-	-	58	44
Interest payable:				
APS Income Fund	-	4	-	4
Shareholders	24	60	24	60
Key management personnel	20	11	20	11
Other related parties	27	21	27	21
Personnel expenses:				
Key management personnel	3,076	2,897	3,050	2,876
General administrative expenses:				
ReAPS Asset Management Ltd	-	-	495	489
Shareholders	183	38	183	38

a) Outstanding balances with Directors:

	Jun-24	Dec-23
	€000	€000
Loans and advances	857	903
Commitments	525	551

b) Outstanding balances with Executives:

	Jun-24	Dec-23
	€000	€000
Loans and advances	8,782	8,154
Commitments	564	512

9. 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 €2,439,732 (Dec-23: €5,051,274), which bear interest at the prevailing Bank rates. Furthermore, the amounts due from other related parties include secured facilities of €8,088,714 (Dec-23: €8,122,871) and €23,994 (Dec-23: €919) unsecured facilities.

For the period ended June 2024, the Bank recognised a Stage 1 loss allowance on receivables from related parties amounting to €182 (Dec-23: nil).

No guarantees were received by the related parties as at end of June 2024 (Dec-23: same). Special guarantees given to related parties amount to €342,528 (Dec-23: €224,366).

10. 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.

10. 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 €000	Level 2 €000	Level 3 €000	Total €000
Assets as at 30 June 2024				
Property and equipment				
- Land and buildings	-	-	29,365	29,365
Investment properties				
- Residential property	-	-	495	495
- Commercial property	-	-	7,898	7,898
Derivative assets not designated as hedges	-	1,656	-	1,656
Financial assets at FVTPL				
- Fixed income instruments and investment in collective investment schemes	-	47,292	-	47,292
Financial assets at FVTOCI				
- Other debt and fixed income instruments	121,465	-	523	121,988
- Equity and other non-fixed income instruments	6,022	-	171	6,193
Total	**127,487**	**48,948**	**38,452**	**214,887**
Liabilities as at 30 June 2024				
Derivative liabilities not designated as hedges	-	1,656	-	1,656
Total	**-**	**1,656**	**-**	**1,656**

The Group	Fair value measurement hierarchy Level 1 €000	Level 2 €000	Level 3 €000	Total €000
Assets as at 31 December 2023				
Property and equipment				
- Land and buildings	-	-	29,078	29,078
Investment properties				
- Residential property	-	-	495	495
- Commercial property	-	-	6,219	6,219
Non-current assets held for sale	-	-	1,738	1,738
Derivative assets not designated as hedges	-	536	-	536
Financial assets at FVTPL				
- Fixed income instruments and investment in collective investment schemes	-	46,484	-	46,484
Financial assets at FVTOCI				
- Other debt and fixed income instruments	114,985	-	523	115,508
- Equity and other non-fixed income instruments	6,862	-	98	6,960
Total	**121,847**	**47,020**	**38,151**	**207,018**
Liabilities as at 31 December 2023				
Derivative liabilities not designated as hedges	-	536	-	536
Total	**-**	**536**	**-**	**536**

10. 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 2024				
Property and equipment				
- Land and buildings	-	-	29,365	29,365
Investment properties				
- Residential property	-	-	495	495
- Commercial property	-	-	7,898	7,898
Derivative assets not designated as hedges	-	1,656	-	1,656
Financial assets at FVTOCI				
- Other debt and fixed income instruments	121,465	-	523	121,988
- Equity and other non-fixed income instruments	6,022	-	171	6,193
Total	**127,487**	**1,656**	**38,452**	**167,595**
Liabilities as at 30 June 2024				
Derivative liabilities not designated as hedges	-	1,656	-	1,656
Total	**-**	**1,656**	**-**	**1,656**

	Fair value measurement hierarchy			
The Bank	Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
Assets as at 31 December 2023				
Property and equipment				
- Land and buildings	-	-	29,078	29,078
Investment properties				
- Residential property	-	-	495	495
- Commercial property	-	-	6,219	6,219
Non-current assets held for sale	-	-	1,738	1,738
Derivative assets not designated as hedges	-	536	-	536
Financial assets at FVTOCI				
- Other debt and fixed income instruments	114,985	-	523	115,508
- Equity and other non-fixed income instruments	6,862	-	98	6,960
Total	**121,847**	**536**	**38,151**	**160,534**
Liabilities as at 31 December 2023				
Derivative liabilities not designated as hedges	-	536	-	536
Total	**-**	**536**	**-**	**536**

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

10. 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-24 €000	Dec-23 €000
Opening balance	**98**	303
Increase in equity	**47**	-
Fair value movement	**26**	(200)
Exchange rate movement	**-**	(5)
Closing balance	**171**	98

11. 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 €4,436K (Jun-23: €1,518K) and Liquidity Management and Structured Loans amounting to €5,589K (Jun-23: €2,437K). 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 €10,025K (Jun-23: €4,018K).

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.

11. OPERATING SEGMENTS (continued)

The Group	Retail		Commercial		Investment Services		Liquidity Management and Structured Loans		Total Reportable Segments	
	Jun-24 €000	Jun-23 €000	Jun-24 €000	Jun-23 €000	Jun-24 €000	Jun-23 €000	Jun-24 €000	Jun-23 €000	Jun-24 €000	Jun-23 €000
Interest and similar income from external customers	25,170	22,010	17,485	15,871	-	-	11,505	10,066	54,160	47,947
Interest expense	(19,602)	(9,702)	(967)	(300)	-	-	(2,177)	(2,414)	(22,746)	(12,416)
Intersegment transactions	10,025	4,018	(4,436)	(1,581)	-	-	(5,589)	(2,437)	-	-
Net (losses)/gains on financial instruments	-	-	-	-	-	-	(13)	792	(13)	792
Net fee and commission income and other income	731	571	2,221	2,095	2,336	1,908	209	(10)	5,497	4,564
Operating income before net impairments	16,324	16,897	14,303	16,085	2,336	1,908	3,935	5,997	36,898	40,887
Net impairment (losses)/gains	(199)	341	(1,163)	64	-	-	(664)	(117)	(2,026)	288
Net operating income	16,125	17,238	13,140	16,149	2,336	1,908	3,271	5,880	34,872	41,175
Personnel expenses	(2,298)	(2,394)	(1,019)	(917)	(1,257)	(1,150)	(266)	(323)	(4,840)	(4,784)
Other administrative and operating expenses	(1,484)	(1,102)	(14)	(72)	(343)	(378)	(293)	(346)	(2,134)	(1,898)
Operating expenses	(3,782)	(3,496)	(1,033)	(989)	(1,600)	(1,528)	(559)	(669)	(6,974)	(6,682)
Net operating profit before associates' results	12,343	13,742	12,107	15,160	736	380	2,712	5,211	27,898	34,493
Share of results from associates	-	-	-	-	-	-	619	611	619	611
Profit before tax as per segments	12,343	13,742	12,107	15,160	736	380	3,331	5,822	28,517	35,104
Less: Unallocated items									(18,408)	(18,313)
Profit before tax as per statements of profit or loss									10,109	16,791

11. OPERATING SEGMENTS (continued)

The Group	Retail		Commercial		Investment Services		Liquidity Management and Structured Loans		Total Reportable Segments	
	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23	Jun-24	Dec-23
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Total assets as per segments	1,977,416	1,826,826	865,209	867,404	-	-	838,070	880,537	3,680,695	3,574,767
Add: Unallocated items									90,892	86,347
Total assets as per Statements of Financial Position									3,771,587	3,661,114
Investment in associates	-	-	-	-	-	-	16,133	14,784	16,133	14,784
Total liabilities as per segments	3,129,234	2,964,831	167,447	173,008	-	-	135,338	185,394	3,432,019	3,323,233
Add: Unallocated items									49,648	50,453
Total liabilities as per Statements of Financial Position									3,481,667	3,373,686

	Jun-24 €000	Jun-23 €000
Profit before tax		
As per reportable segments	28,517	35,104
Unallocated items:		
Interest receivable	1,736	1,589
Net fee and commission income and other income	(139)	(121)
Personnel expenses	(9,698)	(9,630)
Professional fees	(726)	(468)
Repairs and maintenance	(2,829)	(3,051)
Telecommunications	(253)	(260)
Other administrative expenses	(3,721)	(3,521)
Depreciation and amortisation	(2,760)	(2,681)
Write-offs	(18)	(170)
As per Statements of Profit or Loss	10,109	16,791

	Jun-24 €000	Dec-23 €000
Total assets		
As per reportable segments	3,680,695	3,574,767
Unallocated items:		
Investment properties	8,393	6,714
Non-current assets held for sale	-	1,738
Property and equipment	39,223	39,824
Intangible assets	19,235	17,523
Right-of use assets	4,082	4,386
Current tax	171	195
Deferred tax assets	3,890	3,154
Other receivables	15,898	12,813
As per Statements of Financial Position	3,771,587	3,661,114

11. OPERATING SEGMENTS (continued)

	Jun-24 €000	Dec-23 €000
Total liabilities	**3,432,019**	3,323,233
As per reportable segments		
Unallocated items:		
Current tax	**4,521**	2,641
Lease liabilities	**4,280**	4,585
Other liabilities	**18,257**	20,385
Accruals	**22,590**	22,842
As per Statements of Financial Position	**3,481,667**	3,373,686

During the period under review, the Group has modified the approach for allocating certain items within the Profit or Loss. These changes are only reclassifications, and they are not material. In view of this, the comparative period has been reclassified to conform to the presentation of the current period's financial statements.

12. DIVIDENDS

During the period under review the Bank distributed a gross dividend of €8,454K (Jun-23: €9,846K); net dividend of €5,495K (Jun-23: €6,400K) to its shareholders.

Equity holders were given the option of a scrip dividend and share capital was accordingly increased by 1,294K shares (Jun-23: 9,896K). The shares were offered at an attribution price of €0.55 cents (Jun-23: €0.57 cents) and the Group's equity was accordingly increased by €712K (Jun-23: €5,640K), with €324K being the increase in share capital (Jun-23: €2,474K) and €388K being the increase in share premium (Jun-23: €3,166K).

The Bank paid the remaining amount of dividend in cash which amounted to €4,783K.

The Group's subsidiaries paid dividends amounting to €144K to the non-controlling shareholders (Jun-23: €102K).

13. 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 vesting of 25% of tranche 1 and 50% of tranche 2 of the share awards:

Share Capital	Jun-24 €000	Dec-23 €000	Number of shares Jun-24 '000	Number of shares Dec-23 '000
Opening balance	**94,451**	91,729	**377,804**	366,917
Scrip dividend	**324**	2,643	**1,294**	10,568
Executive share incentive plan	**127**	79	**508**	319
Closing balance	**94,902**	94,451	**379,606**	377,804

Share Premium	Jun-24 €000	Dec-23 €000
Opening balance	**51,907**	48,410
Scrip dividend	**388**	3,382
Executive share incentive plan	**207**	115
Closing balance	**52,502**	51,907

14. SUBSEQUENT EVENTS

There were no subsequent events that would have otherwise required further disclosures in and/or adjustments to these Condensed Interim Financial Statement which occurred up to the date of their approval.

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Independent review report on 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 2024, 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 Markets 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 on 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 25 July 2024 and signed by:

Annabelle Zammit Pace as Director
in the name and on behalf of
Deloitte Audit Limited
Registered auditor
Central Business District, Malta

25 July 2024

PERFORMANCE RATIOS

for the period ended 30 June 2024

	The Group		The Bank	
	Jun-24	Jun-23	Jun-24	Jun-23
	%	%	%	%
Return on average equity after tax (ROAE)*	**4.8**	8.2	**4.8**	7.8
Net interest income and other operating income to total assets*	**2.0**	2.3	**2.0**	2.3
Cost to operating income ratio	**70.0**	62.1	**68.8**	61.7
Growth in total assets / liabilities	**3.0**	10.3	**3.0**	10.2
Growth in gross loans and advances to customers	**4.8**	9.6	**4.8**	9.6
Growth in amounts owed to customers	**5.1**	9.3	**5.1**	9.3
Non-performing loans to total gross loans and advances	**1.9**	2.2	**1.9**	2.2
CET 1 Capital Ratio	**14.1**	15.8	**14.1**	15.8
Total Capital Ratio	**19.8**	19.3	**19.8**	19.3

*Annualised over a 12-month period.