

Sparkasse Bank Malta p.l.c. – Financial and Regulatory Fact Sheet

This document provides information on Sparkasse Bank Malta public limited company (“the Bank” or “SBM”) and its financial services licences, and links for further information related to the Bank’s financial and regulatory status.

Regulation

Sparkasse Bank Malta public limited company is licensed as a credit institution in terms of Article 5(1) of the Banking Act (Chapter 371 of the Laws of Malta) and as a Category 2 and 4a Investment Services Licence Holder in terms of Article 6 of the Investment Services Act (Chapter 370 of the Laws of Malta).

Being a bank licensed in Malta, it is subject to the statutory and regulatory obligations emanating from both the Investment Services Act and the Banking Act, all the related Banking and Investment Services Rules, Conduct of Business Rulebook, the Bank’s licence conditions and rules and requirements established by the Malta Financial Services Authority (“MFSA”) and/or the European Central Bank from time to time.¹ The Bank is also required to ensure compliance with statutory and regulatory obligations that are not specific to banks, e.g. data protection, prevention of money laundering and funding of terrorism and market abuse legislation.

Information on the MFSA can be found on their website: www.mfsa.com.mt

The Bank has established a branch in Dublin, Ireland, for the provision of depositary services to collective investment schemes and is authorised by the Central Bank of Ireland (“CBI”) in this regard. The Bank is subject to Irish law and regulation in respect of the provision of depositary services through its branch, including rules and requirements established by the CBI.

Information on the CBI is available from their website: www.centralbank.ie

Licences

The Bank holds the following licenses:

- Credit Institution in terms of the Banking Act (Chapter 371 of the Laws of Malta): licensed to accept deposits of money from the public withdrawable or repayable on demand or after a fixed period or after notice or to borrow or raise money from the public (including the borrowing or raising of money by the issue of debentures or debenture stock or other instruments creating or acknowledging indebtedness), in either case for the purpose of employing such money in whole or in part by lending to others or otherwise investing for the account and at the risk of the licensee accepting such money. The Bank is also licensed to provide certain other banking services, including payment services.
- Category 2 Investment Services License in terms of the Investment Services Act (Chapter 370 of the Laws of Malta): Licence Holders authorised to provide any Investment Service and to hold or control Clients’ Money or Customers’ Assets, but not to operate a multilateral trading

¹ Following the establishment of the Single Supervisory Mechanism in November 2014, less significant banks are being supervised by their national supervisors in close co-operation with the European Central Bank (“ECB”) whilst significant banks are being directly supervised by the ECB.

facility or deal for their own account or underwrite or place instruments on a firm commitment basis.

- Category 4a Investment Services License in terms of the Investment Services Act (Chapter 370 of the Laws of Malta): Licence Holders authorised to act as custodian of all types of collective investment schemes.
- Sparkasse Bank Malta plc Ireland Branch is authorised by the CBI to act as Depository to Irish authorised investment funds.

Please visit the Financial Services Register on the MFSA site by clicking [here](#) for further information and search for “Sparkasse Bank Malta”.

Registered Office

Sparkasse Bank Malta plc
101, Townsquare,
Ix-Xatt Ta' Qui-si-Sana,
Sliema,
SLM 3112
Malta

The Bank's Ireland Branch has its office at: 3rd Floor, Fleming Court, Fleming Place, Dublin 4, Ireland.

Annual Reports

SBM's most recent Annual Report may be downloaded from the Bank's website by clicking [here](#).

Previous Annual Reports are available upon request.

Certificate of Incorporate, Memorandum and Articles of Association

The Bank was registered by the Registrar of Companies as a public limited liability company on the 24th of October 2000 with Registration No. C 27152. The Bank is registered in Ireland as an external company, in respect of the Ireland branch, with registration number 908881.

A copy of the Bank's Certificate of Incorporation and Memorandum and Articles of Association will be provided upon request.

Bank Identifier Numbers

GIIN Number: U2CW4K.00002.ME.470

LEI Number: 21380099RT73NFBYS559

BIC / SWIFT Details: SBMTMTMT

VAT: MT19716322

Management

Responsibility for the management and administration of the Bank vests in the Board of Directors. The Board of Directors has delegated certain management duties to senior management, which currently comprises the Managing Director/Chief Executive Officer.

The Board of Directors has appointed one (1) Board committee, the Audit Committee, which has the objective to advise the Board on the Bank's internal control, internal audit and risk management systems and the Bank's accounting policies and external audit.

The Bank has a Management Committee in Malta and a dedicated committee for the Ireland Branch, to support senior management in the performance of their functions.

Information on the members of the Board of Directors may be found by clicking [here](#).

Anti-Money Laundering and Prevention of Financing of Terrorism

The law that regulates anti-money laundering and funding of terrorism in Malta is the Prevention of Money Laundering Act (Chapter 373 of the Laws of Malta), a copy of which may be accessed by clicking [here](#).

SBM, being a subject person in terms of the Prevention of Money Laundering and Funding of Terrorism Regulations (S.L. 373.01), is required to carry out customer due diligence on its clients. The Bank has adequate policies, and procedures in place which are in line with the Financial Intelligence Analysis Unit (FIAU) Implementing Procedures. Please follow the link to access the relative Implementing Procedures by clicking [here](#).

The Bank's Ireland branch is a "designated person" for the purposes of The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and 2018 and has taken the necessary measures to meet its obligations under prevention of money laundering and funding of terrorism legislation and regulation that apply to it in Ireland.

Services and Products

The Bank does not lend to the general public, nor does it run a trading book. Services and products provided include:

- Provision of multiple currency cash accounts (current accounts and term deposits up to 1 year);
- Provision of credit card solutions (by third party issuers);
- Payment services in terms of PSD2 (direct participants in SWIFT, SEPA and TARGET2);
- Foreign exchange;
- Online banking access and services;
- Portfolio / Securities accounts (safe-keeping of customer assets);
- Receipt and transmission / execution of orders in financial instruments in terms of MiFID2;
- Securities settlement;
- Custody / nominee services;
- Precious metals transactions and storage;
- Custody and depository services for collective investment schemes (UCITS, PIFS, AIFS and NAIFS) and their SPVs.

Sparkasse Bank Malta plc is not a credit rated entity and has no publicly issued debt or equity securities in any market.

Compensation Schemes

The Depositor Compensation Scheme

The Depositor Compensation Scheme is a rescue fund for depositors of failed banks which are licensed by the Malta Financial Services Authority. The Scheme can only pay compensation if a bank is unable to meet its obligations towards depositors or has otherwise suspended payment. The Scheme is based on the EU Directive 2014/49/EU on deposit guarantee schemes.

More information on the Depositor Compensation Scheme may be obtained from the Compensation Scheme website by clicking [here](#). More information may also be obtained by clicking [here](#) and viewing the Depositor Compensation Scheme Information Sheet.

The Investor Compensation Scheme

The Investor Compensation Scheme is a rescue fund for customers of failed investment firms which are licensed by the Malta Financial Services Authority. The Scheme can only pay compensation if a licensed investment firm is unable or likely to be unable to pay claims against it. In general this is when the licensed firm stops trading or becomes insolvent. The Scheme is based on the EU Directive 97/9 on investor compensation schemes.

More information on the Investor Compensation Scheme may be obtained from the Compensation Scheme website by clicking [here](#).

The Control of Assets Regulations

The Investment Services Act (Control of Assets) Regulations (S.L. 370.05) and the Investment Services Act (Custodians of Collective Investment Schemes) Regulations (S.L. 370.32) posit the overarching principles governing the holding and control of clients' assets by investment services licence holders and custodians / depositaries of collective investment schemes respectively. Custody accounts for securities are held as 'Clients' Accounts' and are segregated from the Bank's assets in accordance with the said Regulations.

The Investment Services Act (Control of Assets) Regulations (S.L. 370.05) may be viewed by clicking [here](#), whilst the Investment Services Act (Custodians of Collective Investment Schemes) Regulations (S.L. 370.32) may be viewed [here](#).

Selected Key Financial Soundness Indicators – Q1 2020

Item	Indicator / Ratio	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	BRRD Thresholds	
							EWS	Ri
LEVERAGE								
<i>ABSOLUTE (IN €Millions)</i>								
ii	Total On Balance Sheet Exposures	723,306	839,455	849,569	810,756	811,673		
ix	Total Off Balance Sheet Exposures	9,136	22,962	28,481	12,633	29,126		
<i>PERCENTAGES</i>								
	Leverage Ratio	4.0%	3.5%	3.8%	4.0%	3.9%	3.50%	3.00%
PROFITABILITY								
<i>PERCENTAGES</i>								
	Return on Assets	0.8%	0.8%	0.66%	0.72%	0.58%	0.20%	0.00%
	Return on Equity	19.7%	18.1%	14.7%	11.2%	13.5%	8.00%	5.00%
	Cost to Income Ratio	41.0%	39.8%	44.6%	44.5%	52.6%	50.00%	60.00%
	Decrease in Total revenue (actual vs budgeted results)	24.9%	25.9%	20.9%	14.7%	8.3%	30.00%	50.00%
<i>ABSOLUTE (IN €)</i>								
	Significant Operational Losses	-	-	-	-	-	> EUR 480,000	> EUR 1,107,750
LIQUIDITY (ILAAP)								
<i>PERCENTAGES</i>								
	Liquid Assets to Short-Term Liabilities	90.2%	78.0%	78.4%	77.2%	74.7%		
	Liquid Assets to Total Assets	85.2%	74.1%	75.3%	72.8%	70.4%	50%	40%
	Liquidity Coverage Ratio	695.3%	565.8%	437.0%	431.6%	411.9%	150%	100%
	Net Stable Funding Ratio	419.5%	545.1%	518.2%	433.6%	298.1%	150%	100%
PILLAR 1 / PILLAR 2 / OWN FUNDS (ICAAP)								
<i>ABSOLUTE (IN €Thousands)</i>								
iii	Credit Risk	81,173	63,256	68,048	99,616	129,633		
iv	Market Risk	664	603	729	1,078	929		
v	Operational Risk	17,401	17,401	17,401	20,699	20,699		
vi	Total Pillar 1 Risk	99,238	81,260	86,178	121,393	151,262		
	Pillar 2 Risk	-	-	-	-	-		
	Total SREP Capital Requirements (TSCR)	7,939	6,501	6,894	9,711	12,101		
vii	Capital Conservation Buffer	1,524	1,524	1,616	3,035	3,782		
	Countercyclical Capital Buffer	2	3	3	166	200		
viii	Overall Capital Requirements	9,465	8,027	8,513	12,912	16,083		
i	Own Funds	25,196	29,096	32,806	32,157	32,094	20,000	15,000
<i>PERCENTAGES</i>								
	Risk Weighted Assets as a % of Total Assets	13.7%	9.7%	10.1%	15.0%	19%	40%	50%
	Capital Adequacy Ratio	25.4%	35.8%	38.1%	26.5%	21.2%	14%	11%
INTEREST RATE SHOCK ANALYSIS (ICAAP)								
<i>ABSOLUTE (IN €Thousands)</i>								
vii	Total Market Risk (Change in Value)	-5,169	-6,007	-7,980	-5,457	-6,293		
<i>PERCENTAGES</i>								
	Duration of Equity	20.5%	20.6%	24.3%	17.0%	19.6%		
RISK BEARING CAPACITY / STRESS TESTING								
<i>ABSOLUTE (IN €Millions)</i>								
	Reduction in Capital (due to Stress Test Result)	925	925	925	925	925		
x	Maximum Risk Limit	24,271	28,171	31,881	31,232	31,169		
<i>PERCENTAGES</i>								
	Utilisation Risk Limit	39%	28%	27%	41%	52%		
	Current Utilisation	38%	28%	26%	40%	50%		