BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Financial Reporting

Applicable to:
1. Licensed banks
2. Licensed investment banks
3. Licensed insurers
4. Financial holding companies

Issued on: 2 February 2018

BNM/RH/PD 032-13

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PART A OVERVIEW

1 Introduction

1.1 The Malaysian Financial Reporting Standards (MFRS) which serve as a basis for financial reporting in Malaysia have been fully converged with the International Financial Reporting Standards (IFRS) from 1 January 2012. Ongoing improvements in these standards have contributed to a greater alignment between financial reporting and prudential frameworks. Notwithstanding these positive developments, the increasingly more principle-based financial reporting standards and the substantial degree of judgment required under the financial reporting standards can continue to result in divergent outcomes between the objectives of financial reporting, and prudential regulation which is primarily concerned with promoting financial stability.

1.2 Recognising this potential dichotomy, a financial institution is required under the Financial Services Act 2013 (FSA) and the Islamic Financial Services Act 2013 (IFSA) to prepare its financial statements in accordance with the MFRS, subject to any standards as may be specified by the Bank to reflect specific modifications or exceptions to the MFRS. The Bank envisages that such modifications or exceptions will only become necessary in circumstances where alternative prudential measures would not be adequate to promote the financial resilience of the financial institution or address threats to financial stability. Where such modifications or exceptions are specified by the Bank, this must be accompanied by a disclosure of that fact by the financial institution.

Policy objective

1.3 This policy document clarifies and sets minimum expectations for the application of the MFRS to a financial institution. It also aims to ensure adequate disclosures by a financial institution in the financial statements to improve comparability for users of financial statements and better facilitate the assessment of a financial institution's financial position and performance.

Scope of policy

1.4 This policy document sets out–
- (a) the specific requirements on the application of the MFRS;
- (b) information to be disclosed in the financial statements;
- (c) application requirements for approval of a dividend payment; and
- (d) requirements on submission and publication of the financial statements.

2 Applicability

2.1 This policy document is applicable to financial institutions as defined in paragraph 6.2.

2.2 Notwithstanding paragraph 2.1, the requirements under Part D of this policy document are not applicable to a professional reinsurer.

3 Legal provision

3.1 The requirements in this policy document is issued pursuant to section 47(1), section 51, section 56(2)(d), section 64, section 65, section 66, section 115, section 143(2) and section 266 of the FSA.

4 Effective date

4.1 This policy document comes into effect on 1 January 2018 and shall apply to financial statements–
- (a) for financial years beginning on or after 1 January 2018 for a licensed person; and
- (b) for financial years beginning on or after 1 January 2018 for a financial holding company, except for the requirements as set out in paragraphs 11.4(c), 11.5(c), 12.4(a)(v) and 12.4(b)(ii) which will come into effect in the first financial year after the *Capital Adequacy Framework* is effective for a financial holding company.

4.2 A financial institution shall notify the Bank (one-time notification) of its intention to apply the fair value option under MFRS 9 *Financial Instruments* (MFRS 9) and the scope of the fair value application to financial instruments as approved by the board, at least one month before the option is first applied. The notification must be supplemented with relevant extracts of board minutes detailing the list of financial instruments approved by the board to apply the fair value option and the intended date of the application of the fair value option.

4.3 The Bank is committed to ensure that its policies remain relevant and continue to meet the intended objectives and outcome. Accordingly, the Bank will review this policy document within 5 years from the date of issuance or the Bank's latest review, and where necessary, amend or replace this policy document.

5 Level of application

5.1 A financial institution is required to comply with the requirements in this policy document in the preparation and publication of its separate financial statements and consolidated financial statements.

6 Interpretation

6.1 The terms and expressions used in this policy document shall have the same meanings assigned to them in the FSA and IFSA unless otherwise defined in this policy document.

6.2 For the purpose of this policy document–

"S" denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretative, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement action;

"G" denotes guidance which may consist of statements or information intended to promote common understanding and advice or recommendations that are encouraged to be adopted;

"banking institution" means a licensed person which is a licensed bank or licensed investment bank;

"financial institution" means a licensed person and a financial holding company approved by the Bank[1];

"foreign policies" means policies issued by a foreign professional reinsurer in or from Malaysia but are not Malaysian policies;

"foreign professional reinsurer" means a licensed professional reinsurer incorporated outside Malaysia;

"Islamic banking institution" means a licensed person which is−
(a) a licensed Islamic bank, except for a licensed international Islamic bank; or
(b) a licensed bank or licensed investment bank approved by the Bank to carry on Islamic banking business under section 15 of the FSA;

"separate financial statements" and **"consolidated financial statements"** shall have the same meaning as set out in MFRS 127 *Separate Financial Statements* and MFRS 10 *Consolidated Financial Statements*.

7 Related legal instruments and policy documents

7.1 This policy document must be read together with other relevant legal instruments and policy documents as set out in Appendix 2.

8 Policy document superseded

8.1 This policy document supersedes the following policy documents:
(a) *Financial Reporting* issued on 28 January 2015; and
(b) *Classification and Impairment Provisions for Loans/Financing* issued on 6 April 2015.

1 Pursuant to section 112 of the FSA.

PART B REGULATORY REQUIREMENTS

9 General requirements

S 9.1 Pursuant to section 65 of the FSA, a financial institution shall ensure that it prepares its financial statements in accordance with the MFRS subject to the requirements specified in paragraph 10 and shall disclose a statement to that effect in the financial statements.

S 9.2 The board is responsible for ensuring that the financial statements are drawn up so as to give a true and fair view of the state of affairs and of the results of the business of the financial institution. This is consistent with the fiduciary and statutory duties placed on the board as persons responsible for managing the affairs of the financial institution. Hence, the board shall be satisfied that a sound financial reporting structure is in place to ensure the integrity and credibility of the financial statements.

S 9.3 For financial instruments that are measured at fair value, a financial institution shall ensure that sound risk management and control processes[2] around their measurement[3] are in place.

S 9.4 A financial institution shall ensure that sound methodologies for assessing credit risk and measuring the level of loss allowance are in place[4]. The methodologies employed must incorporate sufficient level of prudence and that the aggregate amount of loss allowance must be adequate to absorb inherent losses in the credit portfolio.

10 Specific requirements on the application of the MFRS

S 10.1 The financial statements and financial reports referred to under Part C and Part D of this policy document shall be presented in Malaysian ringgit (RM).

S 10.2 For the purpose of disclosures of non-compliance with externally imposed capital requirements, the relevant capital adequacy requirements shall refer to–

(a) the minimum capital adequacy ratios as set out in *Capital Adequacy Framework (Capital Components)* and *Capital Adequacy Framework for Islamic Banks (Capital Components);* or

(b) the supervisory target capital level as set out in *Risk-Based Capital Framework for Insurers* and *Risk-Based Capital Framework for Takaful Operators*.

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[2] A financial institution may refer to the expectations set out in the *Supervisory Guidance for Assessing Banks' Financial Instrument Fair Value Practices, Basel Committee on Banking Supervision, April 2009* and *Supervisory Guidance on the Use of the Fair Value Option for Financial Instruments by Banks, Basel Committee on Banking Supervision, June 2006*.

[3] Refer to MFRS 13 *Fair Value Measurement*.

[4] A banking institution is encouraged to adopt the principles and guidance set out in the *Guidance on Credit Risk and Accounting for Expected Losses*, *Basel Committee on Banking Supervision, December 2015.*

S 10.3 A licensed person that is a member institution of Perbadanan Insurans Deposit Malaysia (PIDM) shall also comply with the disclosure requirements specified by PIDM.

S 10.4 A financial institution shall not account for the investments in associates and joint ventures using the equity method described in MFRS 128 *Investments in Associates and Joint Ventures* in the preparation of its separate financial statements.

S 10.5 In applying the impairment requirements under MFRS 9, a banking institution must maintain, in aggregate, loss allowance for non-credit-impaired exposures[5] and regulatory reserves of no less than 1% of total credit exposures[6,7], net of loss allowance for credit-impaired exposures.

S 10.6 A banking institution shall classify a credit facility as credit-impaired–

(a) where the principal or interest/profit or both[8] of the credit facility is past due for more than 90 days or 3 months. In the case of revolving credit facilities (e.g. overdraft facilities), the facility shall be classified as credit-impaired where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months;

(b) where the amount is past due or the outstanding amount has been in excess of the approved limit for 90 days or 3 months or less, and the credit facility exhibits weaknesses in accordance with the banking institution's credit risk measurement framework; or

(c) when the credit facility is classified as rescheduled or restructured in the *Central Credit Reference Information System* (CCRIS) in accordance with the CCRIS reporting requirements in Appendix 1.

For the avoidance of doubt, where repayments are scheduled on intervals of 3 months or longer, the credit facility is classified as credit-impaired as soon as a default[9] occurs.

S 10.7 For the purpose of ascertaining the period in arrears in paragraph 10.6−

(a) repayment on each of the instalment amount must be made in full. A partial repayment made on an instalment amount shall be deemed to be still in arrears; and

(b) where a moratorium on credit facilities is granted in relation to the rescheduling and restructuring exercise as set out in Appendix 1 of *Credit Risk*, the determination of period in arrears shall exclude the moratorium period granted.

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5 For the avoidance of doubt, these loss allowances are commonly known as Stage 1 and Stage 2 provisions.

6 Excluding (i) exposures to and exposures with an explicit guarantee from the Government of Malaysia; and (ii) exposures to the Bank, a licensed bank, a licensed investment bank, a licensed Islamic bank and a prescribed development financial institution.

7 Refers to credit exposures that are subject to impairment requirements under MFRS 9.

8 In the case of credit card facilities, the amount past due refers to the minimum monthly repayments.

9 A default is defined as the inability to meet the contractual repayment terms.

S 10.8 For the purpose of paragraph 10.6(c), the rescheduled and restructured credit facility shall only be reclassified from credit-impaired to non-credit-impaired when repayments based on the revised and restructured terms have been observed continuously for a period of at least 6 months or a later period as determined by the banking institution's policy on rescheduled and restructured facilities.

S 10.9 A financial institution in the preparation of its consolidated financial statements or a licensed insurer in the preparation of its separate financial statements, as the case may be, shall ensure the following:

(a) in respect of its life/family takaful business, present life insurance/family takaful contract liabilities with discretionary participating features (including actuarial liabilities, unallocated surplus and fair value/revaluation reserves, if any, of its life/family takaful fund) as a liability in its statement of financial position;

(b) in respect of its life/family takaful business, present investment-linked contracts as insurance/takaful contracts, consistent with the requirements in the *Guidelines on Investment-Linked Insurance/Takaful Business*;

(c) in respect of its life/family takaful business, account for acquisition costs[10] as and when these are incurred and such costs shall not be deferred;

(d) be deemed to have complied with the requirements of a *liability adequacy test* under MFRS 4 *Insurance Contracts* (MFRS 4) if the valuation methods used are in accordance with Appendix VI or Appendix VII of the *Risk-Based Capital Framework for Insurers, Guidelines on Valuation Basis for Liabilities of General Takaful Business* and *Guidelines on Valuation Basis for Liabilities of Family Takaful Business, as applicable*; and

(e) where a licensed insurer is applying the temporary exemption from MFRS 9, in respect of its insurance/takaful business and for the purpose of complying with paragraph 58 of MFRS 139 *Financial Instruments: Recognition and Measurement* (MFRS 139) and paragraph 20(a) of MFRS 4, deem *objective evidence of impairment* to exist where the principal or interest/profit or both for loans/financing/receivables[11] that are individually assessed for impairment, are past due for more than 90 days or 3 months. Impairment allowances for loans/financing/receivables that meet this condition shall be determined in accordance with MFRS 139 or MFRS 4. In the case of treaty reinsurance/retakaful business, the date the statement is provided to the reinsurer/retakaful operator shall be deemed as the 'date due' for the purpose of complying with this paragraph. This however, does not preclude a licensed insurer/takaful operator from assessing its accounts earlier for impairment if the accounts exhibit weaknesses[12] that heighten the risks associated with these accounts.

[10] Acquisition costs are commissions and agency-related expenses incurred in securing premiums on life insurance/family takaful policies.

[11] Includes amount due from reinsurers and outstanding premiums.

[12] A financial institution shall also consider the loss events listed under paragraph 59 of MFRS 139.

11 Minimum disclosure requirements

G 11.1 The requirements under the following paragraphs refer specifically to disclosures which form part of the *financial statements* and do not deal with other disclosures provided by a financial institution as part of the Annual Report (e.g. Director's Report, Statement on Corporate Governance).

S 11.2 A financial institution shall make disclosures in the financial statements in accordance with the requirements of the MFRS, and include information specified under paragraphs 11.4 to 11.6 of this policy document.

S 11.3 A financial institution shall comply with the following key principles on disclosure of information:

(a) information should be timely and up-to-date to ensure the relevance of the information being disclosed;

(b) the scope and content of information disclosed and the level of disaggregation and detail should be sufficient to provide comprehensive, meaningful[13] and relevant information to the users;

(c) adequate disclosures should be provided on areas of uncertainty, in particular information on key estimates and if sensitivity analysis is used, a discussion on the assumptions and the probabilities of the occurrence of various scenarios; and

(d) disclosures should allow comparisons over time and among institutions[14].

S 11.4 The explanatory notes to be disclosed in the *annual* financial statements of a financial institution shall include the following information, as applicable:

Banking business-related information[15]

(a) deposits from customers with a breakdown by–
   - (i) types of deposits[16] (e.g. demand, savings, term);
   - (ii) types of customers (e.g. government, business enterprises); and
   - (iii) maturity structures of term deposits[17] (e.g. < 6 months, 6-12 months, 1-3 years);

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[13] For example, given the heterogeneity of users of financial reporting, background information on the wider economic environment which a financial institution operates in is often necessary to provide sufficient information to understand the context for specific disclosures. Information must also be useful to support decision-making by users.

[14] For example, users shall be informed of the accounting policies employed in the preparation of the financial statements including any changes in those policies and the effects of such changes. This should enable users to identify differences between the accounting policies for like transactions and other events used by the same entity from period to period and by different entities. Compliance with MFRS, including the disclosure of the accounting policies used by the entity, helps to achieve this comparability.

[15] Includes Shariah compliant transactions undertaken by a banking institution approved under section 15 of the FSA to carry on Islamic banking business and/or the Islamic banking subsidiary of a financial institution.

[16] For a banking institution approved under section 15 of the FSA to carry on Islamic banking business, to also show separately at the Islamic banking business level, the breakdown by main Shariah contracts (e.g. Wadiah and Qard).

[17] Including negotiable instruments of deposits.

(b) loans/financing and advances with a breakdown by–
   (i) measurement basis (e.g. amortised cost, fair value)
      - for fair value through profit or loss, show separately those designated as fair value upon initial recognition;
   (ii) types of loans/financing [18] (e.g. overdrafts, revolving credit, hire-purchase, housing loans/financing);
   (iii) geographical distribution;
   (iv) economic sector;
   (v) residual contractual maturity (e.g. up to 1 year, 1-5 years, > 5 years); and
   (vi) interest rate/profit rate sensitivity (e.g. fixed rate, variable rate);

(c) capital[19,20] with a breakdown by–
   (i) capital structure[21]; and
   (ii) capital adequacy showing separately Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio, and express as percentages to three decimal places;

(d) liquidity risk information [22] incorporating an analysis of assets and liabilities in the relevant maturity tenures based on remaining contractual maturities. A financial institution may also provide the analysis of assets and liabilities in the relevant maturity tenures based on their behavioural profile; and

(e) operations of Islamic banking with separate disclosures[23] of a statement of financial position, a statement of comprehensive income and a statement of changes in equity;

Insurance/takaful business-related information[24,25]

(f) analysis of the statement of financial position and statement of comprehensive income showing separately the life business, family takaful business, general business and general takaful business;

(g) insurance/takaful contract liabilities;

(h) reinsurance/retakaful assets;

(i) insurance/takaful receivables;

(j) insurance/takaful payable;

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18 For a banking institution approved under section 15 of the FSA to carry on Islamic banking business, to also show separately at the Islamic banking business level, the breakdown by main Shariah contracts (e.g. Bai', Ijarah, Istisna', Musharakah, Qard).

19 For a banking institution approved under section 15 of the FSA to carry on Islamic banking business, to also show separately the capital information at the Islamic banking business level.

20 In the case of a financial holding company, to disclose the capital adequacy positions on a consolidated basis.

21 The breakdown shall be consistent with the components of capital as set out in the *Capital Adequacy Framework (Capital Components)*.

22 A financial institution may refer to Principle 13 of the *Principles for Sound Liquidity Risk Management and Supervision*, Basel Committee on Banking Supervision, September 2008, for guidance on relevant quantitative and qualitative disclosures.

23 This disclosure is only applicable to a banking institution approved under section 15 of the FSA to carry on Islamic banking business.

24 Includes Shariah compliant transactions undertaken by the takaful operator subsidiary of a financial institution.

25 A financial institution may refer to the *Model Insurance Financial Statements* issued by the Malaysian Institute of Certified Public Accountants and make appropriate adjustments to the model financial statements, as necessary.

(k) total capital available showing separately Tier 1 Capital and Tier 2 Capital[26,27];
(l) gross and net earned premium; and
(m) gross and net benefits and claims;

General information

(n) a movement schedule of financial instruments classified as credit-impaired with a breakdown by class of financial instrument (e.g. retail loans/financing, debt securities, loan commitments);
(o) a movement schedule of loss allowance with a breakdown by class of financial instrument and showing separately the loss allowance−
   (i) measured at an amount equal to 12-month expected credit losses;
   (ii) measured at an amount equal to lifetime expected credit losses for financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired;
   (iii) measured at an amount equal to lifetime expected credit losses for financial instruments that are credit-impaired (excluding those that are purchased or originated credit-impaired); and
   (iv) for financial instruments that are purchased or originated credit-impaired;
(p) interest/profit income and expenses with a breakdown by categories of financial assets or liabilities. Interest/profit income recognised for credit-impaired exposures shall be disclosed separately;
(q) non-interest/profit income and other operating expenses with a breakdown of major items of income/profit or expense;
(r) CEO and directors' remuneration with a breakdown of types of remuneration (e.g. salary, fees, bonus, benefits-in-kind, retirement benefits), disclosed separately for the CEO and each individual director, distinguishing between executive and non-executive directors;
(s) reserves with a breakdown by type and purpose of reserves maintained. A movement schedule shall also be disclosed;
(t) commitments and contingencies with a breakdown by types and amount distinguishing between contingent liabilities and commitments; and
(u) intercompany charges with a breakdown by type of services received and geographical distribution.

S 11.5 The explanatory notes to be disclosed in the *interim* financial report of a financial institution shall include the following information, as applicable–

Banking business-related information

(a) a movement schedule of loss allowance;
(b) a movement schedule of financial instruments classified as credit-impaired; and
(c) capital;

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[26] The breakdown shall be consistent with the components of capital as set out in the *Risk-Based Capital Framework for Insurers*.

[27] This disclosure is only applicable to a licensed insurer in the preparation of its separate financial statements.

Insurance/takaful business-related information

(d) analysis of the statement of financial position and statement of comprehensive income showing separately the life business, family takaful business, general business and general takaful business;
(e) insurance/takaful contract liabilities;
(f) reinsurance/retakaful assets; and
(g) total capital available[28].

The breakdown for the above explanatory notes shall be consistent with that specified for annual financial statements (refer to paragraph 11.4). In addition, a financial institution shall disclose items that are material to the understanding of the interim financial report in accordance with MFRS 134 *Interim Financial Reporting*.

S 11.6 For placement of funds in an investment account with an Islamic banking institution, a financial institution shall−

(a) present the placement, as a separate line item in the statement of financial position, as either “investment account placement” or “investment account placement – (asset description)”; and
(b) disclose in the explanatory notes the nature of the underlying assets for the investment.

[28] This disclosure is only applicable to a licensed insurer in the preparation of its separate interim financial report.

PART C REGULATORY PROCESS AND SUBMISSION REQUIREMENTS

12 Declaration and payment of dividends

S 12.1 Pursuant to section 51(1) of the FSA, a financial institution is required to obtain the Bank's written approval prior to declaring or paying any dividend on its shares. For the avoidance of doubt, shares refer to both ordinary shares and preference shares.

S 12.2 Unless otherwise informed by the Bank in writing, approval is given to a financial institution to declare or pay any dividend on its preference shares where the dividend is non-discretionary [29] and non-cumulative [30]. For the avoidance of doubt, where the Bank has, prior to the effective date of this policy document, imposed a requirement on a financial institution to obtain the Bank's written approval prior to declaring or paying any dividend on its preference shares, such approval requirement shall continue to apply and the requirements set out in paragraph 12.4 shall be observed by the financial institution.

S 12.3 Where an application has been made under paragraph 12.1, a financial institution shall not–
(a) publish in print and/or electronic form[31];
(b) lay the annual financial statements at its general meeting; and
(c) in the case of a listed financial institution, submit to the stock exchange,
the interim financial report or annual financial statements, as the case may be, unless the proposed dividend has been approved by the Bank under section 51(1) of the FSA.

S 12.4 An application for approval made under paragraph 12.1 by a financial institution must be supplemented with the following:
(a) where an interim dividend is proposed–
(i) its interim financial report, with a review by the auditor of the profit after tax for the period [32]. The explanatory notes to the interim financial report shall be consistent with that specified for annual financial statements (refer to paragraph 11.4);
(ii) the interim financial reports of its principal subsidiaries [33, 34], as applicable;
(iii) the limited review report by its auditor;
(iv) a written confirmation by the officer primarily responsible for the financial management of the financial institution that its interim financial reports have been prepared in accordance with the MFRS

[29] The proposed dividend payment is not at the full discretion of the financial institution.
[30] Any waived dividend must not be made up by the financial institution at a later date.
[31] For example, newspapers, press releases and website.
[32] In accordance with the standards on review engagements issued by the Malaysian Institute of Accountants.
[33] Subsidiaries which are major contributors to the group's revenue, assets or profit/loss.
[34] For the avoidance of doubt, the interim financial reports of the principal subsidiaries need not be subject to review by the auditor.

subject to requirements specified by the Bank in paragraph 10 of this policy document;
(v) in the case of a banking institution and a financial holding company engaged predominantly in banking activities, the calculation of Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio showing the positions separately before and after the proposed payment of dividends[35]; and
(vi) in the case of a licensed insurer, the calculation of the Capital Adequacy Ratio showing the positions separately before and after the proposed payment of dividends.

(b) where a final dividend is proposed–
(i) the information specified in paragraph 13.1;
(ii) in the case of a banking institution and a financial holding company engaged predominantly in banking activities, the calculation of Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio showing the positions separately before and after the proposed payment of dividends[36];
(iii) in the case of a licensed insurer, the calculation of the Capital Adequacy Ratio showing the positions separately before and after the proposed payment of dividends; and
(iv) in the case of a licensed insurer, its audited statistical returns[37] and risk-based capital forms reported under the Insurance Companies Statistical System.

13 Annual financial statements

S 13.1 Within three months after the close of each financial year and before the laying of the financial statements at the general meeting, a financial institution shall submit to Jabatan Penyeliaan Konglomerat Kewangan, Jabatan Penyeliaan Perbankan or Jabatan Penyeliaan Insurans dan Takaful of Bank Negara Malaysia, as the case may be, the following:
(a) its annual audited financial statements[38];
(b) the audited financial statements of its principal subsidiaries, where relevant;
(c) its Auditor's Report[39], including a report on the key accounting and auditing matters tabled to the board audit committee;
(d) the analysis of performance by key business segments;
(e) in the case of the consolidated financial statements of a banking institution and a financial holding company engaged predominantly in banking activities, a report on its operations in the financial year, including an analysis (both quantitative and narrative) of the overall assessment of the group's financial performance. The analysis of performance, for the

[35] In the case of a financial holding company, to disclose the capital adequacy positions on a consolidated basis.
[36] In the case of a financial holding company, to disclose the capital adequacy positions on a consolidated basis.
[37] This refers to the Revenue Account, Income Statement and Balance Sheet.
[38] Both the separate financial statements and consolidated financial statements.
[39] This refers to the detailed report prepared by the auditor on the audit of a financial institution's annual financial statements.

current and preceding year, of each subsidiary within the group which are major contributors to the group's profit shall at a minimum, include the following:
(i) total assets (in RM and % of group);
(ii) profit/(loss) before tax (in RM and % of group);
(iii) profit/(loss) after tax (in RM and % of group);
(iv) dividends (if any);
(v) ratio of profit/(loss) before tax to average shareholders' funds; and
(vi) ratio of profit/(loss) before tax to average total assets;

(f) a written confirmation by the officer primarily responsible for the financial management of the financial institution that its annual financial statements have been prepared in accordance with the MFRS subject to requirements specified by the Bank in paragraph 10 of this policy document; and

(g) the tentative date of the publication of its annual financial statements on the website, where applicable.

S 13.2 For the purpose of paragraph 13.1(b), where the audited financial statements are in a language other than the national language or English, the copy submitted shall be translated into English.

S 13.3 For the avoidance of doubt, in the case of a foreign professional reinsurer, the information to be submitted under paragraph 13.1 shall relate to its Malaysian policies and foreign policies of its office in Malaysia.

S 13.4 Where the audited financial statements of a foreign professional reinsurer are not made available on the website, a foreign professional reinsurer shall submit to the Bank a copy of its audited financial statements within 30 calendar days after the laying of the financial statements at its general meeting in the country in which it is incorporated or established. Where the audited financial statements are in a language other than the national language or English, the copy submitted shall be translated into English.

14 Interim financial report

S 14.1 A banking institution and a financial holding company engaged predominantly in banking activities shall submit to Jabatan Penyeliaan Konglomerat Kewangan or Jabatan Penyeliaan Perbankan of Bank Negara Malaysia, as the case may be, not later than 4 weeks after the end of each interim period, the following:

(a) its interim financial report[40];
(b) the interim financial reports of its principal subsidiaries[41], where relevant;
(c) the analysis of performance by key business segments;
(d) in the case of the consolidated financial report, an analysis (both quantitative and narrative) of the overall assessment of the group's financial performance. The analysis of performance, for the current

[40] Both the separate financial statements and consolidated financial statements.
[41] Where the interim financial statements are in a language other than the national language or English, the copy submitted shall be translated into English.

interim period and cumulatively for the current financial year-to-date and comparable interim period (current and year-to-date) of the preceding year, of each subsidiary within the group which are major contributors to the group's profit shall at a minimum, include the following:

(i) total assets (in RM and % of group);
(ii) profit/(loss) before tax (in RM and % of group);
(iii) profit/(loss) after tax (in RM and % of group);
(iv) dividends (if any);
(v) ratio of profit/(loss) before tax to average shareholders' funds; and
(vi) ratio of profit/(loss) before tax to average total assets; and

(e) a written confirmation by the officer primarily responsible for the financial management of the banking institution and the financial holding company that the interim financial report has been prepared in accordance with the MFRS subject to requirements specified by the Bank in paragraph 10 of this policy document.

PART D PUBLICATION REQUIREMENTS

15 Annual financial statements

S 15.1 A licensed person shall–
(a) publish, in an abridged format, the audited annual financial statements in at least two local daily newspapers, one of which shall be in the national language and the other in English; and
(b) make available the full set of the audited annual financial statements on its website[42],

no earlier than five working days after the date of submission of the information specified in paragraph 13.1 to the Bank but not later than 14 calendar days after its annual general meeting.

S 15.2 A financial holding company shall make available the full set of the audited annual financial statements on its website no earlier than five working days after the date of submission of the information specified in paragraph 13.1 to the Bank but not later than 14 calendar days after its annual general meeting.

S 15.3 For the purpose of paragraph 15.1(a), the abridged format of the financial statements to be published in the newspapers shall, at a minimum, consist of the following:
(a) a statement of financial position;
(b) a statement of comprehensive income;
(c) a statement of changes in equity;
(d) a statement of cash flows; and
(e) the Auditors' Report.

S 15.4 For the purpose of paragraph 15.1(a), the two approved local daily newspapers are–
(a) Berita Harian or Utusan Malaysia; and
(b) The New Straits Times or The Star.

S 15.5 A licensed person shall make available a copy of the audited annual financial statements at every branch of the licensed person in Malaysia.

S 15.6 For the purpose of paragraph 15.1(a), a licensed person shall include a prominent note in the published abridged format of its financial statements stating that–
(a) the full set of the financial statements is available on the licensed person's website, together with the address of the website; and
(b) a copy of the audited annual financial statements is available at every branch of the licensed person in Malaysia.

[42] Or the corporate website of a licensed person or a financial holding company.

16 Interim financial report

S 16.1 Where an application has not been made under paragraph 12.1–

(a) a banking institution and a financial holding company engaged predominantly in banking activities shall make available on its website the interim financial report prepared on a quarterly and half-yearly basis, as the case may be, no earlier than five working days after the date of submission of the information specified in paragraph 14.1 to the Bank but not later than eight weeks after the close of the interim period;

(b) a licensed insurer and a financial holding company engaged predominantly in insurance activities shall make available on its website the interim financial report prepared on a half-yearly basis no later than eight weeks after the close of the interim period.

S 16.2 Where an application has been made under paragraph 12.1 and approval from the Bank has been obtained under section 51(1) of the FSA, a financial institution shall make available on its website, the interim financial report prepared on a quarterly and half-yearly basis, as the case may be, no later than eight weeks after the close of the interim period. In the case where the application has yet to be approved by the Bank by the end of the eighth week after the close of the interim period, a financial institution shall disclose on its website the interim financial report no later than five working days after the approval from the Bank has been obtained.

S 16.3 Where the audited annual financial statements for the preceding financial year have yet to be published by the end of the eighth week after the close of the interim period, a financial institution shall disclose on its website the first quarter interim financial report on the same day or not later than three working days after the publication of the audited annual financial statements.

APPENDIX 1 CLASSIFICATION AS RESCHEDULED AND RESTRUCTURED IN THE CENTRAL CREDIT REFERENCE INFORMATION SYSTEM (CCRIS)

1. Where a modification is made to the original repayment terms and conditions of a credit facility following an increase in the credit risk of a counterparty[43], the credit facility must be reported as rescheduled and restructured in CCRIS, except in the following circumstances:
   (a) where a moratorium is granted in line with paragraphs 3 and 4 of Appendix 1 of *Credit Risk*;
   (b) the credit facility is rescheduled or restructured by *Agensi Kaunseling dan Pengurusan Kredit* (AKPK); and
   (c) for retail credit facilities, where a banking institution elects not to increase the instalment amount following an increase in the Base Rate/base lending rate in cases where the increase is less than RM50 per month[44].

[43] Refer to Appendix 1 of *Credit Risk*.
[44] Refer to the *Reference Rate Framework* (including the FAQs).

APPENDIX 2 RELATED LEGAL INSTRUMENTS AND POLICY DOCUMENTS

1. *Credit Risk*
2. *Capital Adequacy Framework (Capital Components)*
3. *Capital Adequacy Framework for Islamic Banks (Capital Components)*
4. *Risk-Based Capital Framework for Insurers*
5. *Risk-Based Capital Framework for Takaful Operators*
6. *Guidelines on Investment-Linked Insurance/Takaful Business*
7. *Guidelines on Valuation Basis for Liabilities of General Takaful Business*
8. *Guidelines on Valuation Basis for Liabilities of Family Takaful Business*
9. *Reference Rate Framework*