

APPENDICES

Appendix A

IMPLEMENTED POLICY MEASURES (UP TO 2023 Q1)

Capital Buffer for Other Systemically Important Institutions (O-SII)	2020	2021	2022	2023	Implementation date
MDB Group Limited*	0.500%	0.500%	0.625%	0.750%	
HSBC Bank Malta p.l.c**	1.500%	1.500%	1.500%	1.250%	1 Jan. 2016,
Bank of Valletta plc	2.000%	2.000%	2.000%	2.000%	revised 1 Jan. 2020
APS Bank plc***	0.0625%	0.0625%	0.125%	0.250%	

* MDB Group Limited's O-SII buffer rate is subject to the following transitory period for the build-up of its fully-loaded O-SII buffer rate: 0.625% (2022); 0.75% (2023); 0.875% (2024); 1.000% (2025).

** HSBC Bank Malta p.l.c qualifies for the provisions of Article 131(8) of CRD, which results in the capping of its O-SII buffer rate to 1.25%.

*** The 0.25% increase in APS Bank plc's O-SII buffer rate is subject to the following transitory period for the build-up of its fully-loaded O-SII buffer rate: 0.125% (2022); 0.25% (2023); 0.375% (2024); 0.4375% (2025); 0.50% (2026).

Sectoral Systemic Risk Buffer* (sSyRB)	2023	2024	Implementation date
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All credit institutions involved in mortgage lending	1.000%	1.500%	1.000% as from end Sep. 2023 1.500% as from end Mar. 2024
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* Effective as from 28 March 2023.

Countercyclical Capital Buffer (CCyB)	2020				2021				2022				2023			Implementation date
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	

All credit institutions	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1 Jan. 2016
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	2020	2021	2022	2023	Implementation date
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Macro-prudential policy

Identification of Material Third Countries	United States of America, Republic of Turkey, United Arab Emirates	United States of America, United Kingdom, United Arab Emirates	United States of America, United Kingdom, United Arab Emirates	United States of America, United Kingdom, United Arab Emirates	June 2016
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Measures Addressing Credit Risk

Borrower-based measures	Issuance of Notice to amend Directive no.16 in response to the COVID-19 pandemic	Issuance of amended Directive no.16	No changes occurred	No changes occurred	1 July 2019, amended 29 Nov. 2021
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All credit institutions (BR/09/2023)	Implementation of NPL Reduction Plan for banks which exceed the 6% NPL ratio threshold	Implementation of NPL Reduction Plan for banks which exceed the 6% NPL ratio threshold	Implementation of NPL Reduction Plan for banks which exceed the 6% NPL ratio threshold	New regulatory allocation and implementation of EBA guidelines (reduction strategies for banks with NPL ratio > 5%)	2 Jan. 2007, revised in 2019. A revamped version of the Rule became effective on 1 Jan. 2023
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Moratoria on Credit Facilities in Exceptional Circumstances	Publication of Directive no.18 in response to the COVID-19 pandemic	Re-activation of Directive No.18 in response to the protracted impact of the COVID-19 pandemic	Expired	Expired	13 April 2020, amended 23 April and 30 June 2020; Directive No. 18 re-activated 14 Jan. 2021 with final application deadline 31 March 2021
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Appendix B
FINANCIAL SOUNDNESS INDICATORS

	Core Domestic Banks					Non-Core Domestic Banks					International Banks ¹					Total Banks ¹				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Capital²																				
Regulatory capital to RWAs	18.1	20.1	21.7	22.7	22.6	17.9	19.2	20.2	20.3	20.5	51.2	45.7	52.5	46.3	39.7	22.6	23.6	25.8	25.6	24.4
Regulatory Tier 1 capital to RWAs	16.0	17.6	18.6	19.5	19.2	17.6	18.9	19.9	20.0	19.5	48.7	45.6	52.4	46.3	39.7	20.7	21.7	23.4	23.1	21.6
Leverage ratio	7.3	7.8	7.6	7.3	7.0	10.8	11.0	9.5	10.0	9.7	31.6	36.4	42.4	34.2	30.8	10.2	10.6	10.5	9.6	8.8
Large exposures to total own funds	84.6	76.3	69.6	66.6	84.2	200.6	140.7	175.8	173.4	177.4	85.3	88.5	83.3	67.9	79.2	94.8	85.7	81.8	76.8	92.7
RWAs to total assets	48.5	46.2	42.9	39.1	38.0	58.9	61.1	49.0	50.9	51.1	72.4	84.5	82.8	74.9	69.9	51.8	50.9	46.6	43.0	41.5
Profitability																				
ROA ³	0.5	0.6	0.0	0.4	0.4	0.2	1.3	-1.5	0.2	-0.1	1.4	1.1	2.2	1.5	2.6	0.9	0.8	0.6	0.7	0.9
ROE ^{2,3}	6.5	6.7	-0.3	4.3	5.5	1.7	11.0	-12.7	2.4	-0.7	5.2	5.8	6.2	11.6	6.1	5.7	6.8	0.4	6.0	4.9
Operational cost-to-income ratio	62.8	66.3	68.0	75.2	80.4	62.2	47.0	95.8	82.2	80.4	29.9	39.9	35.1	47.2	45.2	47.4	53.9	51.7	61.8	62.3
Interest margin to gross income	62.3	63.7	73.2	72.1	71.8	36.6	31.4	48.9	40.9	53.8	79.9	56.1	64.6	55.9	49.9	69.3	58.1	67.7	62.4	59.6
Non-interest expense to gross income	64.3	67.8	70.0	77.0	81.4	62.6	47.1	97.5	83.4	81.2	29.9	39.9	35.2	47.3	45.3	48.1	54.7	52.7	62.7	62.8
Personnel expenses to non-interest expenses	37.8	43.8	45.8	41.2	37.2	50.4	50.2	48.3	48.5	46.7	14.2	13.5	12.7	10.8	10.1	31.4	34.6	34.2	30.3	27.7
Non-interest income to gross income	37.7	36.3	26.8	27.9	28.2	63.4	68.6	51.1	59.1	46.2	20.5	44.2	35.4	44.8	50.3	31.0	42.1	32.4	37.9	40.5
Net impairment charges to gross income	9.0	0.1	29.2	-3.4	-10.0	29.0	12.8	79.5	6.3	21.4	21.7	24.2	18.7	18.9	14.3	16.0	11.0	25.6	8.1	4.1
Asset Quality																				
NPLs to total own funds ²	27.8	25.1	28.9	29.4	21.9	36.2	34.8	53.1	34.2	27.0	13.2	8.1	9.7	10.1	11.2	24.0	21.3	25.4	24.8	20.4
NPLs to total gross loans	3.4	3.2	3.7	3.5	2.7	5.8	5.4	7.1	5.1	4.2	2.4	1.8	1.9	1.4	1.3	3.2	3.0	3.5	3.1	2.5
NPEs to total gross exposures	2.6	2.5	2.8	2.7	2.0	4.7	4.6	5.6	3.8	3.0	1.6	1.3	1.3	1.0	0.9	2.3	2.2	2.6	2.4	1.8
Total coverage ratio ⁴	43.5	42.9	52.5	47.0	50.3	60.5	41.0	47.6	59.8	73.1	61.9	78.4	91.4	147.5	187.3	50.3	49.2	57.2	59.9	68.8
Unsecured loans to total lending	28.6	25.1	23.2	20.1	18.7	73.5	77.6	80.8	71.9	69.6	68.3	82.7	72.3	77.6	78.9	26.8	27.1	25.6	23.8	23.5
Share of Stage 3 provisions to total provisions	71.7	71.9	66.7	70.2	69.6	89.7	91.4	93.0	90.2	88.6	59.5	48.7	44.6	27.9	24.9	70.1	67.1	65.1	60.5	58.0
Forborne loans to gross loans	2.5	2.4	3.0	4.5	3.5	1.9	0.9	0.5	0.8	0.6	2.0	3.7	3.3	7.4	7.5	2.3	2.7	2.9	4.9	4.1
Liquidity																				
LCR ²	383.3	343.7	328.2	359.9	363.0	418.0	374.7	325.4	356.8	325.6	316.7	303.0	686.6	2469.6	378.8	382.2	345.4	332.7	379.0	360.3
Liquid assets to total assets ^{2,5}	28.2	31.0	33.3	35.6	34.6	29.4	36.2	40.3	33.2	30.6	15.7	12.7	11.8	27.3	26.9	27.1	29.9	32.3	34.7	33.7
Customer loans to customer deposits	60.9	59.5	58.4	55.2	56.0	50.5	46.6	46.5	52.2	54.3	208.4	376.6	462.3	267.0	232.3	79.0	79.3	75.4	67.5	67.3
CBC on net cash outflows	170.5	139.0	169.9	189.3	234.0	237.5	245.4	238.1	300.8	248.1	74.0	116.1	326.3	601.9	56.9	170.4	149.5	180.2	204.0	225.9
NSFR ²				174.0	186.8				178.4	179.6				155.3	131.6				172.8	181.8
Balance Sheet																				
Assets-to-GDP	186.1	174.2	195.5	185.1	168.8	20.9	20.7	23.1	22.6	20.3	132.5	95.3	87.9	76.2	59.8	339.5	290.1	306.4	283.9	248.9
Domestic debt securities to total assets	6.5	6.4	8.3	8.8	9.4	2.1	2.9	7.2	7.9	8.3	0.1	0.0	0.1	0.2	0.2	3.7	4.1	5.9	6.4	7.1
Foreign debt securities to total assets	15.8	15.4	13.8	12.4	16.5	14.0	10.7	12.2	15.9	17.9	29.5	26.4	25.2	24.0	29.6	21.1	18.7	16.9	15.8	19.7
Customer loans to total assets	48.5	48.0	48.2	45.4	47.1	34.8	33.1	33.2	34.5	38.0	37.6	43.4	43.9	36.9	41.9	43.4	45.4	45.8	42.3	45.1
Interbank exposures to total assets	7.8	6.2	5.3	4.9	4.8	21.6	14.7	9.7	9.4	7.3	13.0	13.5	12.3	17.8	10.0	10.7	9.2	7.6	8.7	6.3

¹ Satabank plc is excluded from 2018 figures onwards following the MFSA's decision to appoint a competent person in October 2018 in terms of Article 29(1)(c) and (d) of the Banking Act. Its licence was withdrawn on 30 June 2020.

² Data for international banks excludes the branches of foreign banks.

³ Based on profits after tax.

⁴ For the core domestic banks the ratio includes 'Reserve for General Banking Risks' as per the BR 09/2019.

⁵ Liquid assets are defined in line with the EBA's methodology for the LCR.