

# FINANCIAL OVERVIEW AND ANALYSIS

## FINANCIAL RESULTS

EPF recorded a gross investment income of RM44.67 billion for the year ended 31 December 2023, an increase of RM5.92 billion or 15%, compared to RM38.75 billion in year 2022. The increase in gross investment income is mainly due to the increase of unrealised mark-to-market gains on Financial Assets at Fair Value through Profit or Loss upon revaluation totalling RM3.71 billion. In addition, the increase in gross investment income is also contributed by higher unrealised gains on foreign exchange which is mainly from alternative fund investment.



GROSS INVESTMENT INCOME  
**RM44.67 billion**  
15% compared to RM38.75 billion in year 2022



INVESTMENT INTEREST AND PROFIT  
**RM23.68 billion**  
increase 14% from RM20.69 billion recorded in year 2022

As a retirement savings fund that focuses on capital preservation of members' savings, the EPF's investment income is driven by the steady stream of Interest and Profit from its investments. In 2023, EPF recorded RM23.68 billion investment income, an increase of RM2.99 billion or 14% from RM20.69 billion recorded in 2022. The increase of investment income from interest and profit was mainly driven by the growth of EPF investment asset size.

The EPF's investment income is also supported by stable dividend paying companies. In 2023, a total of RM17.43 billion dividend contributed to EPF's total income, a decrease of 12% from 2022 amounting to RM19.73 billion.

In terms of the breakdown between Simpanan Konvensional and Simpanan Shariah for Gross Investment Income, a total of RM39.80 billion was attributed to Simpanan Konvensional, while the balance of RM4.87 billion was attributed to Simpanan Shariah.

## Other Income

Other Income increased by 20% to RM182.88 million from RM152.76 million in 2022. The increase was mainly due to the increase in Dividend on Arrears of Contribution and Late Payment Charges collected from employers on Contributions Paid Late by RM28.05 million in line with the enforcement action taken in 2023.

## Operating Expenditures

In 2023, the EPF's Operating Expenditures increased by 14% to RM1,809.79 million, compared to RM1,590.78 million in 2022. The increase was primarily due to higher staff costs by RM87.75 million arising from salary increments and medical cost. In addition to this, Employee Benefits have increased by RM57.54 million which is in line with the salary increments. Repair and Maintenance covering the maintenance of computer equipment and buildings, cleaning costs as well as utility charges also increased by RM16.84 million in 2023 as compared to year 2022.



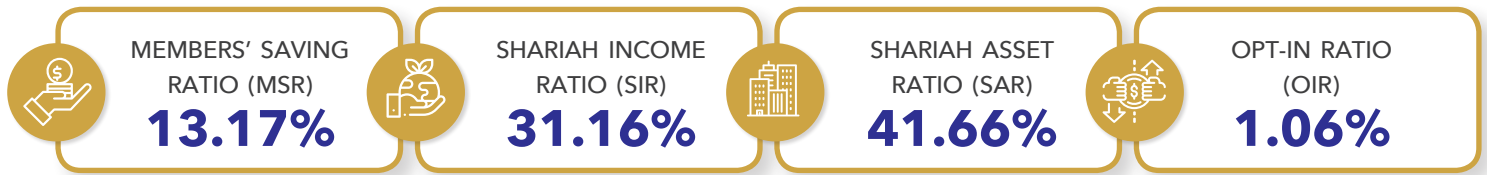
OPERATING EXPENDITURES  
**RM1,809.79 million**  
increased by 14% from RM1,590.78 million in year 2022

## Statutory Charges

Statutory charges comprised of payments for Death Benefits and Incapacitation Benefits to beneficiaries and members as stipulated under Sections 58(1) and 58(2) respectively, as well as Invocation Cost under Section 50(3) of the EPF Act, 1991, which was recognised during the year. The amount increased by 1% from RM89.34 million in 2022 to RM89.87 million in 2023.

### Net Profit Attributable to Members

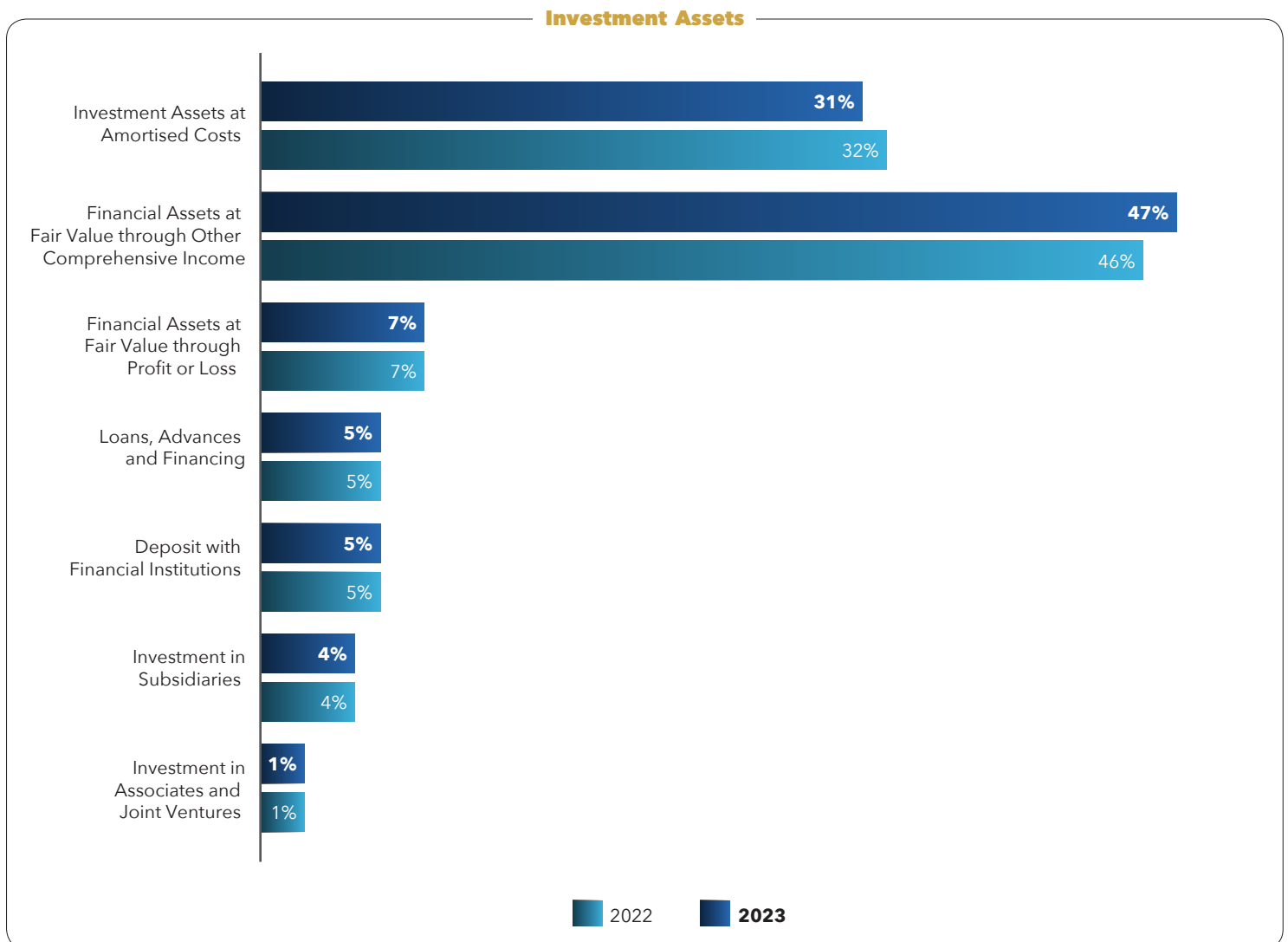
EPF recorded a net profit attributable to members of RM41.34 billion in 2023. The allocation to Simpanan Konvensional and Simpanan Shariah were RM36.86 billion and RM4.48 billion respectively. The ratios applied for this allocation are as below:



### FINANCIAL POSITION

#### Investment Assets

Total investments assets grew by RM127.94 billion or 13% from RM985.53 billion as at end of 2022 to RM1,113.47 billion in 2023, in line with the increase recorded from Fixed Income instruments and Equity Instruments. Total investment assets comprise of Conventional Assets amounted to RM638.19 billion, or 57%, and Shariah Assets amounted to RM475.28 billion or 43% of the total investment assets.



## FINANCIAL OVERVIEW AND ANALYSIS

As at December 2023, the values of Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) stood at RM526.33 billion, or 47%, of the total investment assets, increased by RM73.96 billion, compared to 2022 recorded at RM452.37 billion. The Financial Assets at Fair Value through Other Comprehensive Income (FVOCI), which are mainly made up of listed equity investment, comprised of Conventional Assets amounted to RM271.67 billion, and Shariah Assets RM254.66 billion.

On the EPF's exposure to low-risk and steady income-generating assets, namely the assets categorised as Investment Asset at Amortised Cost (AC) and Loans, Advances and Financing, stood at RM348.41 billion, or 31%, and RM48.56 billion, or 5%, respectively. For AC assets, the breakdown between Conventional Assets and Shariah Assets was RM191.65 billion and RM156.76 billion respectively, while for Loans, Advances and Financing, the breakdown between Conventional Assets and Shariah Assets was RM27.04 billion and RM21.52 billion respectively.

In 2023, additional investments were also made to the EPF's subsidiaries, associates and joint venture companies, particularly to foreign inflation-linked asset classes. Cumulatively, the holdings in the investments in subsidiaries, associate and joint venture companies stood at RM56.22 billion, or 5%, of total investments, an increase of RM6.96 billion, or 14% from RM49.26 billion in 2022. The amount comprised of Conventional Assets amounting to RM42.10 billion and Shariah Assets amounting to RM14.12 billion.

There was a 10%, or RM4.92 billion increase in the Deposit amount with Financial Institutions, to RM52.19 billion, or 5%, from the total EPF investment assets.

Other Investment assets were Financial Assets at Fair Value through Profit or Loss, Investment Properties and Asset Held for Sale totalling RM80.76 billion, RM0.99 billion and RM0.01 billion respectively.

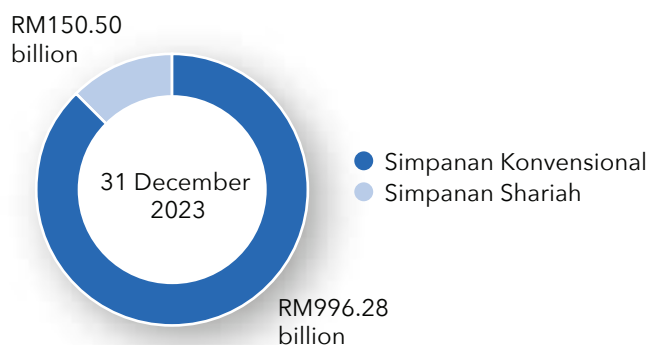
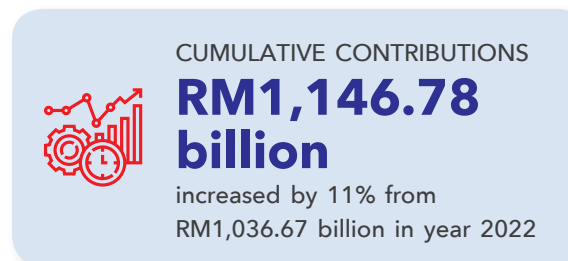
### Liabilities

Total liabilities decreased by 12% to RM5.50 billion, from RM6.27 billion in 2022, mainly due to lower accruals on the purchase of investment instruments at year end for which the settlements were made in the following month.



### Contributions

Cumulative contributions stood at RM1,146.78 billion as at 31 December 2023, displaying a growth of around 11% or RM110.11 billion, from the closing balance of RM1,036.67 billion in 2022. From RM1,146.78 billion cumulative contributions, Simpanan Konvensional recorded at RM996.28 billion, while Simpanan Shariah recorded at RM150.50 billion. Year 2023 has recorded a lower total withdrawals and refunds of RM50.57 billion as compared to RM91.04 billion in 2022. The growth in the Contribution account balance is also contributed by the provision for annual dividend for 2023 amounted to RM57.81 billion.



### Collections During the Year

In 2023, a total of RM97.56 billion was collected from employers, compared to RM84.78 billion in the preceding year. The increase of RM12.78 billion, or 15%, was consistent with higher growth in the number of active members in 2023. On average, approximately RM8.13 billion was collected per month in 2023.



TOTAL COLLECTIONS

**RM97.56**  
**billion**

increased by 15% from  
RM84.78 billion in year 2022

### Withdrawals and Refunds During the Year

Total withdrawals and refunds in 2023 amounted to RM50.57 billion, where RM39.38 billion was for Simpanan Konvensional, and RM11.19 billion was for Simpanan Syariah, compared with RM91.04 billion in the previous year. There was a decrease of RM40.47 billion or 44%. There was no special withdrawal facility introduced in 2023 as compared to the previous year. On average, approximately RM4.21 billion was paid to members and beneficiaries per month in 2023. Details of withdrawals are provided in the Statistics section of this Integrated Annual Report.

### Cumulative Surplus and Reserves

As at 31 December 2023, Cumulative Surplus and Reserves stood at negative RM10.38 billion, comprising RM19.07 billion in Cumulative Surplus, and negative RM29.45 billion in Financial Assets at Fair Value Through Other Comprehensive Income Reserves. This marked an increase of RM23.97 billion from negative RM34.35 billion in 2022. The trend was in line with the increasing balance in respect of Financial Assets at Fair Value Through Other Comprehensive Income Reserves as at 31 December 2023, due to lower net unrealised loss from revaluation on Financial Assets mainly on equity portfolios.



**CERTIFICATE OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
EMPLOYEES PROVIDENT FUND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**Certificate on the Audit of the Financial Statements**

**Opinion**

I have authorised a private audit firm pursuant to subsection 7(3) of the Audit Act 1957 [Act 62] to undertake an audit of the Financial Statements of the Employees Provident Fund. The financial statements comprise the Statements of Financial Position as at 31 December 2023 of the Group and of the Employees Provident Fund and the Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Members, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Employees Provident Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 154 to 348.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Employees Provident Fund as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards (MFRS) and the Employees Provident Fund Act 1991 [Act 452] requirements.

**Basis for Opinion**

The audit was conducted in accordance with the Audit Act 1957 and the International Standards of Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my certificate. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

*Independence and Other Ethical Responsibilities*

I am independent of the Group and of the Employees Provident Fund and I have fulfilled my other ethical responsibilities in accordance with the International Standards of Supreme Audit Institutions.

### **Information Other than the Financial Statements and Auditor's Certificate Thereon**

The Board of the Employees Provident Fund is responsible for the other information in the Annual Report. My opinion on the Financial Statements of the Group and of the Employees Provident Fund does not cover the other information than the financial statements and Auditor's Certificate thereon and I do not express any form of assurance conclusion thereon.

### **Responsibilities of the Board for the Financial Statements**

The Board is responsible for the preparation of Financial Statements of the Group and of the Employees Provident Fund that give a true and fair view in accordance with the Malaysian Financial Reporting Standards (MFRS) and the Employees Provident Fund Act 1991 [Act 452] requirements. The Board is also responsible for such internal control as the Board determines is necessary to enable the preparation of the Financial Statements of the Group and of the Employees Provident Fund that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Group and of the Employees Provident Fund, the Board is responsible for assessing the Group's and the Employees Provident Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the Financial Statements of the Group and of the Employees Provident Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards of Supreme Audit Institutions, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- a. identify and assess the risks of material misstatement of the Financial Statements of the Group and of the Employees Provident Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- b. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Employees Provident Fund's internal control;
- c. evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;
- d. conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Employees Provident Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor's Certificate to the related disclosures in the Financial Statements of the Group and of the Employees Provident Fund or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of Auditor's Certificate. However, future events or conditions may cause the Group or the Employees Provident Fund to cease to continue as a going concern;
- e. evaluate the overall presentation, structure and content of the Financial Statements of the Group and of the Employees Provident Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- f. obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the Financial Statements of the Group. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

The Board has been informed regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I have identify during the audit.

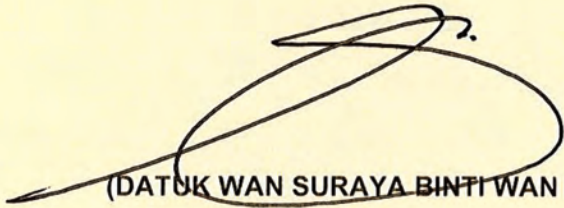
I have also disclosed to the Board that I have complied with the ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and if applicable, actions taken to eliminate threats or safeguards applied.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Employees Provident Fund Act 1991 [Act 452], I report that the subsidiaries, of which I have not acted as auditor, are disclosed in Note 38 to the financial statements.

### Other Matters

This certificate is made solely to the Board of the Employees Provident Fund in accordance with the Employees Provident Fund Act 1991 [Act 452] requirements, and for no other purpose. I do not assume responsibility to any other person for the content of this certificate.



(DATUK WAN SURAYA BINTI WAN MOHD RADZI)  
AUDITOR GENERAL  
MALAYSIA

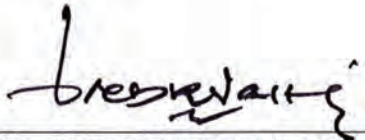
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16 JULY 2024



## STATEMENT BY THE CHAIRMAN AND A BOARD MEMBER

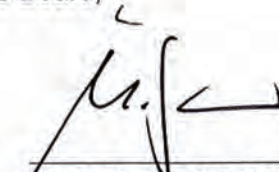
We, **TAN SRI AHMAD BADRI BIN MOHD ZAHIR** and **KHALID BIN SUFAT** as the Chairman and a member of the Board, as representatives of the **EMPLOYEES PROVIDENT FUND BOARD**, do hereby state that, in the opinion of the Board, the accompanying Financial Statements which includes the Statements Of Financial Position, Statements Of Comprehensive Income, Statements Of Changes In Net Assets Attributable To Members, Statements Of Changes In Equity and Statements Of Cash Flows, as follows together with the Notes To The Financial Statements are drawn up so as to give a true and fair view of the state of affairs of the **EMPLOYEES PROVIDENT FUND** as at 31 December 2023, the results of its operations and changes in financial position for the year ended on that date.

On behalf of the Board,



NAME : TAN SRI AHMAD BADRI BIN MOHD ZAHIR  
 TITLE : CHAIRMAN OF EPF  
 DATE : 19 APRIL 2024  
 PLACE : KUALA LUMPUR

On behalf of the Board,



NAME : KHALID BIN SUFAT  
 TITLE : A BOARD MEMBER OF EPF  
 DATE : 19 APRIL 2024  
 PLACE : KUALA LUMPUR

# DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT EMPLOYEES PROVIDENT FUND BOARD

I, **MOHAMAD HAFIZ BIN KASSIM**, an officer primarily responsible for the financial management of the **EMPLOYEES PROVIDENT FUND BOARD** do solemnly and sincerely declare that the accompanying Financial Statements which include the Statements Of Financial Position, Statements Of Comprehensive Income, Statements Of Changes In Net Assets Attributable To Members, Statements Of Changes In Equity and Statements Of Cash Flows, in the following financial position together with the Notes To The Financial Statements to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and ]  
 solemnly declared by ]  
 the abovenamed in ]  
 KUALA LUMPUR ]  
 on 19 April 2024 ]

MOHAMAD HAFIZ BIN KASSIM  
 Before me  
 W1015  
 SHAHRIZAL NASRUL  
 01.03.2023 - 31.12.2025  
 COMMISSIONER FOR OATHS  
 MALAYSIA

NO. 86, JALAN PUTRA,  
 50350 KUALA LUMPUR

# STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Note	Group	
		31 December 2023 (RM'000)	31 December 2022 (RM'000)
<b>ASSETS</b>			
Cash and Bank Balances		<b>26,933,476</b>	22,199,960
Deposits with Financial Institutions	3	<b>56,598,455</b>	48,854,148
Receivables, Deposits and Prepayments	4	<b>6,567,651</b>	5,902,969
Loans, Advances and Financing	5	<b>87,824,825</b>	85,427,763
Financial Assets at Fair Value through Profit or Loss	6	<b>105,536,209</b>	88,068,122
Financial Assets at Fair Value through Other Comprehensive Income	7	<b>538,854,253</b>	465,358,936
Investment Assets at Amortised Cost	8	<b>352,694,343</b>	313,424,019
Investment in Joint Ventures	9	<b>5,117,692</b>	4,895,892
Investment in Associates	10	<b>18,126,105</b>	17,397,480
Assets Held for Sale	12	<b>151,542</b>	74,619
Inventories	13	<b>3,051,160</b>	3,052,416
Intangible Assets	14	<b>303,050</b>	302,072
Investment Properties	15	<b>24,298,104</b>	21,301,173
Right-of-Use Assets	16	<b>457,294</b>	439,050
Property, Plant and Equipment	17	<b>1,238,559</b>	1,246,638
Deferred Tax Assets	18	<b>144,395</b>	143,881
		<b>1,227,897,113</b>	1,078,089,138
<b>EQUITY</b>			
Non-Controlling Interests		<b>4,844,288</b>	3,692,366
<b>LIABILITIES</b>			
Contribution Withdrawal Payables		<b>7,611</b>	11,737
Payables and Accrued Liabilities	19	<b>6,483,053</b>	6,972,109
Deposits and Advances	20	<b>45,736,408</b>	37,499,495
Lease Liabilities	16	<b>690,869</b>	639,092
Financial Liabilities at Fair Value through Profit or Loss	6	<b>681,274</b>	914,455
Loans and Overdrafts	21	<b>25,893,194</b>	21,416,970
Provision for Taxation		<b>90,481</b>	108,932
Employee Benefits	22	<b>419,448</b>	328,594
Deferred Tax Liabilities	18	<b>117,700</b>	73,117
		<b>80,120,038</b>	67,964,501
<b>Net Assets Attributable to Members</b>			
Contributions		<b>1,146,777,786</b>	1,036,665,630
Cumulative Surplus and Reserves		<b>(3,844,999)</b>	(30,233,359)
	23	<b>1,142,932,787</b>	1,006,432,271
		<b>1,227,897,113</b>	1,078,089,138

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Note	EPF	
		31 December 2023 (RM'000)	31 December 2022 (RM'000)
<b>ASSETS</b>			
Cash and Bank Balances		22,714,662	17,422,011
Deposits with Financial Institutions	3	52,193,784	47,276,936
Receivables, Deposits and Prepayments	4	4,706,667	4,469,504
Loans, Advances and Financing	5	48,758,649	48,349,997
Financial Assets at Fair Value through Profit or Loss	6	80,755,378	74,591,559
Financial Assets at Fair Value through Other Comprehensive Income	7	526,329,555	452,371,884
Investment Assets at Amortised Cost	8	348,409,290	312,899,569
Investment in Joint Ventures	9	24,500	24,500
Investment in Associates	10	12,261,119	11,978,149
Investment in Subsidiaries	11	43,929,570	37,257,261
Assets Held for Sale	12	14,839	16,516
Intangible Assets	14	15,929	16,352
Investment Properties	15	989,265	979,553
Right-of-Use Assets	16	526,503	629,163
Property, Plant and Equipment	17	268,628	302,408
		<b>1,141,898,338</b>	1,008,585,362
<b>LIABILITIES</b>			
Contribution Withdrawal Payables		7,611	11,737
Payables and Accrued Liabilities	19	3,499,768	4,483,033
Deposits and Advances	20	416,331	450,921
Lease Liabilities	16	583,766	636,987
Financial Liabilities at Fair Value through Profit or Loss	6	587,491	361,945
Employee Benefits	22	405,477	328,594
		<b>5,500,444</b>	6,273,217
<b>Net Assets Attributable to Members</b>			
Contributions		1,146,777,786	1,036,665,630
Cumulative Surplus and Reserves		(10,379,892)	(34,353,485)
	23	<b>1,136,397,894</b>	1,002,312,145
		<b>1,141,898,338</b>	1,008,585,362

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	Group	
		31 December 2023 (RM'000)	31 December 2022 (RM'000)
<b>INCOME</b>			
Gross Investment Income	24	<b>48,917,781</b>	41,367,702
Investment Expenditures	25	<b>(2,247,775)</b>	(2,022,588)
Net Impairment on Financial Investment Assets	26	<b>(170,875)</b>	(150,292)
Net Impairment on Investment in Associates and Joint Ventures	27	<b>(99,482)</b>	(10,103)
Net Investment Income		<b>46,399,649</b>	39,184,719
Other Income	28	<b>298,437</b>	236,368
<b>Total Income</b>		<b>46,698,086</b>	39,421,087
<b>EXPENDITURES</b>			
Operating Expenditures	29	<b>(5,476,052)</b>	(4,697,431)
Statutory Charges	30	<b>(89,872)</b>	(89,343)
<b>Total Expenditures</b>		<b>(5,565,924)</b>	(4,786,774)
<b>Net Profit</b>		<b>41,132,162</b>	34,634,313
Share of Profit in Associates and Joint Ventures		<b>887,928</b>	3,391,408
Net Profit before Tax and Zakat		<b>42,020,090</b>	38,025,721
Tax and Zakat	31	<b>(352,023)</b>	(454,704)
<b>Net Profit after Tax and Zakat</b>		<b>41,668,067</b>	37,571,017
<b>Net Profit Attributable to Members</b>	23.2	<b>(41,460,867)</b>	(37,414,058)
Profit for the Group (Attributable to Non-Controlling Interest)		<b>207,200</b>	156,959

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	Group	
		31 December 2023 (RM'000)	31 December 2022 (RM'000)
<b>Other Comprehensive Income/(Loss):</b>			
<b>Items that will not be Reclassified Subsequently to Profit or Loss</b>			
Adjustment on Employee Benefits for the Financial Year		(37,482)	54,805
Net Unrealised Gain/(Loss) on Fair Value Revaluation on Investment in Equity Instruments at Fair Value through Other Comprehensive Income	23.3	13,433,782	(50,370,577)
Shariah Non-Compliant Income from Excess Gain on Securities which had been Reclassified from Shariah to Conventional	23.2	8,532	1,886
Net Realised Gain on Investment in Equity Instruments at Fair Value through Other Comprehensive Income	23.2	22,714,460	16,582,018
Tax Paid on Global Investments	23.2	(178,465)	(151,223)
		<b>35,940,827</b>	<b>(33,883,091)</b>
<b>Items that may be Reclassified Subsequently to Profit or Loss</b>			
Net Unrealised Gain on Fair Value Revaluation on Investment in Debt Instruments at Fair Value through Other Comprehensive Income	23.3	6,565,683	8,452,790
Net Changes in Fair Value of Debt Instruments at Fair Value through Other Comprehensive Income Reclassified to Profit or Loss on Disposal		(2,131,135)	(14,992,734)
Net Changes in Loss Allowance on Investment in Debt Instruments at Fair Value through Other Comprehensive Income		17,692	(47,799)
Foreign Currency Translation Differences		1,916,543	817,227
Net Movement on Cash Flow Hedging Derivatives		661,121	(146,198)
Share of Other Comprehensive Income from Associates and Joint Ventures		349,750	(364,115)
Net Changes in Reserves Reclassified to Profit or Loss on Changes in Equity Holdings in Associates and Joint Ventures		22,676	15,534
		<b>7,402,330</b>	<b>(6,265,295)</b>
<b>Total Other Comprehensive Income/(Loss) before Attributable to Members</b>		<b>43,343,157</b>	<b>(40,148,386)</b>
<b>Amount Attributable to Members</b>		<b>(43,230,713)</b>	<b>40,097,334</b>
Other Comprehensive Income/(Loss) for the Group (Attributable to Non-Controlling Interest)		112,444	(51,052)
<b>Total Comprehensive Income for the Group (Attributable to Non-Controlling Interest)</b>		<b>319,644</b>	<b>105,907</b>

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2023

	Note	EPF	
		31 December 2023 (RM'000)	31 December 2022 (RM'000)
<b>INCOME</b>			
Gross Investment Income	24	<b>44,674,405</b>	38,752,512
Investment Expenditures	25	<b>(1,572,662)</b>	(1,491,599)
Net Impairment on Financial Investment Assets	26	<b>(58,295)</b>	(49,254)
Net Write-back of Impairment on Investment in Subsidiaries, Associates and Joint Ventures	27	<b>8,872</b>	39,579
Net Investment Income		<b>43,052,320</b>	37,251,238
Other Income	28	<b>182,881</b>	152,760
<b>Total Income</b>		<b>43,235,201</b>	37,403,998
<b>EXPENDITURES</b>			
Operating Expenditures	29	<b>(1,809,789)</b>	(1,590,775)
Statutory Charges	30	<b>(89,872)</b>	(89,343)
<b>Total Expenditures</b>		<b>(1,899,661)</b>	(1,680,118)
<b>Net Profit Attributable to Members</b>	23.2	<b>41,335,540</b>	35,723,880

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	EPF	
		31 December 2023 (RM'000)	31 December 2022 (RM'000)
<b>Other Comprehensive Income/(Loss):</b>			
<b>Items that will not be Reclassified Subsequently to Profit or Loss</b>			
Adjustment on Employee Benefits for the Financial Year		(36,267)	54,805
Net Unrealised Gain/(Loss) on Fair Value Revaluation on Investment in Equity Instruments at Fair Value through Other Comprehensive Income	23.3	14,035,225	(48,342,328)
Shariah Non-Compliant Income from Excess Gain on Securities which had been Reclassified from Shariah to Conventional	23.2	8,532	1,886
Net Realised Gain on Investment in Equity Instruments at Fair Value through Other Comprehensive Income	23.2	22,714,460	16,582,018
Tax Paid on Global Investments	23.2	(178,465)	(151,223)
		<b>36,543,485</b>	<b>(31,854,842)</b>
<b>Items that may be Reclassified Subsequently to Profit or Loss</b>			
Net Unrealised Gain on Fair Value Revaluation on Investment in Debt Instruments at Fair Value through Other Comprehensive Income	23.3	6,566,848	8,449,689
Net Changes in Fair Value of Debt Instruments at Fair Value through Other Comprehensive Income Reclassified to Profit or Loss on Disposal	23.3	(2,335,207)	(14,812,418)
Net Changes in Loss Allowance on Investment in Debt Instruments at Fair Value through Other Comprehensive Income	23.3	(3,856)	(47,616)
		<b>4,227,785</b>	<b>(6,410,345)</b>
<b>Total Other Comprehensive Income/(Loss) Attributable to Members</b>		<b>40,771,270</b>	<b>(38,265,187)</b>
<b>Increase/(Decrease) in Net Assets Attributable to Members</b>		<b>82,106,810</b>	<b>(2,541,307)</b>

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

# STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS

for the year ended 31 December 2023

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
At 1 January		<b>1,006,432,271</b>	1,012,587,607
<b>Add/(Less):</b>			
Increase/(Decrease) in Net Assets Attributable to Members		<b>84,691,580</b>	(2,683,276)
Contribution Received and Adjustments for the Financial Year		<b>102,837,853</b>	87,827,516
Contribution Withdrawals and Refunds		<b>(50,567,129)</b>	(91,038,072)
Dividend on Contribution Withdrawals		<b>(291,785)</b>	(287,943)
Net Asset Movement from Changes in Equity Holdings in Subsidiaries		<b>(240,286)</b>	25,968
Movement in Other Reserves of Subsidiaries		<b>70,283</b>	471
<b>At 31 December</b>	23	<b>1,142,932,787</b>	1,006,432,271

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS

for the year ended 31 December 2023

	Note	EPF	
		2023 (RM'000)	2022 (RM'000)
At 1 January		1,002,312,145	1,008,351,951
<b>Add/(Less):</b>			
Increase/(Decrease) in Net Assets Attributable to Members		82,106,810	(2,541,307)
Contribution Received and Adjustments for the Financial Year		102,837,853	87,827,516
Contribution Withdrawals and Refunds		(50,567,129)	(91,038,072)
Dividend on Contribution Withdrawals		(291,785)	(287,943)
<b>At 31 December</b>	23	<b>1,136,397,894</b>	1,002,312,145

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Group	
	2023 (RM'000)	2022 (RM'000)
At 1 January	3,692,366	3,606,453
<b>Add/(Less):</b>		
Increase in Net Assets Attributable to Non-Controlling Interests	319,644	105,907
Net Asset Movement from Changes in Equity Holdings in Subsidiaries	979,414	(5,758)
Movement in Other Reserves of Subsidiaries	45,376	-
Dividend Credited to Non-Controlling Interest	(192,512)	(14,236)
<b>At 31 December</b>	<b>4,844,288</b>	3,692,366

The notes set out form an integral part of, and should be read in conjunction with, these Statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2023

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net Profit before Tax and Zakat		<b>42,020,090</b>	38,025,721	<b>41,335,540</b>	35,723,880
<u>Adjustment For:</u>					
Share of Profit in Associates and Joint Ventures		<b>(887,928)</b>	(3,391,408)	-	-
Net Unrealised Gain on Foreign Exchange	24	<b>(3,029,256)</b>	(897,501)	<b>(2,936,963)</b>	(1,085,033)
Net Unrealised (Gain)/Loss on Financial Assets at Fair Value through Profit or Loss	24	<b>(4,420,237)</b>	58,877	<b>(2,780,197)</b>	928,411
Loss on Disposal of Subsidiaries and Associates		<b>52,645</b>	-	-	-
Gain on Acquisition of Subsidiaries and Associates		<b>(354,383)</b>	-	-	-
Gain on Disposal of Investment Properties	24	<b>(8,148)</b>	(330,461)	-	-
Net Write-back of Impairment on Deposits with Financial Institutions	26	<b>(1)</b>	(9)	<b>(1)</b>	(9)
Net Impairment/(Write-back) of Impairment on Rent Receivables	26	<b>10,403</b>	(39,758)	<b>1,257</b>	(4,563)
Net Impairment/(Write-back) of Impairment on Loans, Advances and Financing	26	<b>117,534</b>	126,987	<b>(4,303)</b>	(10,877)
Net Impairment on Financial Assets at Fair Value through Other Comprehensive Income	26	<b>9,820</b>	34,482	<b>9,598</b>	34,662
Net Impairment on Investment Assets at Amortised Cost	26	<b>51,480</b>	29,936	<b>51,744</b>	30,041
Net Write-back of Impairment on Commitments and Contingencies	26	<b>(18,361)</b>	(1,346)	-	-
Net Impairment/(Write-back) of Impairment on Investment in Subsidiaries, Associates and Joint Ventures	27	<b>99,482</b>	10,103	<b>(8,872)</b>	(39,579)
Gain on Disposal of Foreclosed Properties	28	<b>(3,980)</b>	(2,597)	-	-
Gain on Disposal of Assets Held for Sale		<b>(4,369)</b>	(42,184)	<b>(3,038)</b>	(41,334)
Write-Offs of Property, Plant and Equipment		<b>388</b>	2,864	<b>388</b>	2,864
Gain on Disposal of Right-of-Use Assets	28	<b>(92)</b>	-	<b>(92)</b>	-
Gain on Disposal of Property, Plant and Equipment	28	<b>(449)</b>	(658)	<b>(608)</b>	(666)
Employee Benefits	29	<b>67,850</b>	9,943	<b>67,483</b>	9,943
Amortisation of Intangible Assets	29	<b>48,267</b>	48,012	<b>6,598</b>	6,538
Depreciation of Investment Properties	29	<b>576,623</b>	373,591	<b>34,911</b>	33,562
Depreciation of Right-of-Use Assets	29	<b>38,032</b>	38,093	<b>43,381</b>	27,323
Depreciation of Property, Plant and Equipment	29	<b>129,713</b>	119,303	<b>74,829</b>	67,410
Net Impairment/(Write-back) of Impairment on Investment Properties	29	<b>37,247</b>	200,279	<b>(643)</b>	(626)
Net Write-back of Impairment on Asset Held For Sale	29	-	(6,330)	-	-
Net Impairment/(Write-back) of Impairment on Other Receivables	29	<b>19,597</b>	(226)	<b>90</b>	1
Write-Offs of Receivables	29	<b>65</b>	1,704	<b>32</b>	1,704
Profit Expense on Lease Liabilities	29	<b>28,255</b>	34,031	<b>25,940</b>	13,614
Interest and Profit Income from Investment in Financial Assets	24	<b>(26,439,405)</b>	(22,673,904)	<b>(23,681,857)</b>	(20,693,384)
Dividend Income from Investment in Subsidiaries		-	-	<b>(1,819,319)</b>	(1,086,284)
Dividend Income from Investment in Associates and Joint Ventures		<b>(67,894)</b>	(2,269,835)	<b>(737,276)</b>	(3,021,944)
Dividend Income from Investment in Financial Assets		<b>(15,113,655)</b>	(15,929,009)	<b>(14,869,785)</b>	(15,622,382)
Amortisation of Loan Acquisition Cost		<b>54,147</b>	11,905	-	-
Interest Expense		<b>461,330</b>	303,476	-	-
Modification Loss	29	-	59,973	-	-
		<b>(6,525,190)</b>	(6,095,946)	<b>(5,191,163)</b>	(4,726,728)

**STATEMENTS OF CASH FLOWS**

for the year ended 31 December 2023

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>Increase in Operating Assets:</b>					
Deposits with Financial Institutions		<b>(8,312,489)</b>	(3,174,172)	<b>(8,907,690)</b>	(3,602,001)
Receivables, Deposits and Prepayments		<b>(1,315,079)</b>	1,339,517	<b>(238,540)</b>	(1,223,739)
Loans, Advances and Financing		<b>140,981</b>	1,092,625	<b>(303,168)</b>	3,430,505
Other Receivables		<b>(82,756)</b>	(82,227)	-	-
Financial Assets at Fair Value through Profit or Loss		<b>(6,319,288)</b>	(11,328,049)	<b>(979,087)</b>	(7,169,112)
Financial Assets at Fair Value through Other					
Comprehensive Income		<b>(33,102,641)</b>	(13,143,240)	<b>(33,093,451)</b>	(13,195,103)
Investment Assets at Amortised Cost		<b>(35,708,735)</b>	(12,805,099)	<b>(34,930,810)</b>	(12,623,023)
Inventories		<b>179,628</b>	(36,786)	-	-
		<b>(84,520,379)</b>	(38,137,431)	<b>(78,452,746)</b>	(34,382,473)
<b>Increase/(Decrease) in Operating Liabilities:</b>					
Contribution Withdrawal Payables		<b>(4,126)</b>	(10,699)	<b>(4,126)</b>	(10,699)
Payables and Accrued Liabilities		<b>(1,070,378)</b>	2,751,239	<b>(983,265)</b>	1,864,983
Deposits and Advances		<b>3,299,275</b>	3,287,142	<b>(34,590)</b>	137,403
Financial Liabilities at Fair Value through Profit or Loss		<b>209,621</b>	118,869	<b>225,546</b>	126,404
Employee Benefits		<b>(14,478)</b>	(17,117)	<b>(26,867)</b>	(17,117)
		<b>2,419,914</b>	6,129,434	<b>(823,302)</b>	2,100,974
<b>Interest and Profit Received from Investment in</b>					
Financial Assets		<b>23,598,813</b>	21,160,348	<b>23,235,834</b>	21,877,585
Dividend Received from Investment in Financial Assets		<b>15,291,768</b>	15,626,188	<b>15,050,117</b>	15,333,698
		<b>38,890,581</b>	36,786,536	<b>38,285,951</b>	37,211,283
<b>Interest Paid</b>					
Tax and Zakat Paid		<b>(375,139)</b>	(43,228)	-	-
Tax Refunded		<b>(322,320)</b>	(364,035)	-	-
		<b>61,862</b>	604	-	-
		<b>(635,597)</b>	(406,659)	-	-
<b>Net Cash (Used in)/Generated from Operating Activities</b>		<b>(50,370,671)</b>	(1,724,066)	<b>(46,181,260)</b>	203,056

## STATEMENTS OF CASH FLOWS

for the year ended 31 December 2023

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Net Changes in Financial Assets at Fair Value through Profit or Loss		<b>113,161</b>	1,028	-	-
Net Changes in Financial Liabilities at Fair Value through Profit or Loss		<b>(18,311)</b>	21,107	-	-
Net Changes in Financial Assets at Fair Value through Other Comprehensive Income		<b>805,562</b>	(361,269)	-	-
Net Changes in Investment Assets at Amortised Cost		<b>(656,050)</b>	-	-	-
Capital Injection to Investment in Joint Ventures		<b>(284,329)</b>	(764,626)	-	-
Capital Injection to Investment in Associates		<b>(337,216)</b>	(145,148)	<b>(287,623)</b>	(141,966)
Capital Injection to Investment in Subsidiaries		-	-	<b>(6,658,782)</b>	(3,814,060)
Dividend Received from Subsidiaries		-	-	<b>1,819,319</b>	1,086,284
Dividend Received from Associates and Joint Ventures		<b>874,499</b>	901,556	<b>737,276</b>	751,921
Net Cash (Outflow)/Inflow from Acquisition of Subsidiaries		<b>(282,133)</b>	12,070	-	-
Proceeds from Disposal of Foreclosed Properties		<b>9,591</b>	4,165	-	-
Proceeds from Disposal of Asset Held for Sale		<b>7,317</b>	69,477	<b>4,715</b>	67,299
Property Development Costs		-	206	-	-
Purchase of Intangible Assets	14	<b>(19,689)</b>	(26,300)	-	-
Purchase of Investment Properties	15	<b>(576,837)</b>	(267,501)	<b>(13,865)</b>	(60)
Proceeds from Disposal of Investment Properties		<b>12,500</b>	800,539	-	-
Purchase of Property, Plant and Equipment	17	<b>(125,292)</b>	(134,425)	<b>(47,129)</b>	(107,671)
Proceeds from Disposal of Property, Plant and Equipment		<b>759</b>	688	<b>611</b>	675
<b>Net Cash (Used in)/Generated from Investing Activities</b>		<b>(476,468)</b>	111,567	<b>(4,445,478)</b>	(2,157,578)

**STATEMENTS OF CASH FLOWS**

for the year ended 31 December 2023

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from Borrowings	21	<b>5,304,983</b>	5,997,798	-	-
Repayments of Borrowings	21	<b>(2,605,444)</b>	(4,015,194)	-	-
Dividend Paid to Non-Controlling Interests		<b>(192,512)</b>	(14,236)	-	-
Lease Payments		<b>(26,096)</b>	(27,389)	<b>(24,452)</b>	(16,412)
Profit Expense on Lease Liabilities		<b>(28,255)</b>	(34,031)	<b>(25,940)</b>	(13,614)
Dividend on Withdrawals		<b>(291,785)</b>	(287,944)	<b>(291,785)</b>	(287,943)
Net Contribution		<b>52,270,724</b>	(3,210,556)	<b>52,270,724</b>	(3,210,556)
<b>Net Cash Generated from/(Used in) Financing Activities</b>		<b>54,431,615</b>	(1,591,552)	<b>51,928,547</b>	(3,528,525)
Increase/(Decrease) in Cash and Cash Equivalents		<b>3,584,476</b>	(3,204,051)	<b>1,301,809</b>	(5,483,047)
Adjustments of Foreign Currency Translation Differences		<b>432,233</b>	(157,591)	-	-
Cash and Cash Equivalents as at 1 January	33	<b>64,356,242</b>	67,717,884	<b>57,708,334</b>	63,191,381
<b>Cash and Cash Equivalents as at 31 December</b>	33	<b>68,372,951</b>	64,356,242	<b>59,010,143</b>	57,708,334

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

## 1. CORPORATE INFORMATION

The EPF was established under the EPF Ordinance 1951 in which later was amended to the EPF Act 1991 to act as the trustee of the Employees Provident Fund, which is a Defined Contribution Scheme.

The principal activities of the EPF are to receive and to collect contributions, to meet all withdrawals of savings and other benefits to members or their beneficiaries upon satisfaction of any condition for withdrawals and to invest its monies for the benefits of its members. The principal activities of the Subsidiaries, Associates and Joint Ventures are as stated in Notes 38 and 39 respectively.

There have been no significant changes in the nature of these principal activities during the financial year.

The EPF headquarters is situated in Menara KWSP, No. 1, Persiaran Kwasa Utama, Kwasa Damansara, Seksyen U4, 40150 Shah Alam, Selangor. As at 31 December 2023, the EPF operates 68 branches located at the main cities all over Malaysia.

The Financial Statements of the Group and EPF for the financial year ended 31 December 2023 have been accepted and approved by the EPF Board on 19 April 2024.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently with the accounting standards adopted in previous years in dealing with items that are considered material in relation to the Financial Statements, unless otherwise stated:

### 2.1 Basis of Preparation

#### (a) Statement of Compliance

The Financial Statements of the Group and EPF have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and EPF Act 1991 (Act 452).

The accounting policies set out below have been applied consistently to the periods presented in these Financial Statements and have been applied consistently by Group entities, unless otherwise stated.

The Group and EPF have applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2023:

- a) MFRS 17 - Insurance Contracts;
- b) Amendments to MFRS 101 - Presentation of Financial Statements and MFRS Practice Statement 2 Making Materiality Judgements (Disclosure of Accounting Policies);
- c) Amendments to MFRS 108 - Accounting Policies, Changes in Accounting Estimates & Errors (Definition of Accounting Estimates); and
- d) Amendments to MFRS 112 - Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction) and (International Tax Reform - Pillar Two Model Rules).

The amendments listed above do not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.1 Basis of Preparation (Cont'd.)

##### (a) Statement of Compliance (Cont'd.)

The Group and EPF intend to adopt accounting standards issued by Malaysian Accounting Standard Board (MASB) as follows, when it is effective:

##### Amendments/Improvements to MFRSs

Description	Effective For Annual Periods Beginning On or After
MFRS 101 - Presentation of Financial Statements (Classification of Liabilities as Current and Non-current) and (Non-current Liabilities with Covenants)	1 January 2024
MFRS 16 - Leases (Lease Liability in Sale and Leaseback)	1 January 2024
MFRS 107 - Statement of Cash Flows and MFRS 7 - Financial Instruments: Disclosures (Supplier Finance Arrangements)	1 January 2024
MFRS 121 - The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)	1 January 2025
MFRS 10 - Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Deferred
MFRS 128 - Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Deferred

The Group and EPF plan to apply the above mentioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2024 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current and future period financial statements of the Group and EPF.

##### (b) Basis of Measurement

The Financial Statements of the Group and EPF have been prepared on the historical cost basis other than as disclosed in Note 2.

##### (c) Functional and Presentation Currency

These Financial Statements are presented in Ringgit Malaysia (RM), which is the EPF's functional currency. All financial information is presented in (RM) and has been rounded to the nearest thousand, unless otherwise stated.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.1 Basis of Preparation (Cont'd.)

##### (d) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

##### i. Impairment of Investment in Subsidiaries, Associates and Joint Ventures

The Group and EPF assess whether there is any indication that an Investment in Subsidiaries, Associates and Joint Ventures may be impaired at each reporting date.

The Group and EPF determine whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes in the economic environment.

##### ii. Impairment of Investment Assets at Amortised Cost (AC) and Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

The Group and EPF assess the Expected Credit Losses (ECL) associated with its Investment Assets at AC and Financial Assets at FVOCI on a forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and EPF categorise the financial assets into three (3) categories namely i) investment and financial assets at AC and FVOCI; ii) loan commitments; and iii) financial guarantee contracts to reflect their credit risk and how the ECL is determined for each of the category. A summary of the assumptions underpinning the Group's and the EPF's ECL model is set out in Note 2.13.

##### iii. Recognition of Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

Deferred Tax Assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.1 Basis of Preparation (Cont'd.)

##### (d) Significant Accounting Judgements, Estimates and Assumptions (Cont'd.)

###### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. Consolidated Financial Statements were prepared by the Group and EPF based on assumptions and estimates on available parameter. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group and EPF. Such changes are reflected in the assumptions when they occur.

##### i. Impairment of Investment in Subsidiaries, Associates and Joint Ventures

Should indicators exist, these assets are subject to impairment review. The impairment review comprises a comparison between the carrying amount of the investment and the investment's estimated recoverable amounts.

Depending on their nature and the location in which the investments relate to, the Group and EPF will select suitable valuation technique such as, amongst others, discounted future cash flows or estimated fair value based on quoted market price of the most recent transactions. Once a suitable valuation technique is selected, the Group and EPF will make certain assumptions concerning the future to estimate the recoverable amount of the specific individual investment.

These assumptions and other uncertain key sources of estimation at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investments, assumptions made by the Group and EPF may include, amongst others, assumptions on expected future cash flows, revenue growth, terminal value, discount rate used for purpose of discounting future cash flows which incorporates the relevant risks and expected future outcome based on certain past trend. The Group and EPF believe that no reasonably possible changes in the key assumptions described above would cause the carrying amount of the investments to materially exceed their recoverable amounts.

##### ii. Expected Credit Loss (ECL) Allowance on Investment Assets at Amortised Cost (AC) and Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

The measurement of the ECL allowance for Investment Assets measured at AC and Financial Assets at FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimations techniques used in measuring the ECL is further detailed in Note 2.13.

A number of significant assumptions and estimates are also required in applying the accounting requirements for measuring the ECL, such as:

- (a) Determining criteria for significant increase in credit risk;
- (b) Choosing appropriate models and assumptions for the measurement of ECL;
- (c) Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- (d) Establishing groups of similar Financial Assets for the purposes of measuring ECL.

Detailed information about the assumptions and estimates made by the Group and EPF in the above areas is set out in Note 2.13.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.1 Basis of Preparation (Cont'd.)

##### (d) Significant Accounting Judgements, Estimates and Assumptions (Cont'd.)

###### Estimates and Assumptions (Cont'd.)

##### iii. Impairment of Financial Assets on Loans, Advances and Financing

In estimating the impairment loss on loans, advances and financing, the Group and EPF are required to estimate the amount and timing of future cash flows. In estimating these cash flows, the Group and EPF make judgement about the borrower's or the customer's financial situation and the net realisable value of collateral.

##### iv. Cost Write Down on Listed Equities

For equity instruments carried at FVOCI, costs of such instruments are assessed on an interval approved by the Board for each individual equity security. When there is evidence of significant decline in fair value of listed equities, the unrealised loss residing in Financial Assets at FVOCI Reserve on such securities is recognised as realised loss through an actual transfer to Cumulative Surplus. The costs of these instruments will be correspondingly written down based on the equivalent amount of losses transferred from FVOCI Reserve to Cumulative Surplus.

##### v. Valuation of Investment Properties

For the purpose of assessing impairment of investment properties which are carried at cost, the carrying amount are compared against the fair value of the investment properties to assess whether there is any indication of impairment. The measurement of the fair value for this purpose is arrived at based on income approach and comparison method which involve analysis of comparable sales and adjusting for factors which can influence the value or price of the said properties or the rental of properties that is expected to achieve. This valuation is performed by Accredited Independent Valuers who hold a recognised and relevant professional qualification and recent experience in the locations and category of properties being valued.

##### vi. Deferred Tax and Income Taxes

The Group and EPF are subject to income taxes in many jurisdictions and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until sometime later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimations revised or the final liability is established.

##### vii. Post-Retirement Medical Benefit Obligation

The present value of Post-Retirement Medical Benefit Obligation depends on a number of factors that are determined on actuarial basis using a number of assumptions. The assumptions used in determining the net cost for Post-Retirement Medical Benefit Obligation include the discount rate and the expected medical cost rate. Any changes in these assumptions will impact the carrying amount of Post-Retirement Medical Benefit Obligation.

The Group and EPF perform actuarial valuation on an annual basis. Discount rate used is based on the interest rate of high quality corporate bonds. This interest rate was used to determine the present value of the estimated expected future cash outflows required to settle the Post-Retirement Medical Benefit Obligation.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.1 Basis of Preparation (Cont'd.)

##### (d) Significant Accounting Judgements, Estimates and Assumptions (Cont'd.)

###### Estimates and Assumptions (Cont'd.)

###### vii. Post-Retirement Medical Benefit Obligation (Cont'd.)

In determining appropriate discount rate, the Group and EPF consider the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability.

The medical cost rate is based on the average historical cost incurred by the Group and EPF.

###### viii. Post-Retirement Gratuity Benefit Obligation

The present value of Post-Retirement Gratuity Benefit Obligation depends on a number of factors that are determined on actuarial basis using a number of assumptions. The assumptions used in determining the total amount of gratuities include the discount rate, expected annual salary increment and revision of the salary rate. Any changes in these assumptions will impact the carrying amount of the Post-Retirement Gratuity Benefit Obligation.

The Group and EPF perform actuarial valuation on an annual basis. Discount rate used is based on the interest rate of high quality corporate bonds. This interest rate was used to determine the present value of the estimated expected future cash outflows required to settle the Post-Retirement Gratuity Benefit Obligation.

In determining appropriate discount rate, the Group and EPF consider the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability.

Annual salary increment rate is based on the average of previous year salary increment incurred by the Group and EPF.

###### ix. Cash Award in Lieu of Annual Leave (Inclusive of the Employer Share on Contributions for Such Payments) Benefit Obligation

The present value of Cash Award in Lieu of Annual Leave (inclusive of the employer share on contributions for such payments). Benefit Obligation depends on a number of factors that are determined on actuarial basis using a number of assumptions. The assumptions used in determining the total amount of cash award in lieu of annual leave benefit obligation include the discount rate, expected annual salary increment and revision of the salary rate. Any changes in these assumptions will impact the carrying amount of Cash Award in Lieu of Annual Leave (inclusive of the employer share on contributions for such payments) Benefit Obligation.

The Group and EPF perform actuarial valuation on an annual basis. Discount rate used is based on the interest rate of high quality corporate bonds. This interest rate was used to determine the present value of the estimated expected future cash outflows required to settle the Cash Award in Lieu of Annual Leave (inclusive of the employer share on contributions for such payments) Benefit Obligation.

In determining appropriate discount rate, the Group and EPF consider the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability.

Annual salary increment rate is based on the average of previous year salary increment incurred by the Group and EPF.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.1 Basis of Preparation (Cont'd.)

##### (d) Significant Accounting Judgements, Estimates and Assumptions (Cont'd.)

###### Estimates and Assumptions (Cont'd.)

###### x. Methodology Applied on Allocation for Simpanan Shariah and Simpanan Konvensional

Members' contribution has been classified as Simpanan Shariah (SS) or Simpanan Konvensional (SK) based on the option made by the members. Financial disclosure with regard to members' contribution based on SS and SK is disclosed at Note 32.

In arriving at the current year's financial results and financial position for SS and SK, certain ratios have been applied to allocate income, expenses as well as financial position items. The concept of allocation is introduced with the objective of deriving distributable profit for both SS and SK fairly based on the actual take up for SS and SK members. As the source of funds in acquiring shariah investment assets are funded from members' contribution, hence the profit generated from shariah portfolio will be allocated to SS members based on actual funding contributed by SS members. The remaining will be distributed to SK members.

The following ratios are used by EPF after the implementation of SS to allocate distributable profits to both SS and SK:

1. Opt-in Ratio (OIR) is used to allocate Cumulative Surplus opening balance to reflect the portion that belongs to SS and SK members accordingly.
2. Members Savings Ratio (MSR) is used to allocate specific types of income, expenses and financial position items to SS and SK.
3. Shariah Assets Ratio (SAR) is used to allocate Net Other Assets and Other Net Profits for the year classified as common items to Shariah component balance.
4. Shariah Income Ratio (SIR) is used to allocate specific types of direct investment expenses and income generated from Shariah Investment Portfolios to SS and SK.

MSR, SAR & SIR are calculated on monthly average basis to ensure that any fluctuation of the ratios during the year are being reflected accurately as at the year end. Meanwhile, OIR is calculated and applied once at the beginning of every financial year.

#### 2.2 Basis of Consolidation

The Consolidated Financial Statements comprises the Financial Statements of the EPF and its subsidiaries which have been prepared as at the financial year end. The Financial Statements of the subsidiaries are prepared on the same reporting date as the EPF, using consistent accounting policies for transactions and events in similar circumstances.

Subsidiaries are consolidated from the date of acquisition, being the date on which Group and EPF obtain control and continue to be consolidated until the date such control effectively ceased. All intragroup balances, income, expenses and unrealised gains and losses resulting from intragroup transactions are eliminated.

Unrealised gains arising from intragroup transactions with Associates and Joint Ventures are eliminated to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Investment in Subsidiaries

Subsidiaries are all entities (inclusive those incorporated for special purpose) of which the Group has the power to control. Control exists when the Group is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of the subsidiaries are included in the Consolidated Financial Statements from the date the control is transferred to the Group until the date that control ceases.

The quoted and unquoted Investment in Subsidiaries are stated at cost and thereafter adjusted to its recoverable value which takes into consideration the impairment loss in the said year, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.13.

Acquisition method is used in accounting for the consolidation of subsidiaries. The consideration transferred for acquisition of a Subsidiary is the fair value of the assets transferred, equity instruments issued and the existing outstanding liabilities or assumed at the date of exchange.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of consideration transferred over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill as per Note 2.11. If the acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the gain is recognised directly in Profit or Loss.

Non-Controlling Interests represents the minority portion of the Profit or Loss and net assets of a subsidiary attributable to the equity interests that are not owned directly or indirectly by the parent.

Non-Controlling Interests is measured in respect of its minority share of the subsidiaries identifiable assets and liabilities at fair value as at the acquisition date and the minority share on changes in equity of the subsidiaries from that date.

Intragroup transactions, balances and unrealised gains on transactions between companies of the Group are eliminated. Unrealised losses are also eliminated but is considered as impairment indicator on the assets transferred.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in Profit or Loss. This fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an Associate, Joint Venture or Financial Assets. In addition, any amount previously recognised in Other Comprehensive Income in respect to that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Gain or loss on disposal of a Subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any foreign exchange differences that relate to the subsidiary is recognised in the Consolidated of Profit or Loss.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 Investment in Associates

Associates are entities in which the Group exercise significant influence. Significant influence is the power to participate in the financial and operating policies decision of the associates but no power to exercise control or joint control over those policies.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence over another entity.

Investment in Associates are accounted for using the equity method of accounting. Under the equity method, the Investment in Associates are initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in Profit or Loss, and the Group's share of movement in other comprehensive income of the associate in other comprehensive income. Dividend received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. The Group's Investment in Associates includes Goodwill identified on acquisition.

The quoted and unquoted Investment in Associates are stated at cost and thereafter adjusted to its recoverable value which takes into consideration the impairment loss in the said year, if any. The policy for the recognition and measurement of impairment loss is in accordance with Note 2.13.

When the Group's share of losses in an associate equals or exceeds its interest in an associate, including any long term interests that, in substance, form part of the Group's Investment in Associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

#### 2.5 Investment in Joint Ventures

A Joint Venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement. Investment in Joint Ventures are accounted for using the equity method of accounting. Under the equity method, the Investment in Joint Ventures are initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the Joint Venture in Profit or Loss, and the Group's share of movement in Other Comprehensive Income of the Joint Venture in Other Comprehensive Income. Dividend received or receivable from a Joint Venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in a Joint Venture equals or exceeds its interest in a Joint Venture, including any long term interests that, in substance, form part of the Group's Investment in Joint Venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the Joint Venture.

Investment in Joint Ventures is stated at cost and thereafter adjusted to its recoverable value which takes into consideration the impairment loss in the said year, if any. Policy for the recognition and measurement of impairment loss is in accordance with Note 2.13.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.6 Foreign Currency

##### i. Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the reporting date exchange rates, are generally recognised in Profit or Loss.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the actual exchange rates as at the date of the initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of monetary items or on translating monetary items at the reporting date are recognised in Profit or Loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in Other Comprehensive Income and accumulated under Foreign Currency Translation Reserve in the Statements of Financial Position.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in Profit or Loss for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in the Other Comprehensive Income.

##### ii. Foreign Operations

The results and financial position of foreign operations that have functional currency different from the presentation currency of Ringgit Malaysia (RM) of the Consolidated Financial Statements are translated into Ringgit Malaysia (RM) as follows:

- i. Assets and Liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- ii. Income and expenses for each Profit or Loss are translated at average exchange rates for the year, which approximates to the exchange rates at the dates of the transactions; and
- iii. All results for exchange differences are taken directly to Profit or Loss and Other Comprehensive Income through the Foreign Currency Translation Reserve.

#### 2.7 Financial Instruments

##### i. Initial Recognition and Measurement

A financial asset or financial liability is recognised in the Statements of Financial Position when, and only when, the Group or EPF becomes a party to the contractual provisions of the instrument.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and EPF commit to purchase or sell the asset. Investments are initially recognised at fair value plus, in the case of a financial instrument not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as FVTPL. Financial asset with embedded derivative are considered in its entirety when considering their classification and measurement. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.7 Financial Instruments (Cont'd.)

##### ii. Financial Instruments Categories and Subsequent Measurements

The Group and EPF categorise financial instruments as follows:

##### Financial Assets

The classification of financial assets as per MFRS 9 is based on the following measurement categories:

- a. Amortised Cost (AC);
- b. Fair Value through Other Comprehensive Income (FVOCI); or
- c. Fair Value through Profit or Loss (FVTPL).

The classification requirements for debt and equity instruments are described below:

##### a. Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on:

##### i. Business Model

The business model reflects how the Group and EPF manage the financial assets in order to generate cash flows. That is, whether the Group's and EPF's objective is solely to collect the contractual cash flows from the assets, or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. the financial assets are held for trading purposes), then the financial assets are classified as part of other business model. Factors considered by the Group and EPF in determining the business model for a portfolio of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, and how risks are assessed and managed.

##### ii. Cash Flow Characteristics

Where the business model is to hold the financial assets to collect contractual cash flows, or to collect contractual cash flows and sell, the Group and EPF assess whether the financial assets' contractual cash flows represent Solely Payment of Principal and Interest (SPPI). In making this assessment, the Group and EPF consider whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.7 Financial Instruments (Cont'd.)

##### ii. Financial Instruments Categories and Subsequent Measurements (Cont'd.)

###### Financial Assets (Cont'd.)

###### a. Debt Instruments (Cont'd.)

###### ii. Cash Flow Characteristics (Cont'd.)

Based on these factors, the Group and EPF classify the debt instruments into one (1) of the following three (3) measurement categories:

###### i. Amortised Cost (AC)

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC using the effective interest method. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured using the methodology described in Note 2.13. AC is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate. The Effective Interest Rate amortisation is included in the interest income in Profit or Loss. The losses arising from impairment are recognised in Profit or Loss and recorded as Net Impairment on Financial Investment Assets.

The Group's and EPF's debt instruments classified as AC comprise Financial Assets at AC, Loans, Advances and Financing, Receivables and Deposits, Deposits with Financial Institutions and Cash and Bank Balances. Included in Financial Assets at AC are Fixed Income Investment Instruments such as Malaysian Government Securities, Government Investment Issues, Bonds and Private Debts Securities.

###### ii. Fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are held for contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and are not designated at FVTPL, are measured at FVOCI. Changes in the fair value are recognised through other comprehensive income, except for interest income, foreign exchange gains or losses and the recognition of impairment losses measured using the methodology described in Note 2.13 are recognised in Profit or Loss. Interest earned whilst holding the assets are reported as Interest Income using the Effective Interest Rate method.

The losses arising from impairment are reclassified from Other Comprehensive Income to Profit or Loss in Impairment Losses on Financial Investment Assets. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified to Profit or Loss and recognised in Gross Investment Income.

The Group's and EPF's debt instruments classified as FVOCI comprise of Global and Domestic Fixed Income Investment instrument.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.7 Financial Instruments (Cont'd.)

##### ii. Financial Instruments Categories and Subsequent Measurements (Cont'd.)

##### Financial Assets (Cont'd.)

##### a. Debt Instruments (Cont'd.)

##### ii. Cash Flow Characteristics (Cont'd.)

##### iii. Fair Value through Profit or Loss (FVTPL)

Financial assets that do not meet the criteria for AC or FVOCI, including financial assets held-for-trading and derivatives, are measured at FVTPL. A gain or loss on an asset that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in Profit or Loss and presented within Gross Investment Income. Interest earned whilst holding the assets are reported as interest income using the effective interest rate method.

In addition, financial assets that meet the criteria for AC or FVOCI may be irrevocably designated by management as FVTPL on initial recognition, provided the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis. Such designation is determined on an instrument by instrument basis. Any change in fair value is recognised in Profit or Loss and presented within Gross Investment Income. Interest earned is recognised in interest income using the effective interest rate method.

The fair value of forward contracts is determined by using forward exchange rates at the reporting date with the resulting value discounted back to present value.

##### Reclassification of Debt Instruments

The Group and EPF reclassify debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the financial year.

##### b. Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence of a residual interest in the issuers' net assets.

The Group and EPF at initial recognition, have elected to irrevocably designate all equity investment that is not held for trading at FVOCI. When this election is used, fair value gains and losses are recognised in Other Comprehensive Income and are not subsequently reclassified to Profit or Loss, including on disposal. Dividends earned whilst holding the equity investment are recognised in Profit or Loss as Gross Investment Income when the right to the payment has been established.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.7 Financial Instruments (Cont'd.)

##### ii. Financial Instruments Categories and Subsequent Measurements (Cont'd.)

###### Financial Assets (Cont'd.)

###### c. Loans, Advances and Financing

Loans, Advances and Financing are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans, Advances and Financing are recognised on the trade date in which the Group and EPF commit to give out loans plus related transaction costs, if any. The subsequent measurement of this financial asset is at AC using the effective yield method.

Included in Loans, Advances and Financing are Staff Loans financial assets and Capital Advances to Subsidiaries.

###### d. Staff Loans

Staff Loans are initially measured as fair value and subsequently measured at amortised cost using the effective interest method. There are three (3) types of loan schemes offered to the EPF's staff at the interest rate approved by the Board based on the terms and conditions of service as follows:

- i. Housing Loan Scheme;
- ii. Vehicle Loan Scheme; and
- iii. Personal Loan Scheme.

The fund used to finance staff loans for the above mentioned three (3) schemes is subject to the allocation of funds as approved by the Board.

###### e. Receivables

Receivables are carried at invoice amount less allowance for impairment losses. Allowance for impairment losses is made when there is an objective evidence that the Group will not be able to collect all amount due according to the original terms of receivables as disclosed in Note 2.13.

All financial assets, except for those measured at FVTPL, are subject to review for impairment as per Note 2.13.

###### Financial Liabilities

All financial liabilities are subsequently measured at AC other than those categorised as FVTPL.

FVTPL category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as FVTPL are subsequently measured at fair values with the gain or loss recognised in Profit or Loss.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.7 Financial Instruments (Cont'd.)

##### ii. Financial Instruments Categories and Subsequent Measurements (Cont'd.)

###### Financial Liabilities (Cont'd.)

###### i. Hedge Accounting

###### Cash Flow Hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect Profit or Loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the Statement of Other Comprehensive Income and accumulated in the Cash Flow Hedge Reserve. The gain or loss relating to the ineffective portion is recognised immediately in Profit or Loss. However, if the Group closes out its position early, the cumulative gains and losses recognised in Statement of Other Comprehensive Income are frozen and reclassified from the Cash Flow Hedging Reserves to Profit or Loss using the effective interest method.

###### ii. Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in the Statements of Financial Position is recognised in Profit or Loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Profit or Loss.

###### iii. Financial Guarantee Contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- (a) the amount of the loss allowance; and
- (b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 - Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented within Accruals on Investment Payments under Payables and Accrued Liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.7 Financial Instruments (Cont'd.)

##### iii. Income Recognition

##### i. Interest, Financing and Profit Income and Expenditure

Interest and profit income and expense for all interest/profit-bearing financial instruments are recognised within Gross Investment Income and Operating Expenditures respectively in the statement of income using the effective interest/profit method.

The effective interest/profit method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest/profit income or interest/profit expense over the relevant period. The effective interest/profit rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest/profit rate, the Group and EPF take into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate, but not future credit losses.

Interest/profit income is calculated by applying effective interest/profit rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest/profit rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance).

Loan arrangement fees and commissions are recognised as income based on contractual arrangements.

##### ii. Dividend Income

Dividend Income is recognised in Profit or Loss on accrual basis when the Group's and EPF's right to receive the dividend has been established. For dividend from quoted equity, the recognition is on the ex-dividend date.

##### iii. Capital Gain

Capital Gain arising from sales of investment instruments is recognised on accrual basis and takes into account the effects of foreign exchange for the global investment instruments. Capital Gain is recognised when the risks and rewards of ownership of the investment instruments have been significantly transferred to the buyers.

#### 2.8 Property, Plant and Equipment and Depreciation

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Costs include expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and EPF and the costs of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to Profit or Loss during the financial year in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.8 Property, Plant and Equipment and Depreciation (Cont'd.)

Freehold Land and Work-in-Progress are not depreciated. All other Property, Plant and Equipment are depreciated using straight line method based on the following estimated useful life:

Buildings	10 years - 50 years
Building, Plant and Machinery	5 years - 10 years
Office/Building Renovation	5 years - 10 years
Furniture, Fixtures and Fittings	5 years
Motor Vehicles	5 years
Office Equipment	5 years
Computer Software and Hardware	3 years - 5 years

Furniture, Fixtures and Fittings and Office Equipment which cost below RM1,000 per unit are fully depreciated in the year of acquisition.

Office/Building Renovation valued at RM100,000 and above is capitalised. For renovation of which the project cost is less than RM100,000, such renovation cost is charged to current year expenses.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. At each reporting date, the Group and EPF assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment loss is recognised if the carrying amount exceeds the recoverable amount as disclosed in Note 2.13.

Upon the disposal of Property, Plant and Equipment, the difference between net disposal proceeds and carrying amount is recognised in Profit or Loss. If an item of owner-occupied property becomes an investment property because its use has changed, the carrying amount of the property does not change.

#### 2.9 Leases

##### i. Accounting by Lessee

Leases are recognised as Right-of-Use (ROU) Assets and a corresponding liability at the date on which the leased asset is available for use by the Group and EPF.

Contracts may contain both lease and non-lease components. The Group and EPF allocate the consideration in the contract to the lease and non-lease components based on their relative prices.

##### Lease Term

In determining the lease term, the Group and EPF consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

There are no covenants imposed in the lease agreements. However, leased assets may not be used as security for borrowing purposes. Some leases provide for the additional rent payments that are based on changes in local price indices; these amounts are generally determined annually.

The Group and EPF reassess the lease term upon the occurrence of a significant event or a change in circumstances that is within the control of the Group and EPF and affects whether the Group and EPF are reasonably certain to exercise an option not previously included in determination of lease term, or not to exercise an option previously included in determination of lease term. A revision of lease term results in remeasurement of the lease liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.9 Leases (Cont'd.)

##### i. Accounting by Lessee (Cont'd.)

###### ROU Assets

ROU Assets that are not Investment Properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU Assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and EPF are reasonably certain to exercise a purchase option, the ROU Assets depreciated over the underlying asset's useful life. In addition, the ROU Assets are adjusted for certain remeasurement of Lease Liabilities.

ROU Assets are initially measured at cost comprising the following:

- a. The amount of the initial measurement of Lease Liabilities;
- b. Any lease payments made at or before the commencement date less any lease incentive received;
- c. Any initial direct cost; and
- d. Decommissioning or restoration costs.

The Group and EPF present ROU Assets that meet the definition of Investment Property in the Statements of Financial Position as Investment Property. ROU Assets that are not Investment Properties are presented as a separate line item in the Statements of Financial Position.

###### Lease Liabilities

Lease Liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- a. Fixed payments, less any lease incentive receivable;
- b. Variable lease payments that are based on index or a rate, initially measured using the index or rate as at the commencement date;
- c. Amounts expected to be payable by the Group and EPF under residual value guarantees;
- d. The exercise price of a purchase and extension options if the Group and EPF are reasonably certain to exercise that option; and
- e. Payments of penalties for terminating the lease, if the lease term reflects the Group and EPF exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and EPF, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.9 Leases (Cont'd.)

##### i. Accounting by Lessee (Cont'd.)

###### Lease Liabilities (Cont'd.)

Variable lease payments that depends on sales are recognised in Profit or Loss in the period in which the condition that triggers those payments occurs. For Group and EPF, the variable lease payments arise from the ground rent equivalent to a certain percentage of rent received from commercial occupational tenants subject to minimum payment per annum. There are also ground rent that are subject to peppercorn rent.

The Group and EPF present the Lease Liabilities as a separate line item in the Statements of Financial Position. Profit expense on the Lease Liabilities is presented within the operating expenditure in Profit or Loss.

###### Reassessment of Lease Liabilities

The Group and EPF are also exposed to potential future increases in variable lease payments that depends on an index or a rate, which are not included in the Lease Liabilities until they take effect. When adjustments to lease payments based on index or rate take effect, the Lease Liabilities are remeasured and adjusted against the ROU Assets.

###### Short-Term Leases and Leases of Low-Value Assets

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in Profit or Loss. For the Group and EPF, low-value assets are assets valued at cost of RM20,000 and below per asset.

##### ii. Accounting by Lessor

As a lessor, the Group and EPF determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and EPF make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and EPF consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

###### Finance Lease

The Group and EPF classify a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and EPF derecognise the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments are subject to MFRS 9 Impairment (refer to Note 2.13 on impairment of financial assets). In addition, the Group and EPF review regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group and EPF revise the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

###### Operating Lease

When assets are leased out under operating lease, the assets are included in the Statements of Financial Position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.9 Leases (Cont'd.)

##### ii. Accounting by Lessor (Cont'd.)

###### Sublease Classification

When the Group and EPF are intermediate lessor, the Group and EPF assess the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group and EPF apply the exemption described above, then it classifies the sublease as an operating lease.

#### 2.10 Investment Properties

Investment Properties comprise land and buildings, which are held for long term rental yields or for capital appreciation or both, and are not fully or insignificantly occupied by the Group and EPF. Investment Properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Building is depreciated on a straight line basis over their estimated useful life of 25 to 50 years. At each reporting date, the Group and EPF assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. Impairment loss is recognised if the carrying amount exceeds the recoverable amount as disclosed in Note 2.13.

On disposal of an Investment Property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised from the Statements of Financial Position. The difference between the net disposal proceeds and the carrying amount is recognised in Profit or Loss in the period of the retirement or disposal.

#### 2.11 Intangible Assets

##### a. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for Non-Controlling Interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in Profit or Loss. After initial recognition, Goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired. Impairment loss on Goodwill will not be written back. Accounting policy associated with recognition and measurement of impairment loss is in accordance with Note 2.13.

##### b. Other Intangible Assets

Intangible Assets other than Goodwill that are acquired are initially measured at cost. After initial recognition, these Intangible Assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible Assets with finite useful life are amortised over the estimated economic useful life and assessed for impairment whenever there is an indication that the Intangible Asset may be impaired. The amortisation expense on Intangible Assets with finite life is recognised in Profit or Loss.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.11 Intangible Assets (Cont'd.)

##### b. Other Intangible Assets (Cont'd.)

Intangible Assets that have an indefinite useful life are not amortised and tested for impairment annually, or more frequently if the event and circumstances indicate that the carrying amount may be impaired. The useful life of an Intangible Asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Other Intangible Assets and their estimated economic useful life are as follows:

Core Deposit	6 years
License and Information Technology Software	5 years
Banking License	Indefinite

#### 2.12 Cash and Cash Equivalents

For the purpose of Statements of Cash flows, Cash and Cash Equivalents consist of cash in hand, balances with banks (including those managed by External Fund Managers), deposits with financial institutions and highly liquid investment which have an insignificant risk of changes in fair value with original maturities of three (3) months or less. Cash and Cash Equivalents are used by the Group and EPF in the management of their short term commitments.

The Group and EPF classify the cash flows from dividend from the investments that it manages as its main operating activities as operating cash flows, whereas dividend from Subsidiaries, Associates and Joint ventures are classified as investing cash flows.

#### 2.13 Impairment

##### Non-Financial Assets

Non-financial assets that have indefinite useful life which are not subject to amortisation are assessed annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recovered.

Impairment loss is recognised when the carrying amount of non-financial assets exceeds its recoverable amount. The recoverable amount is the higher of fair value of non-financial assets less costs to sell and the value in use.

For the purposes of assessing impairment, non-financial assets are grouped at the lowest level for which cash flows (cash-generating units) can be separately identified. Non-financial assets other than Goodwill that is impaired are reviewed for possible reversal of the impairment at each reporting date.

Impairment loss is charged to Profit or Loss. In respect of other non-financial assets, any subsequent increase in the recoverable amount is recognised in Profit or Loss.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.13 Impairment (Cont'd.)

##### Financial Assets

##### Impairment of Financial Assets

The Group and EPF apply a three (3) stage approach to measuring Expected Credit Losses (ECL) for the following categories of financial assets that are not measured at FVTPL:

- Debt instruments measured at AC and FVOCI;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognised on equity investments.

Obligatory triggers applied by the Group and EPF in determining whether there has been a significant increase in credit risk is where the principal or profit or both of the financing assets are overdue between one (1) to six (6) months or hit any of the qualitative indicators such as increase in the internal credit spread of an existing facility, breach of covenants and decrease in securities prices. The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Group's and the EPF's credit risk management processes. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watchlist. Such qualitative factors are based on the management's expert judgement and relevant historical experience.

The Group and EPF determine days past due by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on a financial asset returns to being measured as 12 months ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group and EPF determine a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a financing have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Financial assets that have not been individually assessed are grouped together for portfolio impairment assessment. These financial assets are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Financial assets move through the following three (3) stages based on the change in credit risk since initial recognition:

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.13 Impairment (Cont'd.)

##### Financial Assets (Cont'd.)

##### Impairment of Financial Assets (Cont'd.)

##### Stage 1: 12 Months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

##### Stage 2: Lifetime ECL - Not Credit Impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

The Group and EPF assess if an exposure has increased in credit risk since initial recognition (Stage 2) through the following criteria:

- Credit rating deterioration as determined by EPF impairment policy;
- Missing origination ratings; and
- Restructured and rescheduled due to increase in credit risk.

##### Stage 3: Lifetime ECL - Credit Impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the AC (net of provision) rather than the gross carrying amount.

The Group or EPF assesses if an exposure is credit-impaired through the following criteria:

##### Investment Asset at AC

- 1 Decline in investment grade rating below the acceptable investment grade as at the reporting date;
- 2 Default in paying principal/interest according to the repayment schedule;
- 3 Cease business operations/bankruptcy (upon filing of the case);
- 4 Winding up order on business operations;
- 5 Company invested has been classified as PN17;
- 6 Material fraud with publicised news/upon appointment of financial advisor;
- 7 Company invested received a Qualified Audit Certificate; and/or
- 8 There is significant deterioration of financial performance of the company which allows the Management in deciding to perform impairment assessment at Stage 3 based on Judgemental Triggers as permitted under MFRS 9.

##### Financial Asset at FVOCI

- 1 Decline in investment grade rating below the acceptable investment grade as at the reporting date;
- 2 Default in paying principal/interest according to the repayment schedule;
- 3 Cease business operations/bankruptcy (upon filing of the case);
- 4 Winding up order on business operations;
- 5 Company invested has been classified as PN17;
- 6 Material fraud with publicised news/upon appointment of financial advisor;
- 7 Company invested received a Qualified Audit Certificate; and/or
- 8 There is significant deterioration of financial performance of the company which allows the Management in deciding to perform impairment assessment at Stage 3 based on Judgemental Triggers as permitted under MFRS 9.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.13 Impairment (Cont'd.)

##### Financial Assets (Cont'd.)

##### Impairment of Financial Assets (Cont'd.)

##### Stage 3: Lifetime ECL - Credit Impaired (Cont'd.)

##### Loans, Advances and Financing

- 1 Decline in investment grade rating below the acceptable investment grade as at the reporting date;
- 2 Default in paying principal/interest according to the repayment schedule;
- 3 Borrower ceased business operations/bankruptcy (upon filing of the case);
- 4 Borrower received winding up order on business operations;
- 5 Material fraud with publicised news/upon appointment of financial advisor; and/or
- 6 Borrower received a Qualified Audit Certificate.

##### Measurement of the ECL

The Expected Credit Loss (ECL) is measured on either a 12 months or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

##### **Stage 1 and 2**

Expected credit losses of Stage 1 and 2 exposures are the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), are defined as follows:

- a. PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months or over the remaining lifetime of the obligation;
- b. EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime; and
- c. LGD represents the Group's expectation of the extent of loss on a defaulted exposure.

The ECL is determined by projecting the PD, EAD and LGD for each future month for each individual exposure. These three (3) components are multiplied together and adjusted for the likelihood of survival.

##### **Stage 3**

Stage 3 ECL is measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the financial asset's original effective yield method. The carrying amount of the financial assets is reduced and the amount of the impairment loss is recognised in Profit or Loss.

##### Receivables

The Group and EPF apply simplified approach as permitted by MFRS 9, which requires an entity to recognise a loss allowance based on lifetime ECL at each reporting date. MFRS 9 allows the use of practical expedients when measuring ECL and states that a provision matrix is an example of such expedient for trade receivables and contract assets. An entity that applies a provision matrix may use historical loss experience on its trade receivables, and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions.

##### Forward Looking Information

The assessment of significant increase in credit risk and calculation of ECL both incorporate forward looking information. The Group and EPF have performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. Expert judgement has also been applied in this process. Forecasts of these economic variables are provided on an annual basis with the best estimate view of the economy over the next five (5) years together with other possible scenarios along with scenario weightings.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.13 Impairment (Cont'd.)

##### Financial Assets (Cont'd.)

##### Impairment of Financial Assets (Cont'd.)

##### Measurement of the ECL (Cont'd.)

##### Write-down/Write-off

Financial assets and related impairment allowances are normally written-down, either partially or in full, when there is no realistic prospect of recovery of the financial assets. Where financial assets are secured, the written-down is normally done after receipt of any proceeds from the realisation of security.

However, the Group and EPF will continue to collect and monitor the written down financial assets.

#### 2.14 Modifications of Financial Assets and Financial Liabilities

##### Financial Assets

The Group and EPF evaluate whether the cash flows of the modified asset are substantially different if the terms of a financial asset are modified. Modification made to the original payment terms and conditions of the financing facility following an increase in the credit risk of the customer. This includes but is not limited to an extension of tenure and flexible payment schedule including payment vacation, profit payments, or capitalisation of principal or profit or both. Once the financing assets have been modified, its satisfactory performance is monitored for a period of six (6) months before it can be reclassified as non-credit impaired.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost or FVOCI are not substantially different, the modification does not result in derecognition of the financial asset. In this case, the Group and EPF recalculate the gross carrying amount of the financial asset using the original effective interest/profit rate of the asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in Profit or Loss.

If such modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest/profit income, calculated using the effective interest/profit rate method.

##### Financial Liabilities

The Group and EPF derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Profit or Loss.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective profit rate and the resulting gain or loss is recognised in Profit or Loss.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.15 Inventories

Inventories of the Group comprises of Land Held for Development and Land Held for Sales.

##### a. Land Held for Property Development

The costs of Land Held for Development is stated at the lower of historical cost and net realisable value. The cost of Land Held for Development consists of the purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these Inventories will be stated at the lower of cost and the fair value less costs to sell. Fair value is the amount the Inventory can be sold in an arm's length transaction.

Land Held for Development is land for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle.

Land Held for Development is transferred to Land Held for Sale when development activities have commenced and where development activities can be completed within the Group's normal operating cycle.

##### b. Land Held for Sale

Land Held for Sale includes completed properties and are stated at the lower of historical cost and net realisable value. The cost comprise costs associated with the acquisition of land, direct costs and appropriate development overheads.

#### 2.16 Taxation and Zakat

##### a. Taxation

The EPF is exempted from income tax on its income under paragraph 20 - Schedule 6, Part I, Income Tax Act, 1967.

Income tax of the subsidiaries on Profit or Loss for the year comprises of current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided using the liability method, on the temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Principally, Deferred Tax Liabilities are recognised for all taxable temporary differences and Deferred Tax Assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.16 Taxation and Zakat (Cont'd.)

##### a. Taxation (Cont'd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Current and deferred tax is recognised in Profit or Loss, except when it arises from a transaction which is recognised directly in the Statements of Financial Position, in which case the tax is also recognised directly in the Statements of Financial Position and deferred tax arising from business combination is adjusted against goodwill on acquisition.

##### b. Zakat

This represent business zakat payable by a subsidiary in compliance with Shariah principles and as approved by the SAC. Zakat is computed based on working capital method at a rate of 2.5%.

#### 2.17 Employee Benefits

##### a. Short Term Benefits

Wages, salaries, bonuses, social security contributions and gratuity paid to contract staff are recognised as an expense in the year in which the associated services are rendered by employees of the Group and EPF. Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees whereas short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### b. Defined Contribution Plans

Contribution is made to the EPF for all EPF employees.

##### c. Long Term Benefits

Gain or loss on the actuarial valuation is fully recognised in Other Comprehensive Income in the financial period which they occur.

Payment of long term benefits post retirement and/or after the expiry of the contract, is recognised on an accrual basis in the current year Profit or Loss within employee benefits expenses, whereas in the Statements of Financial Position, such amount is recognised as liability and shown within Employee Benefits. Types of long term benefits which will be recognised as an accrual basis are as follows:

- i. Post-retirement medical benefit;
- ii. Gratuity to retirees; and
- iii. Cash award in lieu of annual leave (inclusive of the employer share on contributions for such payments).

The computation of post-retirement medical benefits, gratuity liability and cash award in lieu of annual leave (inclusive of the employer share on contributions for such payments) to retirees are determined by an actuarial valuation which is performed on an annual basis.

##### d. Termination Benefits

Termination benefits are payable whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and EPF recognise Termination Benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the intention to withdraw the plan.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.18 Loans and Overdraft

Loans and overdraft are initially recognised at fair value less transaction costs. Subsequently, loans and overdraft are stated at AC using the effective interest method. The difference between collectable amount (less transaction costs) and redeemable value is recognised in Profit or Loss across the tenure of the loans. Interest, dividend, losses and gains relating to the financial instruments or its component, classified as liability is reported as an investment expenses in Profit or Loss.

Loans are classified as current liabilities unless the Group and EPF have unconditional rights to postpone the settlement of the liabilities to the minimum of 12 months after the reporting date.

Fees incurred in obtaining the loan facility are recognised as transaction costs to the extent of partial or entire loan facility that may have been granted.

#### 2.19 Provision for Liabilities

Provision for Liabilities are recognised when the Group and EPF have present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimation. Where the effect of the time value of money is material, the amount of a provision is the present value of the expected expenditure to be required to settle the obligation.

#### 2.20 Liability on Invocation Cost under Section 50(3)

Liability on Invocation Cost under Section 50(3), EPF Act, 1991 is for the purpose of financing employee share of contribution as well as dividend attributable on the said contribution for deduction that has been made on the employee salary should the employer fails to pay the share of such contributions, is disclosed as Statutory Charges in the EPF's Profit or Loss and under Payables and Accrued Liabilities in the Statements of Financial Position.

#### 2.21 Net Assets Attributable to Members

Contributions are credited to members' account following the contribution month based on cash received basis except for cases of which crediting is based on Invocation of Section 50(3), EPF Act, 1991 is in accordance with Note 2.20.

The Net Assets Attributable to Members is the EPF's present obligation towards its members. It has been computed as the EPF's net assets as stated on the Statement of Financial Position and comprises members' Contribution and Cumulative Surplus and Reserves.

#### 2.22 Dividend Credited/Paid to Members

Annual dividend is calculated on the opening balance as at 1st January (less withdrawals) and plus contribution received and credited to the members' account at the end of the financial year. Dividend on withdrawals is calculated from the beginning of the year in which the withdrawal is made until the date the contribution account is debited. Dividend by EPF to the members is maximised after taking into account all the income received in the current year and expenditures incurred as well as Cost Write Down on Listed Equities as disclosed in Note 2.1(d)(iv), based on the EPF accounting policies which are approved by the Board.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.23 Reserve

##### Financial Assets at Fair Value through Other Comprehensive Income Reserve (FVOCI)

Financial Assets at FVOCI Reserve has been established to account for the movement in change of fair value of financial asset which is classified as Financial Assets at FVOCI. The Financial Assets at FVOCI Reserve account is credited when there is a positive change in the fair value of Assets at FVOCI. On the contrary, this reserve account is debited when there is a negative change in the fair value of Financial Assets at FVOCI. On disposal of Financial Assets at FVOCI, the cumulative gains or losses are transferred to Cumulative Surplus.

Please refer to Note 2.1 (d)(iv) under Estimates and Assumptions on accounting policy on Cost Write Down on Listed Equity.

#### 2.24 Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group and EPF recognise revenue when (or as) they transfer control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and EPF transfer control of a good or service at a point in time unless one of the following criterias for satisfaction of performance obligation over time is met:

- (i) the customer simultaneously receives and consumes the benefits provided as the Group and EPF perform;
- (ii) the Group's and EPF's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) EPF's performance does not create an asset with an alternative use to the entity and EPF has an enforceable right to payment for performance completed to date.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Group's activities. Revenue is recognised net value after tax, refunds, rebates and discounts and after eliminating intercompany sales. The Group's and EPF's revenue is described below:

##### Recognition of Income on Sale of Properties

Revenue from sale of completed properties is measured at the fixed transaction price agreed under the sales and purchase agreement net of expected liquidated ascertained damages (LAD) payment, based on the expected value method.

Revenue from sale of completed properties is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and EPF will receive the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.25 Financial Risk Management Objectives and Policies

The EPF's overall Financial Risk Management Policy is to optimise members retirement savings while managing the potential adverse impact arising from changes in market condition such as fluctuation of the interest rates and the unpredictability of the financial markets.

The EPF is required to ensure that its investment activities are balanced between achieving the targeted annual dividend and managing various financial risks.

The EPF's overall risk management framework seeks to ensure that the financial risk taken is within EPF's risk tolerance. The EPF investments is guided by the Strategic Asset Allocation (SAA) which determines the long term optimal allocation of investment asset across asset classes and markets. The SAA sets out the optimal allocation within EPF's risk appetite by taking into account the expected risk/return of each asset class and the correlation between each of the asset class. Varying the potential asset allocations will result in different magnitudes of risk. Based on the risks and returns for each candidate portfolio, the Investment Panel will be able to determine the optimal allocation for the EPF.

The SAA is the highest level of investment decision-making and is the most important step in the investment process as it determines the majority of the risk and return of EPF's investments.

The development of the SAA is subject to the EPF's Risk Appetite Statements as follows:

- i. The EPF will not tolerate a greater than 18% chance of the dividend falling below 2.50% in any year over the next 10 years.
- ii. The EPF will not tolerate a greater than 15% chance of Asset Value falling below 95% of the value of the Liabilities at the end of any year over the next 10 years.

The SAA is also developed to meet the following target return statement:

- i. The EPF aims to generate an annual dividend greater than 10Y MGS + 0.5% over any rolling three (3) years period.

Another decision in the investment process is the Tactical Asset Allocation (TAA), which allows the EPF some deviation from the median allocation in the SAA while ensuring that the overall risk of the portfolio is within the approved risk level.

In order for the EPF to achieve its mission, it has to manage the various risks posed by ever changing business environment. These risks include operational risk and financial risk.

#### a. Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events including legal risk. In summary, operational risk are the chances and uncertainties an organisation faces in the course of conducting its daily business activities, procedures and systems.

#### b. Financial Risk

Financial Risks are risks associated with various changes in economic aspects which give impact to the EPF financial stability. There are three (3) types of financial risks the EPF is exposed to, as follows:

- i. Market Risk (which comprises of price risk, interest rate risk and foreign currency exchange risk);
- ii. Liquidity Risk; and
- iii. Credit Risk.

Detailed policies pertaining to each type of financial risks as listed above are disclosed in Note 35.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 3. DEPOSITS WITH FINANCIAL INSTITUTIONS

#### 3.1 GROUP

	Note	2023 (RM'000)	2022 (RM'000)
Time Deposits		22,293,250	18,034,590
Fixed Deposits		8,779,945	4,661,101
Murabahah Commodities		16,204,100	17,526,980
Statutory Deposits with Bank Negara Malaysia		822,661	610,000
Money Market Account with Bank Negara Malaysia	33	2,601,615	325,156
Money Market Account in Multi Currencies		2,368,709	5,292,059
Money Market Account Managed by External Fund Managers		3,528,175	2,404,263
		<b>56,598,455</b>	48,854,149
Allowance for Impairment Losses	35.1b	-	(1)
	35.1a	<b>56,598,455</b>	48,854,148

The maturity structure of the Deposits with Financial Institutions, gross of allowance for impairment losses are as follows:

	Note	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months		55,774,623	48,244,149
Maturing after 12 Months		823,832	610,000
	35.1c	<b>56,598,455</b>	48,854,149

The non-interest bearing statutory deposits maintained by a subsidiary bank with Bank Negara Malaysia are in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009 to satisfy the Statutory Reserve Requirement (SRR); which is determined at a set percentages of total eligible liabilities.

#### 3.2 EPF

	Note	2023 (RM'000)	2022 (RM'000)
Time Deposits		22,509,990	18,034,590
Fixed Deposits		2,862,931	2,132,906
Murabahah Commodities		18,318,460	19,087,963
Money Market Account with Bank Negara Malaysia	33	2,601,615	325,156
Money Market Account in Multi Currencies		2,368,709	5,292,059
Money Market Account Managed by External Fund Managers		3,532,079	2,404,263
		<b>52,193,784</b>	47,276,937
Allowance for Impairment Losses	35.1b	-	(1)
	35.1a	<b>52,193,784</b>	47,276,936

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 3. DEPOSITS WITH FINANCIAL INSTITUTIONS (CONT'D.)

#### 3.2 EPF (Cont'd.)

The maturity structure of the Deposits with Financial Institutions, gross of allowance for impairment losses are as follows:

	Note	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months		51,692,613	46,517,027
Maturing after 12 Months		501,171	759,910
	35.1c	52,193,784	47,276,937

Time Deposits, Fixed Deposits, Murabahah Commodities, Money Market Account with Bank Negara Malaysia and Money Market Account in Multi Currencies as above amounting to RM41.44 billion (2022: RM42.16 billion) and RM36.30 billion (2022: RM40.29 billion) at Group and EPF level respectively have maturity of less than three (3) months from the date of placements, therefore are classified as cash and cash equivalents in the Statements of Cash Flows of the Group and EPF.

Details on Deposits with Financial Institutions which are assessed as impaired for the Group and EPF as at 31 December 2023 are disclosed in Note 35.1a. Movement in accumulated impairment loss is disclosed within Allowance for Impairment Losses in Note 35.1b.

### 4. RECEIVABLES, DEPOSITS AND PREPAYMENTS

#### 4.1 GROUP

	Note	2023 (RM'000)	2022 (RM'000)
Endowment Fund		26,535	26,535
Prepayments		173,863	91,718
Rental Deposits		5,934	4,393
Rental Debtors		138,863	109,856
Foreclosed Properties		39,552	51,955
Trade Receivables		119,693	146,482
Tax Recoverable		256,473	418,000
Accruals on Miscellaneous Non-Investment Receivables and Deposits		1,355,452	863,453
Accrued Dividend Income		532,744	2,272,051
Accruals on Sale of Investments		4,043,382	2,017,106
Service Charge Receivables		6,344	5,551
		6,698,835	6,007,100
Allowance for Impairment Losses:			
Trade Receivables	35.1b	(77,331)	(75,597)
Others	35.1b	(50,881)	(17,817)
Foreclosed Properties		(2,972)	(10,717)
		6,567,651	5,902,969

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 4. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

#### 4.1 GROUP (Cont'd.)

The maturity structure of the Receivables, Deposits and Prepayments, gross of allowance for impairment losses are as follows:

	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months	6,064,657	5,365,240
Maturing after 12 Months	634,178	641,860
	<b>6,698,835</b>	6,007,100

#### 4.2 EPF

	Note	2023 (RM'000)	2022 (RM'000)
Endowment Fund		26,535	26,535
Prepayments		25,037	16,213
Rental Deposits		2,154	2,091
Rental Debtors		14,726	8,814
Amount due from Subsidiaries		9,730	73,988
Tax Claim on Dividend Receivables		8,491	9,039
Accruals on Miscellaneous Non-Investment Receivables and Deposits		45,355	42,658
Accrued Dividend Income		580,144	2,321,050
Accruals on Sale of Investments		3,994,223	1,968,383
Service Charge Receivables		6,344	5,551
Allowance for Impairment Losses	35.1b	<b>4,712,739</b> <b>(6,072)</b>	4,474,322 (4,818)
		<b>4,706,667</b>	4,469,504

The maturity structure of the Receivables, Deposits and Prepayments, gross of allowance for impairment losses are as follows:

	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months	4,671,767	4,398,432
Maturing after 12 Months	40,972	75,890
	<b>4,712,739</b>	4,474,322

Details on Receivables and Deposits (excluding Prepayments, Foreclosed Properties and Tax Recoverable) which are assessed as impaired for the Group and EPF as at 31 December 2023 are disclosed in Note 35.1a. Movement in accumulated impairment loss is disclosed within Allowance for Impairment Losses in Note 35.1b.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 5. LOANS, ADVANCES AND FINANCING

#### 5.1 GROUP

	Note	2023 (RM'000)	2022 (RM'000)
Loans and Financing	5.2a	<b>43,825,862</b>	45,393,030
Personal Financing		<b>19,467,482</b>	19,154,238
Property Financing and End Financing		<b>9,636,637</b>	8,456,659
Bridging Financing and Other Term Financing		<b>7,075,767</b>	7,247,738
Loans to Associates and Joint Ventures	5.1a	<b>2,393,998</b>	2,203,418
Trade Finance and Overdraft Facility		<b>2,831,206</b>	1,969,607
Revolving Credit		<b>113,356</b>	1,614,785
Hire Purchase and Auto Financing		<b>786,752</b>	763,677
Syndicated Term Loan		<b>2,018,478</b>	-
Margin Accounts		<b>1,003,996</b>	-
Staff Loans		<b>224,897</b>	252,865
		<b>89,378,431</b>	87,056,017
Allowance for Impairment Losses:			
Loans and Financing	35.1b	<b>(355)</b>	(533)
Corporate Loans and Financing	35.1b	<b>(1,216,268)</b>	(1,029,528)
Individual Loans and Financing	35.1b	<b>(336,516)</b>	(596,505)
Loans to Associates and Joint Ventures	35.1b	<b>(139)</b>	(1,688)
Staff Loans	35.1b	<b>(328)</b>	-
	35.1a	<b>87,824,825</b>	85,427,763

- a. The Loans to Associates and Joint Ventures are unsecured and bear interest at a range of 3.90% to 8.00% (2022: 3.20% to 8.00%) per annum except for loans granted by EPF's subsidiary, KWASA Europe S.à r.l. to its joint ventures which have variable interest rates based on loan granted to Property SPVs less margin applicable for the relevant financial year.

These Loans to Associates and Joint Ventures have no fixed repayment terms except for loans granted by KWASA Europe S.à r.l. which will mature in 2025 and by Naungan Sentosa Sdn Bhd which are repayable at any time at the option of the associate.

The maturity structure of the Loans, Advances and Financing, gross of allowance for impairment losses are as follows:

	Note	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months		<b>7,176,683</b>	4,881,394
Maturing after 12 Months		<b>82,201,748</b>	82,174,623
	35.1c	<b>89,378,431</b>	87,056,017

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 5. LOANS, ADVANCES AND FINANCING (CONT'D.)

#### 5.2 EPF

	Note	2023 (RM'000)	2022 (RM'000)
Loans and Financing	5.2a	<b>43,825,862</b>	45,393,030
Capital Advances to Subsidiaries	5.2b	<b>4,746,471</b>	2,757,033
Staff Loans		<b>196,090</b>	214,011
		<b>48,768,423</b>	48,364,074
Allowance for Impairment Losses:			
Loans and Financing	35.1b	<b>(355)</b>	(533)
Capital Advances to Subsidiaries	35.1b	<b>(9,091)</b>	(13,544)
Staff Loans	35.1b	<b>(328)</b>	-
	35.1a	<b>48,758,649</b>	48,349,997

- a. These Loans and Financing are mainly extended to various agencies and companies which are guaranteed by the Government of Malaysia.
- b. These Capital Advances to EPF's subsidiaries are unsecured and non-interest bearing except for Kwasa Singapore Duo Pte Ltd, Kwasa Singapore Trio Pte Ltd, Kwasa Global (Jersey) Limited, Kwasa Logistics Sdn Bhd and KLSB Business Services Sdn Bhd, a wholly-owned subsidiary of Kwasa Land Sdn Bhd, which bear interest ranging from 3.20% to 10.00% (2022: 3.20% to 7.00%) per annum.

These Capital Advances to Subsidiaries have no fixed repayment terms except for KWASA Europe S.à r.l., Kwasa Global (Jersey) Limited, KLSB Business Services Sdn Bhd, Kwasa Logistics Sdn Bhd and Kwasa Properties Sdn Bhd where the capital advances are repayable at the end of the loan period, which is 1 to 20 years (2022: 10 to 20 years) from the date of the capital advances agreement. Capital Advances to Subsidiaries which failed the Solely Payments of Principal and Interest (SPPI) test based on MFRS 9 are classified as Financial Assets at FVTPL (Note 6).

The maturity structure of the Loans, Advances and Financing, gross of allowance for impairment losses are as follows:

	Note	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months		<b>2,185,905</b>	265,114
Maturing after 12 Months		<b>46,582,518</b>	48,098,960
	35.1c	<b>48,768,423</b>	48,364,074

Details on Loans, Advances and Financing which are assessed as impaired for the Group and EPF as at 31 December 2023 are disclosed in Note 35.1a. Movement in accumulated impairment loss is disclosed within Allowance for Impairment Losses in Note 35.1b.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 6. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

#### 6.1 GROUP

	Note	2023			2022		
		Notional Value (RM'000)	Fair Value		Notional Value (RM'000)	Fair Value	
			Assets (RM'000)	Liabilities (RM'000)		Assets (RM'000)	Liabilities (RM'000)
Investment Assets Held for Trading	35.1a	-	21,407,673	-	-	18,373,762	-
Equity Instruments		-	6,778,188	-	-	3,241,682	-
Debt Instruments	35.1a	-	74,432,510	-	-	61,703,564	-
Hedging Instruments:	6b, 35.1a						
- Forward Contract		121,312,308	1,467,618	578,372	98,457,785	3,333,515	311,495
- Cross Currency Swap		847,290	2,094	46,181	847,290	2,412	73,920
- Interest Rate Swap		13,246,599	687,182	56,721	11,175,542	505,092	529,040
Other Derivative Financial Assets	35.1a	-	760,944	-	-	908,095	-
		<b>135,406,197</b>	<b>105,536,209</b>	<b>681,274</b>	110,480,617	88,068,122	914,455

#### 6.2 EPF

	Note	2023			2022		
		Notional Value (RM'000)	Fair Value		Notional Value (RM'000)	Fair Value	
			Assets (RM'000)	Liabilities (RM'000)		Assets (RM'000)	Liabilities (RM'000)
Debt Instruments	35.1a	-	70,820,355	-	-	61,254,664	-
Capital Advances to Subsidiaries	6a, 35.1a	-	7,780,168	-	-	9,142,437	-
Hedging Instruments:	6b, 35.1a						
- Forward Contract		118,004,174	1,417,479	541,310	96,480,899	3,318,498	288,025
- Cross Currency Swap		847,290	2,094	46,181	847,290	2,412	73,920
Other Derivative Financial Assets	35.1a	-	735,282	-	-	873,548	-
		<b>118,851,464</b>	<b>80,755,378</b>	<b>587,491</b>	97,328,189	74,591,559	361,945

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 6. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D.)

- a. Capital Advances to Subsidiaries represent capital advances which have failed the Solely Payments of Principal and Interest (SPPI) test based on MFRS 9. These Capital Advances are unsecured and bear interest ranging from 0.50% to 8.00% (2022: 0.50% to 8.00%) per annum, except for KWASA Capital Partners Limited and Pinggiran Ventures Sdn Bhd which are non-interest bearing on capital advances.

These Capital Advances to Subsidiaries have no fixed repayment terms except for Tanjung Wibawa Sdn Bhd, KWASA Europe S.à r.l. and KWASA Europe-I S.à r.l. where the capital advances are repayable at the end of the loan period, which is 5 to 27 years (2022: 5 to 15 years) from the date of the capital advances agreement.

- b. Hedging instruments are measured at fair value and are utilised by the Group and EPF to hedge against changes in the fair value of financial assets as a result of changes in foreign currency exchange rates and market interest rates. All derivatives are treated as an asset when the fair value is positive and is treated as a liability when the fair value is negative. The fair value changes on revaluation of derivative contracts is recognised in Profit or Loss. The fair value of Forward Contract is determined by using forward exchange rates at the reporting date with the resulting value discounted back to present value.

Included in hedging instruments for the Group are the Subsidiaries' Interest Rate Swap which are assigned as hedging instruments carried at net fair value amounting to RM612.58 million (2022: RM60.86 million) and notional value amounting to RM11,145.09 million (2022: RM10,281.46 million). The Subsidiaries utilise these Interest Rate Swap instruments to manage exposures to interest rate movements on bank loans taken by exchanging part of the loans from floating rate to fixed rate.

These Interest Rate Swap for floating rate and fixed rate are settled on a monthly and quarterly basis respectively. The Subsidiaries will settle the differences between fixed rate and floating rate on a net basis. These Interest Rate Swap contracts which exchange the interest rate from floating rate to fixed rate reduce the exposure of the Subsidiaries' cash flows caused by variable interest rate on loans and are designated as cash flow hedges.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

#### 7.1 GROUP

	2023	2022
	Fair Value (RM'000)	Fair Value (RM'000)
<b>QUOTED EQUITIES</b>		
Domestic Equities Internally Managed	<b>118,863,286</b>	121,747,312
Domestic Equities Managed by External Fund Managers	<b>20,656,140</b>	18,745,271
Global Equities Internally Managed	<b>150,883,178</b>	123,625,181
Global Equities Managed by External Fund Managers	<b>103,105,891</b>	82,654,967
	<b>393,508,495</b>	346,772,731
<b>UNQUOTED EQUITIES</b>		
Domestic Unquoted Equities	<b>414,937</b>	142,032
Global Unquoted Equities	<b>2,930</b>	1,694,847
	<b>417,867</b>	1,836,879
<b>PERPETUAL FIXED INCOME INSTRUMENTS</b>		
Domestic Perpetual Fixed Income Instruments	<b>777,003</b>	829,459
Global Perpetual Fixed Income Instruments	<b>179,253</b>	224,970
	<b>956,256</b>	1,054,429
<b>FIXED INCOME INSTRUMENTS</b>		
Domestic Fixed Income Instruments Internally Managed	<b>49,106,226</b>	41,487,210
Domestic Fixed Income Instruments Managed by External Fund Managers	<b>28,874,236</b>	26,829,580
Global Fixed Income Instruments Internally Managed	<b>7,082,436</b>	5,812,308
Global Fixed Income Instruments Managed by External Fund Managers	<b>23,368,475</b>	20,397,855
	<b>108,431,373</b>	94,526,953
<b>OTHER INSTRUMENTS</b>		
Domestic Private Debt Securities Internally Managed	<b>16,972,093</b>	9,168,303
Global Private Debt Securities Internally Managed	<b>18,568,169</b>	11,999,641
	<b>35,540,262</b>	21,167,944
	<b>538,854,253</b>	465,358,936

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D.)

#### 7.1 GROUP (Cont'd.)

The maturity structure of the Fixed Income Instruments and Other Instruments, gross of allowance for impairment losses within Financial Assets at FVOCI are as follows:

	Note	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months		5,245,528	2,974,776
Maturing after 12 Months		138,726,107	112,720,121
	35.1a	143,971,635	115,694,897

Details on Financial Assets at FVOCI which was assessed as impaired for Group as at 31 December 2023, are disclosed in Note 35.1a. The movement in Allowance for Impairment Losses within Financial Assets at FVOCI Reserve is disclosed in Note 35.1b.

a. Group Has Designated The Following Equity Portfolios as FVOCI:

	2023 Fair Value (RM'000)	2022 Fair Value (RM'000)
<b>EQUITY PORTFOLIOS DESIGNATED AT FVOCI</b>		
Bursa Malaysia	139,519,426	140,492,584
NASDAQ	39,551,615	20,068,269
New York Stock Exchange	31,072,959	23,835,709
Hong Kong Stock Exchange	21,109,669	20,112,192
Singapore Stock Exchange	16,577,566	16,995,915
Tokyo Stock Exchange	15,649,484	11,745,140
Thailand Stock Exchange	13,437,263	13,063,044
Taiwan Stock Exchange	12,390,331	8,323,826
Euronext Paris Exchange	12,313,784	10,053,089
Indonesia Stock Exchange	11,599,924	8,703,431
South Korea Stock Exchange	10,804,219	9,363,170
London Stock Exchange	9,893,223	12,106,670
Frankfurt Stock Exchange	8,789,731	6,146,769
Brazil Stock Exchange	7,460,831	4,865,943
Australian Securities Exchange	5,225,146	3,521,337
Philippine Stock Exchange	5,023,949	5,349,369
India Stock Exchange	4,758,498	4,635,103
Euronext Amsterdam Exchange	3,795,882	2,840,765
China Stock Exchange	3,724,345	4,403,675
Mexican Stock Exchange	3,546,984	1,583,477
Vietnam Stock Exchange	3,488,020	2,929,995
Madrid Stock Exchange	3,358,273	2,865,189
Italian Stock Exchange	2,989,617	2,371,713
SIX Swiss Exchange	2,979,377	3,531,493
Other Quoted Equity Stock Exchanges	4,448,379	6,864,864
Unquoted Equities and Perpetual Fixed Income Instruments	1,374,123	2,891,308
	394,882,618	349,664,039

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D.)

#### 7.2 EPF

	2023	2022
	Fair Value (RM'000)	Fair Value (RM'000)
<b>QUOTED EQUITIES</b>		
Domestic Equities Internally Managed	<b>118,863,609</b>	121,747,312
Domestic Equities Managed by External Fund Managers	<b>20,656,140</b>	18,745,271
Global Equities Internally Managed	<b>150,883,178</b>	123,625,181
Global Equities Managed by External Fund Managers	<b>103,105,891</b>	82,654,967
	<b>393,508,818</b>	346,772,731
<b>UNQUOTED EQUITIES</b>		
Domestic Unquoted Equities	<b>413,530</b>	118,017
	<b>413,530</b>	118,017
<b>PERPETUAL FIXED INCOME INSTRUMENTS</b>		
Domestic Perpetual Fixed Income Instruments	<b>777,003</b>	829,459
Global Perpetual Fixed Income Instruments	<b>179,253</b>	224,970
	<b>956,256</b>	1,054,429
<b>FIXED INCOME INSTRUMENTS</b>		
Domestic Fixed Income Instruments Internally Managed	<b>39,142,311</b>	31,116,324
Domestic Fixed Income Instruments Managed by External Fund Managers	<b>28,974,688</b>	26,939,286
Global Fixed Income Instruments Internally Managed	<b>7,082,436</b>	5,812,308
Global Fixed Income Instruments Managed by External Fund Managers	<b>23,383,566</b>	20,412,739
	<b>98,583,001</b>	84,280,657
<b>OTHER INSTRUMENTS</b>		
Domestic Private Debt Securities Internally Managed	<b>14,299,781</b>	8,146,409
Global Private Debt Securities Internally Managed	<b>18,568,169</b>	11,999,641
	<b>32,867,950</b>	20,146,050
	<b>526,329,555</b>	452,371,884

The maturity structure of the Fixed Income Instruments and Other Instruments, gross of allowance for impairment losses within Financial Assets at FVOCI are as follows:

	Note	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months		<b>3,744,171</b>	2,116,538
Maturing after 12 Months		<b>127,706,780</b>	102,310,169
	35.1a	<b>131,450,951</b>	104,426,707

Details on Financial Assets at FVOCI which was assessed as impaired for EPF as at 31 December 2023, are disclosed in Note 35.1a. The movement in Allowance for Impairment Losses within Financial Assets at FVOCI Reserve is disclosed in Note 35.1b.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D.)

#### 7.2 EPF (Cont'd.)

##### a. EPF Has Designated The Following Equity Portfolios as FVOCI:

	2023	2022
	Fair Value (RM'000)	Fair Value (RM'000)
<b>EQUITY PORTFOLIOS DESIGNATED AT FVOCI</b>		
Bursa Malaysia	139,519,749	140,492,584
NASDAQ	39,551,615	20,068,269
New York Stock Exchange	31,072,959	23,835,709
Hong Kong Stock Exchange	21,109,669	20,112,192
Singapore Stock Exchange	16,577,566	16,995,915
Tokyo Stock Exchange	15,649,484	11,745,140
Thailand Stock Exchange	13,437,263	13,063,044
Taiwan Stock Exchange	12,390,331	8,323,826
Euronext Paris Exchange	12,313,784	10,053,089
Indonesia Stock Exchange	11,599,924	8,703,431
South Korea Stock Exchange	10,804,219	9,363,170
London Stock Exchange	9,893,223	12,106,670
Frankfurt Stock Exchange	8,789,731	6,146,769
Brazil Stock Exchange	7,460,831	4,865,943
Australian Securities Exchange	5,225,146	3,521,337
Philippine Stock Exchange	5,023,949	5,349,369
India Stock Exchange	4,758,498	4,635,103
Euronext Amsterdam Exchange	3,795,882	2,840,765
China Stock Exchange	3,724,345	4,403,675
Mexican Stock Exchange	3,546,984	1,583,477
Vietnam Stock Exchange	3,488,020	2,929,995
Madrid Stock Exchange	3,358,273	2,865,189
Italian Stock Exchange	2,989,617	2,371,713
SIX Swiss Exchange	2,979,377	3,531,493
Other Quoted Equity Stock Exchanges	4,448,379	6,864,864
Unquoted Equities and Perpetual Fixed Income Instruments	1,369,786	1,172,446
	<b>394,878,604</b>	347,945,177

The Group and EPF elected to designate the above equity portfolios at FVOCI on the basis that the investments were made to preserve and enhance the value of capital from members' contribution as well as to maintain stable returns over the long term.

Dividends recognised on these equity instruments designated at FVOCI for the Group amounted to RM12,429.47 million (2022: RM12,096.01 million) and for the EPF amounted to RM12,429.38 million (2022: RM12,041.96 million) as disclosed in Note 24.

As part of the strategy to enhance the value of capital from members' contribution, the Group and EPF sold RM226,402.05 million (2022: RM158,923.32 million) of equity instruments designated at FVOCI which resulted in a net gain of RM22,714.46 million (2022: RM16,582.02 million) for both the Group and EPF which is included in other comprehensive income as disclosed in Note 23.2. This net gain has been transferred to Cumulative Surplus. The net impact on these disposed equity instruments will not have a material impact on the future dividend income.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 8. INVESTMENT ASSETS AT AMORTISED COST

#### 8.1 GROUP

	Note	2023 (RM'000)	2022 (RM'000)
Malaysian Government Securities		<b>138,860,898</b>	122,038,866
Government Investment Issues		<b>141,209,828</b>	118,435,519
Bonds and Sukuk		<b>73,261,509</b>	73,535,034
		<b>353,332,235</b>	314,009,419
Allowance for Impairment Losses	35.1b	<b>(637,892)</b>	(585,400)
	35.1a	<b>352,694,343</b>	313,424,019

The maturity structure of the Investment Assets at Amortised Cost, gross of allowance for impairment losses are as follows:

	Note	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months		<b>14,170,511</b>	5,584,546
Maturing after 12 Months		<b>339,161,724</b>	308,424,873
	35.1c	<b>353,332,235</b>	314,009,419

#### 8.2 EPF

	Note	2023 (RM'000)	2022 (RM'000)
Malaysian Government Securities		<b>138,194,231</b>	122,038,866
Government Investment Issues		<b>139,947,645</b>	118,057,217
Bonds and Sukuk		<b>70,903,457</b>	73,387,785
		<b>349,045,333</b>	313,483,868
Allowance for Impairment Losses	35.1b	<b>(636,043)</b>	(584,299)
	35.1a	<b>348,409,290</b>	312,899,569

The maturity structure of the Investment Assets at Amortised Cost, gross of allowance for impairment losses are as follows:

	Note	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months		<b>13,612,075</b>	5,752,714
Maturing after 12 Months		<b>335,433,258</b>	307,731,154
	35.1c	<b>349,045,333</b>	313,483,868

Details on Investment Assets at Amortised Costs which was assessed as impaired for the Group and EPF as at 31 December 2023, are disclosed in Note 35.1a. Movement in accumulated impairment loss is disclosed within Allowance for Impairment Losses in Note 35.1b.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 9. INVESTMENT IN JOINT VENTURES

#### 9.1 GROUP

	2023 (RM'000)	2022 (RM'000)
Domestic Unquoted Equities	99,450	99,450
Global Unquoted Equities	4,761,733	4,304,444
Allowance for Impairment Losses	(4,361)	(4,361)
	4,757,372	4,300,083
Profit and Adjustments in Joint Ventures	260,870	496,359
	5,117,692	4,895,892

a. Details of Joint Ventures which the Group has material joint control are as follows:

Name of Company	Note	Measurement Method	Principal Activity	Country of Incorporation	Ownership Interest on Voting Rights		Carrying Amount	
					2023 %	2022 %	2023 (RM'000)	2022 (RM'000)
Battersea Project Holding Company Limited		Equity Accounting	Investment Holding Company	Jersey	20.00	20.00	1,363,257	1,287,005
PNB Kwasa International Holding Limited		Equity Accounting	Investment Holding Company	Jersey	35.00	35.00	852,360	941,353
Melati Asia Holdings Limited		Equity Accounting	Investment Holding Company	Cayman Island	51.00	51.00	624,195	673,694
Yarra Park City Pty Ltd		Equity Accounting	Investment Holding Company	Australia	49.00	49.00	606,777	583,512
Goodman Lidcombe Industrial Trust		Equity Accounting	Property Investment	Australia	49.00	49.00	374,539	349,960
The Arena Unit Trust		Equity Accounting	Investment Holding Company	Jersey	50.00	50.00	639,924	306,329
Goodman Slough Industrial Trust		Equity Accounting	Property Investment	Australia	49.00	49.00	321,881	300,907
PLUS Malaysia Berhad (PMB)	9.1a (i)	Equity Accounting	Investment Holding Company	Malaysia	49.00	49.00	-	-
Individually Immaterial Joint Ventures	9.1c						334,759	453,132
<b>Total Investment in Joint Ventures</b>							<b>5,117,692</b>	<b>4,895,892</b>

- (i) The Group has discontinued the recognition of share of losses from PMB since 2017 after the carrying amount of the Group's investment in PMB had been reduced to zero in accordance with MFRS 128. As at 31 December 2023, the cumulative unrecognised amount of the Group's share of losses in PMB is RM5,077.88 million (2022: RM5,005.19 million).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 9. INVESTMENT IN JOINT VENTURES (CONT'D.)

#### 9.1 GROUP (Cont'd.)

- b. The tables below provide summarised financial information for those Joint Ventures that are material to the Group. The information disclosed reflects the amounts presented in the Financial Statements of the relevant Joint Ventures and not the Group's share of those amounts. They have been revised to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy:

	Battersea Project Holding Company Limited		PNB Kwasa International Holding Limited		Melati Asia Holdings Limited	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>Summarised Statement of Financial Position</b>						
Cash and Cash Equivalents	449,150	277,172	144,111	74,266	64,723	22,287
Other Assets	11,395,800	10,836,655	11,538,200	8,510,034	1,216,533	1,297,484
Total Assets	11,844,950	11,113,827	11,682,311	8,584,300	1,281,256	1,319,771
Total Liabilities	(5,028,666)	(4,678,803)	(9,246,996)	(5,894,719)	(59,735)	(23)
<b>Total Net Assets</b>	<b>6,816,284</b>	<b>6,435,024</b>	<b>2,435,315</b>	<b>2,689,581</b>	<b>1,221,521</b>	<b>1,319,748</b>
<b>Extraction from Statement of Comprehensive Income</b>						
Revenue	1,465,528	5,514,027	262,688	114,888	-	-
Interest Income	3,139	583	-	-	-	-
Depreciation and Amortisation	(5,624)	(1,284)	-	-	-	-
Interest Expense	(69,122)	(38,196)	-	-	-	-
Tax	(3,457)	(150)	-	-	-	-
Profit/(Loss) after Tax for the Financial Year	(175,400)	(274,689)	(523,143)	73,060	(42,162)	(2,550)
Other Comprehensive Income for the Financial Year	-	-	-	-	3,648	4,414
<b>Total Comprehensive Income/ (Loss) for the Financial Year</b>	<b>(175,400)</b>	<b>(274,689)</b>	<b>(523,143)</b>	<b>73,060</b>	<b>(38,514)</b>	<b>1,864</b>
<b>Dividends Received from Joint Ventures for the Financial Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,856</b>	<b>-</b>
Group's Share in %	20%	20%	35%	35%	51%	51%
Group's Share of Net Assets	1,363,257	1,287,005	852,360	941,353	624,195	673,694
<b>Carrying Amount</b>	<b>1,363,257</b>	<b>1,287,005</b>	<b>852,360</b>	<b>941,353</b>	<b>624,195</b>	<b>673,694</b>
Group's Share of:						
Profit/(Loss) for the Financial Year	(35,080)	(54,938)	(183,100)	25,571	(21,503)	(1,301)
Other Comprehensive Income	-	-	-	-	1,860	2,251
<b>Total Comprehensive Income/ (Loss)</b>	<b>(35,080)</b>	<b>(54,938)</b>	<b>(183,100)</b>	<b>25,571</b>	<b>(19,643)</b>	<b>950</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 9. INVESTMENT IN JOINT VENTURES (CONT'D.)

#### 9.1 GROUP (Cont'd.)

- b. The tables below provide summarised financial information for those Joint Ventures that are material to the Group. The information disclosed reflects the amounts presented in the Financial Statements of the relevant Joint Ventures and not the Group's share of those amounts. They have been revised to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy: (Cont'd.)

	Yarra Park City Pty Ltd		Goodman Lidcombe Industrial Trust		The Arena Unit Trust	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>Summarised Statement of Financial Position</b>						
Cash and Cash Equivalents	6,758	35,463	-	-	46,916	38,027
Other Assets	1,350,360	1,303,345	1,131,638	1,057,034	2,329,399	1,242,822
Total Assets	1,357,118	1,338,808	1,131,638	1,057,034	2,376,315	1,280,849
Total Liabilities	(165,293)	(194,784)	(367,273)	(342,830)	(1,096,466)	(668,190)
<b>Total Net Assets</b>	<b>1,191,825</b>	<b>1,144,024</b>	<b>764,365</b>	<b>714,204</b>	<b>1,279,849</b>	<b>612,659</b>
<b>Extraction from Statement of Comprehensive Income</b>						
Revenue	134,432	231,639	46,981	10,928	138,912	179,812
Depreciation and Amortisation	(1,865)	(1,985)	(7,551)	(7,642)	(68,739)	(21,918)
Interest Expense	-	-	-	(5,144)	(40,031)	(34,708)
Tax	2,085	(6,180)	-	-	-	-
Profit/(Loss) after Tax for the Financial Year	(4,970)	14,467	6,839	(5,989)	(61,046)	118,353
<b>Total Comprehensive Income/ (Loss) for the Financial Year</b>	<b>(4,970)</b>	<b>14,467</b>	<b>6,839</b>	<b>(5,989)</b>	<b>(61,046)</b>	<b>118,353</b>
<b>Dividends Received from Joint Ventures for the Financial Year</b>	<b>-</b>	<b>-</b>	<b>14,585</b>	<b>1,632</b>	<b>18,274</b>	<b>23,848</b>
Group's Share in %	49%	49%	49%	49%	50%	50%
Group's Share of Net Assets	583,995	560,572	374,539	349,960	639,924	306,329
Goodwill	22,782	22,940	-	-	-	-
<b>Carrying Amount</b>	<b>606,777</b>	<b>583,512</b>	<b>374,539</b>	<b>349,960</b>	<b>639,924</b>	<b>306,329</b>
Group's Share of: Profit/(Loss) for the Financial Year	(2,435)	7,089	3,351	(2,935)	(30,523)	59,176
<b>Total Comprehensive Income/ (Loss)</b>	<b>(2,435)</b>	<b>7,089</b>	<b>3,351</b>	<b>(2,935)</b>	<b>(30,523)</b>	<b>59,176</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 9. INVESTMENT IN JOINT VENTURES (CONT'D.)

#### 9.1 GROUP (Cont'd.)

- b. The tables below provide summarised financial information for those Joint Ventures that are material to the Group. The information disclosed reflects the amounts presented in the Financial Statements of the relevant Joint Ventures and not the Group's share of those amounts. They have been revised to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy: (Cont'd.)

	Goodman Slough Industrial Trust		PLUS Malaysia Berhad	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>Summarised Statement of Financial Position</b>				
Cash and Cash Equivalents	-	-	4,534,806	3,536,558
Other Assets	984,092	916,071	23,905,056	24,608,720
Total Assets	984,092	916,071	28,439,862	28,145,278
Total Liabilities	(327,191)	(301,976)	(38,800,167)	(38,357,234)
<b>Total Net Assets</b>	<b>656,901</b>	<b>614,095</b>	<b>(10,360,305)</b>	<b>(10,211,956)</b>
<b>Extraction from Statement of Comprehensive Income</b>				
Revenue	49,420	10,332	3,779,058	3,750,900
Interest Income	-	-	199,795	132,183
Depreciation and Amortisation	(7,371)	(5,891)	(532,785)	(1,251,843)
Interest Expense	-	(4,414)	(1,801,050)	(1,446,652)
Tax	-	-	(23,537)	(37,360)
Profit/(Loss) after Tax for the Financial Year	2,781	(4,092)	(148,349)	(247,311)
<b>Total Comprehensive Income/(Loss) for the Financial Year</b>	<b>2,781</b>	<b>(4,092)</b>	<b>(148,349)</b>	<b>(247,311)</b>
<b>Dividends Received from Joint Ventures for the Financial Year</b>	<b>12,534</b>	<b>1,390</b>	<b>-</b>	<b>2,270,023</b>
Group's Share in %	49%	49%	49%	49%
Group's Share of Net Assets	321,881	300,907	-	-
<b>Carrying Amount</b>	<b>321,881</b>	<b>300,907</b>	<b>-</b>	<b>-</b>
Group's Share of:				
Profit/(Loss) for the Financial Year	1,363	(2,005)	-	1,805,650
<b>Total Comprehensive Income/(Loss)</b>	<b>1,363</b>	<b>(2,005)</b>	<b>-</b>	<b>1,805,650</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 9. INVESTMENT IN JOINT VENTURES (CONT'D.)

#### 9.1 GROUP (Cont'd.)

##### c. Individually Immaterial Joint Ventures

In addition to the interests in Joint Ventures disclosed as above, the Group also has interests in a number of individually immaterial Joint Ventures using the equity accounting method as follows:

	2023 (RM'000)	2022 (RM'000)
<b>Total Carrying Amount of Individually Immaterial Joint Ventures</b>	<b>334,759</b>	453,132
<b>Aggregate Amount of the Group's Share of:</b> (Loss)/Profit for the Financial Year	<b>(72,121)</b>	482,014
<b>Total Comprehensive (Loss)/Income</b>	<b>(72,121)</b>	482,014

#### 9.2 EPF

	2023 Cost/ Book Value (RM'000)	2022 Cost/ Book Value (RM'000)
Domestic Unquoted Equities	24,500	24,500
	<b>24,500</b>	24,500

List of Joint Ventures is disclosed in Note 39.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 10. INVESTMENT IN ASSOCIATES

#### 10.1 GROUP

	2023	2022
	Cost/ Book Value (RM'000)	Cost/ Book Value (RM'000)
Domestic Quoted Equities	10,055,722	9,946,625
Domestic Unquoted Equities	2,620,188	2,617,271
Allowance for Impairment Losses	(55,159)	(45,697)
	2,565,029	2,571,574
Global Unquoted Equities	1,311,206	1,084,952
Allowance for Impairment Losses	(90,020)	-
	1,221,186	1,084,952
Profit and Adjustments in Associates	4,284,168	3,794,329
	18,126,105	17,397,480

a. Details of Associates which the Group has material significant influence are as follows:

Name of Company	Note	Measurement Method	Principal Activity	Country of Incorporation	Ownership Interest on Voting Rights		Market Price		Carrying Amount	
					2023 %	2022 %	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
RHB Bank Berhad		Equity Accounting	Banking	Malaysia	40.24	41.02	9,401,418	10,088,943	13,296,864	12,708,612
Malaysian Resources Corporation Berhad		Equity Accounting	Investment holding and conduct activities relating to construction, property development and management services to its subsidiaries	Malaysia	36.21	36.21	719,781	477,158	1,800,556	1,777,422
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd		Equity Accounting	Highway concession operator	Malaysia	40.00	40.00	-	-	1,115,045	1,100,541
Individually Immaterial Associates	10.1c								1,913,640	1,810,905
<b>Total Investment in Associates</b>									<b>18,126,105</b>	<b>17,397,480</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 10. INVESTMENT IN ASSOCIATES (CONT'D.)

#### 10.1 GROUP (Cont'd.)

- b. The tables below provide summarised financial information for those Associates that are material to the Group. The information disclosed reflects the amounts presented in the Financial Statements of the relevant Associates and not the Group's share of those amounts. They have been revised to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy:

	RHB Bank Berhad		Malaysian Resources Corporation Berhad		Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>Summarised Statement of Financial Position</b>						
Total Assets	<b>328,692,111</b>	310,788,181	<b>8,844,549</b>	9,234,786	<b>4,711,727</b>	4,752,850
Total Liabilities	<b>(297,781,074)</b>	(282,041,941)	<b>(4,244,857)</b>	(4,699,036)	<b>(2,262,589)</b>	(2,339,973)
Total Net Assets	<b>30,911,037</b>	28,746,240	<b>4,599,692</b>	4,535,750	<b>2,449,138</b>	2,412,877
Non-Controlling Interests (NCI)	<b>(36,497)</b>	(31,147)	<b>(5,594)</b>	(5,540)	-	-
<b>Total Net Assets excluding NCI</b>	<b>30,874,540</b>	28,715,093	<b>4,594,098</b>	4,530,210	<b>2,449,138</b>	2,412,877
<b>Extraction from Statement of Comprehensive Income</b>						
Income	<b>7,744,165</b>	8,308,809	<b>2,537,490</b>	3,205,061	<b>254,117</b>	273,713
Profit after Tax for the Financial Year	<b>2,810,499</b>	2,712,021	<b>101,085</b>	53,547	<b>36,262</b>	77,558
Other Comprehensive Income/(Loss) for the Financial Year	<b>843,364</b>	(860,736)	<b>6,563</b>	(1,045)	-	-
<b>Total Comprehensive Income for the Financial Year</b>	<b>3,653,863</b>	1,851,285	<b>107,648</b>	52,502	<b>36,262</b>	77,558
<b>Dividend Received from Associates for the Financial Year</b>	<b>690,902</b>	694,790	<b>16,175</b>	16,175	-	-
Group's Share in %	<b>40.24%</b>	41.02%	<b>36.21%</b>	36.21%	<b>40.00%</b>	40.00%
Group's Share of Net Assets	<b>12,423,915</b>	11,778,931	<b>1,663,523</b>	1,640,389	<b>979,655</b>	965,151
Goodwill	<b>872,949</b>	929,681	<b>137,033</b>	137,033	<b>135,390</b>	135,390
<b>Carrying Amount</b>	<b>13,296,864</b>	12,708,612	<b>1,800,556</b>	1,777,422	<b>1,115,045</b>	1,100,541
Group's Share of:						
Profit for the Financial Year	<b>1,141,324</b>	1,125,497	<b>36,583</b>	23,482	<b>14,505</b>	31,023
Other Comprehensive Income/(Loss)	<b>345,165</b>	(365,410)	<b>2,725</b>	(956)	-	-
<b>Total Comprehensive Income</b>	<b>1,486,489</b>	760,087	<b>39,308</b>	22,526	<b>14,505</b>	31,023

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 10. INVESTMENT IN ASSOCIATES (CONT'D.)

#### 10.1 GROUP (Cont'd.)

##### c. Individually Immaterial Associates

In addition to the interests in Associates disclosed as above, the Group also has interests in a number of individually immaterial Associates using the equity accounting method as follows:

	2023 (RM'000)	2022 (RM'000)
<b>Total Carrying Amount of Individually Immaterial Associates</b>	<b>1,913,640</b>	1,810,905
<b>Aggregate Amount of the Group's Share of:</b>		
Profit/(Loss) for the Financial Year	<b>35,564</b>	(106,915)
<b>Total Comprehensive Income/(Loss)</b>	<b>35,564</b>	(106,915)

#### 10.2 EPF

	2023 Cost/ Book Value (RM'000)	2022 Cost/ Book Value (RM'000)
Domestic Quoted Equities	<b>10,055,751</b>	9,946,625
Domestic Unquoted Equities	<b>2,117,725</b>	2,117,725
Allowance for Impairment Losses	<b>(90,857)</b>	(86,201)
	<b>2,026,868</b>	2,031,524
Global Unquoted Equities	<b>178,500</b>	-
	<b>12,261,119</b>	11,978,149
<b>Market Price</b>		
Domestic Quoted Equities	<b>10,121,199</b>	10,566,101

- a. During the financial year, EPF subscribed to 32% of ordinary shares and preference shares represented by 4 million units and 36 million units respectively in Asterix Investment Holdings Pte Ltd for a total purchase consideration of USD40.00 million or RM178.50 million.

List of Associates is disclosed in Note 39.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 11. INVESTMENT IN SUBSIDIARIES

	Note	EPF	
		2023	2022
		Cost/ Book Value (RM'000)	Cost/ Book Value (RM'000)
Domestic Quoted Equities	11a	5,059,672	5,059,672
Domestic Unquoted Equities		4,635,722	4,540,477
Allowance for Impairment Losses		(11,993)	(9,523)
		<b>4,623,729</b>	4,530,954
Global Unquoted Equities	11b, 11c, 11d	34,325,067	27,761,531
Allowance for Impairment Losses		(78,898)	(94,896)
		<b>34,246,169</b>	27,666,635
		<b>43,929,570</b>	37,257,261
<b>Market Price</b>			
Domestic Quoted Equities		<b>3,353,999</b>	2,905,224

- a. No impairment loss has been recognised for Domestic Quoted Equities even though the market price is lower than the carrying amount as at the reporting date. This is due to the recoverable amount for Domestic Quoted Equities is higher than the carrying amount when measured using a valuation technique based on EPF's accounting policy as approved by the Board.

List of Subsidiaries is disclosed in Note 38.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 11. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of significant transactions on Investment in Subsidiaries involving new/additional capital injection and decrease in investment via share redemption or return of capital during the financial year ended 2023 are as follows:

#### b. Additional Capital Injection

##### i. Kwasa Emerald ICAV

As a result of the restructuring of Kwasa Emerald in 2023, EPF's investment in Kwasa Emerald was redeemed and transferred as equity in Kwasa Emerald ICAV amounting to USD667.89 million or RM2,942.06 million.

##### ii. KWASA Global (Jersey) Limited

During the year, EPF had injected additional capital into KWASA Global (Jersey) Limited amounting to GBP140.23 million or RM810.14 million mainly for the purchase of three (3) investment properties in the United Kingdom through KWASA UK Limited, a subsidiary of KWASA Global (Jersey) Limited.

##### iii. KWASA US

During the year, EPF had injected capital amounting to USD183.05 million or RM842.45 million into KWASA US mainly into new fund under its subsidiary, KWASA USLF amounting to USD100 million or RM466.95 million. The remaining capital injection was for its other fund investments.

##### iv. Kwasa Asia

During the year, EPF had injected capital amounting to USD92.86 million or RM419.10 million into Kwasa Asia mainly for participation in the new projects to invest in logistic assets and a hotel in Japan.

#### c. Return of Capital

##### i. KWASA Global (Jersey) Limited

During the year, EPF had received return of capital amounting to GBP49.00 million or RM265.03 million from KWASA Global (Jersey) Limited through KWASA Global Development Limited, a subsidiary of KWASA Global (Jersey) Limited.

##### ii. KWASA US

During the year, EPF had received return of capital of USD38.96 million or RM165.49 million from KWASA US mainly from an investment fund under KWASA Madison, a subsidiary of KWASA US.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 11. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### d. Injection and Return of Capital from Fund-of-Funds Subsidiaries

During the year, EPF had injected additional capital and received return of capital amounting to RM3,102.65 million and RM957.85 million respectively.

Details of significant transactions on new/additional capital injection and return of capital during the financial year ended 2023 for Fund-of-Funds Subsidiaries are as follows:

#### i. Additional Capital Injection

- (1) GIP Ashshams L.P. - RM747.89 million
- (2) Meranti Fund III L.P. - RM286.50 million
- (3) Cengal Private Equity Investments III plc - RM255.62 million
- (4) Akasia I, L.P. - RM220.52 million
- (5) Salam Private Opportunities Feeder Fund L.P. - RM210.19 million
- (6) Cengal Private Equity Investments IV plc - RM196.52 million
- (7) Equitix Najm L.P. - RM172.10 million
- (8) Cendana I, L.P. - RM169.40 million
- (9) Qamar Direct Infrastructure I, L.P. - RM167.16 million
- (10) Nour Fund I L.P. - RM159.11 million

#### ii. Return of Capital

- (1) Equitix Najm L.P. - RM175.39 million
- (2) Meranti Fund L.P. - RM159.34 million
- (3) Jati Private Equity Fund II L.P. - RM149.91 million
- (4) Cengal Private Equity Investments II plc - RM130.50 million
- (5) Merbau Investors Offshore II L.P. - RM103.45 million
- (6) Merbau Investors Offshore L.P. - RM73.60 million

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 11. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### 11.1 NON-CONTROLLING INTERESTS

Set out below are summarised financial information of Malaysia Building Society Berhad (MBSB), a 57.45% (2022: 65.87%) subsidiary which has Non-Controlling Interests that are material to the Group.

The summarised financial information are presented before the intra-group eliminations and is presented together with the amount attributable to Non-Controlling Interests as follows:

	2023 (RM'000)	2022 (RM'000)
<b>Summarised Statement of Financial Position</b>		
Total Assets	<b>66,663,286</b>	54,948,305
Total Liabilities	<b>(56,825,020)</b>	(45,989,112)
<b>Total Net Assets</b>	<b>9,838,266</b>	8,959,193
Accumulated Non-Controlling Interests	<b>4,186,319</b>	3,057,773
<b>Summarised Statement of Comprehensive Income</b>		
Revenue	<b>3,098,688</b>	2,668,195
Profit before Tax and Zakat	<b>559,723</b>	691,336
Tax and Zakat	<b>(67,914)</b>	(231,148)
Profit after Tax and Zakat	<b>491,809</b>	460,188
Other Comprehensive Income/(Loss)	<b>224,243</b>	(180,320)
<b>Total Comprehensive Income</b>	<b>716,052</b>	279,868
Total Comprehensive Income Attributable to Non-Controlling Interests	<b>304,680</b>	95,519
Dividend Paid to Non-Controlling Interests	<b>208,041</b>	-
<b>Summarised Statement of Cash Flows</b>		
Cash Flows from Operating Activities	<b>1,719,541</b>	953,148
Cash Flows from/(used in) Investing Activities	<b>896,157</b>	(385,566)
Cash Flows from Financing Activities	<b>785,666</b>	983,529
Increase in Cash and Cash Equivalents	<b>3,401,364</b>	1,551,111
Cash and Cash Equivalents as at 1 January	<b>2,205,950</b>	654,839
<b>Cash and Cash Equivalents as at 31 December</b>	<b>5,607,314</b>	2,205,950

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 11. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### 11.2 Acquisition of New Subsidiaries

##### a. Acquisition of Malaysian Industrial Development Finance Berhad (MIDF)

On 2 October 2023, MBSB, a subsidiary of EPF has completed the acquisition of 100% shareholding in MIDF with a total purchase consideration of RM772.36 million. The purchase consideration was satisfied through issuance of 1,050,828,629 shares at market value of RM0.735 per share.

The acquisition resulted in a gain on bargain purchase amounting to RM354.38 million which has been included in Capital Gain from Investment in Subsidiaries, Associates and Joint Ventures in Note 24 due to the consideration of RM772.36 million being lower than the net assets acquired amounting to RM1,126.74 million.

Due to this transaction, MIDF is now a wholly owned subsidiary of MBSB and EPF's shareholding in MBSB reduced from 65.87% to 57.45%.

Additionally, the acquisition-related costs of RM6.90 million and RM1.50 million have been recognised as fees and professional charges in the Group's Statement of Comprehensive Income for the financial year ended 31 December 2023 and 31 December 2022 respectively.

##### b. Acquisition of Vita Warwick 2 Limited and Vita Warwick Operating Company Limited

On 4 August 2023, Kwasa Global Jersey Limited, a subsidiary of EPF has acquired 100% of the shareholding in Vita Warwick 2 Limited (now known as KWASA Warwick Limited) and Vita Warwick Operating Company Limited (now known as KWASA Warwick Opco Limited) with a total purchase consideration of GBP173.32 million or RM987.26 million satisfied through cash.

The Group has applied the concentration test in MFRS 3 Business Combination and concluded that it constitutes an acquisition of asset as substantially all of the fair value is concentrated in a single asset.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**12. ASSETS HELD FOR SALE**

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>Net Book Value</b>					
At 1 January		<b>74,619</b>	35,073	<b>16,516</b>	27,643
Additions		-	851	-	-
Disposals		<b>(2,948)</b>	(27,294)	<b>(1,677)</b>	(25,965)
Write-back of Impairment Loss	29	-	6,330	-	-
Reclassification from/(to) Loans, Advances and Financing		<b>14</b>	(1,558)	-	-
Reclassification from Inventories	13	-	50,516	-	-
Reclassification from Investment Properties	15	<b>79,656</b>	14,839	-	14,838
Reclassification to Investment Properties	15	-	(4,830)	-	-
Reclassification from Right-of-Use Assets	16	-	432	-	-
Reclassification from Property, Plant and Equipment	17	<b>201</b>	260	-	-
<b>At 31 December</b>		<b>151,542</b>	74,619	<b>14,839</b>	16,516

The fair value of Assets Held for Sale of the Group and EPF as at the reporting date amounting to RM251.40 million and RM24.00 million (2022: RM127.72 million and RM28.72 million) respectively, were based on valuation carried out during the year.

Assets Held for Sale recorded by the Group as at 31 December 2023 are as follows:

- 1) One (1) freehold land and building at Kelana Jaya, Selangor;
- 2) One (1) freehold land at Klang, Selangor; and
- 3) One (1) office building at Seremban, Negeri Sembilan.

In addition to the above, EPF has recorded the following asset as Asset Held for Sale as at 31 December 2023:

- 1) One (1) office building at Petaling Jaya, Selangor.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 13. INVENTORIES

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
<b>Land Held for Development</b>			
At 1 January		<b>3,052,416</b>	3,000,327
Additions		<b>25,214</b>	46,708
Sales		<b>(100,616)</b>	(20,641)
Reclassification from Investment Properties	15	<b>78,141</b>	26,022
Reclassification to Investment Properties	15	<b>(139,096)</b>	-
Adjustments		<b>135,101</b>	-
At 31 December	13b	<b>3,051,160</b>	3,052,416
<b>Inventories</b>			
Freehold Land Held for Sale – at Net Realisable Value		-	50,516
Reclassification to Assets Held for Sale	12	-	(50,516)
		<b>3,051,160</b>	3,052,416

- a. There was no cost of inventories recognised as current year expenses in 2023 and 2022.
- b. Below is the breakdown of the Land Held for Development:

	Group	
	2023 (RM'000)	2022 (RM'000)
Freehold Land	<b>478,231</b>	466,710
Leasehold Land	<b>2,408,945</b>	2,263,406
Development Cost	<b>163,984</b>	322,300
	<b>3,051,160</b>	3,052,416

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 14. INTANGIBLE ASSETS

#### 14.1 GROUP

	Note	Goodwill (RM'000)	License and Information Technology Software (RM'000)	Banking License (RM'000)	Core Deposits (RM'000)	Total (RM'000)
<b>Cost</b>						
At 1 January 2022		148,031	422,881	47,415	6,216	624,543
Additions		-	26,300	-	-	26,300
Reclassification from Property, Plant and Equipment	17.1	-	7,380	-	-	7,380
At 31 December 2022/ At 1 January 2023		<b>148,031</b>	<b>456,561</b>	<b>47,415</b>	<b>6,216</b>	<b>658,223</b>
Addition from Acquisition of Subsidiaries		-	<b>33,415</b>	-	-	<b>33,415</b>
Additions		-	<b>19,689</b>	-	-	<b>19,689</b>
Reclassification from Property, Plant and Equipment	17.1	-	<b>21,893</b>	-	-	<b>21,893</b>
<b>At 31 December 2023</b>		<b>148,031</b>	<b>531,558</b>	<b>47,415</b>	<b>6,216</b>	<b>733,220</b>
<b>Accumulated Amortisation</b>						
At 1 January 2022		-	304,084	-	4,055	308,139
Current Year Amortisation	29	-	46,973	-	1,039	48,012
At 31 December 2022/ At 1 January 2023		-	<b>351,057</b>	-	<b>5,094</b>	<b>356,151</b>
Addition from Acquisition of Subsidiaries		-	<b>25,752</b>	-	-	<b>25,752</b>
Current Year Amortisation	29	-	<b>47,231</b>	-	<b>1,036</b>	<b>48,267</b>
<b>At 31 December 2023</b>		-	<b>424,040</b>	-	<b>6,130</b>	<b>430,170</b>
<b>Net Book Value</b>						
At 31 December 2022		148,031	105,504	47,415	1,122	302,072
<b>At 31 December 2023</b>		<b>148,031</b>	<b>107,518</b>	<b>47,415</b>	<b>86</b>	<b>303,050</b>

Goodwill arose from the acquisition of MBSB Bank Berhad in February 2018 by Malaysia Building Society Berhad (MBSB), a subsidiary of EPF. There is no impairment to goodwill since acquisition.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 14. INTANGIBLE ASSETS (CONT'D.)

#### 14.1 GROUP (Cont'd.)

##### a. Impairment Testing for Cash-Generating Unit Containing Goodwill and Banking License

For the purpose of impairment testing, banking license and goodwill are allocated to the Group's operating divisions which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of cash-generating units (CGU) is determined based on value-in-use (VIU) calculations. These calculations used pre-tax cash flow projections based on the 2024 financial budget, approved by the Board of Directors with a further projection of two (2) years (2022: 2 years). Cash flows beyond the three (3) years period are extrapolated using an estimated growth rate of 4.0% (2022: 4.0%) representing the forecasted Gross Domestic Product (GDP) growth rate of the country for all CGUs.

The cash flow projections are derived based on a number of key factors including past performance and management's expectation of market developments. The discount rates used are pre-tax and reflect specific risks relating to the CGUs.

In addition, the recoverable amount is assessed by incorporating multiple scenarios with variation in the assumptions used including discount rate and growth rates to estimate the expected cash flow, to allow assessment on the sensitivity of goodwill recoverable amount taking into consideration assumed probabilities of different future events and/or scenarios, in view of the uncertain economic condition.

The estimated terminal growth rates and discount rates used for VIU calculations are as follows:

	Terminal Growth Rate		Discount Rate	
	2023	2022	2023	2022
Corporate Banking	4.0%	4.0%	10.1%	12.9%
Retail Banking	4.0%	4.0%	10.3%	12.5%

Based on the impairment test performed, the Management believes that no reasonable possible change in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**14. INTANGIBLE ASSETS (CONT'D.)****14.2 EPF**

	Note	License and Information Technology Software (RM'000)
<b>Cost</b>		
At 1 January 2022		129,151
Reclassification from Property, Plant and Equipment	17.2	2,749
At 31 December 2022/At 1 January 2023		<b>131,900</b>
Reclassification from Property, Plant and Equipment	17.2	<b>6,175</b>
<b>At 31 December 2023</b>		<b>138,075</b>
<b>Accumulated Amortisation</b>		
At 1 January 2022		109,010
Current Year Amortisation	29	6,538
At 31 December 2022/At 1 January 2023		<b>115,548</b>
Current Year Depreciation	29	<b>6,598</b>
<b>At 31 December 2023</b>		<b>122,146</b>
<b>Net Book Value</b>		
At 31 December 2022		16,352
<b>At 31 December 2023</b>		<b>15,929</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 15. INVESTMENT PROPERTIES

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>Cost</b>					
At 1 January		<b>26,277,665</b>	28,199,099	<b>1,543,560</b>	1,543,080
Addition from Acquisition of Subsidiaries		<b>1,003,899</b>	172,768	-	-
Additions		<b>576,837</b>	267,501	<b>13,865</b>	60
Lease Modification		<b>(24,471)</b>	(100,090)	-	-
Disposals		<b>(7,000)</b>	(519,848)	-	-
Reclassification from Assets Held for Sale	12	-	7,000	-	-
Reclassification to Assets Held for Sale	12	<b>(94,948)</b>	(28,055)	-	(28,054)
Reclassification from Inventories	13	<b>139,096</b>	-	-	-
Reclassification to Inventories	13	<b>(78,141)</b>	(26,022)	-	-
Reclassification from Right-of-Use Assets	16	<b>38,342</b>	-	<b>38,342</b>	-
Reclassification from Property, Plant and Equipment	17	-	28,707	-	28,707
Reclassification to Property, Plant and Equipment	17	<b>(8,637)</b>	(622,411)	<b>(1,041)</b>	-
Foreign Currency Translation Differences		<b>2,384,169</b>	(1,083,114)	-	-
Adjustments/Reclassifications		<b>135,689</b>	(17,870)	-	(233)
<b>At 31 December</b>		<b>30,342,500</b>	26,277,665	<b>1,594,726</b>	1,543,560
<b>Accumulated Depreciation</b>					
At 1 January		<b>(4,565,507)</b>	(4,448,785)	<b>(548,276)</b>	(499,223)
Addition from Acquisition of Subsidiaries		<b>(2,148)</b>	-	-	-
Current Year Depreciation	29	<b>(576,623)</b>	(373,591)	<b>(34,911)</b>	(33,562)
Disposals		<b>2,648</b>	49,770	-	-
Reclassification from Assets Held for Sale	12	-	(2,170)	-	-
Reclassification to Assets Held for Sale	12	<b>15,292</b>	13,216	-	13,216
Reclassification from Right-of-Use Assets	16	<b>(7,741)</b>	-	<b>(7,741)</b>	-
Reclassification from Property, Plant and Equipment	17	-	(28,707)	-	(28,707)
Reclassification to Property, Plant and Equipment	17	<b>555</b>	-	<b>555</b>	-
Foreign Currency Translation Differences		<b>(420,224)</b>	198,371	-	-
Adjustments/Reclassifications		-	26,389	-	-
<b>At 31 December</b>		<b>(5,553,748)</b>	(4,565,507)	<b>(590,373)</b>	(548,276)
<b>Accumulated Impairment Loss</b>					
At 1 January		<b>(410,985)</b>	(227,672)	<b>(15,731)</b>	(16,357)
Current Year Impairment Loss	29	<b>(37,890)</b>	(200,905)	-	-
Write-back of Impairment Loss	29	<b>643</b>	626	<b>643</b>	626
Foreign Currency Translation Differences		<b>(42,416)</b>	16,966	-	-
<b>At 31 December</b>		<b>(490,648)</b>	(410,985)	<b>(15,088)</b>	(15,731)
<b>Net Book Value as at 31 December</b>		<b>24,298,104</b>	21,301,173	<b>989,265</b>	979,553

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 15. INVESTMENT PROPERTIES (CONT'D.)

The Profit or Loss shows the following amounts relating to Investment Properties:

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Rental Income		<b>1,783,834</b>	1,585,341	<b>97,986</b>	89,415
Variable Rental Income		<b>4,627</b>	5,007	<b>4,627</b>	5,007
Operating Expenditures:					
- Depreciation	29	<b>(576,623)</b>	(373,591)	<b>(34,911)</b>	(33,562)
- Current Year Impairment Loss	29	<b>(37,890)</b>	(200,905)	-	-
- Write-back of Impairment Loss	29	<b>643</b>	626	<b>643</b>	626
- Miscellaneous		<b>(81,255)</b>	(103,078)	<b>(27,192)</b>	(20,303)
<b>Net Profit Related to Investment Properties</b>		<b>1,093,336</b>	913,400	<b>41,153</b>	41,183

The Investment Properties of the Group are stated at cost, including transaction costs. The fair value of the Investment Properties of the Group as at 31 December 2023 amounted to RM37,355.57 million (2022: RM34,766.55 million) and for the EPF amounted to RM1,729.35 million (2022: RM1,771.08 million) have been determined based on the latest valuations performed.

Based on the impairment assessment performed as at 31 December 2023, there was an impairment loss of RM37.89 million (2022: RM200.91 million) on the Investment Properties for the Group mainly due to the decline in the property prices.

During the year, there was a write back of impairment loss amounting to RM0.64 million (2022: RM0.63 million) due to the recoverable amount is higher than carrying amount.

As at financial year ended 31 December 2023, the Group's Investment Properties amounting to RM14,344.15 million (2022: RM11,937.83 million) were pledged by EPF's subsidiaries as collateral for bank borrowings as disclosed in Note 21.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 16. LEASES

Information pertaining to Right-of-Use Assets, Lease Liabilities, expenses and cash flows related to Leases are shown below:

(i) Amounts recognised in the Statements of Financial Position

#### a) Right-of-Use Assets

Group	Note	Leasehold Land (RM'000)	Building (RM'000)	Office Equipment (RM'000)	Computer Software and Hardware (RM'000)	Total (RM'000)
<b>Cost</b>						
At 1 January 2022		229,676	127,445	1,826	26,467	385,414
Additions		-	19,119	78	-	19,197
Disposals		-	(368)	-	-	(368)
Reclassification to Assets Held for Sale	12	(750)	-	-	-	(750)
Lease Modification		168,740	(713)	-	-	168,027
Foreign Currency Translation Differences		(14,065)	-	-	-	(14,065)
At 31 December 2022/						
At 1 January 2023		<b>383,601</b>	<b>145,483</b>	<b>1,904</b>	<b>26,467</b>	<b>557,455</b>
Addition from Acquisition of Subsidiaries		<b>289</b>	<b>22,371</b>	-	-	<b>22,660</b>
Additions		<b>22,996</b>	<b>30,596</b>	<b>225</b>	-	<b>53,817</b>
Disposals		-	(764)	-	-	(764)
Reclassification to Investment Properties	15	(38,342)	-	-	-	(38,342)
Lease Modification		-	(2,175)	-	-	(2,175)
Foreign Currency Translation Differences		<b>35,130</b>	-	-	-	<b>35,130</b>
<b>At 31 December 2023</b>		<b>403,674</b>	<b>195,511</b>	<b>2,129</b>	<b>26,467</b>	<b>627,781</b>
<b>Accumulated Depreciation</b>						
At 1 January 2022		16,054	57,676	1,095	6,617	81,442
Current Year Depreciation	29	7,945	20,952	374	8,822	38,093
Disposals		-	(368)	-	-	(368)
Reclassification to Assets Held for Sale	12	(318)	-	-	-	(318)
Foreign Currency Translation Differences		(444)	-	-	-	(444)
At 31 December 2022/						
At 1 January 2023		<b>23,237</b>	<b>78,260</b>	<b>1,469</b>	<b>15,439</b>	<b>118,405</b>
Addition from Acquisition of Subsidiaries		<b>39</b>	<b>20,509</b>	-	-	<b>20,548</b>
Current Year Depreciation	29	<b>3,645</b>	<b>25,224</b>	<b>340</b>	<b>8,823</b>	<b>38,032</b>
Disposals		-	(85)	-	-	(85)
Reclassification to Investment Properties	15	(7,741)	-	-	-	(7,741)
Foreign Currency Translation Differences		<b>1,328</b>	-	-	-	<b>1,328</b>
<b>At 31 December 2023</b>		<b>20,508</b>	<b>123,908</b>	<b>1,809</b>	<b>24,262</b>	<b>170,487</b>
<b>Net Book Value</b>						
At 31 December 2022		360,364	67,223	435	11,028	439,050
<b>At 31 December 2023</b>		<b>383,166</b>	<b>71,603</b>	<b>320</b>	<b>2,205</b>	<b>457,294</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**16. LEASES (CONT'D.)****a) Right-of-Use Assets (Cont'd.)**

<b>EPF</b>	<b>Note</b>	<b>Leasehold Land (RM'000)</b>	<b>Building (RM'000)</b>	<b>Total (RM'000)</b>
<b>Cost</b>				
At 1 January 2022		56,738	81,776	138,514
Additions		-	553,819	553,819
Disposals		-	(369)	(369)
Lease Modification		-	(717)	(717)
<b>At 31 December 2022/At 1 January 2023</b>		<b>56,738</b>	<b>634,509</b>	<b>691,247</b>
Additions		-	3,676	3,676
Disposals		-	(765)	(765)
Reclassification to Investment Properties	15	(38,342)	-	(38,342)
Lease Modification		-	(31,674)	(31,674)
<b>At 31 December 2023</b>		<b>18,396</b>	<b>605,746</b>	<b>624,142</b>
<b>Accumulated Depreciation</b>				
At 1 January 2022		11,056	24,074	35,130
Current Year Depreciation	29	465	26,858	27,323
Disposals		-	(369)	(369)
<b>At 31 December 2022/At 1 January 2023</b>		<b>11,521</b>	<b>50,563</b>	<b>62,084</b>
Current Year Depreciation	29	417	42,964	43,381
Disposals		-	(85)	(85)
Reclassification to Investment Properties	15	(7,741)	-	(7,741)
<b>At 31 December 2023</b>		<b>4,197</b>	<b>93,442</b>	<b>97,639</b>
<b>Net Book Value</b>				
At 31 December 2022		45,217	583,946	629,163
<b>At 31 December 2023</b>		<b>14,199</b>	<b>512,304</b>	<b>526,503</b>

The Group and EPF lease several assets including leasehold land, buildings, office equipment and computer software and hardware. The leasehold land lease terms for Group and EPF are between 59 to 250 years and 59 years respectively while for the other leased assets are between one (1) to 15 years and three (3) to 15 years respectively.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 16. LEASES (CONT'D.)

#### b) Lease Liabilities

Group	Note	Leasehold Land (RM'000)	Building (RM'000)	Office Equipment (RM'000)	Computer Software and Hardware (RM'000)	Total (RM'000)
At 1 January 2022		501,798	74,437	764	20,063	597,062
Additions		-	19,120	75	-	19,195
Profit Expense on Lease Liabilities	29	31,201	2,342	26	462	34,031
Lease Modification		68,651	(714)	-	-	67,937
Lease Payments		(29,471)	(22,323)	(407)	(9,219)	(61,420)
Foreign Currency Translation Differences		(17,713)	-	-	-	(17,713)
<b>At 31 December 2022/At 1 January 2023</b>		<b>554,466</b>	<b>72,862</b>	<b>458</b>	<b>11,306</b>	<b>639,092</b>
Addition from Acquisition of Subsidiaries		-	1,963	-	-	1,963
Additions		22,993	30,483	225	-	53,701
Profit Expense on Lease Liabilities	29	25,280	2,751	17	207	28,255
Lease Modification		(24,471)	(2,175)	-	-	(26,646)
Lease Payments		(17,366)	(27,398)	(368)	(9,219)	(54,351)
Disposals		-	(771)	-	-	(771)
Foreign Currency Translation Differences		49,626	-	-	-	49,626
<b>At 31 December 2023</b>		<b>610,528</b>	<b>77,715</b>	<b>332</b>	<b>2,294</b>	<b>690,869</b>

EPF	Note	Leasehold Land (RM'000)	Building (RM'000)	Total (RM'000)
At 1 January 2022		37,898	62,399	100,297
Additions		-	553,819	553,819
Profit Expense on Lease Liabilities	29	1,762	11,852	13,614
Lease Modification		-	(717)	(717)
Lease Payments		(1,120)	(28,906)	(30,026)
<b>At 31 December 2022/At 1 January 2023</b>		<b>38,540</b>	<b>598,447</b>	<b>636,987</b>
Additions		-	3,676	3,676
Profit Expense on Lease Liabilities	29	1,792	24,148	25,940
Lease Modification		-	(31,674)	(31,674)
Lease Payments		(1,120)	(49,272)	(50,392)
Disposals		-	(771)	(771)
<b>At 31 December 2023</b>		<b>39,212</b>	<b>544,554</b>	<b>583,766</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 16. LEASES (CONT'D.)

#### b) Lease Liabilities (Cont'd.)

The maturity structure of Lease Liabilities are as follows:

	Group		EPF	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months	19,371	26,581	23,884	27,787
Maturing after 12 Months	671,498	612,511	559,882	609,200
	<b>690,869</b>	639,092	<b>583,766</b>	636,987

#### (ii) Amounts recognised in the Statements of Comprehensive Income

The Profit or Loss shows the following amounts relating to Leases:

	Group		EPF	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Gain on Termination of Lease Contracts	91	-	91	-
Items Included in Rent and Assessments:				
- Expense Relating to Short-Term Leases	28	166	28	166
- Expense Relating to Variable Lease Payments Not Included in Lease Liabilities	3,847	(9,419)	-	-
	<b>3,966</b>	(9,253)	<b>119</b>	166

#### (iii) Amounts recognised in the Statements of Cash Flows

The total cash outflow for Leases in 2023 are RM54.35 million (2022: RM61.42 million) and RM50.39 million (2022: RM30.03 million) for the Group and EPF respectively.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 17. PROPERTY, PLANT AND EQUIPMENT

#### 17.1 GROUP

	Note	Freehold Land (RM'000)	Building (RM'000)	Building, Plant and Machinery (RM'000)	Office and Building Renovation (RM'000)	Furniture, Fixtures and Fittings (RM'000)	Motor Vehicles (RM'000)	Office Equipment (RM'000)	Computer Software and Hardware (RM'000)	Work in Progress (RM'000)	Total (RM'000)
<b>Cost</b>											
At 1 January 2022		19,935	537,350	20,246	224,364	78,212	8,790	40,935	314,878	110,264	1,354,974
Additions		-	6,046	18	2,317	807	318	687	13,984	110,248	134,425
Disposals		-	-	(3)	-	(2,046)	(167)	(2,037)	(3,894)	-	(8,147)
Foreign Currency Translation Differences		-	-	-	-	-	-	(52)	-	-	(52)
Adjustments/Reclassifications		-	-	725	67,059	14,057	-	9,178	78,976	(169,995)	-
Write-Off		-	-	(2,216)	(2,187)	(38)	-	(180)	(3,948)	-	(8,569)
Reclassification to Assets Held for Sale	12	-	(812)	-	(12)	-	-	-	-	-	(824)
Reclassification to Intangible Assets	14.1	-	-	-	-	-	-	-	-	(7,380)	(7,380)
Reclassification to Investment Properties	15	-	(28,707)	-	-	-	-	-	-	-	(28,707)
Reclassification from Investment Properties	15	45,374	529,304	47,733	-	-	-	-	-	-	622,411
At 31 December 2022/ At 1 January 2023		<b>65,309</b>	<b>1,043,181</b>	<b>66,503</b>	<b>291,541</b>	<b>90,992</b>	<b>8,941</b>	<b>48,531</b>	<b>399,996</b>	<b>43,137</b>	<b>2,058,131</b>
Addition from Acquisition of Subsidiaries		-	2,166	-	8,099	11,509	2,850	-	18,619	7,656	50,899
Additions		-	11,632	1,398	22,200	6,916	7,993	1,751	10,931	62,471	125,292
Disposals		-	-	-	(157)	(295)	(2,207)	(2,631)	(4,106)	-	(9,396)
Foreign Currency Translation Differences		-	-	1	-	38	-	60	-	-	99
Adjustments/Reclassifications		-	-	7,251	13,127	6,384	-	(1,214)	32,363	(57,911)	-
Write-Off		-	-	-	(550)	(113)	-	(997)	(4,534)	-	(6,194)
Reclassification to Assets Held for Sale	12	-	(794)	-	(951)	-	-	-	-	-	(1,745)
Reclassification to Intangible Assets	14.1	-	-	-	-	-	-	-	-	(21,893)	(21,893)
Reclassification from Investment Properties	15	-	8,637	-	-	-	-	-	-	-	8,637
<b>At 31 December 2023</b>		<b>65,309</b>	<b>1,064,822</b>	<b>75,153</b>	<b>333,309</b>	<b>115,431</b>	<b>17,577</b>	<b>45,500</b>	<b>453,269</b>	<b>33,460</b>	<b>2,203,830</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**17. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

**17.1 GROUP (Cont'd.)**

	Note	Freehold Land (RM'000)	Building (RM'000)	Building, Plant and Machinery (RM'000)	Office and Building Renovation (RM'000)	Furniture, Fixtures and Fittings (RM'000)	Motor Vehicles (RM'000)	Office Equipment (RM'000)	Computer Software and Hardware (RM'000)	Work in Progress (RM'000)	Total (RM'000)
<b>Accumulated Depreciation and Impairment Losses</b>											
At 1 January 2022											
Accumulated Depreciation		-	183,342	15,695	203,420	69,936	6,463	34,523	221,677	-	735,056
Accumulated Impairment Losses		-	277	-	-	-	-	-	-	-	277
Current Year Depreciation	29	-	183,619	15,695	203,420	69,936	6,463	34,523	221,677	-	735,333
Disposals		-	22,598	3,185	26,794	6,258	752	3,357	56,359	-	119,303
Foreign Currency Translation Differences		-	-	(3)	-	(2,030)	(167)	(2,035)	(3,880)	-	(8,115)
Adjustments/Reclassifications		-	-	-	(8)	3	-	(52)	(195)	-	(52)
Write-Off		-	-	(1,993)	(2,097)	(38)	-	(165)	(1,412)	-	(5,705)
Reclassification to Assets Held for Sale	12	-	(552)	-	(12)	-	-	-	-	-	(564)
Reclassification to Investment Properties	15	-	(28,707)	-	-	-	-	-	-	-	(28,707)
At 31 December 2022/ At 1 January 2023		-	<b>176,958</b>	<b>17,079</b>	<b>228,097</b>	<b>74,129</b>	<b>7,048</b>	<b>35,633</b>	<b>272,549</b>	-	<b>811,493</b>
Analysed as:											
Accumulated Depreciation		-	<b>176,681</b>	<b>17,079</b>	<b>228,097</b>	<b>74,129</b>	<b>7,048</b>	<b>35,633</b>	<b>272,549</b>	-	<b>811,216</b>
Accumulated Impairment Losses		-	<b>277</b>	-	-	-	-	-	-	-	<b>277</b>
		-	<b>176,958</b>	<b>17,079</b>	<b>228,097</b>	<b>74,129</b>	<b>7,048</b>	<b>35,633</b>	<b>272,549</b>	-	<b>811,493</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 17. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

#### 17.1 GROUP (Cont'd.)

Note	Freehold Land (RM'000)	Building (RM'000)	Building, Plant and Machinery (RM'000)	Office and Building Renovation (RM'000)	Furniture, Fixtures and Fittings (RM'000)	Motor Vehicles (RM'000)	Office Equipment (RM'000)	Computer Software and Hardware (RM'000)	Work in Progress (RM'000)	Total (RM'000)
At 31 December 2022/ At 1 January 2023 (Cont'd.)	-	176,958	17,079	228,097	74,129	7,048	35,633	272,549	-	811,493
Addition from Acquisition of Subsidiaries	-	1,635	-	7,525	11,351	1,961	-	17,409	-	39,881
Current Year Depreciation 29	-	25,165	4,409	24,437	6,276	1,266	3,932	64,228	-	129,713
Disposals	-	-	-	(156)	(292)	(1,902)	(2,631)	(4,106)	-	(9,087)
Foreign Currency Translation Differences	-	-	-	-	6	-	60	-	-	66
Adjustments/Reclassifications	-	-	-	-	882	-	(900)	18	-	-
Write-Off	-	-	-	(256)	(113)	-	(997)	(4,440)	-	(5,806)
Reclassification to Assets Held for Sale 12	-	(592)	-	(952)	-	-	-	-	-	(1,544)
Reclassification from Investment Properties 15	-	555	-	-	-	-	-	-	-	555
<b>At 31 December 2023</b>	-	<b>203,721</b>	<b>21,488</b>	<b>258,695</b>	<b>92,239</b>	<b>8,373</b>	<b>35,097</b>	<b>345,658</b>	-	<b>965,271</b>
Analysed as:										
Accumulated Depreciation	-	203,444	21,488	258,695	92,239	8,373	35,097	345,658	-	964,994
Accumulated Impairment Losses	-	277	-	-	-	-	-	-	-	277
<b>Net Book Value</b>	-	<b>203,721</b>	<b>21,488</b>	<b>258,695</b>	<b>92,239</b>	<b>8,373</b>	<b>35,097</b>	<b>345,658</b>	-	<b>965,271</b>
At 31 December 2022	65,309	866,223	49,424	63,444	16,863	1,893	12,898	127,447	43,137	1,246,638
<b>At 31 December 2023</b>	<b>65,309</b>	<b>861,101</b>	<b>53,665</b>	<b>74,614</b>	<b>23,192</b>	<b>9,204</b>	<b>10,403</b>	<b>107,611</b>	<b>33,460</b>	<b>1,238,559</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**17. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

**17.2 EPF**

	Note	Freehold Land (RM'000)	Building (RM'000)	Building, Plant and Machinery (RM'000)	Office and Building Renovation (RM'000)	Furniture, Fixtures and Fittings (RM'000)	Motor Vehicles (RM'000)	Office Equipment (RM'000)	Computer Software and Hardware (RM'000)	Work in Progress (RM'000)	Total (RM'000)
<b>Cost</b>											
At 1 January 2022		14,002	278,555	19,946	180,596	20,008	6,862	36,405	213,836	58,266	828,476
Additions		-	-	-	-	63	-	552	6,440	100,616	107,671
Disposals		-	-	(3)	-	(1,974)	(166)	(2,037)	(3,814)	-	(7,994)
Adjustments/Reclassifications		-	-	725	17,584	14,057	-	9,224	78,935	(120,525)	-
Write-Off		-	-	(2,216)	(2,187)	(38)	-	(180)	(3,948)	-	(8,569)
Reclassification to Intangible Assets	14.2	-	-	-	-	-	-	-	-	(2,749)	(2,749)
Reclassification to Investment Properties	15	-	(28,707)	-	-	-	-	-	-	-	(28,707)
At 31 December 2022/At 1 January 2023		<b>14,002</b>	<b>249,848</b>	<b>18,452</b>	<b>195,993</b>	<b>32,116</b>	<b>6,696</b>	<b>43,964</b>	<b>291,449</b>	<b>35,608</b>	<b>888,128</b>
Additions		-	-	288	1,164	162	7,993	1,427	6,358	29,737	47,129
Disposals		-	-	-	-	(295)	(1,653)	(2,546)	(4,106)	-	(8,600)
Adjustments/Reclassifications		-	-	7,251	7,549	6,384	-	(1,214)	30,797	(50,767)	-
Write-Off		-	-	-	(408)	(60)	-	(144)	(3,640)	-	(4,252)
Reclassification to Intangible Assets	14.2	-	-	-	-	-	-	-	-	(6,175)	(6,175)
Reclassification from Investment Properties	15	-	1,041	-	-	-	-	-	-	-	1,041
<b>At 31 December 2023</b>		<b>14,002</b>	<b>250,889</b>	<b>25,991</b>	<b>204,298</b>	<b>38,307</b>	<b>13,036</b>	<b>41,487</b>	<b>320,858</b>	<b>8,403</b>	<b>917,271</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 17. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

#### 17.2 EPF (Cont'd.)

	Note	Freehold Land (RM'000)	Building (RM'000)	Building, Plant and Machinery (RM'000)	Office and Building Renovation (RM'000)	Furniture, Fixtures and Fittings (RM'000)	Motor Vehicles (RM'000)	Office Equipment (RM'000)	Computer Software and Hardware (RM'000)	Work in Progress (RM'000)	Total (RM'000)
<b>Accumulated Depreciation</b>											
At 1 January 2022		-	165,459	12,409	164,230	18,011	4,958	30,705	164,935	-	560,707
Current Year Depreciation	29	-	5,384	1,328	8,633	5,113	583	3,231	43,138	-	67,410
Disposals		-	-	(3)	-	(1,964)	(167)	(2,036)	(3,815)	-	(7,985)
Adjustments/Reclassifications		-	-	195	(8)	3	-	5	(195)	-	-
Write-Off		-	-	(1,993)	(2,097)	(38)	-	(165)	(1,412)	-	(5,705)
Reclassification to Investment Properties	15	-	(28,707)	-	-	-	-	-	-	-	(28,707)
At 31 December 2022/ At 1 January 2023		-	142,136	11,936	170,758	21,125	5,374	31,740	202,651	-	585,720
Current Year Depreciation	29	-	5,386	1,164	8,540	4,335	977	3,747	50,680	-	74,829
Disposals		-	-	-	-	(293)	(1,653)	(2,546)	(4,105)	-	(8,597)
Adjustments/Reclassifications		-	-	-	(2)	886	-	(900)	16	-	-
Write-Off		-	-	-	(114)	(60)	-	(144)	(3,546)	-	(3,864)
Reclassification from Investment Properties	15	-	555	-	-	-	-	-	-	-	555
<b>At 31 December 2023</b>		-	148,077	13,100	179,182	25,993	4,698	31,897	245,696	-	648,643
<b>Net Book Value</b>											
At 31 December 2022		14,002	107,712	6,516	25,235	10,991	1,322	12,224	88,798	35,608	302,408
<b>At 31 December 2023</b>		14,002	102,812	12,891	25,116	12,314	8,338	9,590	75,162	8,403	268,628

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**18. DEFERRED TAX**

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
At 1 January		<b>70,764</b>	(13,073)
Addition from Acquisition of Subsidiaries		<b>14,417</b>	-
Amount Recognised in Profit or Loss:			
- Income Tax	31	<b>17,579</b>	25,923
Amount Recognised in Other Comprehensive Income		<b>(71,297)</b>	56,972
Foreign Currency Translation Differences		<b>(4,768)</b>	942
<b>At 31 December</b>		<b>26,695</b>	70,764
Deferred Tax Assets:			
- Settled within 12 Months		-	-
- Settled more than 12 Months		<b>144,395</b>	143,881
	18.1a	<b>144,395</b>	143,881
Deferred Tax Liabilities:			
- Settled within 12 Months		-	-
- Settled more than 12 Months		<b>(117,700)</b>	(73,117)
	18.1b	<b>(117,700)</b>	(73,117)

Deferred Tax Assets and Liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 18. DEFERRED TAX (CONT'D.)

The components and movements in Deferred Tax Assets and Liabilities before offsetting during the financial year comprise of the followings:

#### 18.1 DEFERRED TAX ASSETS

	Note	Unutilised Tax Losses (RM'000)	Financial Assets at FVOCI Reserve (RM'000)	Property, Plant and Equipment (RM'000)	Investment Properties (RM'000)	Loans, Advances and Financing (RM'000)	Others (RM'000)	Total (RM'000)
At 1 January 2022		1,058	50,844	5	4,273	20,280	4,032	80,492
Amount Recognised in Profit or Loss		2,490	-	(5)	2,665	4,912	13,346	23,409
Amount Recognised in Other Comprehensive Income		-	56,972	-	-	-	-	56,972
Foreign Currency Translation Differences		7	-	-	11	-	(54)	(37)
At 31 December 2022/ At 1 January 2023		<b>3,555</b>	<b>107,816</b>	-	<b>6,949</b>	<b>25,192</b>	<b>17,324</b>	<b>160,836</b>
Addition from Acquisition of Subsidiaries		-	<b>3,996</b>	-	-	<b>1,979</b>	<b>9,123</b>	<b>15,098</b>
Amount Recognised in Profit or Loss		<b>(2,534)</b>	-	-	<b>3,593</b>	<b>55,202</b>	<b>(8,755)</b>	<b>47,506</b>
Amount Recognised in Other Comprehensive Income		-	<b>(71,110)</b>	-	-	-	-	<b>(71,110)</b>
Foreign Currency Translation Differences		<b>132</b>	-	-	<b>648</b>	<b>65</b>	<b>268</b>	<b>1,113</b>
<b>At 31 December 2023</b>	18.1a	<b>1,153</b>	<b>40,702</b>	-	<b>11,190</b>	<b>82,438</b>	<b>17,960</b>	<b>153,443</b>

#### DEFERRED TAX LIABILITIES

	Note	Unutilised Tax Losses (RM'000)	Financial Assets at FVOCI Reserve (RM'000)	Property, Plant and Equipment (RM'000)	Investment Properties (RM'000)	Loans, Advances and Financing (RM'000)	Others (RM'000)	Total (RM'000)
At 1 January 2022		-	-	(32,806)	(32,471)	(14,565)	(13,723)	(93,565)
Amount Recognised in Profit or Loss		-	-	5,395	(4,459)	2,313	(735)	2,514
Foreign Currency Translation Differences		-	-	19	940	72	(52)	979
At 31 December 2022/ At 1 January 2023		-	-	<b>(27,392)</b>	<b>(35,990)</b>	<b>(12,180)</b>	<b>(14,510)</b>	<b>(90,072)</b>
Addition from Acquisition of Subsidiaries		-	-	<b>(655)</b>	-	-	<b>(26)</b>	<b>(681)</b>
Amount Recognised in Profit or Loss		-	-	<b>22,209</b>	<b>(8,614)</b>	<b>(185)</b>	<b>(43,337)</b>	<b>(29,927)</b>
Amount Recognised in Other Comprehensive Income		-	-	-	-	-	<b>(187)</b>	<b>(187)</b>
Foreign Currency Translation Differences		-	-	-	<b>(3,336)</b>	<b>(894)</b>	<b>(1,651)</b>	<b>(5,881)</b>
<b>At 31 December 2023</b>	18.1b	-	-	<b>(5,838)</b>	<b>(47,940)</b>	<b>(13,259)</b>	<b>(59,711)</b>	<b>(126,748)</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 18. DEFERRED TAX (CONT'D.)

#### 18.1a DEFERRED TAX ASSETS

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
<b>Deferred Tax Assets (Before Offsetting)</b>			
Unutilised Tax Losses		1,153	3,555
Financial Assets at FVOCI Reserve		40,702	107,816
Investment Properties		11,190	6,949
Loans, Advances and Financing		82,438	25,192
Others		17,960	17,324
	18.1	153,443	160,836
Offsetting		(9,048)	(16,955)
<b>Deferred Tax Assets (After Offsetting)</b>	18	144,395	143,881

#### 18.1b DEFERRED TAX LIABILITIES

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
<b>Deferred Tax Liabilities (Before Offsetting)</b>			
Property, Plant and Equipment		(5,838)	(27,392)
Investment Properties		(47,940)	(35,990)
Loans, Advances and Financing		(13,259)	(12,180)
Others		(59,711)	(14,510)
	18.1	(126,748)	(90,072)
Offsetting		9,048	16,955
<b>Deferred Tax Liabilities (After Offsetting)</b>	18	(117,700)	(73,117)

#### 18.2 No deferred tax assets have been recognised in respect of the following items:

	Group	
	2023 (RM'000)	2022 (RM'000)
Unutilised Tax Losses	760,651	290,425
Unabsorbed Capital Allowances	1,626	1,236
Deductible Temporary Differences	100,150	97,463
	862,427	389,124
Deferred Tax Assets Not Recognised at Applicable Tax Rate of 24.00% (2022: 24.00%)	206,983	93,390

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 18. DEFERRED TAX (CONT'D.)

#### 18.2 No deferred tax assets have been recognised in respect of the following items: (Cont'd.)

Deferred tax assets are not recognised by certain subsidiaries in respect of the above temporary differences as the Group is of the view that it is not probable that sufficient taxable profits will be available to allow utilisation of the deferred tax assets.

The unutilised tax losses amounting to RM760.65 million (2022: RM290.42 million) for which no deferred tax assets are recognised will expire in the following year:

	Group	
	2023 (RM'000)	2022 (RM'000)
Financial Year:		
2025	-	113,078
2026	-	470
2027	-	563
2028	<b>516,757</b>	-
2029	<b>21,018</b>	41,496
2030	<b>21,681</b>	20,712
2031	<b>74,940</b>	21,674
2032	<b>71,781</b>	63,815
2033	<b>54,474</b>	28,617
	<b>760,651</b>	290,425

### 19. PAYABLES AND ACCRUED LIABILITIES

#### 19.1 GROUP

	Note	2023 (RM'000)	2022 (RM'000)
Rent Received in Advance		<b>315,722</b>	254,122
Accruals on Administrative and Miscellaneous Non-Investment Payments	19.1a	<b>2,482,529</b>	2,561,397
Accruals on Investment Payments	19.1b	<b>3,684,802</b>	4,156,590
		<b>6,483,053</b>	6,972,109

- a. Included in Accruals on Administrative and Miscellaneous Non-Investment Payments is the contract liabilities for advance payments received from customers on contracts for the Group amounting to RM125.91 million (2022: RM205.71 million).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 19. PAYABLES AND ACCRUED LIABILITIES (CONT'D.)

#### 19.1 GROUP (Cont'd.)

- b. Included in Accruals on Investment Payments is the Allowance for Impairment Losses on commitments and contingencies of the Group that are recognised in accordance with MFRS 9 as per the table below:

2023	Note	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		15,278	32,440	5,055	52,773
Addition from Acquisition of Subsidiaries		1,307	-	-	1,307
Movement with Profit or Loss Impact	26	11,709	(27,160)	(2,910)	(18,361)
Transfers:					
Transfer from Stage 1 to Stage 2		(913)	913	-	-
Transfer from Stage 1 to Stage 3		(8)	-	8	-
Transfer from Stage 2 to Stage 1		1,935	(1,935)	-	-
Transfer from Stage 2 to Stage 3		-	(356)	356	-
Transfer from Stage 3 to Stage 1		13	-	(13)	-
Transfer from Stage 3 to Stage 2		-	37	(37)	-
New Financial Assets Originated or Purchased		12,223	255	68	12,546
Derecognised Financial Assets		(3,743)	(8,937)	(3,963)	(16,643)
Changes in PDs/LGDs/EADs		2,202	(17,137)	671	(14,264)
Write-Off		(73)	(101)	(295)	(469)
<b>At 31 December</b>		<b>28,221</b>	<b>5,179</b>	<b>1,850</b>	<b>35,250</b>

2022	Note	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		17,118	35,929	1,400	54,447
Movement with Profit or Loss Impact	26	(1,840)	(3,489)	3,983	(1,346)
Transfers:					
Transfer from Stage 1 to Stage 2		(306)	306	-	-
Transfer from Stage 1 to Stage 3		(25)	-	25	-
Transfer from Stage 2 to Stage 1		24,753	(24,753)	-	-
Transfer from Stage 2 to Stage 3		-	(873)	873	-
Transfer from Stage 3 to Stage 1		1	-	(1)	-
Transfer from Stage 3 to Stage 2		-	80	(80)	-
New Financial Assets Originated or Purchased		12,333	1,395	95	13,823
Derecognised Financial Assets		(6,688)	(8,098)	(547)	(15,333)
Changes in PDs/LGDs/EADs		(31,908)	28,454	3,618	164
Write-Off		-	-	(328)	(328)
<b>At 31 December</b>		<b>15,278</b>	<b>32,440</b>	<b>5,055</b>	<b>52,773</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 19. PAYABLES AND ACCRUED LIABILITIES (CONT'D.)

#### 19.1 GROUP (Cont'd.)

The maturity structure of Payables and Accrued Liabilities are as follows:

	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months	5,391,458	6,365,712
Maturing after 12 Months	1,091,595	606,397
	<b>6,483,053</b>	6,972,109

#### 19.2 EPF

	2023 (RM'000)	2022 (RM'000)
Rent Received in Advance	3,608	4,609
Accruals on Administrative and Miscellaneous Non-Investment Payments	529,343	404,443
Accruals on Investment Payments	2,965,432	3,814,002
Amount due to Subsidiaries	1,385	259,979
	<b>3,499,768</b>	4,483,033

The maturity structure of Payables and Accrued Liabilities are as follows:

	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months	3,437,955	4,435,946
Maturing after 12 Months	61,813	47,087
	<b>3,499,768</b>	4,483,033

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**20. DEPOSITS AND ADVANCES****20.1 GROUP**

	<b>2023</b> <b>(RM'000)</b>	<b>2022</b> <b>(RM'000)</b>
Employers Instalment	<b>59,507</b>	103,487
Remittance Suspense	<b>47,720</b>	81,050
Deposits on Office Rentals	<b>78,869</b>	72,204
Customers Deposits	<b>45,252,924</b>	36,988,256
Transit for Late Processing of Contributions	<b>293,637</b>	253,008
Deposits on Sales of Property	-	472
Miscellaneous	<b>3,751</b>	1,018
	<b>45,736,408</b>	37,499,495

The maturity structure of the Deposits and Advances are as follows:

	<b>2023</b> <b>(RM'000)</b>	<b>2022</b> <b>(RM'000)</b>
Maturing within 12 Months	<b>42,635,992</b>	34,461,159
Maturing after 12 Months	<b>3,100,416</b>	3,038,336
	<b>45,736,408</b>	37,499,495

**20.2 EPF**

	<b>2023</b> <b>(RM'000)</b>	<b>2022</b> <b>(RM'000)</b>
Employers Instalment	<b>59,507</b>	103,488
Remittance Suspense	<b>47,720</b>	81,050
Deposits on Office Rentals	<b>12,086</b>	12,250
Transit for Late Processing of Contributions	<b>293,637</b>	253,008
Deposits on Sales of Property	-	472
Miscellaneous	<b>3,381</b>	636
Rental Deposit from Subsidiaries	-	17
	<b>416,331</b>	450,921

The maturity structure of the Deposits and Advances are as follows:

	<b>2023</b> <b>(RM'000)</b>	<b>2022</b> <b>(RM'000)</b>
Maturing within 12 Months	<b>330,535</b>	444,383
Maturing after 12 Months	<b>85,796</b>	6,538
	<b>416,331</b>	450,921

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 21. LOANS AND OVERDRAFTS

	Group	
	2023 (RM'000)	2022 (RM'000)
Bank Borrowings and Overdrafts	20,158,165	15,398,056
Recourse Obligations on Loan Sold to Cagamas	4,031,732	4,355,408
Other Borrowings	1,703,297	1,663,506
	<b>25,893,194</b>	21,416,970

The maturity structure of Loans and Overdrafts are as follows:

	Group	
	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months	7,127,510	1,876,871
Maturing after 12 Months	18,765,684	19,540,099
	<b>25,893,194</b>	21,416,970

#### 21.1 Existing Bank Borrowings

The followings are details in respect of significant loans by the Group as reported in the Statement of Financial Position:

- a. On 18 December 2015, a global subsidiary entered into a Senior Term Loan Facility Agreement with Standard Chartered Bank amounting to GBP540.00 million (RM3,438.61 million). In December 2020, this loan was refinanced to GBP800.00 million (RM4,351.52 million). The loan is repayable after five (5) years and is secured against the subsidiary's investment properties. The loan carries interest at LIBOR rate plus 1%. On 10 September 2021, the global subsidiary entered into an amendment agreement to amend the benchmark rate from GBP LIBOR to GBP Daily Compounded SONIA. The interest has been fixed at 0.2435% per annum. The amendments were effective on 31 March 2022.
- b. On 30 March 2016, a global subsidiary entered into a finance agreement with Citigroup Global Markets Asia Limited for GBP145.00 million (RM821.15 million). The loan is repayable after five (5) years and is secured by a charge over the Group's investment properties. The loan carries interest at the rate of one (1) month GBP LIBOR rate plus 0.88% and other mandatory costs, if any. The loan was refinanced on 29 March 2021 for GBP136.00 million (RM778.37 million) from 7 April 2021 to 7 April 2026. The loan carries interest at Compounded Daily SONIA rate plus 0.83%.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 21. LOANS AND OVERDRAFTS (CONT'D.)

#### 21.1 Existing Bank Borrowings (Cont'd.)

The followings are details in respect of significant loans by the Group as reported in the Statement of Financial Position: (Cont'd.)

- c. On 3 July 2017, three (3) global subsidiaries entered into a loan facility agreement with The Hongkong and Shanghai Banking Corporation Limited for EUR268.20 million (RM1,311.71 million), with a maturity date of 17 June 2022. On 31 March 2022, the loan facility was refinanced with a new loan agreement of EUR293.29 million (RM1,376.50 million) with the Standard Chartered Bank, maturing after three (3) years and bearing interest of Euribor + 1.40%.
- d. On 31 July 2019, three (3) global subsidiaries entered into a loan facility agreement with Standard Chartered Bank for EUR328.00 million (RM1,509.55 million). As at 31 December 2019, the facility was fully drawn. The interest rate in effect is three (3) month Euribor plus a margin of 0.75%. This facility expires five (5) years after utilisation.
- e. On 4 December 2020, a global subsidiary entered into a single currency term with OCBC Bank (Malaysia) Berhad, of which GBP186.20 million (RM1,014.51 million) was drawn on 4 December 2020. The loan is repayable after seven (7) years and is secured by the global subsidiary's investment properties. The loan carries interest at the rate of three (3) months GBP LIBOR rate and other mandatory costs. On 3 December 2021, the global subsidiary signed an amendment agreement to adjust the benchmark from GBP LIBOR to GBP SONIA effective 20 January 2022. The loan now carries interest at GBP SONIA plus a credit adjustment spread of 0.1193%. There was a loan repayment of GBP25.00 million (RM146.19 million) to OCBC Bank (Malaysia) Berhad resulting in a new outstanding loan balance of GBP161.18 million (RM868.33 million).
- f. A global subsidiary entered into a facility agreement with OCBC Bank (Malaysia) Berhad on 20 December 2021 to refinance the loan upon maturity of the previous loan of GBP259 million. The new facility agreement is for an amount of GBP276.46 million (RM1,481.36 million) from 17 December 2021 to 17 December 2026. The loan now carries interest at GBP SONIA rate plus a margin of 1.25%.
- g. On 14 April 2022, a global subsidiary entered into a new facility agreement with CIMB Bank Berhad for an amount of GBP134.40 million (RM744.28 million) to refinance the previous Standard Chartered Bank Murabaha facility after maturity of GBP132 million. The new facility matures on 14 April 2027 and charges interest at GBP SONIA rate plus margin of 0.90% and credit adjustment spread of 0.1193%.
- h. A global subsidiary entered into a facility agreement with RHB Bank (L) Ltd on 5 October 2023 to refinance the previous loan of GBP186.7 million upon maturity. The new facility agreement is for an amount of GBP188.00 million (RM1,077.94 million) from 6 October 2023 to 6 October 2028. The loan now carries interest at GBP SONIA rate plus a margin of 0.95%.
- i. Included in the Bank Borrowings and Overdraft is an islamic repurchase agreement entered into by a domestic subsidiary in 2023 amounting to RM2,005.20 million.
- j. A global subsidiary entered into revolving loan facility agreements in 2023 with various banks amounting to GBP181.50 million (RM1,012.73 million) which are secured against the Australian investment properties. The loans bear interest at a base rate from 4.277% to 4.352% and a margin between 1% to 1.45% with maturity dates ranging from 31 July 2025 to 29 April 2026.

Bank borrowings that are secured by the Group's Investment Properties are not to be pledged as securities for other borrowings or to be disposed to another entity.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 21. LOANS AND OVERDRAFTS (CONT'D.)

#### 21.1 Existing Bank Borrowings (Cont'd.)

The table below shows reconciliation of Group's Loans and Overdrafts arising from financing activities and are classified in the Group's Statements of Cash Flows as cash flows from financing activities:

	Group	
	2023 (RM'000)	2022 (RM'000)
At 1 January	21,416,970	19,870,405
Cash Flow's Changes from Operating Activities:		
Interest Paid	(375,139)	(43,228)
Cash Flow's Changes from Financing Activities:		
Proceeds from Borrowings	5,304,983	5,997,798
Repayments of Borrowings	(2,605,444)	(4,015,194)
Non-Cash Changes:		
Accrued Interest	432,645	271,299
Amortisation of Loan Acquisition Costs	54,022	31,133
Loan Capitalisation	(30)	1,191
Addition from Acquisition of Subsidiaries	225,092	-
Foreign Currency Translation Differences	1,440,095	(696,434)
<b>At 31 December</b>	<b>25,893,194</b>	<b>21,416,970</b>

### 22. EMPLOYEE BENEFITS

	Note	Group		
		Post-Retirement Medical Benefit (RM'000)	Post-Retirement Gratuity (RM'000)	Total (RM'000)
At 1 January 2022		24,745	365,829	390,574
Provisions Made during the Financial Year Recognised in the Profit or Loss	29	6,025	3,918	9,943
Loss/(Gain) from Actuarial Valuation on Employee Benefits Plan Recognised as Other Comprehensive Income		10,346	(61,114)	(50,768)
Benefits Paid during the Year		(9,735)	(11,420)	(21,155)
<b>At 31 December 2022/At 1 January 2023</b>		<b>31,381</b>	<b>297,213</b>	<b>328,594</b>
Addition from Acquisition of Subsidiaries		-	12,971	12,971
Provisions Made during the Financial Year Recognised in the Profit or Loss	29	1,311	66,539	67,850
Loss from Actuarial Valuation on Employee Benefits Plan Recognised as Other Comprehensive Income		6,791	28,085	34,876
Benefits Paid during the Year		(11,108)	(13,735)	(24,843)
<b>At 31 December 2023</b>	22.1 & 22.2	<b>28,375</b>	<b>391,073</b>	<b>419,448</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**22. EMPLOYEE BENEFITS (CONT'D.)**

The maturity structure of Employee Benefits are as follows:

	Group	
	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months	20,142	12,451
Maturing after 12 Months	399,306	316,143
	<b>419,448</b>	328,594

	Note	EPF		
		Post-Retirement Medical Benefit (RM'000)	Post-Retirement Gratuity (RM'000)	Total (RM'000)
At 1 January 2022		24,745	365,829	390,574
Provisions Made during the Financial Year Recognised in the Profit or Loss	29	6,025	3,918	9,943
Loss/(Gain) from Actuarial Valuation on Employee Benefits Plan Recognised as Other Comprehensive Income		10,346	(61,114)	(50,768)
Benefits Paid during the Year		(9,735)	(11,420)	(21,155)
<b>At 31 December 2022/At 1 January 2023</b>		<b>31,381</b>	<b>297,213</b>	<b>328,594</b>
Provisions Made during the Financial Year Recognised in the Profit or Loss	29	1,311	66,172	67,483
Loss from Actuarial Valuation on Employee Benefits Plan Recognised as Other Comprehensive Income		6,791	27,058	33,849
Benefits Paid during the Year		(11,108)	(13,341)	(24,449)
<b>At 31 December 2023</b>	22.1 & 22.2	<b>28,375</b>	<b>377,102</b>	<b>405,477</b>

The maturity structure of Employee Benefits are as follows:

	EPF	
	2023 (RM'000)	2022 (RM'000)
Maturing within 12 Months	20,142	12,451
Maturing after 12 Months	385,335	316,143
	<b>405,477</b>	328,594

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 22. EMPLOYEE BENEFITS (CONT'D.)

#### 22.1 Post-Retirement Medical Benefit

- a. The movements of present value in the unfunded obligations are as follows:

	Note	Group and EPF	
		2023 (RM'000)	2022 (RM'000)
At 1 January		31,381	24,745
Current Service Cost		-	4,840
Interest Cost		1,311	1,185
Benefits Paid during the Year		(11,108)	(9,735)
Net Actuarial Loss		6,791	10,346
<b>At 31 December</b>	22	<b>28,375</b>	31,381

- b. The amounts in the Statements of Financial Position are as follows:

	Group and EPF	
	2023 (RM'000)	2022 (RM'000)
Present Value of Unfunded Obligations	28,375	31,381
<b>Net Liabilities as at 31 December</b>	<b>28,375</b>	31,381

- c. The amounts recognised in Profit or Loss and Other Comprehensive Income are as follows:

	Group and EPF	
	2023 (RM'000)	2022 (RM'000)
Current Service Cost	-	4,840
Interest Cost	1,311	1,185
Total Post-Retirement Costs Recognised in Profit or Loss	1,311	6,025
Net Actuarial Loss	6,791	10,346
Total Post-Retirement Costs Recognised in Other Comprehensive Income	6,791	10,346
<b>Total Post-Retirement Costs Recognised in Profit or Loss and Other Comprehensive Income</b>	<b>8,102</b>	16,371

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**22. EMPLOYEE BENEFITS (CONT'D.)****22.1 Post-Retirement Medical Benefit (Cont'd.)**

d. The amounts in the Statements of Financial Position are reconciled as follows:

	Group and EPF	
	2023 (RM'000)	2022 (RM'000)
Present Value of Unfunded Obligations	31,381	24,745
Total Post-Retirement Costs Recognised in Profit or Loss and Other Comprehensive Income	8,102	16,371
Benefits Paid during the Year	(11,108)	(9,735)
<b>Net Liabilities as at 31 December</b>	<b>28,375</b>	<b>31,381</b>

e. The principal actuarial assumptions used were as follows:

	Group and EPF	
	2023	2022
Discount Rate (%)	4.18	4.79
Medical Cost Inflation Rate (%):		
Outpatient	3.56	5.31
Inpatient	1.47	0.49
Average Life Expectancy Rate (Years):		
Male	81	81
Female	87	87

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 22. EMPLOYEE BENEFITS (CONT'D.)

#### 22.1 Post-Retirement Medical Benefit (Cont'd.)

- f. The sensitivity analysis below have been determined based on a method that extrapolates reasonable changes during the actuarial valuation at the Statements of Financial Position, holding other assumptions are constant:

	Group and EPF		
	2023		
	(RM'000)	Increase (+) (RM'000)	Decrease (-) (RM'000)
Benefit Obligations as at 31 December	<b>28,375</b>		
Discount Rate (1% Movement)		<b>(1,643)</b>	<b>1,875</b>
Average Life Expectancy (1 Year Movement)		<b>885</b>	<b>(959)</b>

	Group and EPF		
	2022		
	(RM'000)	Increase (+) (RM'000)	Decrease (-) (RM'000)
Benefit Obligations as at 31 December	<b>31,381</b>		
Discount Rate (1% Movement)		<b>(1,805)</b>	<b>2,071</b>
Average Life Expectancy (1 Year Movement)		<b>1,485</b>	<b>(1,695)</b>

Although the analysis does not account for full cash distribution expected under the plan, it does provide approximation of sensitivity assumptions used.

#### 22.2 Post-Retirement Gratuity

- a. The movements of present value in the unfunded obligations are as follows:

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
At 1 January		<b>297,213</b>	365,829	<b>297,213</b>	365,829
Addition from Acquisition of Subsidiaries		<b>12,971</b>	-	-	-
Current Service Cost/(Write-back)		<b>53,748</b>	(13,609)	<b>53,748</b>	(13,609)
Interest Cost		<b>12,790</b>	17,527	<b>12,424</b>	17,527
Benefits Paid during the Year		<b>(13,735)</b>	(11,420)	<b>(13,341)</b>	(11,420)
Net Actuarial Loss/(Gain)		<b>28,086</b>	(61,114)	<b>27,058</b>	(61,114)
<b>At 31 December</b>	22	<b>391,073</b>	297,213	<b>377,102</b>	297,213

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**22. EMPLOYEE BENEFITS (CONT'D.)****22.2 Post-Retirement Gratuity (Cont'd.)**

b. The amounts in the Statements of Financial Position are as follows:

	Group		EPF	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Present Value of Unfunded Obligations	391,073	297,213	377,102	297,213
<b>Net Liabilities as at 31 December</b>	<b>391,073</b>	297,213	<b>377,102</b>	297,213

c. The amounts recognised in Profit or Loss and Other Comprehensive Income are as follows:

	Group		EPF	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Current Service Cost/(Write-back)	53,748	(13,609)	53,748	(13,609)
Interest Cost	12,790	17,527	12,424	17,527
Total Post-Retirement Costs Recognised in Profit or Loss	66,538	3,918	66,172	3,918
Net Actuarial Loss/(Gain)	28,086	(61,114)	27,058	(61,114)
Total Post-Retirement Costs Recognised in Other Comprehensive Income	28,086	(61,114)	27,058	(61,114)
<b>Total Post-Retirement Costs Recognised in Profit or Loss and Other Comprehensive Income</b>	<b>94,624</b>	(57,196)	<b>93,230</b>	(57,196)

d. The amounts in the Statements of Financial Position are reconciled as follows:

	Group		EPF	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Present Value of Unfunded Obligations	297,213	365,829	297,213	365,829
Addition from Acquisition of Subsidiaries	12,971	-	-	-
Total Post-Retirement Costs Recognised in Profit or Loss and Other Comprehensive Income	94,624	(57,196)	93,230	(57,196)
Benefits Paid during the Year	(13,735)	(11,420)	(13,341)	(11,420)
<b>Net Liabilities as at 31 December</b>	<b>391,073</b>	297,213	<b>377,102</b>	297,213

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 22. EMPLOYEE BENEFITS (CONT'D.)

#### 22.2 Post-Retirement Gratuity (Cont'd.)

e. The principal actuarial assumptions used were as follows:

	Group		EPF	
	2023	2022	2023	2022
Discount Rate (%)	4.18 - 4.40	4.86	4.18	4.86
Annual Salary Increment Rate (%)	4.20 - 5.00	5.00	4.20	5.00
Salary Adjustment Rate (%)	0.02 - 8.00	8.00	8.00	8.00

f. The sensitivity analysis below have been determined based on a method that extrapolates reasonable changes during the actuarial valuation at the Statements of Financial Position, holding other assumptions are constant:

	Group		
	2023		
	(RM'000)	Increase (+) (RM'000)	Decrease (-) (RM'000)
Benefit Obligations as at 31 December	391,073		
Discount Rate (1% Movement)		(39,270)	42,380
Annual Salary Increment Rate (1% Movement)		1,465	(3,686)

	Group		
	2022		
	(RM'000)	Increase (+) (RM'000)	Decrease (-) (RM'000)
Benefit Obligations as at 31 December	297,213		
Discount Rate (1% Movement)		(29,292)	34,473
Annual Salary Increment Rate (1% Movement)		864	(1,713)

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**22. EMPLOYEE BENEFITS (CONT'D.)****22.2 Post-Retirement Gratuity (Cont'd.)**

- f. The sensitivity analysis below have been determined based on a method that extrapolates reasonable changes in key assumptions occurring at the Statements of Financial Position, holding other assumptions are constant: (Cont'd.)

	EPF		
	2023		
	(RM'000)	Increase (+) (RM'000)	Decrease (-) (RM'000)
Benefit Obligations as at 31 December	<b>377,102</b>		
Discount Rate (1% Movement)		<b>(36,712)</b>	<b>43,194</b>
Annual Salary Increment Rate (1% Movement)		<b>2,285</b>	<b>(6,248)</b>

	EPF		
	2022		
	(RM'000)	Increase (+) (RM'000)	Decrease (-) (RM'000)
Benefit Obligations as at 31 December	297,213		
Discount Rate (1% Movement)		(29,292)	34,473
Annual Salary Increment Rate (1% Movement)		864	(1,713)

Although the analysis does not account for full cash distribution expected under the plan, it does provide approximation of sensitivity assumptions used.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 23. NET ASSETS ATTRIBUTABLE TO MEMBERS

	Note	Group		EPF	
		31 December 2023 (RM'000)	31 December 2022 (RM'000)	31 December 2023 (RM'000)	31 December 2022 (RM'000)
<b>Allocated to Members</b>					
Contributions	23.1	<b>1,146,777,786</b>	1,036,665,630	<b>1,146,777,786</b>	1,036,665,630
<b>Unallocated to Members</b>					
Cumulative Surplus and Reserves:	23a				
Cumulative Surplus	23.2	<b>22,143,739</b>	17,035,539	<b>19,065,629</b>	13,755,385
Financial Assets at FVOCI Reserve	23.3	<b>(29,643,441)</b>	(48,186,332)	<b>(29,445,521)</b>	(48,108,870)
Other Reserves	23.4	<b>3,654,703</b>	917,434	-	-
		<b>(3,844,999)</b>	(30,233,359)	<b>(10,379,892)</b>	(34,353,485)
<b>Net Assets Attributable to Members</b>		<b>1,142,932,787</b>	1,006,432,271	<b>1,136,397,894</b>	1,002,312,145

- a. The entire profit after taxation and zakat and other comprehensive income/(loss) are attributed to EPF members. The increase in Net Assets Attributable to Members during the year amounted to RM82.11 billion (2022: Decrease of RM2.54 billion).

Meanwhile, Cumulative Surplus amounting to RM22.14 billion (2022: RM17.04 billion) and RM19.07 billion (2022: RM13.76 billion) for the Group and EPF respectively are the amounts yet to be allocated to EPF members' Contribution Accounts as at the reporting date.

The amount unallocated to EPF members as at the reporting date also comprise of Financial Assets at FVOCI Reserve and Other Reserves.

The allocation of these Cumulative Surplus and Reserves to EPF members will be by way of distributions which are subject to approval by the EPF Board and the Minister as per Section 27 of the EPF Act 1991. The Financial Assets at FVOCI Reserve is only distributable upon realisation of gains from the disposals of Financial Assets at FVOCI based on EPF's investment strategy.

The maturity structure of the Net Assets Attributable to Members are as follows:

	Group		EPF	
	31 December 2023 (RM'000)	31 December 2022 (RM'000)	31 December 2023 (RM'000)	31 December 2022 (RM'000)
Maturing within 12 Months	<b>356,744,027</b>	313,423,228	<b>356,744,027</b>	313,423,228
Maturing after 12 Months	<b>786,188,760</b>	693,009,043	<b>779,653,867</b>	688,888,917
	<b>1,142,932,787</b>	1,006,432,271	<b>1,136,397,894</b>	1,002,312,145

The amount maturing within 12 months comprise of balances which are eligible to be withdrawn by members aged 50, 55, 60 and members who have portion of their contribution balances exceeding RM1 million in accordance with EPF Act 1991.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**23. NET ASSETS ATTRIBUTABLE TO MEMBERS (CONT'D.)****23.1 Contributions**

	Note	Group and EPF	
		2023 (RM'000)	2022 (RM'000)
At 1 January		1,036,665,630	988,728,704
Add:			
<b>Contribution Received and Adjustments</b>			
Contribution Received from Employers		97,560,824	84,780,193
Redemption of Investment in Unit Trusts		4,530,509	2,998,560
Redemption/Cancellation of Annuity Scheme		34,237	39,581
Reinstatement/Adjustment		712,283	9,182
		<b>102,837,853</b>	87,827,516
Less:			
<b>Withdrawals</b>			
55 Years		19,459,405	17,597,278
50 Years		4,184,409	4,251,041
60 Years		8,691,551	7,439,886
Incapacitation		424,538	306,710
Leaving Country		583,438	731,893
Housing		1,698,980	1,770,632
Reduction/Redemption of Housing Loan/Monthly Housing Loan		2,512,658	1,693,861
Medical		93,539	87,626
Death		3,050,682	3,166,318
Periodical Payment		326	375
Member Investment Option		5,163,240	5,396,900
Pensionable Employee		1,303,542	1,232,369
Education		807,432	495,044
Monthly Payment		68	102
Saving Exceeding RM1 Million		2,393,746	1,961,669
Hajj		1,986	398
		<b>50,369,540</b>	46,132,102
<b>Facilities</b>			
i-Lindung		16,365	8,892
i-Lestari		-	7
i-Sinar		-	92
i-Citra		-	136,051
Pengeluaran Khas		-	44,566,762
Fasiliti Sokongan Akaun 2 (FSA 2)		6,167	-
		<b>22,532</b>	44,711,804
<b>Contribution Refunds</b>			
Refund to Employers/Members - Rule 33(1), EPF Regulations & Rules 1991		12,238	12,710
Refund of Employers Share to Pension Trust Fund - Section 56, EPF Act 1991		162,819	181,456
		<b>175,057</b>	194,166
		<b>50,567,129</b>	91,038,072
Add:			
<b>Dividend Distributions to Members</b>			
Dividend Credited: SK - 5.50% (2022: 5.35%) & SS - 5.40% (2022: 4.75%)	23.2c	57,806,496	51,138,265
Adjustment on Dividend for Prior Year		34,936	9,217
		<b>57,841,432</b>	51,147,482
<b>As at 31 December</b>	23	<b>1,146,777,786</b>	1,036,665,630

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 23. NET ASSETS ATTRIBUTABLE TO MEMBERS (CONT'D.)

#### 23.1 Contributions (Cont'd.)

##### Member Investment Option

The cumulative amount invested by the EPF members with the approved Fund Management Institutions is not disclosed in the Statements of Financial Position as the risk and reward of the investment is borne by the members.

#### 23.2 Cumulative Surplus

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
At 1 January		17,035,539	17,964,686
Adjustment on Employee Benefits for the Financial Year		(36,966)	54,805
Profit Attributable to Members		41,460,867	37,414,058
Net Realised Gain on Investment in Equity Instruments at FVOCI	7.2a	22,714,460	16,582,018
Tax Paid on Global Investments		(178,465)	(151,223)
Shariah Non-Compliant Income from Excess Gain on Securities which had been Reclassified from Shariah to Conventional	32.4	8,532	1,886
Dividend on Contribution Withdrawals and Adjustment on Dividend for Prior Year		(326,721)	(297,160)
Cost Write Down on Listed Equities	23.3	(400,339)	(3,425,285)
Dividend Distributions to Members	23.2c	(57,806,496)	(51,138,265)
Movement between Reserves		(40,846)	1,770
Share of Other Comprehensive Income from Associates and Joint Ventures		398	2,281
Net Asset Movement from Changes in Equity Holdings in Subsidiaries		(286,224)	25,968
<b>At 31 December</b>	23	<b>22,143,739</b>	17,035,539

	Note	EPF	
		2023 (RM'000)	2022 (RM'000)
At 1 January		13,755,385	16,404,729
Adjustment on Employee Benefits for the Financial Year		(36,267)	54,805
Profit Attributable to Members		41,335,540	35,723,880
Net Realised Gain on Investment in Equity Instruments at FVOCI	7.2a	22,714,460	16,582,018
Tax Paid on Global Investments		(178,465)	(151,223)
Shariah Non-Compliant Income from Excess Gain on Securities which had been Reclassified from Shariah to Conventional	32.4	8,532	1,886
Dividend on Contribution Withdrawals and Adjustment on Dividend for Prior Year		(326,721)	(297,160)
Cost Write Down on Listed Equities	23.3	(400,339)	(3,425,285)
Dividend Distributions to Members	23.2c	(57,806,496)	(51,138,265)
<b>At 31 December</b>	23	<b>19,065,629</b>	13,755,385

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 23. NET ASSETS ATTRIBUTABLE TO MEMBERS (CONT'D.)

#### 23.2 Cumulative Surplus (Cont'd.)

- a. Included in the closing balance of the Group's and EPF's Cumulative Surplus is the net unrealised gain generated from the revaluation of Financial Assets at FVTPL and the movement of foreign exchange upon revaluation of financial assets amounting to RM18.62 billion (2022: RM13.58 billion). These unrealised gains will only be reclassified as net realised gain upon sale or maturity of the assets for the purpose of dividend distributions in the following years.
- b. During the year, the unrealised fair value losses amounting to RM0.40 billion (2022: RM3.43 billion) were transferred from Financial Assets at FVOCI Reserve to Cumulative Surplus due to Cost Write Down on Listed Equity policy as explained in Note 2.1d (iv) under Estimates and Assumptions.
- c. The closing balance of the EPF's Cumulative Surplus as stated above has taken into account the provision for annual dividend as follows:

	Note	EPF	
		2023 (RM'000)	2022 (RM'000)
<b>Provision for Annual Dividend:</b>			
Simpanan Konvensional – 5.50% (2022: 5.35%)	32.2	<b>50,326,283</b>	45,439,240
Simpanan Shariah – 5.40% (2022: 4.75%)	32.2	<b>7,480,213</b>	5,699,025
	23.1	<b>57,806,496</b>	51,138,265

Dividend rates declared for Simpanan Konvensional and Simpanan Shariah were based on the actual financial performance of these two (2) saving funds during the financial year under review after taking into account the EPF's accounting policies as approved by the Board consistently.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 23. NET ASSETS ATTRIBUTABLE TO MEMBERS (CONT'D.)

#### 23.3 Financial Assets at FVOCI Reserve

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
At 1 January		(48,186,332)	5,591,508
Net Changes in Fair Value of Debt Instruments at FVOCI Reclassified to Profit or Loss on Disposal		(2,217,908)	(14,931,192)
Net Changes in Loss Allowance on Investment in Debt Instruments at FVOCI		8,533	(47,798)
Net Unrealised Gain on Fair Value Revaluation on Investment in Debt Instruments at FVOCI		6,565,683	8,452,790
Net Unrealised Gain/(Loss) on Fair Value Revaluation on Investment in Equity Instruments at FVOCI		13,433,782	(50,370,577)
Cost Write Down on Listed Equities	23.2	400,339	3,425,285
Movement between Reserves		49,861	120,222
Share of Other Comprehensive Income from Associates and Joint Ventures		263,259	(421,571)
Net Changes in Reserves Reclassified to Profit or Loss on Changes in Equity Shareholdings in Associates and Joint Ventures		10,600	(4,999)
Net Asset Movement from Changes in Equity Holdings in Subsidiaries		28,742	-
<b>At 31 December</b>	23	<b>(29,643,441)</b>	<b>(48,186,332)</b>

	Note	EPF	
		2023 (RM'000)	2022 (RM'000)
At 1 January		(48,108,870)	3,218,518
Net Changes in Fair Value of Debt Instruments at FVOCI Reclassified to Profit or Loss on Disposal		(2,335,207)	(14,812,418)
Net Changes in Loss Allowance on Investment in Debt Instruments at FVOCI		(3,856)	(47,616)
Net Unrealised Gain on Fair Value Revaluation on Investment in Debt Instruments at FVOCI		6,566,848	8,449,689
Net Unrealised Gain/(Loss) on Fair Value Revaluation on Investment in Equity Instruments at FVOCI		14,035,225	(48,342,328)
Cost Write Down on Listed Equities	23.2	400,339	3,425,285
<b>At 31 December</b>	23	<b>(29,445,521)</b>	<b>(48,108,870)</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 23. NET ASSETS ATTRIBUTABLE TO MEMBERS (CONT'D.)

#### 23.3 Financial Assets at FVOCI Reserve (Cont'd.)

Changes in Financial Assets at FVOCI Reserve arose from the movement in accumulated net unrealised fair value gain/(loss) of Financial Assets at FVOCI upon revaluation and disposal.

During the year, the unrealised fair value losses amounting to RM400.34 million (2022: RM3,425.29 million) were transferred from Financial Assets at FVOCI Reserve to Cumulative Surplus due to Cost Write Down on Listed Equity policy as explained in Note 2.1d (iv) under Estimates and Assumptions.

The closing balance of Financial Assets at FVOCI Reserve represents the net position after taking into account the transfer of cumulative net realised gain arising from disposal of Financial Assets at FVOCI from Financial Assets at FVOCI Reserve to Cumulative Surplus amounting to RM22.71 billion (2022: RM16.58 billion) for the Group and EPF.

Included in Group's and EPF's closing balance of Financial Assets at FVOCI Reserve in the year 2023 is loss allowance on investment in debt instrument classified as Financial Assets at FVOCI amounting to RM356.01 million (2022: RM347.47 million) and RM343.83 million (2022: RM347.69 million) respectively.

#### 23.4 Other Reserves

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
Cash Flow Hedging Reserve	23.4a	612,128	(48,992)
Foreign Currency Translation Reserve	23.4b	3,320,874	1,326,659
Other Reserves	23.4c	(278,299)	(360,233)
	23	3,654,703	917,434

- Cash Flow Hedging Reserve represents the movement of net accumulated gain/(loss) arising from the effective portion of gain/(loss) on hedging instruments in a cash flow hedge.
- Foreign Currency Translation Reserve relates to exchange differences arising from the translation of foreign operations that have a functional currency different from the presentation currency of EPF (Ringgit Malaysia - RM).
- Included in the Other Reserves is Regulatory Reserve arising from the share of other comprehensive income in an associate.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 24. GROSS INVESTMENT INCOME

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>Interest and Profit from Investments:</b>	24a				
Loans, Advances and Financing		<b>4,296,550</b>	4,364,251	<b>1,966,585</b>	2,078,888
Financial Assets at FVTPL		<b>286,471</b>	209,377	<b>294,819</b>	886,158
Financial Assets at FVOCI		<b>4,880,904</b>	3,889,852	<b>4,498,356</b>	3,485,934
Investment Assets at Amortised Cost		<b>16,975,480</b>	14,210,424	<b>16,922,097</b>	14,242,404
		<b>26,439,405</b>	22,673,904	<b>23,681,857</b>	20,693,384
<b>Dividend from Investments:</b>					
Financial Assets at FVTPL		<b>2,684,184</b>	3,833,003	<b>2,440,407</b>	3,580,421
Financial Assets at FVOCI		<b>12,429,471</b>	12,096,005	<b>12,429,378</b>	12,041,961
Investment in Subsidiaries, Associates & Joint Ventures		<b>67,894</b>	2,269,835	<b>2,556,595</b>	4,108,228
		<b>15,181,549</b>	18,198,843	<b>17,426,380</b>	19,730,610
<b>Capital Gain/(Loss) from Investments:</b>					
Financial Assets at FVTPL		<b>509,273</b>	(626,711)	<b>(954,943)</b>	(2,389,018)
Debt Instruments at FVOCI		<b>(545,191)</b>	(400,189)	<b>(495,072)</b>	(387,123)
Investment Assets at Amortised Cost		<b>439,991</b>	155,374	<b>439,976</b>	155,374
Investment in Subsidiaries, Associates & Joint Ventures		<b>158,732</b>	(34,611)	<b>1,939,010</b>	2,173,496
		<b>562,805</b>	(906,137)	<b>928,971</b>	(447,271)
		<b>42,183,759</b>	39,966,610	<b>42,037,208</b>	39,976,723
Net Gain on Foreign Exchange					
- Realised		<b>3,138,057</b>	2,940,921	<b>3,150,177</b>	2,956,298
- Unrealised		<b>3,029,256</b>	897,501	<b>2,936,963</b>	1,085,033
Net Gain/(Loss) from Financial Assets at FVTPL					
- Realised		<b>(6,403,676)</b>	(4,577,514)	<b>(6,407,510)</b>	(4,597,028)
- Unrealised		<b>4,420,237</b>	(58,877)	<b>2,780,197</b>	(928,411)
Rental Income		<b>1,919,766</b>	1,694,585	<b>111,400</b>	100,761
Interest and Profit on Bank Balances		<b>48,037</b>	9,931	<b>20,815</b>	3,827
Gain on Disposal of Asset Held for Sales		-	41,334	-	41,334
Gain on Disposal of Investment Properties		<b>8,148</b>	330,461	-	-
Miscellaneous		<b>574,197</b>	122,750	<b>45,155</b>	113,975
		<b>48,917,781</b>	41,367,702	<b>44,674,405</b>	38,752,512

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 24. GROSS INVESTMENT INCOME (CONT'D.)

	Group		EPF	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Internally Managed	<b>35,820,276</b>	34,066,482	<b>36,843,794</b>	35,566,093
Externally Managed	<b>6,363,483</b>	5,900,128	<b>5,193,414</b>	4,410,630
<b>Total Interest and Profit, Dividend and Capital Gain</b>	<b>42,183,759</b>	39,966,610	<b>42,037,208</b>	39,976,723

- a. Interest and Profit from Investments derived from the Group's and EPF's investments on fixed income instruments include net accretion of discount and amortisation of premium using the effective yield method.

### 25. INVESTMENT EXPENDITURES

	Group		EPF	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
External Fund Manager Fees	<b>586,379</b>	503,081	<b>505,524</b>	452,940
Custodian Fees	<b>50,329</b>	50,949	<b>50,329</b>	50,949
Technical Services Fees on Investments	<b>101,507</b>	54,742	<b>106,931</b>	60,016
Interest on Bank Borrowings and Overdrafts	<b>461,330</b>	303,476	-	-
Withholding Tax on Global Investments	<b>998,620</b>	967,532	<b>894,725</b>	916,470
Performance Fees	<b>33,090</b>	119,682	-	-
Miscellaneous	<b>16,520</b>	23,126	<b>15,153</b>	11,224
	<b>2,247,775</b>	2,022,588	<b>1,572,662</b>	1,491,599

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 26. NET IMPAIRMENT ON FINANCIAL INVESTMENT ASSETS

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Impairment on Deposits with Financial Institutions		-	(1)	-	(1)
Write-back of Impairment on Deposits with Financial Institutions		1	10	1	10
		1	9	1	9
Impairment on Rent Receivables		(19,054)	(7,057)	(4,000)	(6,575)
Write-back of Impairment on Rent Receivables		8,651	46,815	2,743	11,138
		(10,403)	39,758	(1,257)	4,563
Impairment on Loans, Advances and Financing		(133,274)	(202,095)	(1,007)	(716)
Write-back of Impairment on Loans, Advances and Financing		15,740	75,108	5,310	11,593
		(117,534)	(126,987)	4,303	10,877
Impairment on Financial Assets at FVOCI		(40,658)	(39,427)	(40,449)	(39,603)
Write-back of Impairment on Financial Assets at FVOCI		30,838	4,945	30,851	4,941
		(9,820)	(34,482)	(9,598)	(34,662)
Impairment on Investment Assets at Amortised Cost		(52,525)	(30,412)	(52,526)	(30,412)
Write-back of Impairment on Investment Assets at Amortised Cost		1,045	476	782	371
		(51,480)	(29,936)	(51,744)	(30,041)
Write-back of Impairment on Commitments and Contingencies	19	18,361	1,346	-	-
		18,361	1,346	-	-
		(170,875)	(150,292)	(58,295)	(49,254)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 27. NET (IMPAIRMENT)/WRITE-BACK OF IMPAIRMENT ON INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Group		EPF	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Impairment on Investment in Associates	(99,482)	(32,967)	(4,656)	(116)
Write-back of Impairment on Investment in Associates	-	22,864	-	93,847
	(99,482)	(10,103)	(4,656)	93,731
Impairment on Investment in Subsidiaries	-	-	(71,996)	(67,195)
Write-back of Impairment on Investment in Subsidiaries	-	-	85,524	13,043
	-	-	13,528	(54,152)
	(99,482)	(10,103)	8,872	39,579

The Group and EPF impair their Investment in Subsidiaries and Associates when the carrying amount exceeds its recoverable amount and write back the impairment amount when the recoverable amount improves over time. The impairment assessment has been performed based on the appropriate valuation techniques depending on the nature of the business as disclosed in Note 2.1d.

### 28. OTHER INCOME

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Interest and Profit from Staff Loans		7,364	7,991	7,364	7,991
Dividend on Arrears of Contribution		47,713	33,748	47,713	33,748
Gain on Disposal:					
- Foreclosed Properties		3,980	2,597	-	-
- Assets Held for Sale		4,369	850	3,038	-
- Right-of-Use Assets		92	-	92	-
- Property, Plant and Equipment		449	658	608	666
Service Charges		107,304	105,132	65,583	66,469
Shariah Non-Compliant Income	32.4	48,510	30,905	48,510	30,905
Penalty Fees		20,949	16,985	8	8
Miscellaneous		57,707	37,502	9,965	12,973
		298,437	236,368	182,881	152,760

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 29. OPERATING EXPENDITURES

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Salaries, Allowances and Staff Costs	29a	<b>1,690,448</b>	1,516,312	<b>1,285,558</b>	1,197,813
Employee Benefits	22	<b>67,850</b>	9,943	<b>67,483</b>	9,943
Allowances/Fees for Board of Directors and Investment Panel		<b>3,208</b>	3,356	<b>3,208</b>	3,356
Allowances/Fees for Directors of Subsidiaries		<b>5,542</b>	5,388	-	-
Technical Services		<b>42,031</b>	40,113	<b>41,385</b>	39,650
Interest on Customers Deposits and Other Borrowings		<b>1,723,732</b>	1,130,242	-	-
Fees and Professional Charges		<b>677,338</b>	773,461	<b>27,011</b>	26,914
Audit Fees		<b>19,017</b>	16,183	<b>1,072</b>	1,055
Repairs and Maintenance		<b>235,012</b>	220,867	<b>109,288</b>	92,452
Postal and Telephone Charges		<b>33,790</b>	33,390	<b>28,365</b>	28,084
Rent and Assessments		<b>10,987</b>	11,443	<b>5,259</b>	5,302
Travelling and Transportation		<b>21,063</b>	12,807	<b>16,409</b>	9,963
Printing and Stationeries		<b>4,986</b>	5,300	<b>2,177</b>	2,360
Advertisements and Publishing		<b>38,677</b>	23,335	<b>22,491</b>	7,412
Non-Capitalised Renovation Expenses		<b>1,810</b>	8,443	<b>1,810</b>	8,443
Insurance		<b>3,267</b>	4,390	<b>1,186</b>	1,266
Amortisation of Intangible Assets	14	<b>48,267</b>	48,012	<b>6,598</b>	6,538
Depreciation of Investment Properties	15	<b>576,623</b>	373,591	<b>34,911</b>	33,562
Depreciation of Right-of-Use Assets	16a	<b>38,032</b>	38,093	<b>43,381</b>	27,323
Depreciation of Property, Plant and Equipment	17	<b>129,713</b>	119,303	<b>74,829</b>	67,410
Net Impairment/(Write-back of Impairment) on Other Receivables		<b>19,597</b>	(226)	<b>90</b>	1
Net Write-back of Impairment on Assets Held for Sale	12	-	(6,330)	-	-
Net Impairment/(Write-back of Impairment) on Investment Properties	15	<b>37,247</b>	200,279	<b>(643)</b>	(626)
Profit Expense on Lease Liabilities	16b	<b>28,255</b>	34,031	<b>25,940</b>	13,614
Write-offs of Receivables		<b>65</b>	1,704	<b>32</b>	1,704
Modification Loss		-	59,973	-	-
Miscellaneous		<b>19,495</b>	14,028	<b>11,949</b>	7,236
		<b>5,476,052</b>	4,697,431	<b>1,809,789</b>	1,590,775

- a. Included in Salaries, Allowances and Staff Costs is EPF contribution expenditures amounting to RM187.98 million (2022: RM164.83 million).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 30. STATUTORY CHARGES

	Note	Group and EPF	
		2023 (RM'000)	2022 (RM'000)
Death Benefit - Section 58(1)	30a	<b>66,863</b>	70,607
Incapacitation Benefit - Section 58(2)	30a	<b>4,265</b>	3,355
Invocation Cost - Section 50(3)	30b	<b>18,744</b>	15,381
		<b>89,872</b>	89,343

Statutory charges are costs borne by the EPF in accordance with the EPF Act 1991 as follows:

**a. Death Benefit (Under Section 58(1)) and Incapacitation Benefit (Under Section 58(2))**

Death Benefit and Incapacitation Benefit are provided for under the Section 58(1) and 58(2) of the EPF Act 1991 respectively where additional payment is made to the next of kin or the member upon withdrawals made under death and incapacitation schemes. This additional payment will be charged against the income during the year end is not paid out from the member's credits in the contribution account.

**b. Invocation Cost (Under Section 50(3))**

Invocation Cost under the Section 50(3), EPF Act 1991, is for the purpose of crediting employee contribution which has been deducted from the employee's salary as well as dividend attributable on the said contribution should the employer fails to pay such contribution to EPF.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 31. TAX AND ZAKAT

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
Malaysian Income Tax		82,092	233,885
Foreign Tax		204,593	214,257
		286,685	448,142
Under Provision of Previous Years:			
- Malaysian Income Tax		51,407	27,886
- Foreign Tax		23,118	1,423
		74,525	29,309
Deferred Tax Recognised in the Financial Year	18	(17,579)	(25,923)
<b>Tax Expenses for the Financial Year</b>		<b>343,631</b>	451,528
Zakat		8,392	3,176
<b>Total Tax Expenses and Zakat for the Financial Year</b>		<b>352,023</b>	454,704

A reconciliation of income tax expenses applicable to profit before tax at the applicable income tax rate of the Group is as follows:

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
Profit before Tax		42,020,090	38,025,721
Tax at Applicable Tax Rate of 24.09% (2022: 23.30%)	31a	10,121,503	8,861,270
Additional Tax Effect of Cukai Makmur		-	48,132
Income Not Subject to Tax		(10,056,185)	(8,633,292)
Expenses Not Deductible for Tax Purposes		213,214	172,157
Utilisation of Unutilised Tax Losses and Unabsorbed Capital Allowance Previously Not Recognised		(847)	(66)
Temporary Differences Not Recognised in Current Year		5,179	2,164
Under Provision of Taxation in Prior Years		74,525	29,309
Over Provision of Deferred Taxation in Prior Years		(13,758)	(28,146)
<b>Tax Expenses for the Financial Year</b>		<b>343,631</b>	451,528
Zakat		8,392	3,176
<b>Total Tax Expenses and Zakat for the Financial Year</b>		<b>352,023</b>	454,704

- a. The Group's applicable tax rate is derived from the consolidation of tax rates of all entities within the Group based on their respective local tax jurisdictions. EPF is exempted from Income Tax on its income under paragraph 20 - Schedule 6, Part I, Income Tax Act 1967 as stated in Note 2.16a.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 32. SIMPANAN SHARIAH DISCLOSURES

#### 32.1 Investment Assets

EPF	Note	2023			2022		
		Shariah (RM'000)	Conventional (RM'000)	Total (RM'000)	Shariah (RM'000)	Conventional (RM'000)	Total (RM'000)
<b>Deposits with Financial Institutions</b>							
Gross Deposits with Financial Institutions		24,147,269	28,046,515	52,193,784	25,081,048	22,195,889	47,276,937
Allowance for Impairment Losses		-	-	-	-	(1)	(1)
	3.2	24,147,269	28,046,515	52,193,784	25,081,048	22,195,888	47,276,936
<b>Loans, Advances and Financing (Note a)</b>							
Gross Loans, Advances and Financing		21,533,037	27,039,296	48,572,333	21,106,538	27,043,524	48,150,062
Allowance for Impairment Losses		(8,232)	(1,214)	(9,446)	(8,232)	(5,844)	(14,076)
	5.2	21,524,805	27,038,082	48,562,887	21,098,306	27,037,680	48,135,986
<b>Financial Assets at FVTPL</b>	6.2	3,073,801	77,681,577	80,755,378	2,592,499	71,999,060	74,591,559
<b>Financial Assets at FVOCI</b>							
i) Equity Instruments							
Domestic		81,392,876	58,540,403	139,933,279	83,014,100	57,596,502	140,610,602
Global		121,430,032	132,559,037	253,989,069	73,028,276	133,251,871	206,280,147
		202,822,908	191,099,440	393,922,348	156,042,376	190,848,373	346,890,749
ii) Perpetual Fixed Income Instruments							
Domestic		149,855	627,148	777,003	188,611	640,848	829,459
Global		9,757	169,496	179,253	10,347	214,623	224,970
		159,612	796,644	956,256	198,958	855,471	1,054,429

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 32. SIMPANAN SHARIAH DISCLOSURES (CONT'D.)

#### 32.1 Investment Assets (Cont'd.)

EPF	Note	2023			2022		
		Shariah (RM'000)	Conventional (RM'000)	Total (RM'000)	Shariah (RM'000)	Conventional (RM'000)	Total (RM'000)
<b>Financial Assets at FVOCI (Cont'd.)</b>							
iii) Fixed Income Instruments							
Domestic		27,189,746	40,927,253	68,116,999	21,578,835	36,476,775	58,055,610
Global		13,413,913	17,052,089	30,466,002	11,809,734	14,415,312	26,225,046
		40,603,659	57,979,342	98,583,001	33,388,569	50,892,087	84,280,656
iv) Other Instruments							
Domestic		6,542,150	7,757,631	14,299,781	7,197,385	949,024	8,146,409
Global		4,530,293	14,037,876	18,568,169	3,229,361	8,770,280	11,999,641
		11,072,443	21,795,507	32,867,950	10,426,746	9,719,304	20,146,050
	7.2	254,658,622	271,670,933	526,329,555	200,056,649	252,315,235	452,371,884
<b>Investment Assets at Amortised Cost</b>							
Gross Investment Assets at Amortised Cost		157,397,685	191,647,648	349,045,333	134,778,171	178,705,697	313,483,868
Allowance for Impairment Losses		(634,460)	(1,583)	(636,043)	(582,492)	(1,807)	(584,299)
	8.2	156,763,225	191,646,065	348,409,290	134,195,679	178,703,890	312,899,569
<b>Investment in Joint Ventures</b>							
Domestic Unquoted Equities	9.2	24,500	-	24,500	24,500	-	24,500
<b>Investment in Associates</b>							
Domestic Equities		2,503,092	9,670,384	12,173,476	2,503,091	9,561,259	12,064,350
Allowance for Impairment Losses		-	(90,857)	(90,857)	-	(86,201)	(86,201)
		2,503,092	9,579,527	12,082,619	2,503,091	9,475,058	11,978,149
Global Equities		178,500	-	178,500	-	-	-
Allowance for Impairment Losses		-	-	-	-	-	-
		178,500	-	178,500	-	-	-
	10.2	2,681,592	9,579,527	12,261,119	2,503,091	9,475,058	11,978,149

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 32. SIMPANAN SHARIAH DISCLOSURES (CONT'D.)

#### 32.1 Investment Assets (Cont'd.)

EPF	Note	2023			2022		
		Shariah (RM'000)	Conventional (RM'000)	Total (RM'000)	Shariah (RM'000)	Conventional (RM'000)	Total (RM'000)
<b>Investment in Subsidiaries</b>							
Domestic Equities		7,622,866	2,072,528	9,695,394	7,622,740	1,977,408	9,600,148
Allowance for Impairment							
Losses		(85)	(11,908)	(11,993)	(6,158)	(3,365)	(9,523)
		<b>7,622,781</b>	<b>2,060,620</b>	<b>9,683,401</b>	7,616,582	1,974,043	9,590,625
Global Equities		3,793,460	30,531,607	34,325,067	2,665,564	25,095,968	27,761,532
Allowance for Impairment							
Losses		(10,129)	(68,769)	(78,898)	(73,557)	(21,339)	(94,896)
		<b>3,783,331</b>	<b>30,462,838</b>	<b>34,246,169</b>	2,592,007	25,074,629	27,666,636
	11	<b>11,406,112</b>	<b>32,523,458</b>	<b>43,929,570</b>	10,208,589	27,048,672	37,257,261
<b>Assets Held for Sale</b>	12	<b>14,839</b>	-	<b>14,839</b>	16,516	-	16,516
<b>Investment Properties</b>	15	<b>989,265</b>	-	<b>989,265</b>	810,799	168,754	979,553
<b>Total Investment Assets</b>		<b>475,284,030</b>	<b>638,186,157</b>	<b>1,113,470,187</b>	396,587,676	588,944,237	985,531,913

As at 31 December 2023, investment assets in Shariah Portfolio for Simpanan Shariah and Simpanan Konvensional assets are RM198.01 billion (2022: RM159.68 billion) and RM277.27 billion (2022: RM236.92 billion), equivalent to 42% (2022: 40%) and 58% (2022: 60%) respectively of the total investment assets. Investment assets in Conventional Portfolio amounting to RM638.19 billion (2022: RM588.94 billion) is solely for Simpanan Konvensional.

- a. For the purpose of Note 32.1, staff loan is not included in Loans, Advances and Financing as above.

#### b. Investment Liabilities

EPF	Note	2023			2022		
		Shariah (RM'000)	Conventional (RM'000)	Total (RM'000)	Shariah (RM'000)	Conventional (RM'000)	Total (RM'000)
<b>Financial Liabilities at FVTPL</b>	6.2	<b>139,124</b>	<b>448,367</b>	<b>587,491</b>	88,585	273,360	361,945

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 32. SIMPANAN SHARIAH DISCLOSURES (CONT'D.)

#### 32.2 Contributions Account

EPF	Note	2023			2022		
		Simpanan Shariah (RM'000)	Simpanan Konvensional (RM'000)	Total (RM'000)	Simpanan Shariah (RM'000)	Simpanan Konvensional (RM'000)	Total (RM'000)
At 1 January		127,040,473	909,625,157	1,036,665,630	115,541,512	873,187,192	988,728,704
<b>Add:</b>							
Contribution Transferred from Simpanan Konvensional		9,287,875	-	9,287,875	7,835,442	-	7,835,442
Contribution Received and Adjustments		17,879,241	84,958,612	102,837,853	14,408,136	73,419,380	87,827,516
Dividend Credited to Members:							
- Simpanan Shariah: 5.40% (2022: 4.75%)	23.2	7,480,213	-	7,480,213	5,699,025	-	5,699,025
- Simpanan Konvensional: 5.50% (2022: 5.35%)	23.2	-	50,326,283	50,326,283	-	45,439,240	45,439,240
Adjustment on Dividend for Prior Year		1,632	33,304	34,936	1,735	7,482	9,217
		<b>161,689,434</b>	<b>1,044,943,356</b>	<b>1,206,632,790</b>	143,485,850	992,053,294	1,135,539,144
<b>Less:</b>							
Contribution Transferred to Simpanan Shariah		-	(9,287,875)	(9,287,875)	-	(7,835,442)	(7,835,442)
Contribution Withdrawals and Refunds		(11,188,466)	(39,378,663)	(50,567,129)	(16,445,377)	(74,592,695)	(91,038,072)
<b>At 31 December</b>	23	<b>150,500,968</b>	<b>996,276,818</b>	<b>1,146,777,786</b>	127,040,473	909,625,157	1,036,665,630

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**32. SIMPANAN SHARIAH DISCLOSURES (CONT'D.)****32.3 Statement of Profit or Loss**

EPF	Note	2023			2022		
		Simpanan Shariah (RM'000)	Simpanan Konvensional (RM'000)	Total (RM'000)	Simpanan Shariah (RM'000)	Simpanan Konvensional (RM'000)	Total (RM'000)
<b>INCOME</b>							
Gross Investment Income	24	4,876,516	39,797,889	44,674,405	4,979,584	33,772,928	38,752,512
Investment Expenditures	25	(171,087)	(1,401,575)	(1,572,662)	(139,883)	(1,351,716)	(1,491,599)
Net Impairment on Financial Investment Assets	26	(15,593)	(42,702)	(58,295)	(11,839)	(37,415)	(49,254)
Net Write-back of Impairment/ (Impairment) on Investment in Subsidiaries, Associates and Joint Ventures	27	19,765	(10,893)	8,872	(13,898)	53,477	39,579
Net Investment Income		4,709,601	38,342,719	43,052,320	4,813,964	32,437,274	37,251,238
Other Income	28	24,511	158,370	182,881	18,731	134,029	152,760
<b>Total Income</b>		<b>4,734,112</b>	<b>38,501,089</b>	<b>43,235,201</b>	<b>4,832,695</b>	<b>32,571,303</b>	<b>37,403,998</b>
<b>EXPENDITURES</b>							
Operating Expenditures	29	(243,360)	(1,566,429)	(1,809,789)	(200,920)	(1,389,855)	(1,590,775)
Statutory Charges	30	(11,836)	(78,036)	(89,872)	(11,051)	(78,292)	(89,343)
<b>Total Expenditures</b>		<b>(255,196)</b>	<b>(1,644,465)</b>	<b>(1,899,661)</b>	<b>(211,971)</b>	<b>(1,468,147)</b>	<b>(1,680,118)</b>
<b>Net Profit Attributable to Members</b>		<b>4,478,916</b>	<b>36,856,624</b>	<b>41,335,540</b>	<b>4,620,724</b>	<b>31,103,156</b>	<b>35,723,880</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 32. SIMPANAN SHARIAH DISCLOSURES (CONT'D.)

#### 32.4 Shariah Disclosure in Relation to Shariah Non-Compliant Income

Any income derived from the operation and investment transactions of the EPF Simpanan Shariah that are Shariah non-compliant due to certain reasons as determined by the SAC of EPF will be expended for such purposes as advised by the SAC pursuant to Rule 10 of the EPF (Simpanan Shariah Account) Rules 2016.

The SAC has resolved that the Shariah Non-Compliant Income can only be utilised for allowable expenses i.e. charitable activities such as payment of death benefit, incapacitation benefit and invocation cost and any excess Shariah Non-Compliant Income may be utilised for operating expenditure and indirect investment expenditure.

Total Shariah Non-Compliant Income and its utilisation for the financial year are as follows:

EPF Shariah Non-Compliant Income	Note	2023 (RM'000)	2022 (RM'000)
<b>Unutilised Shariah Non-Compliant Income as at 1 January (if any)</b>		-	-
<b>1. Shariah Non-Compliant Income</b>			
<b>i. Shariah Non-Compliant Income Recognised in Profit or Loss</b>			
<b>a. Shariah Non-Compliant Income from Shariah Investment and Operation of Simpanan Shariah</b>			
Interest on Foreign Current Accounts		4,730	2,140
Other Shariah Non-Compliant Income		-	-
		<b>4,730</b>	2,140
<b>b. Shariah Non-Compliant Income from Late Payment Charges</b>			
Late Payment Charges from Employers due to Late Payment of Contributions		42,722	28,637
Late Rental Charges due to Late Rental Payment on Shariah-Compliant Properties		1,058	127
Late Payment Charges on Utilisation of Kiosk and from Fund Management Institutions		-	1
		<b>43,780</b>	28,765
<b>Total Shariah Non-Compliant Income Recognised in Profit or Loss</b>	28	<b>48,510</b>	30,905

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 32. SIMPANAN SHARIAH DISCLOSURES (CONT'D.)

#### 32.4 Shariah Disclosure in Relation to Shariah Non-Compliant Income (Cont'd.)

EPF Shariah Non-Compliant Income	Note	2023 (RM'000)	2022 (RM'000)
<b>1. Shariah Non-Compliant Income (Cont'd.)</b>			
<b>ii. Shariah Non-Compliant Income Recognised in Cumulative Surplus</b>			
Excess Gain on Securities which had been Reclassified from Shariah to Conventional	23.2	8,532	1,886
<b>Total Shariah Non-Compliant Income Recognised in Cumulative Surplus</b>		<b>8,532</b>	<b>1,886</b>
<b>Total Shariah Non-Compliant Income during The Year</b>		<b>57,042</b>	<b>32,791</b>
<b>2. Utilisation of Shariah Non-Compliant Income</b>			
Statutory Charges	32.4a	(57,042)	(32,791)
<b>Total Utilisation of Shariah Non-Compliant Income during The Year</b>		<b>(57,042)</b>	<b>(32,791)</b>
<b>Total Unutilised Shariah Non-Compliant Income as at 31 December</b>		<b>-</b>	<b>-</b>

a. The actual amount of Statutory Charges for the year 2023 is RM89.87 million (2022: RM89.34 million) as stated in Note 30.

### 33. CASH AND CASH EQUIVALENTS

	Note	Group	
		2023 (RM'000)	2022 (RM'000)
Bank and Cash Balances		17,302,127	13,871,182
Bank Balances Maintained with Custodians		9,631,349	8,328,778
		<b>26,933,476</b>	22,199,960
Deposits and Placements with Financial Institutions		38,837,860	41,831,126
Money Market Account with Bank Negara Malaysia	3.1	2,601,615	325,156
		<b>68,372,951</b>	64,356,242

	Note	EPF	
		2023 (RM'000)	2022 (RM'000)
Bank and Cash Balances		13,083,313	9,093,233
Bank Balances Maintained with Custodians		9,631,349	8,328,778
		<b>22,714,662</b>	17,422,011
Deposits and Placements with Financial Institutions		33,693,866	39,961,167
Money Market Account with Bank Negara Malaysia	3.2	2,601,615	325,156
		<b>59,010,143</b>	57,708,334

## NOTES TO THE FINANCIAL STATEMENTS

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### 34. CAPITAL COMMITMENTS

	Note	Group		EPF	
		2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
<b>a. Capital Commitments for Projects</b>					
Approved and Contracted for		<b>77,963</b>	32,511	<b>19,290</b>	16,181
Approved but Not Contracted for		<b>194,539</b>	223,011	<b>194,539</b>	223,011
		<b>272,502</b>	255,522	<b>213,829</b>	239,192
<b>b. Capital Commitments for Investment in Funds</b>					
Approved and Contracted for	34i	<b>24,075,858</b>	18,411,638	<b>24,075,858</b>	18,411,638
<b>c. Capital Commitments for Investment in Subsidiaries, Associates and Joint Ventures</b>					
Approved and Contracted for	34i	<b>22,839,701</b>	23,228,079	<b>22,839,701</b>	23,228,079
<b>d. Operational Commitments</b>	34ii				
Direct Credit Substitutes		<b>80,589</b>	19,359	-	-
Trade-Related Contingencies		<b>69,139</b>	81,715	-	-
Short Term Self Liquidating Trade-Related Contingencies		<b>56,657</b>	29,069	-	-
Irrevocable Commitments to Extend Credit:					
- Within One (1) Year		<b>1,789,696</b>	793,601	-	-
- One (1) to Five (5) Years		<b>1,839,478</b>	1,885,883	-	-
- Over Five (5) Years		<b>361,078</b>	347,598	-	-
Interest Rate Related Contracts:					
- One (1) to Five (5) Years		<b>300,000</b>	-	-	-
Foreign Exchange Related Contracts:					
- Within One (1) Year		<b>2,820,048</b>	1,976,886	-	-
		<b>54,504,746</b>	47,029,350	<b>47,129,388</b>	41,878,909

- i. Capital commitments for investment in Funds and investment in Subsidiaries, Associates and Joint Ventures represent the remaining uncalled capital as at the reporting date. These payments are released progressively upon receipt of capital call notices from fund managers or general partners based on the agreed investment terms.
- ii. The Group undertakes various commitments and assumes certain contingent liabilities with legal recourse to its customers in the normal course of business. No material losses are anticipated as a result of these transactions.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK

#### 35.1 Credit Risk

Credit Risk is the risk of loss caused by a counterparty's or an obligor's failure to meet its payment obligations. Exposure to credit risk arises from its lending, hedging, trading and investing activities. The maximum exposure to credit risk represented by the carrying amount in the Statements of Financial Position.

The EPF maintains an average portfolio rating of AAA for its debt securities and loans.

As a matter of policy, the EPF invests only in debt securities with lowest rating of A band for domestic and BBB band for global investments. However, the EPF may also invest in unrated assets in which a rating is assigned using internal rating model that is consistent with the approach used by external rating agency.

The counterparty credit risk which arises from deposit placement with a financial institution is managed by setting limits in which all deposits are to be held with a financial institution rating of A3/A- band or higher.

The objective of credit risk management is to keep the credit risk exposure within the EPF's risk appetite statements and to ensure that the returns commensurate with the risk taken.

#### a. Credit Quality

The EPF has developed tools to measure credit risk such as the Credit Portfolio Management System which computes portfolio Credit Value at Risk (CVaR) for credit related assets and various credit systems to evaluate the creditworthiness of corporate borrowers.

The EPF's debt portfolios are managed by internal as well as external fund managers appointed by the Investment Panel. Both portfolios are subject to maximum exposure to ensure the portfolios are diversified.

The EPF also invests in short-term instruments and global bond/sukuk instruments within the approved universe. The universe facilitates the trading process and provides assurance to the EPF that the exposure to short-term papers and global bond/sukuk papers are only limited to rated issuers.

The EPF conducts regular review on the credit counterparties and monitor the rating transition to ensure credit quality is within the EPF's investment parameters.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### a. Credit Quality (Cont'd.)

The EPF classifies debt securities and loans into internal rating scales which are consistent with domestic and foreign rating agencies. The credit quality classifications are as follows:

##### Quality Classifications

##### i. Rating for Long Term Financial Obligations

Long Term Rating	Domestic Credit Rating	Global Credit Rating	Definition of Quality Classifications
Sovereign	Sovereign	Sovereign	Issued by Government of Malaysia or its Special Purpose Vehicles (SPV); or guaranteed by Government of Malaysia.
Strong	AAA and AA	AAA to A	Superior/high capacity to meet its financial obligations.
Moderate	A	BBB	Adequate capacity to meet its financial obligations.
Sub-Standard	BBB and below	BB and below	Low capacity to meet its financial obligations.

##### ii. Rating for Short Term Financial Obligations

Short Term Rating	Domestic Credit Rating	Definition of Quality Classifications
Strong	P1/MARC-1	Strong capacity to meet its short term financial obligations.
Moderate	P2/MARC-2	Adequate capacity to meet its short term financial obligations.

Short Term Rating	Global Credit Rating	Definition of Quality Classifications
Strong	A-1/P-1/F1	Strong capacity to meet its short term financial obligations.
Moderate	A-2/P-2/F2	Satisfactory capacity to meet its short term financial obligations.
Sub-Standard	A-3/P-3/F3	Adequate capacity to meet its short term financial obligations.

##### iii. Non-Rated Financial Assets

This refers to financial assets such as receivables, deposits, accrued interest and dividend, which do not have credit rating.

##### iv. Impaired Financial Assets

Exposure assessed individually which is considered impaired based on the EPF's accounting policies.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### a. Credit Quality (Cont'd.)

##### Maximum exposure to credit risk - Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which Expected Credit Loss Allowance is recognised. The gross carrying amount of financial assets below also represents the Group's and EPF's maximum exposure to credit risk on these assets.

##### (i) Deposits with Financial Institutions at Amortised Cost

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
Sovereign		6,995,258	-	-	6,995,258	5,622,037	-	-	5,622,037
Strong		45,545,767	-	-	45,545,767	38,620,861	-	-	38,620,861
Moderate		2,610,797	-	-	2,610,797	3,233,695	-	-	3,233,695
Non - Rated		1,446,633	-	-	1,446,633	1,377,556	-	-	1,377,556
<b>Gross Carrying Amount</b>		<b>56,598,455</b>	<b>-</b>	<b>-</b>	<b>56,598,455</b>	<b>48,854,149</b>	<b>-</b>	<b>-</b>	<b>48,854,149</b>
Allowance for Impairment Losses	35.1b (i)	-	-	-	-	(1)	-	-	(1)
<b>Net Carrying Amount</b>	3.1	<b>56,598,455</b>	<b>-</b>	<b>-</b>	<b>56,598,455</b>	<b>48,854,148</b>	<b>-</b>	<b>-</b>	<b>48,854,148</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
Sovereign		6,172,597	-	-	6,172,597	5,012,037	-	-	5,012,037
Strong		39,700,193	-	-	39,700,193	36,119,573	-	-	36,119,573
Moderate		4,874,472	-	-	4,874,472	4,767,878	-	-	4,767,878
Non - Rated		1,446,522	-	-	1,446,522	1,377,449	-	-	1,377,449
<b>Gross Carrying Amount</b>		<b>52,193,784</b>	<b>-</b>	<b>-</b>	<b>52,193,784</b>	<b>47,276,937</b>	<b>-</b>	<b>-</b>	<b>47,276,937</b>
Allowance for Impairment Losses	35.1b (i)	-	-	-	-	(1)	-	-	(1)
<b>Net Carrying Amount</b>	3.2	<b>52,193,784</b>	<b>-</b>	<b>-</b>	<b>52,193,784</b>	<b>47,276,936</b>	<b>-</b>	<b>-</b>	<b>47,276,936</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### a. Credit Quality (Cont'd.)

##### (ii) Receivables and Deposits

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
Strong		32,596	-	-	32,596	24,236	-	-	24,236
Moderate		514,648	3,342	-	517,990	312,636	-	-	312,636
Sub - Standard		27,544	-	5,616	33,160	-	-	-	-
Non - Rated		5,475,018	(207)	77,494	5,552,305	4,986,933	-	113,690	5,100,623
Impaired		-	-	92,896	92,896	-	-	7,932	7,932
<b>Gross Carrying Amount</b>		<b>6,049,806</b>	<b>3,135</b>	<b>176,006</b>	<b>6,228,947</b>	<b>5,323,805</b>	<b>-</b>	<b>121,622</b>	<b>5,445,427</b>
Allowance for Impairment Losses	4.1, 35.1b (ii)	(7,768)	(407)	(120,037)	(128,212)	(1,126)	-	(92,288)	(93,414)
<b>Net Carrying Amount</b>		<b>6,042,038</b>	<b>2,728</b>	<b>55,969</b>	<b>6,100,735</b>	<b>5,322,679</b>	<b>-</b>	<b>29,334</b>	<b>5,352,013</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
Non - Rated		4,673,139	-	-	4,673,139	4,444,252	-	-	4,444,252
Impaired		-	-	6,072	6,072	-	-	4,818	4,818
<b>Gross Carrying Amount</b>		<b>4,673,139</b>	<b>-</b>	<b>6,072</b>	<b>4,679,211</b>	<b>4,444,252</b>	<b>-</b>	<b>4,818</b>	<b>4,449,070</b>
Allowance for Impairment Losses	4.2, 35.1b (ii)	-	-	(6,072)	(6,072)	-	-	(4,818)	(4,818)
<b>Net Carrying Amount</b>		<b>4,673,139</b>	<b>-</b>	<b>-</b>	<b>4,673,139</b>	<b>4,444,252</b>	<b>-</b>	<b>-</b>	<b>4,444,252</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### a. Credit Quality (Cont'd.)

##### (iii) Loans, Advances and Financing at Amortised Cost

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
Sovereign		5,897,321	-	-	5,897,321	5,948,226	-	-	5,948,226
Strong		40,587,463	2,334	-	40,589,797	41,997,833	12,878	-	42,010,711
Moderate		3,204,994	62,774	-	3,267,768	4,719,252	259,625	-	4,978,877
Sub - Standard		5,412,638	457,113	-	5,869,751	11,706,301	1,268,159	-	12,974,460
Non - Rated		29,475,756	1,222,324	-	30,698,080	17,531,942	1,004,576	-	18,536,518
Impaired		-	-	3,055,714	3,055,714	-	-	2,607,225	2,607,225
<b>Gross Carrying Amount</b>		<b>84,578,172</b>	<b>1,744,545</b>	<b>3,055,714</b>	<b>89,378,431</b>	<b>81,903,554</b>	<b>2,545,238</b>	<b>2,607,225</b>	<b>87,056,017</b>
Allowance for Impairment Losses 35.1b (iii)		(345,139)	(80,059)	(1,128,408)	(1,553,606)	(296,200)	(337,893)	(994,161)	(1,628,254)
<b>Net Carrying Amount</b>	5.1	<b>84,233,033</b>	<b>1,664,486</b>	<b>1,927,306</b>	<b>87,824,825</b>	<b>81,607,354</b>	<b>2,207,345</b>	<b>1,613,064</b>	<b>85,427,763</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
Sovereign		5,897,321	-	-	5,897,321	5,948,226	-	-	5,948,226
Strong		41,879,705	-	-	41,879,705	41,823,005	-	-	41,823,005
Moderate		600,423	-	-	600,423	198,737	-	-	198,737
Non - Rated		196,090	-	-	196,090	214,011	-	-	214,011
Impaired		-	-	194,884	194,884	-	-	180,095	180,095
<b>Gross Carrying Amount</b>		<b>48,573,539</b>	<b>-</b>	<b>194,884</b>	<b>48,768,423</b>	<b>48,183,979</b>	<b>-</b>	<b>180,095</b>	<b>48,364,074</b>
Allowance for Impairment Losses 35.1b (iii)		(1,574)	-	(8,200)	(9,774)	(567)	-	(13,510)	(14,077)
<b>Net Carrying Amount</b>	5.2	<b>48,571,965</b>	<b>-</b>	<b>186,684</b>	<b>48,758,649</b>	<b>48,183,412</b>	<b>-</b>	<b>166,585</b>	<b>48,349,997</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### a. Credit Quality (Cont'd.)

##### (iv) Fixed Income Instruments and Other Instruments at FVOCI

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
Sovereign		61,985,935	-	-	61,985,935	51,182,604	-	-	51,182,604
Strong		61,762,247	57,521	-	61,819,768	51,243,387	180,872	-	51,424,259
Moderate		18,533,875	426,308	-	18,960,183	12,082,106	902,516	-	12,984,622
Sub - Standard		-	3,747	-	3,747	-	49,874	-	49,874
Non - Rated		1,004,296	-	20,960	1,025,256	862	-	-	862
Impaired		-	-	176,746	176,746	-	-	52,676	52,676
<b>Gross Carrying Amount</b>		<b>143,286,353</b>	<b>487,576</b>	<b>197,706</b>	<b>143,971,635</b>	<b>114,508,959</b>	<b>1,133,262</b>	<b>52,676</b>	<b>115,694,897</b>
Allowance for Impairment Losses		-	-	-	-	-	-	-	-
<b>Net Carrying Amount</b>	7.1	<b>143,286,353</b>	<b>487,576</b>	<b>197,706</b>	<b>143,971,635</b>	<b>114,508,959</b>	<b>1,133,262</b>	<b>52,676</b>	<b>115,694,897</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
Sovereign		52,863,791	-	-	52,863,791	40,811,718	-	-	40,811,718
Strong		59,282,182	57,521	-	59,339,703	50,226,544	180,872	-	50,407,416
Moderate		18,639,202	426,308	-	19,065,510	12,201,645	902,516	-	13,104,161
Sub - Standard		-	3,747	-	3,747	-	49,874	-	49,874
Non - Rated		1,454	-	-	1,454	862	-	-	862
Impaired		-	-	176,746	176,746	-	-	52,676	52,676
<b>Gross Carrying Amount</b>		<b>130,786,629</b>	<b>487,576</b>	<b>176,746</b>	<b>131,450,951</b>	<b>103,240,769</b>	<b>1,133,262</b>	<b>52,676</b>	<b>104,426,707</b>
Allowance for Impairment Losses		-	-	-	-	-	-	-	-
<b>Net Carrying Amount</b>	7.2	<b>130,786,629</b>	<b>487,576</b>	<b>176,746</b>	<b>131,450,951</b>	<b>103,240,769</b>	<b>1,133,262</b>	<b>52,676</b>	<b>104,426,707</b>

In line with MFRS 9, the impairment allowance for Fixed Income Instruments and Other Instruments is no longer disclosed in Financial Assets at FVOCI but is accounted for at Financial Assets at FVOCI Reserve. Details on the impairment allowance is shown at Note 35.1b(iv).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### a. Credit Quality (Cont'd.)

##### (v) Investment Assets at Amortised Cost

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
Sovereign		312,670,967	-	-	312,670,967	274,933,842	-	-	274,933,842
Strong		36,624,070	-	-	36,624,070	36,904,737	-	-	36,904,737
Moderate		823,358	-	-	823,358	156,690	-	-	156,690
Non - Rated		1,567,648	205,231	-	1,772,879	333,201	205,198	-	538,399
Impaired		-	-	1,440,961	1,440,961	-	-	1,475,751	1,475,751
<b>Gross Carrying Amount</b>		<b>351,686,043</b>	<b>205,231</b>	<b>1,440,961</b>	<b>353,332,235</b>	<b>312,328,470</b>	<b>205,198</b>	<b>1,475,751</b>	<b>314,009,419</b>
Allowance for Impairment Losses	35.1b (v)	(8,128)	(147)	(629,617)	(637,892)	(7,990)	(238)	(577,172)	(585,400)
<b>Net Carrying Amount</b>	8.1	<b>351,677,915</b>	<b>205,084</b>	<b>811,344</b>	<b>352,694,343</b>	<b>312,320,480</b>	<b>204,960</b>	<b>898,579</b>	<b>313,424,019</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
Sovereign		311,990,985	-	-	311,990,985	274,490,260	-	-	274,490,260
Strong		35,246,348	-	-	35,246,348	37,150,753	-	-	37,150,753
Moderate		106,511	-	-	106,511	106,511	-	-	106,511
Non - Rated		-	-	-	-	65	-	-	65
Impaired		-	-	1,701,489	1,701,489	-	-	1,736,279	1,736,279
<b>Gross Carrying Amount</b>		<b>347,343,844</b>	<b>-</b>	<b>1,701,489</b>	<b>349,045,333</b>	<b>311,747,589</b>	<b>-</b>	<b>1,736,279</b>	<b>313,483,868</b>
Allowance for Impairment Losses	35.1b (v)	(6,426)	-	(629,617)	(636,043)	(7,127)	-	(577,172)	(584,299)
<b>Net Carrying Amount</b>	8.2	<b>347,337,418</b>	<b>-</b>	<b>1,071,872</b>	<b>348,409,290</b>	<b>311,740,462</b>	<b>-</b>	<b>1,159,107</b>	<b>312,899,569</b>

## NOTES TO THE FINANCIAL STATEMENTS

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### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### a. Credit Quality (Cont'd.)

##### Maximum exposure to credit risk - Financial instruments not subject to impairment

The following table contains an analysis of the maximum credit risk exposure for financial assets not subject to impairment:

Group	Note	Maximum Exposure to Credit Risk	
		2023 (RM'000)	2022 (RM'000)
<b>Financial Assets</b>			
Investment Assets Held for Trading	6	21,407,673	18,373,762
Debt Instruments	6	74,432,510	61,703,564
Derivatives	6	2,917,838	4,749,114
		<b>98,758,021</b>	84,826,440

EPF	Note	Maximum Exposure to Credit Risk	
		2023 (RM'000)	2022 (RM'000)
<b>Financial Assets</b>			
Debt Instruments		70,820,355	61,254,664
Capital Advance to Subsidiaries		7,780,168	9,142,437
Derivatives		2,154,855	4,194,458
	6	<b>80,755,378</b>	74,591,559

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for the year ended 31 December 2023

**35. FINANCIAL RISK (CONT'D.)****35.1 Credit Risk (Cont'd.)****b. Financial Assets subject to Expected Credit Losses****Movement in the Allowance for Expected Credit Losses**

The movement in Allowance for Expected Credit Losses recognised during the period is due to the following factors:

- Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increase in credit risk or becoming credit-impaired during the period and vice-versa.
- New financial assets purchased during the period.
- Financial assets derecognised during the period.

The following tables explain the movement in the Allowance for Expected Credit Losses between the beginning and the end of the financial period:

**(i) Deposits with Financial Institutions at Amortised Cost**

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		1	-	-	1	10	-	-	10
Movements with Profit or Loss Impact									
Derecognised Financial Assets		(1)	-	-	(1)	-	-	-	-
Changes in PDs/LGDs/ EADs		-	-	-	-	1	-	-	1
Foreign Exchange and Other Movements		-	-	-	-	(10)	-	-	(10)
<b>At 31 December</b>	3.1	-	-	-	-	1	-	-	1

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		1	-	-	1	10	-	-	10
Movements with Profit or Loss Impact									
Derecognised Financial Assets		(1)	-	-	(1)	-	-	-	-
Changes in PDs/LGDs/ EADs		-	-	-	-	1	-	-	1
Foreign Exchange and Other Movements		-	-	-	-	(10)	-	-	(10)
<b>At 31 December</b>	3.2	-	-	-	-	1	-	-	1

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

#### b. Financial Assets subject to Expected Credit Losses (Cont'd.)

#### Movement in the Allowance for Expected Credit Losses (Cont'd.)

#### (ii) Receivables and Deposits

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		1,126	-	92,288	93,414	355	-	779,348	779,703
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 3		(649)	-	649	-	-	-	-	-
New Financial Assets Originated or Purchased		7,118	397	124,933	132,448	6	-	6,624	6,630
Derecognised Financial Assets		(5)	-	(8,730)	(8,735)	(66)	-	(70,682)	(70,748)
Changes in PDs/LGDs/ EADs		(17)	-	7,092	7,075	832	-	197	1,029
Foreign Exchange and Other Movements		195	10	(96,195)	(95,990)	(1)	-	(623,199)	(623,200)
<b>At 31 December</b>	4.1	<b>7,768</b>	<b>407</b>	<b>120,037</b>	<b>128,212</b>	<b>1,126</b>	<b>-</b>	<b>92,288</b>	<b>93,414</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		-	-	4,818	4,818	-	-	9,395	9,395
Movements with Profit or Loss Impact									
New Financial Assets Originated or Purchased		-	-	4,094	4,094	-	-	6,624	6,624
Derecognised Financial Assets		-	-	(2,840)	(2,840)	-	-	(11,201)	(11,201)
<b>At 31 December</b>	4.2	<b>-</b>	<b>-</b>	<b>6,072</b>	<b>6,072</b>	<b>-</b>	<b>-</b>	<b>4,818</b>	<b>4,818</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### b. Financial Assets subject to Expected Credit Losses (Cont'd.)

##### Movement in the Allowance for Expected Credit Losses (Cont'd.)

##### (iii) Loans, Advances and Financing at Amortised Cost

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		296,200	337,893	994,161	1,628,254	348,645	597,878	732,626	1,679,149
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 2		(4,752)	4,752	-	-	(13,883)	13,883	-	-
Transfer from Stage 1 to Stage 3		(2,418)	-	2,418	-	(2,729)	-	2,729	-
Transfer from Stage 2 to Stage 1		91,777	(91,777)	-	-	220,164	(220,164)	-	-
Transfer from Stage 2 to Stage 3		-	(80,799)	80,799	-	-	(126,049)	126,049	-
Transfer from Stage 3 to Stage 1		53,906	-	(53,906)	-	10,917	-	(10,917)	-
Transfer from Stage 3 to Stage 2		-	29,580	(29,580)	-	-	23,289	(23,289)	-
New Financial Assets Originated or Purchased		112,083	12,803	166,228	291,114	85,738	27,214	14,897	127,849
Derecognised Financial Assets		(208,215)	(105,958)	(411,073)	(725,246)	(242,969)	(44,178)	(50,534)	(337,681)
Changes in PDs/LGDs/ EADs		7,143	(26,435)	378,227	358,935	(109,786)	66,020	429,021	385,255
Foreign Exchange and Other Movements		(585)	-	1,134	549	103	-	(226,421)	(226,318)
<b>At 31 December</b>	5.1	<b>345,139</b>	<b>80,059</b>	<b>1,128,408</b>	<b>1,553,606</b>	<b>296,200</b>	<b>337,893</b>	<b>994,161</b>	<b>1,628,254</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		567	-	13,510	14,077	77	-	24,877	24,954
Movements with Profit or Loss Impact									
Derecognised Financial Assets		(2)	-	-	(2)	(2)	-	-	(2)
Changes in PDs/LGDs/ EADs		670	-	(4,950)	(4,280)	487	-	(11,573)	(11,086)
Foreign Exchange and Other Movements		339	-	(360)	(21)	5	-	206	211
<b>At 31 December</b>	5.2	<b>1,574</b>	<b>-</b>	<b>8,200</b>	<b>9,774</b>	<b>567</b>	<b>-</b>	<b>13,510</b>	<b>14,077</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### b. Financial Assets subject to Expected Credit Losses (Cont'd.)

##### Movement in the Allowance for Expected Credit Losses (Cont'd.)

##### (iv) Fixed Income Instruments and Other Instruments at FVOCI

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		46,187	9,503	291,783	347,473	25,589	422	369,260	395,271
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 2		1,148	(1,148)	-	-	(1,505)	1,505	-	-
Transfer from Stage 2 to Stage 1		416	(416)	-	-	22	(22)	-	-
Transfer from Stage 2 to Stage 3		-	(3,705)	3,705	-	-	-	-	-
New Financial Assets Originated or Purchased		1,375	-	20,960	22,335	10,523	3,663	(14)	14,172
Derecognised Financial Assets		(22,040)	(1,290)	(3,212)	(26,542)	(3,625)	(339)	(20,976)	(24,940)
Changes in PDs/LGDs/EADs		(12,606)	3,335	21,637	12,366	14,745	4,576	(53,881)	(34,560)
Foreign Exchange and Other Movements		(638)	895	117	374	438	(302)	(2,606)	(2,470)
<b>At 31 December</b>	23.3	<b>13,842</b>	<b>7,174</b>	<b>334,990</b>	<b>356,006</b>	<b>46,187</b>	<b>9,503</b>	<b>291,783</b>	<b>347,473</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		46,403	9,505	291,783	347,691	25,623	424	369,260	395,307
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 2		1,148	(1,148)	-	-	(1,505)	1,505	-	-
Transfer from Stage 2 to Stage 1		416	(416)	-	-	22	(22)	-	-
Transfer from Stage 2 to Stage 3		-	(3,705)	3,705	-	-	-	-	-
New Financial Assets Originated or Purchased		841	-	-	841	10,572	3,663	(14)	14,221
Derecognised Financial Assets		(12,875)	(1,290)	(3,212)	(17,377)	(3,621)	(339)	(20,976)	(24,936)
Changes in PDs/LGDs/EADs		(12,667)	3,335	21,637	12,305	14,874	4,576	(53,881)	(34,431)
Foreign Exchange and Other Movements		(637)	895	117	375	438	(302)	(2,606)	(2,470)
<b>At 31 December</b>	23.3	<b>22,629</b>	<b>7,176</b>	<b>314,030</b>	<b>343,835</b>	<b>46,403</b>	<b>9,505</b>	<b>291,783</b>	<b>347,691</b>

The impairment allowance for Fixed Income Instruments and Other Instruments at FVOCI is accounted for at Financial Assets at FVOCI Reserve.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**35. FINANCIAL RISK (CONT'D.)****35.1 Credit Risk (Cont'd.)****b. Financial Assets subject to Expected Credit Losses (Cont'd.)****Movement in the Allowance for Expected Credit Losses (Cont'd.)****(v) Investment Assets at Amortised Cost**

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		7,990	238	577,172	585,400	6,115	386	548,964	555,465
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 3		-	-	-	-	(2)	-	2	-
Transfer from Stage 2 to Stage 3		-	-	-	-	-	(16)	16	-
New Financial Assets Originated or Purchased		1,158	-	-	1,158	88	-	-	88
Derecognised Financial Assets		(283)	-	-	(283)	(1)	-	-	(1)
Changes in PDs/LGDs/ EADs		(737)	(91)	52,445	51,617	2,144	(132)	28,190	30,202
Foreign Exchange and Other Movements		-	-	-	-	(354)	-	-	(354)
<b>At 31 December</b>	8.1	<b>8,128</b>	<b>147</b>	<b>629,617</b>	<b>637,892</b>	<b>7,990</b>	<b>238</b>	<b>577,172</b>	<b>585,400</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		7,127	-	577,172	584,299	5,278	16	548,964	554,258
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 3		-	-	-	-	(2)	-	2	-
Transfer from Stage 2 to Stage 3		-	-	-	-	-	(16)	16	-
New Financial Assets Originated or Purchased		63	-	-	63	58	-	-	58
Derecognised Financial Assets		(252)	-	-	(252)	-	-	-	-
Changes in PDs/LGDs/ EADs		(512)	-	52,445	51,933	2,146	-	28,190	30,336
Foreign Exchange and Other Movements		-	-	-	-	(353)	-	-	(353)
<b>At 31 December</b>	8.2	<b>6,426</b>	<b>-</b>	<b>629,617</b>	<b>636,043</b>	<b>7,127</b>	<b>-</b>	<b>577,172</b>	<b>584,299</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### c. Movement in Gross Amount

The following table shows an analysis of the movement in carrying amount by asset class, gross of allowance for expected credit losses, for the same portfolio of assets subject to allowance for expected credit losses disclosed in Note 35.1(b):

##### (i) Deposits with Financial Institutions at Amortised Cost

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		48,854,149	-	-	48,854,149	51,168,880	300,600	-	51,469,480
Movements with Profit or Loss Impact									
New Financial Assets Originated or Purchased		841,514,978	-	-	841,514,978	858,931,149	-	-	858,931,149
Derecognised Financial Assets		(834,050,666)	-	-	(834,050,666)	(863,279,291)	(300,600)	-	(863,579,891)
Movement of Accrued Interest		133,415	-	-	133,415	92,388	-	-	92,388
Foreign Exchange and Other Movements		146,579	-	-	146,579	1,941,023	-	-	1,941,023
<b>At 31 December</b>	3.1, 35.1a (i)	<b>56,598,455</b>	<b>-</b>	<b>-</b>	<b>56,598,455</b>	<b>48,854,149</b>	<b>-</b>	<b>-</b>	<b>48,854,149</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		47,276,937	-	-	47,276,937	50,505,205	300,600	-	50,805,805
Movements with Profit or Loss Impact									
New Financial Assets Originated or Purchased		846,431,525	-	-	846,431,525	861,356,204	-	-	861,356,204
Derecognised Financial Assets		(841,800,466)	-	-	(841,800,466)	(866,627,258)	(300,600)	-	(866,927,858)
Movement of Accrued Interest		139,209	-	-	139,209	101,712	-	-	101,712
Foreign Exchange and Other Movements		146,579	-	-	146,579	1,941,074	-	-	1,941,074
<b>At 31 December</b>	3.2, 35.1a (i)	<b>52,193,784</b>	<b>-</b>	<b>-</b>	<b>52,193,784</b>	<b>47,276,937</b>	<b>-</b>	<b>-</b>	<b>47,276,937</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### c. Movement in Gross Amount (Cont'd.)

The following table shows an analysis of the movement in carrying amount by asset class, gross of allowance for expected credit losses, for the same portfolio of assets subject to allowance for expected credit losses disclosed in Note 35.1(b): (Cont'd.)

##### (ii) Receivables and Deposits

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		5,323,805	-	121,622	5,445,427	2,284,297	-	815,005	3,099,302
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 3		(8,244)	-	8,244	-	9,151	-	(9,151)	-
Transfer from Stage 3 to Stage 1		1,219	-	(1,219)	-	6,026	-	(6,026)	-
New Financial Assets Originated or Purchased		4,870,397	3,053	89,479	4,962,929	4,156,202	-	5,203	4,161,405
Derecognised Financial Assets		(4,191,472)	-	(42,810)	(4,234,282)	(1,112,942)	-	(60,115)	(1,173,057)
Foreign Exchange and Other Movements		54,101	82	690	54,873	(18,929)	-	(623,294)	(642,223)
<b>At 31 December</b>	4.1, 35.1a (ii)	<b>6,049,806</b>	<b>3,135</b>	<b>176,006</b>	<b>6,228,947</b>	<b>5,323,805</b>	<b>-</b>	<b>121,622</b>	<b>5,445,427</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		4,444,252	-	4,818	4,449,070	1,447,958	-	9,395	1,457,353
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 3		(503)	-	503	-	(1,414)	-	1,414	-
Transfer from Stage 3 to Stage 1		1,219	-	(1,219)	-	6,026	-	(6,026)	-
New Financial Assets Originated or Purchased		4,634,595	-	3,628	4,638,223	4,230,979	-	5,203	4,236,182
Derecognised Financial Assets		(4,406,424)	-	(1,658)	(4,408,082)	(1,239,297)	-	(5,168)	(1,244,465)
<b>At 31 December</b>	4.2, 35.1a (ii)	<b>4,673,139</b>	<b>-</b>	<b>6,072</b>	<b>4,679,211</b>	<b>4,444,252</b>	<b>-</b>	<b>4,818</b>	<b>4,449,070</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### c. Movement in Gross Amount (Cont'd.)

The following table shows an analysis of the movement in carrying amount by asset class, gross of allowance for expected credit losses, for the same portfolio of assets subject to allowance for expected credit losses disclosed in Note 35.1(b): (Cont'd.)

##### (iii) Loans, Advances and Financing at Amortised Cost

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		81,903,554	2,545,238	2,607,225	87,056,017	82,859,318	5,342,428	1,666,104	89,867,850
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 2		(541,739)	541,739	-	-	(865,713)	865,713	-	-
Transfer from Stage 1 to Stage 3		(168,120)	-	168,120	-	(218,266)	-	218,266	-
Transfer from Stage 2 to Stage 1		1,032,060	(1,032,060)	-	-	2,162,852	(2,162,852)	-	-
Transfer from Stage 2 to Stage 3		-	(376,845)	376,845	-	-	(859,367)	859,367	-
Transfer from Stage 3 to Stage 1		76,780	-	(76,780)	-	18,473	-	(18,473)	-
Transfer from Stage 3 to Stage 2		-	79,741	(79,741)	-	-	35,797	(35,797)	-
New Financial Assets Originated or Purchased		12,114,558	609,822	694,723	13,419,103	10,323,455	498,125	112,761	10,934,341
Derecognised Financial Assets		(10,073,897)	(576,356)	(473,987)	(11,124,240)	(12,431,213)	(1,059,852)	(146,750)	(13,637,815)
Movement of Accrued Interest		789,880	-	31,958	821,838	728,092	-	23,505	751,597
Modification Loss		-	-	-	-	(57,134)	(2,839)	-	(59,973)
Foreign Exchange and Other Movements		(554,904)	(46,734)	(192,649)	(794,287)	(616,310)	(111,915)	(71,758)	(799,983)
<b>At 31 December</b>	5.1, 35.1a (iii)	<b>84,578,172</b>	<b>1,744,545</b>	<b>3,055,714</b>	<b>89,378,431</b>	<b>81,903,554</b>	<b>2,545,238</b>	<b>2,607,225</b>	<b>87,056,017</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		48,183,979	-	180,095	48,364,074	52,963,493	-	166,290	53,129,783
Movements with Profit or Loss Impact									
New Financial Assets Originated or Purchased		1,950,634	-	-	1,950,634	1,989,117	-	-	1,989,117
Derecognised Financial Assets		(1,678,344)	-	-	(1,678,344)	(6,837,118)	-	-	(6,837,118)
Movement of Accrued Interest		850,999	-	37,046	888,045	757,299	-	29,876	787,175
Foreign Exchange and Other Movements		(733,729)	-	(22,257)	(755,986)	(688,812)	-	(16,071)	(704,883)
<b>At 31 December</b>	5.2, 35.1a (iii)	<b>48,573,539</b>	<b>-</b>	<b>194,884</b>	<b>48,768,423</b>	<b>48,183,979</b>	<b>-</b>	<b>180,095</b>	<b>48,364,074</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**35. FINANCIAL RISK (CONT'D.)****35.1 Credit Risk (Cont'd.)****c. Movement in Gross Amount (Cont'd.)**

The following table shows an analysis of the movement in carrying amount by asset class, gross of allowance for expected credit losses, for the same portfolio of assets subject to allowance for expected credit losses disclosed in Note 35.1(b): (Cont'd.)

**(iv) Fixed Income Instruments and Other Instruments at FVOCI**

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		114,508,959	1,133,262	52,676	115,694,897	109,530,290	298,825	317,517	110,146,632
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 2		(94,739)	94,739	-	-	(721,823)	721,823	-	-
Transfer from Stage 1 to Stage 3		(98,462)	-	98,462	-	-	-	-	-
Transfer from Stage 2 to Stage 1		234,837	(234,837)	-	-	35,262	(35,262)	-	-
Transfer from Stage 2 to Stage 3		-	(3,508)	3,508	-	-	-	-	-
Transfer from Stage 3 to Stage 2		-	(49,097)	49,097	-	-	-	-	-
New Financial Assets Originated or Purchased		64,251,693	346,022	20,960	64,618,675	33,694,460	280,715	-	33,975,175
Derecognised Financial Assets		(41,385,441)	(508,149)	(10,651)	(41,904,241)	(22,639,921)	(100,484)	(377,835)	(23,118,240)
Movement of Accrued Interest		1,256,671	4,717	28,752	1,290,140	966,423	10,590	171	977,184
Foreign Exchange and Other Movements		4,612,835	(295,573)	(45,098)	4,272,164	(6,355,732)	(42,945)	112,823	(6,285,854)
<b>At 31 December</b>	7.1, 35.1a (iv)	<b>143,286,353</b>	<b>487,576</b>	<b>197,706</b>	<b>143,971,635</b>	<b>114,508,959</b>	<b>1,133,262</b>	<b>52,676</b>	<b>115,694,897</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### c. Movement in Gross Amount (Cont'd.)

The following table shows an analysis of the movement in carrying amount by asset class, gross of allowance for expected credit losses, for the same portfolio of assets subject to allowance for expected credit losses disclosed in Note 35.1(b): (Cont'd.)

##### (iv) Fixed Income Instruments and Other Instruments at FVOCI (Cont'd.)

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		103,240,769	1,133,262	52,676	104,426,707	97,804,592	298,825	317,517	98,420,934
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 2		(94,739)	94,739	-	-	(721,823)	721,823	-	-
Transfer from Stage 1 to Stage 3		(98,462)	-	98,462	-	-	-	-	-
Transfer from Stage 2 to Stage 1		234,837	(234,837)	-	-	35,262	(35,262)	-	-
Transfer from Stage 2 to Stage 3		-	(3,508)	3,508	-	-	-	-	-
Transfer from Stage 3 to Stage 2		-	(49,097)	49,097	-	-	-	-	-
New Financial Assets Originated or Purchased		59,664,800	346,022	-	60,010,822	33,739,596	280,715	-	34,020,311
Derecognised Financial Assets		(38,031,035)	(508,149)	(10,651)	(38,549,835)	(22,224,586)	(100,484)	(377,835)	(22,702,905)
Movement of Accrued Interest		1,256,614	4,717	28,752	1,290,083	966,708	10,590	171	977,469
Foreign Exchange and Other Movements		4,613,845	(295,573)	(45,098)	4,273,174	(6,358,980)	(42,945)	112,823	(6,289,102)
<b>At 31 December</b>	7.2, 35.1a (iv)	<b>130,786,629</b>	<b>487,576</b>	<b>176,746</b>	<b>131,450,951</b>	<b>103,240,769</b>	<b>1,133,262</b>	<b>52,676</b>	<b>104,426,707</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### c. Movement in Gross Amount (Cont'd.)

The following table shows an analysis of the movement in carrying amount by asset class, gross of allowance for expected credit losses, for the same portfolio of assets subject to allowance for expected credit losses disclosed in Note 35.1(b): (Cont'd.)

##### (v) Investment Assets at Amortised Cost

Group	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		312,328,470	205,198	1,475,751	314,009,419	296,404,033	241,154	1,215,684	297,860,871
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 3		-	-	-	-	(180,000)	-	180,000	-
Transfer from Stage 2 to Stage 3		-	-	-	-	-	(35,000)	35,000	-
New Financial Assets Originated or Purchased		59,451,510	-	49,811	59,501,321	52,204,360	-	-	52,204,360
Derecognised Financial Assets		(20,527,527)	-	(71,831)	(20,599,358)	(33,825,052)	(68)	-	(33,825,120)
Movement of Accrued Interest		3,651,934	33	(46,020)	3,605,947	3,056,344	-	9,957	3,066,301
Foreign Exchange and Other Movements		(3,218,344)	-	33,250	(3,185,094)	(5,331,215)	(888)	35,110	(5,296,993)
<b>At 31 December</b>	8.1, 35.1a (v)	<b>351,686,043</b>	<b>205,231</b>	<b>1,440,961</b>	<b>353,332,235</b>	<b>312,328,470</b>	<b>205,198</b>	<b>1,475,751</b>	<b>314,009,419</b>

EPF	Note	2023				2022			
		Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)	Stage 1 (RM'000)	Stage 2 (RM'000)	Stage 3 (RM'000)	Total (RM'000)
At 1 January		311,747,589	-	1,736,279	313,483,868	296,989,719	35,888	1,487,141	298,512,748
Movements with Profit or Loss Impact									
Transfer:									
Transfer from Stage 1 to Stage 3		-	-	-	-	(180,000)	-	180,000	-
Transfer from Stage 2 to Stage 3		-	-	-	-	-	(35,000)	35,000	-
New Financial Assets Originated or Purchased		54,974,439	-	-	54,974,439	51,186,590	-	258,000	51,444,590
Derecognised Financial Assets		(19,810,514)	-	(71,831)	(19,882,345)	(33,972,703)	-	(268,000)	(34,240,703)
Movement of Accrued Interest		3,650,673	-	3,791	3,654,464	3,055,199	-	9,028	3,064,227
Foreign Exchange and Other Movements		(3,218,343)	-	33,250	(3,185,093)	(5,331,216)	(888)	35,110	(5,296,994)
<b>At 31 December</b>	8.2, 35.1a (v)	<b>347,343,844</b>	<b>-</b>	<b>1,701,489</b>	<b>349,045,333</b>	<b>311,747,589</b>	<b>-</b>	<b>1,736,279</b>	<b>313,483,868</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

##### d. Financial Effects of Collaterals Held for Financial Assets Exposed to Credit Risk

The Group and EPF employ a range of policies and practices to mitigate credit risk. The most common approach is accepting collateral for investments undertaken.

The main type of collaterals are:

- (a) Land and Buildings;
- (b) Cash and Fixed Deposits;
- (c) Government Guarantees; and
- (d) Quoted Shares.

The Group's policies on collaterals have not significantly changed during the reporting period. In addition, there is no significant change in the overall quality of the collaterals held by the Group since the previous financial period.

The Group monitors closely collaterals held for financial assets considered to be credit-impaired if it becomes more likely that the Group will take possession of the collaterals to mitigate potential credit losses.

Exposure to financial impact of collaterals is only for Stage 3 financial assets that suffers from credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

Group	2023				2022			
	Gross Exposure (RM'000)	Allowance for Impairment Losses (RM'000)	Carrying Amount (RM'000)	Fair Value of Collateral Held (RM'000)	Gross Exposure (RM'000)	Allowance for Impairment Losses (RM'000)	Carrying Amount (RM'000)	Fair Value of Collateral Held (RM'000)
Receivables and Deposits	168,821	(120,037)	48,784	39,552	121,622	(92,288)	29,334	-
Loans, Advances and Financing at Amortised Cost	3,055,714	(1,128,408)	1,927,306	1,929,904	2,607,225	(994,161)	1,613,064	2,192,228
Fixed Income Instruments and Other Instruments at FVOCI	197,706	(334,990)	(137,284)	780,489	52,676	(291,783)	(239,107)	-
Investment Assets at Amortised Costs	1,440,961	(629,617)	811,344	343,169	1,475,751	(577,172)	898,579	415,000
	<b>4,863,202</b>	<b>(2,213,052)</b>	<b>2,650,150</b>	<b>3,093,114</b>	<b>4,257,274</b>	<b>(1,955,404)</b>	<b>2,301,870</b>	<b>2,607,228</b>

EPF	2023				2022			
	Gross Exposure (RM'000)	Allowance for Impairment Losses (RM'000)	Carrying Amount (RM'000)	Fair Value of Collateral Held (RM'000)	Gross Exposure (RM'000)	Allowance for Impairment Losses (RM'000)	Carrying Amount (RM'000)	Fair Value of Collateral Held (RM'000)
Receivables and Deposits	6,072	(6,072)	-	-	4,818	(4,818)	-	-
Loans, Advances and Financing at Amortised Cost	194,884	(8,200)	186,684	345,000	180,095	(13,510)	166,585	-
Fixed Income Instruments and Other Instruments at FVOCI	176,746	(314,030)	(137,284)	780,489	52,676	(291,783)	(239,107)	-
Investment Assets at Amortised Costs	1,701,489	(629,617)	1,071,872	343,169	1,736,279	(577,172)	1,159,107	415,000
	<b>2,079,191</b>	<b>(957,919)</b>	<b>1,121,272</b>	<b>1,468,658</b>	<b>1,973,868</b>	<b>(887,283)</b>	<b>1,086,585</b>	<b>415,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.1 Credit Risk (Cont'd.)

- e. During the financial year 2023, a subsidiary of EPF has written off RM330.33 million (2022: RM255.15 million) of Loans, Advances and Financing as it is not reasonable to expect full recovery of the amount. The subsidiary is seeking to recover the outstanding contractual amounts of such assets written off. Meanwhile, there was no Financial Asset written off by EPF in 2023 and 2022.

#### 35.2 Liquidity Risk

Liquidity risk relates to the inability of the Group and EPF to meet its financial commitments and obligations when they fall due. EPF's exposure to liquidity risk is limited as all contributions are mandated by EPF Act 1991 through deduction of salaries and members are only allowed to make withdrawals under pre-retirement and retirement schemes. EPF manages its liquidity requirements through:

- Monitoring of its daily cash flow and projecting monthly cash flow for a rolling 12 months basis;
- Allocating 3% of its asset's value for short term instruments in the form of cash and placements in financial institutions in order to meet members' withdrawals and other financial commitments and obligations; and
- Diversifying its investment portfolio by setting the concentration limits on name, sector and asset type.

Over the medium and longer term, EPF is able to meet its liquidity requirements through its holdings of liquid investments such as publicly traded equities and fixed income securities. The maturity profile of the EPF assets and liabilities is also monitored within a stipulated level. The Group and EPF financial liabilities are categorised into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.2 Liquidity Risk (Cont'd.)

- a. The table below shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities as at the reporting date:

Group	2023				
	Contractual Cash Flows				
	On Demand or within One Year (RM'000)	One to Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)	Carrying Amount (RM'000)
<b>Non-Derivative Liabilities</b>					
Contribution Withdrawal Payables	7,611	-	-	7,611	7,611
Payables and Accrued Liabilities <sup>#</sup>	4,919,615	933,513	213,696	6,066,824	6,066,824
Deposits and Advances	43,252,665	3,673,410	41,123	46,967,198	45,736,408
Lease Liabilities	40,722	90,254	1,693,550	1,824,526	690,869
Loans and Overdrafts	7,754,145	18,104,544	1,870,531	27,729,220	25,893,194
	<b>55,974,758</b>	<b>22,801,721</b>	<b>3,818,900</b>	<b>82,595,379</b>	<b>78,394,906</b>
<b>Net Settled Amount</b>					
<b>Derivatives</b>					
Forward Contract	546,150	31,905	-	578,055	578,372
Interest Rate Swap	6,018	50,702	-	56,720	56,721
Net Outflow	<b>552,168</b>	<b>82,607</b>	-	<b>634,775</b>	<b>635,093</b>
<b>Gross Settled Amount</b>					
<b>Derivatives</b>					
Cross Currency Swap					
- Outflow	-	737,670	109,620	847,290	46,181
- Inflow	-	(692,411)	(106,952)	(799,363)	-
	-	45,259	2,668	47,927	46,181
<b>Total Financial Liabilities</b>	<b>56,526,926</b>	<b>22,929,587</b>	<b>3,821,568</b>	<b>83,278,081</b>	<b>79,076,180</b>
<b>Commitments and Contingencies*</b>	<b>1,968,753</b>	<b>2,162,816</b>	<b>365,068</b>	<b>4,496,637</b>	<b>4,496,637</b>

<sup>#</sup> Payables and Accrued Liabilities exclude other provisions and accruals, rent received in advance, contract liabilities as well as deferred income as these items are classified as non-financial liabilities.

\* Commitments and Contingencies exclude foreign exchange related contracts.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.2 Liquidity Risk (Cont'd.)

- a. The table below shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities as at the reporting date: (Cont'd.)

Group	2022				
	Contractual Cash Flows				
	On Demand or within One Year (RM'000)	One to Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)	Carrying Amount (RM'000)
<b>Non-Derivative Liabilities</b>					
Contribution Withdrawal Payables	11,737	-	-	11,737	11,737
Payables and Accrued Liabilities <sup>#</sup>	5,756,527	475,677	199,457	6,431,661	6,431,661
Deposits and Advances	35,002,276	3,494,042	33,268	38,529,586	37,499,495
Lease Liabilities	44,187	87,334	1,276,076	1,407,597	639,092
Loans and Overdrafts	2,082,468	18,637,075	1,616,313	22,335,856	21,416,970
	42,897,195	22,694,128	3,125,114	68,716,437	65,998,955
<b>Net Settled Amount</b>					
<b>Derivatives</b>					
Forward Contract	311,495	-	-	311,495	311,495
Interest Rate Swap	125,798	291,705	-	417,503	529,040
Net Outflow	437,293	291,705	-	728,998	840,535
<b>Gross Settled Amount</b>					
<b>Derivatives</b>					
Cross Currency Swap					
- Outflow	-	127,890	109,620	237,510	73,920
- Inflow	-	(81,162)	(83,772)	(164,934)	-
	-	46,728	25,848	72,576	73,920
<b>Total Financial Liabilities</b>	43,334,488	23,032,561	3,150,962	69,518,011	66,913,410
<b>Commitments and Contingencies*</b>					
	894,762	1,911,502	350,961	3,157,225	3,157,225

<sup>#</sup> Payables and Accrued Liabilities exclude other provisions and accruals, rent received in advance, contract liabilities as well as deferred income as these items are classified as non-financial liabilities.

\* Commitments and Contingencies exclude foreign exchange related contracts.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.2 Liquidity Risk (Cont'd.)

- a. The table below shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities as at the reporting date: (Cont'd.)

EPF	2023				
	Contractual Cash Flows				
	On Demand or within One Year (RM'000)	One to Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)	Carrying Amount (RM'000)
<b>Non-Derivative Liabilities</b>					
Contribution Withdrawal Payables	7,611	-	-	7,611	7,611
Payables and Accrued Liabilities <sup>#</sup>	3,437,955	24,411	37,402	3,499,768	3,499,768
Deposits and Advances	330,535	64,737	21,059	416,331	416,331
Lease Liabilities	48,122	206,077	599,024	853,223	583,766
	<b>3,824,223</b>	<b>295,225</b>	<b>657,485</b>	<b>4,776,933</b>	<b>4,507,476</b>
<b>Net Settled Amount</b>					
<b>Derivatives</b>					
Forward Contract	541,310	-	-	541,310	541,310
Net Outflow	541,310	-	-	541,310	541,310
<b>Gross Settled Amount</b>					
<b>Derivatives</b>					
Cross Currency Swap					
- Outflow	-	737,670	109,620	847,290	46,181
- Inflow	-	(692,411)	(106,952)	(799,363)	-
	-	45,259	2,668	47,927	46,181
<b>Total Financial Liabilities</b>	<b>4,365,533</b>	<b>340,484</b>	<b>660,153</b>	<b>5,366,170</b>	<b>5,094,967</b>

<sup>#</sup> Payables and Accrued Liabilities exclude other provisions and accruals, rent received in advance, contract liabilities as well as deferred income as these items are classified as non-financial liabilities.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**35. FINANCIAL RISK (CONT'D.)****35.2 Liquidity Risk (Cont'd.)**

- a. The table below shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturities as at the reporting date: (Cont'd.)

EPF	2022				
	Contractual Cash Flows				
	On Demand or within One Year (RM'000)	One to Five Years (RM'000)	Over Five Years (RM'000)	Total (RM'000)	Carrying Amount (RM'000)
<b>Non-Derivative Liabilities</b>					
Contribution Withdrawal Payables	11,737	-	-	11,737	11,737
Payables and Accrued Liabilities <sup>#</sup>	4,435,946	32,304	14,783	4,483,033	4,483,033
Deposits and Advances	444,382	2,428	4,111	450,921	450,921
Lease Liabilities	51,314	213,619	655,767	920,700	636,987
	4,943,379	248,351	674,661	5,866,391	5,582,678
<b>Net Settled Amount</b>					
<b>Derivatives</b>					
Forward Contract	288,025	-	-	288,025	288,025
Net Outflow	288,025	-	-	288,025	288,025
<b>Gross Settled Amount</b>					
<b>Derivatives</b>					
Cross Currency Swap					
- Outflow	-	127,890	109,620	237,510	73,920
- Inflow	-	(81,162)	(83,772)	(164,934)	-
	-	46,728	25,848	72,576	73,920
<b>Total Financial Liabilities</b>	5,231,404	295,079	700,509	6,226,992	5,944,623

<sup>#</sup> Payables and Accrued Liabilities exclude other provisions and accruals, rent received in advance, contract liabilities as well as deferred income as these items are classified as non-financial liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.3 Market Risk

Market risk is the risk of losses arising from changes in the value of portfolios and financial instruments due to the movements in equity prices, interest rates and foreign exchange rate.

The objective of market risk management is to ensure that EPF exposures to these risks are within the risk appetite. This is done through an annual review of various policies and limits, periodic reports to monitor market risk at portfolio level for each asset class and independent validation performed on the underlying risk methodology.

The EPF adopts the following risk measurements to manage its market risk:

- i. Single customer exposure limit, ownership, country and sector concentration limits to ensure appropriate diversification of risk exposures.
- ii. Value at Risk (VaR) is a statistical measure of the potential losses that could occur as a result of movements in interest rates and prices over a specified time horizon within a given confidence level.
- iii. Duration is to manage the sensitivity of the price of a fixed income investment arising from interest rate movement.
- iv. Tracking Error is a standard deviation of the portfolio's excess returns relative to a benchmark in measuring and benchmarking the performance of the portfolio.
- v. Stress testing is an exercise conducted to capture the potential market risk exposure of 'what-if' scenarios. It incorporates factors such as correlation, volatility and returns at different levels. The stress tests are performed periodically and reported to the management.

The EPF subsidiary's market risk management includes the monitoring of fluctuations in net profit/interest income or investment value due to changes in relevant market risk factors. The market risk exposures are monitored on periodic basis through committee meetings and regular reports.

#### a. Price Risk

Price risk arises from the movements in the price of equities, both domestic and global. EPF identifies acceptable benchmarks for each respective portfolio and measures the deviation from these benchmarks to ensure that each portfolio is within EPF's investment parameter.

EPF manages its price risk through diversification and prudent selection of equities as approved by the Investment Panel.

The overall investment exposure is being monitored on a daily basis.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.3 Market Risk (Cont'd.)

##### a. Price Risk (Cont'd.)

The table below summarises the impact on the carrying amount of equity positions as at reporting date arising from the changes in equity prices. The analysis is based on the assumption that the market index components increase or decrease by a reasonable shift, with all other variables remain constant and that the fair value of the equities move according to the historical correlation with the market index.

Group Index	2023			
	Quoted Equities at FVOCI	Fair Value (RM'000)	Changes in Market Index	Sensitivity Impact to the Financial Assets at FVOCI Reserve Increase/(Decrease) (RM'000)
FBM KLCI	Domestic	139,519,426	+5%	6,216,289
			-5%	(6,199,849)
MSCI World	Global	253,989,069	+10%	18,006,882
			-10%	(17,881,669)
		393,508,495		

EPF Index	2023			
	Quoted Equities at FVOCI	Fair Value (RM'000)	Changes in Market Index	Sensitivity Impact to the Financial Assets at FVOCI Reserve Increase/(Decrease) (RM'000)
FBM KLCI	Domestic	139,519,749	+5%	6,216,289
			-5%	(6,199,849)
MSCI World	Global	253,989,069	+10%	18,006,882
			-10%	(17,881,669)
		393,508,818		

Group and EPF Index	2022			
	Quoted Equities at FVOCI	Fair Value (RM'000)	Changes in Market Index	Sensitivity Impact to the Financial Assets at FVOCI Reserve Increase/(Decrease) (RM'000)
FBM KLCI	Domestic	140,492,583	+5%	12,542,845
			-5%	(12,439,585)
MSCI World	Global	206,280,148	+10%	11,037,779
			-10%	(11,104,862)
		346,772,731		

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.3 Market Risk (Cont'd.)

##### b. Interest Rate Risk

Interest rate risk arises from investments in loan with floating interest rate instruments and fixed income instruments under FVOCI and FVTPL.

The EPF has put in place an interest rate hedging policy for its fixed income portfolios classified as FVOCI and FVTPL.

The objective of the policy is to hedge its exposure against changes in the fair value of assets arising from interest rate movements.

In managing profit/interest rate risk, the EPF's subsidiary intend to maximise net profit/interest income and net profit/interest margin and minimise the significant volatilities that may arise in relation to the assets and liabilities.

The table below summarises the sensitivity of fixed income instruments on the Profit before Tax and Financial Assets at FVOCI Reserve arising from changes in the interest rates by 100 basis points based on the assumption that the positions are unhedged:

Group	2023			
	Impact on Profit before Tax when Interest Rates Change		Impact on Financial Assets at FVOCI Reserve when Interest Rates Change	
	±100 Basis Points Increase/(Decrease)		±100 Basis Points Increase/(Decrease)	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
	+100bps	-100bps	+100bps	-100bps
Fixed Income Instruments	(1,094,866)	1,094,866	(9,160,662)	9,160,662

Group	2022			
	Impact on Profit before Tax when Interest Rates Change		Impact on Financial Assets at FVOCI Reserve when Interest Rates Change	
	±100 Basis Points Increase/(Decrease)		±100 Basis Points Increase/(Decrease)	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
	+100bps	-100bps	+100bps	-100bps
Fixed Income Instruments	(1,176,806)	1,176,806	(7,211,445)	7,211,445

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**35. FINANCIAL RISK (CONT'D.)****35.3 Market Risk (Cont'd.)****b. Interest Rate Risk (Cont'd.)**

The table below summarises the sensitivity of fixed income instruments on the Profit before Tax and Financial Assets at FVOCI Reserve arising from changes in the interest rates by 100 basis points based on the assumption that the positions are unhedged: (Cont'd.)

EPF	2023			
	Impact on Profit before Tax when Interest Rates Change		Impact on Financial Assets at FVOCI Reserve when Interest Rates Change	
	±100 Basis Points Increase/(Decrease)		±100 Basis Points Increase/(Decrease)	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
	+100bps	-100bps	+100bps	-100bps
Fixed Income Instruments	(1,558,380)	1,558,380	(9,160,662)	9,160,662

EPF	2022			
	Impact on Profit before Tax when Interest Rates Change		Impact on Financial Assets at FVOCI Reserve when Interest Rates Change	
	±100 Basis Points Increase/(Decrease)		±100 Basis Points Increase/(Decrease)	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
	+100bps	-100bps	+100bps	-100bps
Fixed Income Instruments	(1,291,531)	1,291,531	(7,211,445)	7,211,445

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.3 Market Risk (Cont'd.)

##### c. Foreign Exchange Risk

EPF invests globally and is exposed to foreign exchange risk arising from exposures to various foreign currencies other than Ringgit Malaysia.

EPF has put in place a foreign currency hedging policy to protect its global investment assets against the adverse movement in foreign exchange rate. At minimum, 50% of the global fixed income investments are hedged whereas global equities and other global exposures are hedged where appropriate. Derivatives include Forward Contracts and Cross Currency Swaps are used strictly to hedge against foreign exchange risk for the global investments.

The following table summarises the carrying amount of global investments of the Group and EPF by currencies as at the reporting date:

Group and EPF	2023		2022	
	Global Investments (RM'000)	%	Global Investments (RM'000)	%
<b>Currency</b>				
United States Dollars	<b>151,078,703</b>	<b>39</b>	118,401,047	38
Euro	<b>58,314,492</b>	<b>15</b>	48,206,648	15
Hong Kong Dollars	<b>21,109,669</b>	<b>6</b>	20,112,192	6
Japanese Yen	<b>17,595,156</b>	<b>5</b>	13,732,174	4
Pound Sterling	<b>17,166,405</b>	<b>4</b>	15,834,718	5
Singapore Dollars	<b>17,162,066</b>	<b>4</b>	17,543,709	6
Thai Baht	<b>13,437,285</b>	<b>4</b>	13,064,165	4
Taiwan Dollars	<b>12,390,331</b>	<b>3</b>	8,323,826	3
Indonesian Rupiah	<b>11,693,006</b>	<b>3</b>	8,775,918	3
South Korean Won	<b>10,972,732</b>	<b>3</b>	9,517,511	3
Australian Dollars	<b>10,357,714</b>	<b>3</b>	7,553,942	2
Others	<b>42,477,700</b>	<b>11</b>	36,197,182	11
	<b>383,755,259</b>	<b>100</b>	317,263,032	100

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**35. FINANCIAL RISK (CONT'D.)****35.3 Market Risk (Cont'd.)****c. Foreign Exchange Risk (Cont'd.)**

The following table shows the sensitivity of the Group and EPF's global investments on the Profit before Tax and Financial Assets at FVOCI Reserve, based on a reasonable shift in movement in foreign exchange rates, assuming the portfolio is unhedged, with all other risk factors remain constant.

Group and EPF	2023			
	Impact on Profit before Tax when the Movement in Foreign Exchange Rates Strengthening/(Weakening) (RM'000)		Impact on Financial Assets at FVOCI Reserve when Movement in Foreign Exchange Rates Strengthening/(Weakening) (RM'000)	
	+3%	-3%	+3%	-3%
United States Dollars	2,554,659	(2,554,659)	1,977,702	(1,977,702)
Euro	811,925	(811,925)	937,510	(937,510)
Hong Kong Dollars	-	-	633,290	(633,290)
Japanese Yen	58,370	(58,370)	469,485	(469,485)
Pound Sterling	218,195	(218,195)	296,797	(296,797)
Singapore Dollars	21,928	(21,928)	492,934	(492,934)
Thai Baht	1	(1)	403,118	(403,118)
Taiwan Dollars	-	-	371,710	(371,710)
Indonesian Rupiah	2,792	(2,792)	347,998	(347,998)
South Korean Won	5,055	(5,055)	324,127	(324,127)
Australian Dollars	151,792	(151,792)	158,939	(158,939)
Others	8	(8)	223,825	(223,825)
	<b>3,824,725</b>	<b>(3,824,725)</b>	<b>6,637,435</b>	<b>(6,637,435)</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.3 Market Risk (Cont'd.)

##### c. Foreign Exchange Risk (Cont'd.)

The following table shows the sensitivity of the Group and EPF's global investments on the Profit before Tax and Financial Assets at FVOCI Reserve, based on a reasonable shift in movement in foreign exchange rates, assuming the portfolio is unhedged, with all other risk factors remain constant. (Cont'd.)

Group and EPF	2022			
	Impact on Profit before Tax when the Movement in Foreign Exchange Rates Strengthening/(Weakening) (RM'000)		Impact on Financial Assets at FVOCI Reserve when Movement in Foreign Exchange Rates Strengthening/(Weakening) (RM'000)	
	+3%	-3%	+3%	-3%
United States Dollars	2,222,963	(2,222,963)	1,329,069	(1,329,069)
Euro	717,859	(717,859)	728,340	(728,340)
Hong Kong Dollars	-	-	603,366	(603,366)
Japanese Yen	59,611	(59,611)	352,354	(352,354)
Pound Sterling	111,841	(111,841)	363,200	(363,200)
Singapore Dollars	21,959	(21,959)	504,353	(504,353)
Thai Baht	34	(34)	391,891	(391,891)
Taiwan Dollars	-	-	249,715	(249,715)
Indonesian Rupiah	2,175	(2,175)	261,103	(261,103)
South Korean Won	4,630	(4,630)	280,895	(280,895)
Australian Dollars	120,978	(120,978)	105,640	(105,640)
Others	49	(49)	160,481	(160,481)
	3,262,099	(3,262,099)	5,330,407	(5,330,407)

#### Interpretation of Impact

The Group and EPF measure the sensitivity of foreign exchange on the net open positions denominated in foreign balances during an adverse movement of all foreign currencies against Ringgit Malaysia.

The result implies that the Group and EPF may be subject to additional translation gains/(losses) in the event Ringgit Malaysia strengthens/(weakens) against other currencies and vice versa.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets

The Group and EPF adopted MFRS 13 Fair Value Measurement which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The measurement assumes that the transaction to sell the asset or to transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

#### Fair Value Hierarchy

##### i. Level 1

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

##### ii. Level 2

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

##### iii. Level 3

Level 3 fair value is estimated using unobservable inputs for the assets and liabilities.

EPF's operational process in respect of the measurement of Level 3 fair values are determined and validated by a function independent of the business unit underlying the risks. Finance Department establishes the accounting policies and procedures governing valuation and is responsible for ensuring compliance with all relevant accounting standards. The investment team and a team within the Finance Department which oversees the fair value measurements, including Level 3 fair values, report directly to the Chief Investment Officer and Chief Financial Officer.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- a. The carrying amount of cash and bank balances and deposits with financial institutions reasonably approximate their fair values due to its relatively short term nature.

The following table shows the financial instruments and non-financial assets at fair value.

Group	2023									
	Fair Value of Financial Instruments Carried at Fair Value				Fair Value of Financial Instruments and Non-Financial Assets Not Carried at Fair Value				Total Fair Value (RM'000)	Carrying Amount (RM'000)
	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)		
<b>ASSETS</b>										
<b>Financial Assets</b>										
<b>Recurring Fair Value Measurement</b>										
Financial Assets at FVTPL	1,101,478	3,448,052	100,986,679	105,536,209	-	-	-	-	105,536,209	105,536,209
Financial Assets at FVOCI	393,508,818	144,927,891	417,544	538,854,253	-	-	-	-	538,854,253	538,854,253
<b>Non-Recurring Fair Value Measurement</b>										
Deposits with Financial Institutions	-	-	-	-	-	56,598,455	-	56,598,455	56,598,455	56,598,455
Receivables and Deposits	-	-	-	-	-	6,100,736	-	6,100,736	6,100,736	6,100,736
Loans, Advances and Financing	-	-	-	-	-	46,298,226	38,875,000	85,173,226	85,173,226	87,824,825
Investment Assets at Amortised Cost	-	-	-	-	-	362,858,507	-	362,858,507	362,858,507	352,694,343
<b>Non-Financial Assets</b>										
<b>Non-Recurring Fair Value Measurement</b>										
Receivables and Prepayments	-	-	-	-	-	466,915	-	466,915	466,915	466,915
Assets Held for Sale	-	-	-	-	-	227,400	24,000	251,400	251,400	151,542
Investment Properties	-	-	-	-	-	1,043,622	36,311,949	37,355,571	37,355,571	24,298,104
<b>LIABILITIES</b>										
<b>Financial Liabilities</b>										
<b>Recurring Fair Value Measurement</b>										
Financial Liabilities at FVTPL	-	(681,274)	-	(681,274)	-	-	-	-	(681,274)	(681,274)
<b>Non-Recurring Fair Value Measurement</b>										
Payables and Accrued Liabilities	-	-	-	-	-	(6,521,714)	-	(6,521,714)	(6,521,714)	(6,483,053)
Deposits and Advances	-	-	-	-	-	(45,915,866)	-	(45,915,866)	(45,915,866)	(45,736,408)
Loans and Overdrafts	-	-	-	-	-	(19,817,709)	(6,051,674)	(25,869,383)	(25,869,383)	(25,893,194)
	<b>394,610,296</b>	<b>147,694,669</b>	<b>101,404,223</b>	<b>643,709,188</b>	<b>-</b>	<b>401,338,572</b>	<b>69,159,275</b>	<b>470,497,847</b>	<b>1,114,207,035</b>	<b>1,093,731,453</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

a. The following table shows the financial instruments and non-financial assets at fair value. (Cont'd.)

Group	2022									
	Fair Value of Financial Instruments Carried at Fair Value				Fair Value of Financial Instruments and Non-Financial Assets Not Carried at Fair Value				Total Fair Value	Carrying Amount
	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)		
<b>ASSETS</b>										
<b>Financial Assets</b>										
<b>Recurring Fair Value Measurement</b>										
Financial Assets at FVTPL	666,367	5,197,487	82,204,268	88,068,122	-	-	-	-	88,068,122	88,068,122
Financial Assets at FVOCI	346,772,730	116,749,327	1,836,879	465,358,936	-	-	-	-	465,358,936	465,358,936
<b>Non-Recurring Fair Value Measurement</b>										
Deposits with Financial Institutions	-	-	-	-	-	48,854,148	-	48,854,148	48,854,148	48,854,148
Receivables and Deposits	-	-	-	-	-	5,352,013	-	5,352,013	5,352,013	5,352,013
Loans, Advances and Financing	-	-	-	-	-	48,279,125	37,338,266	85,617,391	85,617,391	85,427,763
Investment Assets at Amortised Cost	-	-	-	-	-	312,107,455	-	312,107,455	312,107,455	313,424,019
<b>Non-Financial Assets</b>										
<b>Non-Recurring Fair Value Measurement</b>										
Receivables and Prepayments	-	-	-	-	-	550,956	-	550,956	550,956	550,956
Assets Held for Sale	-	-	-	-	-	99,000	28,715	127,715	127,715	74,619
Investment Properties	-	-	-	-	-	514,310	34,252,238	34,766,548	34,766,548	21,301,173
<b>LIABILITIES</b>										
<b>Financial Liabilities</b>										
<b>Recurring Fair Value Measurement</b>										
Financial Liabilities at FVTPL	-	(914,455)	-	(914,455)	-	-	-	-	(914,455)	(914,455)
<b>Non-Recurring Fair Value Measurement</b>										
Payables and Accrued Liabilities	-	-	-	-	-	(6,972,109)	-	(6,972,109)	(6,972,109)	(6,972,109)
Deposits and Advances	-	-	-	-	-	(37,628,790)	-	(37,628,790)	(37,628,790)	(37,499,495)
Loans and Overdrafts	-	-	-	-	-	(18,074,693)	(4,291,570)	(22,366,263)	(22,366,263)	(21,416,970)
	347,439,097	121,032,359	84,041,147	552,512,603	-	353,081,415	67,327,649	420,409,064	972,921,667	961,608,720

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

a. The following table shows the financial instruments and non-financial assets at fair value. (Cont'd.)

EPF	2023									
	Fair Value of Financial Instruments Carried at Fair Value				Fair Value of Financial Instruments and Non-Financial Assets Not Carried at Fair Value				Total Fair Value (RM'000)	Carrying Amount (RM'000)
	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)		
<b>ASSETS</b>										
<b>Financial Assets</b>										
<b>Recurring Fair Value Measurement</b>										
Financial Assets at FVTPL	9,922	2,227,221	78,518,235	80,755,378	-	-	-	-	80,755,378	80,755,378
Financial Assets at FVOCI	393,508,818	132,407,207	413,530	526,329,555	-	-	-	-	526,329,555	526,329,555
<b>Non-Recurring Fair Value Measurement</b>										
Deposits with Financial Institutions	-	-	-	-	-	52,193,784	-	52,193,784	52,193,784	52,193,784
Receivables and Deposits	-	-	-	-	-	4,673,139	-	4,673,139	4,673,139	4,673,139
Loans, Advances and Financing	-	-	-	-	-	48,758,649	-	48,758,649	48,758,649	48,758,649
Investment Assets at Amortised Cost	-	-	-	-	-	358,531,877	-	358,531,877	358,531,877	348,409,290
<b>Non-Financial Assets</b>										
<b>Non-Recurring Fair Value Measurement</b>										
Receivables and Prepayments	-	-	-	-	-	33,528	-	33,528	33,528	33,528
Assets Held for Sale	-	-	-	-	-	-	24,000	24,000	24,000	14,839
Investment Properties	-	-	-	-	-	-	1,729,350	1,729,350	1,729,350	989,265
<b>LIABILITIES</b>										
<b>Financial Liabilities</b>										
<b>Recurring Fair Value Measurement</b>										
Financial Liabilities at FVTPL	-	(587,491)	-	(587,491)	-	-	-	-	(587,491)	(587,491)
<b>Non-Recurring Fair Value Measurement</b>										
Payables and Accrued Liabilities	-	-	-	-	-	(3,499,768)	-	(3,499,768)	(3,499,768)	(3,499,768)
Deposits and Advances	-	-	-	-	-	(416,331)	-	(416,331)	(416,331)	(416,331)
	393,518,740	134,046,937	78,931,765	606,497,442	-	460,274,878	1,753,350	462,028,228	1,068,525,670	1,057,653,837

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

a. The following table shows the financial instruments and non-financial assets at fair value. (Cont'd.)

EPF	2022									
	Fair Value of Financial Instruments Carried at Fair Value				Fair Value of Financial Instruments and Non-Financial Assets Not Carried at Fair Value				Total Fair Value	Carrying Amount
	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)	Level 1 (RM'000)	Level 2 (RM'000)	Level 3 (RM'000)	Total (RM'000)		
<b>ASSETS</b>										
<b>Financial Assets</b>										
<b>Recurring Fair Value Measurement</b>										
Financial Assets at FVTPL	22,956	4,180,855	70,387,748	74,591,559	-	-	-	-	74,591,559	74,591,559
Financial Assets at FVOCI	346,772,731	105,481,136	118,017	452,371,884	-	-	-	-	452,371,884	452,371,884
<b>Non-Recurring Fair Value Measurement</b>										
Deposits with Financial Institutions	-	-	-	-	-	47,276,936	-	47,276,936	47,276,936	47,276,936
Receivables and Deposits	-	-	-	-	-	4,444,252	-	4,444,252	4,444,252	4,444,252
Loans, Advances and Financing	-	-	-	-	-	48,349,997	-	48,349,997	48,349,997	48,349,997
Investment Assets at Amortised Cost	-	-	-	-	-	311,569,791	-	311,569,791	311,569,791	312,899,569
<b>Non-Financial Assets</b>										
<b>Non-Recurring Fair Value Measurement</b>										
Receivables and Prepayments	-	-	-	-	-	25,252	-	25,252	25,252	25,252
Assets Held for Sale	-	-	-	-	-	-	28,715	28,715	28,715	16,516
Investment Properties	-	-	-	-	-	-	1,771,080	1,771,080	1,771,080	979,553
<b>LIABILITIES</b>										
<b>Financial Liabilities</b>										
<b>Recurring Fair Value Measurement</b>										
Financial Liabilities at FVTPL	-	(361,945)	-	(361,945)	-	-	-	-	(361,945)	(361,945)
<b>Non-Recurring Fair Value Measurement</b>										
Payables and Accrued Liabilities	-	-	-	-	-	(4,483,033)	-	(4,483,033)	(4,483,033)	(4,483,033)
Deposits and Advances	-	-	-	-	-	(450,921)	-	(450,921)	(450,921)	(450,921)
	346,795,687	109,300,046	70,505,765	526,601,498	-	406,732,274	1,799,795	408,532,069	935,133,567	935,659,619

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

b. Policy of Transfer between Levels

The fair value of an asset to be transferred between levels is determined by the Group and EPF as of the date of the event or change in circumstances that caused the transfer. There has been no transfer between Level 1 and 2 during the financial year.

c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets:

#### Fair Value of Financial Instruments Carried at Fair Value

Group	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Financial Assets:</b>				
<b>Financial Assets at FVTPL</b>				
Warrants	<b>9,922</b>	22,956	Level 1	Quoted bid prices in an active market.
Forward Contracts	<b>1,467,618</b>	3,333,515	Level 2	The reference value is using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Private Debt Securities	<b>195,424</b>	77,055	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Private Debt Fund	<b>456,699</b>	379,901	Level 3	The Net Asset Value (NAV) of the investments which is based on prorating of the equity portion of the underlying investments as the fair value due to unavailability of observable comparison as benchmark.
Bonds and Sukuk	<b>603,686</b>	764,532	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Bonds and Sukuk	<b>3,392,343</b>	3,394,806	Level 3	Fair value is estimated based on expected future cash flows of the investment and agreed internal rate of return.
Cross Currency Swaps	<b>2,094</b>	2,412	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicly available quoted rates.
Interest Rate Swaps	<b>687,182</b>	505,092	Level 2	The reference value is using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Derivatives	<b>34,202</b>	52,906	Level 2	The reference value is using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets: (Cont'd.)

#### Fair Value of Financial Instruments Carried at Fair Value (Cont'd.)

Group	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Financial Assets: (Cont'd.)</b>				
<b>Financial Assets at FVTPL (Cont'd.)</b>				
Derivatives	<b>716,822</b>	832,233	Level 3	Fair value is estimated based on expected future cash flows of the investment and agreed internal rate of return.
Rental Guarantees	<b>2,137</b>	1,933	Level 3	Carrying amount less any payments received approximates to fair value.
Equity Instruments	<b>6,777,865</b>	3,241,681	Level 3	The Net Asset Value (NAV) of the investments which is based on prorating of the equity portion of the underlying investments, discounted cash flow, market or income approach is used to derive the fair value due to unavailability of observable comparison as benchmark.
Alternative Investments	<b>1,096,890</b>	1,099,375	Level 3	Fair value is estimated based on expected future cash flows of the investment and agreed internal rate of return.
Alternative Investments	<b>68,685,652</b>	55,985,963	Level 3	The Net Asset Value (NAV) of the investments which is based on prorating of the equity portion of the underlying investments as the fair value due to unavailability of observable comparison as benchmark.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets: (Cont'd.)

#### Fair Value of Financial Instruments Carried at Fair Value (Cont'd.)

Group	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Investment Assets Held for Trading</b>				
Direct Investments	<b>1,091,556</b>	643,410	Level 1	Quoted bid prices in an active market.
Direct Investments	<b>457,846</b>	460,044	Level 2	Fair value by referring to observable quoted prices other than quoted prices which included in Level 1 for assets and liabilities directly or indirectly.
Alternative Investments	<b>19,858,271</b>	17,270,308	Level 3	The Net Asset Value (NAV) of the investments which is based on prorating of the equity portion of the underlying investments, discounted cash flow, market or income approach is used to derive the fair value due to unavailability of observable comparison as benchmark.
<b>Financial Assets at FVOCI</b>				
Quoted Equities	<b>393,508,818</b>	346,772,731	Level 1	Quoted bid prices in an active market.
Unquoted Equities	<b>417,544</b>	1,836,879	Level 3	The Net Asset Value (NAV) of the investments which is based on prorating of the equity portion of the underlying investments or discounted cash flow is used to derive the fair value due to unavailability of observable comparison as benchmark.
Perpetual Fixed Income Instruments	<b>956,256</b>	1,054,429	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Malaysian Government Securities	<b>19,123,115</b>	16,479,914	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Government Investment Issues	<b>29,982,878</b>	25,007,297	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Bonds and Sukuk	<b>59,325,380</b>	53,039,743	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Private Debt Securities	<b>35,540,262</b>	21,167,943	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
<b>Total Financial Assets</b>	<b>644,390,462</b>	553,427,058		

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets: (Cont'd.)

#### Fair Value of Financial Instruments Carried at Fair Value (Cont'd.)

Group	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Financial Liabilities:</b>				
<b>Financial Liabilities at FVTPL</b>				
Forward Contracts	(578,372)	(311,495)	Level 2	The reference value is using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross Currency Swaps	(46,181)	(73,920)	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicly available quoted rates.
Interest Rate Swaps	(56,721)	(529,040)	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicly available quoted rates.
<b>Total Financial Liabilities</b>	<b>(681,274)</b>	<b>(914,455)</b>		
<b>Grand Total</b>	<b>643,709,188</b>	<b>552,512,603</b>		

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets: (Cont'd.)

#### Fair Value of Financial Instruments and Non-Financial Assets Not Carried at Fair Value

Group	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Financial Assets:</b>				
<b>Deposits with Financial Institutions</b>	<b>56,598,455</b>	48,854,148	Level 2	Carrying amount equivalent to fair value.
<b>Receivables and Deposits</b>	<b>6,100,736</b>	5,352,013	Level 2	Carrying amount equivalent to fair value.
<b>Loans, Advances and Financing</b>				
Loans	<b>44,743,677</b>	46,078,364	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Loans to Associates & Joint Ventures and Staffs	<b>1,554,549</b>	2,200,761	Level 2	Carrying amount equivalent to fair value.
Corporate & Individual Loans and Financing	<b>38,875,000</b>	37,338,266	Level 3	Fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at prevailing rates offered for similar loans to new borrowers with similar credit profiles as at the reporting date.
<b>Investment Assets at Amortised Cost</b>				
Malaysian Government Securities	<b>143,066,990</b>	121,930,083	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Government Investment Issues	<b>144,526,758</b>	117,221,214	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Bonds and Sukuk	<b>75,264,759</b>	72,956,158	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
<b>Total Financial Assets</b>	<b>510,730,924</b>	451,931,007		

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets: (Cont'd.)

#### Fair Value of Financial Instruments and Non-Financial Assets Not Carried at Fair Value (Cont'd.)

Group	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Non-Financial Assets:</b>				
Receivables and Prepayments	<b>466,915</b>	550,956	Level 2	Carrying amount equivalent to fair value.
Assets Held for Sale	<b>227,400</b>	99,000	Level 2	Valuation is performed by Accredited Independent Valuers with recent experience in valuation of land and building based on comparison method which involves the analysis of comparable sales of similar properties.
Assets Held for Sale	<b>24,000</b>	28,715	Level 3	Valuation is performed by Accredited Independent Valuers with recent experience in valuation in land and building based on income approach or comparison method which involves the analysis of comparable sales of similar properties and adjusting for factors which can influence the value or price of the said properties.
Investment Properties	<b>1,043,622</b>	514,310	Level 2	Valuation is performed by Accredited Independent Valuers with recent experience in valuation of land and building based on comparison method which involves the analysis of comparable sales of similar properties.
Investment Properties	<b>36,311,949</b>	34,252,238	Level 3	Valuation is performed by Accredited Independent Valuers with recent experience in valuation in land and building based on income approach or comparison method which involves the analysis of comparable sales of similar properties and adjusting for factors which can influence the value or price of the said properties.
<b>Total Assets</b>	<b>548,804,810</b>	487,376,226		

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets: (Cont'd.)

#### Fair Value of Financial Instruments and Non-Financial Assets Not Carried at Fair Value (Cont'd.)

Group	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Financial Liabilities:</b>				
<b>Payables and Accrued Liabilities</b>	<b>(6,521,714)</b>	(6,972,109)	Level 2	Carrying amount equivalent to fair value.
<b>Deposits and Advances</b>				
Deposits and Placements of Banks and Other Financial Institutions	<b>(45,445,932)</b>	(37,130,501)	Level 2	Fair value is estimated using discounted cash flows, applying either market rates, where applicable, or current rates offered for deposits of similar remaining maturities.
Other Deposits and Advances	<b>(469,934)</b>	(498,289)	Level 2	Carrying amount equivalent to fair value.
<b>Loans and Overdrafts</b>				
Sukuk	<b>(2,208,731)</b>	(1,612,831)	Level 2	Valued based on market prices.
Other Loans and Overdrafts	<b>(17,608,978)</b>	(16,461,862)	Level 2	Carrying amount equivalent to fair value.
Islamic Repurchase Agreement	<b>(2,004,961)</b>	-	Level 3	Fair values are determined based on discounted cash flows using prevailing money market interest rates with similar remaining period to maturity.
Recourse Obligation - Cagamas	<b>(4,046,713)</b>	(4,291,570)	Level 3	Fair values are determined based on discounted cash flows of future instalment payments at prevailing rates quoted by Cagamas Berhad as at reporting date.
<b>Total Financial Liabilities</b>	<b>(78,306,963)</b>	(66,967,162)		
<b>Grand Total</b>	<b>470,497,847</b>	(420,409,064)		

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets: (Cont'd.)

##### Fair Value of Financial Instruments Carried at Fair Value

EPF	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Financial Assets:</b>				
<b>Financial Assets at FVTPL</b>				
Warrants	<b>9,922</b>	22,956	Level 1	Quoted bid prices in an active market.
Forward Contracts	<b>1,417,479</b>	3,318,498	Level 2	The reference value is using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Private Debt Securities	<b>195,424</b>	77,054	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Private Debt Fund	<b>456,699</b>	3,555,542	Level 3	The Net Asset Value (NAV) of the investments which is based on prorating of the equity portion of the underlying investments as the fair value due to unavailability of observable comparison as benchmark.
Bonds and Sukuk	<b>603,686</b>	764,532	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Bonds and Sukuk	<b>244,974</b>	211,510	Level 3	Fair value is estimated based on expected future cash flows of the investment and agreed internal rate of return.
Cross Currency Swaps	<b>2,094</b>	2,412	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicly available quoted rates.
Derivatives	<b>8,538</b>	18,359	Level 2	The reference value is using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Derivatives	<b>716,822</b>	832,233	Level 3	Fair value is estimated based on expected future cash flows of the investment and agreed internal rate of return.
Capital Advances to Subsidiaries	<b>7,780,169</b>	9,142,437	Level 3	Fair values are estimated based on expected future cash flows of principal and interest repayment based on business plan or based on property valuation reports.
Alternative Investments	<b>1,096,891</b>	1,099,375	Level 3	Fair value is estimated based on expected future cash flows of the investment and agreed internal rate of return.
Alternative Investments	<b>68,222,680</b>	55,546,651	Level 3	The Net Asset Value (NAV) of the investments which is based on prorating of the equity portion of the underlying investments as the fair value due to unavailability of observable comparison as benchmark.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets: (Cont'd.)

#### Fair Value of Financial Instruments Carried at Fair Value (Cont'd.)

EPF	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Financial Assets: (Cont'd.)</b>				
<b>Financial Assets at FVOCI</b>				
Quoted Equities	<b>393,508,818</b>	346,772,731	Level 1	Quoted bid prices in an active market.
Unquoted Equities	<b>413,530</b>	118,017	Level 3	The Net Asset Value (NAV) of the investments which is based on prorating of the equity portion of the underlying investments as the fair value due to unavailability of observable comparison as benchmark.
Perpetual Fixed Income Instruments	<b>956,256</b>	1,054,429	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Malaysian Government Securities	<b>17,486,003</b>	14,588,628	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Government Investment Issues	<b>21,656,075</b>	16,527,696	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Bonds and Sukuk	<b>59,440,923</b>	53,164,333	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Private Debt Securities	<b>32,867,950</b>	20,146,050	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
<b>Total Financial Assets</b>	<b>607,084,933</b>	526,963,443		
<b>Financial Liabilities:</b>				
<b>Financial Liabilities at FVTPL</b>				
Forward Contracts	<b>(541,310)</b>	(288,025)	Level 2	The reference value is using observable exchange rates from publicly available sources and through extrapolation and interpolation techniques.
Cross Currency Swaps	<b>(46,181)</b>	(73,920)	Level 2	Valued by discounting anticipated future cash flows using standard market interest rate yield curves developed from observable and publicly available quoted rates.
<b>Total Financial Liabilities</b>	<b>(587,491)</b>	(361,945)		
<b>Grand Total</b>	<b>606,497,442</b>	526,601,498		

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets: (Cont'd.)

#### Fair Value of Financial Instruments and Non-Financial Assets Not Carried at Fair Value

EPF	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Financial Assets:</b>				
<b>Deposits with Financial Institutions</b>	<b>52,193,784</b>	47,276,936	Level 2	Carrying amount equivalent to fair value.
<b>Receivables and Deposits</b>	<b>4,673,139</b>	4,444,252	Level 2	Carrying amount equivalent to fair value.
<b>Loans, Advances and Financing</b>				
Loans	<b>43,825,507</b>	45,392,496	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Loans to Subsidiaries and Staff	<b>4,933,142</b>	2,957,501	Level 2	Carrying amount equivalent to fair value.
<b>Investment Assets at Amortised Cost</b>				
Malaysian Government Securities	<b>142,400,324</b>	121,930,083	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Government Investment Issues	<b>143,264,575</b>	117,221,214	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
Bonds and Sukuk	<b>72,866,978</b>	72,418,494	Level 2	Valued by referring to observable quoted prices with prices represented on arms-length basis for identical assets and liabilities.
<b>Total Financial Assets</b>	<b>464,157,449</b>	411,640,976		

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

- c. This note provides information on how the Group and EPF determine the fair values of various financial instruments and non-financial assets: (Cont'd.)

#### Fair Value of Financial Instruments and Non-Financial Assets Not Carried at Fair Value (Cont'd.)

EPF	Fair Value as at		Fair Value Hierarchy	Valuation Technique Used and Key Inputs
	2023 (RM'000)	2022 (RM'000)		
<b>Non-Financial Assets:</b>				
Receivables and Prepayments	<b>33,528</b>	25,252	Level 2	Carrying amount equivalent to fair value.
Assets Held for Sale	<b>24,000</b>	28,715	Level 3	Valuation is performed by Accredited Independent Valuers with recent experience in valuation in land and building based on income approach or comparison method which involves the analysis of comparable sales of similar properties and adjusting for factors which can influence the value or price of the said properties.
Investment Properties	<b>1,729,350</b>	1,771,080	Level 3	Valuation is performed by Accredited Independent Valuers with recent experience in valuation in land and building based on income approach or comparison method which involves the analysis of comparable sales of similar properties and adjusting for factors which can influence the value or price of the said properties.
<b>Total Assets</b>	<b>465,944,327</b>	413,466,023		
<b>Financial Liabilities:</b>				
Payables and Accrued Liabilities	<b>(3,499,768)</b>	(4,483,033)	Level 2	Carrying amount equivalent to fair value.
Deposits and Advances	<b>(416,331)</b>	(450,921)	Level 2	Carrying amount equivalent to fair value.
<b>Total Financial Liabilities</b>	<b>(3,916,099)</b>	(4,933,954)		
<b>Total</b>	<b>462,028,228</b>	408,532,069		

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

d. The following table provides a reconciliation of Level 3 fair valuation:

Group	Note	2023		2022	
		Financial Assets at Fair Value		Financial Assets at Fair Value	
		Financial Assets at FVTPL (RM'000)	Financial Assets at FVOCI (RM'000)	Financial Assets at FVTPL (RM'000)	Financial Assets at FVOCI (RM'000)
At 1 January		82,204,268	1,836,879	73,557,735	3,834,587
Adjustments		1,753,260	(1,751,760)	-	-
Gain/(Loss) Recognised in Profit or Loss	35.4 (d)(i)	6,503,823	-	(653,145)	-
Unrealised Gain Recognised in Other Comprehensive Income		-	39,909	-	6,462
Purchase		17,097,589	253,413	15,072,163	585
Sales		(7,654,994)	(22,115)	(6,861,818)	(13,097)
Transfer from Level 3		-	-	-	(2,203,711)
Foreign Currency Translation Differences		1,082,733	61,218	1,089,333	212,053
<b>At 31 December</b>		<b>100,986,679</b>	<b>417,544</b>	<b>82,204,268</b>	<b>1,836,879</b>

EPF	Note	2023		2022	
		Financial Assets at Fair Value		Financial Assets at Fair Value	
		Financial Assets at FVTPL (RM'000)	Financial Assets at FVOCI (RM'000)	Financial Assets at FVTPL (RM'000)	Financial Assets at FVOCI (RM'000)
At 1 January		70,387,748	118,017	65,559,832	124,059
Gain/(Loss) Recognised in Profit or Loss	35.4 (d)(i)	4,314,510	-	(1,972,077)	-
Unrealised Gain/(Loss) Recognised in Other Comprehensive Income		-	42,225	-	(6,042)
Purchase		13,237,440	253,288	11,288,008	-
Sales		(9,421,463)	-	(4,488,015)	-
<b>At 31 December</b>		<b>78,518,235</b>	<b>413,530</b>	<b>70,387,748</b>	<b>118,017</b>

(i) Gain recognised in Profit or Loss includes net unrealised gain for the Group and EPF amounting RM5,104.26 million (2022: Loss of RM2,598.13 million) and RM4,627.75 million (2022: Loss of RM2,457.95 million) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

e. Sensitivity analysis to the changes of unobservable input within Level 3 fair valuation are as follows:

Group	2023					2022				
	Fair Value (RM'000)	Valuation Technique	Unobservable Input	Potential Reasonable Shift	Change in Valuation (RM'000)	Fair Value (RM'000)	Valuation Technique	Unobservable Input	Potential Reasonable Shift	Change in Valuation (RM'000)
Financial Assets at FVTPL	89,984,784	NAV-Adjusted	NAV	+5% -5%	4,499,239 (4,499,239)	73,293,076	NAV-Adjusted	NAV	+5% -5%	3,664,654 (3,664,654)
	570,667	Public Market Comparable	EBITDA Multiple	+5% -5%	28,533 (28,533)	737,771	Public Market Comparable	EBITDA Multiple	+5% -5%	39,815 (39,815)
			Subjective Discount	+5% -5%	1,069 (1,069)			Subjective Discount	+5% -5%	1,541 (1,541)
			Comparability Discount	+5% -5%	2,398 (2,398)			Comparability Discount	+5% -5%	4,750 (4,750)
	65,428		Transaction Price	+5% -5%	3,271 (3,271)	119,762		Transaction Price	+5% -5%	12,908 (12,908)
	-		Multiple of Revenue	+5% -5%	457 (457)	-		Multiple of Revenue	+5% -5%	5,011 (5,011)
	-		Multiple of ARR	+5% -5%	1,284 (1,284)	-		Multiple of ARR	+5% -5%	798 (798)
			Comparability Premium	+5% -5%	- -			Comparability Premium	+5% -5%	426 (426)
	201,772		Cost	+5% -5%	10,089 (10,089)	181,101		Cost	+5% -5%	9,055 (9,055)
	224,175	Market Approach	EBITDA Multiple	0.50x	20,057	566,200	Market Approach	EBITDA Multiple	0.50x	32,404
	28,850		Revenue Multiple	0.10x	3,830	20,457		Revenue Multiple	0.10x	4,394
	38,233		P/NTAV Multiple	0.10x	2,378	37,145		P/NTAV Multiple	0.10x	2,064
	1,158		Yield to Maturity	50bps	11	1,053		Yield to Maturity	50bps	-

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**35. FINANCIAL RISK (CONT'D.)**

**35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)**

e. Sensitivity analysis to the changes of unobservable input within Level 3 fair valuation are as follows: (Cont'd.)

Group	2023					2022				
	Fair Value (RM'000)	Valuation Technique	Unobservable Input	Potential Reasonable Shift	Change in Valuation (RM'000)	Fair Value (RM'000)	Valuation Technique	Unobservable Input	Potential Reasonable Shift	Change in Valuation (RM'000)
Financial Assets at FVTPL (Cont'd.)	<b>462,972</b>	EV/EBITDA	EBITDA Multiple	1.00x	<b>4,711</b>	439,312	EV/EBITDA	EBITDA Multiple	1.00x	49,615
	<b>7,767,909</b>	Discounted Cash Flow	Expected Future Cash Flow	+5%	<b>388,395</b>	6,451,751	Discounted Cash Flow	Expected Future Cash Flow	+5%	364,075
	<b>1,292,507</b>		Discount Rate	50bps	<b>(55,953)</b>	356,640		Discount Rate	50bps	19,578
	<b>348,224</b>	Others	Various	N/A	<b>(12,735)</b>		Regulated Asset Base	Regulated Asset Base	10bps	17,581
	<b>100,986,679</b>					82,204,268				
Unquoted Equities at FVOCI	<b>416,137</b>	NAV-Adjusted	NAV	+5%	<b>20,807</b>	1,836,879	NAV-Adjusted	NAV	+5%	91,844
	<b>1,407</b>	Others	Various	N/A	<b>(20,807)</b>		Others	Various	-5%	(91,844)
	<b>417,544</b>				<b>N/A</b>				N/A	N/A
						1,836,879				

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 35. FINANCIAL RISK (CONT'D.)

#### 35.4 Fair Value of Financial Instruments and Non-Financial Assets (Cont'd.)

e. Sensitivity analysis to the changes of unobservable input within Level 3 fair valuation are as follows: (Cont'd.)

EPF	2023					2022				
	Fair Value (RM'000)	Valuation Technique	Unobservable Input	Potential Reasonable Shift	Change in Valuation (RM'000)	Fair Value (RM'000)	Valuation Technique	Unobservable Input	Potential Reasonable Shift	Change in Valuation (RM'000)
Financial Assets at FVTPL	<b>68,679,379</b>	NAV-Adjusted	NAV	+5%	<b>3,433,969</b>	59,102,193	NAV-Adjusted	NAV	+5%	2,955,110
	<b>9,838,856</b>	Discounted Cash Flow	Expected Future Cash Flow	-5%	<b>(491,943)</b>	11,285,555	Discounted Cash Flow	Expected Future Cash Flow	+5% -5%	564,278 (564,278)
	<b>78,518,235</b>					<b>70,387,748</b>				
Unquoted Equities at FVOCI	<b>413,530</b>	NAV-Adjusted	NAV	+5%	<b>20,676</b>	118,017	NAV-Adjusted	NAV	+5%	5,901
				-5%	<b>(20,676)</b>				-5%	(5,901)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 36. RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the EPF if EPF has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities. Related parties also includes the entities that provide Key Management Personnel services to the Group.

Key Management Personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the EPF either directly or indirectly. The Key Management Personnels include all of the EPF's Board of Directors and its Top Management.

Related parties also include close family members and dependents of the Key Management Personnels as well as entities of which significant voting powers in these entities reside with the Key Management Personnel or their close family members.

The following table shows the significant transactions with Key Management Personnel:

#### a. Key Management Personnel

	EPF	
	2023 (RM'000)	2022 (RM'000)
<b>Amount Due:</b>		
EPF Contributions*	78,104	69,673
	<b>78,104</b>	69,673
<b>Short Term Employee Benefits:</b>		
Allowances/Salaries for Board of Directors, Investment Panel and Top Management	13,504	16,375
Benefits-in-Kind	1,872	1,820
	<b>15,376</b>	18,195

\* EPF contributions represent the credit account balances of the Board Members, Investment Panel Members and Top Management.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 36. RELATED PARTY DISCLOSURES (CONT'D.)

#### b. Significant Transactions and Balances with Related Parties

EPF is an agency under the Ministry of Finance which reports directly to the Government of Malaysia. The EPF considers that, for the purpose of MFRS 124 Related Party Disclosures, the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and the Malaysian Government controlled bodies (collectively referred to as "government related entities") are related parties to the EPF.

In addition to the transactions and balances detailed elsewhere in the financial statements, the EPF has the following transactions and balances which are categorised as significant with related parties during the financial year:

EPF	2023 (RM'000)	2022 (RM'000)
<b>Government of Malaysia and Entities Related to the Government of Malaysia:</b>		
Interest and Profit from Investments	<b>21,528,110</b>	23,062,685
Purchase and Subscription of Securities and Bonds	<b>214,211,289</b>	224,175,973
Sales, Maturities and Early Redemption of Securities and Bonds	<b>160,091,037</b>	198,013,334
Repayment and Maturity of Loans	-	4,906,725
<b>Joint Venture:</b>		
<b>Assets/(Liabilities)</b>		
Receivables, Deposits and Prepayments	-	1,768,263
<b>Associates:</b>		
<b>Income/(Expenses)</b>		
Interest and Profit from Investments:		
Investment Assets at Amortised Cost	<b>140,234</b>	103,518
Dividend from Investments:		
Financial Assets at FVTPL	<b>86,551</b>	105,550
<b>Assets/(Liabilities)</b>		
Deposits with Financial Institutions	<b>4,263,130</b>	5,892,911
Receivables, Deposits and Prepayments	<b>28,000</b>	801
Financial Assets at FVTPL	<b>1,893,165</b>	2,146,883
Financial Liabilities at FVTPL	<b>(21,420)</b>	(4,345)
<b>Subsidiaries:</b>		
<b>Income/(Expenses)</b>		
Interest and Profit from Investments:		
Loans, Advances and Financing	<b>120,370</b>	73,666
Financial Assets at FVTPL	<b>221,321</b>	819,113
Investment Assets at Amortised Cost	<b>125,454</b>	117,399
Investment Expenditures	<b>(5,424)</b>	(5,275)
Operating Expenditures	<b>(49,782)</b>	(25,043)
<b>Assets/(Liabilities)</b>		
Deposits with Financial Institutions	<b>2,370,697</b>	1,560,982
Receivables, Deposits and Prepayments	<b>81,234</b>	49,000
Financial Assets at FVTPL	-	3,175,641
Investment Assets at Amortised Cost	<b>990,087</b>	1,101,348

Other information regarding transactions and balances arising from related parties as at 31 December 2023 are disclosed in Note 4, Note 5, Note 6, Note 19, Note 20 and Note 24.

Information regarding impairment losses on receivables and loans during the financial year are disclosed in Note 4 and Note 5.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 37. OPERATING AND FINANCE LEASES

#### 37.1 Operating Leases

The Group and EPF lease out the properties under operating leases with lease terms between one (1) to 105 years. None of these leases include contingent rentals.

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	Group		EPF	
	2023 (RM'000)	2022 (RM'000)	2023 (RM'000)	2022 (RM'000)
Within 1 Year	1,735,849	1,561,914	92,064	91,935
Between 1 to 2 Years	1,766,688	1,412,999	73,598	79,418
Between 2 to 3 Years	1,483,998	1,331,254	54,370	61,213
Between 3 to 4 Years	1,351,738	1,282,844	50,778	50,069
Between 4 to 5 Years	1,215,132	1,240,573	50,491	50,457
More than 5 Years	9,317,320	9,583,753	496,988	547,445
	<b>16,870,725</b>	16,413,337	<b>818,289</b>	880,537

#### 37.2 Finance Leases

Included in Accruals on Miscellaneous Non-Investment Receivables and Deposits is the lease receivable on subleases. The EPF currently subleases a leasehold land which it leased for 59 years. The EPF has classified the sublease as a finance lease because the sublease is for the whole of the remaining term of the head lease.

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	Group and EPF	
	2023 (RM'000)	2022 (RM'000)
Within 1 Year	1,120	1,120
Between 1 to 2 Years	1,120	1,120
Between 2 to 3 Years	1,288	1,120
Between 3 to 4 Years	1,288	1,288
Between 4 to 5 Years	1,288	1,288
More than 5 Years	142,485	143,773
<b>Total Undiscounted Lease Payments Receivable</b>	<b>148,589</b>	149,709
Unearned Finance Income	(109,374)	(111,167)
<b>Net Investment in the Lease</b>	<b>39,215</b>	38,542

The Group and EPF have recognised finance income on the net investment in the lease amounting to RM1.79 million (2022: RM1.76 million) during the year.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023

Information on Subsidiaries are as follows:

#### Direct Subsidiaries - EPF:

Name of Company	Country of Incorporation	Principal Activities	Effective Interest		Effective Interest Held by Non-Controlling Interest	
			2023 %	2022 %	2023 %	2022 %
Malaysia Building Society Berhad	Malaysia	Investment holding, money market activities, provision of financing and related financial services	<b>57.45</b>	65.87	<b>42.55</b>	34.13
Kwasa Properties Sdn Bhd	Malaysia	Property investment	<b>100</b>	100	-	-
Kwasa Land Sdn Bhd	Malaysia	Property development and investment holding	<b>100</b>	100	-	-
Pinggiran Ventures Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100	-	-
Kwasa Utama Sdn Bhd	Malaysia	Property development and investment holding	<b>100</b>	100	-	-
PPNK - Harta Sdn Bhd	Malaysia	Property development and management	<b>85</b>	85	<b>15</b>	15
YTR Harta Sdn Bhd	Malaysia	Property investment	<b>80</b>	80	<b>20</b>	20
Common Icon Sdn Bhd	Malaysia	Property investment	<b>100</b>	100	-	-
Tanjung Wibawa Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100	-	-
Naungan Sentosa Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100	-	-
Kwasa Logistics Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100	-	-
Yarra Development Holdings (Australia) Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100	-	-
Alpha Real Estate Investment Trust	Malaysia	Investment holding fund	<b>100</b>	100	-	-
Gobi Malaysia Growth Capital Sdn Bhd	Malaysia	Investment holding	<b>98.50</b>	98.50	<b>1.50</b>	1.50
Endau Capital Sdn Bhd	Malaysia	Investment holding	<b>98.52</b>	98.52	<b>1.48</b>	1.48
Kwasa Singapore Solo Pte. Ltd.	Singapore	Investment holding	<b>100</b>	100	-	-
Kwasa Singapore Duo Pte. Ltd.	Singapore	Investment holding	<b>100</b>	100	-	-
Kwasa Singapore Trio Pte. Ltd.	Singapore	Investment holding	<b>100</b>	100	-	-
KWASA Global (Jersey) Limited	Jersey	Investment holding	<b>100</b>	100	-	-
KWASA Global-I (Jersey) Limited	Jersey	Investment holding	<b>100</b>	100	-	-
KWASA Invest Limited	United Kingdom	Provision of research services	<b>100</b>	100	-	-
Equitix Najm L.P.	United Kingdom	Investment holding fund	<b>99.01</b>	99.01	<b>0.99</b>	0.99
KWASA Europe S.à r.l	Luxembourg	Investment holding	<b>100</b>	100	-	-
KWASA Europe-I S.à r.l	Luxembourg	Investment holding	<b>100</b>	100	-	-
Kwasa Capital Limited	Cayman Island	Investment holding	<b>100</b>	100	-	-
Kwasa Infrastructure I	Cayman Island	Investment holding	<b>100</b>	100	-	-
KWASA Capital Partners Limited	Cayman Island	Investment holding	<b>100</b>	100	-	-
Kwasa Asia	Cayman Island	Investment holding	<b>100</b>	100	-	-
KWASA US	Cayman Island	Investment holding	<b>100</b>	100	-	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)

Information on Subsidiaries are as follows: (Cont'd.)

#### Direct Subsidiaries - EPF: (Cont'd.)

Name of Company	Country of Incorporation	Principal Activities	Effective Interest		Effective Interest Held by Non-Controlling Interest	
			2023 %	2022 %	2023 %	2022 %
Kwasa Infrastructure Alpha	Cayman Island	Investment holding	100	100	-	-
Kwasa Infrastructure Beta	Cayman Island	Investment holding	100	100	-	-
Kwasa Infrastructure Sapphire	Cayman Island	Investment holding	100	100	-	-
Merbau Investors Offshore, L.P.	Cayman Island	Investment holding fund	99.50	99.50	0.50	0.50
Merbau Investors Offshore, II L.P.	Cayman Island	Investment holding fund	99.18	99.18	0.82	0.82
Merbau Investors Offshore, III L.P.	Cayman Island	Investment holding fund	99.01	99.01	0.99	0.99
Meranti Fund L.P.	Cayman Island	Investment holding fund	99.25	99.25	0.75	0.75
Meranti Fund II L.P.	Cayman Island	Investment holding fund	99.25	99.25	0.75	0.75
Meranti Fund III L.P.	Cayman Island	Investment holding fund	99.25	99.25	0.75	0.75
Jati Private Equity Fund L.P.	Cayman Island	Investment holding fund	99	99	1	1
Jati Private Equity Fund II L.P.	Cayman Island	Investment holding fund	99	99	1	1
Jati Private Equity Fund III L.P.	Cayman Island	Investment holding fund	99	99	1	1
Akasia I, L.P.	Cayman Island	Investment holding fund	99.01	99.01	0.99	0.99
Cendana I, L.P.	Cayman Island	Investment holding fund	100	100	-	-
GIP Ashshams, L.P.	Cayman Island	Investment holding fund	99.01	99.01	0.99	0.99
Nour Fund I, L.P.	Cayman Island	Investment holding fund	99.25	99.25	0.75	0.75
Salam Private Opportunities Feeder Fund, L.P.	Cayman Island	Investment holding fund	100	100	-	-
Ameen Direct Equity I, L.P.	Guernsey	Investment holding fund	99.01	99.01	0.99	0.99
Qamar Direct Infrastructure I, L.P.	Guernsey	Investment holding fund	99.01	99.01	0.99	0.99
Cengal Private Equity Investments plc	Ireland	Investment holding fund	99.50	99.50	0.50	0.50
Cengal Private Equity Investments II plc	Ireland	Investment holding fund	99.47	99.47	0.53	0.53
Cengal Private Equity Investments III plc	Ireland	Investment holding fund	99.53	99.53	0.47	0.47
Cengal Private Equity Investments IV plc	Ireland	Investment holding fund	99.44	99.44	0.56	0.56
Kwasa Emerald #	Ireland	Investment holding	100	100	-	-
Kwasa Emerald ICAV	Ireland	Investment holding	100	100	-	-
KWASA Korea Limited *	Jersey	Investment holding	-	100	-	-
ADF Kwasa Korea Professional Investment Private Real Estate Investment LLC *	Korea	Investment holding	-	100	-	-
Symphony Insight Sdn Bhd *	Malaysia	Investment holding	-	100	-	-
Rashid Hussain Berhad #	Malaysia	Investment holding	98.33	98.33	1.67	1.67

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)

Information on Subsidiaries are as follows: (Cont'd.)

#### Subsidiaries Held through Malaysia Building Society Berhad (MBSB):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by MBSB		Through MBSB's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
MBSB Bank Berhad	Malaysia	Islamic banking and related financial services	100	100	-	-
Jana Kapital Sdn Bhd	Malaysia	Investment holding	-	-	100	100
MBSB Properties Sdn Bhd	Malaysia	Leasing of real property	100	100	-	-
MBSB Development Sdn Bhd	Malaysia	Property development	100	100	-	-
Prudent Legacy Sdn Bhd #	Malaysia	Dormant	-	-	92	92
Definite Pure Sdn Bhd	Malaysia	Dormant	100	100	-	-
Malaya Borneo Building Society Limited (MBBS) *	Singapore	Dormant	-	100	-	-
MBSB Tower Sdn Bhd	Malaysia	Property development	100	100	-	-
88 Legacy Sdn Bhd	Malaysia	Property development	100	100	-	-
Emerald Unity Sdn Bhd ^	Malaysia	Financial services activities	100	-	-	-
Malaysian Industrial Development Finance Berhad ^	Malaysia	Investment banking and related financial services	100	-	-	-
MIDF Amanah Investment Bank Berhad ^	Malaysia	Investment banking and related financial services	-	-	100	-
MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd ^	Malaysia	Nominees services	-	-	100	-
MIDF Amanah Investment Nominees (Asing) Sdn Bhd ^	Malaysia	Nominees services	-	-	100	-
MIDF Amanah Asset Management Berhad ^	Malaysia	Fund management and investment advisory	-	-	100	-
MIDF Amanah Capital Berhad ^	Malaysia	Investment and property holding	-	-	100	-
MIDF DFI Bhd ^	Malaysia	Dormant	-	-	100	-
Amanah International Finance Sdn Bhd ^	Malaysia	Provision of real estate and short-term financing	-	-	100	-
MIDF Amanah Ventures Sdn Bhd ^	Malaysia	Venture capital	-	-	100	-
Omega Matrix (M) Sdn Bhd ^	Malaysia	Loan management	-	-	100	-
Oriental 1936 Berhad ^	Malaysia	Dormant	-	-	75.20	-

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)**

Information on Subsidiaries are as follows: (Cont'd.)

**Subsidiaries Held through Kwasa Land Sdn Bhd (KLSB):**

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by KLSB		Through KLSB's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
Kwasa Development (3) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (4) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (5) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (6) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (7) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (8) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (9) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (10) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (11) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (12) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (13) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (14) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (15) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Development (16) Sdn Bhd	Malaysia	Property development	100	100	-	-
Kwasa Holdings (1) Sdn Bhd	Malaysia	Investment holding	100	100	-	-
Kwasa Holdings (3) Sdn Bhd	Malaysia	Investment holding	-	-	100	100
Kwasa Holdings (4) Sdn Bhd	Malaysia	Investment holding	-	-	100	100
Kwasa Holdings (5) Sdn Bhd	Malaysia	Investment holding	-	-	100	100
Kwasa Holdings (2) Sdn Bhd	Malaysia	Investment holding	100	100	-	-
Kwasa Holdings (6) Sdn Bhd	Malaysia	Investment holding	-	-	100	100
Kwasa Holdings (7) Sdn Bhd	Malaysia	Investment holding	-	-	100	100
Kwasa Holdings (8) Sdn Bhd	Malaysia	Investment holding	-	-	100	100
KLSB Business Services Sdn Bhd	Malaysia	Provision of management services	100	100	-	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)

Information on Subsidiaries are as follows: (Cont'd.)

#### Subsidiaries Held through KWASA Global (Jersey) Limited (KGJL):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by KGJL		Through KGJL's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA UK Limited	Jersey	Investment holding	100	100	-	-
KWASA Global Development Limited	Jersey	Investment holding	100	100	-	-
KWASA Global Links Limited	Jersey	Investment holding	100	100	-	-
KWASA Jewel Limited	Jersey	Investment holding	100	100	-	-
KWASA Australia II Trust	Australia	Investment holding	99.80	99.80	-	-

#### Subsidiaries Held through KWASA UK Limited (K.UK), Subsidiary to KWASA Global (Jersey) Limited (KGJL):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K.UK		Through K.UK's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA UK Solo Limited	Jersey	Investment holding	100	100	-	-
Portman Square (No. 1) Limited	Jersey	Investment holding	-	-	100	100
Portman Investments Unit Trust	Jersey	Property holding	-	-	100	100
- Portman Investments Nominee 1 Limited	Jersey	Investment holding	-	-	100	100
- Portman Investments Nominee 2 Limited	Jersey	Investment holding	-	-	100	100
Portman Square (No. 2) Limited	Jersey	Investment holding	-	-	100	100
KWASA Arena Limited	Jersey	Investment holding	100	100	-	-
Knightlights Property SA *	Luxembourg	Dormant	-	100	-	-
KWASA UK Duo Limited	Jersey	Investment holding	100	100	-	-
Bridge Unit 2 Limited	Jersey	Property holding	-	-	100	100
K2 Tower Bridge Limited	Jersey	Property holding	-	-	100	100
KWASA UK Trio Limited	Jersey	Investment holding	100	100	-	-
KWASA Fulham No. 1 Limited	Jersey	Investment holding	-	-	100	100
Fulham Broadway Unit Trust	Jersey	Property holding	-	-	100	100
KWASA Fulham No. 2 Limited	Jersey	Investment holding	-	-	100	100
KWASA Hammersmith Limited	Jersey	Property holding	-	-	100	100
KWASA UK Quattro Limited	Jersey	Investment holding	100	100	-	-
KWASA Qube Limited	Jersey	Property holding	-	-	100	100
KWASA Super Norwich Limited	Jersey	Property holding	-	-	100	100
KWASA Super Limited	Jersey	Property holding	-	-	100	100

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)**

Information on Subsidiaries are as follows: (Cont'd.)

**Subsidiaries Held through KWASA UK Limited (K.UK), Subsidiary to KWASA Global (Jersey) Limited (KGJL): (Cont'd.)**

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K.UK		Through K.UK's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA UK Quinto Limited	Jersey	Investment holding	100	100	-	-
KWASA Rugby Limited	Jersey	Property holding	-	-	100	100
KWASA Nottingham Limited	Jersey	Property holding	-	-	100	100
KWASA UK Sixmo Limited	Jersey	Investment holding	100	100	-	-
KWASA Super Ashton Limited	Jersey	Property holding	-	-	100	100
KWASA Super Bursledon Limited	Jersey	Property holding	-	-	100	100
KWASA Super Grantham Limited	Jersey	Property holding	-	-	100	100
KWASA Super Leeds Limited	Jersey	Property holding	-	-	100	100
KWASA Super Newcastle Limited	Jersey	Property holding	-	-	100	100
KWASA Logix No.1 Limited	Jersey	Property holding	-	-	100	100
KWASA Logix No.2 Limited	Jersey	Property holding	-	-	100	100
KWASA Logix No.3 Limited	Jersey	Property holding	-	-	100	100
KWASA Logix No.4 Limited	Jersey	Property holding	-	-	100	100
KWASA Premier Place Holdco Limited	Jersey	Investment holding	100	100	-	-
KWASA Premier Place Midco Limited	Jersey	Investment holding	-	-	100	100
KWASA Premier Place Bidco (UK) Limited	United Kingdom	Investment holding	-	-	100	100
Premier Place Propco Ltd	United Kingdom	Property holding	-	-	100	100
- Premier Place Finance Limited	United Kingdom	Dormant	-	-	100	100
KWASA Belfast Limited ^	Jersey	Property holding	100	-	-	-
Kwasa Belfast Opco Limited ^	Jersey	Management and rental of student accommodation	-	-	100	-
KWASA Edinburgh Limited ^	Jersey	Property holding	100	-	-	-
KWASA Edinburgh OpCo Limited ^	Jersey	Management and rental of student accommodation	-	-	100	-
KWASA Warwick Limited ^	United Kingdom	Property holding	100	-	-	-
KWASA Warwick OpCo Limited ^	United Kingdom	Management and rental of student accommodation	-	-	100	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)

Information on Subsidiaries are as follows: (Cont'd.)

#### Subsidiaries Held through KWASA Australia II Trust (KAIIT), Subsidiary to KWASA Global (Jersey) Limited (KGJL):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by KAIIT		Through KAIIT's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA Goodman Industrial Trust	Australia	Investment holding	60	60	-	-
KGIT1A Subtrust	Australia	Property holding	-	-	60	60
KGIT1B Subtrust	Australia	Property holding	-	-	60	60
KGIT1C Subtrust	Australia	Property holding	-	-	60	60
KGIT1D Subtrust	Australia	Property holding	-	-	60	60
KGIT1E Subtrust	Australia	Property holding	-	-	60	60
KWASA Australia II Sub-Trust	Australia	Investment holding	100	100	-	-

#### Subsidiaries Held through KWASA Global Links Limited (KGLL), Subsidiary to KWASA Global (Jersey) Limited (KGJL):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by KGLL		Through KGLL's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA Links Malaysia One Sdn Bhd	Malaysia	Investment holding	100	100	-	-
KWASA Links Malaysia Two Sdn Bhd	Malaysia	Investment holding	100	100	-	-
KWASA Links Malaysia Three Sdn Bhd	Malaysia	Investment holding	100	100	-	-
KWASA Links Malaysia Four Sdn Bhd	Malaysia	Investment holding	100	100	-	-
KWASA Links Malaysia Five Sdn Bhd	Malaysia	Investment holding	100	100	-	-
KWASA Links Malaysia Six Sdn Bhd	Malaysia	Investment holding	100	100	-	-
KWASA Links Malaysia Seven Sdn Bhd	Malaysia	Investment holding	100	100	-	-
KWASA Links Malaysia Eight Sdn Bhd	Malaysia	Investment holding	100	100	-	-
KWASA Links Malaysia Nine Sdn Bhd	Malaysia	Investment holding	100	100	-	-
KWASA Links Malaysia Ten Sdn Bhd	Malaysia	Investment holding	100	100	-	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)

Information on Subsidiaries are as follows: (Cont'd.)

**Subsidiaries Held through KWASA Global Links Limited (KGLL), Subsidiary to KWASA Global (Jersey) Limited (KGJL): (Cont'd.)**

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by KGLL		Through KGLL's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA Links Malaysia Eleven Sdn Bhd	Malaysia	Investment holding	100	100	-	-
Links Holdings (GP) Limited	Jersey	Investment holding	-	-	99.40	99.40
Links Holdings LP	Jersey	Investment holding	-	-	99.40	99.40
Links Healthcare REIT Limited	Jersey	Investment holding	-	-	99.40	99.40
Links Bidco Limited	Jersey	Investment holding	-	-	99.40	99.40
- Links Bidco Propco 1 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 2 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 3 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 4 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 5 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 6 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 7 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 9 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 10 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 11 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 12 Limited	Jersey	Property holding	-	-	99.40	99.40
- Links Bidco Propco 13 Limited	Jersey	Property holding	-	-	99.40	99.40

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)

Information on Subsidiaries are as follows: (Cont'd.)

#### Subsidiaries Held through KWASA Europe S.à r.l. (K. Europe):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K. Europe		Through K. Europe's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA Delta S.à r.l.	Luxembourg	Investment holding	100	100	-	-
KWASA DH Moncheng S.à r.l.	Luxembourg	Property investment	100	100	-	-
KWASA Strauss Erfurt S.à r.l. *	Luxembourg	Property investment	-	100	-	-
KWASA Strauss Wiesbaden S.à r.l. *	Luxembourg	Property investment	-	100	-	-
KWASA Quattro Holdco S.à r.l.	Luxembourg	Investment holding	100	100	-	-
KWASA Quattro Berlin S.à r.l.	Luxembourg	Property investment	-	-	100	100
KWASA Quattro Hamburg S.à r.l.	Luxembourg	Property investment	-	-	100	100
KWASA Prisma 1 S.à r.l.	Luxembourg	Investment holding	100	100	-	-
KWASA Deurne S.à r.l.	Luxembourg	Property investment	100	100	-	-
KWASA Venlo S.à r.l.	Luxembourg	Property investment	100	100	-	-
KWASA Korbach S.à r.l. *	Luxembourg	Property investment	-	100	-	-
KWASA Strauss - DHL Finco S.à r.l. *	Luxembourg	Property financing	-	100	-	-
KWASA Jeden Finco S.à r.l. *	Luxembourg	Property financing	-	100	-	-
KWASA Moerdijk S.à r.l.	Luxembourg	Property investment	100	100	-	-
Pershore Sp. z o.o.	Poland	Property investment	100	100	-	-
KWASA GBC A Sp. z o.o.	Poland	Property investment	100	100	-	-
KWASA GBC B Sp. z o.o.	Poland	Property investment	100	100	-	-
Haxley Investments Sp. z o.o.	Poland	Property investment	100	100	-	-
PDC Industrial Center 70 Sp. z o.o.	Poland	Property investment	100	100	-	-
Estlin Investments Sp. z o.o.	Poland	Property investment	100	100	-	-
Jamestown Sp. z o.o.	Poland	Property investment	100	100	-	-
Jarrow Sp. z o.o.	Poland	Property investment	100	100	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)**

Information on Subsidiaries are as follows: (Cont'd.)

**Subsidiaries Held through KWASA Prisma 1 S.à r.l (K.Prisma 1), Subsidiary to KWASA Europe S.à r.l. (K.Europe):**

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K. Prisma 1		Through K. Prisma 1's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA Prisma 2 S.à r.l.	Luxembourg	Investment holding	100	100	-	-
KWASA IRE France OPCI	France	Property holding	-	-	100	100
SCI Ris Orangis	France	Property investment	-	-	100	100
Midi de la Plaine EURL	France	Property investment	-	-	100	100
Midi de la Plaine 3 EURL	France	Property investment	-	-	100	100

**Subsidiaries Held through Kwasa Infrastructure I (K.Infra I):**

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K.Infra I		Through K.Infra I's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
Macquarie Hyperion Limited	Cayman Island	Investment holding	60	60	-	-
Macquarie Helios Holdings Limited	Cayman Island	Investment holding	-	-	60	60

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)

Information on Subsidiaries are as follows: (Cont'd.)

#### Subsidiaries Held through Symphony Insight Sdn Bhd (SISB):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by SISB		Through SISB's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
Absolute Insight Sdn Bhd *	Malaysia	Investment holding	-	100	-	-
Ivory Insight Sdn Bhd *	Malaysia	Investment holding	-	100	-	-

#### Subsidiary Held through Kwasa Asia (K.Asia):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K.Asia		Through K.Asia's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
Kwasa China	Cayman Island	Investment holding	100	100	-	-
Gateway V Co-Investment Account (EMAS I), L.P.	Cayman Island	Investment holding	-	-	100	100
Gateway VI Co-Investment Account (EMAS II), L.P.	Cayman Island	Investment holding	-	-	100	100

#### Subsidiary Held through KWASA US (K.US):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K.US		Through K.US's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA Liberty #	Cayman Island	Investment holding	100	100	-	-
KWASA Madison	Cayman Island	Investment holding	100	100	-	-
KWASA AG	Cayman Island	Investment holding	100	100	-	-
KWASA PCCP	Cayman Island	Investment holding	100	100	-	-
KWASA USCP	Cayman Island	Investment holding	100	100	-	-
KWASA USLF	Cayman Island	Investment holding	100	100	-	-
KWASA BMF V	Cayman Island	Investment holding	100	100	-	-
KWASA Maple	Cayman Island	Investment holding	100	100	-	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)

Information on Subsidiaries are as follows: (Cont'd.)

#### Subsidiaries Held through Yarra Development Holdings (Australia) Sdn Bhd (Yarra):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by Yarra		Through Yarra's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
Yarra Australia Development Pty Ltd	Australia	Investment holding	100	100	-	-

#### Subsidiaries Held through KWASA Europe-I S.à r.l (K.Europe-I):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K. Europe-I		Through K. Europe-I's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA Maasvlakte-I B.V.	Netherlands	Property investment	100	100	-	-

#### Subsidiary Held through KWASA Global-I (Jersey) Limited (KGJL-I):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by KGJL-I		Through KGJL-I's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
KWASA UK-I Limited	Jersey	Investment holding	100	100	-	-
KWASA Logix Sportivo Limited	Jersey	Property investment	-	-	100	100

#### Subsidiaries Held through Kwasa Emerald (K.Emerald):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K.Emerald		Through K.Emerald's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
Kwasa Breccia	Ireland	Investment holding	-	100	-	-
Kwasa Mica	Ireland	Investment holding	-	100	-	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 38. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONT'D.)

Information on Subsidiaries are as follows: (Cont'd.)

#### Subsidiaries Held through Kwasa Emerald ICAV (K.Emerald ICAV):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K.Emerald ICAV		Through K.Emerald ICAV's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
Kwasa Breccia Fund	Ireland	Investment holding	100	100	-	-
Kwasa Breccia	Ireland	Investment holding	-	-	100	-
Kwasa Mica Fund	Ireland	Investment holding	100	100	-	-
Kwasa Mica	Ireland	Investment holding	-	-	100	-

#### Subsidiaries Held through Kwasa Infrastructure Alpha (K.Infra Alpha):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K.Infra Alpha		Through K.Infra Alpha's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
Kwasa Infrastructure Oceania Trust	Australia	Investment holding	99.90	99.90	-	-

#### Subsidiaries Held through Tanjung Wibawa Sdn Bhd (TWSB):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by TWSB		Through TWSB's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
Bukit Jalil Sentral Property Sdn Bhd	Malaysia	Property development	80	80	-	-

#### Subsidiaries Held through Kwasa Logistics Sdn Bhd (K.Logistics):

Name of Company	Country of Incorporation	Principal Activities	Effective Interest			
			Directly by K.Logistics		Through K.Logistics's Subsidiary Company	
			2023 %	2022 %	2023 %	2022 %
ALP BR (Malaysia) Sdn Bhd	Malaysia	Property development	70	70	-	-

All the above subsidiaries of EPF are not audited by the Auditor General of Malaysia.

^ The company was established/acquired in 2023.

\* The company was sold/liquidated in 2023.

# The company is in the process of voluntary winding up as at 31 December 2023.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**39. LIST OF ASSOCIATES AND JOINT VENTURES AS AT 31 DECEMBER 2023****a. Details of Associates held directly by EPF are as follows:**

Name of Company	Country of Incorporation	Principal Activities	Ownership Interest on Voting Rights	
			2023 %	2022 %
Malaysian Resources Corporation Berhad	Malaysia	Investment holding and conduct activities relating to construction, property development and management services to its subsidiaries	<b>36.21</b>	36.21
RHB Bank Berhad	Malaysia	Banking	<b>40.24</b>	41.02
Nusa Gapurna Development Sdn Bhd	Malaysia	Investment holding, management and property development	<b>40</b>	40
Bandar Eco-Setia Sdn Bhd	Malaysia	Property development and investment	<b>34</b>	34
Jelas Puri Sdn Bhd	Malaysia	Property investment, management and development	<b>30</b>	30
Panca Pesona Sdn Bhd	Malaysia	Developer of industrial land and housing projects	<b>30</b>	30
FWD Takaful Berhad	Malaysia	Insurance	<b>20</b>	20
Iskandar Investment Berhad	Malaysia	Investment holding, property investment and development and provision of shared services to its subsidiaries	<b>20</b>	20
Iskandar Capital Sdn Bhd	Malaysia	Investment holding	<b>29.27</b>	29.27
Konsortium Lebuhraya Utara-Timur (KL) Sdn Bhd	Malaysia	Highway concession operator	<b>40</b>	40
Asterix Investment Holdings Pte Ltd ^	Singapore	Investment Holding	<b>32</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 39. LIST OF ASSOCIATES AND JOINT VENTURES AS AT 31 DECEMBER 2023 (CONT'D.)

**b. Details of Associates held through EPF's Subsidiaries are as follows:**

Name of Company	Country of Incorporation	Principal Activities	Ownership Interest on Voting Rights	
			2023 %	2022 %
<b>Pinggiran Ventures Sdn Bhd</b>				
TEI Sdn Bhd	Malaysia	Investment holding with major investment in highway concession operator	49	49
SWM Environment Holdings Sdn Bhd	Malaysia	Investment holding with major investment in the waste collection management company	35	35
<b>Kwasa Land Sdn Bhd</b>				
Kwasa Sentral Sdn Bhd	Malaysia	Property development	30	30
<b>Naungan Sentosa Sdn Bhd</b>				
BBCC Development Sdn Bhd	Malaysia	Property development and investment holding	20	20
MFBBCC Retail Mall Sdn Bhd	Malaysia	Property development and investment holding	5.35	6.12
<b>Kwasa Singapore Solo Pte. Ltd.</b>				
Wallich Residence Pte. Ltd.	Singapore	Property development	20	20
<b>Kwasa Singapore Duo Pte. Ltd.</b>				
TPC Hotel Pte. Ltd.	Singapore	Hotel operation	20	20
<b>Kwasa Singapore Trio Pte. Ltd.</b>				
TPC Commercial Pte. Ltd.	Singapore	Property investment	20	20
<b>Kwasa Infrastructure I</b>				
<b>Macquarie Hyperion Limited</b>				
<b>Macquarie Helios Holding Limited</b>				
Chemoil Storage Limited	Marshall Islands	Investment holding	27	27

**c. Details of Joint Venture held directly by EPF are as follows:**

Name of Company	Country of Incorporation	Principal Activities	Ownership Interest on Voting Rights	
			2023 %	2022 %
PLUS Malaysia Berhad	Malaysia	Investment holding	49	49

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**39. LIST OF ASSOCIATES AND JOINT VENTURES AS AT 31 DECEMBER 2023 (CONT'D.)**

d. Details of Joint Ventures held through EPF's Subsidiaries are as follows:

Name of Company	Country of Incorporation	Principal Activities	Ownership Interest on Voting Rights	
			2023 %	2022 %
<b>KWASA Global (Jersey) Limited</b>				
<b>KWASA Global Development Limited</b>				
Battersea Project Holding Company Limited	Jersey	Investment holding	20	20
Battersea Power Station Estate Limited	United Kingdom	Investment holding	20	20
Battersea Power Station Development Company	United Kingdom	Investment holding	20	20
<b>KWASA UK Limited</b>				
<b>KWASA Arena Limited</b>				
The Arena Unit Trust	Jersey	Investment holding	50	50
<b>KWASA Jewel Limited</b>				
PNB-Kwasa International Holding Limited	Jersey	Investment holding	35	35
<b>KWASA Australia II Trust</b>				
<b>KWASA Australia II Sub-Trust</b>				
Goodman Slough Industrial Trust	Australia	Property Investment holding	49	49
Goodman Lidcombe Industrial Trust	Australia	Property Investment holding	49	49
Goodman-KWASA Financing Trust	Australia	Property financial services	49	49
<b>KWASA Europe S.à r.l.</b>				
KG Finance (Lux) S.à r.l.	Luxembourg	Property financial services	70	70
Goodman Basil Logistics (Lux) S.à r.l.	Luxembourg	Property investment	70	70
Goodman Tumbleweed Logistics (Lux) S.à r.l.	Luxembourg	Property investment	70	70
Goodman Pearl Logistics (Lux) S.à r.l.	Luxembourg	Property investment	70	70
Goodman Cardamom Logistics (Lux) S.à r.l.	Luxembourg	Property investment	70	70
Goodman Cyan Logistics (Lux) S.à r.l.	Luxembourg	Property investment	70	70
Goodman Melanite Logistics (Lux) S.à r.l.	Luxembourg	Property investment	70	70
Goodman Aqua Logistics (Lux) S.à r.l.	Luxembourg	Property investment	70	70
Goodman Korbach (Lux) S.à r.l.	Luxembourg	Property investment	70	70
KG Finance Two (Lux) S.à r.l.	Luxembourg	Property financial services	90	90
Goodman Canopic Logistics (Lux) S.à r.l.	Luxembourg	Property investment	90	90
Goodman Ventura Logistics (Lux) S.à r.l.	Luxembourg	Property investment	90	90
Goodman Cardinal Logistics (Lux) S.à r.l.	Luxembourg	Property investment	90	90
Goodman Cadet Logistics (Lux) S.à r.l.	Luxembourg	Property investment	90	90
Goodman Melon Logistics (Lux) S.à r.l.	Luxembourg	Property investment	90	90
Goodman Opera Logistics (Lux) S.à r.l.	Luxembourg	Property investment	90	90
Goodman Sienna Logistics (Lux) S.à r.l.	Luxembourg	Property investment	90	90
Grundstück 41 Verwaltungs GmbH	Germany	Property investment	90	90
KG Finance Three (Lux) S.à r.l.	Luxembourg	Property investment	90	90
Goodman Medway Logistics (Lux) S.à r.l.	Luxembourg	Property investment	90	90
KGG Green Energy I (Lux) S.à r.l.	Luxembourg	Property investment	70	70
KGG Green Energy II (Lux) S.à r.l.	Luxembourg	Property investment	90	90

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 39. LIST OF ASSOCIATES AND JOINT VENTURES AS AT 31 DECEMBER 2023 (CONT'D.)

d. Details of Joint Ventures held through EPF's Subsidiaries are as follows: (Cont'd.)

Name of Company	Country of Incorporation	Principal Activities	Ownership Interest on Voting Rights	
			2023 %	2022 %
<b>KWASA Europe S.à r.l. (Cont'd.)</b>				
<b>KWASA Delta S.à r.l.</b>				
KWASA Dietz Germany GmbH	Germany	Investment holding	<b>84.30</b>	84.30
<b>Kwasa Capital Limited</b>				
Melati Asia Holdings Limited	Cayman Island	Investment holding	<b>51</b>	51
<b>Pinggiran Ventures Sdn Bhd</b>				
Pinggiran Muhibbah Sdn Bhd	Malaysia	Investment holding with major investment in highway concession operator	<b>50</b>	50
<b>Tanjung Wibawa Sdn Bhd</b>				
Paragon Pinnacle Sdn Bhd	Malaysia	Property development and investment holding	<b>40</b>	40
Eco Horizon Sdn Bhd	Malaysia	Property development	<b>40</b>	40
<b>Yarra Development Holdings (Australia) Sdn Bhd</b>				
<b>Yarra Australia Development Pty Ltd</b>				
Yarra Park City Pty Ltd	Australia	Property development	<b>49</b>	49

^ The company was established/acquired in 2023.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

### 40. SIGNIFICANT EVENTS

#### 40.1 SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

Starting 1 January 2024, EPF has strategically separated its Simpanan Konvensional (SK) and Simpanan Syariah (SS) portfolios in relation to their Shariah-compliant investment, aiming to allow each portfolio's returns to be optimised in the long run with each portfolio having its independent strategic asset allocation.

As a result of the separation of these portfolios, the usage of the Opt-in Ratio (OIR), Shariah Assets Ratio (SAR) and Shariah Income Ratio (SIR) as described in Note 2.1(d)(x) "Methodology Applied on Allocation for Simpanan Syariah and Simpanan Konvensional" in arriving at the financial results and financial position for SS and SK will not be required in the next financial year because the SS and SK portfolio are now managed and monitored separately on its own.

Members Savings Ratio (MSR) will still be used to allocate joint and head office types of income, expenses and financial position items to SS and SK.

The implementation of separation of Simpanan Konvensional and Simpanan Syariah portfolios effective 1 January 2024 does not require any adjustments to be made for the financial year ended 31 December 2023.

# EPF PROPERTIES IN MALAYSIA

As at 31 December 2023

No.	Location	Freehold Land		Leasehold Land		Net Book Value of Land (RM)	Net Book Value of Buildings (RM)
		Acreage	Square Feet	Acreage	Square Feet		
1.	Federal Territory	6.78	295,571.70	3.16	137,716.00	7,423,377.90	305,447,608.42
	a. Kuala Lumpur	6.78	295,571.70	2.96	128,951.00	7,423,377.90	302,240,393.51
	b. Labuan	-	-	0.20	8,765.00	-	3,207,214.91
2.	Selangor	23.25	1,012,970.00	41.66	1,814,986.07	56,783,784.23	443,842,402.46
3.	Perlis	-	-	1.01	44,046.00	4,083,548.67	6,566,515.05
4.	Perak	-	-	1.45	63,253.28	1,672,510.95	19,224,940.44
5.	Pulau Pinang	0.74	32,397.00	3.33	144,945.00	15,548,522.18	80,381,026.06
6.	Johor	4.49	195,552.63	0.47	20,303.00	9,320,732.00	40,119,318.95
7.	Melaka	-	-	2.10	91,913.03	1,866,676.44	5,606,375.82
8.	Negeri Sembilan	1.69	73,473.54	1.69	73,421.00	4,884,569.25	33,085,159.98
9.	Terengganu	0.18	8,000.00	3.66	159,646.00	2,243,786.23	11,416,360.51
10.	Kelantan	0.19	8,307.00	0.45	19,562.00	-	7,960,737.00
11.	Pahang	-	-	8.36	363,869.00	7,433,535.90	10,544,468.85
12.	Sabah	-	-	6.94	302,226.00	10,402,173.47	26,969,095.62
13.	Sarawak	-	-	2.07	90,399.84	21,252.61	10,182,838.45
<b>Grand Total</b>		<b>37.32</b>	<b>1,626,271.87</b>	<b>76.34</b>	<b>3,326,286.22</b>	<b>121,684,469.83</b>	<b>1,001,346,847.61</b>

# GLOSSARY

<b>Account 1</b>	70 percent of a member's contributions, which is dedicated specifically for retirement.
<b>Account 2</b>	30 percent of a member's contributions, which can be utilised for pre-retirement withdrawals to enhance retirement well-being.
<b>Active Formal Sector Member</b>	EPF members who contributed through employers' contributions at least once in 12 months.
<b>Active Members</b>	EPF members who have contributed at least once for the last 12 months.
<b>Basic Savings</b>	Basic Savings refer to the minimum amount of savings in Account 1 that a member should have upon reaching age 55, as determined by EPF. As of 1 January 2019, the basic savings quantum has been set at RM240,000, which is equivalent to a monthly retirement income of RM1,000 for 20 years (240 months) from age 55 to 75.
<b>Dividend</b>	Dividend is the return to members' savings from investment activities. The dividend for every member's account is calculated on an aggregate daily balance.
<b>Employee</b>	An employee is a person employed by an employer under a contract of service of apprenticeship.
<b>Employer</b>	An employer is a person or party who employs an employee to work under contract of service or apprenticeship. Employers include: <ul style="list-style-type: none"> <li>• Managers, agents or any persons responsible for the payment of wages to an employee;</li> <li>• Any group of persons, whether statutory or non-statutory or incorporated; and</li> <li>• The Government and any government department, statutory body, local authority, or other body as specified in the Second Schedule of the EPF Act 1991</li> </ul>
<b>ELYA</b>	An abbreviation for "EPF Loves You Always", ELYA is EPF's bilingual Virtual Assistant (VA), powered by Artificial Intelligence (AI) using Natural Language Processing (NLP) and supported by Live Chat.
<b>Financial Planning</b>	Financial planning is an approach that assists individuals to understand their financial situation, to plan and manage their finances throughout their life cycle. This process empowers them to set financial goals and identify ways to achieve their financial goals.
<b>Financial Literacy</b>	Financial literacy refers to the awareness, knowledge, skills, attitude and behaviour necessary to make sound financial decisions. ( <i>Reference: OECD</i> )
<b>i-Akaun</b>	i-Akaun refers to a member's or employer's EPF online account.
<b>Inactive Members</b>	EPF members that do not contribute for the last 12 months.
<b>Inputs</b>	The capitals (resources and relationships) that the organisation draws upon for its business activities.
<b>Integrated Report</b>	A concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value in the short, medium and long term.
<b>Mandatory Contribution</b>	Mandatory Contribution is the amount of money paid into a member's EPF account every month based on the monthly salary of the employee. EPF contributions are made by both employees and employers (on behalf of their employees).

## GLOSSARY

<b>Material Matters</b>	Material matters refer to topics that represent the organisation's most significant impacts on the environment and people, including impacts on their human rights.
<b>Materiality Assessment</b>	The process of identifying a wide range of material matters and refining them to what are most important to an organisation and its stakeholders.
<b>Materiality Matrix</b>	A matrix highlighting the importance of material matters based on its impact to stakeholders and the organisation.
<b>Member</b>	An EPF member according to the EPF Act is an individual who has an account and savings with EPF. EPF members consist of private sector workers, non-pensionable workers in the public sector, and those who have opted to contribute.
<b>Mobile KWSP</b>	Mobile KWSP is an Outreach Team using a 7.5-ton truck designed like a mobile branch at four (4) designated locations on a regular basis every week, subject to amendments from time to time.
<b>Mobile Team</b>	The Mobile Team is an Outreach Team that uses Four-Wheel Drive (4WD) vehicles to carry out activities on a "On-Demand" basis.
<b>Nomination</b>	A nomination is a written declaration in Form KWSP 4 to elect/nominate one or more individuals to be beneficiaries (for non-Muslim members) or executors/administrators (for Muslim members) of members' EPF savings upon death. Members may also opt to nominate institution (Amanah Raya Berhad) as administrator or trustee.
<b>Outcome</b>	The internal and external consequences (positive and negative) for the capitals as a result of an organisation's business activities and outputs.
<b>Outputs</b>	An organisation's products and services.
<b>Pre-Retirement Withdrawals</b>	Pre-retirement withdrawals are withdrawals that have been approved by the EPF to allow members to take out a certain amount from their retirement savings prior to the retirement age. The savings can be withdrawn from Account 2 for Housing Withdrawal, Education Withdrawal, Health Withdrawal, Age 50 Years Withdrawal, Withdrawal of Savings of more than RM1 Million and Hajj Withdrawal. This is to help them prepare for retirement.
<b>Reporting Scope</b>	The extent of subject matter covered, considered relevant for inclusion and discussed throughout the organisation's integrated report.
<b>Retirement Advisory Service (RAS)</b>	Since 2014, the EPF began providing free Retirement Advisory Services (RAS) for members at selected EPF offices. This includes providing information on the EPF's services in general, options on retirement savings, as well as tips and advice on how to create financial and retirement plan and boost retirement savings to achieve a reasonable level of comfort during golden years.
<b>Retirement Planning</b>	Retirement planning is the process of determining retirement income goals and the actions necessary to achieve those goals. It includes identifying sources of income, estimating expenses, implementing a savings programme, and managing assets. Future cash flows are estimated based on life expectancy to determine if the retirement income goal can be achieved in the future.
<b>Retirement Withdrawal</b>	Retirement withdrawals allow members to withdraw their savings upon reaching a certain age, or upon death, incapacitation or leaving the country. Pensionable employees or those opting for retirement can also make retirement withdrawals. For retirement withdrawals at age 55 or 60, members can opt to be paid either in lump-sum, in monthly installments, in a partial sum for any amount at any time, through annual dividends or a combination of monthly, partial and annual dividends.

## GLOSSARY

<b>Return on Investment (ROI)</b>	Return on Investment is the ratio of realised income gained or lost against the average fund size (at cost) for the year.
<b>Social Protection</b>	Social protection refers to all public and private initiatives that provide income or consumption transfers to the poor and the vulnerable groups and protect all citizens against livelihood risks.
<b>Special Withdrawal Facilities</b>	Unprecedented facilities and initiatives launched by EPF during the COVID-19 outbreak to assist our members facing financial hardship.
<b>Stakeholders</b>	Entities or individuals that can reasonably be expected to be significantly affected by an organisation's activities, products or services; or whose actions can reasonably be expected to affect the ability of the organisation to implement its strategies or achieve its objectives.
<b>Strategic Asset Allocation (SAA)</b>	The primary goal of the EPF's Strategic Asset Allocation is to create an asset mix that will provide optimal balance between expected risk and return for long-term investments.
<b>Value Creation, Preservation or Erosion</b>	The process that results in increases, decreases or transformations of the capitals caused by the organisation's business activities and outputs.
<b>Wages</b>	Wages are all monetary remuneration due to an employee under his/her contract of service or apprenticeship whether it was agreed to be paid monthly, weekly, daily or otherwise.