# Pillar 3 Disclosures

31st March 2025

Issued by Bank of Valletta p.l.c., 58, Triq San Żakkarija, Il-Belt Valletta, VLT 1130 – Malta

# Bank of Valletta at a Glance

Bank of Valletta plc. (hereinafter referred to as 'the Bank' or 'the Group') is one of the Malta's leading banks providing banking, financial, and investment services to private, business, and corporate clients within the domestic market. BOV is licensed to carry out its activity in terms of the Banking Act, 1994 (Chapter 371, Laws of Malta) and the Investment Services Act, 1994 (Chapter 370, Laws of Malta). BOV is headquartered in Santa Venera from where it manages a nationwide branch network and investment centres, servicing the banking needs of residents across Malta and Gozo.

The Bank is the parent institution of two fully owned subsidiary companies (BOV Asset Management Limited and BOV Fund Services Limited) and two equity-accounted investee companies (MAPFRE Middlesea plc and MAPFRE MSV Life plc.), which together comprise the Bank of Valletta Group. A detailed description of the Group is provided in the Annual Report and Financial Statements 2024.

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# 1 Introduction

The Basel III capital adequacy framework consists of three complementary pillars. Pillar 1 provides a framework for measuring minimum capital requirements for credit, market, and operational risks. Pillar 2 establishes a system of supervisory review aimed at improving banks' internal risk management and capital adequacy assessment in line with their risk profile. Pillar 3 is intended to enhance market discipline and requires banks to publish a range of disclosures aimed at providing further insight on the capital and liquidity structures including their adequacy and risk management practices.

The Pillar 3 Disclosures bearing reference date 31st March 2025 comprise both quantitative and qualitative information required under Pillar 3. These disclosures are made in accordance with Part Eight of the Capital Requirements Regulation (CRR III)[1] and the European Banking Authority's (EBA) Pillar 3 Disclosure Guidelines[2]. Furthermore, the Pillar 3 Disclosures are compliant with the 'Reporting Framework' issued by the European Banking Authority.

This report provides an updated overview of the Group's capital adequacy, risk weighted assets, and liquidity, in accordance with EBA Pillar 3 Disclosure Guidelines[2] and EBA Pillar 3 Implementing Technical Standard[3].

Data from previous disclosures (i.e. March, June, September, and December 2024) across all templates has been reported in accordance with CRR II[4] requirements. This approach was adopted as the CRR III[1] regulatory requirements for Pillar 3 disclosures entered into force in 2025.

## 1.1 Statement of the Management Body

In line with Article 431 (3) CRR[5] and CRR II[4], the Bank has disclosed all information within the Pillar 3 Disclosures in accordance with the disclosure requirements, formal policies and internal processes, systems, and controls.

Furthermore, to ensure accuracy and assurance of the Pillar 3 Disclosures quality, the quantitative templates were subjected to quality assurance tests by the Quality Assurance on Risk Data Unit (QARDU) within the Risk Coordination and Quality Department of the Risk function. The Pillar 3 Disclosures are not subject to external audit.

Before publication, the Pillar 3 Disclosures were also approved by the Banks' relevant committees and the Board.

[1] Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31st May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor **Link**

[2] EBA (June 2017) EBA/GL/2016/11, version 2, *Final report - Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013*. Link.

[3] EBA (2024) EBA/ITS/2024/05 – Final Draft implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013. Link

[4] Regulation (EU) 2019/876 of the European Parliament and of the Council of 20th May 2019 amending Regulation (EU) No 575/2013. Link

[5] Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26th June 2013. Link

# 2 Risk Measurement and Key Risk Metrics

The Group's risk measurement and reporting system is an integral part of the Group's risk management approach. The roles and responsibilities with respect to risk measurement include data collection, data reconciliation, and data quality verification and validation. BOV monitors the residual material risks through the set risk thresholds included in the risk appetite framework (RAF). In certain instances, a root cause analysis is carried out to identify the main cause of a breach.

The risk measurement system supports regulatory reporting and external disclosures, as well as internal management reporting. Internal reporting highlights the Group's risk profile position as well as providing insight on material risks specific to the Group and/or business divisions. The following table provides a summary of the Group's key metrics and overview of the risk-weighted exposure amounts.

Table 1: EU KM1- Key Metrics

| | | a | b | c | d | e |
|---|---|---|---|---|---|---|
| | *€ millions except where indicated* | 31 March 2025 | 31 December 2024 | 30 September 2024 | 30 June 2024 | 31 March 2024 |
| | **Available own funds (amounts)** | | | | | |
| 1 | Common Equity Tier 1 (CET1) capital | **1,227.96** | 1,234.46 | 1,180.72 | 1,183.29 | 1,122.56 |
| 2 | Tier 1 capital | **1,227.96** | 1,234.46 | 1,180.72 | 1,183.29 | 1,122.56 |
| 3 | Total capital | **1,491.82** | 1,497.60 | 1,343.43 | 1,346.53 | 1,285.27 |
| | **Risk-weighted exposure amounts** | | | | | |
| 4 | Total risk exposure amount | **5,632.81** | 5,468.00 | 5,241.99 | 5,306.18 | 5,204.37 |
| 4a | Total risk exposure pre-floor | **5,632.81** | | | | |
| | **Capital ratios (as a percentage of risk-weighted exposure amount)** | | | | | |
| 5 | Common Equity Tier 1 ratio (%) | **21.80%** | 22.58% | 22.52% | 22.30% | 21.57% |
| 5a | Not applicable | | | | | |
| 5b | Common Equity Tier 1 ratio considering unfloored TREA (%) | **21.80%** | | | | |
| 6 | Tier 1 ratio (%) | **21.80%** | 22.58% | 22.52% | 22.30% | 21.57% |
| 6a | Not applicable | | | | | |
| 6b | Tier 1 ratio considering unfloored TREA (%) | **21.80%** | | | | |
| 7 | Total capital ratio (%) | **26.48%** | 27.39% | 25.63% | 25.38% | 24.70% |
| 7a | Not applicable | | | | | |
| 7b | Total capital ratio considering unfloored TREA (%) | **26.48%** | | | | |
| | **Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)** | | | | | |
| EU 7d | Additional own funds requirements to address risks other than the risk of excessive leverage (%) | **2.75%** | 2.75% | 2.75% | 2.75% | 2.75% |
| EU 7e | of which: to be made up of CET1 capital (percentage points) | **1.55%** | 1.55% | 1.55% | 1.55% | 1.55% |
| EU 7f | of which: to be made up of Tier 1 capital (percentage points) | **2.06%** | 2.06% | 2.06% | 2.06% | 2.06% |
| EU 7g | Total SREP own funds requirements (%) | **10.75%** | 10.75% | 10.75% | 10.75% | 10.75% |
| | **Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure** | | | | | |
| 8 | Capital conservation buffer (%) | **2.50%** | 2.50% | 2.50% | 2.50% | 2.50% |
| EU 8a | Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%) | **-** | - | - | - | - |
| 9 | Institution specific countercyclical capital buffer (%) | **0.02%** | 0.02% | 0.02% | 0.03% | 0.02% |
| EU 9a | Systemic risk buffer (%) | **0.32%** | 0.28% | 0.27% | 0.26% | 0.26% |
| 10 | Global Systemically Important Institution buffer (%) | **-** | - | - | - | - |
| EU 10a | Other Systemically Important Institution buffer (%) | **2.00%** | 2.00% | 2.00% | 2.00% | 2.00% |
| 11 | Combined buffer requirement (%) | **4.85%** | 4.80% | 4.79% | 4.79% | 4.78% |
| EU 11a | Overall capital requirements (%) | **15.60%** | 15.55% | 15.54% | 15.54% | 15.53% |
| 12 | CET1 available after meeting the total SREP own funds requirements (%) | **13.74%** | 14.51% | 14.46% | 14.24% | 13.51% |
| | **Leverage ratio** | | | | | |
| 13 | Total exposure measure | **16,193.96** | 15,437.48 | 14,827.65 | 14,768.37 | 14,860.47 |
| 14 | Leverage ratio (%) | **7.58%** | 8.00% | 7.96% | 8.01% | 7.55% |
| | **Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)** | | | | | |
| EU 14a | Additional own funds requirements to address the risk of excessive leverage (%) | **-** | - | - | - | - |
| EU 14b | of which: to be made up of CET1 capital (percentage points) | **-** | - | - | - | - |
| EU 14c | Total SREP leverage ratio requirements (%) | **3.00%** | 3.00% | 3.00% | 3.00% | 3.00% |
| | **Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)** | | | | | |
| EU 14d | Leverage ratio buffer requirement (%) | **-** | - | - | - | - |
| EU 14e | Overall leverage ratio requirement (%) | **3.00%** | 3.00% | 3.00% | 3.00% | 3.00% |
| | **Liquidity Coverage Ratio** | | | | | |
| 15 | Total high-quality liquid assets (HQLA) (Weighted value -average) | **5,970.33** | 5,803.69 | 5,671.59 | 5,663.39 | 5,870.70 |
| EU 16a | Cash outflows - Total weighted value | **2,312.83** | 2,247.20 | 2,177.15 | 2,144.78 | 2,138.64 |
| EU 16b | Cash inflows - Total weighted value | **662.48** | 615.25 | 595.23 | 635.70 | 689.55 |
| 16 | Total net cash outflows (adjusted value) | **1,650.35** | 1,631.94 | 1,581.92 | 1,509.08 | 1,449.08 |
| 17 | Liquidity coverage ratio (%) | **361.67%** | 355.64% | 359.18% | 378.73% | 409.24% |
| | **Net Stable Funding Ratio** | | | | | |
| 18 | Total available stable funding | **12,379.23** | 12,268.12 | 11,832.95 | 11,787.62 | 11,586.36 |
| 19 | Total required stable funding | **6,596.73** | 6,266.71 | 6,252.11 | 6,434.63 | 6,437.48 |
| 20 | NSFR ratio (%) | **187.66%** | 195.77% | 189.26% | 183.19% | 179.98% |

The Bank maintains a strong capital position and can meet all the capital requirements. This is reflected in the total capital, Tier 1 capital, and Common Equity Tier 1 (CET1) capital movements. The Net Stable Funding Ratio (NSFR) decreased by a relative 4.14% (or 8.11% in absolute terms), due to an increase of €330.02 million in the total Required Stable Funding (RSF) emanating mainly from significant increases in loans to non-financial customers (excluding central banks) where such loans are assigned a risk weight of 35% or less and possess a maturity that is more than one year. The latter was partially offset by a decrease in non-high quality liquid assets (HQLA) securities and exchange traded equities. An increase of €111.11 million in the Available Stable Funding (ASF) was experienced. This emanated mainly from a rise in stable retail deposits and other retail deposits. This was netted off by a decline in liabilities provided by non-financial corporate customers. Furthermore, the total exposure measure increased by €756.48 million, and the total risk-weighted exposure amounts increased by €164.82 million. Nevertheless, the NSFR remains at a very tenable level of 187.66%, comfortably above the 100% regulatory minimum level.

# 3 Overview of the Total Risk Exposure Amounts (TREA)

In accordance with Article 438(d) of the CRR III[1], Table EU OV1 provides an overview of the total risk exposure amount (TREA), and the capital requirement for credit risk, as well as capital required for operational risk, foreign exchange risk, credit valuation adjustment risk, and securitization related to the MDB COVID-19 Assist Scheme.

Table EU OV1 shows that the TREA as of end March 2025 increased by €164.82 million when compared to December 2024. This rise is mostly due to an increase of €319.46 million in Credit Risk (excluding counterparty credit risk), mainly related to a rise in TREAs related to exposures secured by mortgages on immovable property and Acquisition, Development, and Construction (ADC) exposures, being partially offset by a decline in TREAs related to retail and corporate exposures. Furthermore, an increase of €11.68 million in Credit valuation adjustments risk was also reported, due to change in methodology in line with CRR3. This increase was partially offset by a decrease in TREAs of €165.79, related to Operational Risk, due to a change in methodology related to the Business Indicator Approach, in line with CRR III[1].

No capital is allocated for market risk as the Bank does not operate a trading book. Moreover, there is no Pillar 1 capital allocated for settlement risk, commodities risk, position risk, and large exposures. The exposure value is equal to the total on-balance sheet amount and off-balance sheet amount net of value adjustments, together with provisions and post credit conversion factor (CCF).

Table 2: EU OV1 – Overview of total risk exposure amounts

| | | a | b | c |
|---|---|---|---|---|
| | *€ millions* | | | |
| | | Total risk exposure amounts (TREA) | | Total own funds requirements |
| | | 31 March 2025 | 31 December 2024 | 31 March 2025 |
| 1 | **Credit risk (excluding CCR)** | **5,006.36** | **4,686.90** | **400.51** |
| 2 | Of which the standardised approach | 5,006.36 | 4,686.90 | 400.51 |
| 3 | Of which the Foundation IRB (F-IRB) approach | - | - | - |
| 4 | Of which slotting approach | - | - | - |
| EU 4a | Of which equities under the simple risk weighted approach | - | - | - |
| 5 | Of which the Advanced IRB (A-IRB) approach | - | - | - |
| 6 | **Counterparty credit risk - CCR** | **15.07** | **15.57** | **1.21** |
| 7 | Of which the standardised approach | - | - | - |
| 8 | Of which internal model method (IMM) | - | - | - |
| EU 8a | Of which exposures to a CCP | 0.08 | 0.08 | 0.01 |
| 9 | Of which other CCR | 14.99 | 15.48 | 1.20 |
| 10 | **Credit valuation adjustments risk - CVA risk** | **14.99** | **3.31** | **1.20** |
| EU 10a | Of which the standardised approach (SA) | - | - | - |
| EU 10b | Of which the basic approach (F-BA and R-BA) | - | - | - |
| EU 10c | Of which the simplified approach | 14.99 | 3.31 | 1.20 |
| 11 | Not applicable | | | |
| 12 | Not applicable | | | |
| 13 | Not applicable | | | |
| 14 | Not applicable | | | |
| 15 | **Settlement risk** | **-** | **-** | **-** |
| 16 | **Securitisation exposures in the non-trading book (after the cap)** | **5.43** | **6.23** | **0.43** |
| 17 | Of which SEC-IRBA approach | - | - | - |
| 18 | Of which SEC-ERBA (including IAA) | - | - | - |
| 19 | Of which SEC-SA approach | 5.43 | 6.23 | 0.43 |
| EU 19a | Of which 1250% / deduction | - | - | - |
| 20 | **Position, foreign exchange and commodities risks (Market risk)** | **3.66** | **2.90** | **0.29** |
| 21 | Of which the Alternative standardised approach (A-SA) | - | - | - |
| EU 21a | Of which the Simplified standardised approach (S-SA) | 3.66 | 2.90 | 0.29 |
| 22 | Of which Alternative Internal Model Approach (A-IMA) | - | - | - |
| EU 22a | Large exposures | - | - | - |
| 23 | Reclassifications between the trading and non-trading books | - | - | - |
| 24 | **Operational risk** | **587.30** | **753.09** | **46.98** |
| EU 24a | Exposures to crypto-assets | - | - | - |
| 25 | **Amounts below the thresholds for deduction (subject to 250% risk weight)** | **254.70** | **254.75** | **20.38** |
| 26 | Output floor applied (%) | - | - | |
| 27 | Floor adjustment (before application of transitional cap) | - | - | |
| 28 | Floor adjustment (after application of transitional cap) | - | - | |
| **29** | **Total** | **5,632.81** | **5,468.00** | **450.63** |

# 4 Liquidity Risk

During 2017, the EBA issued a set of guidelines (EBA/GL/2017/01) which aim to harmonize the disclosures in line with the CRR[5] Article 435(1) in relation to liquidity risk. Additional disclosures relating to liquidity risk are provided in the Notes to the Annual Report and Financial Statements 2024 Note 39.3.

Liquidity risk is the risk that a bank is unable to meet its current or future payment obligations as they fall due, and/or to replace at reasonable cost, when funds are withdrawn, even when this occurs unexpectedly. *Funding liquidity risk* arises when a bank is not able to efficiently meet various cash flow and collateral needs without affecting its daily operations and/or financial position. In contrast, *market liquidity risk* arises when a bank is not able to easily offset or eliminate positions at the market price because of inadequate market depth and/or market disruption. The Bank has always taken the management of liquidity risk very seriously; to this end, the objective of the Bank's liquidity risk management actions is to ensure that both foreseeable and unpredicted funding commitments can be met when due and at a reasonable cost.

Since the implementation of the European regulatory Liquidity Coverage Ratio (LCR) requirement, the Bank has consistently exhibited levels well above the 100% minimum requirement. As at end of March 2025, the Bank was well positioned with an LCR of 369.55% (December 2024, 369.01%).[6]

The absolute quarterly increase of 0.54% in the LCR (relative increase of 0.15%) is mainly attributable to several elements. On the part of 'Outflows', the main drivers were the decreases in non-operational deposits and outflows from derivatives, along with an increase in retail deposits. All these items contributed to a 3.29% drop in 'Outflows' when compared to the previous quarter. Moreover, 'Inflows' exhibited a relative decrease of 4.41% when compared to the previous quarter end. This reduction is mainly attributed to a drop in monies due from central banks and financial customers and inflows from derivatives, together with an increase in monies due from securities maturing within 30 days.

Such movements resulted in a decrease of 2.81% in the 'Net Liquidity Outflows' (LCR denominator). This together with a drop of around 2.67% in the 'Liquidity Buffer' (LCR numerator), resulted in the abovementioned LCR increase when compared to the previous quarter. The slight reduction in the 'Liquidity Buffer' resulted mainly due to a drop in the withdrawable central bank reserves. Nevertheless, the LCR reading as at the end March 2025 of 369.55% continued to exhibit a very robust level of more than three-and-a-half times the regulatory minimum attesting to BOV's resilient liquidity risk profile.

Table EU LIQ1 disclosed below provides quantitative LCR information which complements CRR[5] Sub-article 435 (1) (f). No other factors other than those specified in the template are included in the LCR calculation.

[6] The LCR values stated in the narrative are point-in-time readings as of 31.03.2025 and 31.12.2024 respectively. It is to be noted that the LCR figures for the corresponding dates in Table 3 (EU LIQ 1) relate to an average of 12 historical readings, hence the slightly different results.

Table 3: EU LIQ1 - Quantitative information of LCR

| | | a | b | c | d | e | f | g | h |
|---|---|---|---|---|---|---|---|---|---|
| **€ millions** | | | | | | | | | |
| | | **Total unweighted value (average)** | | | | **Total weighted value (average)** | | | |
| EU 1a | Quarter ending on (DD Month YYY) | **31 March 2025** | **31 December 2025** | **30 September 2024** | **30 June 2024** | **31 March 2025** | **31 December 2025** | **30 September 2024** | **30 June 2024** |
| EU 1b | Number of data points used in the calculation of averages | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| | **HIGH-QUALITY LIQUID ASSETS** | | | | | | | | |
| 1 | Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61 | | | | | 5,970.33 | 5,803.69 | 5,671.59 | 5,663.39 |
| | **CASH - OUTFLOWS** | | | | | | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 9,231.94 | 9,107.59 | 9,035.24 | 8,983.18 | 605.33 | 596.75 | 592.63 | 590.36 |
| 3 | *Stable deposits* | 6,426.52 | 6,349.62 | 6,293.86 | 6,244.49 | 321.33 | 317.48 | 314.69 | 312.22 |
| 4 | *Less stable deposits* | 2,805.42 | 2,757.97 | 2,741.39 | 2,738.69 | 284.00 | 279.26 | 277.94 | 278.14 |
| 5 | Unsecured wholesale funding | 3,133.28 | 3,058.24 | 2,966.07 | 2,954.56 | 1,331.55 | 1,308.53 | 1,279.19 | 1,285.55 |
| 6 | *Operational deposits (all counterparties) and deposits in networks of cooperative banks* | - | - | - | - | - | - | - | - |
| 7 | *Non-operational deposits (all counterparties)* | 3,129.87 | 3,054.83 | 2,965.58 | 2,954.23 | 1,328.15 | 1,305.12 | 1,278.71 | 1,285.22 |
| 8 | *Unsecured debt* | 3.41 | 3.41 | 0.48 | 0.33 | 3.41 | 3.41 | 0.48 | 0.33 |
| 9 | *Secured wholesale funding* | | | | | 5.79 | 6.64 | 8.95 | 6.13 |
| 10 | Additional requirements | 2,906.68 | 2,773.05 | 2,574.57 | 2,417.11 | 302.08 | 269.48 | 232.18 | 195.96 |
| 11 | *Outflows related to derivative exposures and other collateral requirements* | 74.36 | 50.02 | 28.94 | 1.23 | 74.36 | 50.02 | 28.94 | 1.23 |
| 12 | *Outflows related to loss of funding on debt products* | - | - | - | - | - | - | - | - |
| 13 | *Credit and liquidity facilities* | 2,832.32 | 2,723.02 | 2,545.63 | 2,415.87 | 227.71 | 219.46 | 203.24 | 194.72 |
| 14 | Other contractual funding obligations | 64.83 | 62.52 | 60.79 | 63.09 | 61.61 | 59.25 | 57.62 | 60.23 |
| 15 | Other contingent funding obligations | 129.40 | 131.12 | 131.35 | 131.06 | 6.47 | 6.56 | 6.57 | 6.55 |
| 16 | **TOTAL CASH OUTFLOWS** | | | | | 2,312.83 | 2,247.20 | 2,177.15 | 2,144.78 |
| | **CASH - INFLOWS** | | | | | | | | |
| 17 | Secured lending (e.g. reverse repos) | - | - | - | - | - | - | - | - |
| 18 | Inflows from fully performing exposures | 808.21 | 792.49 | 764.08 | 819.98 | 525.90 | 516.44 | 496.25 | 558.89 |
| 19 | Other cash inflows | 136.58 | 98.81 | 98.98 | 76.80 | 136.58 | 98.81 | 98.98 | 76.80 |
| EU-19a | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) | | | | | - | - | - | - |
| EU-19b | (Excess inflows from a related specialised credit institution) | | | | | - | - | - | - |
| 20 | TOTAL CASH INFLOWS | 944.79 | 891.30 | 863.06 | 896.78 | 662.48 | 615.25 | 595.23 | 635.70 |
| EU-20a | *Fully exempt inflows* | - | - | - | - | - | - | - | - |
| EU-20b | *Inflows subject to 90% cap* | - | - | - | - | - | - | - | - |
| EU-20c | *Inflows subject to 75% cap* | 944.79 | 891.30 | 863.06 | 896.78 | 662.48 | 615.25 | 595.23 | 635.70 |
| | **TOTAL ADJUSTED VALUE** | | | | | | | | |
| EU-21 | LIQUIDITY BUFFER | | | | | 5,970.33 | 5,803.69 | 5,671.59 | 5,663.39 |
| 22 | TOTAL NET CASH OUTFLOWS | | | | | 1,650.35 | 1,631.94 | 1,581.92 | 1,509.08 |
| 23 | LIQUIDITY COVERAGE RATIO | | | | | 361.67% | 355.64% | 359.18% | 378.73% |

The Bank's liquidity buffer as of 31st March 2025, quoted at post-haircut values, may be segmented into the following High Quality Liquidity Assets (HQLA) classes:

- Level 1 assets (99.12%), mainly composed of central government assets (71.64%)**,** multilateral development bank and international organizations' assets (15.43%), followed by withdrawable central bank reserves (11.81%).
- Level 2A assets (0.54%), mainly composed of regional government or public sector entity assets with a 20% risk weight (56.27%), and

  Level 2B assets (0.34%), composed of corporate debt securities Credit Quality Step 2 or 3.

With regards to derivative exposures, most outflows and other collateral requirements shown in 'Outflows related to derivative exposures and other collateral requirements' (line item 11). The latter which amounted to €74.36 million are in relation to derivative contractual cash outflows that are offset by derivative cash inflows shown in 'Other cash inflows' (line item 19) ultimately amounting to €136.58 million. Furthermore, the Bank has no potential collateral calls.

The LCR is also assessed by currency. Since no other currency other than the domestic currency exceeds the 5.00% aggregate amount of liabilities to total liabilities, only the euro denominated LCR was calculated. In fact, 96.57% of total liabilities are euro denominated. In principle, BOV does not finance its assets in a currency different from that in which the assets are denominated.

The top 10 Bank's deposit groups (including groups of connected depositors) comprised 5.40% of total customer deposits whilst the top 20 depositors amounted to 7.81% of total customer deposits. The large, diversified, and relatively stable customer deposit base avoids reliance on wholesale funding from financial customers. In fact, all the other customers individually do not exceed more than circa 0.19% each of the total customer deposit base. An analysis of concentration by product type demonstrates that retail deposits accounted for 69.44% of total funding (of which, 68.86% are retail on-demand deposits and 0.58% are retail term deposits), followed by unsecured wholesale funding amounting to 27.23% (of which 20.74% are deposits from non-financial customers, 4.48% consist of Minimum Requirement for own funds and Eligible Liabilities (MREL) Bonds and MREL Tier 2 Bonds, and 2.01% are deposits from financial customers) and finally 3.33% consist of secured wholesale funding. The weighted average residual maturity for retail term accounts not withdrawable within a 30-day time horizon, approximates 11 months.

# 5 Appendices

## 5.1 List of Abbreviations

| | |
|---|---|
| ADC | Acquisition, Development and Construction |
| ASF | Available Stable Funding |
| BOV | Bank of Valletta (as Group) |
| CCF | Credit Conversion Factor |
| CCR | Counterparty Credit Risk |
| CET | Common Equity Tier |
| COVID-19 | Coronavirus |
| CRR | Capital Requirements Regulation |
| EBA | European Banking Authority |
| EU | European Union |
| HQLA | High Quality Liquidity Assets |
| LCR | Liquidity Coverage Ratio |
| MDB | Malta Development Bank |
| MFSA | Malta Financial Services Authority |
| MREL | Minimum Requirement for own funds and Eligible Liabilities |
| NSFR | Net Stable Funding Ratio |
| QARDU | Quality Assurance on Risk Data Unit |
| RAF | Risk Appetite Framework |
| RSF | Required Stable Funding |
| RWA | Risk Weighed Exposure Amounts |
| RWEA | Risk Weighted Exposure Amount |
| TREA | Total Risk Exposure Amount |

## 5.2 List of Tables

## 5.3 Qualitative Disclosures

| | Pillar 3 Disclosures Location |
|---|---|
| **EU LIQB: Qualitative information on LCR, which complements template EU LIQ1** | Section 4 |

## 5.4 Non-Applicable Disclosures

| | Reason |
|---|---|
| **EU CR8: RWEA flow statements of credit risk exposures under the IRB approach** | The Bank does not utilize the IRB approach. |
| **EU CCR7: RWEA flow statements of CCR exposures under the IMM** | The Bank does not utilize the IMM approach. |
| **EU MR2-B: RWA flow statements of market risk exposures under the IMA** | The Bank does not utilize the IMA approach. |
| **EU ILAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs** | BOV is not a G-SII, is a resolution entity, and is an EU bank. |
| **EU CVA4 - RWEA flow statements of credit valuation adjustment risk under the Standardised Approach** | The Simplified method is used for CVA calculation. |
| **EU CMS1 - Comparison of modelled and standardised risk weighted exposure amounts at risk level** | The Bank does not use internal models to derive the RWAs. |
| **EU CMS2 - Comparison of modelled and standardised risk weighted exposure amounts** | The Bank does not use internal models to derive the RWAs. |

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