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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 licensed person is required under the Financial Services Act 2013 and the Islamic Financial Services Act 2013 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 licensed person 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 licensed person.

Policy objective

1.3. This policy document clarifies and sets minimum expectations for the application of the MFRS to a licensed person. It also aims to ensure adequate disclosures by a licensed person in the financial statements to improve comparability for users of financial statements and better facilitate the assessment of a licensed person’s financial position and performance.
Scope of policy
1.4. This policy document sets out:
   i. the specific requirements on the application of the MFRS;
   ii. the requirements on the use of fair value option for financial instruments;
   iii. information to be disclosed in the financial statements;
   iv. application requirements for approval of a dividend payment; and
   v. requirements on submission and publication of the financial statements.

2. Applicability

2.1. Unless otherwise specified, this policy document is applicable to a licensed person.

2.2. 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 are specified pursuant to section 47(1), section 51, section 56(2)(d), section 65, section 66, section 143(2) and section 266 of the Financial Services Act 2013 (FSA).

4. Effective date

4.1. This policy document comes into effect:
   i. on 30 June 2013 for a banking institution; and
   ii. for financial years beginning on and after 30 June 2013 for a licensed

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1 For statistical reporting and risk-based capital reporting under the Financial Institutions Statistical System (FISS) or the Insurance Companies Statistical System (ICSS), a licensed person shall refer to the Guidelines on Submission of FISS Reports or the Guidelines for Submission of Monthly/Quarterly/Annual Financial Statements, respectively.

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insurer.

4.2. A licensed person is not allowed to early apply MFRS 9 *Financial Instruments* for financial years beginning before 1 January 2015.

5. **Level of application**

5.1. A licensed person is required to comply with the requirements in this policy document in the preparation and publication of a licensed person’s separate financial statements and consolidated financial statements\(^2\).

6. **Interpretation**

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

6.2. For the purpose of this policy document:

   “\textit{S}” denotes a standard, requirement or specification that must be complied with. Failure to comply may result in one or more enforcement actions;

   “\textit{G}” denotes guidance which may consist of such information, advice or recommendation intended to promote common understanding and sound industry practices which are encouraged to be adopted;

   “\textit{banking institution}” means a licensed person which is a licensed bank or licensed investment bank;

\(^2\) Separate financial statements and consolidated financial statements shall have the same meaning as set out in MFRS 127 *Separate Financial Statements.*
“foreign policies” means polices issued by a foreign professional reinsurer in or from Malaysia but are not Malaysian policies;

“foreign professional reinsurer” means a professional reinsurer incorporated outside Malaysia.

7. Policy documents superseded

7.1. In the case of a banking institution, the policy document listed in paragraph 1 of Appendix 1 is superseded on 30 June 2013.

7.2. In the case of a licensed insurer, the policy document listed in paragraph 2 of Appendix 1 is superseded as and when this policy document comes into effect for the licensed insurer in accordance with paragraph 4.1(ii).
PART B REGULATORY REQUIREMENTS

8. Compliance with the MFRS

8.1. Pursuant to section 65 of the FSA, a licensed person shall ensure that financial statements are prepared in accordance with the MFRS subject to the requirements specified in paragraphs 9.1 to 9.4, and shall disclose a statement to that effect in the financial statements.

8.2. The board of directors is responsible to ensure 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 licensed person. This is consistent with the fiduciary and statutory duties placed on the board of directors as persons responsible for managing the affairs of the licensed person. 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.

9. Specific requirements on the application of the MFRS

9.1. The financial statements and financial reports referred to under Part C and Part D of this policy document shall be presented in Malaysian ringgit.

9.2. For the purpose of disclosures of non-compliance with externally imposed capital requirements, the relevant capital adequacy requirements shall be those set out under paragraph 8.1 of the Capital Adequacy Framework (Capital Components) and paragraph 24.1 of Part F of the Risk-Based Capital Framework for Insurers (Version 3.0).

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

i. inform the Bank\(^3\), in writing and at least three months in advance, of any intention to implement a change in accounting policy under paragraph 22 of MFRS 4 *Insurance Contracts* (MFRS 4);

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

iii. in respect of life business, report its investment-linked contracts as insurance contracts, consistent with the requirements of the *Guidelines on Investment-Linked Insurance/Takaful Business*;

iv. in respect of life business, account for its acquisition costs\(^4\) as and when these are incurred and such costs shall not be deferred;

v. be deemed to have complied with the requirements of a *liability adequacy test* under MFRS 4 if its valuation methods used are in accordance with Appendix VI or Appendix VII of the *Risk-Based Capital Framework for Insurers* (Version 3.0); and

vi. in respect of insurance 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/receivables\(^5\) that are individually assessed for impairment, are past due for more than 90 days or 3 months. Impairment provisions for loans/receivables that meet this condition shall be determined in accordance with MFRS 139 or MFRS 4. In the case of treaty reinsurance business, the date the statement is provided to the reinsurer shall be deemed as the ‘date due’ for the purpose of complying

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\(^3\) For the avoidance of doubt, a licensed person is not required to inform the Bank if its insurance subsidiary has provided that notification to the Bank.

\(^4\) Acquisition costs are commissions and agency related expenses incurred in securing premiums on life insurance policies.

\(^5\) Includes amount due from reinsurers and outstanding premiums.
with this paragraph. This however, does not preclude a licensed insurer from assessing its accounts earlier for impairment if the accounts exhibit weaknesses\textsuperscript{6} that heighten the risks associated with these accounts.

10. The use of fair value option for financial instruments

10.1. MFRS 139 specifies that a financial instrument shall be classified as a financial asset or financial liability at fair value through profit or loss\textsuperscript{7} if the financial instrument is either classified as held for trading, or upon initial recognition it is designated as at fair value through profit or loss (hereafter referred to as 'fair value option'). The requirements in the following paragraphs refer to financial instruments designated at fair value under the fair value option.

10.2. A licensed person applying the fair value option for portfolios of financial assets and liabilities and an individual financial asset and liability shall ensure that the fair value option is implemented in a manner that is consistent with both the MFRS and the licensed person’s risk management and control frameworks.

10.3. A licensed person shall ensure that the board is adequately informed of the effects and implications of the use of the fair value option. In this regard, a licensed person is required to provide a one-time notification to the Bank of the intention to apply the fair value option 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.

10.4. The use of the fair value option must be supported by a sound governance structure, risk management systems and related risk management policies and procedures which ensure that:

i. there is an appropriate segregation of duties between those responsible

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\textsuperscript{6} A licensed person shall also consider the loss events listed under paragraph 59 of MFRS 139.

\textsuperscript{7} Refer to sub-paragraph (b) of the Definitions of Four Categories of Financial Instruments under paragraph 9 of MFRS 139.
for fair values used in the financial statements and those in the risk-taking functions;

ii. the use of the fair value option is consistent with the way the licensed person measures and manages risks;

iii. the circumstances and conditions under which the fair value option is exercised by the licensed person are within the defined parameters and risk limits established and approved by its board for the use of the fair value option;

iv. appropriate valuation methods are being used;

v. fair values are reliable for instruments in the fair value option category;

vi. risk management and control policies, as approved by the board, relating to the use of the fair value option and related valuation methodologies are consistently applied and complied with; and

vii. appropriate information is provided periodically to the board or the audit committee on the use of the fair value option in particular where the fair value option is applied to illiquid instruments, and its impact on the licensed person’s financial condition and performance. Documented procedures must be in place for the escalation of issues and exceptions to the board or the audit committee.

S 10.5. A licensed person shall not apply the fair value option to instruments where reliable estimates\(^8\) of fair values cannot be made or where the valuation methodology has proven to be unreliable.

S 10.6. A licensed person shall establish procedures for approving the use of the fair value option for new items, products or transactions, as well as the related controls. When determining whether to apply the fair value option to a particular new instrument or class of instruments, a licensed person shall ascertain whether reliable fair values can be determined for those instruments.

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\(^8\) A licensed person may refer to Principle 5 of the *Supervisory Guidance for Assessing Banks’ Financial Instrument Fair Value Practices*, Basel Committee on Banking Supervision, April 2009.

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10.7. In conjunction with paragraph 10.6, a licensed person should consider the extent to which existing risk management policies, procedures, and controls (including those related to valuation) may need to be revised or expanded to address the characteristics and risks of the new items, products or transactions to which the fair value option will be applied.

10.8. Financial assets and liabilities designated at fair value under the fair value option shall be integrated into a licensed person’s overall risk management and control system such that a licensed person is able to establish its individual and aggregate concentrations. The resulting exposure amounts shall be included in internal reports used to monitor actual exposures against approved overall and specific risk management limits.

10.9. A licensed person shall ensure that there is sufficient documentation to support the use of the fair value option. In particular, the policies for all significant valuation methodologies, range of acceptable practices that are specific to products and limitations, if any, of the valuation models used must be well documented.

10.10. A licensed person shall assign specific responsibility for the determination of fair values used in the financial statements to persons outside the risk-taking functions.

10.11. Financial assets and liabilities designated at fair value under the fair value option shall be subject to valuation policies and practices that apply the same level of rigour as that applicable to other financial assets and liabilities measured at fair value. However, when applying the fair value option to illiquid instruments, a licensed person shall employ a more rigorous valuation process (i.e. in respect of data input and methodologies) than is used for liquid instruments. This includes documenting the process for estimating fair value and assuring the reliability of valuations.
S 10.12. Where models are used to value financial assets and liabilities designated at fair value under the fair value option, these must be validated by a qualified function (e.g. Model Verification Group) that is independent of risk-taking activities as part of a regular cycle of model validation. This also applies to any changes to the valuation model. The validation process shall include an assessment of the stability of the models used in terms of performance over a variety of conditions and back-testing of model outputs. Model validation shall be performed at regular intervals (e.g. annually) and the results of the validation shall be reported to senior management and the board.

S 10.13. The use of the fair value option shall be monitored by a function (e.g. the finance or control functions) that is independent of the risk-taking activities within the licensed person. The function shall be responsible for:

i. undertaking the review of accounting policies and practices to ensure consistency with the MFRS;

ii. testing of individual transactions to verify compliance with approved policies for the use of the fair value option;

iii. ensuring that an independent process is in place for approving and monitoring valuation adjustments for consistency and appropriateness. The results of independent reviews performed (including price verification differences and any changes to the method of determining valuation adjustments) must be documented and reported to senior management; and

iv. reporting to senior management any significant differences between fair values included in the financial reporting and those used in risk management or regulatory reporting. The senior management shall have a documented process for resolving these differences and for escalating material valuation issues to the board or appropriate board-level committee.

S 10.14. Where fair value is a critical component of financial performance, a licensed person shall establish a process for the review and reporting to senior management on profit or loss and the resulting impact on the overall financial
condition at sufficiently frequent intervals during the financial reporting cycles (e.g. daily or weekly).

10.15. The appropriateness of a licensed person’s use of the fair value option, including the adequacy of the independent price verification procedures and controls, must be subject to a periodic review by its internal audit. A licensed person shall promptly address any deficiencies identified in the use of the fair value option by its internal and external auditors.

10.16. A licensed person shall submit to the Bank supplemental information (including related risk management and valuation policies and practices) for the purpose of assessing the impact of the use of fair value option on risks, earnings and capital adequacy as and when the Bank may require.

10.17. A licensed person shall obtain an independent validation from an external auditor on the licensed person’s compliance with the requirements under this policy document as and when the Bank may require, after taking into consideration the risk management systems, policies and procedures for the estimation of fair values or where the Bank has reason to believe that the requirements under this policy document have not been satisfactorily met.

11. Minimum disclosure requirements

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 licensed person as part of the Annual Report (e.g. Director’s Report, Statement on Corporate Governance).

11.2. A licensed person shall make disclosures in the financial statements in accordance with the requirements of the MFRS, and include information specified under paragraphs 11.4 and 11.5 of this policy document.
11.3. A licensed person shall comply with the following key principles on disclosure of information:

i. information should be timely and up-to-date, to avoid undue delays in disclosure which may affect the relevance of the information being disclosed;

ii. the scope and content of information disclosed and the level of disaggregation and detail should be sufficient to provide comprehensive, meaningful\(^9\) and relevant information to the users;

iii. 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

iv. disclosures should allow comparisons over time and between institutions\(^10\).

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

**Banking business-related information**\(^11\)

i. deposits from customers with a breakdown by:
   a. types of deposits\(^12\) (e.g. demand, savings, term);
   b. types of customers (e.g. government, business enterprises); and
   c. maturity structures of term deposits\(^13\) (e.g. < 6 months, 6-12 months,

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\(^9\) For example, given the heterogeneity of users of financial reporting, background information on the wider economic environment a licensed person 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.

\(^10\) 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.

\(^11\) Includes Shariah compliant transactions undertaken by a banking institution carrying on *Skim Perbankan Islam* (SPI) and/or the Islamic banking subsidiary of a licensed person.

\(^12\) For a banking institution carrying on SPI, to also show separately at the SPI level, the breakdown by main Shariah contracts in the format as set out in Illustration 5 of Appendix 4 of the policy document on *Financial Reporting for Islamic Banking Institutions*.  

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1-3 years);

ii. loans, advances and financing with a breakdown by:
   a. 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, and those
classified as held-for-trading;
   b. types of loans/financing\textsuperscript{14} (e.g. overdrafts, term loans/financing,
revolving credit, hire-purchase, housing loans/financing);
   c. geographical distribution;
   d. interest rate/profit rate sensitivity (e.g. fixed rate, variable rate);
   e. economic sector or purpose; and
   f. residual contractual maturity (e.g. up to 1 year, 1-5 years, > 5
years);

iii. loans, advances and financing classified as impaired\textsuperscript{15} (irrespective of
whether provisions are made) with separate disclosures of:
   a. a movement schedule showing separately the amount classified
during the year as impaired, amount reclassified as non-impaired,
amount recovered and amount written off; and
   b. a breakdown of impaired loans, financing and advances by
geographical area and by economic sector or purpose;

iv. capital\textsuperscript{16} with the breakdown by:
   a. capital structure\textsuperscript{17}; and
   b. capital adequacy showing separately Common Equity Tier 1 Capital

\textsuperscript{13} Including negotiable instruments of deposits.
\textsuperscript{14} For a banking institution carrying on SPI, to also show separately at the SPI level, the breakdown
by main Shariah contracts in the format as set out in Illustration 1 of Appendix 4 of the policy
\textsuperscript{15} A licensed person may refer to paragraph 11.1 of the
Classification and Impairment Provisions for Loans/Financing.
\textsuperscript{16} For a banking institution carrying on SPI, to also show separately the capital information at the
SPI level.
\textsuperscript{17} The breakdown shall be consistent with that specified under paragraphs 10.1, 11.1 and 12.1 of
the Capital Adequacy Framework (Capital Components).
Ratio, Tier 1 Capital Ratio and Total Capital Ratio, and express as percentages to three decimal places;

v. liquidity risk information\(^\text{18}\) incorporating an analysis of assets and liabilities in the relevant maturity tenures based on remaining contractual maturities. A licensed person may also provide the analysis of assets and liabilities in the relevant maturity tenures based on their behavioural profile; and

vi. operations of Islamic banking with separate disclosures\(^\text{19}\) of a statement of financial position, a statement of comprehensive income and a statement of changes in equity.

**Insurance business-related information\(^\text{20,21}\)**

vii. 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;

viii. insurance contract liabilities;

ix. reinsurance assets;

x. insurance receivables;

xi. insurance payable;

xii. total capital available showing separately Tier 1 Capital and Tier 2 Capital\(^\text{22}\);

xiii. gross and net earned premium; and

xiv. gross and net benefits and claims.

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\(^\text{18}\) A licensed person 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.

\(^\text{19}\) This disclosure is only applicable to a banking institution carrying on SPI.

\(^\text{20}\) Includes Shariah compliant transactions undertaken by the takaful operator subsidiary of a licensed person.

\(^\text{21}\) A licensed person 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.

\(^\text{22}\) The breakdown shall be consistent with that specified under paragraph 7 of the *Risk-Based Capital Framework for Insurers (Version 3.0)*.
For the avoidance of doubt, items (viii) to (xiv) above are only required to be disclosed in the financial statements of a licensed insurer.

**General information**

xv. a movement schedule of impairment provisions segregated between individual impairment and collective impairment and showing separately the amount charged and the amount utilised to write-off impaired loans/receivables during the year;

xvi. interest income and interest expenses with a breakdown by categories of financial assets or liabilities. Interest income recognised for impaired loans, advances and financing\(^{23}\) shall be disclosed separately;

xvii. non-interest income and other operating expenses with a breakdown of major items of income or expense;

xviii. CEO and directors’ remuneration with a breakdown of types of remunerations (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;

xix. reserves with a breakdown by type and purpose of reserves maintained. A movement schedule shall also be disclosed; and

xx. commitments and contingencies with a breakdown by types and amount distinguishing between contingent liabilities and commitments.

\(^{23}\) Accrued in accordance with paragraph AG93 of MFRS 139 *Financial Instruments: Recognition and Measurement*. 

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11.5. The explanatory notes to be disclosed in the interim financial reports of a licensed person shall include the following information, as applicable:

**Banking business-related information**

i. a movement schedule of impairment provisions;

ii. loans, advances and financing classified as impaired; and

iii. capital.

**Insurance business-related information**

iv. 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;

v. insurance contract liabilities;

vi. reinsurance assets; and

vii. total capital available.

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 licensed institution shall disclose items that are material to the understanding of the interim financial reports in accordance with MFRS 134 *Interim Financial Reporting*. For the avoidance of doubt, items (v) to (vii) above are only required to be disclosed in the interim financial reports of a licensed insurer.
PART C REGULATORY PROCESS AND SUBMISSION REQUIREMENTS

12. Declaration and payment of dividends

12.1. Pursuant to section 51(1) of the FSA, a licensed person 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 the ordinary shares and preference shares.

12.2. Unless otherwise informed by the Bank in writing, approval is given to a licensed person to declare or pay any dividend on its preference shares where the dividend is non-discretionary\(^{24}\) and non-cumulative\(^{25}\). For the avoidance of doubt, where the Bank has, prior to the effective date of this policy document, imposed a requirement on a licensed person 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 licensed person.

12.3. A licensed person shall not make available, and in the case of a listed licensed person, shall not submit to the stock exchange, the interim financial reports or annual financial statements, whichever is applicable, on its website or lay the annual financial statements at its general meeting unless the proposed dividend has been approved by the Bank under section 51(1) of the FSA.

12.4. An application for approval made under paragraph 12.1 by a licensed person must be supplemented with the following:

i. where an interim dividend is proposed,
   a. its interim financial reports, as reviewed by the auditor, and the explanatory notes to the interim financial reports shall be consistent with that specified for annual financial statements (refer to

\(^{24}\) The proposed dividend payment is not at the full discretion of the licensed person.

\(^{25}\) Any waived dividend must not be made up by the licensed person at a later date.

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paragraph 11.4);

b. the interim financial reports of its principal subsidiaries, as applicable;

c. the limited review report by its auditor;

d. a written confirmation by the officer primarily responsible for the financial management of the licensed person that its interim financial reports are prepared in accordance with the MFRS;

e. in the case of a banking institution, 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; and

f. 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.

ii. where a final dividend is proposed,

a. the information specified in paragraph 13.1;

b. in the case of a banking institution, 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;

c. 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

d. in the case of a licensed insurer, its audited statistical returns and risk-based capital forms reported under the Insurance Companies Statistical System.

12.5. A licensed insurer shall comply fully with the requirements set out in paragraph 12.4 by 31 December 2013. In the interim period, a licensed insurer that is not

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26 Subsidiaries which are major contributors to the group’s profit.
27 This includes the Revenue Account, Income Statement and Balance Sheet.

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able to comply fully with the requirements in paragraph 12.4 shall be guided by any specific directions provided to the licensed insurer by the Bank on information required for the purpose of an application under paragraph 12.1.

13. Annual financial statements

13.1. Within three months after the close of each financial year, a licensed person is required to 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:

i. its annual audited financial statements;
ii. the audited financial statements of its principal subsidiaries, as applicable and where relevant information in respect of the licensed person’s operations in each country outside Malaysia;
iii. its Auditor’s Report, including a report on the follow-up actions taken by its board of directors;
iv. in the case of the consolidated financial statements of a banking institution, a report by its board of directors 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 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:
   a. total assets (in RM and % of group);
   b. profit/(loss) before tax (in RM and % of group);
   c. profit/(loss) after tax (in RM and % of group);
   d. dividends (if any);
   e. ratio of profit/(loss) before tax to average shareholders’ funds; and
   f. ratio of profit/(loss) before tax to average total assets;
v. a written confirmation by the officer primarily responsible for the financial management of the licensed person that its annual financial statements are prepared in accordance with the MFRS;
vi. a written confirmation by its Audit Committee that the licensed person complies with the Bank’s requirements on financial reporting; and

vii. the tentative date of the publication of its annual financial statements on the website.

S 13.2. 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.

S 13.3. A foreign professional reinsurer shall also 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 and shall be certified to be a true translation of the original by the translator.

S 13.4. A foreign professional reinsurer shall submit information on its foreign policies as and when the Bank may require.

14. Interim financial reports

S 14.1. A banking institution is required to 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:

i. its interim financial reports;

ii. the interim financial reports of its principal subsidiaries, where relevant;

iii. in the case of the consolidated financial reports, an analysis, (both quantitative and narrative), of the overall assessment of the group’s financial performance. The analysis of performance, for the current 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:

a. total assets (in RM and % of group);
b. profit/(loss) before tax (in RM and % of group);
c. profit/(loss) after tax (in RM and % of group);
d. dividends (if any);
e. ratio of profit/(loss) before tax to average shareholders’ funds; and
f. ratio of profit/(loss) before tax to average total assets; and

iv. a written confirmation by the officer primarily responsible for the financial management of the licensed person that its interim financial reports are prepared in accordance with the MFRS.
PART D  PUBLICATION REQUIREMENTS

15. Annual financial statements

S 15.1. A licensed person shall:
   i. publish an abridged format of 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
   ii. make available the full set of the audited annual financial statements on its website,
   within 14 calendar days after the laying of the financial statements at its general meeting.

S 15.2. For the purpose of paragraph 15.1(i), the abridged format of the financial statements to be published in the newspapers shall, at a minimum, consist of the following:
   i. a statement of financial position;
   ii. a statement of comprehensive income;
   iii. a statement of changes in equity;
   iv. a statement of cash flows; and
   v. the Auditors’ Report.

S 15.3. For the purpose of paragraph 15.1(i), the two approved local daily newspapers are:
   i. Berita Harian or Utusan Malaysia; and
   ii. The New Straits Times or The Star.

S 15.4. A licensed person shall make available a copy of the audited annual financial statements at every branch of the licensed person institution in Malaysia.

S 15.5. A licensed person shall include a prominent note in the published abridged format of its financial statements stating that,
   i. the full set of the financial statements is available on the licensed

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person’s or its financial group’s website, together with the address of the website; and

ii. a copy of the audited annual financial statements is available at every branch of the licensed person in Malaysia.

16. Interim financial reports

S 16.1. Where an application has not been made under paragraph 12.1, a licensed person shall make available on its website or the website of its financial group, the interim financial reports 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. In the case of a licensed insurer, the disclosure on its website is only required for the interim financial reports prepared on a half-yearly basis.

S 16.2. Where the audited annual financial statements for the preceding financial year has yet to be published by the end of the eighth week after the close of the interim period, a licensed person shall disclose on its website the first quarter interim financial reports on the same day or not later than three working days after the publication of the audited annual financial statements.
APPENDIX

Appendix 1  List of policy documents superseded

1.  Financial Reporting for Banking Institutions issued on 21 February 2012
2.  Financial Reporting for Insurers issued on 21 February 2012