BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

MFSA MALTA FINANCIAL SERVICES AUTHORITY

STATEMENT OF DECISION ON THE IDENTIFICATION OF OTHER SYSTEMICALLY IMPORTANT INSTITUTIONS AND THE RELATED CAPITAL BUFFER CALIBRATION

Background

The Other Systemically Important Institutions ("O-SIIs") capital buffer is a macro-prudential tool legally embedded in the CRD/CRR framework which, in turn, has been domestically transposed in the Central Bank of Malta Directive No. 11 and Malta Financial Services Authority Banking Rule 15.[1,2] The O-SII buffer consists of a capital surcharge which is applied to institutions that, due to their systemic importance, are more likely to pose risks to financial stability, i.e. the O-SIIs. This capital buffer is applied to domestic O-SIIs to enhance their resilience by increasing their loss absorbing capacity, thereby reducing the likelihood that financial stress within these institutions could adversely affect financial stability as well as the economy. The O-SII buffer is reviewed by the Central Bank of Malta jointly with the Malta Financial Services Authority (hereinafter collectively referred to as 'the Authorities') on an annual basis.

Pursuant to LN 29 of 2014 (S.L.204.06) and considering the EBA Guidelines for the assessment of O-SIIs, the Authorities developed a methodology for the identification of O-SIIs and the related capital calibration.[3] The MT O-SII Methodology is therefore designed to reflect the characteristics of the domestic financial sector by capturing the main transmission channels of systemic risk in Malta.[4]

1. Identified O-SIIs and effective O-SII buffer rates

The same four credit institutions identified as O-SIIs during the preceding exercise (2025), have been re-confirmed during the 2026 exercise. The table below lists these institutions together with their respective O-SII scores and effective O-SII capital buffer rates. These credit institutions have been contacted separately and were provided with more details on the results of the methodology and the respective applicable capital buffer rates.

Table 1: Designated O-SIIs and effective capital buffer rates

Credit Institution	O-SII Score (bps)	Fully loaded O-SII capital buffer rate
Bank of Valletta plc (BOV)	2975	2.00%
HSBC Bank Malta plc (HSBC MT)	1427	1.25%*
MDB Group Limited (MED)	1298	1.00%**
APS Bank plc (APS)	828	0.50%

*HSBCMT qualifies for the provisions of Article 131(8) of CRD, which results in the capping of HSBCMT's O-SII buffer to 1.25% (refer to section 1.2 for more details).
** Refer to section 1.1 for considerations in relation to MDB's O-SII buffer rate.

[1] Directive No. 11 – Macro-prudential Policy
[2] BR15 - Capital Buffers of Credit Institutions a Authorised under the Banking Act
[3] Criteria to determine the conditions of application of Article 131(3) of Directive 2013/36/EU (CRD) in relation to the assessment of other systemically important institutions (O-SIIs) https://eba.europa.eu/sites/default/documents/files/documents/10180/930752/964fa8c7-6f7c-431a-8c34-82d42d112d91/EBA-GL-2014-10%20(Guidelines%20on%20O-SIIs%20Assessment).pdf.
[4] CBM-MFSA Policy Document on the revised methodology for the identification of other systemically important institutions (O-SIIs) and the related capital buffer calibration': https://www.centralbankmalta.org/site/Financial-Stability/O-SII/o-sii-policy-document.pdf?revcount=4986

1.1 Considerations on MDB Group Limited

MDB Group Ltd.'s O-SII score continues to be driven primarily by the 'complexity' and 'interconnectedness' indicators, reflecting the significance of the Group's Belgian subsidiary within the consolidated structure.

In this regard, the degree of systemic risk to Malta posed by the Group remains adequately covered by a 1.00% O-SII buffer rate for MDB Group Ltd. Accordingly, the Authorities have decided to retain MDB Group Ltd. with a 1.00% O-SII buffer rate, which was fully phased in as from January 2025. This decision is also in line with the preceding O-SII iteration.

1.2 Considerations on HSBC Bank Malta p.l.c.

HSBC Bank Malta p.l.c. (HSBCMT) O-SII score derived from the MT O-SII methodology corresponds with a 1.50% O-SII buffer. The Authorities are of the view that this 1.50% O-SII buffer remains the most appropriate level of O-SII capital buffer for HSBCMT to address the level of systemic risks the bank poses to Malta. Nevertheless, the Authorities' O-SII buffer decisions are also bound by legal provisions embedded in Article 131(8) of Directive 2013/36/EU of the European Parliament and of the Council, as amended by Directive (EU) 2024/1619 of the European Parliament and of the Council (CRD VI).

Since HSBC Bank Malta plc's (HSBCMT) current parent, HSBC Continental Europe (HBCE) is designated as an O-SII by the French Prudential Supervision and Resolution Authority (ACPR), HSBCMT qualifies for the provisions of Article 131(8) of CRD, capping HSBCMT's O-SII buffer to 1.25%.

2. O-SII Buffer Provisions

Bank of Valletta plc, HSBC Bank Malta p.l.c., MDB Group Limited and APS Bank plc are all meeting their fully loaded O-SII buffers and have not registered any changes to their buffer rate as a result of this year's O-SII iteration. Consequently, these institutions are being requested to continue maintaining their respective fully loaded O-SII buffer rates during 2027.

The decision on the capital buffer rates for the designated O-SIIs to be held during the year 2027, enters into force as of 1st January 2027.

30 July 2026