


Compilation of Financial Institutions' Return Guidance Notes

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Contents

Revisions Log	4
List of Abbreviations	5
1. Introduction	6
2. Access & Compatibility of the Return	7
3. Submission of the FI Return	8
4. Compilation of the Return	9
4.1 Generally Applicable Guides	9
4.2 Standard Templates	10
(1) Cover Sheet	10
(2) Representations Sheet	11
(3) Index Sheet	11
(4) Input Sheet	12
(5) Income Statement and Balance Sheet	16
4.3 Regulatory Requirements	16
(1) Safeguarding Requirements	16
(2) Regulatory Requirements	19
(3) Own funds	19
4.4 Operations	19
(1) FI Services	19
(2) Conduct of Business	25
(3) Passporting	26
(4) Clients' Details	26
Annex 1: Breakdown of Own Funds	28
Annex 2: Various Definitions	37
(1) Residency	37
(2) Business to Consumer ('B2C')	38

Revisions Log



VERSION	DATE ISSUED	DETAILS
1.00	02/09/2024	Issuance of Document
1.01	15/10/2024	Revision on Audit Pack Due Dates

List of Abbreviations

MFSA	Malta Financial Services Authority
FI Act	Financial Institutions Act Cap 376
FIR	Financial Institutions Rules
BRs	Banking Rules
LH	License Holder
FI	Financial Institution
IFR	Interim Financial Institution Return
AFR	Annual Financial Institution Return
AAFR	Audited Annual Financial Institution Return
Q1/2/3	Quarter 1/2/3
PIs	Payments Institutions
EMIs	Electronic Money Institutions
ECB	European Central Bank
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
CRR	Capital Requirements Regulation
NCA	National Competent Authority
IRB	Internal Ratings Based Approach
CET1	Common Equity Tier 1
FVOCI	Fair Value Through Other Comprehensive Income

1. Introduction

As the single regulator for financial services in Malta, the Malta Financial Services Authority (“**MFSA**” or “**the Authority**”) is responsible for the authorisation and supervision of entities operating within the Payments and Electronic Money industry, which are in turn governed by inter alia, the Financial Institutions Act Cap 376 (“**FI Act**”).

In 2024, the MFSA has issued a Return applicable to FIs (“**the Return**”) in order to collect the data necessary for its supervisory engagements. In this respect, these Guidance Notes are intended to provide the relevant stakeholders with guidance on the compilation of the FI Returns.

2. Access & Compatibility of the Return

For each submission, the License Holder (“LH”) is required to compile and submit the **latest version** of the Return. In this respect, prior to every submission, the FI is required to download the latest version of the Return from the [MFSA Website](#). This is because the MFSA may, from time to time, update or amend the Return. The version control convention follows this pattern; “v:24-01-a” where “24” refers to the year of the update, “01” refers to the iteration within that year, and “a” refers to an immaterial change. When considering the version, please ignore the final letter.

The Return is supported by Microsoft Office 2013 suite onwards. Note that although programme applications may still access Microsoft Excel, they may jeopardize the integrity of the contents within the Return. In this regard, when programme applications other than Microsoft Excel are utilised, the LH is requested to ensure that the integrity and protection of the downloadable document are maintained at all times. Kindly note that the Return must be saved in *Microsoft Excel Spreadsheet (.xlsx)* format.

Please note that the protection on the sheets and workbook must remain intact at all times. Under no circumstances should the protection be removed or altered. If a LH encounters any technical difficulties, they should promptly contact the Authority at SUFintech@mfsa.mt or reach out to their designated Relationship Manager. Please be aware that if the submitted return is found to have its structure and/or protection compromised, it may be deemed invalid. In such a case, the License Holder would be considered non-compliant with the Rules.

3. Submission of the FI Return

LHs are required to submit the FI Return in accordance with the following guidelines:

1. Interim FI Return (IFR):

- LHs must prepare an IFR at intervals of three, six, and nine months after the accounting reference date.
- The first IFR should cover the three months immediately following the accounting reference date, the second IFR should cover the six months immediately following the accounting reference date, and the third IFR should cover the nine months immediately following the accounting reference date.
- Each IFR must be submitted within one month following its respective reporting date.

2. Annual FI Return (AFR):

- The AFR must cover a twelve-month period and should be submitted annually within one month of the accounting reference date.

3. Audited Annual FI Return (AAFR):

- The AAFR must be submitted within four months of the accounting reference date, along with the Audit Pack as detailed in the Financial Institutions Rulebook.

For detailed guidance on submission dates and methods, LHs should refer to the FI Regulatory Documentation Submissions Guide, and FIR03 which are available on the MFSA website.

Additional Submission Requirements:

- Returns must be compiled on a cumulative basis within the same financial year.
- All Returns must be uploaded in Microsoft Excel Spreadsheet (.xlsx) format via the LH Portal.
- LHs are also required to submit the Representations Sheet for the respective Return. This sheet must be signed in original by a minimum of two Directors or by any person authorised through a Board Resolution. For the AAFR, the Representations Sheet must also include the signature of the External Auditor.
- The representation sheet must be submitted in PDF format and separate from the Returns.

Please note that while this guidance is comprehensive, it is not exhaustive. Submissions that do not adhere to these guidelines may be deemed invalid, resulting in the LH being considered non-compliant with the Rules.

4. Compilation of the Return

This Section provides detailed explanations with respect to the compilation of several sheets within the Return, which are divided into 4 sections as follows;

- 4.1 Generally Applicable Guides
- 4.2 Standard Templates
- 4.3 Regulatory Templates
- 4.4 Operations

4.1 Generally Applicable Guides

This section outlines four essential checks to be conducted during the compilation of the Return:

- (i) Confirm the use of the most recent version available.
- (ii) Ensure that the application used is fully compatible with Microsoft Excel, and that the file's integrity is always maintained.
- (iii) In the event of file corruption, restart the process from the beginning or contact the MFSA for assistance.
- (iv) For any technical difficulties encountered, please contact the MFSA for support.

The compilation process of the Return should commence with the first worksheet (Cover Sheet), with details being methodically entered as required, beginning from the top and continuing to the end of each sheet. Additionally, users can navigate between sheets using the Index Sheet provided. It is important to note that sheets and cells are password-protected, except for grey-highlighted cells. These grey cells are intended as guides for users, indicating where data needs to be entered.

Unless instructed otherwise, or if the corresponding validation is green, all grey cells must be completed. If a data point is not applicable to the LH's scenario, input "0".

A *yellow, "Check"*, validation system has been adopted, flagging instances where regulatory requirements may not be met, the nature of the reported data appears contradictory or deviates from the norm. Therefore, FIs must thoroughly verify the accuracy of the entered data. In cases where no corrections are necessary, the Return may still be submitted with *yellow* validations.

4.2 Standard Templates

(1) Cover Sheet

DP Code	Details	Comment
FI-CS-1	Document Type	The Document type is selected from the dropdown menu, which identifies the three types of returns outlined in Section 3 of this Guidance. The document type should correspond to the period for which the Return is being prepared. <i>Selecting the incorrect document type may invalidate certain validations.</i>
FI-CS-2	Name of LH	The user is required to select the name of the Entity. <i>The FI Return cannot be compiled without selecting the LH Name. Should the institution fail to identify its name from the predefined list, the institution is to contact the Authority at its earliest.</i>
FI-CS-6a	Reporting Period (From)	The IFRs are cumulative in nature. The period must start from the first day of the financial year being reported. Insert dates using “/”, as a delimiter (ex: 01/01/2022). The delimiter “.” is NOT compatible and will invalidate the Return.
FI-CS-6b	Reporting Period (To)	This date is to be filled in after FI-CS-6a to ensure successful loading of the Return. Insert dates using “/”, as a delimiter (ex: 31/12/2022). The delimiter “.” is NOT compatible and will invalidate the Return.
FI-CS-8	Reporting Currency	The Return is to be prepared in the same currency used in the Audited Financial Statements (“AFS”).
FI-CS-9	Exchange Rate	With respect to the exchange rate, please ensure that this is quoted from the ECB’s website, as at the end of reporting period. The reporting currency shall be the base currency. If the reporting currency is EUR, enter “1”.
FI-CS-10	Accounting Framework	The user is required to specify the accounting framework used to prepare the Return, ensuring the accounting policies are consistent with those in the AFS.

(2) Representations Sheet

The Representations Sheet serves as the signature sheet of the Return, where the Directors of the LH, or any other individual authorised by a Board Resolution, are required to sign. This act signifies their review and confirmation of all declarations listed within this sheet. The Representations Sheet must be submitted with original/authentic signatures as delineated in the Financial Institutions Rulebook. Where documentation is required to be submitted to the Authority and such documentation is signed using a valid qualified signature in accordance with the [Circular](#) issued by the MFSA on the use of electronic signatures dated 15 November 2022, the Licence Holder is not required to submit such documentation in original.

The LH is responsible for accurately completing the Sheet and responding to all statements in relation to the relevant period. For instance, statement (i) states, "The License Holder did not register a shortfall on any of the capital requirements as applicable to it under the respective rules and regulations." Should there be a recorded shortfall in the capital requirements at any point within the financial year, even if rectified later, the response to this statement must reflect the occurrence of the shortfall within the reporting period.

FI-REP-014 provides space for LHs to include general comments.

It is imperative for LH to remember that the ultimate responsibility for submitting the Return by the designated deadline, as outlined in the Rules, lies with the Directors. They must ensure the accuracy and integrity of the reported content, ensuring no misrepresentation, omission, or miscalculation of material items. This responsibility holds irrespective of the official(s) assigned to populate the Return.

(3) Index Sheet

Prior to submitting the Return to the MFSA, the Institution must verify that all validations are marked "OK" (green). In cases where the validation appears as "Check" (yellow), it is imperative that the user reviews and confirms the accuracy of the reported data. Should the "Check"/Yellow validation indicate a requirement shortfall, the LH is obligated to provide a detailed explanation of the shortfall to the Authority as well as propose an action plan by which the shortfall is to be remediated. Any validations marked as "Error" or Red, must be addressed and corrected in the relevant sheet prior to the submission.

Submissions that display the "Error"/Red validation, risk being considered invalid and non-compliant. To avoid non-compliance, if the cause of the error is unclear, LHs should contact the Authority for guidance before the submission deadline. In instances where the MFSA acknowledges that the validation may be flagging a false negative, a corresponding comment can be included in FI-REP-014 within the Representations Sheet. Additionally, the Index Sheet is designed to enhance the user experience of navigating the Return. It contains links to all other sheets for ease of access. Adjacent to the name of each sheet listed on the Index Sheet, there is an arrow. When toggled, this arrow will automatically direct the user to the respective sheet.

(4) Input Sheet

The Input Sheet serves as a pivotal foundation for the automation of numerous sheets within the Return and is segmented into distinct sections:

1. Company Profile
2. Income
3. Expenditure
4. Movements effected through the Statement of Changes in Equity
5. Statement of Other Comprehensive Income
6. Assets
7. Liabilities
8. Capital & Reserves
9. Others
10. Unplanned Service Downtime

Refer to Annex 2 for a clear explanation of the classification of Residency (Malta – EU/EEA – ROW), which applies the ‘Centre of Economic Interest’ concept. However, the Authority notes of cases where the split is not possible. In such a case, the default entry should be with Residents of Malta.

While the data entry process is designed to be intuitive and self-explanatory, the following additional comments are provided for further clarity and guidance.

DP Code	Details	Comment
FI-IP-I1 to FI-IP-I10	Income from licensable activities	Data points from FI-IP-I1 to FI-IP-I10 represent the income derived from the licensable activities under the FI ACT. The LH is required to report the income earned from each of these activities.
FI-IP-I19 FI-IP-I20	Unrealised/Realised gain on financial assets attributable to clients measured at fair value through profit or loss	This data point requires institutions to report the unrealised or realised gains on financial assets attributable to clients. These financial assets attributable to clients represent secure, liquid, low-risk assets used for safeguarding client funds .
FI-IP-I24	Interest income from bank deposits - clients' fund	This data point requires the LH to report the interest income that is solely derived from safeguarding client funds account . This pertains specifically to instances where the LH opts to utilise segregation method as the safeguarding arrangement for client funds.
FI-IP-I25	Interest income from loans and advances granted to group entities	This data point requires the LH to report the interest income that is only derived from loans and advances granted to group entities . Note – This data point is not applicable to Lending institutions.

FI-IP-I26	Interest income from loans and advances granted to third-party entities	This data point requires the LH to report the interest income derived from loans and advances to third-party entities. Note – This data point is not applicable to Lending institutions.
FI-IP-E34 FI-IP-E35	Unrealised/Realised loss on financial assets attributable to clients measured at fair value through profit or loss	This data point requires institutions to report the unrealised or realised loss on financial assets attributable to clients. These financial assets attributable to clients represent secure, liquid, low-risk assets used for safeguarding client funds.
FI-IP-E40	Negative interest paid to banks	This data point requires the LH to report charges paid to banks for holding funds
FI-IP-C5 FI-IP-C6	Unrealised/Realised gain(loss) on financial assets measured at fair value through OCI	This data point requires institutions to report the unrealised or realised loss on financial assets attributable to clients. These financial assets attributable to clients represent secure, liquid, low-risk assets used for safeguarding client funds.
FI-IP-A2	Intangible assets	This datapoint requires the LH to report the Intangible Assets under the 3 classifications available in the FI Return as necessary.
FI-IP-A2 (ii)	Prudently valued software assets, the value of which is not negatively affected by resolution, insolvency or liquidation of the company (as stipulated by REGULATION (EU) 2019/876.	Software intangible assets can be assessed for their qualification as “prudently value software assets, the value of which is not negatively affected by resolution, insolvency, or liquidation of the company”. For this assessment LHs are to refer to REGULATION (EU) 2019/876. Note that, as also stipulated in REGULATION (EU) 2019/876, such software assets have a different prudential treatment to other forms of intangible assets. Please refer to Amending notice (2020/2176) to the Commission Delegated Regulation (EU) No 241/2014. An automatic deduction to Own Funds is calculated in FI-OF-032a on the ‘ OwnFundsCalc ’ Sheet.
FI-IP-A8 (ii) FI-IP-A17 (ii)	Amount due from payment service providers or intermediaries	This data point requires the LH to report the amount due from payment service providers or intermediaries as part of the execution of a payment transaction, and excludes any collateral deposits placed with them. Examples of these parties are card schemes, PSPs involved in the payment transaction, and service providers involved in the payment transaction, etc.

FI-IP-A8 (iii) FI-IP-A17 (iii)	Collateral deposits or reserves held with payment service providers or intermediaries	This data point requires the LH to report any collateral deposits or reserves held with payment service providers or intermediaries. It includes both fixed reserves and rolling reserves held with them.
FI-IP-A5 FI-IP-A12	Financial Assets - funds attributable to clients	This data point requires the institution to report the financial assets attributable to clients. These financial assets represent secure, liquid, low-risk assets used for safeguarding client funds.
FI-IP-A18 (ii)	Bank accounts – client funds	This data point requires the LH to report the balances held with safeguarding account. This pertains specifically to instances where the institution opts to utilise segregation method as the safeguarding arrangement for client funds.
FI-IP-L4 (ii) FI-IP-L8 (iii)	Collateral deposits/reserves collected from clients	This data point requires the LH to report any collateral deposits or reserves collected from clients. It includes both fixed reserves and rolling reserves collected from them.
FI-IP-L4 (iii) FI-IP-L8 (iv)	Amount due to payment service providers or intermediaries	This data point requires the LH to report the amount due to payment service providers or intermediaries. Examples of these parties are card schemes, PSPs involved in the payment transaction, and service providers involved in the payment transaction, etc.
FI-IP-L8 (i)	Trade payables: funds attributable to clients arising from payment services	This data point requires the LH to report the balances owed to clients in relation to the payment services provided.
FI-IP-L8 (ii)	Trade payables: funds attributable to clients as part of the issuance of e-money	This data point requires the LH to report the balances owed to clients as part of the issuance of e-money.
FI-IP-R4a	Revenue reserves as per the latest audited accounts	This data point requires the LH to report the retained earnings as per the latest available audited financial statements. For more details refer to Articles 4(1)(123) and 26(1) point c of CRR
FI-IP-R4b1	Movement in Revenue Reserves: a) Profit / (loss) and other comprehensive income other than interim profit/ (loss) and other comprehensive income	The LH holder is required to report this data point if the audited financials of the previous year have not yet been submitted to the Authority, i.e., in Quarter 1 after the year-end. During Q1, the institution is required to report the Retained Earnings, but the audited financial statements are not yet available. Therefore, this data point should capture the profit or loss and OCI for the previous year, which have not yet been included in the audited retained earnings (FI-IP-R4a) or in the interim profit or loss and OCI (FI-IP-R4c). This ensures that the profit generated after the

		audited financials and before Q1 is properly recorded.
FI-IP-R4b2	Movement in Revenue Reserves: b) Dividend Paid	The LH holder is required to report the dividends paid during the reporting period. Note: In Quarter 1, when the audited financial statements are not available, the institution may report dividends paid after the latest audited financial year-end, up to the end of the reporting period.
FI-IP-R4b3	Movement in Revenue Reserves: c) Transfer in/out of retained earnings	The LH holder is required to report any movements in revenue reserves other than those mentioned in datapoints FI-IP-R4b1 and FI-IP-R4b2. Note: Kindly ensure that in Quarter 1, where the audited financial statements are not available, the institution may report any movements that occurred after the latest audited financial year-end, up to the end of the reporting period.
FI-IP-R4c	Interim profits/(loss) for the reporting period	This data point requires the LH to report the profit/loss for the reporting period. Also, Institutions must follow Articles 26(1) point(c), 26(2) points (a)(b), and 36(1) point (a) of CRR.
FI-IP-R7	Other Reserves	<i>Refer to Article 4(1)(117) and 26(1) point (e) of CRR</i> This data point requires the LH to report the carrying value of both the capital contribution reserve and other reserves, net of any foreseeable tax charge at the time of calculation. It is to Note that any amounts reported in FI-IP-R7a and FI-IP-R7b would contribute to the calculation of Own Funds. Therefore, as per Article 26(3) of the Capital Requirements Regulation (EU/575/2013), the institution must contact the MFSA before qualifying 'Other Reserves' and/or 'Capital Contribution' as CET 1 (Article 26(1)(e)). Capital contribution must be disclosed separately under FI-IP-R7a. FI-IP-R7b must reflect CET 1 items as per Article 26(1)(e) other than capital contribution, only after permission is granted by the Authority (Article 26(3)).

Consistent with International Accounting Standard (IAS) 1(88), entities are required to recognise all items of income and expense in a period in profit or loss, unless specified otherwise by the International Financial Reporting Standards (IFRS). Certain IFRSs mandate

or permit specific components to be excluded from profit or loss and instead recognised in other comprehensive income. Some components that constitute other comprehensive income include:

1. Gain/ Loss on revaluation of intangible assets.
2. Gain/ Loss on revaluation of fixed assets.
3. Unrealised gain/loss on financial assets measured at fair value through OCI.
4. Realised gain/loss on financial assets measured at fair value through OCI.
5. Gain/ Loss on revaluation of available for sale Financial Assets.
6. Gain/ Loss on foreign exchange differences recognised in OCI.
7. Other items of income and expenses included in OCI
8. Tax income/ expense relating to components of OCI.

These guidelines are aligned with the principles of IFRS and are intended to ensure accurate and comprehensive financial reporting within the Return. It is crucial for entities to adhere to these standards to maintain consistency and reliability in financial reporting.

Note: Please note the following instructions as well while updating the input sheet.

- (i) *The LH is expected to report all income and expenses on a cumulative basis, i.e., the institution is required to report all income and expenses that occurred during the **reporting period**. This period spans from the date specified on data point FI-CS-6a to FI-CS-6b located on the 'Cover Sheet' of the FI Return.*
- (ii) *The LH is expected to report the carrying value of all assets and liabilities as at the **end of the reporting period**.*

(5) Income Statement and Balance Sheet

The Income Statement and Balance Sheet sheets within the Return are fully automated. Importantly, the Balance Sheet is designed to identify and flag any instances of imbalances. These imbalances require rectification, which should be addressed through accurate and thorough reporting in the Input Sheet.

4.3 Regulatory Requirements

(1) Safeguarding Requirements

The LH must update the 'Safeguarding Requirement Sheet' with details of clients' funds held by the institution and the amounts safeguarded. The reporting framework on safeguarding requirements consists of two sections:

- Section 1 - Client liability and safeguarded funds.
- Section 2 - Safeguarded amounts by method, safeguarding entity, and safeguarding instrument.

Section 1

DP Code	Details	Comment
FI-SF-001a	Total electronic money outstanding as at the end of the reporting period.	This data point requires the LH to report the outstanding balance of e-money issued by the institution as at the end of the reporting period .
FI-SF-001b	Total funds attributable to clients arising from payment services at the end of the reporting period	This data point requires the institution to report its liability toward clients with respect to the payment services offered to them at the end of the reporting period .
FI-SF-001d	Total safeguarded amount	This data point requires the LH to report the total monetary value of safeguarded funds held with the institution using various methods of safeguarding, as at the end of the reporting period .
FI-SF-001f	Additional information on deficit/surplus	<p>This section should be updated only if the total outstanding e-money and total funds attributable to clients arising from payment services at the end of the reporting period do not match the total monetary value of safeguarded funds held with the institution using various methods of safeguarding. This data point has three sections: '(i) Description justifying deficit/surplus and '(ii) Amount in Ref. Currency.'</p> <p>(i) Description justifying deficit/surplus: The LH is required to provide a brief description of the item. For example, if a buffer is maintained, the institution is required to provide the reason for maintaining this buffer and also the assumptions and estimates considered while calculating the buffer.</p> <p>(ii) Amount in Ref. Currency: The LH is required to report the specific balances related to the item.</p>

Section 2

The LH is required to update the specifics of various methods employed to safeguard clients' funds within this designated section. A dedicated data point has been assigned for each method permitted by the Authority. For a more comprehensive understanding of the details encapsulated in these data points, please refer to the table presented below.

DP Code	Details	Comment
FI-SF-003	Total deposited in a separate account in an authorised credit institution.	<p>This data point requires the institution to report the total of all client account balances held with authorised credit institutions in the EU as at the end of the reporting period.</p> <p><i>For the definition of authorised credit institution, kindly refer to Article 4(1) of the CRR.</i></p>

FI-SF-004	Total invested in approved secure low-risk liquid assets held in a separate account with an authorised custodian.	The institution can safeguard clients' funds by investing them in low secure, liquid assets after contacting the Authority and placing those assets in a separate account with an authorised custodian. This data point requires the institution to report the carrying value of all such investments used for safeguarding clients' funds as at the end of the reporting period . <i>For the definition of secure low-risk liquid assets, kindly refer to SL 376.4 Article 7(1A)(a).</i>
FI-SF-005	Total covered by an insurance policy or some other comparable guarantee from an authorised insurance company or credit institution.	The institution can safeguard clients' funds through an insurance policy, or a comparable guarantee provided by an authorised insurer or credit institution. This data point requires the institution to report the total value of all insurance policies or comparable guarantees used for safeguarding client funds as at the end of the reporting period . <i>For further information on insurance policy or other comparable guarantee, kindly refer to Article 5(1B) of the FI Act.</i>

For each of the datapoints included above, the LH is required to update the following titles: (i) Name of safeguarding institution, (ii) Jurisdiction, (iii) Details of safeguarding instrument (Account title and account number, Custodian reference, Policy or guarantee number), (iv) Funds held in exchange for issuing electronic money, and (v) Funds held for the payment services.

Please refer to the table presented below for a more comprehensive understanding of these titles.

Details	Comment
Name of safeguarding institution	The LH is required to update the name of the authorised institution where the clients' funds are held, invested, or covered by an insurance policy or comparable guarantee.
Jurisdiction	The LH is required to select the country where the clients' funds are held, invested, or covered by an insurance policy or comparable guarantee.
Account title and account number	The LH is required to update the account title and account number of the safeguarding account. For example, "Client Account – 1111*****002".
Custodian reference	The LH is required to update the unique identity number provided by the custodian. For example, account number, customer ID etc.
Funds held in exchange for issuing electronic money.	The LH is required to update the monetary value of funds held, invested, or covered by an insurance policy or comparable guarantee with the authorised institution, in relation to the

	outstanding balance of e-money issued by the institution as at the end of the reporting period .
Funds held for the payment services	The LH is required to report the monetary value of funds held, invested, or covered by an insurance policy or comparable guarantee with an authorised institution. This applies to funds received from clients specifically for the execution of payment transactions and sums received from a Payment Service Provider (PSP) for executing payment transactions on behalf of their clients at the end of the reporting period. This data point is applicable to both payment institutions and e-money institutions engaged in unrelated payment activities.

(2) Regulatory Requirements

The Regulatory Requirements Sheet is completely automated, and it serves to provide a concise summary of the capital regulatory requirements as of the reporting date. The LH is reminded of their ongoing obligation to promptly notify the Authority in the event of identifying any shortfall. Additionally, they must submit a comprehensive remediation plan, including projected milestones and timelines. It is crucial to understand that this obligation is continuous and not limited to the period of submitting the FI Return. Please be aware that if any of the regulatory requirements reveal a shortfall, this will be distinctly marked by the respective validation checks. Such shortfalls will be highlighted in orange, serving as a clear indicator of areas requiring attention and corrective action.

(3) Own funds

Reference should be made to Annex 1 for a breakdown of Own Funds including legal references and instructions. For further details regarding the Own Funds and its calculation, the LH is required to make reference to Part 2 of the CRR and the Regulatory Implementing Technical Standards on Own Funds.

The LH is required to fill in all respective grey cells accordingly. Data points which are not applicable to the entity must be filled with a "0".

4.4 Operations

(1) FI Services

The LH is obligated to maintain current and accurate information within the 'FI Services' Sheet pertaining to the licensable activities in which it is involved. Data points from FI-LS-001 through FI-LS-010a represent the licensable activities outlined in the first schedule of the FI Act. The LH is required to indicate either 'Yes' or 'No' for each of these data points based on whether it possesses the requisite license to engage in the specified activity. For a more

comprehensive understanding of the details encapsulated in these data points, please refer to the table presented below.

DP Code	Details
FI-LS-001	Lending Services
FI-LS-002	Financial Leasing
FI-LS-003	Venture or Risk Capital
FI-LS-004	Payment Services
FI-LS-005	Issuing and administering other means of payment
FI-LS-006	Guarantees and Commitments
FI-LS-007	Trading for own account or for account of customers
FI-LS-008	Underwriting share issues and participation in such issues
FI-LS-009	Money broking
FI-LS-010	Issuing of electronic money as defined in the Third Schedule
FI-LS-010a	Issuing Emoney and unrelated payment service activities

The 'FI Services' Sheet comprises specific sections aligned with each of the above mentioned datapoints. In instances where a datapoint is indicated as 'Yes,' an additional set of datapoints will be made visible. The LH is required to update these sections with relevant data. Conversely, should a datapoint be marked as 'No,' the associated datapoints will be hidden to prevent the sheet from appearing overcrowded. Please refer to the details below for additional datapoints included with each licensed activity.

Lending Services

DP Code	Details	Comment
FI-L-001	Lending services	This data point requires LH to select the lending services which are offered by them.
FI-L-002 FI-L-003	Number of loans issued, and value of loans issued	This data point requires the LH to report the total number of loans issued and value of loans issued during the reporting period.

FI-L-005 FI-L-006	Number of loans outstanding, and value of loans outstanding	This data point requires the LH to report the total number of loans outstanding and value of loans outstanding as at the end of the reporting period . 'Outstanding' refers the amount that is left to be repaid on any loan.
FI-L-008	Top five outstanding loans issued to third-party entities	This data point requires the LH to report the details of the top five outstanding loans issued to third-party entities. The details include the name of the clients, the jurisdiction of the clients and the value of loans outstanding as at the end of the reporting period .

Financial Leasing

DP Code	Details	Comment
FI-FL-001 FI-FL-002	Number of financial leases issued, and value of financial leases issued	This data point requires the LH to report the total number of financial leases issued and value of financial leases issued during the reporting period .
FI-FL-003 FI-FL-004	Number of financial leases outstanding, and value of financial leases outstanding	This data point requires the LH to report the total number of financial leases outstanding and value of financial leases outstanding as at the end of the reporting period .
FI-FL-005	Top five outstanding financial leases to third parties	This data point requires the LH to report the details of the top five outstanding financial leases issued to third-party entities. The details include the name of the clients, the jurisdiction of the clients and the value of leases outstanding as at the end of the reporting period .

Venture or Risk Capital

DP Code	Details	Comment
FI-VC-001 FI-VC-002	Number of venture or risk capital investments, and value of venture or risk capital investments	This data point requires the LH to report the total number and value of venture or risk capital investments made during the reporting period .
FI-VC-003 FI-VC-004	Number of venture or risk capital investments outstanding, and value of venture or risk capital investments outstanding	This data point requires the LH to report the outstanding total number and value of venture or risk capital investments made as at the end of the reporting period .
FI-VC-005	Outstanding venture or risk capital investments	This data point requires the LH to report the details of the top five outstanding venture or risk capital investments. The details include the name of the clients, type of investment, percentage

		of ownership, stage of development, presence in Board of Directors, exit routes - timeframe and the value of investment made as at the end of the reporting period . <i>Note: For more details kindly refer to this Link.</i>
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Payment Services

DP Code	Details	Comment
FI-PS-001 FI-PS-001i	Number of clients	This data point requires the LH to report the total number of active and inactive clients at the end of the reporting period .
FI-PS-002 FI-PS-003	Number of payment transactions, and value of payment transaction processed during the reporting period	This data point requires the LH to report the total number and value of payment transactions executed by payment institutions or any unrelated payment transactions executed by e-money institutions during the reporting period .
FI-PS-003a	Value of payments transactions executed during the preceding twelve months	This data point requires the LH to report the total value of payment transactions executed by payment institutions or any unrelated payment transactions executed by e-money institutions during the last twelve months as at the end of the reporting period .
FI-PS-004	Payment Service Offered	All the data points under FI-PS-004 i.e., FI-PS-004a to FI-PS-004g represent payment services as defined in the second schedule of the FI Act. The LH is required to indicate either 'Yes' or 'No' for each of these data points based on whether it possesses the requisite license to engage in the specified activity and update the total monetary value of payment transactions by that activity. For the data point FI-PS-004e, the LH is required to update the details of the top three payment instruments issued by the institution. This data point requires the name of each payment instrument issued and the number of payment transactions executed through each payment instrument issued.

Issuing and administering other means of payment

DP Code	Details	Comment
FI-OTP-001	Instruments issued	This data point requires the LH to report the details of the name of the instruments issued, number of transactions and the value of transaction executed through the instruments issued during the reporting period . <i>Note: The LH is required to update this section only if the payment instrument issued cannot be considered as part of the payment services set out in the second schedule of the Financial Institutions Act.</i>

Guarantees and Commitments

DP Code	Details	Comment
FI-GC-001 FI-GC-002	Number of guarantees and commitments, and value of guarantees and commitments	This data point requires the LH to report the total number and value of guarantees and commitments made during the reporting period .
FI-GC-003 FI-GC-004	Number of outstanding guarantees and commitments, and value of outstanding guarantees and commitments	This data point requires the LH to report the outstanding total number and value of guarantees and commitments made as at the end of the reporting period .
FI-GC-005	Top five outstanding guarantees and commitments	This data point requires the LH to report the details of the top five outstanding guarantees and commitments. The details include the name of the clients, type of guarantees and commitment and the value of guarantees and commitments made as at the end of the reporting period .

Trading for own account or for account of customers

DP Code	Details	Comment
FI-EX-001	Details of activity undertaken	This data point requires the institution to report the details of the number of transactions and the value of the amount transacted by the specific activity undertaken by the institution during the reporting period .

Money broking

DP Code	Details	Comment
FI-MB-001 FI-MB-002	Number of transactions and value of transactions processed	This data point requires the LH to report the total number and value of transactions processed during the reporting period .
FI-MB-003	Details of money broking activities	This data point requires the institution to report the details of the number of transactions and the value of the amount transacted by the specific activity undertaken by the institution during the reporting period .
FI-MB-004 FI-MB-004a FI-MB-004b	Non-core principals' transactions	The LH is required to confirm whether it engaged with any non-core principal institutions during the reporting period. In the affirmative, the institution is required to report the details, including the number of transactions and the total value of the amounts transacted with the non-core principals. <i>Note: "non-core principals" typically refer to individuals or entities that are not primarily focused on financial or market-related activities. They may engage in financial transactions</i>

		<i>occasionally or as a secondary aspect of their primary business operations.</i>
FI-MB-005	Principal	The LH is required to confirm whether it acted as a principal for any transactions carried out during the reporting period. <i>Note: A principal is an institution that conducts financial transactions by dealing on its own account, taking ownership of the assets or liabilities involved. Unlike money brokers, who act as intermediaries, a principal is directly responsible for assessing the creditworthiness of its counterparties, whether these transactions are carried out directly or through money broking firms.</i>
FI-MB-006 FI-MB-007	Deposits	The LH is required to confirm whether the institution accepted any deposits on a fiduciary or matched principal basis. If affirmative, the institution is required to provide details of the accounts to which these deposits were accepted and the balances of these accounts at the end of the reporting period.

Note: For more details on money broking kindly refer to this [Link](#).

Issuing of electronic money as defined in the Third Schedule

DP Code	Details	Comment
FI-EM-001 FI-EM-001i	Number of clients	This data point requires the LH to report the total number of active and inactive clients at the end of the reporting period .
FI-EM-002 FI-EM-003	Number of related payment transactions, and value of related payment transaction processed during the reporting period	This data point requires the LH to report the total number, and value of related payment transactions executed by the institution during the reporting period .
FI-EM-004	E money outstanding	This data point requires the LH to report the outstanding balance of e-money issued by the institution as at the end of the reporting period .
FI-EM-005	Average daily outstanding electronic money at the end of each calendar day over the preceding six months	This data point requires the institution to report the average daily outstanding electronic money at the end of each calendar day over the preceding six months as at the end of the reporting period . <i>Note: Please see the below example for how to perform this calculation.</i> <ul style="list-style-type: none"> • We assume calculation date on 01 July 2024. • For the six preceding months we assume daily average amount of e-money outstanding for a calendar month was equal to (JAN 2024: EUR 25 million, FEB 2024: EUR 20 million, MAR 2024: EUR 30 million, APR 2024: EUR 27 million, MAY 2024: EUR 32 million, JUN 2024: EUR 29 million). • To calculate the daily average amount of e-money outstanding for a calendar month:

		<p>(a) the amount of outstanding emoney at the end of each calendar day of the preceding six months shall be added up: and (b) the amount resulting from the calculation of point (a) shall be divided by the total number of calendar days forming the calendar months referred to in the said paragraph.</p> <p>(JAN 2024: EUR 25 million – The institution needs to consider the daily e-money outstanding from 01 July 2023 to 31 December 2023 (e-money outstanding on 01 July 2023 + e-money outstanding on 02 July 2023 + e-money outstanding on 03 July 2023 + e-money outstanding on 30 December 2023 + e-money outstanding on 31 December 2023). Here, we are assuming the sum of the e-money outstanding from 01 July 2023 to 31 December 2023, is equal to EUR 4,600 million. Then divide this EUR 4,600 million by 184 days (July: 31 days + August: 31 days + September: 30 days + October: 31 days + November: 30 days + December: 31 days), which equals EUR 25 million.).</p> <ul style="list-style-type: none"> • The total number of calendar days for the period = 182 calendar days i.e., the sum of JAN 2024: 31 days, FEB 2024: 29 days, MAR 2024: 31 days, APRIL 2024: 30 days, MAY 2024: 31 days and JUNE 2024: 30 days • The total sum of outstanding amounts representing each calendar day equals EUR 4,957,000,000 i.e., the sum of (EUR 25m*31), (EUR 20m*29), (EUR 30m*31), (EUR 27m*30), (EUR 32m*31) and (EUR 29m*30) • The daily average outstanding e-money over the 6 months equals EUR 4,957,000,000/182 days= EUR 27,236,264
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(2) Conduct of Business

The Conduct of Business sheet is carefully designed to collect essential information regarding complaints received by the LH from their clients. While the data entry process is intended to be intuitive and self-explanatory for each section, the following additional comments are provided for further clarity and guidance.

DP Code	Details	Comment
FI-CO-007	Realistic compensation payable exposure (for pending complaints in reporting currency:	Please fill in "0" if the exposure is estimated to be so.
FI-CO-003a FI-CO-003ai	Complaint Handling	As per PSD2, "Article 101(2), Payment service providers must respond to complaints within 15 business days, addressing all points raised. If a delay is unavoidable, a holding reply explaining the reasons and specifying a new deadline must be sent. The final response must be provided within 35 business days at the latest.

(3) Passporting

DP Code	Details	Comment
FI-PS-1a FI-PS-1b	Services passported	The LH is required to provide a response of either 'Yes' or 'No' for each of these data points. This determination should be based on whether the LH has passported the specified services to EU/EEA member states at any time during the reporting period, as of the date being reported.
FI-PS-2	Monetary value of payment transactions executed in Euro	<p>Each of these data points represents the licensable activities outlined in the Second Schedule of the FI Act. The LH is required to report the monetary value of payment transactions processed for each member state during the reporting period for each licensable activity on the corresponding data point that represents that activity.</p> <p><i>Note: The data point 'Total monetary amount of credit granted' requires the LH to report the monetary amount of credit granted against payment transactions executed in line with payment service type outlined in paragraph 2(d) and 2(e) of the Second Schedule to the Act during the reporting period.</i></p> <p><i>'Total monetary amount of credit granted' under section 'Total Payment Transactions Covered by Credit Line' requires LH to report the credit granted against payment transactions executed in line with payment service type outlined in paragraph 2(d).</i></p> <p><i>'Total monetary amount of credit granted' under section 'Issuing Payment Instruments and Acquiring Payment Transactions' requires LH to report the credit granted against payment transactions executed in line with payment service type outlined in paragraph 2(e).</i></p>
FI-PS-2	Account information services	The LH is required to report the number of customers used account information services during the reporting period.
FI-PS-3	E money services	The institution is required to report the monetary value of e-money issued, distributed, and redeemed during the reporting period for each member state on the corresponding data point that represents each activity.

(4) Clients' Details

The Clients sheet is meticulously designed to collect essential information relevant to the clients of the LH. The latter is required to fill in all cells highlighted in grey, ensuring that each entry is applicable and accurately reflects the Institution's client-related data. In circumstances where certain data points are not applicable to the Institution's operations or client base, LH is required to input "0". This practice ensures clarity and consistency in data reporting, allowing for a comprehensive understanding of the Institution's client

demographics and related details. It is imperative that the LH adopts the concept of 'Centre of Economic Interest' when determining the country of residence of their clients. A detailed explanation on the latter concept can be found in Annex 2 of this guidance document.

While the data entry process is designed to be intuitive and self-explanatory, the following additional comments are provided for further clarity and guidance.

DP Code	Details	Comment
FI-CD-001	Number of clients	The LH is required to report the details of the total number of clients categorised as 'Active', 'Dormant', and 'Inactive' based on whether they are 'Business to Business' or 'Business to Consumer' clients as at the end of the reporting period .
FI-CD-002	Active Clients Residency	The LH is required to report the details of the total number of active clients categorised as 'Malta', 'EU/EEA', and 'Row' based on whether they are 'Business to Business' or 'Business to Consumer' clients as at the end of the reporting period .
FI-CD-007	Active Business-to-Business Clients	<p>The LH is required to report the details of the total number of active Business-to-Business clients by 'Nace Rev. 2 Code' as at the end of the reporting period.</p> <p>Please be advised that in the event of an update occurring within the 'Other' section, it is imperative to populate the following fields accordingly:</p> <ul style="list-style-type: none"> 'Economic Sector': This information must be entered into 'Column C'. 'Nace Rev. 2 Code': This data should be placed in 'Column D'. 'Number of Clients': The numerical data pertaining to the number of clients must be inputted into 'Column E'. <p>Furthermore, should the institution possess more than three data points within the 'Other' section, the following protocol must be adhered to:</p> <ul style="list-style-type: none"> The first two data points in the 'Other' section should be updated based on the highest number of clients. For the third data point, specify the 'Economic Sector' as 'Other', designate 'Nace Rev. 2 Code' as 'Nil', and provide the relevant information regarding the number of clients.
FI-CD-008	Top 20 jurisdictions	The LH is required to report the details of the top twenty countries based on the centre of economic interest concept as at the end of the reporting period . These details include the name of the country, the number of Business-to-Business clients in that country, and the number of Business-to-Consumer clients in that country.
FI-CD-009	Total number of jurisdictions where the Institution is providing its services in	The LH is required to report the total number of jurisdictions where the Institution is providing its services as of the date specified on the 'FI-CS-6b' data point found on the 'Cover Sheet' of the FI Return.

		<i>Note: Institution is expected to reflect the total number, and not the top 20 which are reflected in FI-CD-008.</i>
FI-CD-011	Highest acceptable risk rank	The institution is required to report the highest acceptable risk rank as free text in this data point, in accordance with the customer risk assessment policy of the institution.

Annex 1: Breakdown of Own Funds

DP Code	Details	Comment
FI-OF-001	Own Funds	<i>Articles 4(1)(118) and 72 of CRR</i> The Own Funds of a Licence Holder shall consist of the sum of its Tier 1 capital and Tier 2 capital.
FI-OF-002	Tier 1 Capital	<i>Article 25 of CRR</i> The Tier 1 Capital is the sum of Common Equity Tier 1 (“ CET1 ”) Capital and Additional Tier 1 (“ AT1 ”) Capital.
FI-OF-003	CET1 Capital	<i>Article 50 of CRR</i>
FI-OF-005	Paid up capital instrument	<i>Articles 26(1) point (a) and 27 to 31 of CRR</i> The share premium related to instruments shall not be included.
FI-OF-006	Memorandum Items	<i>Article 28(1) points (b), (l) and (m) of CRR</i> Conditions in those points reflect different situations of the capital which are reversible, and thus the amount reported here can be eligible in subsequent periods. The amount reported shall not include the share premium related to the instruments.
FI-OF-007	Share Premium	<i>Articles 4(1)(124), 26(1) point (b) of CRR</i> Share premium has the same meaning as under the applicable accounting standard. The amount to be reported in this item shall be the part related to the “Paid up capital instruments”.
FI-OF-008	Own CET1 Instruments	<i>Articles 36(1) point (f) and 42 of CRR</i> Own CET 1 held by the reporting Licence Holder subject to exceptions in Article 42 of CRR. Holdings on shares included as “Capital instruments not eligible” shall not be reported in this row. The amount to be reported shall include the share premium related to the own shares.

FI-OF-012	Actual or contingent obligations to purchase own CET1 instruments	<i>Articles 36(1) point (f) and 42 of CRR</i>
FI-OF-013	Retained Earnings	<i>Articles 26(1) point (c) and 26(2) of CRR</i> Retained earnings includes the previous year retained earnings plus the eligible interim or year-end profits. The eligible interim profits are profits verified by the Financial Auditor prior to the end of the accounting period.
FI-OF-014	Audited retained earnings	<i>Articles 4(1)(123) and 26(1) point (c) of CRR</i> CRR defines retained earnings as "Profit and losses brought forward as a result of the financial application of profit or loss under applicable accounting standards".
FI-OF-015	Profit or loss eligible	<i>Articles 4(1)(123), 26(2) and 36(1) point (a) of CRR</i> Article 26(2) of CRR allows including as retained earnings interim or year-end profits, with the prior consent of the competent authorities, if some conditions are met. On the other hand, losses shall be deducted from CET1, as stated in Article 36(1) point (a) of CRR.
FI-OF-016	Profit or loss attributable to the owners of the parent	<i>Articles 26(2) and 36(1) point (a) of CRR</i> The amount to be reported shall be the profit or loss reported in the accounting income statement.
FI-OF-017	Part interim or year-end profit not eligible	<i>Article 26(2) of CRR</i> This row shall not present any figure if, for the reference period, the LH has reported losses. This is because the losses shall be completely deducted from CET1. If the LH reports profits, it shall report the part which is not eligible according to Article 26(2) of CRR, i.e. profits not audited and foreseeable charges or dividends. Note that, in case of profits, the amount to be deducted shall be, at least, the interim dividends.
FI-OF-019	Other Reserves	<i>Article 4(1)(117) and 26(1) point (e) of CRR</i> <i>Other reserves are defined in CRR as "Reserves within the meaning of the applicable accounting standard that are required to be disclosed under that applicable accounting standard, excluding any amounts already included in accumulated other comprehensive income or retained earnings".</i> The amount to be reported shall be net of any tax charge foreseeable at the moment of the calculation.
FI-OF-020		<i>Articles 4(1)(112) and 26(1) point (f) of CRR</i>

	Funds for general banking risk	<p>Funds for general banking risk are defined in Article 38 of Directive 86/635/EEC as "Amounts which a credit institution decides to put aside to cover such risks where that is required by the particular risks associated with banking".</p> <p>The amount to be reported shall be net of any tax charge foreseeable at the moment of the calculation.</p>
FI-OF-021	Minority interest given recognition in CET1 capital	<p><i>Article 4(120) and 84 of CRR</i></p> <p>Sum of all the amounts of minority interests of subsidiaries that is included in consolidated CET1.</p>
FI-OF-022	Adjustment to CET1 due to prudential filters	<i>Articles 32 to 35 of CRR</i>
FI-OF-023	Increases in equity resulting from securitised assets	<p><i>Article 32(1) of CRR</i></p> <p>The amount to be reported is the increase in the equity of the institution resulting from securitised assets, according to the applicable accounting standard.</p> <p>For example, this item includes the future margin income that results in a gain on sale for the institution, or for originators, the net gains that arise from the capitalisation of future income from the securitised assets, that provide credit enhancement to positions in the securitisation.</p>
FI-OF-024	Cash flow hedge reserve	<p><i>Article 33(1) point (a) of CRR</i></p> <p>The amount to be reported could either be positive or negative. It shall be positive if cash flow hedges result in a loss (i.e. if it reduces accounting equity) and vice versa. Thus, the sign shall be contrary to the one used in accounting statements.</p> <p>The amount shall be net of any tax charge foreseeable at the moment of the calculation.</p>
FI-OF-025	Cumulative gains and losses due to changes in own credit risk on fair valued liabilities	<p><i>Article 33(1) point (b) of CRR</i></p> <p>The amount to be reported could either be positive or negative, it shall be positive if there is a loss due to changes in own credit risk (i.e. if it reduces accounting equity) and vice versa. Thus the sign shall be contrary to the one used in accounting statements.</p> <p>Unaudited profits shall not be included in this item.</p>
FI-OF-026	Fair value gains and losses arising from the entity's own credit risk related to derivative liabilities	<p><i>Article 33(1) point (c) and 33(2) of CRR</i></p> <p>The amount to be reported could either be positive or negative. It shall be positive if there is a loss due to changes in own credit risk and vice versa. Thus, the sign shall be contrary to the one used in accounting statements.</p> <p>Unaudited profit shall not be included in this item.</p>

FI-OF-027	Value adjustments due to the requirements for prudent valuation	<p><i>Articles 34 and 105 of CRR</i></p> <p>Adjustments to the fair value of exposures included in the trading book, or non-trading book due to stricter standards for prudent valuations set in Article 105 of CRR.</p>
FI-OF-028	Goodwill	<i>Articles 4(1)(113), 36(1) point (b) and 37 of CRR</i>
FI-OF-029	Goodwill accounted for as intangible asset/included in the valuation of significant investments	<p><i>Articles 4(1)(113), 36(1) point (b), 37 point (b) and 43 of CRR</i></p> <p>Goodwill has the same meaning as under the applicable accounting standard.</p> <p>The amount to be reported here shall be the same that is reported in the balance sheet, in relation to intangible asset, in addition to the valuation of significant investments.</p>
FI-OF-030	Deferred tax liabilities associated to goodwill	<p><i>Article 37 point (a) of CRR</i></p> <p>Amount of deferred tax liabilities that would be extinguished if the goodwill became impaired or was derecognised under the relevant accounting standard.</p>
FI-OF-031	Other intangible assets	<p><i>Articles 4(1)(115), 36(1) point (b) and 37 point (a) of CRR</i></p> <p>Other intangible assets are the intangible assets under the applicable accounting standard, minus the goodwill (also under the applicable accounting standard).</p>
FI-OF-032a	Prudently valued software assets, the value of which is not negatively affected by resolution, insolvency or liquidation of the company (as stipulated by REGULATION (EU) 2019/876).	<p>Article 13(a) of Amending notice (2020/2176) to the <i>Commission Delegated Regulation (EU) No 241/2014</i>.</p> <p>Software intangible assets can be assessed for their qualification as “prudently value software assets, the value of which is not negatively affected by resolution, insolvency, or liquidation of the company. For this assessment Licence holders are to refer to REGULATION (EU) 2019/876).</p> <p>The respective applicable deduction to Own Funds is to be calculated by the Licence Holder and reported here.</p>
FI-OF-032	Other intangible assets gross amount	<p><i>Articles 4(1)(115) and 36(1) point (b) of CRR</i></p> <p>The amount to be reported here shall correspond to the amount reported in the balance sheet of intangible assets other than goodwill.</p>
FI-OF-033	Deferred tax liabilities associated to other intangible assets	<p><i>Article 37 point (a) of CRR</i></p> <p>Amount of deferred tax liabilities that would be extinguished if the intangible assets other than goodwill became impaired or was derecognised under the relevant accounting standard.</p>

FI-OF-034	Deferred tax assets that rely on future profitability and do not arise from temporary differences	<i>Articles 36(1) point (c) and 38 of CRR</i>
FI-OF-035	IRB Shortfall of credit risk adjustments to expected losses	<i>Articles 36(1) point (d), 40, 158 and 159 of CRR</i> The amount to be reported shall not be reduced by a rise in the level of deferred tax assets that rely on future profitability, or other additional tax effect, that could occur if provisions were to rise to the level of expected losses.
FI-OF-036	Defined benefit pension fund assets	<i>Articles 4(1)(109), 36(1) point (e) and 41 of CRR</i>
FI-OF-037	Defined benefit pension fund assets gross amount	<i>Articles 4(1)(109), 36(1) point (e) of CRR</i> Defined benefit pension fund assets are defined as “the assets of a defined pension fund or plan, as applicable, calculated after they have been reduced by the amount of obligations under the same fund or plan”. The amount to be reported here shall correspond to the amount reported in the balance sheet (if reported separately).
FI-OF-038	Defined tax liabilities association to defined benefit pension fund assets	<i>Articles 4(1)(108) and (109), and 41(1) point (a) of CRR</i> Amount of deferred tax liabilities that would be extinguished if the defined benefit pension fund assets became impaired or were derecognised under the relevant accounting standard.
FI-OF-039	Defined benefit pension fund assets which the entity has unrestricted ability to use	<i>Articles 4(1)(109) and 41(1) point (b) of CRR</i> This item shall only present any amount if there is the prior consent of the National Competent Authority to reduce the amount of defined benefit pension fund assets to be deducted. The assets included in this row shall receive a risk weight for credit risk requirements.
FI-OF-040	Reciprocal cross holdings in CET1 Capital	<i>Articles 4(1)(122), 36(1) point (g) and 44 of CRR</i> Holdings in CET1 instruments of financial sector entities (as defined in Article 4(27) of CRR) where there is a reciprocal cross holding that the National Competent Authority considers to have been designed to inflate artificially the own funds of the Licence Holder. The amount to be reported shall be calculated on the basis of the gross long positions, and shall include Tier 1 own- fund insurance items.
FI-OF-041	Excess of deduction from AT1 items over AT1 capital	<i>Article 36(1) point (j) of CRR</i>

		The amount to be reported is directly taken from the indirect holdings of AT1 instruments. The amount has to be deducted from CET1 Capital.
FI-OF-042	Qualifying holdings outside the financial sector	<p>Articles 4(1)(36), 36(1) point (k)(i) and 89 to 91 of CRR</p> <p><i>Qualifying holdings are defined as "direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights, or which makes it possible to exercise a significant influence over the management of that undertaking".</i></p> <p>According to Article 36(1) point (k)(i) of CRR, they can, alternatively, be deducted from CET1 (using this item) or subject to a risk weight of 1250%.</p>
FI-OF-043	Securitisation positions	<p>Articles 36(1) point (k)(ii), 243(1) point (b), 244(1) point (b), 258 and 266(3) of CRR</p> <p>Securitisation positions which are subject to a 1250% risk weight, but alternatively, are allowed to be deducted from CET1 (Article 36(1) point (k)(ii) of CRR). In the latter case, they shall be reported in this item.</p>
FI-OF-044	Positions in a basket for which risk weight under IRB approach cannot be determined	<p>Articles 36(1) point (k)(iv) and 153(8) of CRR</p> <p>According to Article 36(1) point (k)(iv) of CRR they can, alternatively, be deducted from CET1 (using this item) or subject to a risk weighting of 1250%.</p>
FI-OF-045	Equity exposures under an internal model approach	<p>Articles 36(1) point (k)(v) and 155(4) of CRR</p> <p>According to Article 36(1) point (k)(v) of CRR, they can, alternatively, be deducted from CET1 (using this item), or subject to a risk weight of 1250%.</p>
FI-OF-046	CET1 capital elements of deductions – Others	This row has been introduced to provide flexibility solely for reporting purposes. It shall only be populated in the rare cases that there is no final decision on the reporting of specific capital items/ deductions in the current template. As a consequence, this row shall only be populated if a CET1 element cannot be assigned to one of the rows mentioned above.
FI-OF-047	Additional Tier 1 (AT1) Capital	Article 61 of CRR
FI-OF-048	Capital instruments eligible as AT1 Capital	Articles 51 point (a), 52 to 54, 56 point (a) and 57 of CRR
FI-OF-049	Paid up capital instruments	<p>Articles 51 point (a) and 52 to 54 of CRR</p> <p>The amount to be reported shall not include the share premium related to the instruments.</p>

FI-OF-050	Memorandum Item: Capital Instruments not eligible	<p><i>Article 52(1) points (c), (e) and (f) of CRR</i></p> <p>Conditions in these points reflect different situations of the capital which are reversible and thus the amount reported here can be eligible in subsequent periods.</p> <p>The amount to be reported shall not include the share premium related to the instruments.</p>
FI-OF-051	Share Premium	<p><i>Article 51 point (b) of CRR</i></p> <p>Share premium has the same meaning as under the applicable accounting standard.</p> <p>The amount to be reported in this item shall be the part related to the "Paid up capital instruments".</p>
FI-OF-052	Own AT1 Instruments	<p><i>Articles 52(1) point (b), 56 point (a) and 57 of CRR</i></p> <p>Own AT1 instruments held by the Licence Holder or group at the reporting date. Subject to exceptions outlined in Article 57 of CRR.</p> <p>Holdings of shares included as "Capital instruments not eligible" shall not be reported in this row.</p> <p>The amount to be reported shall include the share premium related to the own shares. The user should note that actual or contingent obligations to purchase own AT1 instruments are reported separately in FI-OF-056.</p>
FI-OF-056	Actual or contingent obligations to purchase own AT1 instruments	<p><i>Articles 56 point (a) and 57 of CRR</i></p> <p>According to Article 56 point (a) of CRR, "own AT1 instruments that an institution could be obliged to purchase as a result of existing contractual obligations" shall be deducted.</p>
FI-OF-057	Instruments issued by subsidiaries that are given recognition in AT1 Capital	<p><i>Articles 83, 85 and 86 of CRR</i></p> <p>Sum of all the amounts of qualifying AT1 capital of subsidiaries that are included in consolidated AT1, if any. Qualifying AT1 capital issued by a special purpose entity (Article 83 of CRR) shall be included.</p>
FI-OF-058	Reciprocal cross holdings in AT1 Capital	<p><i>Articles 4(1)(122), 56 point (b) and 58 of CRR</i></p> <p>Holdings in AT1 instruments of financial sector entities (as defined in Article 4(1)(27) of CRR) where there is a reciprocal cross holding that the competent authority considered to have been designed to artificially inflate the own funds of the Licence Holder.</p>

		The amount to be reported shall be calculated on the basis of the gross long positions and shall include AT1 own-fund insurance items.
FI-OF-059	Excess of deduction from T2 items over T2 Capital	<i>Article 56 point (e) of CRR</i> The amount to be reported is directly taken from FI-OF-076.
FI-OF-060	Excess of deduction from AT1 items over AT1 Capital	<i>Article 36(1) point (j) of CRR</i> Additional Tier 1 cannot be negative, but it is possible that AT1 deductions are greater than AT1 Capital plus related share premium. When this happens, AT1 has to be equal to zero, and the excess of AT1 deductions has to be deducted from CET1. With this item, it is ensured that the sum of FI-OF-48 to FI-OF-061 is never lower than zero. If FI-OF-060 shows a positive figure, item FI-OF-041 shall have the inverse of that figure.
FI-OF-061	AT1 Capital elements or deductions – Other	This row has been included to provide flexibility solely for reporting purposes. It shall only be populated in the rare cases that there is no final decision on the reporting of specific capital items/ deductions in the current template. As a consequence, this row shall only be populated if an AT1 element cannot be assigned to one of the rows mentioned above.
FI-OF-062	Tier 2 Capital	<i>Article 71 of CRR</i>
FI-OF-063	Capital instruments and subordinated loans eligible as T2 Capital	<i>Articles 62 point (a), 63 to 65, 66 point (a) and 67 of CRR</i> For the eligible amount of T2 Capital, refer to Article 4(45) points (a) and (b).
FI-OF-064	Paid up capital instruments and subordinated loans	<i>Articles 62 point (a), 63 and 65 of CRR</i> The amount to be reported shall not include the share premium related to the instruments.
FI-OF-065	Memorandum item: Capital instruments and subordinated loans not eligible	<i>Article 63 points (c), (e) and (g) and 64 of CRR</i> Conditions in those points reflect different situations of the capital which are reversible and thus the amount reported here can be eligible in subsequent periods. The amount to be reported shall not include the share premium related to the instruments.
FI-OF-066	Share premium	<i>Articles 62 point (b) and 65 of CRR</i> Share premium has the same meaning as under the applicable accounting standard. The amount to be reported in this item shall be the part related to the "Paid up capital instruments".

FI-OF-067	Own T2 instruments	<p><i>Articles 63 point (b)(i), 66 point (a) and 67 of CRR</i></p> <p>Own T2 instruments held by the Licence Holder or group at the reporting date. Subject to exceptions in Article 67 of CRR. Holdings on shares included as "Capital instruments not eligible" shall not be reported in this row. The amount to be reported shall include the share premium related to the own shares.</p> <p>FI-OF-067 to FI-OF-070 do not include actual or contingent obligations to purchase own T2 instruments. Actual or contingent obligations to purchase own T2 instruments are reported separately in FI-OF-071.</p>
FI-OF-071	Actual or contingent obligations to purchase own T2 instruments	<p><i>Articles 66 point (a) and 67 of CRR</i></p> <p>According to Article 66 point (a) of CRR, "own T2 instruments that an institution could be obliged to purchase as a result of existing contractual obligations" shall be deducted.</p>
FI-OF-072	Instruments issued by subsidiaries given recognition in T2 capital	<p><i>Articles 83, 87 and 88 of CRR</i></p> <p>Qualifying Tier 2 capital issued by a special purpose entity shall be included.</p>
FI-OF-073	IRB Excess of provisions over expected losses eligible	<p><i>Article 62 point (d) of CRR</i></p> <p>For Licence Holders calculating risk-weighted exposure amounts in accordance with the IRB approach, this item contains the positive amounts resulting from comparing the provisions and expected losses which are eligible as T2 capital.</p>
FI-OF-074	SA General credit risk adjustments	<p><i>Article 62 point (c) of CRR</i></p> <p>For Licence Holders calculating risk-weighted exposure amounts in accordance with the standard approach this item contains the general credit risk adjustments eligible as T2 capital.</p>
FI-OF-075	Reciprocal cross holdings in T2 capital	<p><i>Articles 4(1)(122), 66 point (b) and 68 of CRR</i></p> <p>Holdings in T2 instruments of financial sector entities (as defined in Article 4(1)(27) of CRR) where there is a reciprocal cross holding that the National Competent Authority considers to have been designed to inflate artificially the own funds of the licence holder.</p> <p>The amount to be reported shall be calculated on the basis of the gross long positions, and shall include Tier 2 own- funds insurance items.</p>
FI-OF-076		<p><i>Article 56 point (e) of CRR</i></p>

	Excess of deductions from T2 items over T2 capital	Tier 2 cannot be negative, but it is possible that T2 deductions are greater than T2 capital plus related share premium. When this happens, T2 shall be equal to zero, and the excess of T2 deductions shall be deducted from AT1. With this item, the sum of FI-OF-063 to FI-OF-077 is never lower than zero. If this item shows a positive figure, item FI-OF-072 shall be the inverse of that figure.
FI-OF-077	T2 capital elements or deductions – Other	This row has been included to provide flexibility solely for reporting purposes. It shall only be populated in the rare cases that there is no final decision on the reporting of specific capital items/ deductions in the current template. As a consequence, this row shall only be populated if a T2 element cannot be assigned to one of the rows mentioned above.

Annex 2: Various Definitions

Group entities – Refers to group of undertakings which are linked to each other by a relationship referred to in Article 22(1), (2) or (7) of Directive 2013/34/EU or undertakings as defined in Articles 4, 5, 6 and 7 of Commission Delegated Regulation (EU) No. 241/2014 that are linked to each other by a relationship referred to in Article 10(1) or in Article 113(6) or (7) of the CRR.

Third party entities - Refers to individuals or entities that are not categorised as group entities.

Related payment service activities by an electronic money institution - **Related payment service** activities by an electronic money institution refer to the process wherein the institution receives funds from clients and issues electronic money in exchange for those funds. Subsequently, this electronic money is utilised to facilitate payment transactions or provide payment services.

Unrelated payment service activities by an electronic money institution - **Unrelated payment service** activities by an electronic money institution refer to the process wherein the institution receives funds from clients but does not issue e-money in exchange for those funds and subsequently carries out a payment transaction/provides a payment service.

Payment account – An account held in the name of one or more customers which is used for the execution of payment transactions.

Reporting period - The reporting period spans from the date specified on data points FI-CS - 6a to FI-CS - 6b located on the 'Cover Sheet' of the FI Return.

(1) Residency

Version v:24-01-a of the FI Return introduces the segregation of various data points by residency. This applies to the sources of income generated by FIs, the country of residency of the clients, and so on.

Resident entities within a country, such as households and business, may be defined by their economic ties to the country's economic territory. These entities might not necessarily hold the country's nationality, might not always be recognised as legal entities, and might not be physically present in the country when conducting transactions. The primary factor in determining a customer's country of residence is where their central economic interests are located.

The "Centre of Economic Interest" refers to a specific location within an economic territory where an entity is actively involved and plans to remain involved in substantial economic activities and transactions either indefinitely or for a significant period of time (a year or more).

Persons that have a centre of economic interest in the country are deemed to be resident entities, even if they go abroad for short periods of less than a year. The below list is also included:

Border Workers	Individuals who cross the frontier frequently to work in a neighbouring country.
Seasonal Workers	People who leave the country for several months, but less than a year, to work in another country in sectors in which additional manpower is needed periodically.
Other Workers	Locally recruited staff working in the extraterritorial enclaves of foreign governments.
Other	Tourists, patients, students, visiting officials, businessmen, salesmen, artists, and crew members traveling abroad.

Transactions with entities that are not incorporated in Malta nor have a centre of economic interest in Malta, are to be reported as transaction with the incorporated foreign legal entity which resides outside Malta, as per their incorporation address.

(2) Business to Consumer ('B2C')

Business to Consumer shall include (i) consumers, and (ii) micro enterprises as specified below.

Consumers under Financial Institutions Act (Cap. 376) means a natural person who in payment service contracts covered by the provisions of the Payment Services Directive, as transposed in directives issued by the Central Bank under the Central Bank of Malta Act, is acting for purposes other than his or her trade, business or profession.

Micro enterprises | Arbitrer for Financial Services Act (Cap. 555) defines micro enterprises as an enterprise which employs fewer than ten persons and whose annual turnover and, or annual balance sheet total does not exceed two million euro (€2,000,000).

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