BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Financial Reporting for Development Financial Institutions

Exposure Draft

Applicable to:

1. Prescribed development financial institutions

Issued on: 24 December 2019

BNM/RH/ED 035-2

As part of the objectives to further enhance the financial reporting of the development financial institutions (DFIs), Bank Negara Malaysia is revising the 'Financial Reporting for DFIs' (the exposure draft). This exposure draft outlines proposals for enhancements to the financial reporting requirements for DFIs.

The Bank invites written comments on this exposure draft, including suggestions for particular issues/areas to be clarified or elaborated further and any alternative proposals that the Bank should consider. To facilitate the Bank's assessment, please support each comment with a clear rationale, accompanying evidence or illustration, as appropriate.

In addition to providing general feedback, DFIs are requested to respond to the specific questions set out in this exposure draft.

Responses must be submitted by 24 February 2020 to:

Pengarah
Jabatan Kewangan Pembangunan dan Rangkuman Kewangan
Bank Negara Malaysia
Jalan Dato' Onn
50480 Kuala Lumpur
Email: dfia@bnm.gov.my

Electronic submission is encouraged. Submissions received may be made public unless confidentiality is specifically requested for the whole or part of the submission. In the course of preparing your feedback, you may direct any queries to the following officers at 03-26988044 –

Azreena Abdul Wahab (*ext 8990*)	azreena@bnm.gov.my
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**for matters related to Performance Measurement Framework*

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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. On-going improvements of 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 development financial institution is required under the Development Financial Institutions Act 2002 (DFIA) 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 modification or exceptions will only become necessary in circumstances where alternative prudential measures would not be adequate to promote the financial resilience of the development 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 development financial institution.

Policy objective

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

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 including those arising from the Shariah contracts applied in Islamic banking transactions;
(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 all development financial institutions (DFI) prescribed under the DFIA.

3. Legal provisions

3.1 The requirements in this policy document is issued pursuant to sections 2(2), 36, 73, 74, 75, 76, 78 and 116 of the DFIA.

3.2 The guidance in this policy document is issued pursuant to section 126 of the DFIA.

4. Effective date

4.1 Except for the requirements in paragraph 10.5, this policy document shall apply to financial statements with financial years beginning on or after 1 January 2019.

4.2 The requirements in paragraph 10.5 come into effect on 1 October 2019 and shall be applied prospectively.

4.3 A development 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.

5. Level of application

5.1 A development 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 DFIA 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 actions;

“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;

“board” means the board of directors of the DFI;

“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, policy documents, codes or circulars that have been issued by the Bank, in particular–

(a) *Credit Risk*;
(b) *Capital Framework for Development Financial Institutions*; and
(c) *Reference Rate Framework*.

8. Policy documents superseded

8.1 This policy document supersedes the *Guidelines on Financial Reporting for Development Financial Institutions* issued on 24 December 2012.

PART B REGULATORY REQUIREMENTS

9. General requirements

S 9.1 Pursuant to section 75(2) of the DFIA, a DFI shall ensure that it prepares its financial statements in accordance with the MFRS[1] 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 DFI. This is consistent with the fiduciary and statutory duties placed on the board as persons responsible for managing the affairs of the DFI. 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 DFI shall ensure that sound risk management and control process[2] around their measurement[3] are in place.

S 9.4 A DFI 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 the inherent losses in the credit portfolio.

G 9.5 The DFI should take into account the differences between Islamic banking transactions and conventional banking transactions which may arise from the application of the Shariah contracts that involve, for example, trade-related transactions, partnership-related transactions and profit and loss sharing transactions. A DFI should therefore consider both the Shariah and the economic effects of such transactions to determine the most appropriate accounting treatment.

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[1] In line with the MASB's consultative approach, a DFI is to refer to MASB when there is divergence in practices regarding the accounting for a particular Shariah compliant transaction or event, or when there is doubt about the appropriate accounting treatment and the DFI believes it is important that a standard treatment be established.

[2] A DFI 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 DFI 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 9.6 A DFI shall comply with the resolutions of the Shariah Advisory Council of Bank Negara Malaysia (SAC)[5] on the applicability of the following accounting principles adopted in the MFRS as being consistent with the broader view of Shariah principles:

(a) accrual basis, where the effect of a transaction and other events is recognised when it occurs (and not as cash or its equivalent is received or paid) and is recorded in the accounting records and reported in the financial statements of the periods to which it relates;

(b) "substance over form", where the "form" and "substance" of the transaction must be consistent and shall not contradict one another. In the event of inconsistency between "substance" and "form", the Shariah places greater importance on "substance" rather than "form"[6];

(c) probability, where the degree of uncertainty that the future economic benefits associated with the transaction will flow to or from the DFI is considered in reference to the recognition criteria; and

(d) time value of money, where a transaction involving time deferment, the asset (liability) is carried at the present discounted value of the future net cash inflow (outflow) that the transaction is expected to generate in the normal course of business. The application of time value of money is permissible only for exchange contracts that involve deferred payment and is strictly prohibited in loan transactions (*qard*).

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 the minimum capital adequacy ratios as set out in *Capital Framework for Development Financial Institutions*.

S 10.3 A DFI 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 DFI shall not account for the investments in associates and joint ventures using the equity method described in MFRS 128 *Investment in Associates and Joint Ventures* in the preparation of its separate financial statements.

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5 Resolutions achieved at the 16th SAC meeting (11 November 2000), 57th SAC meeting (30 March 2006) and 71st SAC meeting (26-27 October 2007).

6 For example, in a sell and buyback agreement (SBBA), due to the substance of the transaction being financing rather than a sale transaction, the overall effect of all the contracts involved in the transaction will be recorded as financing under the MFRS. The financial assets sold under the SBBA will not be derecognised from the books of the seller.

S 10.5 A DFI shall classify a credit facility as credit-impaired–

(a) where the principal or interest/profit or both[7] of the credit facility is past due for more than 90 days or 3 months;

(b) in the case of revolving credit facilities (e.g. overdraft facilities), where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days or 3 months; and

(c) 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 DFI's credit risk measurement framework; or

(d) as soon as a default[8] occurs where the principal and/or interest/profit repayments are scheduled on intervals of 3 months or longer.

S 10.6 Where a credit-impaired facility is rescheduled and restructured, such facility shall remain classified as credit-impaired. A DFI shall only reclassify this facility to non-credit-impaired when repayments based on the revised terms have been observed continuously for a period of at least 6 months or a later period as determined by the DFI's policy on rescheduled and restructured facilities.

S 10.7 For the purpose of ascertaining the period in arrears in paragraph 10.5−

(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 a rescheduling and restructuring exercise referred to in Appendix 1 of the policy document on *Credit Risk*[9], the determination of period in arrears shall exclude the moratorium period granted.

S 10.8 A DFI shall present the carrying amount and income and expenses related to Islamic deposit and investment account in separate line items in its separate financial statements and consolidated financial statements.

S 10.9 Where the DFI has not recognised the investment account as a financial liability in its separate financial statements and consolidated financial statements, the DFI shall present the carrying amount of the off-balance sheet investment account separately from its commitments and contingencies (refer to Appendix 1 for illustration).

S 10.10 Pursuant to paragraph 10.9, a DFI shall also disclose a total carrying amount of the Islamic banking assets in the statement of financial position of its separate financial statement. The total Islamic banking assets shall be calculated as the

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

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

9 Policy document on *Credit Risk* issued on 27 September 2019, read together with the Bank's letter to DFIs dated 6 June 2018 on *Credit Risk – Best Practices for Development Financial Institutions (DFIs).*

sum of total assets and financial assets which are funded by the investment account which are recognised off-balance sheet (refer to Appendix 1 for illustration).

S 10.11 For placement of funds in an investment account with an Islamic banking institution, a DFI shall-

(a) present the placement, as 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.

11. Minimum disclosure requirements for DFIs carrying on conventional business with Islamic window operations

G 11.1 The requirements under the following paragraphs applies to a DFI carrying on conventional business or a DFI carrying on business or activities in accordance with Shariah in addition to its existing conventional business, and 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 DFI 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 DFI 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[10] 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[11].

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[10] For example, given the heterogeneity of users of financial reporting, background information on the wider economic environment a DFI 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.

[11] 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.

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

Banking business-related information[12]

(a) deposits from customers with a breakdown by–
   (i) types of deposits[13] (e.g. demand, savings, term);
   (ii) types of customers (e.g. government, business enterprises); and
   (iii) maturity structures of term deposits[14] (e.g. < 6 months, 6-12 months, 1-3 years);

(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[15] (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[16] with a breakdown by–
   (i) capital structure[17]; and
   (ii) capital adequacy showing separately Common Equity Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio, and expressed as percentages to three decimal places;

(d) liquidity risk information[18] incorporating an analysis of assets and liabilities in the relevant maturity tenures based on remaining contractual maturities. A DFI may also provide the analysis of assets and liabilities in the relevant maturity tenures based on their behavioural profile; and

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12 Includes Shariah compliant transactions undertaken by a DFI and/or the Islamic banking subsidiary of a DFI.
13 For a DFI carrying on Islamic financial business, to also show separately at the Islamic banking business level, the breakdown by main Shariah contracts (e.g. *wadi'ah* and *qard*).
14 Including negotiable instruments of deposit
15 For a DFI carrying on Islamic financial business, to also show separately at the Islamic financial business level, the breakdown by main Shariah contracts (e.g. *bai', ijarah, istisna', musharakah, qard*).
16 For a DFI carrying on Islamic financial business, to also show separately the capital information at the Islamic financial business level.
17 The breakdown shall be consistent with the components of capital as set out in *the Capital Framework for DFIs*.
18 A DFI 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.

(e) where relevant, operations of Islamic financial business with separate disclosures of a statement of financial position, a statement of comprehensive income and a statement of changes in equity;

General information

(f) 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);

(g) 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.

(h) 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;

(i) non-interest/profit income and other operating expenses with a breakdown of major items of income/profit or expense;

(j) 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;

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

(l) commitments and contingencies with a breakdown by types and amount distinguishing between contingent liabilities and commitments; and

(m) 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.

The breakdown for the above explanatory notes shall be consistent with that specified for annual financial statements (refer to paragraph 12.4). In addition, a

DFI 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 DFI 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.

12. Minimum disclosure requirements for DFIs carrying on its entire business or activity in accordance with Shariah

G 12.1 The requirements under the following paragraphs applies to a DFI carrying on its entire business or activities in accordance with Shariah, and refer specifically to disclosures which form part of the financial statements. Except for the minimum disclosure for Shariah Committee Report required under paragraph 12.4, this policy document does not deal with other disclosures provided by a DFI as part of the Annual Report (e.g. Director’s Report, and Statement on Corporate Governance).

S 12.2 A DFI shall make disclosures in the financial statements in accordance with the requirements of the MFRS, and include information specified under paragraphs 12.4 to 12.24 and additional requirements that may be specified in other policy documents applicable to the DFI such as *Guidelines on Late Payment Charges for Islamic Financial Institutions* and policy document *on Investment Account.*

S 12.3 A DFI 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[19] 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

[19] For example, given the heterogeneity of users of financial reporting, background information on the wider economic environment a DFI 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.

(d) disclosures should allow comparisons over time and among institutions[20].

S 12.4 In meeting the requirement in paragraph 22.1 of the *Shariah Governance* with respect to the state of compliance with Shariah principles, a DFI shall disclose the Shariah Committee's Report as part of the Annual Report, signed by not less than two Shariah Committee members. The Shariah Committee's Report shall contain the following information:

(a) opening or introductory paragraph;
- (i) identification of the purpose of the Shariah Committee's engagement; and
- (ii) a clear statement of management's responsibility in ensuring compliance with Shariah principles;

(b) scope paragraph describing the nature of the work performed;
- (i) confirmation that the Shariah Committee has performed appropriate tests, procedures and review work as appropriate; and

(c) paragraph expressing the Shariah Committee's opinion on the DFI's compliance with Shariah in respect of:
- (i) contracts and related documentation used;
- (ii) appropriateness of Shariah basis for the allocation of profit between shareholders and investment account holders; and, where appropriate
- (iii) disposal of any earnings from prohibited sources/means to charitable causes;
- (iv) zakat computation; and
- (v) any known non-compliance with Shariah and action taken to remedy such non-compliance as reported by the DFI pursuant to the *Circular on Shariah Non-Compliance Reporting*.

A DFI may refer to the illustration provided in the *Shariah Governance.*

S 12.5 The explanatory notes to be disclosed in the annual financial statements of a DFI shall include the information specified in paragraphs 12.6 to 12.22 of this policy document.

S 12.6 A DFI shall disclose the recognition and measurement accounting policies on the following:

(a) each Shariah contract or main class of Shariah contract e.g. *murabahah, ijarah, mudarabah, istisna'*-

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[20] 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.

(i) a DFI has the option of listing the accounting policy for each Shariah contract or group the Shariah contracts based on mutual accounting policy according to the nature of the transactions e.g. *murabahah* financing, *ijarah* financing, *murabahah* deposit (refer to guidance in Appendix 3); and

(ii) in respect of paragraph 9.1, where a DFI has departed from a particular MFRS requirement due to Shariah prohibition and to achieve a fair presentation, the following shall be disclosed:
- title of the MFRS from which a DFI has departed;
- nature and reason of the departure; and
- financial effect of the departure on each item in the financial statements that would have been reported in complying with the MFRS requirement.

(b) a DFI's obligation on zakat, which may alternatively be disclosed under the Director's Report. A DFI that *does not* pay zakat must also disclose a statement to that effect in the financial statements. A DFI that pays zakat shall disclose additional information regarding:
(i) its responsibility towards zakat payment either on the business, and/or behalf of the shareholders;
(ii) method applied in the determination of zakat base (e.g. growth method, working capital method); and
(iii) the beneficiaries of zakat fund (e.g. Baitul Mal, the poor, etc).; and

(c) in the case of a DFI, income derived from Shariah non-compliant activities which may alternatively be disclosed under the Director's Report or Shariah Committee's Report. A DFI shall disclose additional information[21] regarding:
(i) nature of Shariah non-compliant activities;
(ii) amount of Shariah non-compliant income;
(iii) number of non-Shariah compliant events occurring during the year; and
(iv) rectification process and control measures to avoid recurrence of such Shariah non-compliant activities.

S 12.7 A DFI shall disclose financing, receivables and other *qard* loans with a breakdown by:
(a) measurement basis (e.g. amortised cost, fair value):
(i) for fair value through profit or loss, show separately those designated as fair value upon initial recognition;
(b) types of financing (e.g. overdrafts, revolving financing, hire purchase, mortgage financing) and further breakdown by main Shariah contracts in table format (refer to Illustration 1 in Appendix 4):

[21] As specified under the *Operational Risk Integrated Online Network (ORION)* for guidance on treatment of Shariah non-compliant items.

(i) a DFI shall disclose the significant[22] subclasses of the main contracts; and
(ii) the classification of main Shariah contracts and their subclasses shall at minimum follow the guidance set out in Appendix 4;

(c) geographical distribution;
(d) profit rate sensitivity (e.g. fixed rate, variable rate);
(e) economic sector; and
(f) residual contractual maturity (e.g. up to 1 year, 1-5 years, > 5 years).

S 12.8 A DFI shall disclose 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).

S 12.9 A DFI shall disclose a movement schedule of loss allowance with a breakdown by class of financial instrument and showing separately the loss allowance –

(a) measured at an amount equal to 12-month expected credit loss;
(b) 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;
(c) measured at an amount equal to lifetime expected credit losses for financial instruments that are credit-impaired (but that are not purchased or originated credit-impaired); and
(d) for financial instruments that are purchased or originated credit-impaired.

S 12.10 A DFI shall disclose a movement schedule of the *qard* (loan) or financing which includes opening and closing balances, sources and uses of the fund (refer to Illustration 2 in Appendix 4).

S 12.11 A DFI shall disclose for transactions that reflect acquisition or transfer of ownership prior to its subsequent sale, the carrying amount held for the purpose of *murabahah* (cost plus sale) which can be transacted at spot or deferred basis (refer to Illustration 3 in Appendix 4).

S 12.12 A DFI shall disclose for *ijarah* (leasing that does not lead to transfer of ownership at the end of the leasing period), in the following manner:

(a) carrying amount of assets held for the purpose of *ijarah*; and
(b) extent of the transfer of usufruct (in percentage terms) from the *ijarah* asset to the lessee over the *ijarah* period under the terms of the *ijarah* contract (refer to Illustration 4 in Appendix 4).

S 12.13 A DFI shall disclose the following information:

(a) Islamic deposits from customers with a breakdown by -
(i) types of Islamic deposits (e.g. savings, current and term deposits) and further breakdown by Shariah contracts (e.g. *wadi'ah, qard, amanah* and *tawarruq*) (refer to Illustration 5 in Appendix 4);

[22] A DFI shall follow its own internal policies and procedures in determining significant subclasses of main Shariah contracts.

(ii) types of customers (e.g. government, business enterprises); and

(iii) maturity structures of term deposits[23] (e.g. <6 months, 6-12 months, 1-3 years).

(b) investment accounts of customers with a breakdown by[24] -

(i) types of investment account (e.g. unrestricted or restricted investment account) and further breakdown by Shariah contracts (e.g. *wakalah* and *mudarabah*). A DFI shall also disclose the carrying amounts of investment accounts which qualify as unlisted capital market products under the Capital Markets and Services Act 2007 (CMSA) by type of product (refer to Illustration 6 in Appendix 4);

(ii) types of customers; and

(iii) maturity structures of investment account with maturity.

(c) investment account due to designated financial institutions with a breakdown by -

(i) types of investment account and further breakdown by Shariah contracts; and

(ii) types of counterparty (e.g. licensed Islamic banks, licensed banks).

(refer to Illustration 7 in Appendix 4).

S 12.14 A DFI shall disclose income and expenses with a breakdown by source of funds (e.g. Islamic deposit, investment account and shareholder's funds) and by categories of financial assets or liabilities. Profit income recognised for credit-impaired exposures shall be disclosed separately.

S 12.15 A DFI shall disclose non-profit income and other operating expenses with a breakdown of major items of income or expense.

S 12.16 A DFI shall disclose CEO, directors and Shariah Committee members' 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, and each individual Shariah Committee members.

S 12.17 A DFI shall disclose capital with a breakdown by -

(a) capital structure[25]; and

(b) capital adequacy showing separately Common Equity Tier 1 Capital

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23 Including negotiable instruments of deposits (e.g. Negotiable Islamic Debt certificate).

24 In addition, a DFI is required to also disclose information as specified in paragraph 27.6 of the policy document on *Investment Account*. For the avoidance of doubt, a DFI is required to distinguish the additional disclosure of investment accounts which are recognised on-balance sheet from investment accounts which are recognised off-balance sheet.

25 The breakdown shall be consistent with the components of capital as set out in the *Capital Framework for DFIs.*

Ratio, Tier 1 Capital Ratio and Total Capital Ratio, and express as percentages to three decimal places.

S 12.18 A DFI shall disclose reserves with a breakdown by type and purpose of reserves maintained. A movement schedule shall also be disclosed.

S 12.19 A DFI shall disclose liquidity risk information[26] incorporating an analysis of assets and liabilities in the relevant maturity tenures based on remaining contractual maturities. A DFI may also provide the analysis of assets and liabilities in the relevant maturity tenures based on their behavioural profile.

S 12.20 A DFI shall disclose commitments and contingencies with a breakdown by types and amount distinguishing between contingent liabilities and commitments.

S 12.21 A DFI shall disclose sources of donations/charities funds (e.g. *gharamah* amount, Shariah non-compliance income, shareholder's funds) and uses of such funds (e.g. distribution to the poor, education fund).

S 12.22 A DFI shall disclose intercompany charges with a breakdown by type of services received and geographical distribution.

S 12.23 The explanatory notes to be disclosed in the interim financial report of a DFI shall include the following information, as applicable–

(a) deposits from customers;
(b) investment account of customers and breakdown of the underlying assets funded through investment account;
(c) financing, receivables and other *qard* loans;
(d) a movement schedule of impairment allowances;
(e) financing, receivables and other *qard* loans classified as impaired;
(f) income and profit distributed; and
(g) capital.

S 12.24 The breakdown for the above explanatory notes shall be consistent with that specified for annual financial statements (refer to paragraph 12.5). In addition, a DFI shall disclose items that are material to the understanding of the interim financial report in accordance with MFRS 134 *Interim Financial Reporting*.

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[26] A DFI 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.

PART C SPECIFIC DISCLOSURE REQUIREMENTS

13. Specific Disclosure on Developmental or Mandate Achievements

S 13.1 A DFI shall ensure that a specific segment in the Annual Report is dedicated for disclosure on developmental performance which communicates the DFI's strategic objectives, performance measurement methodology and, the results of strategies and activities undertaken in discharging its mandate.

S 13.2 Developmental performance shall be expressed using the additionality concept i.e. the positive impact attributable to the DFI beyond that which is delivered under a purely commercial or profit-driven environment. A DFI shall disclose the performance of indicators against, targets set in relation to four key additionalities, which are as follows:

Additionality	Description
(a) Financial	increasing the size of investments (e.g. via loans/financing, equity or guarantees), providing counter-cyclical financing, technical assistance and advisory to support the underserved or unserved segments, strategic sectors and financial inclusion;
(b) Policy	contributing to the creation of an enabling environment for target segments to flourish by proactively influencing sound public policy design and supporting public sector capabilities;
(c) Design	amplifying the developmental impact of investments through innovative use of design features to enhance customers' welfare and increase positive economic spill-overs (e.g. new employment generated, increase in income, upward migration); and
(d) Demonstration	demonstrating or developing the growth potential of underserved segments or strategic sectors in order to crowd-in private sector financing and investments.

S 13.3 For reporting purposes, disclosure on a DFI's developmental performance is categorised into three areas:

(a) development output (short term) – financial and policy additionalities;

(b) development outcome (medium / long term) – design, demonstration and policy additionalities; and

(c) organisational efficiency – measure of a DFI's capacity and capability in supporting developmental activities.

G 13.4 A DFI may refer to the policy document on *Corporate Strategic Plan* for implementation guidance on how to generate, monitor, evaluate and report additionalities.

G 13.5 A DFI may also refer to Appendix 5 for guidance on the developmental performance disclosure format. Notwithstanding the format, a DFI may present the information in other forms (e.g. tables, charts or infographics) to better reflect the substance of disclosures presented.

14. Government Funds

S 14.1 A DFI shall disclose in the annual report the Government funds received or allocations made for a specific purpose, where at minimum it should cover:

(a) the fund objectives and purposes;

(b) the sources, type and tenure of fund received (e.g. funding received from Ministry of Finance in a form of soft loan for 5 years);

(c) specify the DFI's role either as a financier (the DFI bears the credit risk) or as an agent for the Government (the risks are borne by the Government); and

(d) performance of the Government funds which includes allocation received, outstanding loan/financing, funds available, impairment and the outreach achieved (e.g. number of borrowers assisted).

S 14.2 In meeting the requirement in paragraph 14.1(c) above, specific for Government funds/schemes where a DFI acts as a financier, the DFI shall also disclose information on the significant criteria or conditions set by the Government.

For comment:

On the disclosure on the performance of the Government funds/schemes, do you foresee any practical constraints in providing more detailed information on each fund/ scheme managed by the DFI?

If yes, please elaborate the challenges and the preferred approach in ensuring that the DFI would be able to continue in promoting greater transparency through strong disclosure practices.

15. Future Outlook on Strategic Sectors

S 15.1 A DFI is required to provide outlook of their strategic sectors for the subsequent year, the expectations and opportunities, as well as the strategy and direction of the DFI based on the business environment predicted. This may also include:

(a) strategic goals and objectives for the respective sectors served by the DFI; and

(b) summary of business strategies, proposed resource allocation and targets set.

PART D REGULATORY PROCESS AND SUBMISSION REQUIREMENTS

16. Declaration and payment of dividends

S 16.1 Pursuant to section 36(2) of the DFIA, a DFI 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.

S 16.2 Unless otherwise informed by the Bank in writing, approval is given to a DFI to declare or pay any dividend on its preference shares where the dividend is non-discretionary[27] and non-cumulative[28]. For the avoidance of doubt, where the Bank has, prior to the effective date of this policy document, imposed a requirement on a DFI 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 subject to the requirements set out in paragraph 16.4 which shall be observed by the DFI.

S 16.3 Where an application has been made under paragraph 16.1, a DFI shall not -

(a) publish in print and/or electronic form[29]; and
(b) lay the annual financial statements at its general meeting.

The interim financial reports or annual financial statements, as the case may be, unless the proposed dividend has been approved by the Bank under section 36(2) of the DFIA.

S 16.4 An application for approval made under paragraph 16.1 by a DFI 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[30]. The explanatory notes to the interim financial report shall be consistent with that specified for annual financial statements (refer to paragraph 11.5 and 12.5);
   (ii) the interim financial reports of its principal subsidiaries[31,32], as applicable;
   (iii) the limited review report by its auditor;

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27 The proposed dividend payment is not at the full discretion of the DFI.
28 Any waived dividend must not be made up by the DFI at a later date.
29 For example, newspaper, press release and website.
30 In accordance with the standards on review engagements issued by the Malaysian Institute of Accountants (MIA).
31 Subsidiaries which are major contributors to the group's revenue, assets or profit/loss.
32 For the avoidance of doubt, the interim financial reports of the principal subsidiaries need not be subjected to review by the auditor.

(iv) a written confirmation by the officer primarily responsible for the financial management of the DFI that its interim financial reports have been prepared in accordance with the MFRS subject to requirements specified by the Bank in paragraph 9 of this policy document; and

(v) 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.

(b) where a final dividend is proposed-

(i) the information specified in paragraph 17.1; and

(ii) 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) attestation by the board that the proposed dividend is consistent with the DFI's ability to meet regulatory requirements and growth strategies on a continuing basis including plausible stress scenarios.

17. Annual financial statements

S 17.1 Within three months after the close of each financial year and before the laying of the financial statements at the general meeting, a DFI shall submit to Jabatan Penyeliaan Perbankan of Bank Negara Malaysia the following:

(a) its annual audited financial statements[33];

(b) the audited financial statements of its principal subsidiaries, where relevant;

(c) its Auditor's Report[34], 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 statement, 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 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

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[33] The separate financial statements and consolidated financial statements.

[34] This refers to the detailed report prepared by the auditor on the audit of a DFI's annual financial statements.

(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 DFI 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 17.2 For the purpose of paragraph 17.1(b), where audited financial statements are in a language other than the national language or English, the copy submitted shall be translated into English.

18. Interim financial report

S 18.1 A DFI shall submit to Jabatan Penyeliaan Perbankan of Bank Negara Malaysia not later than four weeks after the end of each interim period, the following:

(a) its interim financial reports[35];

(b) the interim financial reports of its principal subsidiaries[36], where relevant;

(c) the analysis of performance of 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 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.

(e) a written confirmation by the officer primarily responsible for the financial management of the DFI 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.

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[35] The separate financial statements and consolidated financial statements.

[36] Where the interim financial statements are in a language other than the national language or English, the copy submitted shall be translated into English.

PART E PUBLICATION REQUIREMENTS

19. Annual Financial Statements

S 19.1 A DFI 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[37],

no earlier than five working days after the date of submission of the information specified in paragraph 17.1 to the Bank but not later than fourteen calendar days after its annual general meeting.

S 19.2 For the purpose of paragraph 19.1(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;

(e) the Auditor's Report; and

(f) the Shariah Committee's Report.

S 19.3 For the purposes of paragraph 19.1(a), the two approved local daily newspapers, are -

(a) Berita Harian; and

(b) The New Straits Times or The Star.

S 19.4 A DFI shall make available a copy of the audited annual financial statements at every branch of the DFI in Malaysia.

S 19.5 For the purpose of paragraph 19.1(a), a DFI 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 DFI or its financial group'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 DFI in Malaysia.

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[37] On the corporate website of a DFI.

20. Interim financial reports

S 20.1 Where an application has not been made under paragraph 16.1, a DFI 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 18.1 to the Bank but not later than eight weeks after the close of the interim period.

S 20.2 Where an application has been made under paragraph 16.1 and approval from the Bank has been obtained under section 36(2) of the DFIA, a DFI 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 DFI 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 20.3 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 DFI 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.

APPENDICES

Appendix 1 Illustration of presentation of investment account

Illustrative Statement of Financial Position.

Statement of Financial Position	Note	20X1 RM'000	20X0 RM'000
Assets			
Cash and short term funds		xxx	xxx
Deposits and placements with financial institutions		xxx	xxx
Investment accounts placement - financing		xxx	xxx
Financial assets		xxx	xxx
Financing and advances		xxx	xxx
Statutory deposits with Bank Negara Malaysia		xxx	xxx
Investment in subsidiaries		xxx	xxx
Investment in associates		xxx	xxx
Property, plant and equipment		xxx	xxx
Total assets		xxx	xxx
Liabilities			
Islamic deposits from customers		xxx	xxx
Investment accounts of customers		xxx	xxx
Deposits and placements of banks and other financial institutions		xxx	xxx
Investment accounts due to designated financial institutions		xxx	xxx
Financial liabilities		xxx	xxx
Provision for zakat and taxation		xxx	xxx
Total liabilities		xxx	xxx
Shareholder's equity			
Share capital		xxx	xxx
Reserves		xxx	xxx
Total shareholder's equity		xxx	xxx
Total liabilities and shareholder's equity		xxx	xxx
Restricted investment accounts		xxx	xxx
Total Islamic banking asset		xxx	xxx
Commitment & contingencies		xxx	xxx

Illustrative Statement of Comprehensive Income.

Statement of Comprehensive Income	Note	20X1 RM'000	20X0 RM'000
Income derived from investment of depositors' funds		xxx	xxx
Income derived from investment of investment account funds		xxx	xxx
Income derived from investment of shareholders' funds		xxx	xxx
Impairment loss on investments		(xxx)	(xxx)
Total distributable income		xxx	xxx
Profit share/*wakalah* fees income from investment accounts[38]		xxx	xxx
Profit/hibah distributed to depositors		(xxx)	(xxx)
Profit distributed to investment account holders		(xxx)	(xxx)
Total net income		xxx	xxx
Personnel expenses		xxx	xxx
Other overhead expenses		xxx	xxx
Profit before zakat and taxation		xxx	xxx
Zakat		xxx	xxx
Taxation		xxx	xxx
Profit for the year		xxx	xxx
Earnings per share (sen)		xxx	xxx

[38] These relate to DFI's profit share or *wakalah* fee earned from investment accounts which are treated as off-balance sheet.

Appendix 2 Guidance on accounting policy of Shariah contracts

Example: Mutual accounting policy

Financial assets

1. **Financing and receivables**
   Financing and receivables consist of *murabahah, ijarah* and *musharakah* contracts. These contracts are initially recognised at fair value, including direct and incremental transaction costs, and subsequently measured at amortised cost using the effective yield method. These contracts are stated net of unearned income and any amount written off and/or impaired.

Income recognition

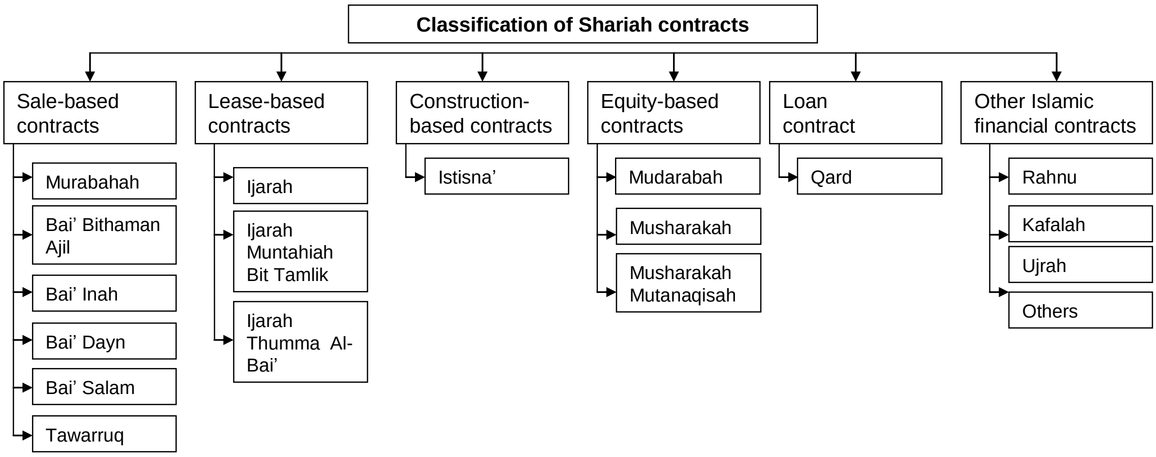
2. **Income from financing and receivables**
   Income from financing and receivables are recognised in the income statement using the effective profit method. The effective profit rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset. The calculation of the effective profit rate includes all contractual terms of the financial instrument and includes any fee or incremental cost that are directly attributable to the instrument and are an integral part of the effective profit rate.

   Murabahah
   Murabahah income is recognised on effective profit rate basis over the period of the contract based on the principal amounts outstanding.

   Ijarah
   Ijarah income is recognised on effective profit rate basis over the lease term.

   Musharakah
   Income is accounted for on the basis of the reducing balance on a time-apportioned basis that reflects the effective yield on the asset.

Appendix 3 Guidance on classification of Shariah contracts



Appendix 4 Illustration of disclosure requirements by Shariah contracts

1. Financing by types and Shariah contracts in table format

Type	Bai'	Ijarah	Istisna'	Musharakah	Qard	Others	Total financing, advances and other receivables
Cash Line	XX	XX	XX	XX	XX	XX	XX
Term Financing	XX	XX	XX	XX	XX	XX	XX
House Financing	XX	XX	XX	XX	XX	XX	XX
Syndicated Financing	XX	XX	XX	XX	XX	XX	XX
Hire purchase receivables	XX	XX	XX	XX	XX	XX	XX
Lease Receivables	XX	XX	XX	XX	XX	XX	XX
Other term financing	XX	XX	XX	XX	XX	XX	XX
Bills receivable	XX	XX	XX	XX	XX	XX	XX
Trust receipts	XX	XX	XX	XX	XX	XX	XX
Claims on customers under acceptace credits	XX	XX	XX	XX	XX	XX	XX
Staff financing of which RMXXX (20XX: RMXXX) are to Directors	XX	XX	XX	XX	XX	XX	XX
Credit/Charge cards	XX	XX	XX	XX	XX	XX	XX
Revolving credit	XX	XX	XX	XX	XX	XX	XX
Others	XX	XX	XX	XX	XX	XX	XX
Total financing, advances and other receivables	XX	XX	XX	XX	XX	XX	XX

2. Purpose and source of fund for *qard*

Qard		*20XX* *RM'000*
As at 1 January 20XX		*xxx*
Sources of qard fund:		
Depositors' fund	*Xxx*	
Shareholders' fund	*Xxx*	
Others	*Xxx*	
		xxx
Uses of qard fund:		
Loans for asset purchase	*Xxx*	
Loans for education purposes	*Xxx*	
Microfinancing	*Xxx*	
		(xxx)
As at 31 December 20XX		*xxx*

3. *Murabahah* inventories

Inventories	*20XX* *RM'000*
Automobiles (cost)	*xxx*
Machines and equipment (cost)	*xxx*
Properties for resale (net realisable value)	*xxx*
Total inventories at lower of cost and net realisable value	*xxx*

All inventories are held for the purpose of murabahah (cost plus sale) transactions which can be transacted at spot or on deferred basis.

4. *Ijarah* assets

Investment Properties

	Land RM'000	*Building RM'000*	*Total RM'000*
Fair value:			
As at 1 January 20XX	*xxx*	*xxx*	*xxx*
Addition	*xxx*	*xxx*	*xxx*
Disposal	*(xxx)*	*(xxx)*	*(xxx)*
Impairment loss	*(xxx)*	*(xxx)*	*(xxx)*
As at 31 December 20XX	*xxx*	*xxx*	*xxx*

Included in the fair value above are assets held for ijarah:

	RM'000	*Extent of transfer of usufruct (%)*
Land	*xxx*	*xxx*
Building	*xxx*	*xxx*

Property and equipments

	Office equipments RM'000	*Motor vehicles RM'000*	*Total RM'000*
Cost:			
As at 1 January 20XX	*xxx*	*xxx*	*Xxx*
Addition	*xxx*	*xxx*	*Xxx*
Disposal	*(xxx)*	*(xxx)*	*(xxx)*
As at 31 December 20XX	*xxx*	*xxx*	*Xxx*
Accumulated depreciation:			
As at 1 January 20XX	*xxx*	*xxx*	*Xxx*
Addition	*xxx*	*xxx*	*Xxx*
Disposal	*(xxx)*	*(xxx)*	*(xxx)*
As at 31 December 20XX	*xxx*	*xxx*	*Xxx*
Net book value as at 31 December 20XX	*xxx*	*xxx*	*Xxx*

Included in the net book value above are assets held for ijarah:

	RM'000
Office equipments	*Xxx*
Motor vehicles	*Xxx*

5. Islamic deposits from customers

Islamic deposits from customers	20X1 RM'000	*20X0* RM'000
Savings deposits		
Wadi'ah	xxx	Xxx
Qard	xxx	Xxx
Demand deposits		
Wadi'ah	xxx	xxx
Qard	xxx	xxx
Term deposits		
Tawarruq	xxx	xxx
Other Islamic negotiable instruments	xxx	xxx
Structured products	xxx	xxx
	xxx	xxx

6. Investment accounts of customers

Investment account of customers	20X1 RM'000	20X0 RM'000
Unrestricted investment account		
without maturity		
Mudarabah	xxx	xxx
Wakalah	xxx	xxx
	xxx	xxx
with maturity		
*Mudarabah**	xxx	xxx
*Wakalah**	xxx	xxx
	xxx	xxx
*of which:		
Structured product	xxx	xxx
Islamic negotiable instruments	xxx	xxx
Restricted investment account		
with maturity	xxx	xxx
Mudarabah	xxx	xxx
Wakalah	xxx	xxx
Total investment account of customers	xxx	xxx

7. Investment account due to designated financial institutions

Investment accounts due to designated FIs	20X1 RM'000	20X0 RM'000
Unrestricted investment account		
Wakalah	xxx	Xxx
By type of counterparty		
Licensed Islamic banks	xxx	Xxx
Licensed banks	xxx	Xxx
Other financial institutions	xxx	Xxx
Bank Negara Malaysia	xxx	Xxx
	xxx	Xxx

Appendix 5 Illustration of specific disclosure on developmental performance

A DFI shall ensure that the specific disclosure on developmental performance is placed in a dedicated section and contains the three key areas, relevant indicators and corresponding current year performance for four types of additionalities. The table below only acts as a guide. Provided that all the required information are available, a DFI may present the information in other forms (e.g. tables, charts or infographics) in line with an emphasis on substance over form.

Indicators	Performance Target	Actual performance
1. Development Output (short term)		
<u>Financial additionality</u> *Example:* • *Financing approved to SMEs and microentrepreneurs* • *Increase in savings by low-income individuals* • *Number of customers received technical assistance and advisory services*		
<u>Policy additionality</u> *Example:* • *Policy advice by DFIs taken up by the Government*	*Qualitative narration*	*Qualitative narration*
2. Development Outcome (medium/long term)		
<u>Design additionality</u> *Example:* • *Increase in customers' revenue* • *Number of new jobs created* • *Upward migration of entrepreneurs*		
<u>Demonstration additionality</u> *Example:* • *Crowd-in private investment*		
<u>Policy additionality</u> *Example:* • *Impact from the policy implementation by the Government*	*Qualitative narration*	*Qualitative narration*
3. Operational efficiency		
• Cost-to-income ratio • Turnaround time		

Note: If there are no information for certain types of additionalities, please indicate as nil/unavailable.