Malta’s Financial Services Industry
An Overview

Kenneth Farrugia
Chairman - FinanceMalta

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Agenda

1. About FinanceMalta – An Overview

2. Malta’s Financial Services Industry
   - Key Opportunities

3. Key Attractiveness Criteria

4. Concluding Remarks
FinanceMalta was established in 2007 as public-private partnership with a two pronged remit:

- strengthen Malta’s financial services brand through a comprehensive promotional program

- create networking opportunities for its members

Member based organisation - 200 corporate members from various financial services sectors and 60 affiliate members from other complementary economic sectors

Board of Governors - representing all industry associations and the Government of Malta
Malta’s Financial Services Industry
Malta’s Financial Centre
From domestic to regional

Overhaul of Malta’s financial, legal and regulatory framework
- “onshore Malta” response to Globalization & EU membership

Strong Growth in the Financial Services Industry
GDP contribution increases from 3% to 12%
Employs 10,000 people

1988
1994
2004
2013

International Corporate & Trusts Legislation
Offshore benefits within a UK Regulatory culture

EU Membership
Malta’s legal and regulatory framework meet EU standards.
Euro adoption in 2008

VISION
Malta’s Financial Services Industry - One of the Key Economic Enablers
Malta’s Financial Centre
Fast Growing Funds Sector

Development of a Cluster

- 581 Funds
- € 9.79 billion NAV
- 113 Investment Services Licences
- 26 Fund Administrators
- 6 Custodians

Growth driven by new fund set-ups and redomiciliations from non EU jurisdictions.

Source: Malta Financial Services Authority
Malta’s Financial Centre
Presence of key international insurance operators

CY 2004: 8 insurance operators
*CY 2013: 66 insurance operators – as at 30th September 2013
A Jurisdiction for Banking
Strong Presence of International Banks
Trust Sector
Steady Growth

- Growing number of Trusts and Trustees setting up in Malta.

Number of Trustees (Trust and Trustees Act)

As at 30th September 2013
A Fast Growing Financial Sector

BANKING

Credit and financial institutions in Malta

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit Institutions</th>
<th>Financial Institutions</th>
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<td>2012</td>
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ASSET MANAGEMENT

Experts in servicing a wide range of funds

- 26 fund administration companies
- 6 custodians
- 70 fund managers

TRUSTS

Number of Trustees (Trust and Trustees Act)

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<th>Year</th>
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<td>2012</td>
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INSURANCE

Insurance & Reinsurance 2008-2012

- Life
- Composite
- Excess
A unique interrelated blend of seven industries upon which Malta can focus future business attraction, retention, and entrepreneurial development efforts upon:

1. Financial Services
2. ICT and Shared Services
3. Advanced Manufacturing
4. Life Sciences and Health Services
5. International Educational Services
6. Tourism
7. Transportation and Logistics
Malta - a fast growing international business domicile

<table>
<thead>
<tr>
<th>Financial Services</th>
<th>Advanced Manufacturing</th>
<th>Aviation</th>
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<td>HSBC</td>
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<td>ICT and Shared Services</td>
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<td>Healthcare and Life Sciences</td>
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<td>Radisson</td>
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<td>Oracle</td>
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2. Malta’s Attractiveness Criteria
Attractiveness Criteria

Legal and Regulatory

- Single, accessible and responsive regulator
- Member of ESMA and EBA
- Comprehensive legislative and regulatory framework
- 67 Double Tax Agreements
- IFRS Standards since 1998

Intellectual Capabilities

- Significant Investment in the Educational System
- 400 year old university + F.E college
- Quality of English speaking human capital
- 8,000 strong workforce in financial services
- Multi lingual, well travelled employees
- Strong work ethic

Operational Considerations

- Access to the European market
- 3 hours from major UK airports
- Central European time zone
- 26 international banks
- International accounting and auditing firms
- Law firms affiliated to international networks
- Climate

Political and Economic

- Stable social and economic environment
- Sophisticated ICT infrastructure
- Closest EU country to the North African Region
- Schengen member
- Business friendly government
- Stable credit ratings
3 Key Success Factors
1. Operational Infrastructure

- Comprehensive legal and regulatory framework
- Meticulous yet accessible regulatory body
- Strong presence of legal, audit and accounting expertise
- Highly developed IT infrastructure
Very strong investment in the national educational system

- Strong learning culture – higher education supported by a stipend system - students are paid for studying
- Fully fledged 400 year old university providing various degree programs;
- Vocational College – covering accounting technicians courses and banking diplomas – again students are paid a stipend
- Highly qualified workforce having a very strong work ethic.
Key Success Factors
3. Lifestyle

- Cosmopolitan - safe living environment

- Over 7,000 years of history concentrated in just over 316 square kilometres

- A World Health Organization (WHO) survey ranked Malta 5th in the world for its standard of medical care

- Good flight connections to international destinations
Malta well connected internationally
International Attestations
World Economic Forum
Global Competitiveness Index 2012 – 2013

Rank out of 144 Countries

• Financial Market Development 15
• Soundness of the Banks 13
• Regulation of Securities Exchanges 12
• Strength of the auditing/reporting standards 16
• Quality of the Education System 16
• Quality of Math and Science Education 15
Further Information

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