

APPENDICES

Appendix A
IMPLEMENTED POLICY MEASURES⁽¹⁾

CAPITAL-BASED MEASURES⁽²⁾

<u>Capital Buffer for Other Systemically Important Institutions (O-SII)</u>	2021	2022	2023	2024	Implementation date
MDB Group Limited*	0.500%	0.625%	0.750%	0.875%	
HSBC Bank Malta plc**	1.500%	1.500%	1.250%	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%	0.125%	0.250%	0.375%	

* MDB Group Limited's O-SII buffer rate is subject to a transitory period for the build-up of its fully-loaded O-SII buffer rate of 1%, in the year 2025.

** HSBC Bank Malta plc qualifies for the provisions of Article 131(8) of CRD, which results in the capping of its O-SII buffer rate from 1.50% to 1.25%.

*** APS Bank plc's O-SII buffer rate is subject to a transitory period for the build-up of its fully-loaded O-SII buffer rate of 0.5% in the year 2026 (and an interim rate of 0.4375% in the year 2025).

<u>Sectoral Systemic Risk Buffer* (sSvRB)</u>	2023	2024	Implementation date
All credit institutions involved in mortgage lending	1%	1.5%	1% as from end Sep. 2023 1.5% as from end Mar. 2024

* Effective as from 28 March 2023.

<u>Countercyclical Capital Buffer (CCyB)</u>	2021				2022				2023				2024	Implementation date
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
All credit institutions	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1 Jan. 2016

BORROWER-BASED MEASURES

	2021	2022	2023	2024	Implementation date
BBMs	Issuance of amended Directive No.16	No changes occurred	No changes occurred	No changes occurred	1 July 2019 (amended 29 Nov. 2021)

OTHER POLICY MEASURES

Material Third Countries	2021	2022	2023	2024	Implementation date
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Identification of Material Third Countries	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	United Kingdom, United Arab Emirates	June 2016
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	2021	2022	2023	2024	Implementation date
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Banking Rule 09 on measures addressing non-performing and forborne exposures (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	New regulatory allocation and implementation of EBA guidelines (reduction strategies for banks with NPL ratio > 5%)	No changes occurred	Revised in 2019 A revamped version of the Rule became effective on 1 Jan. 2023
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⁽¹⁾ List of implemented policy measures up to 2024 Q1.

⁽²⁾ Risk weights for RRE exposures are stricter than imposed than Article 126(1) CRR, where a 35% risk weights is applied to exposures that have an LTV ratio up to 70% as opposed to 80% per CRR rules. Risk weights for CRE exposures are in line with Article 126(2) of the CRR. This measure was enacted in 2008 and is still applicable:
https://www.esrb.europa.eu/pub/pdf/other/Esrb.notification230308_Other_MT~c0edd3b7a8.en.pdf

Appendix B
FINANCIAL SOUNDNESS INDICATORS

	Core Domestic Banks					Non-Core Domestic Banks					International Banks ⁽¹⁾					Total Banks ⁽¹⁾				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Capital⁽²⁾																				
Regulatory capital to RWAs	20.1	21.7	22.7	23.0	23.9	19.2	20.2	20.3	20.4	21.5	45.7	52.5	46.3	41.1	38.5	23.6	25.8	25.6	24.9	25.4
Regulatory Tier 1 capital to RWAs	17.6	18.6	19.5	19.6	20.2	18.9	19.9	20.0	19.3	20.4	45.6	52.4	46.3	40.7	38.2	21.7	23.4	23.1	22.1	22.5
Leverage ratio	7.8	7.6	7.3	7.2	7.6	11.0	9.5	10.0	9.5	9.6	36.4	42.4	34.2	32.3	28.2	10.6	10.5	9.6	9.0	9.2
Large exposures to total own funds	76.3	69.6	66.1	83.3	71.2	140.7	175.8	173.0	184.7	132.8	88.5	83.3	67.9	75.6	67.4	85.7	81.8	76.4	91.6	76.5
RWAs to total assets	46.2	42.9	39.1	38.0	38.8	61.1	49.0	50.9	50.5	48.1	84.5	82.8	74.9	70.8	66.1	50.9	46.6	43.0	41.5	41.9
Profitability																				
ROA ⁽³⁾	0.6	0.0	0.4	0.4	1.0	1.3	-1.5	0.2	-0.4	0.6	1.1	2.2	1.5	2.6	2.5	0.8	0.6	0.7	0.9	1.3
ROE ^(2,3)	6.7	-0.3	4.3	5.4	12.0	11.0	-12.7	2.4	-3.4	5.9	5.8	6.2	11.6	6.2	11.6	6.8	0.4	6.0	4.6	11.3
Operational cost-to-income ratio	66.3	68.0	75.2	82.3	50.9	47.0	95.8	82.2	81.0	67.4	39.9	35.1	47.2	44.5	55.7	53.9	51.7	61.8	62.9	53.8
Interest margin to gross income	63.7	73.2	72.1	71.8	78.7	31.5	48.9	40.9	54.0	63.8	56.1	64.8	56.4	49.2	36.0	58.0	67.8	62.7	59.3	59.8
Non-interest expense to gross income	67.8	70.0	77.0	83.2	51.4	47.1	97.5	83.4	81.3	68.2	39.9	35.2	47.3	44.5	55.7	54.7	52.7	62.7	63.3	54.1
Personnel expenses to non-interest expenses	43.8	45.8	41.2	36.4	46.6	50.2	48.3	48.5	47.3	48.4	13.5	12.7	10.8	10.0	9.1	34.6	34.2	30.3	27.6	30.3
Non-interest income to gross income	36.3	26.8	27.9	28.2	21.3	68.6	51.1	59.1	46.0	36.2	43.9	35.2	43.6	50.8	64.0	42.0	32.3	37.3	40.7	40.2
Net impairment charges to gross income	0.1	29.2	-3.4	-11.5	0.4	12.8	79.5	6.3	35.2	4.6	24.2	18.7	18.9	15.1	5.5	11.0	25.6	8.1	4.4	2.8
Asset Quality																				
NPLs to total own funds ⁽²⁾	25.1	28.9	29.4	21.5	18.1	34.8	53.1	34.2	27.8	6.3	15.9	13.2	12.1	11.5	12.1	23.5	26.4	25.7	20.1	15.8
NPLs to total gross loans	3.2	3.7	3.5	2.7	2.5	5.4	7.1	5.1	4.3	0.9	1.8	1.9	1.4	1.3	1.5	3.0	3.5	3.1	2.5	2.1
Overall NPL Ratio excluding CBM placements	4.2	5.1	5.3	3.7	3.2	8.1	12.6	8.5	6.4	1.4	2.0	2.2	1.9	1.6	1.9	3.7	4.7	4.6	3.4	2.8
Non-performing exposures to total gross exposures	2.5	2.8	2.7	2.0	1.7	4.6	5.6	3.8	3.0	0.7	1.3	1.3	1.0	0.9	0.9	2.2	2.6	2.4	1.8	1.5
Total coverage ratio ⁽⁴⁾	39.3	49.7	44.3	46.5	44.0	41.0	47.6	59.8	72.7	68.7	78.4	91.4	147.5	189.6	125.0	46.8	55.2	57.9	66.1	56.5
Unsecured loans to total lending	25.1	23.2	20.1	18.7	18.0	77.6	80.8	71.9	55.3	47.1	22.4	19.7	21.5	23.6	27.8	27.1	25.6	23.8	22.4	22.1
Share of Stage 3 provisions to total provisions	71.9	66.7	70.2	69.6	66.6	91.4	93.0	90.2	88.3	52.5	48.7	44.6	27.9	26.5	45.3	67.1	65.1	60.5	58.4	59.2
Forborne loans to gross loans	2.4	3.0	4.5	3.5	2.6	0.9	0.5	0.8	0.6	1.1	3.7	3.3	7.4	7.4	1.3	2.7	2.9	4.9	4.1	2.2
Liquidity																				
LCR ⁽²⁾	343.7	328.2	359.9	380.0	360.4	374.7	325.4	356.8	316.0	393.0	303.0	686.6	2469.6	383.7	569.2	345.4	332.7	379.0	373.8	373.1
Liquid assets to total assets ^(2,5)	31.0	33.3	35.6	36.3	34.7	36.2	40.3	33.2	30.8	35.5	12.7	11.8	27.3	26.9	30.5	29.9	32.3	34.7	35.1	34.5
Customer loans to customer deposits	59.5	58.4	55.2	56.0	58.9	46.6	46.5	52.2	54.4	49.3	376.6	462.3	267.0	230.6	185.3	79.3	75.4	67.5	67.2	67.0
CBC on net cash outflows	139.0	169.9	189.3	251.0	284.6	245.4	238.1	300.8	240.7	267.2	116.1	326.3	601.9	58.6	190.2	149.5	180.2	204.0	239.8	278.6
NSFR ⁽²⁾			174.0	187.1	175.2			178.4	174.2	191.3			155.3	118.4	136.4			172.8	180.4	173.2
Balance Sheet																				
Assets-to-GDP	172.8	192.8	181.2	163.1	151.2	20.5	22.8	22.1	19.6	18.5	95.8	86.7	71.9	57.9	51.1	289.1	302.3	275.2	240.6	220.9
Domestic debt securities to total assets	6.4	8.3	8.8	9.4	8.9	2.9	7.2	7.9	7.9	6.2	0.0	0.1	0.2	0.2	0.0	4.1	5.9	6.4	7.1	6.6
Foreign debt securities to total assets	15.4	13.8	12.4	16.5	19.2	10.7	12.2	15.9	18.0	17.3	26.4	25.2	24.0	29.8	35.8	18.7	16.9	15.8	19.8	22.9
Customer loans to total assets	48.0	48.2	45.4	47.2	48.8	33.1	33.2	34.5	38.2	36.5	43.4	43.9	36.9	41.7	38.4	45.4	45.8	42.3	45.1	45.4
Interbank exposures to total assets	6.2	5.3	4.9	4.9	3.9	14.7	9.7	9.4	7.2	6.4	13.5	12.3	17.8	10.0	7.6	9.2	7.6	8.7	6.3	5.0

⁽¹⁾ Satabank plc is excluded 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 revised BR 09/2019.

⁽⁵⁾ Liquid assets defined in line with the EBA Liquidity Coverage Ratio (LCR DA) Methodology.