

# MFSA

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## MALTA FINANCIAL SERVICES AUTHORITY

In preparation of the European Central Bank (ECB) assuming full responsibility for the supervision of significant banks as part of the Single Supervisory Mechanism (SSM) and in terms of Council Regulation (EU) No 1024/2013 of 15 October 2013, the Malta Financial Services Authority (MFSA) is seeking to appoint auditors and appraisers for the purpose of carrying out a Comprehensive Assessment (CA) including an Asset Quality Review (AQR) of significant credit institutions.

The CA will consist of three elements: i) a supervisory risk assessment to review, quantitatively and qualitatively, key risks, including liquidity, leverage and funding; ii) an AQR to enhance the transparency of bank exposures by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions; and iii) a stress test to examine the resilience of banks' balance sheet to stress scenarios.

The selected parties will, for the purposes of the AQR, be appointed as inspectors in terms of Article 22 of the Banking Act. The AQR, in the form of a risk-based, targeted exercise, will include an analysis of institutions' data on relevant credit and securities portfolios and the review of applicable risk processes. The AQR will be completed before the SSM assumes supervisory responsibility in November 2014.

The auditors' and appraisers' support is anticipated in a number of key areas related to the auditing and appraisal of in-scope assets of significant banks following relevant portfolio selection by the MFSA as endorsed by the ECB. These include:

1. Auditors for the banking book review;
2. Appraisers of in-scope assets of the selected credit institutions in relation to real estate.

Accordingly, the MFSA invites interested auditors and appraisers to submit proposals regarding the tasks detailing the information outlined in the *Request for Proposal for Asset Quality Review, Banking Book Audit* (as published on the MFSA website) and the *Request for Proposal for Asset Quality Review, Real Estate Appraisal* (as published on the MFSA website).

Qualified persons/entities are invited to submit their proposal by not later than 17.00 hours of the **27th January, 2014**. Following this date, the MFSA will open a process of questions and answers (Q&A) in which the parties may be requested to amend part of their proposals or to provide additional information. The tentative period for this Q&A process is between the **30th January, 2014 and the 31st January, 2014**. The final decision based on the criteria stipulated in the documentation uploaded on the MFSA's web-site, will be communicated to the persons/entities and the general public not later than the **6th February, 2014**.

The MFSA reserves the right not to appoint any of the persons/entities that declare their interest in response to this call. Submission of proposals in sealed envelopes marked "Confidential" should be addressed for the attention of the **National Project Management Office c/o Banking Supervision Unit, Malta Financial Services Authority, Notabile Road, Attard, BKR 3000, Malta**.