

GUIDELINES ON THE INCOME TAX TREATMENT FOR BANK OR DEVELOPMENT FINANCIAL INSTITUTION
WHICH ADOPT MALAYSIAN FINANCIAL REPORTING STANDARD 9 – FINANCIAL INSTRUMENTS

**PRINCIPAL CLASSIFICATION CATEGORIES FOR FINANCIAL ASSETS AND
FINANCIAL LIABILITIES UNDER MFRS 9**

Classification of Financial Instruments	Principal classification categories	Changes in fair value / gain or loss recorded	Example*
Financial Assets (FA)	Amortised cost (AC)	Income statement (i) upon disposal (ii) upon reclassification from AC to FVTPL OCI (i) upon reclassification from AC to FVOCI	Trade receivables Loan receivables with basic lending features Investments in government bonds that are not held for trading Investments in term deposits at standard interest rates
	Fair value through other comprehensive income (FVOCI)	Debt instruments i) Realised– Income Statement ii) Unrealised– OCI	Investments in government bonds or corporate bonds where the investment period is likely to be shorter than maturity
		Equity instruments i) Realised– Retained Earnings ii) Unrealised– OCI	Equity investments that are not held-for-trading (FVOCI option elected)
	Fair value through profit or loss (FVTPL)	Income Statement	Derivative such as interest rate swap, commodity futures/options contracts, foreign exchange futures/options contracts Equity investments that are held for trading (FVOCI option not elected) Any other financial assets that is not measured at AC or at FVOCI

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Financial Liabilities (FL)	Fair value through profit or loss (FVTPL)	(i) OCI for the amount attributable to changes in credit risk of liability; and (ii) Income Statement for the remaining amount	Interest rate swaps, Commodity futures/Option contracts, foreign exchange future/ option contracts
	Amortised cost (AC)	Income Statement (i) upon disposal	Trade payables Bank borrowings

* The above examples are non-exhaustive and for reference only.