

**GREAT EASTERN TAKAFUL BERHAD**  
**201001032332 (916257-H)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**31 December 2021**

**201001032332 (916257-H)**

**GREAT EASTERN TAKAFUL BERHAD  
(Incorporated in Malaysia)**

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## **DIRECTORS' REPORT**

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 31 December 2021.

## **PRINCIPAL ACTIVITY**

The Company is principally engaged in managing family takaful business including takaful investment-linked business.

## **RESULTS**

	<b>RM'000</b>
Net profit for the year	<u>18,466</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## **ULTIMATE HOLDING COMPANY**

The ultimate holding company is Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), a public listed company incorporated in the Republic of Singapore.

## **DIVIDENDS**

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

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**DIRECTORS**

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Mr Norman Ka Cheung Ip (Chairman)

YBhg. Datin Zaharah binti Ali

YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd)

YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)

Mr Khor Hock Seng

YBhg. Dato' Albert Yeoh Beow Tit

En. Mohamed Rashdi bin Mohamed Ghazalli (Resigned w.e.f. 31 March 2022)

In accordance with Article 72 of the Company's Constitution, Mr Norman Ka Cheung Ip and YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd) would retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the options over shares in the Company's ultimate holding company as disclosed in this report.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 27 and Note 30 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest to be disclosed under Fifth Schedule, Part I Section 3 of the Companies Act, 2016.

A Director and Officer's Liability Takaful has been entered into by the Company for the financial year ended 31 December 2021 pursuant to Section 289 of the Companies Act, 2016. The cost of takaful effected amounted to a gross contribution of RM60,900.

**SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

In the opinion of the Directors, the results of the operations of the Company during the financial year had not been substantially affected by any item, transaction or event of a material and unusual nature as stated in Note 40, other than those disclosed in the financial statements.

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**DIRECTORS' INTERESTS**

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and options over shares in the Company's ultimate holding company, OCBC Bank, during the financial year were as follows:

	<u>Shareholdings in which Directors have a direct interest</u>			<u>31.12.2021</u>
	<u>1.1.2021</u>	<u>Acquired</u>	<u>Disposed</u>	
<b>(a) Ordinary shares in the capital of OCBC Bank</b>				
Mr Norman Ka Cheung Ip	4,585	29	-	4,614
Mr Khor Hock Seng	542,131	84,465	(40,000)	586,596
Dato' Albert Yeoh Beow Tit	302,335	-	(40,000)	262,335
<b>(b) Deemed Interest</b>				
Mr Norman Ka Cheung Ip	10,204	136	-	10,340 <sup>(1)</sup>
Mr Khor Hock Seng	243,452 <sup>(1)</sup>	99,646	(77,012)	266,086 <sup>(1)</sup>
En. Mohamad Rashdi Mohamed Ghazalli	68 <sup>(2)</sup>	-	-	68 <sup>(2)</sup>

Note:

- (1) Deemed interest arising from the OCBC Deferred Share Plan.
- (2) Deemed interest arising from this appointment as Administrator in the estate of Mohamed Ghazalli bin Dato Mahmud.

	<u>Options held by Directors in their own name</u>					
	<u>Expiry Date</u>	<u>Exercise Price (S\$)</u>	<u>1.1.2021</u>	<u>Granted</u>	<u>Exercised</u>	<u>31.12.2021</u>
<b>(c) Options to subscribe for ordinary shares in the capital of OCBC Bank</b>						
Mr Khor Hock Seng	22.03.2027	9.60	327,082	-	(177,082)	150,000
	21.03.2028	13.34	122,135	-	-	122,135

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

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**CORPORATE GOVERNANCE DISCLOSURES**

The Company has taken concerted steps to comply with Bank Negara Malaysia ("BNM") Policy Document on Corporate Governance issued on 3 August 2016. The Company is committed to the standards and practices prescribed in this policy document.

**OTHER STATUTORY INFORMATION**

- (a) Before the statement of financial position, income statement and statement of comprehensive income of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) it necessary to write-off any bad debts or to make any impairment allowance for impaired debts in respect of the financial statements of the Company; and
  - (ii) the values attributed to current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

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**OTHER STATUTORY INFORMATION (CONTINUED)**

- (f) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.
- (g) Before the statement of financial position and income statement of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for its takaful certificate liabilities in accordance with the valuation method specified in Part D of the Risk-Based Capital Framework for Takaful Operators issued by Bank Negara Malaysia ("BNM").

For the purpose of paragraphs (e) and (f) above, contingent and other liabilities do not include liabilities arising from certificates of takaful underwritten in the ordinary course of business of the Company.

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**AUDITORS**

Auditors' Remuneration

Details of auditors' remuneration are set out in Note 27 to the financial statements.

There was no indemnity given to, or takaful effected for auditors of the Company in respect of the liability for any act or omission in their capacity as auditors of the Company during the financial year.

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept the reappointment as auditors.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2022.



Dato' Albert Yeoh Beow Tit



Major General Dato' Zulkiflee bin Mazlan (Rtd)

Kuala Lumpur, Malaysia



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**STATEMENT OF CORPORATE GOVERNANCE**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**

The Board of Directors ("the Board") and Management of Great Eastern Takaful Berhad (the "Company") place great importance on high standards of corporate conduct and are committed to upholding values of integrity, honesty and proper conduct at all times in the business operations and dealings of the Company.

The Company adopts corporate governance practices which are in conformity with Bank Negara Malaysia's ("BNM") Policy Document on Corporate Governance issued on 3 August 2016 (the "CG PD") and is continually enhancing standards of the overall governance.

**THE BOARD'S CONDUCT OF AFFAIRS**

**Board's responsibilities and accountability**

1. The Board provides strategic directions to, and oversight of the operations of the Company. The principal roles and functions of the Board, as set out in the Board Charter, include the following:
  - (a) reviewing and approving the overall business strategy as well as the organisation structure of the Company, developed and recommended by the Management;
  - (b) overseeing and approving the risk appetite of the Company that is consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
  - (c) overseeing the implementation of the Company's governance framework and internal control framework, and periodically reviewing the frameworks to ensure they remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
  - (d) overseeing, through the Board Nominations and Remuneration Committee, the selection, performance, remuneration and succession plans of the Chief Executive Officer ("CEO"), Senior Officers and Non-Senior Officers, such that the Board is satisfied with their collective competence as Senior Officers to effectively lead the operations of the Company;
  - (e) ensuring that the decisions and investments are consistent with the long-term strategic goals of the Company and reasonable standards of fair dealing with all stakeholders;
  - (f) ensuring that interests of shareholders, certificate holders and other stakeholders are taken into account in managing the Company's business;
  - (g) ensuring that the necessary human resources are in place for the Company to achieve its objectives;

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)**

**Board's responsibilities and accountability (Continued)**

1. The Board provides strategic directions to, and oversight of the operations of the Company. The principal roles and functions of the Board, as set out in the Board Charter, include the following: (Continued)
  - (h) ensuring that the Company is operated in accordance with the relevant laws and regulations, as well as policies, processes and guidelines approved by the Board, so as to preserve its financial integrity;
  - (i) overseeing, through the Board Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures, and system of internal controls;
  - (j) overseeing, through the Board Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines), and the quality of the risk management processes and systems;
  - (k) reviewing and approving any transaction for the acquisition or disposal of assets that is material to the Company;
  - (l) establishing corporate values and standards, emphasizing integrity, honesty and proper conduct at all times, with respect to internal dealings and external transactions, including situations where there are potential conflicts of interests;
  - (m) promoting sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
  - (n) overseeing and approving the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and to maintain or preserve critical operations and services when they come under stress;
  - (o) promoting timely and effective communications between the Company and BNM on matters affecting or that may affect the safety and soundness of the Company;
  - (p) promoting Shariah compliance in accordance with the Shariah governance framework and ensuring its integration with the Company's business and risk strategies; and

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
(CONTINUED)

**THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)**

**Board's responsibilities and accountability (Continued)**

1. The Board provides strategic directions to, and oversight of the operations of the Company. The principal roles and functions of the Board, as set out in the Board Charter, include the following: (Continued)
  - (q) overseeing the adequacy, effectiveness and implementation of Anti-Corruption function.
2. The Company has adopted internal guidelines on matters which require Board's approval. Matters requiring Board's approval include, but are not limited to, the overall business strategy and direction, significant policies governing the operations of the Company, strategic or significant acquisitions and disposal of assets by the Company, corporate restructuring, major corporate initiatives and other activities of a significant nature, all material and special related party transactions, authority levels for the Company's core functions and outsourcing of core business functions.
3. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to the Board Committees and Management to optimise operational efficiency.

**Board Committees**

4. The Board has established a number of Board committees ("Board Committees") to assist it in carrying out more effective oversight of the operations and business affairs of the Company. These Board Committees consist of the Board Nominations and Remuneration Committee, Board Audit Committee and Board Risk Management Committee. All the Board Committees have been constituted with clear Board-approved terms of reference. The Governance Committee ("GC") which consist of 2 Board Members, a Shariah Committee member and the Appointed Actuary was formed on 24 January 2011 for the purpose of promoting and maintaining the appropriate balance in addressing the interests of all stakeholders, while giving special attention to the interests of Takaful participants. The GC has been constituted with clear Board-approved terms of reference.
5. The Company's Board Committees and the GC, in carrying out responsibilities pursuant to their respective terms of reference, are also actively involved in assisting the Board to ensure compliance with good corporate governance practices by the Company. Details of the principal roles and responsibilities of the Board Committees are set out in the relevant sections in this report. Minutes of all Board Committees and GC meetings, which provide a fair and accurate record of the discussions, key deliberations and decisions taken during the meetings, are maintained and are circulated to the Board.

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)**

**Meetings and Directors' attendance**

6. The Board meets regularly during the year to review the business performance and key activities of the Company, and to consider business proposals presented by the Management. All members of the Board participate actively in Board discussions and decisions are taken objectively in the interests of the Company. The Board guides Management with strategic directions to achieve its stated goals and the Management remains accountable to the Board. Where warranted by particular circumstances, ad hoc Board or Board Committee meetings will be convened.
7. Meetings of the Board and Board Committees via telephone or video conference are permitted by the Company's Constitution. Any Director who is unable to attend any Board or Board Committee meeting will still be provided with all meeting papers for information. Directors are equipped with electronics tablets that allow secured access to Board and Board Committee meeting materials.
8. All Directors have complied with the minimum 75% meeting attendance requirement at Board meetings as stipulated in the CG PD and Board Charter.
9. The number of meetings of the Board and Board Committees held in 2021 and the attendance of the Directors at those meetings are tabulated below:

**Directors' attendance at Board and Board Committee meetings in 2021**

Name of Directors	Board				Board Nominations and Remuneration Committee	
	No. of Meetings				No. of Meetings	
	Scheduled		Ad hoc		Scheduled	
	Held	Attended	Held	Attended	Held	Attended
Mr. Norman Ka Cheung Ip (Board Chairman)	8	8	1	1	6	6
YBhg. Datin Zaharah binti Ali	8	8	1	1	6 <sup>(1)</sup>	6 <sup>(1)</sup>
Mr. Khor Hock Seng	8	8	1	1	6 <sup>(1)</sup>	6 <sup>(1)</sup>
YBhg. Mej Gen Dato' Zulkiflee bin Mazlan (Rtd)	8	8	1	1	6	6
YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)	8	8	1	1	6 <sup>(1)</sup>	6 <sup>(1)</sup>
YBhg. Dato' Albert Yeoh Beow Tit	8	8	1	1	6	6
En. Mohamed Rashdi bin Mohamed Ghazalli	8	8	1	1	6 <sup>(1)</sup>	6 <sup>(1)</sup>

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)**

**Directors' attendance at Board and Board Committee meetings in 2021 (Continued)**

Name of Directors	Board Audit Committee		Board Risk Management Committee	
	No. of Meetings		No. of Meetings	
	Scheduled		Scheduled	
	Held	Attended	Held	Attended
Mr. Norman Ka Cheung Ip	4	4	8 <sup>(1)</sup>	8 <sup>(1)</sup>
YBhg. Datin Zaharah binti Ali	2 <sup>(1)</sup>	2 <sup>(1)</sup>	8	8
Mr. Khor Hock Seng	4 <sup>(1)</sup>	4 <sup>(1)</sup>	8 <sup>(1)</sup>	8 <sup>(1)</sup>
YBhg. Mej Gen Dato' Zulkiflee bin Mazlan (Rtd)	4	4	3 <sup>(1)</sup>	3 <sup>(1)</sup>
YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)	2 <sup>(1)</sup>	2 <sup>(1)</sup>	8	8
YBhg. Dato' Albert Yeoh Beow Tit	4	4	3 <sup>(1)</sup>	3 <sup>(1)</sup>
En. Mohamed Rashdi bin Mohamed Ghazalli	2 <sup>(1)</sup>	2 <sup>(1)</sup>	8	8

Notes:

<sup>(1)</sup> Attendance by Invitation

Directors' attendance at the Annual General Meeting of the Company on 13 April 2021 is not included in the above table.

There was 1 Joint Board Audit Committee and Board Risk Management Committee meeting held on 20 January 2021. Directors' attendance at this meeting is not included in the above table.

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**THE BOARD'S CONDUCT OF AFFAIRS (CONTINUED)**

**Directors' attendance at Governance Committee meeting in 2021**

Name of Directors	Governance Committee	
	No. of Meetings	
	Scheduled	
	Held	Attended
YBhg. Dato' Albert Yeoh Beow Tit (Chairman)	2	2
YBhg. Datin Zaharah binti Ali	2	2

The Governance Committee is represented by two board representatives.

**BOARD COMPOSITION AND GUIDANCE**

**Board Membership**

The number of meetings indicated in "Held" above reflects the number of meetings held during the time the respective Directors held office.

10. The Company's Board of Directors during the financial year comprised an Independent Chairman, five other non-executive Directors and one Executive Director.
11. YBhg. Datin Zaharah binti Ali and YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd) retired by rotation and were re-elected to the Board at the Company's Annual General Meeting on 13 April 2021 pursuant to Article 72 of the Company's Constitution.
12. In addition, all appointments and reappointments of Directors of the Company are subject to the approval of BNM. The composition of the Board during the financial year 2021 is as follows:

**Members of the Board**

Mr Norman Ka Cheung Ip  
YBhg. Datin Zaharah binti Ali  
Mr Khor Hock Seng  
YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd)  
  
YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)  
  
YBhg. Dato' Albert Yeoh Beow Tit  
En Mohamed Rashdi bin Mohamed Ghazalli

**Status of Directorship**

Independent Non-Executive Director  
Independent Non-Executive Director  
Non-Independent Executive Director  
Non-Independent Non-Executive  
Director  
Non-Independent Non-Executive  
Director  
Independent Non-Executive Director  
Independent Non-Executive Director

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
(CONTINUED)

**BOARD COMPOSITION AND GUIDANCE (CONTINUED)**

**Board Membership (Continued)**

13. The Directors of the Company have confirmed that they are not active politicians as defined in the CG PD. Further, they have no prior involvement as an external auditor for the Company; nor served in the capacity of an officer who is directly involved in the Company's engagement or partner of the external auditor firm; nor served as an auditor of the Company for the past 2 years. The Directors made such confirmation to BNM prior to their respective appointment as Director.

**Key information on Directors**

14. Key information on each Director's professional qualifications and background are set out under the sections "Board of Directors' Profile" and "Further Information on Directors" of the Company's Financial Report<sup>1</sup>. The Directors' membership in the various Board Committees is set out herein.
15. Directors' interests in shares and share options in the Company's ultimate holding company, OCBC Bank are disclosed in the Directors' Report that accompanies the Company's financial statements for the financial year ended 31 December 2021 ("FY2021"). The Directors do not hold any shares in the Company or its penultimate holdings company, Great Eastern Holdings Limited ("GEH").

Note:

- <sup>1</sup> Available at the Company's website.

**Board Composition and Independence**

16. The Company determines the independence of its Directors in accordance with the requirements under the CG PD. Under the CG PD, the Board will determine whether an individual to be appointed as an Independent Director is independent in character and judgment, and free from associations or circumstances that may impair the exercise of his/her independent judgment. An Independent Director of the Company must be one who himself/herself or any person linked to him/her is independent from Management, the substantial shareholders of the Company and/or any of its affiliates, and has no significant business or other contractual relationship with the Company or any of its affiliates within the last two years; and has not served for more than nine years on the Board. CG PD also provides for tenure limits of Independent Directors to generally not exceed nine years except under exceptional circumstances or as part of the transitional arrangement.

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**BOARD COMPOSITION AND GUIDANCE (CONTINUED)**

**Board Composition and Independence (Continued)**

17. The current Board comprises a majority of Independent Directors as determined by the Board Nominations and Remuneration Committee annually, pursuant to the definition of "independence" of a Director under the CG PD. The Company's Independent Directors are currently Mr Norman Ka Cheung Ip, YBhg. Datin Zaharah binti Ali, YBhg. Dato' Albert Yeoh Beow Tit and Mr. Mohamed Rashdi bin Mohamed Ghazalli.
18. Under the CG PD, YBhg. Maj. Gen. Dato' Zulkiflee bin Mazlan (Rtd) and YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd) are deemed non-independent as they both represent the interests of Koperasi Angkatan Tentera Malaysia Berhad, the shareholder of the Company.
19. Mr Khor Hock Seng is an Executive Director as he is the Group Chief Executive Officer of GEH.
20. The current Board complies with the CG PD requirements on Board independence. Four out of seven of the Board members are Independent Directors.
21. The Board, through its Board Nominations and Remuneration Committee, is of the view that the current Board size is appropriate to facilitate effective decision making, taking into account the scope and nature of the operations of the Company.
22. In addition, the Board Nominations and Remuneration Committee also assesses the diversity of its members' competency profiles and determines the collective skills required to discharge its responsibilities effectively.
23. The Board members of the Company have diverse backgrounds and qualifications, and bring a wide range of financial and commercial experience to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and core competencies to the Company, including industry knowledge in insurance, takaful, investment and asset management, banking, accounting, finance, strategy formulation, management experience, risk management and familiarity with regulatory requirements. The diversity of experience and competencies of the Directors enhance the effectiveness of the Board in discharging its responsibilities. Directors who serve on the Board Committees have an appropriate mix of skills and capabilities, taking into account the skill set required for the Board Committees to perform their respective roles and responsibilities.



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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**BOARD COMPOSITION AND GUIDANCE (CONTINUED)**

**Board Composition and Independence (Continued)**

24. With the knowledge, objectivity and balance contributed by the non-executive Directors, the Board constructively challenges and enhances proposals on strategy, reviews the performance of Management against agreed goals and objectives, and monitors the reporting of performances.

**CHAIRMAN AND CEO**

25. The roles of the Chairman, Mr Norman Ka Cheung Ip and the CEO, En. Shahrul Azlan bin Shahruman are distinct and separate, with a clear division of responsibilities between them to ensure an appropriate balance of power, increased accountability and greater independence in decision making. The Chairman and the CEO are not related to each other.
26. The principal responsibilities of the Chairman include leading the Board to ensure it effectively discharges its roles and responsibilities, approving the meeting agenda of the Board, monitoring the quality and timelines of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations at Board meetings, encourages constructive relations between executive and non-executive Directors, as well as between the Board and Management, and promotes high standards of corporate governance with the full support of the other Directors, the Company Secretary and Management. He also leads efforts to address the Board's developmental needs.
27. The CEO manages the Company and oversees the Company's business operations and implementation of the Company's strategies, plans and policies to achieve planned corporate performance and financial goals. His management of the Company's businesses, including implementing the Board's decisions, is carried out with the assistance of the Senior Officers of the Company. Collectively, they are responsible for the day-to-day operations and administration of the Company, ensuring, inter alia, operational and organisational efficiency, profitable performance of the operating units, regulatory and Shariah compliance, good corporate governance and effective risk management.

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
(CONTINUED)

**SHARIAH COMMITTEE**

28. A Shariah governance framework is put in place as a distinct feature in the organizational structure of the Company, which includes the establishment of the Shariah Committee, in line with the requirement of the Islamic Financial Services Act 2013 and BNM's Shariah Governance Policy for Islamic Financial Institutions ("Shariah Governance Policy"). On 20 September 2019, BNM has issued a new Shariah Governance Policy Document which took effect on 1 April 2020. The Company has met with the requirements of the Shariah Governance Policy in ensuring the effectiveness of Shariah governance.
29. The Shariah Committee members are scholars who have the qualification, expertise and experience in the areas especially Islamic jurisprudence (usul al-fiqh) and Islamic commercial laws (fiqh al-mu'amalat). The Shariah Committee consists of six members, all of whom have the necessary experiences and expertise in their respective fields.
30. The Shariah Committee met six times in FY2021 with details of meeting attendance of each member as follows:

Name of Shariah Committee Member	Shariah Committee		
	No. of meetings		
	Held	Attended	Percentage
Dr. Akhtarzaite binti Abdul Aziz	6	6	100%
YBhg. Professor Dato' Dr. Wan Sabri bin Wan Yusof	6	6	100%
Dr. Mohamad Sabri bin Zakaria	6	6	100%
Assoc. Prof. Dr. Siti Salwani binti Razali	6	6	100%
Assoc. Prof. Dr. Suhaimi bin Ab Rahman	6	6	100%
Dr. Mohammad Firdaus bin Mohammad Hatta	6	6	100%

31. The Shariah Committee is responsible and accountable for all its decisions, views and opinions related to Shariah matters. All matters which require the Shariah Committee's opinion and decision are deliberated at Shariah Committee meetings with the attendance of the Management and representatives from the Shariah Department. Thereon, the said matters are brought to the attention of the Board for an informed decision making.
32. Functionally, the Shariah Committee reports to the Board and its duties and responsibilities are prescribed by the Shariah Governance Framework. The main duties and responsibilities of the Shariah Committee are as follows:
- (a) advising the Board and providing input to the Company on Shariah matters in order for the Company to comply with Shariah principles at all times.

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**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
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**SHARIAH COMMITTEE (CONTINUED)**

32. Functionally, the Shariah Committee reports to the Board and its duties and responsibilities are prescribed by the Shariah Governance Framework. The main duties and responsibilities of the Shariah Committee are as follows: (Continued)
- (b) endorsing Shariah policies and procedures prepared by the Company and to ensure that the contents do not contain any elements which are not in line with Shariah.
  - (c) ensuring that the products of the Company comply with Shariah principles by approving the terms and conditions contained in the forms, contracts, agreements or other legal documentations used in executing the transactions.
  - (d) approving the product manual, marketing advertisements, benefit illustrations and brochures used to describe the product.
  - (e) assessing the work carried out by Shariah review and Shariah audit in order to ensure compliance with Shariah matters which forms part of their duties on providing their assessment of Shariah compliance and assurance information in the Shariah Committee's Report at page 44 to 46.
  - (f) providing necessary assistance to the Company's related parties such as its legal counsel, auditor or consultant on Shariah matters.
  - (g) advising the Company in consultation with the BNM Shariah Advisory Council ("SAC") on Shariah matters which have not been resolved or endorsed by the BNM SAC.

**BOARD NOMINATIONS AND REMUNERATION COMMITTEE**

33. The CG PD requires the Board Nominations and Remuneration Committee to have at least three non-executive Directors, with necessary skills, knowledge and experience relevant to the responsibilities of the committee. The committee is required to comprise at least a majority of Independent Directors and be chaired by an Independent Director, who is not the Chairman of the Company.
34. For FY2021, the Board Nominations and Remuneration Committee comprised of the following Directors:
- YBhg. Dato' Albert Yeoh Beow Tit, Chairman
  - Mr Norman Ka Cheung Ip, Member
  - YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd), Member

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**BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)**

35. The responsibilities of the Board Nominations and Remuneration Committee are set out in its Board-approved terms of reference. Amongst others the responsibilities include identifying, reviewing and recommending candidates for nominations and recommending the reappointment and re-election of Directors on the Board and Board Committees and Shariah Committee members. It also reviews and recommends nominations of Senior Officer positions in the Company to the Board.
36. The Board Nominations and Remuneration Committee held a total of six meetings in 2021.
37. The Board Nominations and Remuneration Committee has a key role in carrying out the formal and transparent process established for the appointment and reappointment of Directors to the Board. Proposals for the appointment of new Directors are reviewed by the Board Nominations and Remuneration Committee. The Board Nominations and Remuneration Committee meet with the candidates to assess their suitability and commitment. Amongst others, the Board Nominations and Remuneration Committee takes into consideration the candidate's professional qualifications, integrity, financial and commercial business experience and expertise relevant to the Company, as well as his/her potential to contribute to the effectiveness of the Board and to complement the skills, knowledge and expertise of the Board. Competent individuals are nominated for the Board's consideration, before submitting the application to BNM for approval.

**Process for Appointment of New Directors**

38. In addition, the Board Nominations and Remuneration Committee further determines the proposed candidate's independence status under the CG PD, and ensures that the proposed candidate will satisfy the criteria under the CG PD that his/her appointment would not result in non-compliance with any of the composition requirements for the Board and Board Committees, and that he/she is a fit and proper person for the office, taking into account his/her track record, age, experience, capabilities, skills and other relevant factors as may be determined by the Board Nominations and Remuneration Committee. Similar checks are also conducted on an annual basis to ensure that each Director remains qualified for the office based on the above criteria.

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**BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)**

**Reappointment/Re-election of Directors**

39. All Directors subject themselves for reappointment and/or re-election upon the expiry of their BNM Appointment Term or by rotation at the Annual General Meeting of the Company pursuant to the Company's Constitution, where applicable. The Board Nominations and Remuneration Committee is responsible to recommend the reappointment and/or re-election of Directors to the Board, taking into account the comprehensive evaluation of the Directors in addition to the Directors' attendance at meetings, their expertise, knowledge, commitment, and contributions to Board discussions and to the overall effectiveness of the Board.

**Board Orientation and Training**

40. Upon the appointment of a new Director, a formal appointment letter will be issued together with a Director's Orientation Kit which will include key information on the Company, the terms of reference of the Board and Board Committees, duties and obligations of Directors as well as relevant rules and regulations. As part of the induction programme for new Directors, the Senior Officers will conduct presentation sessions for new Directors on the Company's principal activities, business operations, staff strengths, and applicable rules and regulations. The Company constantly reviews and improves on the contents of such briefings to new Directors to take into account any new legislative changes which may affect the Directors and to enable them to have a more comprehensive understanding of the Company, the takaful business and practices and the Company's financial performance. A refresher course for the Board of Directors was conducted on 10 November 2021.
41. The Board Nominations and Remuneration Committee ensures there is a professional development programme for all Directors, so that they are equipped with the appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively. The Directors are continually updated on developments affecting the takaful industry. The Company facilitates the attendance of the first-time Directors in completing the mandatory Financial Institutions Directors' Education ("FIDE") Core Programme within a year from their date of appointment. From time to time, the Company organises the *Board Educational Series* which include talks, seminars or presentations by external professionals, consultants or Management staff on topics relevant to the takaful industry and provides updates on developments in the industry locally. Industry-related and topical articles are regularly circulated to Directors as part of the Company's continuous development programme for Directors. Directors may attend appropriate courses, conferences and seminars conducted by professional bodies within the industry or other professional organisations including programmes conducted by the FIDE FORUM, where relevant. The Company has dedicated sufficient resources towards the on-going development of its directors and also maintains formal records of the training and development received by its Directors.

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**BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)**

**Board Orientation and Training (Continued)**

42. During the financial year, the Directors, collectively or on their own, attended seminars, courses and briefing organised by professional bodies and regulatory authorities as well as those *Board Educational Series* conducted in-house, including the following:

- BOARD EDUCATIONAL SERIES:
  - a) "Sanctions Screening" and "Getting Ready for Dawn Raids".
- BOARD EDUCATIONAL SERIES:
  - a) Environmental, Social and Governance
  - b) Responsible Investments
  - c) Security Operation Centre & Security Monitoring
- BOARD EDUCATIONAL SERIES:
  - a) Cybersecurity Trends: Keeping Up with 2021 New Normal
- BOARD EDUCATIONAL SERIES:
  - a) IT Security Roadmap
  - b) GETB's Director's Takaful Refresher Training Programme
- FIDE FORUM: BNM-FIDE FORUM Annual Dialogue with Governor of Bank Negara Malaysia
- FIDE FORUM: BNM-FIDE FORUM Dialogue on Risk Management in Technology (RMiT): Insights 1 year on
- FIDE FORUM: BNM-FIDE FORUM Dialogue on The Future of Malaysia's Financial Sector
- FIDE FORUM: BNM-FIDE FORUM Dialogue: Risk-Based Capital Framework for Insurers and Takaful Operators
- FIDE FORUM: Bursa-FIDE Forum Dialogue on Sustainability
- FIDE FORUM (Webinar): Rethinking Our Approach to Cyber Defence in FIs
- FIDE FORUM (Webinar): The Board's Role and Responsibilities in Crisis Communication
- FIDE FORUM: BNM-FIDE FORUM-MASB Dialogue on MFRS17 Insurance Contracts: What Every Director Must Know
- FIDE FORUM: SC-FIDE FORUM Dialogue on Capital Market Plan 3
- MICG: Artificial Intelligence (AI) For Company Directors and Executive
- GRC Summit 2021: Agility Amid A Chaotic World
- SIDC: Post Section 17A MACC Implementation
- Joint Committee on Climate Change (JC3) Annual Flagship Conference: #FinanceForChange

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**BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)**

**Board Orientation and Training (Continued)**

42. During the financial year, the Directors, collectively or on their own, attended seminars, courses and briefing organised by professional bodies and regulatory authorities as well as those *Board Educational Series* conducted in-house, including the following (Continued):

- GELM Board Educational Series: Asset-Liability Management
- GEGM Board Educational Series: What, Why and How of Reinsurance in General
- GEH:
  - a) Risk & CyberSecurity in a time of Covid
  - b) IFRS 17 Training
  - c) AML/CFT Compliance Training
- Ittikad Academy: Megashift Risk Anticipation to the Insurance Industry in Indonesia
- Climate Governance Malaysia: Sustainability
- GEH Virtual Forum 2021:
  - a) Update on Great Eastern's Corporate Initiatives
  - b) China's Investment Landscape Economics, Geopolitics and Other Considerations
  - c) Technology, can China catch up?
  - d) US-China Tech Contest – On which side will the chips fall?

**Board Performance**

43. The Board has an annual performance evaluation process, carried out by the Board Nominations and Remuneration Committee, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process, which is facilitated by external consultants, consists principally of evaluation by and feedback from each Director. Each Director evaluates the performance of the Board and Board Committees. The assessment of the contributions of individual Directors to the effectiveness of the Board is also performed annually. Such assessments are made against established performance criteria consistent with those approved by the Board and used in the previous year. Board Evaluation questionnaire focused on areas such as competency and independence, information quality and timeliness, conduct of meetings, corporate social responsibility, managing performance, succession planning, Directors development, internal controls and risk management as well as Board Committees. An external consultant is engaged to facilitate the process, provide industry benchmarks and maintain confidentiality of results.

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**BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)**

**Board Performance (Continued)**

44. The purpose of the evaluation is to increase the overall effectiveness of the Board. The Board has found the evaluation process useful and constructive since its implementation several years ago. This collective process has also provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board.
45. Directors are expected to set aside adequate time for their oversight of matters relating to the Company. The Directors provide declarations of changes in their other appointments which are disseminated to all Board Members. The Company has established guidelines on meeting attendance and the extent of other appointments outside the Company that a Director may assume. Generally, a Director who has full-time employment in any organisation shall have appointments in no more than four other listed companies, and fifteen unlisted companies, while a Director who does not have any full-time employment shall have appointments in no more than seven listed companies and fifteen unlisted companies. The Board Nominations and Remuneration Committee annually assess each Director's attendance record.

**Conflicts of Interest**

46. The Company has implemented a Directors' Conflict of Interest ("COI") Guide which sets out the procedures to address actual and potential conflicts of interest of the Directors. The COI Guide serves to safeguard against the risk that a Director's decision may be unduly influenced by other secondary interests, instead of the interests of the Company. Pursuant to the COI Guide, the Directors of the Company shall disclose to the Board the nature and extent of such Director's interest whether directly or indirectly, in a material transaction or material arrangement with the Company.

**Appointment and Performance of Shariah Committee and Senior Officers**

47. The Board Nominations and Remuneration Committee also recommends and assesses the nominee for the position of Shariah Committee members and CEO and reappointment of existing Shariah Committee members and CEO as well as oversees the appointment and succession planning of the Senior Officers of the Company.
48. Additionally, it is responsible to oversee the performance evaluation of the CEO, Shariah Committee, Senior Officers and Non-Senior Officers. Whenever applicable and consistent with the prescribed internal Remuneration Framework, the Board Nominations and Remuneration Committee's recommendations on the CEO and Senior Officers would be made in consultation with the input from the Board Audit Committee and Board Risk Management Committee.
49. Further, the Board Nominations and Remuneration Committee is also responsible to ensure all Key Responsible Persons ("KRPs") fulfil the fit and proper requirements in line with the Fit and Proper Policy for KRPs.



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**BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)**

**Procedure for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure on Remuneration**

50. The Board Nominations and Remuneration Committee ensures that the Company implements formal and transparent procedures for developing policies on executive remuneration and for determining the remuneration packages of individual Directors, Shariah Committee members and Senior Officers.
51. It is also responsible to recommend to the Board the Policy on Remuneration for Directors, Shariah Committee, CEO and Senior Officers; and its review thereof from time to time. This will ensure that the Company remains competitive along with the industry and is able to attract, retain and motivate the calibre needed to manage the Company successfully, while at the same time satisfying itself that the remuneration packages are not excessive and consistent with the prudent management of the Company's affairs.

**Remuneration of Non-Executive Directors**

52. The non-executive Directors are paid Directors' fees, which take into account factors such as the Directors' contributions, effort and time spent, attendance at meetings and frequency of meetings, the respective responsibilities of the Directors including the Board Committees on which they serve, market practices and the need to pay competitive fees to attract, retain and motivate Directors. No Director is involved in deciding his/her own remuneration.
53. The Board Nominations and Remuneration Committee performs an annual review of the fee structure for Directors' fees and of the computation of the aggregate Directors' fees based on the Board-approved fee structure. The Directors' fees proposed by the Board each year are subject to the shareholders' approval at the Company's Annual General Meeting.

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**BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)**

54. The Board has considered the market practices for non-executive Director's remuneration, and has decided to use the same fee structure for computing the fee for each non-executive Director for the FY2021 as that used in the previous financial year (in the table set out below):

Description	Chairman (RM/Year)	Member (RM/Year)
Board	70,000	35,000
Board Audit Committee	18,000	9,000
Board Risk Management Committee	18,000	9,000
Board Nominations and Remuneration Committee	12,000	6,000
Governance Committee	12,000	6,000
Chairman of Meeting	-	5,000
Attendance of Directors invited to Shareholders' meeting/Board Meeting	1,400	1,400
Special Project and In House Seminars & Workshops	2,000	2,000
Meeting Allowance (except for Special Project)	1,400 per meeting	

Attendance fees are paid to non-executive Directors to recognise their contribution and time spent in attending meetings.

**Disclosure of Directors' and CEO Remuneration**

55. The total Directors' Remuneration from the Company in respect of FY2021 is shown under Note 27(b) in the Company's financial statements. Fees for non-executive Directors totalling RM643,000 in respect of FY2021 will be tabled for approval at the forthcoming Annual General Meeting of the Company. The Directors' and CEO's Remuneration for FY2021 are disclosed under Note 27(b) and Note 27(a) in the Company's financial statements.

**Remuneration Policy in respect of Senior Officers ("SOs") and Other Material Risk Takers ("OMRT") of the Company**

56. The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality personnel. The remuneration policy is approved by the Board and is subject to annual review taking into account changes in the remuneration practices and/or regulator's requirements from time to time.

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**BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)**

**Remuneration Policy in respect of Senior Officers ("SOs") and Other Material Risk Takers ("OMRT") of the Company (Continued)**

57. The remuneration of the CEO and the respective SOs of the Company are reviewed annually by the Board Nominations and Remuneration Committee, based on the overall remuneration framework approved by the Board. SOs comprises the Senior Management Team and such other executives as the Board of Directors and/or regulator should determine. Currently, there are twelve identified SOs.
58. Staff engaged in all control functions including Compliance, Risk, Actuarial, Shariah and others do not carry business profit targets in their goal sheets and hence are compensated independent of the business profit achievements. Their compensation is dependent on the achievement of key results in their respective domain.
59. Besides the SOs, the Company has identified another key segment of officers, i.e. OMRT. OMRT is defined to include an officer who can materially commit or control significant amounts of the Company's resources or whose actions are likely to have a significant impact on the Company's risk profile. There are two identified OMRTs who are subject to risk control Key Performance Indicators and risk adjusted variable compensation commencing from FY2017.
60. In such annual remuneration reviews, the Board Nominations and Remuneration Committee takes into consideration factors such as market competitiveness and market benchmark, and that the remuneration packages commensurate with individual performance and contribution. The Board Nominations and Remuneration Committee also takes into account the time horizon of risks, such as ensuring that variable compensation payments shall not be fully paid over short periods when risks are realised over long periods.
61. As part of the Company's continuous efforts to create sustainable value for stakeholders through broad-based growth across its core markets, delivering sustained earning, driving core competencies of disciplined risk management, prudent investment and continued upgrading of technology and people, and ensuring sustainable business practices, the performance measures set for each business units embeds these objectives, which match their functions and are consistent with the Company's risk appetite. In determining the remuneration of SOs and OMRTs, risk and control indicators as well as audit findings and compliance issues are taken into account when assessing their overall performance, in addition to their achievement in business and operations performance. SOs and OMRTs are remunerated based on the achievements of their own performance measures, and the demonstration of core values and competencies, while taking into account market compensation data for their respective job roles.

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**BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)**

**Remuneration Policy in respect of Senior Officers ("SOs") and Other Material Risk Takers ("OMRT") of the Company (Continued)**

62. To ensure that its remuneration packages are competitive, the Company regularly reviews salary levels and benefits packages based on market data provided by recognised consultants who conduct surveys on comparative groups in the financial sector. The determination of the Company's variable compensation pool is fully discretionary and the factors taken into consideration include financial and non-financial metrics such as the Company's performance, audit ratings, risk indicators and compliance issues, market condition and competitive market practices.
63. The total compensation packages for SOs and OMRTs comprise basic salary, various performance bonus, allowances and benefits. The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the Board Nominations and Remuneration Committee and the Board. SOs are subject to an additional performance measurement approach by embedding corporate governance indicator for more prudent risk taking.
64. The annual budget for salary increment, performance-related variable compensation, reviewed and endorsed by the Board Nominations and Remuneration Committee, is submitted to the Board for approval.
65. As a consequence of the financial crisis in recent years, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking. While the Company has adopted compensation practices that take into account the principles and implementation standards issued by the Financial Stability Forum for Sound Compensation Practices, it also continues to review its compensation practices on an ongoing basis to further ensure that decisions made are conducive to sustain business performance. In its deliberations, the Board Nominations and Remuneration Committee also takes into account the remuneration principles, practices and standards issued by the regulator from time to time.
66. SOs and OMRT, through annual self-declaration, commit not to undertake activities (such as personal hedging strategies and liability-related insurance) that will undermine the risk alignment effects embedded in their remuneration.

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**BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)**

**Remuneration Policy in respect of Senior Officers ("SOs") and Other Material Risk Takers ("OMRT") of the Company (Continued)**

67. In collaboration with the Board Nominations and Remuneration Committee, the Company has designed and developed its Performance Assessment and Remuneration Framework, which takes into consideration the prevailing regulatory requirements, and with the input from the SOs. The Performance Assessment and Remuneration Framework is independently reviewed by the Board Audit Committee and Board Risk Management Committee. The Board Risk Management Committee may with the assistance of the Risk Management Department assess how the Performance Assessment and Remuneration Framework affects the Company's risk profile.
68. The Company's variable compensation varies in line with its financial performance and the meeting of corporate governance requirements.
69. All grants and awards are subject to cancellation and clawback if it is determined that they were made on the basis of materially inaccurate financial statements and/or the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Company's risk profile/rating. Details of the remuneration granted to the eligible executives are disclosed in the table below:

Total value of remuneration awards for the financial year	Unrestricted		Deferred	
	No. of pax	RM	No. of pax	Units
Fixed remuneration				
Cash-based	12	5,518,988	-	-
Other*	12	166,869	-	-
Variable remuneration				
Cash-based	14	1,639,800	-	-
Other*	9	10,328	-	-

\* Include SOs

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
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**ACCESS TO INFORMATION**

70. The Board members are provided with relevant and timely information by Management on matters to be discussed or considered at meetings of the Board and Board Committees. For matters requiring approval, information furnished by Management usually includes background explanatory information, relevant facts and/or analysis to support the proposal, implications or merits of the case, risk analysis and mitigating strategies, the budget (if applicable) and Management's recommendation. The Senior Officers who can provide additional information and insight or provide clarifications to queries raised are usually present at the meeting during discussion on such matters. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board or Board Committees, where relevant. All Board Members have unfettered access to information which the Company is in possession of or has access to, for the purpose of carrying out their responsibilities.
71. Directors have separate and independent access to the Company Secretary and to Senior Officers of the Company at all times.
72. The Company Secretary attends all Board meetings and prepares minutes of Board proceedings. The Company Secretary assists the Chairman to ensure that appropriate Board procedures are followed and that applicable regulations are complied with. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and Board Committees and between Senior Officers and Directors. The Company Secretary also facilitates the orientation of new Directors and professional development of Directors as required. The appointment and removal of Company Secretary is considered to be a matter for the Board as a whole.
73. The Directors may take independent professional advice as and when necessary to enable them to discharge their duties effectively. Similarly, the Board and each Board Committee may obtain the professional advice, whenever necessary and appropriate, so as to effectively discharge their roles and responsibilities.

**BOARD AUDIT COMMITTEE**

74. Under the CG PD, the Board Audit Committee is required to comprise at least three Non-Executive Directors, with majority of them being Independent Directors. The Board Audit Committee must be chaired by an Independent Director who is not the Chairman of the Company.

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**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
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**BOARD AUDIT COMMITTEE (CONTINUED)**

75. The Board Audit Committee comprises the following Directors:

- YBhg. Dato' Albert Yeoh Beow Tit, Chairman
- Mr Norman Ka Cheung Ip, Member
- YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd), Member

All the Members (including the Chairman) are Independent Directors except for YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd), who is a Non-Independent Non-Executive Director.

The Board Audit Committee has explicit authority to investigate any matters within its terms of reference and has the full co-operation of and access to Management. The Board Audit Committee has full discretion to invite any Director or Senior Officer to attend its meetings. It has resources to enable it to discharge its functions properly.

76. The functions performed by the Board Audit Committee and details of the Board Audit Committee's activities during FY2021 included the following:

(a) Reviewed with the Internal Auditors:-

- (i) their audit plan, their evaluation of the system of internal controls, and their audit reports;
- (ii) the scope and results of the internal audits; and
- (iii) the assistance given by the officers of the Company to the internal auditors.

(b) Reviewed with the External Auditors:-

- (i) their audit plan prior to the commencement of the annual audit;
- (ii) the interim financial statements and the audited financial statements of the Company for the financial year and the auditors' report thereon for submission to the Board for consideration and approval thereafter;
- (iii) the scope and results of the audit procedures and cost effectiveness and their independence and objectivity taking into consideration factors including the nature and extent of the non-audit services provided by them (if any);
- (iv) the implications and impact of new or proposed changes in financial reporting standards, accounting policies or regulatory requirements on the financial statements together with the Senior Officers;

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**BOARD AUDIT COMMITTEE (CONTINUED)**

76. The functions performed by the Board Audit Committee and details of the Board Audit Committee's activities during FY2021 included the following: (Continued)

(b) Reviewed with the External Auditors (Continued):-

(v) any significant financial reporting issues, to ensure the integrity of the financial statements of the Company; and

(vi) the assistance given by the officers of the Company, including the internal auditors to the external auditors.

(c) Reviewed the adequacy, independence and effectiveness of the outsourced internal audit function.

(d) Maintained an appropriate relationship with both the internal and external auditors.

(e) Recommended the re-appointment of the external auditor to the Board.

(f) Recommended the remuneration and terms of engagement of the external auditor to the Board.

(g) Reviewed and updated the Board on all related-party transactions.

(h) Monitored compliance with the Directors' Conflict of Interest Guide.

77. The Board Audit Committee, in performing its functions, meets at least once annually with the internal and external auditors in separate sessions without the presence of Management, to consider any other matters which may be raised privately.

The Board Audit Committee held a total of four meetings in 2021. By invitation, the Board Audit Committee meetings were also attended by the internal and external auditors, Executive Director, Group Chief Financial Officer, Group Chief Internal Auditor and relevant Senior Officers.



**GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
(CONTINUED)

**BOARD AUDIT COMMITTEE (CONTINUED)**

**WHISTLEBLOWING POLICY**

78. The Company has a whistleblowing policy in place whereby employees of the Company and external parties may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence. The whistleblowing policy and procedures for raising such concerns are clearly communicated to employees. All whistleblowing incidents are reported to the Board Audit Committee. Concerns expressed anonymously are considered and investigated on the basis of their merits. The Board Audit Committee ensures that arrangements are in place for the independent investigation of such matters and appropriate follow-up actions. If fraud is determined, appropriate remedial actions are taken and the Board Audit Committee is updated regularly on their status. The whistleblower has protection against reprisals provided he has acted in good faith.
79. The Board Audit Committee Chairman is responsible for the effective implementation of the whistleblowing policy, which includes evaluating periodic reports that monitor and assess how concerns are escalated and dealt with, and overseeing the periodic review of the effectiveness of the policy.

**INTERNAL AUDIT**

80. The Company utilises the services of the Internal Audit Department (“Internal Audit”) of GELM via an outsourcing arrangement. Internal Audit assists the Board Audit Committee in discharging its duties and responsibilities. It serves to provide the Board and Senior Management with independent and objective assessments of the adequacy and effectiveness of the governance, risk management and internal control processes as designed and implemented by Senior Management. The Internal Audit Charter is approved by the Board.
81. Internal Audit, which is independent of the activities it audits, is staffed by executives with the relevant qualifications and experience, and the Board Audit Committee ensures that the Internal Audit is adequately resourced. The Chief Internal Auditor reports to the Chairman of the Board Audit Committee and administratively to GELM Chief Executive Officer.

**GREAT EASTERN TAKAFUL BERHAD**  
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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
(CONTINUED)

**INTERNAL AUDIT (CONTINUED)**

82. The work undertaken by Internal Audit involves the assessment of the adequacy and effectiveness of the Company's risk management and internal control environment, including ascertaining if the internal controls are sufficient in ensuring that significant financial, managerial and operating information is accurate, reliable and timely, operations and programs are effective and efficient, and assets are safeguarded. Internal Audit has unrestricted access to the Board, Board Audit Committee, and all functions, records, property and personnel of the Company. Internal Audit meets the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

**BOARD RISK MANAGEMENT COMMITTEE**

83. Under the CG PD, the Board Risk Management Committee is required to comprise at least three non-executive Directors, with a majority of them being Independent Directors. The Board Risk Management Committee must be chaired by an Independent Director, who is not the Chairman of the Company.

84. The Board Risk Management Committee comprises the following Directors:

- YBhg. Datin Zaharah binti Ali, Chairman
- YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd), Member
- En Mohamed Rashdi bin Mohamed Ghazalli, Member

85. The Committee is responsible for overseeing all risk management and compliance matters (strategic, market, credit, liquidity, takaful, operational, technology, cyber security, information/data loss, regulatory, compliance and Shariah risks; and any other category of risks, as well as the state of risk culture maturity and technology-related matters) as delegated by the Board or as deemed necessary by the Committee. It reviews the overall risk management philosophy (i.e. risk profile, risk tolerance level, and risk and capital management strategy), in line with the overall corporate strategy and risk appetite as set and approved by the Board. The Board Risk Management Committee also assists the Board in monitoring the effectiveness and adequacy of the risk management process and systems set up by the Company. It oversees the cultivation of a strong risk culture that promotes risk awareness and sound risk taking.

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**BOARD RISK MANAGEMENT COMMITTEE (CONTINUED)**

86. The Board Risk Management Committee performs its functions pursuant to its Board-approved written terms of reference. The terms of reference include the review and endorsement or the review and approval of (where applicable) frameworks, policies and charters; strategies for effective risk management, investment management and asset-liability management as well as the review of major risk management initiatives, significant investment and certain financial transactions that exceed the authorisation limits of the Management Committees. Material investment-related activities and transactions are reviewed by the Board Risk Management Committee and recommended to the Board for information or approval, as applicable.
87. In discharging its duties and responsibilities, the Company engages the services of the Risk Management and Compliance Departments of GELM which are adequately resourced with experienced and qualified employees who are sufficiently independent to perform their duties objectively. They regularly engage Senior Officers to develop enterprise-wide risk controls and risk mitigation procedures. The Board Risk Management Committee reviews the performance of the outsourced services and its servicing fees annually.
88. The Board Risk Management Committee meets with the Head, Risk Management and the Head of Compliance of GELM at least once a year without the presence of Management to discuss matters which may be raised privately.
89. The Company's enterprise risk governance, risk management objectives and policies and other pertinent details are disclosed in Note 33 of the Audited Financial Statements.
90. The Board Risk Management Committee held a total of eight meetings in 2021.

**GOVERNANCE COMMITTEE (In compliance with Paragraph 6.2 of the Governance Committee's Terms of Reference)**

91. The Governance Committee shall comprises of at least three members, who are an Independent Director, a Shariah Committee member, an Appointed Actuary and be chaired by an Independent Director. Any increase of membership in Governance Committee should preferably be filled by Independent non-executive Director. The Governance Committee was formed following the Guiding Principles on Governance for Islamic Insurance (Takaful) Operations (IFSB-8) issued by the Islamic Financial Services Board ("IFSB"), an international standard-setting body of regulatory and supervisory agencies based in Kuala Lumpur, Malaysia.

**GREAT EASTERN TAKAFUL BERHAD**  
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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**GOVERNANCE COMMITTEE (CONTINUED)**

92. For FY2021, the Governance Committee comprised the following:

- YBhg.Dato' Albert Yeoh Beow Tit, Chairman
- YBhg. Datin Zaharah binti Ali, Member
- YBhg. Professor Dato' Dr Wan Sabri bin Wan Yusof, Member (retired on 12 December 2021 as a Shariah Committee member due to the Shariah Governance Policy Document's tenure policy).
- Dr Akhtarzaite Abdul Aziz, Member (appointed on 12 December 2021).
- En. Mohd Khalid bin Khairullah, Member/Appointed Actuary

93. On 10 November 2021, the Board resolved that the position of the Chairman of the Shariah Committee will be a permanent member of the Governance Committee. Associate Professor Dr Akhtarzaite is currently the Chairman of the Shariah Committee and was appointed as a Governance Committee member, in replacement of YBhg. Professor Dato' Dr Wan Sabri bin Wan Yusof.

94. The primary objective of the Governance Committee is to discover, support and maintain the balance in addressing the interests of the Company's stakeholders such as its shareholders, management and the government, whilst giving special attention to the interests of its Takaful participants.

95. The Governance Committee carries out the functions set out in its Board-approved written terms of reference. The duties and responsibilities of the Governance Committee are, amongst others, to develop and recommend to the Board a set of effective corporate governance policies and procedures applicable to the Takaful undertaking, including the formulation of appropriate business conduct and code of ethics for the Company's employees and agents. The Governance Committee is also responsible to monitor the financial management of the Takaful undertaking, particularly in reserving and distribution of underwriting surplus and/or investment profit. In addition, the Governance Committee will regularly carry out a full analysis in order to detect and mitigate any conflict of interest in the course of operating and management of the Takaful funds, especially on the costs and expenses chargeable to the Takaful funds and to consider the best solutions to address the Company's stakeholder's interests by focusing on the Takaful participants' interests and concerns in the management of the Takaful fund.

96. The Governance Committee deliberated on the following matters including but not limited to: surplus and investment income distribution, governance related matters, treating customer fairly, public communications to stakeholders and complaint handling.

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**INTERNAL CONTROL FRAMEWORKS**

**Infrastructure**

97. The Board has overall oversight responsibility to ensure that the Company maintains an adequate system of internal controls and is equipped with effective and efficient operations and risk management, as well as procedures to ensure compliance with laws, regulations, internal guidelines and requirements to safeguard the assets of the Company and the stakeholders' interest.
98. The system of internal controls provide reasonable but not absolute assurance that the Company would not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, it is noted that no system of internal controls can provide absolute assurance against material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.
99. The internal control framework comprises among others, the infrastructure in the form of risk oversight committees at the Board and Management level; frameworks, policies and procedures; risk and compliance self-assessment processes for all business units to assess and manage the adequacy and effectiveness of their system of internal controls and their level of compliance with applicable rules and regulations; and a monitoring and reporting process.
100. While the Board is ultimately responsible for the management of risks within the Company, there are risk oversight committees that facilitate in depth review of the risks associated with specific aspects of the business such as the Board Risk Management Committee, Board Audit Committee, Senior Management Team, the Asset Liability Committee, the Information Technology Steering Committee, the Product Development Committee and the Financial Crime Committee. The duties and scope of work of these committees are documented in their respective terms of reference.
101. The authority delegated by the Board to the Board Committees and the CEO are formalised in the Company's Authority Grid. Other documents that guide on the delegation of the CEO's authority include underwriting limits, claim limits and investment limits.
102. The segregation of duties is paramount in ensuring that members of staff are not assigned with potential conflicting responsibilities, that relate to matters such as approvals, disbursements and administration of certificates, execution and recording of investment, operational and internal audit/compliance functions, underwriting and credit control.

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**INTERNAL CONTROL FRAMEWORKS (CONTINUED)**

**Frameworks, Policies and Procedures**

103. The Company has established risk management frameworks and policies that set forth the means by which the Company shall evaluate and manage the risks inherent in the business. The frameworks outline the common risk management process across all risk types within the Company.

104. A number of policies and procedures have also been put in place to guide and facilitate consistency in application across the Board. These cover key risk areas such as:

- Investments
- Family takaful operations
- Information technology and information security
- Cyber Security
- Data
- Fraud and market conduct
- Anti-money laundering and countering the financing of terrorism
- Capital management, capital contingency and stress testing
- Related party and interested party transactions
- Shariah compliance standards
- Outsourcing
- Retakaful management strategy
- Business continuity management
- Anti-Bribery and Corruption

105. Frameworks, policies and procedures are reviewed each year to ensure continued relevance and to capture the latest regulatory and Group requirements. They are then approved by the Board or relevant Board Committees or Management Committees.

**Shariah Internal Controls**

106. Shariah internal controls play a vital role in ensuring that the activities and operations of the Company are in compliance with Shariah regulations and resolutions. It also will contribute to the public confidence in the Company as an Islamic Financial Institution. The Company has established robust Shariah governance functions with distinct roles in order to assess and evaluate the Company activities and operations to be consistent with Shariah and regulatory requirements.

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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
**(CONTINUED)**

**INTERNAL CONTROL FRAMEWORKS (CONTINUED)**

**Shariah Internal Controls (Continued)**

(i) Shariah Review

Shariah review is conducted regularly by the Company to assess the level of Shariah compliance on the Company's activities and operations. The annual Shariah review plans are reviewed and approved by the Shariah Committee for implementation by the review officer.

The findings and reports are deliberated in the Shariah Committee meetings to confirm that the Company is operating within the applicable Shariah regulations and resolutions.

(ii) Shariah Audit

The Company engages the services of GELM Internal Audit Department to conduct periodic Shariah audits and provide independent and objective assessments to help improve the quality and effectiveness of governance, risk management and internal controls on Shariah compliance. The annual audit plan is endorsed by the Shariah Committee and Shariah-related findings are circulated to the Shariah Committee. The Internal Audit regularly updates the Shariah Committee on the status of implementation of the Shariah-related action plans for more effective monitoring.

(iii) Shariah Risk Management

The Company has established a Shariah Risk Management Policy to set forth the means by which the Company shall manage Shariah Compliance risks. The policy which was endorsed and approved by the Shariah Committee and Board respectively, outlines the roles and responsibilities of the Board, Senior Management and individual functions in relation to Shariah risk management and provides a framework for monitoring, reviewing, reporting and improving Shariah risk management standards throughout the Company on an ongoing basis. The Company's Shariah risk management is supported by a self-assessment process that uses the Risk and Control Self-assessment as a tool to document the risks and the controls identified to mitigate the Shariah non-compliance risks in each business unit. With respect to Shariah compliance risk management, the Compliance Requirements Self-Assessment is in place to facilitate assessment on the Company's level of compliance with the relevant Shariah regulations and resolutions.

**GREAT EASTERN TAKAFUL BERHAD**  
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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
(CONTINUED)

**INTERNAL CONTROL FRAMEWORKS (CONTINUED)**

**Self-assessment Process**

107. A mature self-assessment process that is supported by the use of the Risk and Control Self-Assessment and Compliance Requirements Self-Assessment tools is entrenched in the Company. The results of the assessment are reviewed by the Senior Officers who in turn would provide an annual assurance to the CEO on the adequacy and effectiveness of the Company's operational risk management and internal control systems, and compliance with the relevant statutory and regulatory requirements. This self-assessment process is further supplemented by an annual assurance report on risk management and internal controls.
108. Annually an Own Risk and Solvency Assessment report is submitted to apprise the Board Risk Management Committee and Board of the Company's risk profile, the manner in which the Company determines its solvency and the various measures put in place to ensure that the solvency requirements are met at all times.

**Monitoring and Reporting**

109. An Enterprise Risk Dashboard that features the Company's risk profile from various perspectives (namely strategic, financial, operational, technology, market conduct compliance and Shariah) is submitted to the Board, Board Risk Management Committee and Senior Management Team for notation.
110. Regulatory breaches, risk concerns and operational incidents are reported in the Enterprise Risk Dashboard while investment breaches are reported via the limits report and compliance examination reports. The respective business units are required to provide the corrective and preventive measures once a regulatory breach or operational incident is discovered. The Company has a process to collate statistics for several Key Risk Indicators for reporting internally as well as to BNM on a regular basis.
111. Stress test scenarios and the corresponding stress factors are developed and reviewed by the Board annually and thereafter, the stress scenarios and factors are used to stress the financial positions.



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**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)**

**CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)**  
(CONTINUED)

**RELATED PARTY TRANSACTION**

112. The Company has implemented policies and procedures on related party transactions covering the definitions of relatedness, limits applied, terms of transactions and the authorities and procedures for approving and monitoring whenever necessary, and writing off such transactions. All related party transactions are conducted on reasonable commercial terms and in the ordinary course of business. The terms and conditions of such transactions are carried out on an arm's length basis. Directors with conflict of interest are excluded from the approval process of granting and managing related party transactions. Material and/or special related party transactions and the write-off of material and/or special related party transactions are reported to the Board Audit Committee for review and to the Board for approval.
113. Details of the Company's related party transactions during FY2021 are set out in Note 30 of the Notes to the Financial Statements.

**ETHICAL STANDARDS**

114. The Directors and Management are committed to promoting and maintaining values which emphasise integrity, honesty and proper conduct at all times in the business operations and dealings of the Company. The Company has adopted a Code of Conduct that sets out the guiding principles and minimum standards expected of its employees such as the highest standards of conduct and professional integrity. The Code of Conduct also provides guidance on areas such as responsible stewardship of the Company's resources, the Company's position against fraudulent conduct, conflicts of interests and the appropriate disclosures to be made, and maintaining confidentiality of information. The Code of Conduct is available on the Company's staff intranet.
115. The Company has a suite of policies in place for proper governance and management that staff have to comply with. All policies are prepared in accordance with the Company's risk management and internal control systems and processes, including Management self-assessment and independent audits.
116. The Company treats feedback and complaints from its customers seriously, and has instituted channels whereby customers may provide feedback or complaints. The Company aims to resolve feedback and complaints professionally and fairly in accordance with the service standards indicated on its website.

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**GREAT EASTERN TAKAFUL BERHAD**  
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## **BOARD OF DIRECTORS' PROFILE**

### **Mr Norman Ka Cheung Ip, Chairman**

Mr Norman Ka Cheung Ip was appointed to the Company's Board on 8 August 2014 as an Independent Director. He is also the Chairman of Great Eastern Life Assurance (Malaysia) Berhad and Great Eastern General Insurance (Malaysia) Berhad.

Mr Norman Ka Cheung Ip is a Member of Securities Industry Council, and QAF Limited.

Mr Norman Ka Cheung Ip was previously the Group Managing Director of United Engineers Limited, Chairman of Malaysia Smelting Corporation Berhad, UE E&C Ltd, WBL Corporation Limited, Deputy Chairman of Singapore Building and Construction Authority as well as a Director of Australia Oriental Minerals NL, a company listed on the Australian Securities Exchange. He is a Chartered Accountant by training and has over 33 years of experience in finance and investments, real estate and managing companies. From 2000 to 2009, he was President and Group Chief Executive Officer of The Straits Trading Company Limited ("STC"), the main activities of which are in real estate, mining and hospitality. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP).

### **YBhg. Datin Zaharah binti Ali**

YBhg. Datin Zaharah binti Ali was appointed to the Company's Board as Non-Independent non-executive Director on 29 April 2016. Subsequently, she was redesignated as an Independent Director on 29 April 2018.

YBhg. Datin Zaharah has over 30 years of experience in the public sector and has served at various ministries and departments in the IT Division. Her last position was as the Secretary of Information Management Division in the Ministry of Defence before her retirement in November 2015. She had previously served on the Board of Koperasi Angkatan Tentera Malaysia Berhad from June 2013 to May 2016.

### **YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd)**

YBhg. Major General Dato' Zulkiflee bin Mazlan was appointed to the Company's Board as a Non-Independent non-executive Director on 29 April 2016.

YBhg. Major General Dato' Zulkiflee had served distinguishably in the Malaysian Army Forces and held numerous commands and staff appointments at the Ministry of Defence. He had served on the Board of Yayasan Veteran Angkatan Tentera Malaysia and Perbadanan Hal Ehwal Bekas Tentera.

He is the Chairman of Koperasi Angkatan Tentera Malaysia Berhad and presently sits on the Board of Affin Hwang Asset Management Berhad.

YBhg. Major General Dato' Zulkiflee was previously the Chairman of Affin Hwang Investment Bank Berhad and a Director of Affin Hwang Trustee Berhad.

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**GREAT EASTERN TAKAFUL BERHAD**  
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**BOARD OF DIRECTORS' PROFILE (CONTINUED)**

**YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)**

YBhg. Rear Admiral Dato' Anuwar bin Mad Said was appointed to the Company's Board on 18 May 2018 as a Non-Independent non-executive Director.

He joined the Royal Malaysian Navy (RMN) in 1976 as a Cadet Officer. In his 40 years of service, he has held various appointments in RMN. Among his previous appointments was Director of Information Technology, Assistance Chief of Human Resource as well as Strategic Management.

YBhg. Rear Admiral Dato' Anuwar had served on the Board of Koperasi Angkatan Tentera Malaysia Berhad from June 2008 until July 2017. He is currently the Director Envirox Sdn Bhd.

**Mr Khor Hock Seng**

Mr Khor Hock Seng was appointed to the Company's Board on 1 March 2016 as a Non-Independent non-executive Director and was later redesignated as a Non-Independent Executive Director on 3 August 2016. He is also a Director of Great Eastern General Insurance (Malaysia) Berhad.

He has over 30 years of insurance experience and has held senior leadership positions in major multinational insurance companies.

Mr Khor presently sits on the Board of several companies within the Great Eastern Group in Singapore, Malaysia and Indonesia.

**YBhg. Dato' Albert Yeoh Beow Tit**

YBhg. Dato' Albert Yeoh Beow Tit was appointed to the Company's Board on 1 January 2020 as an Independent non-executive Director.

YBhg. Dato' Albert Yeoh started his career in the financial industry particularly in banking sector and has held various senior management positions in Citibank Berhad, the last being the Director of Corporate Banking till February 1996. He was the Chief Executive Officer of OCBC Bank (Malaysia) Berhad, a position which he held until his retirement in 2008.

He was formerly the Director of Great Eastern Life Assurance (Malaysia) Berhad from 2002 until March 2019 and Great Eastern General Insurance (Malaysia) Berhad from January 2002 until March 2020. He was also the Director of Alliance Investment Bank Berhad from May 2016 until May 2019, and Director of Danajamin Nasional Bhd. From May 2009 to May 2018.

YBhg. Dato' Albert Yeoh is currently a Director in several companies, namely Cagamas MBS Berhad, Cagamas SRP Berhad and BOS Wealth Management Malaysia Berhad.

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**BOARD OF DIRECTORS' PROFILE (CONTINUED)**

**En. Mohamed Rashdi bin Mohamed Ghazalli**

En. Mohamed Rashdi bin Mohamed Ghazalli was appointed to the Company's Board on 1 April 2020 as an Independent non-executive Director. He was also appointed a member of the Board Risk Management Committee on 1 April 2020.

He has over 30 years of experience in industry and consultancy. He is an experienced professional manager and held a number of senior management positions in the Telco, IT and Advisory services industry.

He is the Chairman of Tune Insurance Malaysia Berhad and presently sits on the Board of Tune Protect Group Berhad and BOS Wealth Management Berhad.

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**GREAT EASTERN TAKAFUL BERHAD**  
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**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016**

We, Dato' Albert Yeoh Beow Tit and Major General Dato' Zulkiflee bin Mazlan (Rtd), being two of the Directors of Great Eastern Takaful Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 51 to 213 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2022.



Dato' Albert Yeoh Beow Tit

Kuala Lumpur, Malaysia



Major General Dato' Zulkiflee bin Mazlan (Rtd)

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016**

I, Jasveen Kaur Marne, being the officer primarily responsible for the financial management of Great Eastern Takaful Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 51 to 213 are in my opinion, 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 )  
Jasveen Kaur Marne )  
at Kuala Lumpur in the )  
Federal Territory on 31 March 2022 )



Jasveen Kaur Marne

Before me,



**GREAT EASTERN TAKAFUL BERHAD**  
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**REPORT OF THE SHARIAH COMMITTEE**

**Shariah Committee**

The Company is advised by a Shariah Committee, whose composition is as follows:

Dr. Akhtarzaite binti Abdul Aziz (Chairman)  
Prof. Dato' Dr. Wan Sabri bin Wan Yusof (resigned due to tenure limit on 12 December 2021)  
Asst. Prof. Dr. Mohamad Sabri bin Zakaria  
Assoc. Prof. Dr. Siti Salwani binti Razali  
Professor Dr. Suhaimi bin Ab Rahman  
Dr. Mohammad Firdaus bin Mohammad Hatta

The Shariah Committee meets, at minimum, six times a year and must attend at least 75% of the Scheduled Meetings held in each financial year. In 2021, the Shariah Committee met 17 times including Scheduled and Special Meetings. The attendance of members at the Scheduled Shariah Committee meetings is as follows:

Name	Number of Scheduled meetings	
	Attended	Percentage (%)
Dr. Akhtarzaite binti Abdul Aziz (Chairman)	6/6	100%
Professor Dato' Dr. Wan Sabri bin Wan Yusof	6/6	100%
Asst. Prof. Dr. Mohamad Sabri bin Zakaria	6/6	100%
Assoc. Prof. Dr. Siti Salwani binti Razali	6/6	100%
Professor Dr. Suhaimi bin Ab Rahman	6/6	100%
Dr. Mohammad Firdaus bin Mohammad Hatta	6/6	100%

**STATEMENT BY THE SHARIAH COMMITTEE**

In accordance with the letter of appointment and the requirements of the Shariah Governance Policy Document, we have fulfilled the responsibilities to Great Eastern Takaful Berhad which are as follows:

- a) providing a decision or advice to the Islamic Financial Institution ("IFI") on the application of any rulings of the Shariah Advisory Council ("SAC") or standards on Shariah matters that are applicable to the operations, business, affairs and activities of the IFI;
- b) providing a decision or advice on matters which require a reference to be made to the SAC;
- c) providing a decision or advice on the operations, business, affairs and activities of the IFI which may trigger a Shariah non-compliance event;
- d) deliberating and affirming a Shariah non-compliance finding by any relevant functions; and
- e) endorsing a rectification measure to address a Shariah non-compliance event.

**GREAT EASTERN TAKAFUL BERHAD  
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**REPORT OF THE SHARIAH COMMITTEE (CONTINUED)**

**STATEMENT BY THE SHARIAH COMMITTEE (CONTINUED)**

We have reviewed the principles and contracts relating to the transactions and applications introduced by Great Eastern Takaful Berhad during the period from 1 January 2021 to 31 December 2021. We have also conducted our review to form an opinion as to whether Great Eastern Takaful Berhad has complied with Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council of Bank Negara Malaysia, as well as Shariah decisions made by us.

The management of Great Eastern Takaful Berhad is responsible for ensuring that Great Eastern Takaful Berhad conducts its business in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the operations of Great Eastern Takaful Berhad and to report to you.

We have assessed the work carried out by Shariah review and Shariah audit which included examining, on a test basis, each type of transaction, the relevant documentations and procedures adopted by Great Eastern Takaful Berhad. We planned and performed our review so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Great Eastern Takaful Berhad has not violated any Shariah principles.

In our opinion, to the best of our knowledge:

1. the contracts, transactions and dealings entered into by Great Eastern Takaful Berhad, during the financial year from 1 January 2021 to 31 December 2021 that we have reviewed, are in compliance with Shariah principles except for four (4) Shariah non-compliance ("SNC") events. From 4 SNC events, only one (1) is assessed as material SNC event as follows:

Non-recovery of ceded benefit payments from retakaful operators. Tabarru funds have been compensated upfront using shareholders' fund while waiting for retakaful operators to settle the under-claims amount. In addition, internal procedures have been updated and additional reconciliation process will be performed to prevent the recurrence. As at 31 January 2022, all the rectification plans have been executed and closed.

The remaining three (3) SNC events are as follows:

1. Wrongly issued final guarantee letter by the Company's third party administrator for a condition which falls under general exclusion;
2. Overpayment of claims for the mySalam scheme under hospitalisation benefits; and
3. Process gaps identified for Supreme-i product.

Several control measures have been implemented to address the above gaps. The progress of rectification plans were monitored closely by Shariah Committee.

**GREAT EASTERN TAKAFUL BERHAD**  
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**REPORT OF THE SHARIAH COMMITTEE (CONTINUED)**

**STATEMENT BY THE SHARIAH COMMITTEE (CONTINUED)**

2. the allocation of profit and surplus sharing and charging of losses and deficits between shareholders' fund and/or tabarru' and participant's investment funds conform to the basis that had been approved by us in accordance with Shariah principles;
3. no earnings that have been realised from sources or means prohibited by the Shariah principles during the financial year from 1 January 2021 to 31 December 2021; and
4. the calculation of zakat is in compliance with Shariah principles.

We, Dr. Akhtarzaite binti Abdul Aziz and Dr. Mohammad Firdaus bin Mohammad Hatta, being two of the members of the Shariah Committee of Great Eastern Takaful Berhad, do hereby confirm that the operations of Great Eastern Takaful Berhad for the financial year from 1 January 2021 to 31 December 2021 were conducted in conformity with the Shariah principles.

Signed on behalf of the Shariah Committee.

  
Dr. Akhtarzaite binti Abdul Aziz  
Kuala Lumpur, Malaysia

  
Dr. Mohammad Firdaus bin Mohammad Hatta





INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF GREAT EASTERN TAKAFUL BERHAD  
(Incorporated in Malaysia)  
(Registration No. 201001032332 (916257-H))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Great Eastern Takaful Berhad (“the Company”) give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2021, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 213.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF GREAT EASTERN TAKAFUL BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
(Registration No. 201001032332 (916257-H))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Statement of Corporate Governance, Report of the Shariah Committee and Further Information on Directors, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing 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.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)  
(Registration No. 201001032332 (916257-H))

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, 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 our 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 Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF GREAT EASTERN TAKAFUL BERHAD (CONTINUED)  
(Incorporated in Malaysia)  
(Registration No. 201001032332 (916257-H))

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to be 'PricewaterhouseCoopers'.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Manjit Singh A/L Hajander Singh'.

MANJIT SINGH A/L HAJANDER SINGH  
02954/03/2023 J  
Chartered Accountant

Kuala Lumpur  
31 March 2022

201001032332 (916257-H)

**GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	2021			2020		
		Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>Assets</b>							
Motor vehicles and equipment	4	9,426	-	9,426	8,937	-	8,937
Right-of-use assets	5(a)	2,453	-	2,453	2,805	-	2,805
Intangible assets	6	10,114	-	10,114	11,782	-	11,782
Investments	7	124,762	1,036,569	1,161,331	140,952	923,886	1,064,838
Retakaful assets	8	-	728,703	728,703	-	801,339	801,339
Takaful receivables	9	-	1,435,106	1,435,106	-	919,067	919,067
Other receivables	10	104,727	7,843	24,359	64,816	6,617	11,758
Deferred tax assets	11	8,396	1,177	9,573	48	-	48
Cash and cash equivalents		138,140	262,539	400,679	20,481	276,639	297,120
<b>Total assets</b>		<b>398,018</b>	<b>3,471,937</b>	<b>3,781,744</b>	<b>249,821</b>	<b>2,927,548</b>	<b>3,117,694</b>
<b>Equity</b>							
Share capital	12	195,000	-	195,000	195,000	-	195,000
Accumulated losses		(60,209)	-	(60,209)	(78,795)	-	(78,795)
Other comprehensive income fair value reserves		(1,538)	-	(1,538)	(863)	-	(863)
<b>Total equity</b>		<b>133,253</b>	<b>-</b>	<b>133,253</b>	<b>115,342</b>	<b>-</b>	<b>115,342</b>

201001032332 (916257-H)

**GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2021**

	Note	2021			2020		
		Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>Liabilities and participants' fund</b>							
Participants' fund	13	-	44,459	-	-	67,421	-
Expense liabilities	14	53,821	-	53,821	46,752	-	46,752
Takaful certificate liabilities	15	-	2,164,715	2,209,174	-	2,004,607	2,072,028
Lease liabilities	5(b)	2,679	-	2,679	3,025	-	3,025
Takaful payables	16	18,181	1,077,548	1,095,729	10,433	695,765	706,198
Other payables	17	167,362	183,847	262,998	48,485	154,123	142,933
Provisions	18	9,705	-	9,705	8,790	-	8,790
Amounts due to related companies	19	11,449	-	11,449	14,488	-	14,488
Deferred tax liabilities	11	-	-	-	-	2,011	2,011
Provision for zakat		33	-	33	26	-	26
Provision for taxation		1,535	1,368	2,903	2,480	3,621	6,101
<b>Total liabilities and participants' fund</b>		<b>264,765</b>	<b>3,471,937</b>	<b>3,648,491</b>	<b>134,479</b>	<b>2,927,548</b>	<b>3,002,352</b>
<b>Total equity, liabilities and participants' fund</b>		<b>398,018</b>	<b>3,471,937</b>	<b>3,781,744</b>	<b>249,821</b>	<b>2,927,548</b>	<b>3,117,694</b>

The accompanying notes form an integral part of the financial statements.

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**GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021			2020		
		Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>Wakalah fee income</b>	20	284,925	-	-	234,547	-	-
Gross earned contributions		-	1,307,382	1,307,382	-	1,231,977	1,231,977
Earned contributions ceded to retakaful operators		-	(624,687)	(624,687)	-	(648,046)	(648,046)
<b>Net earned contributions</b>	21	-	682,695	682,695	-	583,931	583,931
Investment income	22	5,647	34,846	40,493	5,103	31,418	36,521
Realised (losses)/gains	23	(998)	(3,788)	(4,786)	5,033	29,485	31,774
Fair value (losses)/gains	24	(3,017)	(21,749)	(24,766)	(3,161)	13,323	12,452
Fee and commission income	25	-	3,672	2,601	-	6,392	3,336
Other operating revenue		(10,183)	581	(9,602)	10,464	637	11,101
<b>Other revenue</b>		(8,551)	13,562	3,940	17,439	81,255	95,184
Gross benefits and claims paid	15	-	(329,570)	(329,570)	-	(238,463)	(232,080)
Claims ceded to retakaful operators	15	-	188,344	188,344	-	111,951	111,951
Gross change in certificate liabilities	15	-	(116,812)	(158,120)	-	(653,095)	(707,500)
Change in certificate liabilities ceded to retakaful operators	15	-	(72,637)	(72,637)	-	432,938	432,938
<b>Net benefits and claims</b>		-	(330,675)	(371,983)	-	(346,669)	(394,691)
Change in expense liabilities	14	(7,069)	-	(7,069)	(5,199)	-	(5,199)
Wakalah fee expense	26	-	(284,925)	-	-	(234,547)	-
Commission expenses/administration fees		(155,937)	(625)	(155,491)	(117,462)	(1,970)	(116,376)
Management expenses	27	(131,303)	1,095	(130,208)	(141,740)	1,642	(140,098)
Operating expenses		-	232	232	-	(120)	(120)
Impairment loss on FVOCI financial assets		6	(545)	(539)	(6)	(354)	(360)
Taxation of family takaful business	28(a)	-	(1,385)	(1,385)	-	(4,582)	(4,582)
<b>Other expenses</b>		(294,303)	(286,153)	(294,460)	(264,407)	(239,931)	(266,735)

201001032332 (916257-H)

**GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)

**INCOME STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021			2020			
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	
<b>Operating (loss)/profit before surplus transfers</b>	(17,929)	79,429	20,192	(12,421)	78,586	17,689	
Surplus attributable to participants	-	(41,308)	-	-	(50,766)	-	
Surplus attributable to shareholders	38,121	(38,121)	-	27,820	(27,820)	-	
<b>Profit before zakat and taxation</b>	20,192	-	20,192	15,399	-	17,689	
Taxation	(1,726)	-	(1,726)	(8,130)	-	(8,477)	
<b>Net profit for the year</b>	18,466	-	18,466	7,269	-	9,212	
<b>Profit per share (sen)</b>							
Basic and diluted	29	-	-	10.6	-	-	5.8

The accompanying notes form an integral part of the financial statements.



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**GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021			2020		
		Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>Net profit for the year</b>		18,466	-	18,466	7,269	-	9,212
<b>Other comprehensive (loss)/income:</b>							
<b>Other comprehensive (loss)/income that will not be reclassified to income statement in subsequent periods (net of tax):</b>							
Equity instruments designated at Fair Value through Other Comprehensive Income ("FVOCI"):							
Net (loss)/gain on fair value changes		(656)	943	287	(1,351)	(5,847)	(7,198)
Tax on realised (loss)/gain		(38)	246	208	21	(40)	(19)
Deferred tax relating to components of other comprehensive income/(loss)	11	195	(76)	119	303	471	774
		<u>(499)</u>	<u>1,113</u>	<u>614</u>	<u>(1,027)</u>	<u>(5,416)</u>	<u>(6,443)</u>
<b>Other comprehensive (loss)/income that will be reclassified to income statement in subsequent periods (net of tax):</b>							
Islamic debt instruments at FVOCI:							
Net (loss)/gain on fair value changes		(15)	(16,256)	(16,271)	115	9,317	9,432
Net realised gain transferred to income statement	23	(35)	(766)	(801)	(65)	(4,390)	(4,455)
Changes in allowance for Expected Credit Loss ("ECL")	33(f)	(6)	545	539	6	354	360
Deferred tax relating to components of other comprehensive income/(loss)	11	-	1,529	1,529	-	(364)	(364)
Other comprehensive income attributable to participants	13	-	13,835	13,835	-	499	499
Other comprehensive (loss)/income for the year, net of tax		<u>(56)</u>	<u>(1,113)</u>	<u>(1,169)</u>	<u>56</u>	<u>5,416</u>	<u>5,472</u>
<b>Total comprehensive income for the year</b>		<u>17,911</u>	<u>-</u>	<u>17,911</u>	<u>6,298</u>	<u>-</u>	<u>8,241</u>

The accompanying notes form an integral part of the financial statements.

**GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<u>Attributable to Equity Holders of the Company</u>			
	Share capital RM'000 (Note 12)	Non- distributable Fair value reserves RM'000	Accumulated losses RM'000	Total RM'000
<b>At 1 January 2020</b>	155,000	41	(87,940)	67,101
Net profit for the year	-	-	9,212	9,212
Other comprehensive loss	-	(971)	-	(971)
Total comprehensive (loss)/income	-	(971)	9,212	8,241
Transfer of fair value reserve of equity instruments designated at FVOCI	-	67	(67)	-
Issuance of shares	40,000	-	-	40,000
<b>At 31 December 2020</b>	<u>195,000</u>	<u>(863)</u>	<u>(78,795)</u>	<u>115,342</u>
<b>At 1 January 2021</b>	195,000	(863)	(78,795)	115,342
Net profit for the year	-	-	18,466	18,466
Other comprehensive loss	-	(555)	-	(555)
Total comprehensive (loss)/income	-	(555)	18,466	17,911
Transfer of fair value reserve of equity instruments designated at FVOCI	-	(120)	120	-
<b>At 31 December 2021</b>	<u>195,000</u>	<u>(1,538)</u>	<u>(60,209)</u>	<u>133,253</u>

The accompanying notes form an integral part of the financial statements.

**GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 RM'000	2020 RM'000
<b>OPERATING ACTIVITIES</b>			
Profit before zakat and taxation		20,192	17,689
Adjustments for:			
Depreciation for motor vehicles and equipment	4, 27	1,711	(2,380)
Depreciation for right-of-use assets	5(a), 27	1,334	1,376
Amortisation of intangible assets	6, 27	5,987	10,419
Investment income	22	(40,493)	(36,521)
Realised losses/(gains)	23	4,786	(31,774)
Fair value losses/(gains) in income statement	24	24,766	(12,452)
Impairment loss on FVOCI financial assets		539	360
Profit expense on lease liabilities	5(b), 27	192	262
Taxation of family takaful business	28(a)	1,385	4,582
Write off of motor vehicle and equipment		-	399
Operating gain/(loss) before working capital changes		20,400	(48,040)
Purchase of FVOCI investments		(344,441)	(360,595)
Proceeds from sales of FVOCI investments		380,233	210,115
Purchase of FVTPL investments		(807,824)	(883,321)
Proceeds from sales of FVTPL investments		629,418	739,726
Increase in takaful and other receivables		(528,594)	(431,672)
Decrease/(increase) in retakaful assets		72,637	(432,938)
Increase in lease liabilities		982	-
Increase in takaful and other payables		517,399	575,168
Increase in takaful certificate liabilities		150,980	707,269
Net change in balance with related companies		(3,039)	(4,741)
Cash generated from operating activities		88,151	40,971
Income tax paid		(15,988)	(7,260)
Zakat paid		(22)	-
Investment income received		40,439	34,446
<b>Net cash generated from operating activities</b>		<b>112,580</b>	<b>68,157</b>
<b>INVESTING ACTIVITIES</b>			
(Purchase)/disposal of motor vehicles and equipment	4	(2,200)	6,319
Increase of right-of-use assets	5	(982)	-
Proceeds from disposal of intangible assets	6	-	2,683
Purchase of intangible assets	6	(4,318)	(16,640)
<b>Net cash used in investing activities</b>		<b>(7,500)</b>	<b>(7,638)</b>

**GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 RM'000	2020 RM'000
<b>FINANCING ACTIVITIES</b>			
Issuance of shares	12	-	40,000
Repayment of lease liabilities	5(b)	(1,520)	(1,514)
<b>Net cash (used in)/generated from financing activities</b>		<u>(1,520)</u>	<u>38,486</u>
Net increase in cash and cash equivalents		103,560	129,005
Cash and cash equivalents at beginning of year		<u>297,120</u>	<u>168,115</u>
<b>Cash and cash equivalents at end of year</b>		<u>400,680</u>	<u>297,120</u>
Cash and cash equivalents comprise:			
Cash and bank balances		174,180	34,120
Short term Islamic investment accounts with original maturity period of less than 3 months		<u>226,500</u>	<u>263,000</u>
		<u>400,680</u>	<u>297,120</u>

**Reconciliation of liabilities arising from financing activities:**

	Balances as at beginning of the financial year RM'000	Net cash flow from operating activities RM'000	Net cash flow from financing activities RM'000	Additions to lease liability RM'000	Finance cost of leases RM'000	Balances as at year end of the financial year RM'000
<b>2021</b>						
Lease liabilities	3,025	192	(1,520)	982	-	2,679
<b>2020</b>						
Lease liabilities	4,277	262	(1,514)	-	-	3,025

The accompanying notes form an integral part of the financial statements.

**GREAT EASTERN TAKAFUL BERHAD**  
**(Incorporated in Malaysia)**

**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021**

**1. CORPORATE INFORMATION**

The Company is a public limited liability company incorporated and domiciled in Malaysia.

The registered office of the Company is located at Level 20, Menara Great Eastern, 303 Jalan Ampang, 50450 Kuala Lumpur.

The Company is principally engaged in managing family takaful business including takaful investment-linked business. There has been no significant change in the principal activity during the financial year.

The immediate holding company is I Great Capital Holdings Sdn. Bhd., a company incorporated in Malaysia. The ultimate holding company is Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), a public-listed company incorporated in the Republic of Singapore.

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 March 2022.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and the requirements of the Companies Act, 2016 in Malaysia.

At the beginning of the current financial year, the Company had adopted the amended MFRSs and new MFRSs applicable for annual financial periods beginning on or after 1 January 2021, as described fully in Note 2.3.

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant accounting policies. The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

**GREAT EASTERN TAKAFUL BERHAD**  
(Incorporated in Malaysia)

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.1 BASIS OF PREPARATION (CONTINUED)**

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Takaful Operators ("RBCT") issued by Bank Negara Malaysia ("BNM") as at the reporting date.

**Takaful operations and its funds**

In preparing the Company-level financial statements, the balances and transactions of the shareholders' fund are amalgamated and combined with those of the family takaful fund. Interfund balances, transactions and unrealised gains and losses are eliminated in full during amalgamation. The accounting policies adopted for shareholders' fund and family takaful fund are uniform for like transactions and events in similar circumstances.

The takaful funds are consolidated and amalgamated from the date of control and continue to be consolidated until the date such control ceases which will occur when the Company's licence to manage takaful business is withdrawn or surrendered.

Under the concept of takaful, individuals make contributions to a pool which is managed by a takaful operator with the overall aim of using the monies to aid fellow participants in times of need. Accordingly, as a takaful operator, the Company is not a participant of the family takaful fund but manages the fund in line with the principles of Wakalah bi al-Ujrah (agency with fees) which is the business model adopted by the Company. The takaful operator manages both the shareholders' fund and the family takaful fund (including the relevant assets and liabilities) towards the purpose outlined above.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.1 BASIS OF PREPARATION (CONTINUED)**

In accordance with the Islamic Financial Services Act 2013, the assets and liabilities of the family takaful fund is segregated from those of the takaful operator: a concept known as segregation of funds. However, in compliance with MFRS 10 *Consolidated Financial Statements*, the assets, liabilities, income and expenses of the family takaful fund are consolidated with those of the takaful operator to represent the control of the operator over the fund. The balances and transactions of the family takaful fund include those of the mySalam family takaful fund and the balances and transactions of the Company/shareholders' fund include those of the mySalam shareholders' fund.

The inclusion of separate information of the family takaful fund, the takaful operator and those of the mySalam Scheme together with the consolidated financial information of the Company in the statement of the financial position, the income statement, the statement of comprehensive income as well as certain relevant notes to the financial statements represents additional supplementary information required for Bank Negara Malaysia reporting.

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Motor vehicles and equipment and depreciation**

Motor vehicles and equipment are stated at cost less accumulated depreciation and impairment losses. The initial cost of motor vehicle and equipment comprises its purchase price, including non-refundable taxes and any costs to enhance the working condition of the asset for its intended use.

Expenditure incurred after the motor vehicle and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is charged to the income statement in the period in which the costs are incurred. Where the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of motor vehicle and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of motor vehicles and equipment.

Depreciation of motor vehicle and equipment is calculated on a straight-line basis to write off the cost of each amount to its residual value over its estimated useful life. Work-in-progress is not depreciated until such time that it is available for active use. The annual depreciation rates are:

Motor vehicles	20%
Computer equipment	20 - 33%
Furniture and fittings	10 - 20%
Office equipment	10%

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Motor vehicles and equipment and depreciation (Continued)**

The carrying values of motor vehicle and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of motor vehicle and equipment.

An item of motor vehicle and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are included in the income statement.

**(b) Intangible assets and amortisation**

Intangible assets acquired separately are measured, on initial recognition, at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category that is consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.



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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Intangible assets and amortisation (Continued)**

Intangible assets of the Company comprises:

- (i) A distribution agreement with a licensed Islamic bank which is amortised over its economic useful life in relation to the associated income from the related business and assessed for impairment whenever there is an indication that the intangible asset may be impaired. This distribution agreement is amortised on a straight-line basis over the life of the agreement, which is 5 years. This distribution agreement was terminated in June 2020.
- (ii) Software intangible assets are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software development costs are incurred for the development of software for the family takaful administration system and the distribution channel management system. These costs are amortised over a period of 4 years or 25% on a straight line basis from the date of system commissioning.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

- (iii) A portal ("Distribution Platform") developed to sell or distribute the Company's products digitally. This Distribution Platform is recognised at cost on initial recognition.

Following initial recognition, this Distribution Platform is amortised on a straight-line basis over its estimated useful life of 6.5 years.

**(c) Investments and financial assets**

**Initial Recognition and Measurement**

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial assets. The Company determines the classification of its financial assets and liabilities at initial recognition.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Investments and financial assets (Continued)**

**Initial Recognition and Measurement (Continued)**

At initial recognition, the Company measures a financial asset at its fair value, plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs for financial assets carried at fair value through profit or loss are recognised as expense in the income statement.

Classification

On initial recognition, a financial asset is classified as measured at Amortised Cost ("AC"), Fair Value through Other Comprehensive Income ("FVOCI") or Fair Value through Profit and Loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

An Islamic debt security is measured at FVOCI only if it meets both of the following conditions and is not designated as measured at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

A Shariah-approved equity that is not held for trading may by irrevocable election, be designated and measured at FVOCI. This election is made on an investment-by-investment basis. The Company has designated certain equity securities held for strategic purposes as measured at FVOCI.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Investments and financial assets (Continued)**

**Initial Recognition and Measurement (Continued)**

A financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI may, by irrevocable election, be designated and measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Company has designated certain debt securities which are held with the intent to, both, hold to collect contractual cash flows and to sell to be measured at FVTPL.

All other financial assets are measured as FVTPL.

Business model assessment

The Company assesses the objective of the business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Investments and financial assets (Continued)**

**Initial Recognition and Measurement (Continued)**

The business model assessment is based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If the cash flows after initial recognition are realised in a way that is different from the Company’s original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment whether contractual cash flows are solely payments of principal and profit

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Profit' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers the following key aspects:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Company's claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money, credit risk, other basic financing risks and costs associated with the principal amount outstanding.

**Subsequent measurement**

**I. Islamic Debt Instruments**

Subsequent measurement of Islamic debt instruments depends on the Company’s business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Investments and financial assets (Continued)**

**Subsequent measurement (Continued)**

**I. Islamic Debt Instruments (Continued)**

**(i) Amortised Cost ("AC")**

Islamic debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and profit are measured at amortised cost using the effective profit method. Profit income, foreign exchange gains and losses and impairment are recognised in the income statement. Gains or losses are also recognised in the income statement when the assets are derecognised.

**(ii) Fair value through other comprehensive income ("FVOCI")**

Islamic debt instruments that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and profit, are classified as FVOCI. Any gains or losses from changes in fair value are recognised in other comprehensive income and accumulated in fair value reserve. Impairment, foreign exchange gains and losses and profit calculated using the effective profit method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement when the financial asset is derecognised.

**(iii) Fair value through profit or loss ("FVTPL")**

Islamic debt instruments that do not meet the criteria for classification as amortised cost or FVOCI are measured at FVTPL. Any gains or losses from changes in fair value and profit are recognised in the income statement.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Investments and financial assets (Continued)**

**Subsequent measurement (Continued)**

**II. Shariah-approved Equity Instruments**

The Company subsequently measures all Shariah-approved equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than held for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to income statement, including upon disposal. Equity instruments designated at FVOCI are not subject to impairment assessment. Dividends, when representing a return from such investments are to be recognised in income statement when the Company's right to receive payments is established.

Changes in fair value of financial assets at FVTPL are recognised in the income statement.

**III. Derivatives and Hedging Activities**

The Company applies economic hedge for currency and foreign exchange risks involving derivatives such as cross currency swap and forward currency contracts. All derivatives are carried as financial asset when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. As at the reporting date, the Company has not invested in such instruments.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Takaful receivables**

Takaful receivables comprise outstanding contribution from certificate holders, agents, intermediaries and corporate shareholders and also retakaful receivables. Takaful receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, takaful receivables are measured at amortised cost, using the effective profit method.

Loss allowance is measured at an amount equal to the lifetime expected credit losses ("ECL") using a simplified net flow rate model for outstanding contributions from certificate holders, agents, intermediaries and corporate shareholders. For ECL arising from tafakul receivables arising from MySalam per Note 39's background, the ECL is assessed to be immaterial.

The ECL impairment provisional amounts are recognised in the income statement. Subsequent increases in the recoverable amount of the takaful receivables are treated as reversal of the previous ECL impairment amount.

Takaful receivables are derecognised when the derecognition criteria for financial assets as described in Note 2.2(h) have been met.

All financial assets, except for those measured at FVTPL, are subject to review for impairment as in Note 2.2(g).

**(e) Financial liabilities and takaful payables**

Financial liabilities and takaful payables are recognised in the statement of financial position when the Company becomes a party to the contractual obligations of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

The Company's financial liabilities include other creditors and provision for agents' retirement benefits.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities, and derivative liabilities. Currently, the Company does not have any derivative liabilities.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Financial liabilities and takaful payables (Continued)**

**(i) Financial liabilities at FVTPL**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains and losses recognised in the income statement. Net gains or losses on derivatives include exchange differences.

The Company has not designated any financial liabilities at FVTPL.

**(ii) Other financial liabilities**

Other financial liabilities are recognised when due and measured on initial recognition at the fair value of the consideration received plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains or losses are recognised in the income statement.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of new liability. The difference in the respective carrying amounts is recognised in the income statement.

**(iii) Agents' retirement benefits**

Agents' Retirement Benefit ("ARB") is considered a financial instrument as it gives rise to a financial asset in one entity and a financial liability of another entity. The contractual obligation to pay ARB arises from the agency supplementary agreement ("Agreement") signed between the Company and takaful agents, thus creating a financial liability for the Company.



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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Financial liabilities and takaful payables (Continued)**

**(iii) Agents' retirement benefits (Continued)**

The carrying amount for ARB is calculated in accordance with the terms and conditions in the respective agents' Agreement. The carrying amount for ARB is initially recognised at fair value and subsequent to initial recognition, it is measured at amortised cost. The accrued profit is recognised in statement of profit or loss.

The terms and conditions of the Agreements stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the agent shall be allocated a deferred benefit/retirement benefit.

The deferred benefit/retirement benefit accumulated at the statement of financial position date includes an element of accrued profit, which is calculated at the shareholders' fund investment rate of return. The accrued deferred benefit shall only become payable provided the Agreements have been in force for certain continuous contract years and the agent has attained the minimum age stipulated in the Agreements.

**(f) Fair value measurement**

The Company measures certain financial instruments at fair value at each reporting date. In addition, fair values of financial instruments measured at amortised cost are also disclosed in Note 7.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Fair value measurement (Continued)**

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable including quotes from brokers and market makers, discounted cash flows and other valuation techniques commonly used by market participants.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For units in unit trusts and shares in open-ended investment companies, fair value is determined by reference to published bid-values.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Fair value measurement (Continued)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial assets that are actively traded in organised financial markets i.e. quoted Shariah-approved equities and financial instruments with embedded derivatives is determined by reference to quoted market bid prices for assets at the close of business on statement of financial position date. Fair value for investments in quoted unit trusts - REITS, and similar investments, is determined by reference to published net asset values.

For financial instruments where there is no active market such as unquoted Islamic private debt securities and government investment issues, fair value is obtained from Bond Pricing Agency Malaysia Sdn. Bhd. ("BPAM").

For unquoted and unrated Islamic private debt securities, the unrated Islamic private debt securities are first assigned an internal rating using the Internal Credit Rating model and subsequently benchmarked against BPAM's indicative yields for an Islamic private debt security with similar rating, classification and tenure.

In cases where the fair value cannot be reliably measured, the financial instruments are stated at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

**(g) Impairment of financial assets**

The Company recognises ECL on the following financial instruments that are not measured at FVTPL:

- (i) Islamic private debt instruments measured at FVOCI;
- (ii) Financing and other receivables measured at amortised cost; and
- (iii) Financing commitments.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Impairment of financial assets (Continued)**

The Company assesses on a forward looking basis the ECL associated with its financing and Islamic debt instruments carried at amortised cost and FVOCI and its financing commitments. For trade and takaful receivables, the Company measures the loss allowance at an amount equal to the lifetime ECL. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company measures loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL represents the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Modified financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected modification will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset; or
- If the expected modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the statement of financial position date using the original effective profit rate of the existing financial asset.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Impairment of financial assets (Continued)**

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets measured at amortised cost and debt financial assets measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company considers factors as evidence that a financial instrument is credit impaired:

- Significant financial difficulty of the counterparty or issuer;
- A breach of contract such as default or past due event;
- The restructuring of a financing or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

For financial assets that are not credit-impaired at the reporting date: the ECL is the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

For financial assets that are credit-impaired at the reporting date: the ECL is the difference between the gross carrying amount and the present value of estimated future cash flows.

Where there is objective evidence of impairment, the Company will recognise the impairment loss in the income statement at the reporting date.

Write-off

Financing and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Derecognition of financial assets and liabilities**

A financial asset is derecognised when:

- The contractual right to receive cash flows from the asset has expired.
- The Company has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement and either (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset except for equity securities measured at FVOCI, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the income statement.

On derecognition of Shariah-approved equity securities measured at FVOCI, any cumulative gain/loss recognised in other comprehensive income is not recognised in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains or losses are recognised in the income statement.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Regular way purchase or sale of a financial asset**

All regular way purchases and sales of financial assets are recognised or derecognised on trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and de-recognised, as applicable, using the trade date accounting. Trade date accounting refers to:

- (i) The recognition of an asset to be received and the liability to pay for it on the trade date; and
- (ii) Derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

**(j) Impairment of non-financial assets**

The carrying amount of non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of the net realisable value and the value in use, which is measured in reference to discounted cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is recognised in the income statement in the period in which it arises. Subsequent increases in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. A reversal of impairment loss is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Employee benefits**

**(i) Defined contribution plans under statutory regulations**

As required by law, companies in Malaysia make contributions to the statutory pension fund, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

**(ii) Employee leave entitlements**

An employee's entitlement to annual leave is estimated and accrued according to the Company's Human Capital policy.

**(l) Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying the 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 estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

**(m) Offsetting of Financial Assets and Liabilities**

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.



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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) Income tax**

Income tax in the income statement for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable income for the year and is measured using tax rates that have been enacted at the statement of financial position date.

Besides income tax incurred in the shareholders' fund, the family takaful business pays tax on participants' investment returns at a tax rate of 8%. Tax on participants' investment returns is recognised as an expense and disclosed separately under taxation of family takaful business in the income statement.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused taxed losses and unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the year 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. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in other comprehensive income/participants' fund, in which case the deferred tax is also charged or credited directly in other comprehensive income/participants' fund.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) Family takaful fund**

The family takaful fund is maintained in accordance with the requirements of the Islamic Financial Services Act, 2013 and consists of FVOCI reserves and accumulated surplus in the fund attributable to participants which represents the participants' share in FVOCI reserves and net surplus of the family takaful fund. The family takaful fund surplus or deficit is determined by an annual actuarial valuation of the family takaful fund.

Surplus distributable to participants is determined by net cash flows (excluding investment income) in the family takaful fund and distributed in accordance with the terms and conditions prescribed by the Shariah Committee, is aligned with GETB's Tabarru' Surplus and Investment Profit Management Policy and is in compliance with the BNM's Takaful Operational Framework Guidelines.

**(i) Contribution income**

Contribution is recognised as soon as the amount of the contribution can be reliably measured. First year contribution is recognised from inception date and subsequent contribution is recognised when due. For single contribution business, revenue is recognised on the date on which the certificate is effective. Contributions from the investment-linked business, universal life and certain family products are recognised as revenue when payment is received.

At the end of the financial year, all due contributions are accounted for to the extent that they can be reliably measured. Contribution not received on due date are recognised as revenue in the income statement and reported as outstanding contributions in the statement of financial position.

**(ii) Creation or cancellation of units**

Net creation of units which represent contributions paid by participants or unit holders as payments for new certificate or subsequent payments to increase the amount of that certificate are reflected in the income statement of the investment-linked funds. Net creation of units is recognised on a receipt basis.

Creation or cancellation of units is recognised in the financial statements at the next valuation date, after the request to purchase or sell units is received from the participants or unit holders.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) Family takaful fund (Continued)**

**(iii) Retakaful ceded contribution**

Gross retakaful ceded contributions are recognised as an expense when payable or on the date when the certificate is effective.

**(iv) Benefits and claim expenses**

Claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or when the Company is notified.

Claims and provisions for claims arising from family takaful certificates, including settlement costs less retakaful recoveries, are accounted for using the case basis method and for this purpose, the benefits payable under family takaful certificates are recognised as follows:

- Maturity or other certificate benefit payments due on specified dates are treated as claims payable on the due dates;
- Death, surrender and other benefits without due dates are treated as claims payables on the date of receipt of intimation of death of the participant or occurrence of the contingency covered; and
- Benefits payable under investment-linked business include net cancellation of units and are recognised as surrender.

**(v) Commission and agency expenses**

Commission and agency expenses, which are costs directly incurred in securing contribution on takaful certificates, net of income derived from retakaful operators in the course of ceding of contribution to retakaful operators, are charged to the income statement in the period in which they are incurred.

**(vi) Actuarial liabilities**

Types of Takaful Certificates

Takaful certificate liabilities are classified into principal components as follows:

- i. Family takaful liabilities comprising:
  - Ordinary family takaful plans
  - Investment-linked takaful plans
  - Group credit takaful plans
- ii. Retakaful arrangements

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) Family takaful fund (Continued)**

**(vi) Actuarial liabilities (Continued)**

Takaful certificates are recognised and measured in accordance with the terms and regulations of the respective takaful certificates and are based on regulatory guidelines. Contribution, claims and benefit payments, acquisition and management expenses and valuation of future certificate benefit payments or contribution reserve as the case may be, are recognised in the income statements of the respective funds in line with the concept of takaful.

Family takaful liabilities are recognised when certificates are entered into and contribution is charged. The liabilities are based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of liabilities. Zerorisation is applied at certificate level and no certificate is treated as an asset under the valuation method adopted.

In the case of a family certificate where a part of, or the whole of the contributions are accumulated in a fund, the accumulated amount, as declared to the participants, are set as liabilities.

Adjustments to the liabilities at each reporting date are recorded in the income statements. Profits originating from margins of adverse deviations on run-off certificates are recognised in the income statements over the life of the contract, whereas losses are fully recognised in the income statements during the first year of run-off. The liability is de-recognised when the contract expires, is discharged or is cancelled.

The valuation of takaful certificate liabilities is determined according to BNM's RBCT Framework for Takaful Operators and MFRS 4 Insurance Contracts.

The liability is de-recognised when the contract expires, is discharged or is cancelled. At each reporting date, an assessment is made of whether the recognised family takaful liabilities are adequate by using a liability adequacy test.

Any deficiency is recorded in the income statement by establishing technical reserves for the loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of loss recognition. Losses arising from liability adequacy testing can be reversed in future years if the deficiency no longer exists.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(p) Product classification**

The family takaful fund consists of certificates that transfer takaful and financial risks. Financial risk is the risk of a possible future change in one or more of a specified profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the certificate. Takaful risk is risk other than financial risk.

Takaful certificates are those certificates that transfer significant takaful risk. A takaful certificate is a certificate under which the fund has accepted significant takaful risk from another party (the certificate holders) by agreeing to compensate participants if a specified uncertain future event (the covered event) adversely affects participants. As a general guideline, to determine whether a certificate has significant takaful risk, benefits paid are compared with benefits payable if the covered event did not occur.

Investment certificates are those certificates that do not transfer significant takaful risk. There are no certificates that are classified as investment certificates in the family takaful fund.

Once a certificate has been classified as a takaful certificate, it remains a takaful certificate for the remainder of its life time, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Takaful certificates in the current portfolio are classified as being without discretionary participation features ("DPF") as it does not satisfy the criteria for DPF. DPF is a contractual right to receive additional benefits that are supplemental to guaranteed benefits and:

- i. Are likely to be a significant portion of the total contractual benefits;
- ii. Whose amount or timing is contractually at the discretion of the issuer; and
- iii. That are contractually based on the:
  - Performance of a specified pool of certificates or a specified type of contract; or
  - Realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
  - Profit or loss of the fund.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(q) Retakaful**

The Company cedes takaful risk in the normal course of business for all its business. Retakaful assets represent amounts receivable in respect of ceded takaful liabilities.. These amounts are estimated in a manner consistent with the takaful contract liabilities which are ceded out, the outstanding claims provision or settled claims associated with the retakaful contracts. Retakaful assets arising from ceding of in-force book and gross onerous contracts are recognised in the same period when the gross liabilities are accrued.

Retakaful arrangements entered into by the Company that meet the classification requirements of takaful certificates as described in Note 2.2(q) are accounted for as described below. Arrangements that do not meet these classification requirements are accounted for as financial assets. As at the reporting date, all retakaful arrangements entered into by the Company during the year met the classification requirements of takaful certificates.

Retakaful assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the financial period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the retakaful asset that the Company may not receive part or all outstanding amounts due under the terms of the contract. The impairment loss is recorded in the income statement. Gains or losses on retakaful is recognised in the income statement immediately at the date of contract and are not amortised. Ceded retakaful arrangements do not relieve the Company from its obligations to certificate holders.

Ceded retakaful arrangements do not relieve the Company from their obligations to participants. For both ceded and assumed retakaful, contributions and claims are presented on a gross basis. Retakaful assets are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

**(r) Other revenue recognition**

Revenue is recognised at an amount that reflects the consideration to which the Company/takaful fund expects to be entitled when the performance obligation is satisfied. Revenue is measured at the fair value of consideration received or receivable.

**Profit income**

Profit income is recognised on a time proportion basis that takes into account the effective yield of the asset.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(r) Other revenue recognition (Continued)**

**Dividend income**

Dividend is recognised when the right to receive payment is established.

**Realised gains and losses on investments**

All sales of investments are recognised on their trade dates i.e., the date the Company commits to sell the assets. Gains or losses arising from the sale of investments are calculated as the difference between net sales proceeds and the original or carrying amount and are credited or charged to the income statement.

**(s) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments with original maturity of three months or less from the date of acquisition, or are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(t) Zakat**

This represent tithes payable by the Company to comply with the principles of Shariah and is approved by the Shariah Committee of the Company. Zakat is calculated using the net asset method and is only provided when there is a commitment or obligation to pay at the end of financial year, as approved by the Shariah Committee.

**(u) Shareholders' fund**

**(i) Wakalah fees, commission expenses, management expenses and other charges**

In accordance with the principles of wakalah, as approved by the Shariah Committee of the Company and agreed between the participants and the Company, wakalah fee will be charged by the shareholders' fund for the underwriting and management of the services provided to participants.

These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services to be provided in future periods, the fees are deferred and recognised over those future periods.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(u) Shareholders' fund (Continued)**

**(i) Wakalah fees, commission expenses, management expenses and other charges (Continued)**

Wakalah fees include upfront fees, risk management charges and fund management and service charges as described in the certificate with the participants of the Company. The components of wakalah fee are disclosed in Note 20.

The wakalah fees charged by the shareholders' fund are used to pay all management and commission expenses in the shareholders' fund, which are incurred on behalf of the family takaful fund. All management expenses are recognised in the shareholders' fund as incurred.

Commission expenses, which are costs directly incurred in securing contributions on takaful certificates are recognised in the shareholders' fund as incurred and properly allocated to the periods in which it is probable they give rise to income.

**(ii) Expense liabilities of the family takaful fund**

The valuation of expense liabilities in relation to certificates of the family takaful fund is conducted separately by the Appointed Actuary in the shareholders' fund. The method used to value expense liabilities is broadly consistent with the method used to value takaful liabilities of the corresponding family takaful certificates, with the added component of expense overruns.

The expense liabilities is released over the term of the takaful certificates and recognised in the income statement.

In valuing the expense liabilities, the present value of expected future expenses payable by the shareholders' fund in managing the takaful fund for the full contractual obligation of the takaful certificates less any expected cash flows from future wakalah fee income, and any other income due to the shareholders' fund that can be determined with reasonable certainty, are taken into consideration.

In valuing the expense overrun, a comparison is done between the projected expense in the budget against the best estimate expense projection.



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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(u) Shareholders' fund (Continued)**

**(ii) Expense liabilities of the family takaful fund (Continued)**

**Liability adequacy test**

At each reporting date, the Company reviews the expense liabilities of the shareholders' fund to ensure that the carrying amount is sufficient or adequate to cover the obligations of the shareholders' fund for all managed takaful certificates still in force at the financial year end.

In performing this review, the Company considers all contractual cash flows and compares this against the carrying value of expense liabilities. Any deficiency is recognised in the income statement.

**(v) Foreign Currencies**

**(i) Functional and Presentation Currency**

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

**(ii) Foreign Currency Transactions**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items and translation of monetary items are included in the income statements. Exchange differences on items such as equity investments classified as Fair Value Through Other Comprehensive Income ("FVOCI") financial assets are included in the fair value reserve in equity.

The principal exchange rate for every unit of Singapore Dollar ruling at the statement of financial position date is RM3.09 (2020: RM3.04).

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(w) Leases**

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration – i.e. the customer has the right to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

**(i) As Lessee**

The Company recognises a right-of-use asset and a lease liability in its statement of financial position at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made or before the commencement date, any indirect costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the profit rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental financing rate.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment (see Note 2.2(a)). In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective profit method. It is remeasured to reflect any lease modifications or reassessments.

**Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and leases liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(x) Measurement and impairment of Qard**

Any deficit in the participants' tabarru' fund is made good via an interest free loan, or Qard, granted by the shareholders' fund to the participants' tabarru' fund. The Qard is stated at cost less any accumulated impairment losses in the shareholders' fund. In the family takaful fund, the Qard is stated at cost. The Qard shall be repaid from future surpluses of the participants' tabarru' fund.

The Qard is tested for impairment on an annual basis via an assessment of the estimated surpluses or cash flows from the family tabarru' fund to determine whether there is objective evidence of impairment. If the Qard is impaired, an amount comprising the difference between its cost and its recoverable amount, less any impairment loss previously recognised in the income statement, is recognised in the income statement.

Impairment losses are subsequently reversed in the income statement if objective evidence exists that the Qard is no longer impaired.

**(y) Shareholders' Equity**

Shareholders' equity is defined as the residual profit in the assets of an entity after deducting all its liabilities. The following outlines the various types of equity and reserves of the Company.

**(i) Share capital**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**(ii) FVOCI reserves**

FVOCI reserves represent the cumulative fair value changes, net of tax, of FVOCI investments until they are disposed or impaired.

**(iii) Redeemable preference shares**

Proceeds from issuance of redeemable preference shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of redeemable preference shares are deducted against share capital.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(y) Shareholders' Equity (Continued)**

**(iii) Redeemable preference shares (Continued)**

The redeemable preference shares ("RPS") are classified as equity as they are non-cumulative, non-convertible, non-participating in profits, assets or other rights, and has no fixed rate for dividends. The RPS are transferable only in the manner provided in the Articles of Association, and have no specific redemption date but the Company has an option to redeem the preference shares, which option shall only be exercisable after the expiry of the period of ten (10) years from 14 December 2017 to 14 December 2027.

**2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following standards, amendments to standards and interpretation of standards:

On 1 January 2021, the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021.

- Amendments to MFRS 9, 139, 7, 4 and 16 *Interest Rate Benchmark Reform - Phase 2*

On 1 April 2021, the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 April 2021.

- Amendments to MFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021*

The adoption of the above standards and pronouncements did not have any significant impact on the financial statements of the Company.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The following are standards, amendments to standards and interpretations to standards issued by MASB, but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards, amendments to standards and interpretations to standards, if applicable, when they become effective:

**Effective for financial periods beginning on or after 1 January 2022**

- Amendments to MFRS 116 *Proceeds before Intended Use*
- Amendments to MFRS 3 *Reference to the Conceptual Framework*
- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRSs 2018 – 2020 Cycle)*
- Amendments to MFRS 9 *Financial Instruments (Annual Improvements to MFRSs 2018 – 2020 Cycle)*
- Amendments to MFRS 16 *Leases (Annual Improvements to MFRSs 2018 – 2020 Cycle)*
- Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract*

**Effective for financial periods beginning on or after 1 January 2023**

- Amendments to MFRS 101 *Classification of liabilities as current or non-current*
- Amendments to MFRS 101, MFRS Practice Statement 2 *Disclosure of Accounting Policies* and MFRS 108 *Definition of Accounting Estimates*
- Amendments to MFRS 17 *Insurance Contracts* and its amendments
- Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

**Deferred**

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management expects that the adoption of the above standards, amendments to standards and interpretations to standards issued by MASB, but not yet effective, will have no material impact on the financial statements in the period of initial application except as discussed below:

**MFRS 17 Insurance Contracts**

In August 2017, MFRS 17 was issued, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces MFRS 4.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)**

***MFRS 17 Insurance Contracts (Continued)***

The original effective date for MFRS 17 was for annual periods beginning on or after 1 January 2021. On 25 June 2020, the International Accounting Standards Board (“IASB”) has issued amendments to the IFRS 17 Insurance Contracts which has deferred the effective dates of IFRS 17 and temporary exemption of the adoption of IFRS 9 for qualifying insurers to annual reporting periods beginning on or after 1 January 2023.

The Malaysian Accounting Standard Board has issued the amendments to MFRS 17 Insurance Contracts on 17 August 2020.

The Company plans to adopt the new standard on the required effective date and a Project Steering Committee has been formed to oversee the implementation of MFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with the Company’s financial statements’ presentation and disclosures.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

**3.1 CRITICAL JUDGEMENTS MADE IN APPLICATION OF ACCOUNTING POLICIES**

In the preparation of the Company’s financial statements, management makes estimates, assumptions and judgements that affect the reported amounts of revenues, expenses, assets and liabilities at reporting date. Estimates, assumptions and judgements are continually evaluated and based on internal studies of actual historical experience and other factors. Best estimates and assumptions are constantly reviewed to ensure that they remain relevant and valid. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**(a) Impairment of FVOCI financial assets (Note 7(a))**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

**3.1 CRITICAL JUDGEMENTS MADE IN APPLICATION OF ACCOUNTING POLICIES (CONTINUED)**

**(b) Takaful certificate classification (Note 15)**

Certificates are classified as takaful certificates where they transfer significant takaful risk from the certificate holder to the Company. The Company exercises judgement about the level of takaful risk transferred. As a general guideline, the Company determines whether it has significant takaful risk by comparing benefits paid with benefits payable if the covered event did not occur. These additional benefits include claims liability and assessment costs, but exclude loss of the ability to charge the certificate holder for future services. The assessment covers the whole of the expected term of the certificate where such additional benefits could be payable.

**(c) Impairment of receivables (Note 8 and Note 9)**

For retakaful receivables, the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is an objective evidence of impairment, the Company complies with BNM's Guidelines on Financial Reporting for Takaful Operators (BNM/RH/PD 033-5). According to the Guidelines, objective evidence of impairment is deemed to exist where the financial assets are individually assessed for impairment if past due for more than 90 days or 3 months. Other factors considered by the Company are probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

**(d) mySalam Scheme (Note 39)**

The Company was appointed by the National B40 Protection Trust Fund ("the Trust") to operate the mySalam Scheme in financial year 2019.

The significant accounting policies applied by the Company over the mySalam Scheme is consistent with those applied to the Company's own shareholders' fund and family takaful funds.

**3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

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**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

**3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**(a) Uncertainty in accounting estimates for family takaful certificate liabilities (Note 14 and Note 15)**

The estimation of the ultimate liability arising from claims made under family takaful certificates is a critical accounting estimate. There are several sources of uncertainty that need to be considered in estimation of the liabilities that the family takaful fund will ultimately be required to pay as claims.

For family takaful certificates, estimates are made for future deaths, disabilities, maturities, investment returns, surrenders, lapses, contribution holidays and expenses in accordance with contractual and regulatory requirements. One of the most critical liability for the Company would be the claims arising from the takaful certificate. The family takaful fund bases the estimate of expected number of deaths and event when disability occurs according to retakaful rates where applicable. Estimates for medical and accidental claims are made based on the Company's historical experience and/or retakaful operators' rate.

All of these will give rise to estimation uncertainties of projected ultimate liability of the family takaful fund. At each financial year end, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability. The principal uncertainty in the shareholders' fund takaful contract liabilities arises from the technical provisions, which comprise the expense liabilities.

The expense reserve for family takaful business is estimated assuming that the block of in-force certificates are to be maintained on a 'going concern' basis.

The expense reserve is calculated using adjusted parameters to provide sufficient reserves at the appropriate percentile of statistical variation that is higher than the best estimate values. It is the present value of future maintenance expenses on the current in-force family takaful certificates and is further reduced by the present value of future shareholders income that can be realised with reasonable certainty relating to those in-force family takaful certificates.



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**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

**3.2 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**(b) Deferred tax assets (Note 11)**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainties hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

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**4. MOTOR VEHICLES AND EQUIPMENT**

<u>Shareholders' fund/ Company</u>	<b>Motor vehicles RM'000</b>	<b>Computer equipment RM'000</b>	<b>Furniture, fittings and office equipment RM'000</b>	<b>Capital work-in- progress RM'000</b>	<b>Total RM'000</b>
<b>2021</b>					
<b>Cost</b>					
At 1 January 2021	570	13,953	6,175	4,222	24,920
Additions	-	1,114	103	4,567	5,784
Transfer	-	3,177	28	(3,205)	-
Reclassification (Note 6)	-	(3,584)	-	-	(3,584)
At 31 December 2021	<u>570</u>	<u>14,660</u>	<u>6,306</u>	<u>5,584</u>	<u>27,120</u>
<b>Accumulated depreciation</b>					
At 1 January 2021	(246)	(10,789)	(4,948)	-	(15,983)
Charge for the year	(78)	(3,389)	(409)	-	(3,876)
Reclassification (Note 6)	-	2,165	-	-	2,165
At 31 December 2021	<u>(324)</u>	<u>(12,013)</u>	<u>(5,357)</u>	<u>-</u>	<u>(17,694)</u>
<b>Net book value</b>					
At 31 December 2021	<u>246</u>	<u>2,647</u>	<u>949</u>	<u>5,584</u>	<u>9,426</u>
<b>2020</b>					
<b>Cost</b>					
At 1 January 2020	514	23,823	5,364	2,274	31,975
Additions	392	1,881	20	6,062	8,355
Disposals	(336)	-	-	(63)	(399)
Reclassification (Note 6)	-	(11,751)	791	(4,051)	(15,011)
At 31 December 2020	<u>570</u>	<u>13,953</u>	<u>6,175</u>	<u>4,222</u>	<u>24,920</u>
<b>Accumulated depreciation</b>					
At 1 January 2020	(511)	(13,706)	(4,482)	-	(18,699)
Charge for the year	(45)	(5,215)	(466)	-	(5,726)
Disposals	310	-	-	-	310
Reclassification (Note 6)	-	8,132	-	-	8,132
At 31 December 2020	<u>(246)</u>	<u>(10,789)</u>	<u>(4,948)</u>	<u>-</u>	<u>(15,983)</u>
<b>Net book value</b>					
At 31 December 2020	<u>324</u>	<u>3,164</u>	<u>1,227</u>	<u>4,222</u>	<u>8,937</u>

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**4. MOTOR VEHICLES AND EQUIPMENT (CONTINUED)**

Included in motor vehicles and equipment are the cost of fully depreciated assets which are still in use amounting to RM4,771,706 (2020: RM13,679,856).

**5. (a) RIGHT-OF-USE ASSETS**

<u>Shareholders' fund/Company</u>	<b>Right-of-Use: Buildings RM'000</b>	<b>Right-of-Use: Office equipment RM'000</b>	<b>Total RM'000</b>
<b>2021</b>			
<b>Cost</b>			
At 1 January 2021	5,379	176	5,555
Additions	982	-	982
At 31 December 2021	<u>6,361</u>	<u>176</u>	<u>6,537</u>
<b>Accumulated amortisation</b>			
At 1 January 2021	(2,686)	(64)	(2,750)
Charge for the year	(1,298)	(36)	(1,334)
At 31 December 2021	<u>(3,984)</u>	<u>(100)</u>	<u>(4,084)</u>
<b>Net book value</b>			
At 31 December 2021	<u>2,377</u>	<u>76</u>	<u>2,453</u>
<u>Shareholders' fund/Company</u>	<b>Right-of-Use: Buildings RM'000</b>	<b>Right-of-Use: Office equipment RM'000</b>	<b>Total RM'000</b>
<b>2020</b>			
<b>Cost</b>			
At 1 January 2020	5,379	176	5,555
Additions	-	-	-
At 31 December 2020	<u>5,379</u>	<u>176</u>	<u>5,555</u>
<b>Accumulated amortisation</b>			
At 1 January 2020	(1,345)	(29)	(1,374)
Charge for the year	(1,341)	(35)	(1,376)
At 31 December 2020	<u>(2,686)</u>	<u>(64)</u>	<u>(2,750)</u>
<b>Net book value</b>			
At 31 December 2020	<u>2,693</u>	<u>112</u>	<u>2,805</u>

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**5. (a) RIGHT-OF-USE ASSETS (CONTINUED)**

This note provides information for leases where the Company is a lessee.

The Company has entered into operating lease agreements for office rental and other office equipment. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 5 years. There are also several lease contracts that include extension and termination options.

The Company also has certain leases of office rental with lease terms of 12 months or less and leases of low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognised in profit or loss:

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation expense of right-of-use assets	1,334	1,376
Profit expense on lease liabilities	192	262
Expense related to leases of low-value assets	14	14
Rental of properties	14	17
Total amount recognised in profit or loss	<u>1,554</u>	<u>1,669</u>

**5. (b) LEASE LIABILITIES**

<u>Shareholders' fund/Company</u>	<b>Lease Liabilities: Buildings RM'000</b>	<b>Lease Liabilities: Office equipment RM'000</b>	<b>Total RM'000</b>
<b>2021</b>			
<b>Lease liabilities</b>			
At 1 January 2021	2,846	179	3,025
Additions	982	-	982
Payment of lease liabilities	(1,475)	(45)	(1,520)
Profit expense on lease liabilities	154	38	192
At 31 December 2021	<u>2,507</u>	<u>172</u>	<u>2,679</u>
<b>2020</b>			
<b>Lease liabilities</b>			
At 1 January 2020	4,097	180	4,277
Payment of lease liabilities	(1,475)	(39)	(1,514)
Profit expense on lease liabilities	224	38	262
At 31 December 2020	<u>2,846</u>	<u>179</u>	<u>3,025</u>

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**6. INTANGIBLE ASSETS**

<u>Shareholders' fund/Company</u>	<b>Computer software and licences RM'000</b>	<b>Distribution platform RM'000</b>	<b>Distribution agreement RM'000</b>	<b>Total RM'000</b>
<b>2021</b>				
<b>Cost</b>				
At 1 January 2021	20,523	3,498	-	24,021
Additions	734	-	-	734
Reclassification (Note 4)	3,584	-	-	3,584
At 31 December 2021	<u>24,841</u>	<u>3,498</u>	<u>-</u>	<u>28,339</u>
<b>Accumulated amortisation</b>				
At 1 January 2021	(11,656)	(583)	-	(12,239)
Charge for the year	(3,283)	(538)	-	(3,822)
Reclassification (Note 4)	(2,165)	-	-	(2,165)
At 31 December 2021	<u>(17,104)</u>	<u>(1,121)</u>	<u>-</u>	<u>(18,226)</u>
<b>Net book value</b>				
At 31 December 2021	<u>7,737</u>	<u>2,377</u>	<u>-</u>	<u>10,114</u>
<b>2020</b>				
<b>Cost</b>				
At 1 January 2020	3,883	3,498	13,000	20,381
Additions	1,629	-	-	1,629
Disposals	-	-	(13,000)	(13,000)
Reclassification (Note 4)	15,011	-	-	15,011
At 31 December 2020	<u>20,523</u>	<u>3,498</u>	<u>-</u>	<u>24,021</u>
<b>Accumulated amortisation</b>				
At 1 January 2020	(2,806)	(21)	(9,310)	(12,137)
Charge for the year	(718)	(562)	(1,007)	(2,287)
Disposals	-	-	10,317	10,317
Reclassification (Note 4)	(8,132)	-	-	(8,132)
At 31 December 2020	<u>(11,656)</u>	<u>(583)</u>	<u>-</u>	<u>(12,239)</u>
<b>Net book value</b>				
At 31 December 2020	<u>8,867</u>	<u>2,915</u>	<u>-</u>	<u>11,782</u>

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**7. INVESTMENTS**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2021</b>			
FVOCI financial assets:			
Quoted Shariah-approved equities	20,802	23,359	44,161
Government investment issues	-	221,274	221,274
Unquoted Islamic private debt securities	-	230,431	230,431
Financial assets at FVTPL:			
Quoted Shariah-approved equities	5,125	424,371	429,496
Financial instruments with embedded derivatives	-	658	658
Unit trusts - REITS	-	12,877	12,877
Government investment issues	30,478	18,866	49,344
Unquoted Islamic private debt securities	68,357	104,733	173,090
	<u>124,762</u>	<u>1,036,569</u>	<u>1,161,331</u>

The funds' and Company's financial assets are summarised by categories as follows:

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
FVOCI financial assets (Note 7(a))	20,802	475,064	495,866
Financial assets at FVTPL (Note 7(b))	103,960	561,505	665,465
	<u>124,762</u>	<u>1,036,569</u>	<u>1,161,331</u>

The following investments mature after  
12 months:

FVOCI financial assets	-	350,701	350,701
Financial assets at FVTPL	89,259	116,856	206,115
	<u>89,259</u>	<u>467,557</u>	<u>556,816</u>

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**7. INVESTMENTS (CONTINUED)**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2020</b>			
FVOCI financial assets:			
Quoted Shariah-approved equities	16,545	108,639	125,184
Government investment issues	10,777	229,750	240,527
Unquoted Islamic private debt securities	-	181,724	181,724
Financial assets at FVTPL:			
Quoted Shariah-approved equities	13,451	285,758	299,209
Financial instruments with embedded derivatives	-	101	101
Unit trusts - REITS	-	2,459	2,459
Government investment issues	41,154	43,353	84,507
Unquoted Islamic private debt securities	59,025	72,102	131,127
	<u>140,952</u>	<u>923,886</u>	<u>1,064,838</u>

The funds' and Company's financial assets are summarised by categories as follows:

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
FVOCI financial assets (Note 7(a))	27,322	520,113	547,435
Financial assets at FVTPL (Note 7(b))	113,630	403,773	517,403
	<u>140,952</u>	<u>923,886</u>	<u>1,064,838</u>

The following investments mature after  
12 months:

FVOCI financial assets	10,777	408,968	419,745
Financial assets at FVTPL	98,152	115,455	213,607
	<u>108,929</u>	<u>524,423</u>	<u>633,352</u>

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**7. INVESTMENTS (CONTINUED)**

**(a) FVOCI financial assets**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2021</b>			
<b>At cost:</b>			
Quoted Shariah-approved equities	22,825	27,554	50,379
Government investment issues	-	223,382	223,382
Unquoted Islamic private debt securities	-	230,185	230,185
	<u>22,825</u>	<u>481,121</u>	<u>503,946</u>
<b>At fair value:</b>			
Quoted Shariah-approved equities	20,802	23,359	44,161
Government investment issues	-	221,274	221,274
Unquoted Islamic private debt securities	-	230,431	230,431
	<u>20,802</u>	<u>475,064</u>	<u>495,866</u>
<b>2020</b>			
<b>At cost:</b>			
Quoted Shariah-approved equities	17,754	114,022	131,776
Government investment issues	10,726	222,505	233,231
Unquoted Islamic private debt securities	-	173,810	173,810
	<u>28,480</u>	<u>510,337</u>	<u>538,817</u>
<b>At fair value:</b>			
Quoted Shariah-approved equities	16,545	108,639	125,184
Government investment issues	10,777	229,750	240,527
Unquoted Islamic private debt securities	-	181,724	181,724
	<u>27,322</u>	<u>520,113</u>	<u>547,435</u>

During the financial year ended 31 December 2021, the Company sold quoted Shariah-approved equities as the underlying investments are no longer aligned with the Company's long-term investment strategy. These investments had a fair value of RM3,952,766 (2020: RM5,754,969) at the date of disposal. The cumulative loss on disposal of RM158,128 was reclassified from fair value reserve to retained earnings (2020: RM87,744).



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**7. INVESTMENTS (CONTINUED)**

**(b) Financial assets at FVTPL**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2021</b>			
<b>At fair value:</b>			
<b>Mandatorily measured:</b>			
Quoted Shariah-approved equities	5,125	424,371	429,496
Financial instruments with embedded derivatives	-	658	658
Unit trusts - REITS	-	12,877	12,877
Government investment issues	-	17,841	17,841
Unquoted Islamic private debt securities	-	84,738	84,738
<b>Designated upon initial recognition:</b>			
Government investment issues	30,478	1,025	31,503
Unquoted Islamic private debt securities	68,357	19,995	88,352
	<u>103,960</u>	<u>561,505</u>	<u>665,465</u>
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2020</b>			
<b>At fair value:</b>			
<b>Mandatorily measured:</b>			
Quoted Shariah-approved equities	13,451	285,758	299,209
Financial instruments with embedded derivatives	-	101	101
Unit trusts - REITS	-	2,459	2,459
Government investment issues	-	43,353	43,353
Unquoted Islamic private debt securities	-	72,102	72,102
<b>Designated upon initial recognition:</b>			
Government investment issues	41,154	-	41,154
Unquoted Islamic private debt securities	59,025	-	59,025
	<u>113,630</u>	<u>403,773</u>	<u>517,403</u>

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**7. INVESTMENTS (CONTINUED)**

**(c) Movement in carrying values**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
FVOCI financial assets:			
At 1 January 2020	8,596	386,145	394,741
Purchases	35,689	326,340	362,029
Disposals at fair value	(15,563)	(190,165)	(205,728)
Fair value gains recorded in:			
Other comprehensive income	(1,213)	(975)	(2,188)
Amortisation of premiums - net (Note 22)	(187)	(1,232)	(1,419)
At 31 December 2020	<u>27,322</u>	<u>520,113</u>	<u>547,435</u>
Purchases	9,024	338,376	347,400
Disposals at amortised cost	(14,623)	(364,689)	(379,312)
Fair value losses recorded in:			
Other comprehensive income	(865)	(15,833)	(16,698)
Amortisation of premiums - net (Note 22)	(56)	(2,903)	(2,959)
At 31 December 2021	<u>20,802</u>	<u>475,064</u>	<u>495,866</u>
	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
Financial assets at FVTPL:			
At 1 January 2020	83,124	256,935	334,130
Purchases	160,748	722,573	883,321
Disposals	(127,081)	(589,058)	(712,500)
Fair value (losses)/gains recorded in:			
Profit or loss (Note 24)	(3,161)	13,323	12,452
At 31 December 2020	<u>113,630</u>	<u>403,773</u>	<u>517,403</u>
Purchases	79,159	725,027	804,186
Disposals	(85,812)	(545,546)	(631,358)
Fair value losses recorded in:			
Profit or loss (Note 24)	(3,017)	(21,749)	(24,766)
At 31 December 2021	<u>103,960</u>	<u>561,505</u>	<u>665,465</u>

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**8. RETAKAFUL ASSETS**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Family takaful fund/Company</u></b>		
Retakaful of takaful certificates	210,449	170,567
Retakaful of takaful certificates arising from the mySalam Scheme (Note 39)	518,254	630,772
Total retakaful of takaful certificates (Note 15)	<u>728,703</u>	<u>801,339</u>

**9. TAKAFUL RECEIVABLES**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Family takaful fund/Company</u></b>		
Contributions due from agents, other intermediaries and corporate shareholder	18,446	8,063
Contribution due arising from the mySalam Scheme (Note 39)	1,407,818	911,549
Amount due arising from retakaful operators	9,762	1,486
	<u>1,436,026</u>	<u>921,098</u>
Allowance for impairment	(920)	(2,031)
	<u>1,435,106</u>	<u>919,067</u>
Movement in impairment allowance account:		
Individual impairment:		
At 1 January	(2,031)	(3,688)
Impairment for the year	1,111	1,657
At 31 December	<u>(920)</u>	<u>(2,031)</u>

Included in the takaful receivables is an amount of RM4.13 million (2020: RM4.03 million) due from a corporate shareholder of the Company, Koperasi Angkatan Tentera (Note 30). The amount receivable is subject to settlement terms stipulated in the takaful certificates.

The carrying amounts disclosed above approximate fair values at the reporting date due to the relatively short-term maturity of these balances.

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**9. TAKAFUL RECEIVABLES (CONTINUED)**

The family takaful fund's and Company's amount due from retakaful operators that are offset are as follows:

	<b>Gross carrying amount RM'000</b>	<b>Gross amounts offset in the statement of financial position RM'000</b>	<b>Net amounts in the statement of financial position RM'000</b>
<b>At 31 December 2021</b>			
Commission earned	-	84	84
Claims recoveries	-	23,431	23,431
Retakaful contributions	(13,753)	-	(13,753)
	<u>(13,753)</u>	<u>23,515</u>	<u>9,762</u>
<b>At 31 December 2020</b>			
Claims recoveries	-	2,144	2,144
Retakaful contributions	(658)	-	(658)
	<u>(658)</u>	<u>2,144</u>	<u>1,486</u>

**10. OTHER RECEIVABLES**

	<b>Shareholders' fund RM'000</b>	<b>Family takaful fund RM'000</b>	<b>Company RM'000</b>
<b>2021</b>			
Profit due and accrued	1,197	6,457	7,654
Other receivables and deposits	15,319	1,386	16,705
Amount due from family takaful fund * (Note 17)	88,211	-	-
	<u>104,727</u>	<u>7,843</u>	<u>24,359</u>
<b>2020</b>			
Profit due and accrued	1,297	6,310	7,607
Other receivables and deposits	3,844	307	4,151
Amount due from family takaful fund * (Note 17)	59,675	-	-
	<u>64,816</u>	<u>6,617</u>	<u>11,758</u>

\* The amount due from family takaful fund is unsecured, not subject to any profit elements and is repayable upon demand.

The carrying amounts disclosed above approximate fair values at the reporting date due to the relatively short-term maturity of these balances.

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**11. DEFERRED TAX ASSETS/(LIABILITIES)**

	2021 RM'000	2020 RM'000
<b><u>Shareholders' fund</u></b>		
At beginning of year	48	(1,014)
Recognised in other comprehensive income	195	303
Recognised in income statement (Note 28(b))	8,153	759
At end of year	<u>8,396</u>	<u>48</u>

The components and movements of deferred tax asset of the shareholders' fund during the financial year are as follows:

	←————— Asset/(liability) —————→			
	FVOCI reserves RM'000	FVTPL investment assets RM'000	Expense liabilities RM'000	Total RM'000
<b>2021</b>				
At 1 January 2021	(153)	201	-	48
Recognised in other comprehensive income	195	-	-	195
Recognised in income statement	-	725	7,428	8,153
At 31 December 2021	<u>42</u>	<u>926</u>	<u>7,428</u>	<u>8,396</u>
<b>2020</b>				
At 1 January 2020	(456)	(558)	-	(1,014)
Recognised in other comprehensive income	303	-	-	303
Recognised in income statement	-	759	-	759
At 31 December 2020	<u>(153)</u>	<u>201</u>	<u>-</u>	<u>48</u>

Deferred tax asset and liability of the shareholders' fund 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 tax authority.

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**11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

	2021 RM'000	2020 RM'000
<b><u>Family takaful fund</u></b>		
At beginning of year	(2,011)	(1,061)
Recognised in other comprehensive income	1,453	107
Recognised in income statement (Note 28(a))	1,735	(1,057)
At end of year	<u>1,177</u>	<u>(2,011)</u>

The components and movements of deferred tax asset/(liability) of the family takaful fund during the financial year are as follows:

	←———— Asset/(liability) —————→		
	FVOCI reserves RM'000	FVTPL investment assets RM'000	Total RM'000
<b>2021</b>			
At 1 January 2021	(751)	(1,260)	(2,011)
Recognised in other comprehensive income	1,453	-	1,453
Recognised in income statement	-	1,735	1,735
At 31 December 2021	<u>702</u>	<u>475</u>	<u>1,177</u>
<b>2020</b>			
At 1 January 2020	(858)	(203)	(1,061)
Recognised in other comprehensive income	107	-	107
Recognised in income statement	-	(1,057)	(1,057)
At 31 December 2020	<u>(751)</u>	<u>(1,260)</u>	<u>(2,011)</u>

Deferred tax asset and liability of the family takaful fund 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 tax authority.

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**11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**

	2021 RM'000	2020 RM'000
<b><u>Company</u></b>		
At beginning of year	(1,963)	(1,727)
Recognised in other comprehensive income	1,648	410
Recognised in income statement	9,888	(646)
At end of year	<u>9,573</u>	<u>(1,963)</u>

The components and movements of deferred tax (liability)/asset of the Company during the financial year are as follows:

	←————— Asset/(liability) —————→			
	FVOCI reserves RM'000	FVTPL investment assets RM'000	Expense liabilities RM'000	Total RM'000
<b>2021</b>				
At 1 January 2021	(606)	(1,357)	-	(1,963)
Recognised in other comprehensive income	1,648	-	-	1,648
Recognised in income statement	-	2,460	7,428	9,888
At 31 December 2021	<u>1,042</u>	<u>1,103</u>	<u>7,428</u>	<u>9,573</u>
<b>2020</b>				
At 1 January 2020	(1,016)	(711)	-	(1,727)
Recognised in other comprehensive income	410	-	-	410
Recognised in income statement	-	(646)	-	(646)
At 31 December 2020	<u>(606)</u>	<u>(1,357)</u>	<u>-</u>	<u>(1,963)</u>

Deferred tax asset and liability of the Company 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 tax authority.

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**12. SHARE CAPITAL**

<u>Shareholders' fund/Company</u>	<b>Number of shares</b>		<b>Amount</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>In '000</b>	<b>In '000</b>	<b>RM'000</b>	<b>RM'000</b>
Ordinary shares (Note (a))	175,000	175,000	175,000	175,000
Redeemable preference shares (Note (b))	20,000	20,000	20,000	20,000
	<u>195,000</u>	<u>195,000</u>	<u>195,000</u>	<u>195,000</u>
(a) Ordinary shares:				
At 1 January	175,000	135,000	175,000	135,000
Additions	-	40,000	-	40,000
At 31 December	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>
(b) Redeemable preference shares:				
At 1 January/31 December	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

The salient features of the redeemable preference shares ("RPS") are as follows:

- (a) The non-cumulative dividend payable to preference shareholders shall be in priority to the dividend (if any) payable to the ordinary shareholders, subject to the ordinary shareholders agreeing to the amount of the dividend to be distributed prior to each distribution;
- (b) Each RPS confers on the preference shareholder the right to receive, *pari passu* with the ordinary shareholders in the share capital of the Company, the repayment in full of the nominal amount of that RPS;
- (c) The RPS are non-cumulative, non-convertible, non-participating in profits, assets or other rights, and there is no fixed rate for dividends declared (if any);
- (d) The RPS are transferable only in the manner provided in the Articles of Association, and have no specific redemption date but the Company has an option to redeem the preference shares. The Company had entered into a Supplemental Agreement dated 21 October 2016 with its shareholders, I Great Capital Holdings Sdn. Bhd. and Koperasi Angkatan Tentera Malaysia Berhad to extend the tenure for the option to redeem the RPS for a further period of 10 years as part of the measure to improve the Company's capital adequacy ratio. The redemption period of the RPS was accordingly, extended from 14 December 2017 to 14 December 2027; and
- (e) The redeemable preference shares confer on a preference shareholder the right to receive notices of general meetings, reports and balance sheets of the Company, and to attend general meetings and the preference shareholder is entitled to vote in each of the relevant circumstances as stipulated in the Companies Act, 2016 only.



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**13. PARTICIPANTS' FUND**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Family takaful fund</u></b>		
Unallocated surplus (Note (i))	47,965	57,092
FVOCI reserves (Note (ii))	<u>(3,506)</u>	<u>10,329</u>
	<b><u>44,459</u></b>	<b><u>67,421</u></b>
(i) Unallocated surplus:		
At beginning of the year	57,092	23,542
Surplus distributable to participants (Note 15)	41,309	50,754
Surplus allocated to participants (Note 15)	<u>(50,436)</u>	<u>(17,204)</u>
At end of the year	<b><u>47,965</u></b>	<b><u>57,092</u></b>
(ii) FVOCI reserves:		
At beginning of the year	10,329	10,828
Net loss recognised during the year	<u>(13,835)</u>	<u>(499)</u>
At end of the year	<b><u>(3,506)</u></b>	<b><u>10,329</u></b>

**14. EXPENSE LIABILITIES**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Shareholders' fund/Company</u></b>		
Provision for expense liabilities	48,851	41,951
Provision for expense over-run	<u>4,970</u>	<u>4,801</u>
	<b><u>53,821</u></b>	<b><u>46,752</u></b>
At beginning of the year	46,752	41,553
Change in expense liabilities	<u>6,900</u>	<u>6,824</u>
Expense over-run reserves	<u>169</u>	<u>(1,625)</u>
	<b><u>7,069</u></b>	<b><u>5,199</u></b>
	<b><u>53,821</u></b>	<b><u>46,752</u></b>

The expense liabilities are set aside as a provision, as determined by the Appointed Actuary, in the Shareholders' fund. The total reserves amount in the Shareholders' fund includes the expense liabilities, as well as any potential expense over-run.

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**15. TAKAFUL CERTIFICATE LIABILITIES**

	<b>Gross RM'000</b>	<b>Retakaful (Note 8) RM'000</b>	<b>Net RM'000</b>
<b><u>Family takaful fund</u></b>			
<b>2021</b>			
Provision for outstanding claims reported by certificate holders	127,891	(95,769)	32,122
Actuarial reserves	174,557	(114,680)	59,877
Participants' investment account ("PIA")	430,785	-	430,785
Net asset value attributable to certificate holders	501,161	-	501,161
Accumulated surplus	83,181	-	83,181
Takaful certificate liabilities for mySalam (including accumulated surplus (Note 39))	847,140	(518,254)	328,886
	<u>2,164,715</u>	<u>(728,703)</u>	<u>1,436,012</u>

The movement of the family takaful certificate liabilities is further analysed as follows:

	<b>Gross RM'000</b>	<b>Retakaful (Note 8) RM'000</b>	<b>Net RM'000</b>
At 1 January 2021	2,004,607	(801,339)	1,203,268
Benefits intimated during the year	236,822	(98,553)	138,269
Benefits paid during the year	(196,177)	68,207	(127,970)
Increase in liabilities due to:			
Portfolio movements	79,861	12,008	91,869
Surplus allocated to participants during the year (Note 13(i))	50,436	-	50,436
Change in assumptions and basis	25,718	(21,544)	4,174
Surplus arising during the year	39,657	-	39,657
Movement of takaful certificate liabilities for mySalam (Note 39)	(76,209)	112,518	36,309
At 31 December 2021	<u>2,164,715</u>	<u>(728,703)</u>	<u>1,436,012</u>

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**15. TAKAFUL CERTIFICATE LIABILITIES (CONTINUED)**

	<b>Gross RM'000</b>	<b>Retakaful (Note 8) RM'000</b>	<b>Net RM'000</b>
<b><u>Family takaful fund</u></b>			
<b>2020</b>			
Provision for outstanding claims reported by certificate holders	87,246	(65,424)	21,822
Actuarial reserves	149,090	(105,143)	43,947
Participants' investment account ("PIA")	368,461	-	368,461
Net asset value attributable to certificate holders	432,936	-	432,936
Accumulated surplus	43,525	-	43,525
Takaful certificate liabilities for mySalam (including accumulated surplus (Note 39))	923,349	(630,772)	292,577
	<u>2,004,607</u>	<u>(801,339)</u>	<u>1,203,268</u>

The movement of the family takaful certificate liabilities is further analysed as follows:

	<b>Gross RM'000</b>	<b>Retakaful (Note 8) RM'000</b>	<b>Net RM'000</b>
At 1 January 2020	1,334,528	(368,401)	966,127
Benefits intimated during the year	166,010	(50,041)	115,969
Benefits paid during the year	(164,992)	44,629	(120,363)
Increase in liabilities due to:			
Portfolio movements	163,841	(4,013)	159,828
Surplus allocated to participants during the year (Note 13(i))	17,204	-	17,204
Change in assumptions and basis	7,394	(6,630)	764
Surplus arising during the year	10,437	-	10,437
Movement of takaful certificate liabilities for mySalam (Note 39)	470,185	(416,883)	53,302
At 31 December 2020	<u>2,004,607</u>	<u>(801,339)</u>	<u>1,203,268</u>

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**15. TAKAFUL CERTIFICATE LIABILITIES (CONTINUED)**

<u>Company</u>	<b>Gross RM'000</b>	<b>Retakaful (Note 8) RM'000</b>	<b>Net RM'000</b>
<b>2021</b>			
Provision for outstanding claims reported by certificate holders	315,031	(262,484)	52,547
Actuarial reserves	564,784	(466,219)	98,565
Participants' investment account ("PIA")	430,785	-	430,785
Net asset value attributable to certificate holders	501,161	-	501,161
Accumulated surplus	352,954	-	352,954
Unallocated surplus	47,965	-	47,965
FVOCI reserves	(3,506)	-	(3,506)
	<u>2,209,174</u>	<u>(728,703)</u>	<u>1,480,471</u>

The movement of the family takaful certificate liabilities is further analysed as follows:

	<b>Gross RM'000</b>	<b>Retakaful (Note 8) RM'000</b>	<b>Net RM'000</b>
At 1 January 2021	2,072,028	(801,339)	1,270,689
Benefits intimated during the year	522,218	(350,898)	171,320
Benefits paid during the year	(329,570)	188,343	(141,227)
Increase in liabilities due to:			
Portfolio movements	(193,313)	256,735	63,422
Change in assumptions and basis	25,718	(21,544)	4,174
Net surplus arising during the year	84,619	-	84,619
Surplus distributable to participants (Note 13)	41,309	-	41,309
FVOCI fair value loss for the year	(15,288)	-	(15,288)
Deferred tax relating to FVOCI fair value loss	1,453	-	1,453
At 31 December 2021	<u>2,209,174</u>	<u>(728,703)</u>	<u>1,480,471</u>

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**15. TAKAFUL CERTIFICATE LIABILITIES (CONTINUED)**

	<b>Gross RM'000</b>	<b>Retakaful (Note 8) RM'000</b>	<b>Net RM'000</b>
<b><u>Company (Continued)</u></b>			
<b>2020</b>			
Provision for outstanding claims reported by certificate holders	122,383	(99,930)	22,453
Actuarial reserves	812,491	(701,409)	111,082
Participants' investment account ("PIA")	368,461	-	368,461
Net asset value attributable to certificate holders	432,936	-	432,936
Accumulated surplus	268,336	-	268,336
Unallocated surplus	57,092	-	57,092
FVOCI reserves	10,329	-	10,329
	<u>2,072,028</u>	<u>(801,339)</u>	<u>1,270,689</u>

The movement of the family takaful certificate liabilities is further analysed as follows:

	<b>Gross RM'000</b>	<b>Retakaful (Note 8) RM'000</b>	<b>Net RM'000</b>
At 1 January 2020	1,365,259	(368,401)	996,858
Benefits intimated during the year	265,688	(144,725)	120,963
Benefits paid during the year	(238,464)	111,952	(126,512)
Increase in liabilities due to:			
Portfolio movements	706,080	(512,833)	193,247
Change in assumptions and basis	(129,874)	112,668	(17,206)
Net surplus arising during the year	53,084	-	53,084
Surplus distributable to participants (Note 13)	50,754	-	50,754
FVOCI fair value loss for the year	(607)	-	(607)
Deferred tax relating to FVOCI fair value loss	108	-	108
At 31 December 2020	<u>2,072,028</u>	<u>(801,339)</u>	<u>1,270,689</u>

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**16. TAKAFUL PAYABLES**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2021</b>			
Due to clients, agents and other intermediaries	18,181	-	18,181
Amount due to retakaful operators	-	11,812	11,812
Amount due to retakaful operators of the mySalam Scheme (Note 39)	-	1,065,736	1,065,736
	<u>18,181</u>	<u>1,077,548</u>	<u>1,095,729</u>
<b>2020</b>			
Due to clients, agents and other intermediaries	10,433	-	10,433
Amount due to retakaful operators	-	7,596	7,596
Amount due to retakaful operators of the mySalam Scheme (Note 39)	-	688,169	688,169
	<u>10,433</u>	<u>695,765</u>	<u>706,198</u>

The family takaful fund's and Company's amount due to retakaful operators that are offset are as follows:

	Gross carrying amount RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
<b>2021</b>			
Commissions	-	(35)	(35)
Surplus shared	-	(2,394)	(2,394)
Claims recoveries	-	(228,413)	(228,413)
Retakaful contributions	1,308,390	-	1,308,390
	<u>1,308,390</u>	<u>(230,842)</u>	<u>1,077,548</u>

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**16. TAKAFUL PAYABLES (CONTINUED)**

<b>2020</b>	<b>Gross carrying amount RM'000</b>	<b>Gross amounts offset in the statement of financial position RM'000</b>	<b>Net amounts in the statement of financial position RM'000</b>
Commissions	-	(118)	(118)
Surplus shared	-	(51)	(51)
Claims recoveries	-	(96,835)	(96,835)
Retakaful contributions	792,769	-	792,769
	<u>792,769</u>	<u>(97,004)</u>	<u>695,765</u>

The carrying amounts disclosed above approximate fair values at the reporting date due to the relatively short-term maturity of these balances.

**17. OTHER PAYABLES**

<b>2021</b>	<b>Shareholders' fund RM'000</b>	<b>Family takaful fund RM'000</b>	<b>Company RM'000</b>
Deposit contributions	-	8,480	8,480
Amount due to shareholders' fund* (Note 10)	-	88,211	-
Accruals	15,369	-	15,369
Agents' retirement benefits (Note 17.1)	14,368	-	14,368
Other payables and sundry creditors	137,625	87,156	224,781
	<u>167,362</u>	<u>183,847</u>	<u>262,998</u>
<b>2020</b>			
Deposit contributions	-	10,494	10,494
Amount due to shareholders' fund* (Note 10)	-	59,675	-
Accruals	10,645	-	10,645
Agents' retirement benefits (Note 17.1)	11,107	-	11,107
Other payables and sundry creditors	26,733	83,954	110,687
	<u>48,485</u>	<u>154,123</u>	<u>142,933</u>

\* The amount due to shareholders' fund is unsecured, not subject to any profit elements and repayable upon demand.

The carrying amounts disclosed above approximate fair values at the reporting date due to the relatively short-term maturity of these balances.

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**17. OTHER PAYABLES (CONTINUED)****17.1 Agents' retirement benefits**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Shareholders' fund</u></b>		
At 1 January	11,107	8,543
Provisions/(reversals) for the year	3,261	2,564
At 31 December	<u>14,368</u>	<u>11,107</u>
Payable after 12 months	<u>14,368</u>	<u>11,107</u>

**18. PROVISIONS**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Shareholders' fund/Company</u></b>		
Provision for bonus (Note 18.1)	8,969	8,099
Provision for short-term accumulating compensated absences	736	691
	<u>9,705</u>	<u>8,790</u>

**18.1 Provision for bonus**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Shareholders' fund</u></b>		
At 1 January	8,099	6,612
Provision for the year	8,969	8,099
Utilised during the year	(7,419)	(5,029)
Overprovision in prior year	(680)	(1,583)
At 31 December	<u>8,969</u>	<u>8,099</u>

**19. AMOUNT DUE TO RELATED COMPANIES - SHAREHOLDERS' FUND/COMPANY**

The amount due to related companies is unsecured, not subject to any profit elements and repayable upon demand.



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**20. WAKALAH FEE INCOME**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Shareholders' fund</u></b>		
Upfront fee	268,637	219,899
Fund management and service charges	16,288	14,648
	<u>284,925</u>	<u>234,547</u>

**21. NET EARNED CONTRIBUTION**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Family takaful fund</u></b>		
(a) Gross contribution		
Family takaful contracts	1,307,382	1,231,977
	<u>1,307,382</u>	<u>1,231,977</u>
(b) Contribution ceded		
Family takaful contracts	(624,687)	(648,046)
	<u>(624,687)</u>	<u>(648,046)</u>
Net earned contribution	<u>682,695</u>	<u>583,931</u>

**22. INVESTMENT INCOME**

	<b>Shareholders'</b>	<b>Family</b>	<b>Company</b>
	<b>fund</b>	<b>takaful fund</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2021</b>			
FVOCI financial assets:			
Profit income	134	17,410	17,544
Dividend income	1,057	2,985	4,042
Net amortisation	(56)	(2,903)	(2,959)
Financial assets at FVTPL:			
- mandatorily measured:			
Profit income	-	4,288	4,288
Dividend income	358	11,446	11,804
- designated upon initial recognition:			
Profit income	4,357	716	5,073

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**22. INVESTMENT INCOME (CONTINUED)**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2021 (Continued)</b>			
Cash and bank balances profit income	(245)	3,531	3,286
Gross investment income	5,605	37,473	43,078
Less: Investment expenses	42	(2,627)	(2,585)
	<u>5,647</u>	<u>34,846</u>	<u>40,493</u>

During the year ended 31 December 2021, dividend income relating to quoted shariah-approved equities measured at FVOCI were:

	<b>RM'000</b>
Derecognised during the reporting year	2,508
Held at the end of the reporting year	<u>1,534</u>
	<u>4,042</u>
	<b>RM'000</b>
	<b>RM'000</b>
	<b>RM'000</b>

**2020**

FVOCI financial assets:			
Profit income	449	14,957	15,406
Dividend income	830	6,108	6,938
Net amortisation	(187)	(1,232)	(1,419)
Financial assets at FVTPL:			
- mandatorily measured:			
Profit income	106	3,915	4,021
Dividend income	860	7,461	8,321
- designated upon initial recognition:			
Profit income	2,851	336	3,187
Cash and bank balances profit income	310	2,317	2,627
Gross investment income	5,219	33,862	39,081
Less: Investment expenses	(116)	(2,444)	(2,560)
	<u>5,103</u>	<u>31,418</u>	<u>36,521</u>

During the year ended 31 December 2020, dividend income relating to quoted shariah-approved equities measured at FVOCI were:

	<b>RM'000</b>
Derecognised during the reporting year	1,200
Held at the end of the reporting year	<u>5,738</u>
	<u>6,938</u>

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**23. REALISED GAINS/(LOSSES)**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2021</b>			
<b>FVOCI financial assets:</b>			
Government investment issues	35	95	130
Unquoted Islamic private debt securities	-	671	671
<b>Total realised gains for FVOCI financial assets</b>	<b>35</b>	<b>766</b>	<b>801</b>
<b>Financial assets at FVTPL:</b>			
<u>Mandatorily measured:</u>			
Shariah-approved equities - quoted in Malaysia	(12)	(1,974)	(1,986)
Financial instruments with embedded derivatives	-	122	122
Unit trusts - REITS	-	(121)	(121)
Government investment issues	-	(1,828)	(1,828)
Unquoted Islamic private debt securities	-	(554)	(554)
	<u>(12)</u>	<u>(4,355)</u>	<u>(4,367)</u>
<u>Designated upon initial recognition:</u>			
Government investment issues	(773)	(199)	(972)
Unquoted Islamic private debt securities	(248)	-	(248)
	<u>(1,021)</u>	<u>(199)</u>	<u>(1,220)</u>
<b>Total realised losses for financial assets at FVTPL</b>	<b>(1,033)</b>	<b>(4,554)</b>	<b>(5,587)</b>
	<b>(998)</b>	<b>(3,788)</b>	<b>(4,786)</b>

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**23. REALISED GAINS (CONTINUED)**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2020</b>			
<b>FVOCI financial assets:</b>			
Government investment issues	65	3,534	3,599
Unquoted Islamic private debt securities	-	856	856
<b>Total realised gains for FVOCI financial assets</b>	<b>65</b>	<b>4,390</b>	<b>4,455</b>
<b>Financial assets at FVTPL:</b>			
<u>Mandatorily measured:</u>			
Shariah-approved equities			
- quoted in Malaysia	94	19,535	19,629
Financial instruments with embedded derivatives	-	28	28
Unit trusts - REITS	-	710	710
Government investment issues	-	1,649	1,649
Unquoted Islamic private debt securities	202	3,108	3,310
Units held in investment-linked	2,744	-	-
	<u>3,040</u>	<u>25,030</u>	<u>25,326</u>
<u>Designated upon initial recognition:</u>			
Government investment issues	1,372	59	1,431
Unquoted Islamic private debt securities	556	6	562
	<u>1,928</u>	<u>65</u>	<u>1,993</u>
<b>Total realised gains for financial assets at FVTPL</b>	<b>4,968</b>	<b>25,095</b>	<b>27,319</b>
	<b>5,033</b>	<b>29,485</b>	<b>31,774</b>

**24. FAIR VALUE (LOSSES)/GAINS**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2021</b>			
Financial assets at FVTPL	<u>(3,017)</u>	<u>(21,749)</u>	<u>(24,766)</u>
<b>2020</b>			
Financial assets at FVTPL	<u>(3,161)</u>	<u>13,323</u>	<u>12,452</u>

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**25. FEE AND COMMISSION INCOME**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Family takaful fund</u></b>		
Surplus sharing from retakaful operators	2,394	2,972
Commission earned on retakaful	169	195
Other certificate charges	1,109	3,225
	<u>3,672</u>	<u>6,392</u>

**26. WAKALAH FEE EXPENSE**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Family takaful fund</u></b>		
Upfront fee	268,637	219,899
Fund management and service charges	16,288	14,648
	<u>284,925</u>	<u>234,547</u>

**27. MANAGEMENT EXPENSES**

	<b>Shareholders'</b>	<b>Family</b>	<b>Company</b>
	<b>fund</b>	<b>takaful fund</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2021</b>			
Staff costs:			
Salaries, bonus and other related costs	37,777	-	37,777
Defined contribution plans	5,421	-	5,421
Social security contribution	238	-	238
Short-term accumulating compensated absences	45	-	45
	43,481	-	43,481
Non-executive directors' remuneration (Note 27(b))	643	-	643
Shariah committee members' remuneration (Note 27(c))	301	-	301
Auditors' remuneration:			
- statutory audit	337	12	349
- regulatory related fees	41	-	41
- non-audit fee	-	-	-
Agency related expenses	26,605	-	26,605
Advertising and marketing expenses	10,902	5	10,907
Rental of properties	14	-	14
Rental of equipment	36	-	36

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**27. MANAGEMENT EXPENSES (CONTINUED)**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2021 (Continued)</b>			
Depreciation of motor vehicles and equipment (Note 4)	1,711	-	1,711
Depreciation of right-of-use assets (Note 5a)	1,334	-	1,334
Amortisation of intangible assets (Note 6)	5,987	-	5,987
Profit expense on lease liabilities (Note 5b)	192	-	192
Marketing and communication	2,799	-	2,799
Electronic data processing	306	-	306
Management fees	2,445	-	2,445
Shared services charges	15,974	-	15,974
Outsourcing charges	13,224	-	13,224
Other expenses	4,971	(1,112)	3,859
	<u>131,303</u>	<u>(1,095)</u>	<u>130,208</u>

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2020</b>			
Staff costs:			
Salaries, bonus and other related costs	33,513	-	33,513
Defined contribution plans	4,828	-	4,828
Social security contribution	220	-	220
Short-term accumulating compensated absences	253	-	253
	38,814	-	38,814
Non-executive directors' remuneration (Note 27(b))	604	-	604
Shariah committee members' remuneration (Note 27(c))	286	-	286
Auditors' remuneration:			
- statutory audit	268	13	281
- regulatory related fees	40	-	61
- non-audit fee	-	-	-
Agency related expenses	28,466	-	28,466
Advertising and marketing expenses	10,685	2	10,687
Rental of properties	17	-	17
Rental of equipment	36	-	36
Depreciation of motor vehicles and equipment (Note 4)	(2,380)	-	(2,380)

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**27. MANAGEMENT EXPENSES (CONTINUED)**

	Shareholders' fund RM'000	Family takaful fund RM'000	Company RM'000
<b>2020 (Continued)</b>			
Depreciation of right-of-use assets (Note 5a)	1,376	-	1,376
Amortisation of intangible assets (Note 6)	10,419	-	10,419
Profit expense on lease liabilities (Note 5b)	262	-	262
Marketing and communication	525	-	525
Electronic data processing	271	-	271
Management fees	2,639	-	2,639
Shared services charges	14,024	-	14,024
Outsourcing charges	15,288	-	15,288
Other expenses	20,100	(1,657)	18,422
	<u>141,740</u>	<u>(1,642)</u>	<u>140,098</u>

**(a) Chief Executive Officer ("CEO")'s remuneration**

The details of remuneration received and receivable by the CEO included in staff costs during the year are as follows:

	2021 RM'000	2020 RM'000
Salaries and bonus	1,261	1,151
Deferred contribution plans	202	184
Others	35	32
	<u>1,498</u>	<u>1,367</u>

**(b) Non-executive directors' remuneration:**

	2021 RM'000	2020 RM'000
<b><u>Shareholders' fund/Company</u></b>		
<b>Non-executive directors' remuneration:</b>		
<u>Fees:</u>		
<u>Current directors:</u>		
Mr Norman Ka Cheung Ip	85	93
YBhg. Datin Zaharah binti Ali	59	77
YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd)	50	62
YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)	44	58
YBhg. Dato' Yeoh Beow Tit	82	84
Mohamed Rashdi Bin Mohamed Ghazalli	44	44
Mr Lee Kong Yip	-	18
	<u>364</u>	<u>436</u>

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**27. MANAGEMENT EXPENSES (CONTINUED)**

**(b) Non-executive directors' remuneration (Continued):**

Allowances:

Current directors:

Mr Norman Ka Cheung Ip	49	32
YBhg. Datin Zaharah binti Ali	50	28
YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd)	42	25
YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)	47	27
YBhg. Dato' Yeoh Beow Tit	44	29
Mohamed Rashdi Bin Mohamed Ghazalli	47	17
Mr Lee Kong Yip	-	10
	<u>279</u>	<u>168</u>
	<u>643</u>	<u>604</u>

The directors' fees are subject to the recommendation of the Nominations and Remuneration Committee to the Board of Directors for endorsement and approval by shareholders at the Annual General Meeting.

The number of directors whose total remuneration received from the Company during the year that fall within the following bands is analysed as follows:

	<b>2021</b>	<b>2020</b>
<b><u>Shareholders' fund/Company</u></b>		
<b>Non-executive directors</b>		
Below RM50,000	-	1
RM50,001 - RM100,000	3	3
RM100,001 - RM150,000	3	3
	<u>3</u>	<u>3</u>

**(c) Shariah Committee Members' remuneration:**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Shareholders' fund/Company</u></b>		
<u>Fees:</u>		
Dr. Akhtarzaite binti Abdul Aziz	42	42
Prof. Dato' Dr. Wan Sabri bin Wan Yusof	36	36
Dr. Mohamad Sabri bin Zakaria	36	36
Assoc. Prof. Dr. Siti Salwani binti Razali	36	36
Assoc. Prof. Dr. Suhaimi bin Ab Rahman	36	36
Dr. Mohammad Firdaus bin Mohammad Hatta	36	36
	<u>222</u>	<u>222</u>



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**27. MANAGEMENT EXPENSES (CONTINUED)**

**(c) Shariah Committee Members' remuneration (Continued):**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Shareholders' fund/Company (Continued)</u></b>		
<u>Other emoluments:</u>		
Dr. Akhtarzaite binti Abdul Aziz	14	12
Prof. Dato' Dr. Wan Sabri bin Wan Yusof	13	10
Dr. Mohamad Sabri bin Zakaria	13	10
Assoc. Prof. Dr. Siti Salwani binti Razali	14	12
Assoc. Prof. Dr. Suhaimi bin Ab Rahman	13	10
Dr. Mohammad Firdaus bin Mohammad Hatta	14	10
	<u>79</u>	<u>64</u>
	<u>301</u>	<u>286</u>

**28. TAXATION OF FAMILY TAKAFUL BUSINESS/TAXATION**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) <u>Family takaful fund</u></b>		
Malaysian income tax:		
Current year	1,626	3,582
Under/(over) provision in prior year	1,494	(57)
	3,120	3,525
Deferred tax relating to the origination and reversal of temporary differences (Note 11):		
Current year	(1,735)	1,057
Tax expense for the year	<u>1,385</u>	<u>4,582</u>

The Malaysian income tax of the family takaful fund is based on the method prescribed under the Income Tax Act, 1967 for takaful business. The income tax for the family takaful fund is calculated based on tax rate of 8% (2020: 8%) of the chargeable investment income net of allowable deductions for the year.

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**28. TAXATION OF FAMILY TAKAFUL BUSINESS/TAXATION (CONTINUED)**

**(b) Shareholders' fund/Company**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Shareholders' fund</u></b>		
Malaysian income tax:		
Current year	9,968	8,884
(Over)/under provision in prior year	(89)	5
	<u>9,879</u>	<u>8,889</u>
Deferred tax relating to the origination and reversal of temporary differences (Note 11):		
Current year	(8,153)	(759)
Tax expense for the year	<u>1,726</u>	<u>8,130</u>

Domestic income tax for the shareholders' fund/Company is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated chargeable income for the year.

A reconciliation of income tax expense applicable to loss before zakat and taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the shareholders' fund is as follows:

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Shareholders' fund</u></b>		
Profit before zakat and taxation	<u>20,192</u>	<u>15,399</u>
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	4,846	3,696
Expenses not deductible for tax purposes	10,110	53,387
Income not subject to tax	(5,713)	(48,958)
(Over)/under provision in prior year	(89)	5
Effect of changes in taxation	(7,428)	-
Tax expense for the year	<u>1,726</u>	<u>8,130</u>

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**28. TAXATION OF FAMILY TAKAFUL BUSINESS/TAXATION (CONTINUED)**

**(b) Shareholders' fund/Company (Continued)**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Company</u></b>		
Malaysian income tax:		
Current year	9,968	8,883
(Over)/under provision in prior year	(89)	5
	<u>9,879</u>	<u>8,888</u>
Deferred tax relating to the origination and reversal of temporary differences (Note 11):		
Current year	(8,153)	(411)
Tax expense for the year	<u>1,726</u>	<u>8,477</u>

A reconciliation of income tax expense applicable to loss before zakat and taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Company</u></b>		
Profit before zakat and taxation	<u>20,192</u>	<u>17,689</u>
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	4,846	4,245
Expenses not deductible for tax purposes	10,110	53,186
Income not subject to tax	(5,713)	(48,959)
(Over)/under provision in prior years	(89)	5
Effect of changes in taxation	(7,428)	-
Tax expense for the year	<u>1,726</u>	<u>8,477</u>

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**29. PROFIT PER SHARE - BASIC AND DILUTED**

The basic profit/(loss) per share is calculated by dividing the net profit/(loss) for the year by the number of ordinary shares in issue during the year as follows:

<u>Company</u>	<b>2021</b>	<b>2020</b>
Net profit for the year (RM'000)	18,466	9,212
Weighted average number/number of ordinary shares in issue ('000)	175,000	157,527
Basic profit per share (sen)	<u>10.6</u>	<u>5.8</u>

The Company has no potential dilutive ordinary shares in issue as at the date of the statement of financial position and therefore, diluted earnings per share are not separately disclosed.

**30. RELATED PARTY DISCLOSURES**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and/or operational decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include all Directors of the Company, the Chief Executive Officer and members of the Senior Management Team.

The main related parties and their relationship with the Company are as follows:

<u>Related parties</u>	<u>Relationship</u>
Oversea-Chinese Banking Corporation Ltd. ("OCBC Bank")	Ultimate holding company
Great Eastern Holdings Ltd.	Penultimate holding company
Great Eastern Life Assurance Co. Ltd.	Intermediate holding company
Great Eastern Capital (Malaysia) Sdn Bhd	Intermediate holding company
I Great Capital Holdings Sdn Bhd	Immediate holding company
Koperasi Angkatan Tentera Malaysia Berhad	Corporate shareholder of the Company
Great Eastern Life Assurance (Malaysia) Berhad	Subsidiary of intermediate holding company
OCBC Al-Amin Berhad	Subsidiary of ultimate holding company
OCBC Bank (Malaysia) Berhad	Subsidiary of ultimate holding company
Axiata Digital Capital Sdn Bhd	Common ultimate shareholder

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**30. RELATED PARTY DISCLOSURES (CONTINUED)**

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during and at the end of the financial year:

(i) Transactions with related parties during the financial year:

<u>Company</u>	<b>2021</b> <b>RM'000</b>	<b>2020</b> <b>RM'000</b>
<u>(Expenses)/income:</u>		
Service charges (vi):		
- Koperasi Angkatan Tentera Malaysia Berhad	(1,256)	(1,251)
Commission expenses/administration fees paid (ii):		
- OCBC Al-Amin Bank Berhad	(2,179)	(1,386)
- Koperasi Angkatan Tentera Malaysia Berhad	(4,650)	(4,632)
Bank charges (ii):		
- OCBC Al-Amin Bank Berhad	(273)	(169)
Credit card charges (ii):		
- OCBC Bank (Malaysia) Berhad	(2,055)	(1,769)
Rental of properties (v):		
- Great Eastern Life Assurance (Malaysia) Berhad	(1,400)	(1,400)
- Koperasi Angkatan Tentera Malaysia Berhad	(17)	(18)
Profit income (iii):		
- OCBC Al-Amin Bank Berhad	2,654	1,499
(Charges)/income for outsourcing services (iv):		
- Great Eastern Life Assurance (Malaysia) Berhad	(11,772)	(9,811)
- I Great Capital Holdings Sdn Bhd	79	79
Charges for group services (vi):		
- Great Eastern Life Assurance (Malaysia) Berhad	(4,304)	(4,422)
- Great Eastern Life Assurance Co. Ltd.	(2,444)	(2,639)
Mobilisation fees for digital business (vii):		
- Axiata Digital Capital Sdn Bhd	(4,600)	-
Contribution received (viii):		
- OCBC Al-Amin Bank Berhad	1,914	-
Directors' fees	(643)	(604)
Shariah Committee members' fees	(301)	(286)

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**30. RELATED PARTY DISCLOSURES (CONTINUED)**

(a) (Continued)

(ii) Balances with related parties at year end:

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances:		
- OCBC Al-Amin Bank Berhad	139,373	29,920
Islamic investment accounts with licensed Islamic banks:		
- OCBC Al-Amin Bank Berhad	189,450	94,800
Amount due (to)/from related companies:		
- Great Eastern Life Assurance (Malaysia) Berhad	(4,667)	(7,249)
- Great Eastern Life Assurance Co. Ltd.	(6,856)	(7,260)
- I Great Capital Holdings Sdn Bhd	41	21
- Great Eastern General Malaysia	33	-
	<u>(11,449)</u>	<u>(14,488)</u>
Takaful receivables:		
- Koperasi Angkatan Tentera Malaysia Berhad	<u>4,134</u>	<u>4,027</u>

Related companies are companies within the Oversea-Chinese Banking Corporation Limited ("OCBC Group"):

- (i) The sale and purchase of investments to related companies are made according to normal market prices and at terms and conditions no more favourable than those to other customers and employees;
- (ii) Payment of commissions, custodian fees and bank charges to related parties are made according to normal market prices;
- (iii) The profit income arose mainly from investments in fixed deposits and repurchase agreements which are made according to prevailing market rates, terms and conditions;
- (iv) The outsourcing agreements were made at arm's length and approved by the Board;
- (v) Rental of property from related parties are made according to normal market prices, terms and conditions;
- (vi) Payment of Group function costs based on allocation rates governed by corporate service agreement and in line with Malaysian Transfer Pricing Guidelines and Organisation for Economic Co-operation and Development ("OECD") Transfer Pricing Guidelines. Group function services are derived from immediate parent company in Singapore, Great Eastern Life Assurance Co. Ltd.; and
- (vii) Payment of mobilisation fees for digital business.
- (viii) Contribution received for bancatakaful business.

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**30. RELATED PARTY DISCLOSURES (CONTINUED)**

(a) (Continued)

The table below shows the breakdown by type of services received and geographical location for inter company charges:

<b>Geographical Location</b>	<b>Type of Services</b>	<b>2021 RM</b>	<b>2020 RM</b>
Singapore	Group service charges for services rendered, which include those in respect of strategic management, finance, actuarial, risk management and compliance, human capital, investment management, operations, information technology and market distribution.		
		(2,444)	(2,639)
		<u>(2,444)</u>	<u>(2,639)</u>

The remuneration of Directors and other key management personnel during the year was as follows:

	<b>2021 RM'000</b>	<b>2020 RM'000</b>
<b>Key management personnel's remuneration:</b>		
Non-executive directors	643	604
Salaries and bonus	6,130	6,104
Defined contribution plans ("EPF")	927	921
Benefits-in-kind	25	54
	<u>7,725</u>	<u>7,683</u>

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**31. REGULATORY CAPITAL REQUIREMENT**

The capital structure of the Company as prescribed under the RBCT is provided below:

	<b>Shareholders' fund RM'000</b>	<b>Family takaful fund RM'000</b>	<b>Company RM'000</b>
<b>2021</b>			
Tier-1 Capital	114,791	53,637	168,428
Tier-2 Capital	18,462	(1,047)	17,415
Deductions	(18,443)	(183)	(18,626)
Capital Available	<u>114,810</u>	<u>52,407</u>	<u>167,217</u>
Credit risk capital charges	2,454	1,649	4,103
Market risk capital charges	8,679	2,464	11,143
Takaful liability risk capital charges	-	8,419	8,419
Operational risk capital charges	14,369	-	14,369
Expense risk capital charges	6,808	-	6,808
Capital Charges	<u>32,310</u>	<u>12,532</u>	<u>44,842</u>
Capital Required	32,310	12,532	44,842
Total Capital Available	<u>114,811</u>	<u>16,292</u>	<u>131,103</u>
Total Capital Required			44,842



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**31. REGULATORY CAPITAL REQUIREMENT (CONTINUED)**

The capital structure of the Company as prescribed under the RBCT is provided below:

	<b>Shareholders' fund RM'000</b>	<b>Family takaful fund RM'000</b>	<b>Company RM'000</b>
<b>2020</b>			
Tier-1 Capital	96,205	38,011	134,216
Tier-2 Capital	19,081	(3,507)	15,574
Deductions	(11,658)	-	(11,658)
Capital Available	<u>103,628</u>	<u>34,504</u>	<u>138,132</u>
Credit risk capital charges	1,946	1,279	3,225
Market risk capital charges	9,101	4,311	13,412
Takaful liability risk capital charges	-	4,465	4,465
Operational risk capital charges	12,222	-	12,222
Expense risk capital charges	5,968	-	5,968
Capital Charges	<u>29,237</u>	<u>10,055</u>	<u>39,292</u>
Capital Required	29,237	10,055	39,292
Total Capital Available	<u>103,628</u>	<u>34,504</u>	<u>138,132</u>
Total Capital Required			39,292

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**32. FINANCIAL INSTRUMENTS BY CATEGORY**

<u>Shareholders' fund</u>	Note	FVOCI	FVTPL	AC	Sub-total	Assets not in scope of MFRS 9	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2021</b>							
<b>Assets</b>							
Motor vehicles and equipment	4	-	-	-	-	9,426	9,426
Right-of-use assets	5(a)	-	-	-	-	2,453	2,453
Intangible assets	6	-	-	-	-	10,114	10,114
Investments	7	20,802	103,960	-	124,762	-	124,762
Other receivables	10	-	-	104,727	104,727	-	104,727
Deferred tax assets		-	-	-	-	8,396	8,396
Cash and cash equivalents		-	-	138,140	138,140	-	138,140
<b>Total assets</b>		<b>20,802</b>	<b>103,960</b>	<b>242,867</b>	<b>367,629</b>	<b>30,389</b>	<b>398,018</b>
<b>Liabilities</b>							
	Note			<b>Other financial liabilities RM'000</b>	<b>Sub-total RM'000</b>	<b>Liabilities not in scope of MFRS 9 RM'000</b>	<b>Total RM'000</b>
Expense liabilities	14			-	-	53,821	53,821
Lease liabilities	5(b)			2,679	2,679	-	2,679
Takaful payables	16			18,181	18,181	-	18,181
Other payables	17			167,362	167,362	-	167,362
Provisions	18			9,705	9,705	-	9,705
Amounts due to related companies	19			11,449	11,449	-	11,449
Provision for zakat				-	-	33	33
Provision for taxation				-	-	1,535	1,535
<b>Total liabilities</b>				<b>209,376</b>	<b>209,376</b>	<b>55,389</b>	<b>264,765</b>

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**32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

<b>Shareholders' fund (Continued)</b>	<b>Note</b>	<b>FVOCI</b>	<b>FVTPL</b>	<b>AC</b>	<b>Sub-total</b>	<b>Assets not in scope of MFRS 9</b>	<b>Total</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2020</b>							
<b>Assets</b>							
Motor vehicles and equipment	4	-	-	-	-	8,937	8,937
Right-of-use assets	5(a)	-	-	-	-	2,805	2,805
Intangible assets	6	-	-	-	-	11,782	11,782
Investments	7	27,322	113,630	-	140,952	-	140,952
Other receivables	10	-	-	64,816	64,816	-	64,816
Deferred tax assets		-	-	-	-	48	48
Cash and cash equivalents		-	-	20,481	20,481	-	20,481
<b>Total assets</b>		<b>27,322</b>	<b>113,630</b>	<b>85,297</b>	<b>226,249</b>	<b>23,572</b>	<b>249,821</b>
<b>Liabilities</b>							
				<b>Other financial liabilities</b>	<b>Sub-total</b>	<b>Liabilities not in scope of MFRS 9</b>	<b>Total</b>
				<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>Note</b>						
Expense liabilities	14			-	-	46,752	46,752
Lease liabilities	5(b)			3,025	3,025	-	3,025
Takaful payables	16			10,433	10,433	-	10,433
Other payables	17			48,485	48,485	-	48,485
Provisions	18			8,790	8,790	-	8,790
Amounts due to related companies	19			14,488	14,488	-	14,488
Provision for zakat				-	-	26	26
Provision for taxation				-	-	2,480	2,480
<b>Total liabilities</b>				<b>85,221</b>	<b>85,221</b>	<b>49,258</b>	<b>134,479</b>



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**32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

<u>Family takaful fund (Continued)</u>	Note	FVOCI RM'000	FVTPL RM'000	AC RM'000	Sub-total RM'000	Assets not in scope of of MFRS 9 RM'000	Total RM'000
<b>2020</b>							
<b>Assets</b>							
Investments	7	520,113	403,773	-	923,886	-	923,886
Retakaful assets	8	-	-	-	-	801,339	801,339
Takaful receivables	9	-	-	919,067	919,067	-	919,067
Other receivables	10	-	-	6,617	6,617	-	6,617
Cash and cash equivalents		-	-	276,639	276,639	-	276,639
<b>Total assets</b>		<b>520,113</b>	<b>403,773</b>	<b>1,202,323</b>	<b>2,126,209</b>	<b>801,339</b>	<b>2,927,548</b>
<b>Liabilities and participants' fund</b>							
Participants' fund			13	-	-	67,421	67,421
Takaful certificate liabilities			15	-	-	2,004,607	2,004,607
Takaful payables			16	695,765	695,765	-	695,765
Other payables			17	154,123	154,123	-	154,123
Deferred tax liabilities			11	-	-	2,011	2,011
Provision for taxation				-	-	3,621	3,621
<b>Total liabilities and participants' fund</b>				<b>849,888</b>	<b>849,888</b>	<b>2,077,660</b>	<b>2,927,548</b>

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**32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

<u>Company</u>	Note	FVOCI RM'000	FVTPL RM'000	AC RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
<b>2021</b>							
<b>Assets</b>							
Motor vehicles and equipment	4	-	-	-	-	9,426	9,426
Right-of-use assets	5(a)	-	-	-	-	2,453	2,453
Intangible assets	6	-	-	-	-	10,114	10,114
Investments	7	495,866	665,465	-	1,161,331	-	1,161,331
Retakaful assets	8	-	-	-	-	728,703	728,703
Takaful receivables	9	-	-	1,435,106	1,435,106	-	1,435,106
Other receivables	10	-	-	24,359	24,359	-	24,359
Deferred tax assets		-	-	-	-	9,573	9,573
Cash and cash equivalents		-	-	400,679	400,679	-	400,679
<b>Total assets</b>		<b>495,866</b>	<b>665,465</b>	<b>1,860,144</b>	<b>3,021,475</b>	<b>760,269</b>	<b>3,781,744</b>

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**32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

<u>Company (Continued)</u>	Note	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
<b>2021</b>					
<b>Liabilities</b>					
Expense liabilities	14	-	-	53,821	53,821
Takaful certificate liabilities	15	-	-	2,209,174	2,209,174
Lease liabilities	5(b)	2,679	2,679	-	2,679
Takaful payables	16	1,095,729	1,095,729	-	1,095,729
Other payables	17	262,998	262,998	-	262,998
Provisions	18	9,705	9,705	-	9,705
Amounts due to related companies	19	11,449	11,449	-	11,449
Provision for zakat		-	-	33	33
Provision for taxation		-	-	2,903	2,903
<b>Total liabilities</b>		<b>1,382,560</b>	<b>1,382,560</b>	<b>2,265,931</b>	<b>3,648,491</b>

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**32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

<u>Company (Continued)</u>	Note	FVOCI RM'000	FVTPL RM'000	AC RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
<b>2020</b>							
<b>Assets</b>							
Motor vehicles and equipment	4	-	-	-	-	8,937	8,937
Right-of-use assets	5(a)	-	-	-	-	2,805	2,805
Intangible assets	6	-	-	-	-	11,782	11,782
Investments	7	547,435	517,403	-	1,064,838	-	1,064,838
Retakaful assets	8	-	-	-	-	801,339	801,339
Takaful receivables	9	-	-	919,067	919,067	-	919,067
Other receivables	10	-	-	11,758	11,758	-	11,758
Deferred tax assets		-	-	-	-	48	48
Cash and cash equivalents		-	-	297,120	297,120	-	297,120
<b>Total assets</b>		<b>547,435</b>	<b>517,403</b>	<b>1,227,945</b>	<b>2,292,783</b>	<b>824,911</b>	<b>3,117,694</b>



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**32. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**

<u>Company (Continued)</u>	Note	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
<b>2020</b>					
<b>Liabilities</b>					
Expense liabilities	14	-	-	46,752	46,752
Takaful certificate liabilities	15	-	-	2,072,028	2,072,028
Lease liabilities	5(b)	3,025	3,025	-	3,025
Takaful payables	16	706,198	706,198	-	706,198
Other payables	17	142,933	142,933	-	142,933
Provisions	18	8,790	8,790	-	8,790
Amounts due to related companies	19	14,488	14,488	-	14,488
Deferred tax liabilities	11	-	-	2,011	2,011
Provision for zakat		-	-	26	26
Provision for taxation		-	-	6,101	6,101
<b>Total liabilities</b>		<b>875,434</b>	<b>875,434</b>	<b>2,126,918</b>	<b>3,002,352</b>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**

**Governance framework**

Managing risk is an integral part of the Company's core business. As stated in the Enterprise Risk Management ("ERM") Framework, the Company shall:

- Operate within parameters and limits that have been set based on the risk appetite approved by the Board; and
- Pursue appropriate risk-adjusted returns.

Risk Management Department spearheads the development and implementation of the ERM Framework for the Company.

The Board Risk Management Committee ("BRMC"), constituted in 2003, provides the oversight on the risk management initiatives. Detailed risk management and oversight activities are undertaken by the following Management Committees comprising the Chief Executive Officer and key Senior Management Executives:

- Senior Management Team ("SMT")
- Asset-Liability Committee ("ALC")
- Product Development Committee ("PDC")
- Information Technology Steering Committee ("ITSC")
- Financial Crime Committee ("FCC")

The SMT is responsible for providing leadership, direction and functional oversight with regard to all matters of the Company. The SMT is also responsible for ensuring compliance and alignment with governance and oversight framework, i.e. standards and guidelines, and ensuring the business operates within the risk appetite in delivering annual business targets.

The ALC is responsible for balance sheet management. Specifically, the ALC reviews and formulates technical frameworks, policies and methodologies relating to balance sheet management.

The PDC oversees the product development and launch process. In addition, the PDC regularly reviews and monitors the performance of new and existing products.

The ITSC is responsible for providing the overall strategic direction and approval of all IT related initiatives to support the Company's strategic growth into the future.

The FCC provides an independent oversight of fraud investigation and anti-money laundering/counter financing of terrorism ("AML/CFT") review, and ensures that investigations and reviews are conducted in a manner that is fair, consistent and transparent.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Regulatory framework**

Takaful operators are regulated by the Islamic Financial Services Act, 2013 (“IFSA”) which came into force on 30 June 2013, and other relevant regulations issued by regulators from time to time.

**Capital management framework**

The Company’s capital management policy is to support balance sheet growth by maintaining a strong capital position with sufficient buffer to meet obligations to certificate holders and regulatory requirements, and to make strategic investments for business growth. The Company has had no significant changes in the policies and processes relating to its capital structure during the year.

Under the Risk-Based Capital Framework for Takaful Operators (“RBCT”), the operator has to maintain a capital adequacy level that commensurate with its risk profiles. The Capital Adequacy Ratio of the Company remained well at above the minimum capital requirement of 130% under the RBCT Framework as prescribed by BNM.

The Internal Capital Adequacy Assessment Process (“ICAAP”) Framework came into effect on 1 January 2017. Under this Framework, the Company has to ensure adequate capital to meet its capital requirements on an ongoing basis. The key elements supporting the Framework include Board and Senior Management oversight, comprehensive risk assessment, individual target capital level and stress testing, sound capital management as well as ongoing monitoring, reporting and review of capital position. Capital management and contingencies policies have been further developed and refined under the Framework to outline the approaches and principles under which the Company’s capital will be monitored and managed, as well as the corrective actions to be implemented at various critical capital levels. In addition, a risk appetite statement has been established to outline the Company’s capacity to take on risks to achieve its business objectives while managing the expectations of key stakeholders.

The following sections provide details regarding the Company’s exposure to the key risks faced by the Company and the objectives, policies and processes for the management of these risks. There has been no major change to the Company’s exposure to these key risks or the manner in which it manages and measures these risks.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Takaful risk**

The principal activity of the Company is managing family takaful business including investment-linked business.

The Company's underwriting strategy is designed to ensure that these risks are well diversified in terms of type of risk and level of takaful coverage benefits. This is largely achieved through diversification of certificate holders across industry sectors and geography, the selective use of medical screening in order to ensure that product pricing takes into account the current health conditions and family medical history, and regular review of the actual claims experience as well as detailed claims handling procedures. Underwriting limits are also set in place to enforce appropriate risk selection criteria.

Takaful risk comprises both actuarial and underwriting risks resulting from the pricing and acceptance of takaful contracts. Should the actual claims experience be worse than the assumptions used in pricing the products and establishing the technical provisions and liabilities for claims, there may be potential shortfalls in provision for future claims and expenses. Assumptions that may cause takaful risks to be underestimated include assumptions on certificate lapses, mortality, morbidity and expenses.

The Company utilises retakaful arrangements to manage the mortality and morbidity risks. The Company's retakaful management strategy and policy are reviewed annually by the SMT, BRMC, and the Board as appropriate. Retakaful structures are set based on the type of risk. Catastrophe retakaful is procured to limit catastrophic losses.

Only retakaful operators meeting a minimum credit rating of Standard & Poor's "A-", or its equivalent, are considered. The only exception is in regard to the required retakaful cessions made to the local national retakaful operators, if any. The Company shall not cede out risks to insurance or reinsurance companies, except in unavoidable cases. The Company limits its risk to any one retakaful operator by ceding different risks to different retakaful operators or to a panel of retakaful operators.

The SMT reviews the actual experience of mortality, morbidity, lapses and surrenders, as well as expenses to ensure that the policies, guidelines and limits put in place to manage these risks remain adequate and appropriate.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Takaful risk (Continued)**

For family takaful funds, the risk is that the guaranteed certificate benefits must be met even when investment markets perform below expectations, or claims experience is higher than expected. As for investment-linked business, the risk exposure for the Company is limited to the underwriting aspect as all investment risks are borne by the certificate holders.

Stress Testing (“ST”) is performed in accordance with BNM requirements. The purpose of the ST is to test the solvency of the Operator and Takaful Funds under the various scenarios (i.e. Change in US Foreign Policy and Persistent Low-yield Environment, Local Economic Slump and Transition Risk into Sustainable Investment, and Intensified Competition in the Takaful Market) according to regulatory guidelines, simulating drastic changes in major parameters such as new business volume, market volatilities, expense patterns, mortality/morbidity patterns and lapse rates.

**Concentration analysis**

Table 33(A): The table below shows the concentration of expense liabilities of the shareholders' fund actuarial liabilities and unit reserves of the family takaful fund as at the reporting date by type of takaful certificates issued:

<b><u>Shareholders' fund - expense liabilities</u></b>	<b>Gross RM'000</b>	<b>Retakaful RM'000</b>	<b>Net RM'000</b>
<b>2021</b>			
Ordinary family takaful plans	14,572	-	14,572
Investment-linked takaful plans	12,128	-	12,128
Group credit takaful plans	4,250	-	4,250
MySalam	22,871	-	22,871
	<u>53,821</u>	<u>-</u>	<u>53,821</u>
<b>2020</b>			
Ordinary family takaful plans	9,803	-	9,803
Investment-linked takaful plans	13,653	-	13,653
Group credit takaful plans	3,432	-	3,432
MySalam	19,864	-	19,864
	<u>46,752</u>	<u>-</u>	<u>46,752</u>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Takaful risk (Continued)**

**Concentration analysis (Continued)**

<u>Family takaful fund - actuarial reserves, PIA and net asset value attributable to certificate holders</u>	<b>Gross RM'000</b>	<b>Retakaful RM'000</b>	<b>Net RM'000</b>
<b>2021</b>			
Ordinary family takaful plans	196,164	(77,977)	118,187
Investment-linked takaful plans	562,230	(27,468)	534,762
Group credit takaful plans	346,682	(9,235)	337,447
Tabarru Fund 2	1,427	-	1,427
MySalam	390,227	(351,539)	38,688
	<u>1,496,730</u>	<u>(466,219)</u>	<u>1,030,511</u>
<b>2020</b>			
Ordinary family takaful plans	148,254	(78,246)	70,008
Investment-linked takaful plans	484,896	(21,402)	463,494
Group credit takaful plans	316,132	(5,495)	310,637
Tabarru Fund 2	1,205	-	1,205
MySalam	663,401	(596,267)	67,134
	<u>1,613,888</u>	<u>(701,410)</u>	<u>912,478</u>

**Sensitivity analysis**

The sensitivity analysis below shows the impact of change in key parameters on the carrying value of takaful certificate liabilities, and hence on the income statement and shareholders' equity.

Sensitivity analyses produced are based on parameters set out as follows:

	<b>Change in Assumptions</b>
(a) Scenario 1 - Mortality and major illness	+ 25% for all future years
(b) Scenario 2 - Mortality and major illness	- 25% for all future years
(c) Scenario 3 - Health and disability	+ 25% for all future years
(d) Scenario 4 - Health and disability	- 25% for all future years
(e) Scenario 5 - Lapse and surrender rates	+ 25% for all future years
(f) Scenario 6 - Lapse and surrender rates	- 25% for all future years
(g) Scenario 7 - Expenses	+25% for all future years
(h) Scenario 8 - Expenses	-25% for all future years

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Takaful risk (Continued)**

**Sensitivity analysis (Continued)**

Table 33(B): The table below shows the sensitivity analysis by applying possible shocks to each key variable, with all other assumptions held constant, showing the impact on gross and net liabilities, surplus of risk funds, profit/loss before taxation, shareholders' equity and participants' fund. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions have to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used and significant assumptions made for deriving sensitivity information have not changed from the previous year.

	Change in assumptions %	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit after taxation RM'000	Impact on equity* RM'000
		← Increase/(decrease) →		← Increase/(decrease) →	
<b><u>Shareholders' fund - expense liabilities</u></b>					
<b>2021</b>					
Scenario 1 - Mortality and major illness	+25%	1,136	1,136	(1,136)	(863)
Scenario 2 - Mortality and major illness	-25%	(1,245)	(1,245)	1,245	946
Scenario 3 - Health and disability	+25%	7,329	7,329	(7,329)	(5,570)
Scenario 4 - Health and disability	-25%	(406)	(406)	406	309
Scenario 5 - Lapse and surrender rates	+25%	(861)	(861)	861	654
Scenario 6 - Lapse and surrender rates	-25%	1,023	1,023	(1,023)	(778)
Scenario 7 - Expenses	+25%	10,047	10,047	(10,047)	(7,636)
Scenario 8 - Expenses	-25%	(6,618)	(6,618)	6,618	5,029

\* The impact on equity is stated net of taxation of 24% (2020: 24%).

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Takaful risk (Continued)**

**Sensitivity analysis (Continued)**

<u>Shareholders' fund - expense liabilities</u> <u>(Continued)</u>	Change in assumptions %	Impact on gross liabilities RM'000 ← Increase/(decrease)→	Impact on net liabilities RM'000 ← Increase/(decrease)→	Impact on profit after taxation RM'000 ← Increase/(decrease)→	Impact on equity* RM'000 ← Increase/(decrease)→
<b>2020</b>					
Scenario 1 - Mortality and major illness	+25%	760	760	(760)	(577)
Scenario 2 - Mortality and major illness	-25%	(893)	(893)	893	678
Scenario 3 - Health and disability	+25%	4,116	4,116	(4,116)	(3,128)
Scenario 4 - Health and disability	-25%	(675)	(675)	675	513
Scenario 5 - Lapse and surrender rates	+25%	(1,079)	(1,079)	1,079	820
Scenario 6 - Lapse and surrender rates	-25%	1,383	1,383	(1,383)	(1,051)
Scenario 7 - Expenses	+25%	7,930	7,930	(7,930)	(6,027)
Scenario 8 - Expenses	-25%	(5,702)	(5,702)	5,702	4,333

\* The impact on equity is stated net of taxation of 24% (2019: 24%).



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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Takaful risk (Continued)**

**Sensitivity analysis (Continued)**

<u>Family takaful fund - takaful certificate liabilities</u>	Change in assumptions %	Impact on gross liabilities	Impact on net liabilities	Impact on surplus	Impact on profit after taxation	Impact on participants' fund
		RM'000	RM'000	RM'000	RM'000	RM'000
		← Increase/(decrease) →		← (Decrease)/increase →		→
<b>2021</b>						
Scenario 1 - Mortality and major illness	+25%	260,110	18,302	(18,302)	(2,733)	(10,079)
Scenario 2 - Mortality and major illness	-25%	(134,443)	(11,457)	11,457	535	7,485
Scenario 3 - Health and disability	+25%	107,957	62,840	(62,840)	(17,990)	(25,998)
Scenario 4 - Health and disability	-25%	(43,477)	(6,504)	6,504	812	3,740
Scenario 5 - Lapse and surrender rates	+25%	(3,365)	(234)	234	51	112
Scenario 6 - Lapse and surrender rates	-25%	4,081	338	(338)	(74)	(163)
<b>2020</b>						
Scenario 1 - Mortality and major illness	+25%	192,076	18,222	(18,222)	(2,462)	(10,294)
Scenario 2 - Mortality and major illness	-25%	(149,279)	(11,991)	11,991	498	7,895
Scenario 3 - Health and disability	+25%	80,157	33,626	(33,626)	(7,361)	(16,177)
Scenario 4 - Health and disability	-25%	(46,132)	(6,725)	6,725	786	3,922
Scenario 5 - Lapse and surrender rates	+25%	(4,549)	(281)	281	68	129
Scenario 6 - Lapse and surrender rates	-25%	5,494	393	(393)	(90)	(185)

\* The impact on equity is stated net of taxation of 24% (2020: 24%).

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Takaful risk (Continued)**

**Sensitivity analysis (Continued)**

<u>Company - expense liabilities and takaful certificate liabilities</u>	Change in assumptions %	Impact on gross liabilities RM'000 ← Increase/(decrease) →	Impact on net liabilities RM'000 ← Increase/(decrease) →	Impact on profit after taxation RM'000 ← Increase/(decrease) →	Impact on equity* RM'000 ← Increase/(decrease) →
<b>2021</b>					
Scenario 1 - Mortality and major illness	+25%	261,246	19,438	(3,869)	2,941
Scenario 2 - Mortality and major illness	-25%	(135,688)	(12,702)	1,780	(1,353)
Scenario 3 - Health and disability	+25%	115,286	70,169	(25,319)	19,242
Scenario 4 - Health and disability	-25%	(43,883)	(6,910)	1,218	(925)
Scenario 5 - Lapse and surrender rates	+25%	(4,226)	(1,095)	912	(693)
Scenario 6 - Lapse and surrender rates	-25%	5,104	1,361	(1,097)	834
Scenario 7 - Expenses	+25%	10,047	10,047	(10,047)	7,636
Scenario 8 - Expenses	-25%	(6,618)	(6,618)	6,618	(5,029)
<b>2020</b>					
Scenario 1 - Mortality and major illness	+25%	192,836	18,982	(3,222)	2,448
Scenario 2 - Mortality and major illness	-25%	(150,172)	(12,884)	1,391	(1,057)
Scenario 3 - Health and disability	+25%	84,273	37,742	(11,477)	8,723
Scenario 4 - Health and disability	-25%	(46,807)	(7,400)	1,461	(1,110)
Scenario 5 - Lapse and surrender rates	+25%	(5,628)	(1,360)	1,147	(872)
Scenario 6 - Lapse and surrender rates	-25%	6,877	1,776	(1,473)	1,119
Scenario 7 - Expenses	+25%	7,930	7,930	(7,930)	6,027
Scenario 8 - Expenses	-25%	(5,702)	(5,702)	5,702	(4,333)

\* The impact on equity is stated net of taxation of 24% (2020: 24%).

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Market and credit risk**

Market risk arises when the market value of assets and liabilities are adversely affected by changes in financial markets. Changes in profit rates, foreign exchange rates and equity prices can impact present and future investment earnings of the takaful operations as well as shareholders' equity.

The Company is exposed to market risk in the shareholders' fund as well as market mismatch risk between the assets and the liabilities of the takaful funds. The ALC actively manages market risk through setting and monitoring of the investment policy, asset allocation, portfolio construction and risk measurement. In the case of the investment-linked funds, investment risks are borne by the certificate holders. Nevertheless, the revenues of the takaful operations are linked to the value of the underlying funds since this has an impact on the level of fund management fees earned.

Investment limits are monitored at various levels to ensure that all investment activities are conducted within the Company's risk appetite and in line with the Company's risk management principles and philosophies. Compliance with established limits forms an integral part of the risk governance and financial reporting framework. The approach adopted by the Company in managing the various types of risk, including profit rate risk, foreign exchange risk, equity price risk, credit spread risk, liquidity risk, credit risk and concentration risk, is briefly described as follows:

**(a) Profit rate risk**

The Company is exposed to profit rate risk through (i) investments in fixed income instruments and money market instruments and (ii) expense liabilities in the shareholders' fund. Since the Company discounts its investments in fixed income instruments for valuation, it will incur an economic loss when profit rates rise or vice versa. This effect is offset by expense liabilities in the shareholders' fund which behave in the contrary. This results in a net profit rate risk which is managed and monitored by the ALC.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Market and credit risk (Continued)**

**(a) Profit rate risk (Continued)**

The following tables set out the carrying amount, by maturity, of the Company's financial instruments that are exposed to profit rate risk.

<b><u>Shareholders' fund</u></b>	<b>Within 1 year RM'000</b>	<b>1 to 5 years RM'000</b>	<b>More than 5 years RM'000</b>	<b>Total RM'000</b>
<b>2021</b>				
Government investment issues	3,017	16,398	11,063	30,478
Unquoted Islamic private debt securities	6,559	45,138	16,660	68,357
	<u>9,576</u>	<u>61,536</u>	<u>27,723</u>	<u>98,835</u>
<b>2020</b>				
Government investment issues	-	16,720	35,211	51,931
Unquoted Islamic private debt securities	2,027	29,805	27,193	59,025
	<u>2,027</u>	<u>46,525</u>	<u>62,404</u>	<u>110,956</u>
<b><u>Family takaful fund</u></b>				
<b>2021</b>				
Government investment issues	45,480	114,059	80,601	240,140
Unquoted Islamic private debt securities	62,267	137,342	135,555	335,164
	<u>107,747</u>	<u>251,401</u>	<u>216,156</u>	<u>575,304</u>

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(CONTINUED)

**Market and credit risk (Continued)**

**(a) Profit rate risk (Continued)**

	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<b><u>Family takaful fund</u></b>				
<b><u>(Continued)</u></b>				
<b>2020</b>				
Government investment issues	1,204	97,035	174,864	273,103
Unquoted Islamic private debt securities	1,302	102,447	150,077	253,826
	<u>2,506</u>	<u>199,482</u>	<u>324,941</u>	<u>526,929</u>
<b><u>Company</u></b>				
<b>2021</b>				
Government investment issues	48,498	130,457	91,664	270,619
Unquoted Islamic private debt securities	68,826	182,480	152,215	403,521
	<u>117,324</u>	<u>312,937</u>	<u>243,879</u>	<u>674,140</u>
<b>2020</b>				
Government investment issues	1,204	113,755	210,075	325,034
Unquoted Islamic private debt securities	3,329	132,252	177,270	312,851
	<u>4,533</u>	<u>246,007</u>	<u>387,345</u>	<u>637,885</u>

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**Market and credit risk (Continued)**

**(a) Profit rate risk (Continued)**

The sensitivity analysis below shows the impact by applying possible shocks to each key variable, with all other variables held constant. While the co-movement of key variables can significantly affect the fair values and/or amortised cost of financial assets, to demonstrate the impact due to changes in each key variable, the variables are changed individually.

The impact on net profit or loss after taxation represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the income statement, and changes in valuation of takaful certificate liabilities. The impact on equity represents the impact on net profit or loss after taxation and the effect on changes in fair value reserves of financial assets measured at Fair Value through Other Comprehensive Income ("FVOCI").

Change in profit rate	← 2021 →				
	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus arising RM'000	Impact on profit before taxation RM'000	Impact on equity/participants' fund* RM'000
	← Increase/(Decrease) →				
<b>Shareholders' fund</b>					
+100 basis points	(883)	(883)	-	883	671
-100 basis points	1,271	1,271	-	(1,271)	(966)
<b>Family takaful fund</b>					
+100 basis points	(1,545)	(1,545)	1,545	473	359
-100 basis points	1,841	1,841	(1,841)	(565)	(430)
<b>Company</b>					
+100 basis points	(2,428)	(2,428)	1,545	1,355	1,030
-100 basis points	3,112	3,112	(1,841)	(1,836)	(1,396)

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
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**Market and credit risk (Continued)**

**(a) Profit rate risk (Continued)**

Change in profit rate	← 2020 →			Impact on profit before taxation RM'000	Impact on equity/ participants' fund* RM'000
	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on surplus arising RM'000		
	← Increase/(Decrease) →				
<b>Shareholders' fund</b>					
+100 basis points	(1,674)	(1,674)	-	1,674	1,272
-100 basis points	1,063	1,063	-	(1,063)	(808)
<b>Family takaful fund</b>					
+100 basis points	(1,405)	(1,405)	1,405	429	326
-100 basis points	1,697	1,697	(1,697)	(520)	(395)
<b>Company</b>					
+100 basis points	(3,079)	(3,079)	1,405	2,103	1,599
-100 basis points	2,760	2,760	(1,697)	(1,583)	(1,203)

\* Impact on equity is after taxation of 24% (2020: 24%) and the impact on participants' fund is after tax of 8% (2020: 8%).

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(b) Foreign currency risk**

Investments denominated in foreign currencies are limited to 10% of individual funds regardless of country, subject to the foreign investments being in jurisdictions with sovereign ratings at least equivalent to that of Malaysia, as prescribed by the regulator. In addition, net foreign currency exposure at the Company-level is limited to 10% of the total invested assets. (Refer to Table 33(C)).

Table 33(C): The table below shows the foreign exchange position of the assets and liabilities of the shareholders' fund, family takaful fund and the Company by major currencies.

<b><u>Shareholders' fund</u></b>	<b>RM RM'000</b>	<b>SGD RM'000</b>	<b>Total RM'000</b>
<b>2021</b>			
<b>Assets</b>			
Motor vehicles and equipment	9,426	-	9,426
Right-of-use assets	2,453	-	2,453
Intangible assets	10,114	-	10,114
Investments:			
FVOCI financial assets	20,802	-	20,802
Financial assets at FVTPL	103,960	-	103,960
Other receivables	104,727	-	104,727
Deferred tax asset	8,396	-	8,396
Cash and cash equivalents	138,140	-	138,140
<b>Total assets</b>	<b>398,018</b>	<b>-</b>	<b>398,018</b>
<b>Liabilities</b>			
Expense liabilities	53,821	-	53,821
Lease liabilities	2,679	-	2,679
Takaful payables	18,181	-	18,181
Other payables	167,362	-	167,362
Provisions	9,705	-	9,705
Amounts due to related companies	4,593	6,856	11,449
Provision for zakat	33	-	33
Provision for taxation	1,535	-	1,535
<b>Total liabilities</b>	<b>257,909</b>	<b>6,856</b>	<b>264,765</b>



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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(b) Foreign currency risk (Continued)**

Table 33(C): (Continued)

<b><u>Shareholders' fund (Continued)</u></b>	<b>RM</b> <b>RM'000</b>	<b>SGD</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2020</b>			
<b>Assets</b>			
Motor vehicles and equipment	8,937	-	8,937
Right-of-use assets	2,805	-	2,805
Intangible assets	11,782	-	11,782
Investments:			
FVOCI financial assets	27,322	-	27,322
Financial assets at FVTPL	113,630	-	113,630
Other receivables	64,816	-	64,816
Deferred tax asset	48	-	48
Cash and cash equivalents	20,481	-	20,481
<b>Total assets</b>	<b>249,821</b>	<b>-</b>	<b>249,821</b>
<b>Liabilities</b>			
Expense liabilities	46,752	-	46,752
Lease liabilities	3,025	-	3,025
Takaful payables	10,433	-	10,433
Other payables	48,485	-	48,485
Provisions	8,790	-	8,790
Amounts due to related companies	7,228	7,260	14,488
Provision for zakat	26	-	26
Provision for taxation	2,480	-	2,480
<b>Total liabilities</b>	<b>127,219</b>	<b>7,260</b>	<b>134,479</b>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(b) Foreign currency risk (Continued)**

Table 33(C): (Continued)

<b><u>Family takaful fund</u></b>	<b>RM RM'000</b>	<b>SGD RM'000</b>	<b>HKD RM'000</b>	<b>Total RM'000</b>
<b>2021</b>				
<b>Assets</b>				
Investments:				
FVOCI financial assets	475,064	-	-	475,064
Financial assets at FVTPL	510,515	26,176	24,814	561,505
Retakaful assets	728,703	-	-	728,703
Takaful receivables	1,435,106	-	-	1,435,106
Other receivables	7,843	-	-	7,843
Deferred tax assets	1,177	-	-	1,177
Cash and cash equivalents	253,947	2,707	5,885	262,539
<b>Total assets</b>	<b>3,412,355</b>	<b>28,883</b>	<b>30,699</b>	<b>3,471,937</b>
<b>Liabilities and participants' fund</b>				
Participants' fund	44,459	-	-	44,459
Takaful certificate liabilities	2,164,715	-	-	2,164,715
Takaful payables	1,077,548	-	-	1,077,548
Other payables	183,847	-	-	183,847
Provision for taxation	1,368	-	-	1,368
<b>Total liabilities and participants' fund</b>	<b>3,471,937</b>	<b>-</b>	<b>-</b>	<b>3,471,937</b>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(b) Foreign currency risk (Continued)**

Table 33(C): (Continued)

<b><u>Family takaful fund</u></b> <b><u>(Continued)</u></b>	<b>RM</b> <b>RM'000</b>	<b>SGD</b> <b>RM'000</b>	<b>HKD</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2020</b>				
<b>Assets</b>				
Investments:				
FVOCI financial assets	520,113	-	-	520,113
Financial assets at FVTPL	389,353	11,595	2,825	403,773
Retakaful assets	801,339	-	-	801,339
Takaful receivables	919,067	-	-	919,067
Other receivables	6,617	-	-	6,617
Cash and cash equivalents	276,606	5	28	276,639
<b>Total assets</b>	<b>2,913,095</b>	<b>11,600</b>	<b>2,853</b>	<b>2,927,548</b>
<b>Liabilities and participants' fund</b>				
Participants' fund	67,421	-	-	67,421
Takaful certificate liabilities	2,004,607	-	-	2,004,607
Takaful payables	695,765	-	-	695,765
Other payables	154,123	-	-	154,123
Deferred tax liabilities	2,011	-	-	2,011
Provision for taxation	3,621	-	-	3,621
<b>Total liabilities and participants' fund</b>	<b>2,927,548</b>	<b>-</b>	<b>-</b>	<b>2,927,548</b>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(b) Foreign currency risk (Continued)**

Table 33(C): (Continued)

<b><u>Company</u></b>	<b>RM RM'000</b>	<b>SGD RM'000</b>	<b>HKD RM'000</b>	<b>Total RM'000</b>
<b>2021</b>				
<b>Assets</b>				
Motor vehicles and equipment	9,426	-	-	9,426
Right-of-use assets	2,453	-	-	2,453
Intangible assets	10,114	-	-	10,114
Investments:				
FVOCI financial assets	495,866	-	-	495,866
Financial assets at FVTPL	614,475	26,176	24,814	665,465
Retakaful assets	728,703	-	-	728,703
Takaful receivables	1,435,106	-	-	1,435,106
Other receivables	24,359	-	-	24,359
Deferred tax assets	9,573	-	-	9,573
Cash and cash equivalents	392,087	2,707	5,885	400,679
<b>Total assets</b>	<b>3,722,162</b>	<b>28,883</b>	<b>30,699</b>	<b>3,781,744</b>
<b>Liabilities</b>				
Expense liabilities	53,821	-	-	53,821
Takaful certificate liabilities	2,209,174	-	-	2,209,174
Lease liabilities	2,679	-	-	2,679
Takaful payables	1,095,729	-	-	1,095,729
Other payables	262,998	-	-	262,998
Provisions	9,705	-	-	9,705
Amounts due to related companies	11,449	-	-	11,449
Provision for zakat	33	-	-	33
Provision for taxation	2,903	-	-	2,903
<b>Total liabilities</b>	<b>3,648,491</b>	<b>-</b>	<b>-</b>	<b>3,648,491</b>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(b) Foreign currency risk (Continued)**

Table 33(C): (Continued)

<b><u>Company (Continued)</u></b>	<b>RM RM'000</b>	<b>SGD RM'000</b>	<b>HKD RM'000</b>	<b>Total RM'000</b>
<b>2020</b>				
<b>Assets</b>				
Motor vehicles and equipment	8,937	-	-	8,937
Right-of-use assets	2,805	-	-	2,805
Intangible assets	11,782	-	-	11,782
Investments:				
FVOCI financial assets	547,435	-	-	547,435
Financial assets at FVTPL	502,983	11,595	2,825	517,403
Retakaful assets	801,339	-	-	801,339
Takaful receivables	919,067	-	-	919,067
Other receivables	11,758	-	-	11,758
Deferred tax assets	48	-	-	48
Cash and cash equivalents	297,087	5	28	297,120
<b>Total assets</b>	<b>3,103,241</b>	<b>11,600</b>	<b>2,853</b>	<b>3,117,694</b>
<b>Liabilities</b>				
Expense liabilities	46,752	-	-	46,752
Takaful certificate liabilities	2,072,028	-	-	2,072,028
Lease liabilities	3,025	-	-	3,025
Takaful payables	706,198	-	-	706,198
Other payables	142,933	-	-	142,933
Provisions	8,790	-	-	8,790
Amounts due to related companies	14,488	-	-	14,488
Deferred tax liabilities	2,011	-	-	2,011
Provision for zakat	26	-	-	26
Provision for taxation	6,101	-	-	6,101
<b>Total liabilities</b>	<b>3,002,352</b>	<b>-</b>	<b>-</b>	<b>3,002,352</b>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(b) Foreign currency risk (Continued)**

The following table shows the sensitivity analysis for foreign currency:

	2021		2020	
	Impact on profit before taxation RM'000	Impact on equity RM'000	Impact on loss before taxation RM'000	Impact on equity RM'000
<u>Foreign Currency</u>				
+/-5%	+/- 2,979	+/- 2,979	+/- 723	+/- 723

**(c) Equity price risk**

Exposure to equity price risk exists in investment assets through equity investments where the Company bears the volatility in returns and investment performance risk.

A robust monitoring process is in place to manage equity risk by having appropriate risk management strategies to limit the downside risk at certain pre-determined levels. Limits are set for single security holdings as a percentage of equity holdings.

Change in variables	← 2021 →		← 2020 →	
	Impact on surplus arising RM'000	Impact on equity/ participants' fund* RM'000	Impact on surplus arising RM'000	Impact on equity/ participants' fund* RM'000
	← Increase/(decrease) →		← Increase/(decrease) →	
<b>Shareholders' fund</b>				
+ 20%	-	3,941	-	2,515
- 20%	-	(3,941)	-	(2,515)
<b>Family takaful fund</b>				
+ 20%	92,253	84,873	57,664	73,040
- 20%	(92,253)	(84,873)	(57,664)	(73,040)
<b>Company</b>				
+ 20%	-	3,941	-	2,515
- 20%	-	(3,941)	-	(2,515)

\* Impact on equity is after taxation of 24% (2020: 24%) and the impact on participants' fund is after tax of 8% (2020: 8%).

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Market and credit risk (Continued)**

**(d) Credit spread risk**

Exposure to credit spread risk exists in the Company's investments in Islamic private debt securities or corporate sukuks. Credit spread is the difference between the corporate yields against the risk-free rate of similar tenure. When spreads widen, it generally implies that the market is factoring a deterioration in the creditworthiness of the sukuks. A widening in credit spreads will generally result in a fall in the value of the Company's sukuk portfolio.

**(e) Liquidity risk**

Liquidity risk arises when a company is unable to meet the cash flow needs of its financial liabilities, or if the assets backing the liabilities cannot be sold quickly enough to meet its financial obligations without incurring significant losses. For a takaful company, the greatest liquidity needs typically arise from its takaful liabilities. Demands for funds can usually be met through ongoing normal operations, contributions received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by mass surrender of takaful certificates due to negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated certificate claims, or other unexpected cash demands from participants.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times.

The projected cash flows from the in-force takaful certificate liabilities consist of renewal contributions, expenses, commissions, claims, maturities and surrenders. Renewal contributions, expenses, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although it has been quite stable over the past several years.

Unexpected liquidity demands are managed through a combination of product design, investment diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in certain takaful contracts also protects the Company from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in profit rates. (Refer to Table 33(D1) and (D2)).

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows.

For takaful certificate liabilities and retakaful assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised takaful liabilities.

Unit-linked liabilities are repayable or transferable on demand and are included in the 0 - 6 months and 6 - 12 months columns.

	<b>Carrying value RM'000</b>	<b>0 - 6 months RM'000</b>	<b>&gt; 6 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b><u>Shareholders' fund</u></b>							
<b>2021</b>							
FVOCI financial assets:							
Quoted Shariah-approved equities	20,802	-	-	-	-	20,802	20,802
Financial assets at FVTPL:							
Quoted Shariah-approved equities	5,125	-	-	-	-	5,125	5,125
Government investment issues	30,478	3,343	502	20,537	13,068	-	37,450
Unquoted Islamic private debt securities	68,357	5,305	3,448	53,932	20,186	-	82,871



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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

	<b>Carrying value RM'000</b>	<b>0 - 6 months RM'000</b>	<b>&gt; 6 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b><u>Shareholders' fund (Continued)</u></b>							
<b>2021 (Continued)</b>							
Other receivables	104,727	104,727	-	-	-	-	104,727
Deferred tax assets	8,396	8,396	-	-	-	-	8,396
Cash and cash equivalents	138,140	138,153	-	-	-	-	138,153
<b>Total financial assets</b>	<b>376,025</b>	<b>259,924</b>	<b>3,950</b>	<b>74,469</b>	<b>33,254</b>	<b>25,927</b>	<b>397,524</b>
Expense liabilities	53,821	2,917	1,380	25,165	24,359	-	53,821
Lease liabilities	2,679	597	608	434	-	-	1,639
Takaful payables	18,181	18,181	-	-	-	-	18,181
Other payables	167,362	167,362	-	-	-	-	167,362
Provisions	9,705	9,705	-	-	-	-	9,705
Amounts due to related companies	11,449	11,449	-	-	-	-	11,449
<b>Total financial and takaful liabilities</b>	<b>263,197</b>	<b>210,211</b>	<b>1,988</b>	<b>25,600</b>	<b>24,359</b>	<b>-</b>	<b>262,157</b>
<b>Total liquidity surplus</b>	<b>112,828</b>	<b>49,713</b>	<b>1,962</b>	<b>48,869</b>	<b>8,895</b>	<b>25,927</b>	<b>135,367</b>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

	Carrying value RM'000	0 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
<b><u>Shareholders' fund (Continued)</u></b>							
<b>2020</b>							
FVOCI financial assets:							
Quoted Shariah-approved equities	16,545	-	-	-	-	16,545	16,545
Government investment issues	10,777	117	207	11,041	-	-	11,365
Financial assets at FVTPL:							
Quoted Shariah-approved equities	13,451	-	-	-	-	13,451	13,451
Government investment issues	41,154	385	713	11,342	40,105	-	52,545
Unquoted Islamic private debt securities	59,025	2,697	1,265	36,615	30,819	-	71,396
Other receivables	64,816	64,816	-	-	-	-	64,816
Deferred tax assets	48	48	-	-	-	-	48
Cash and cash equivalents	20,481	20,481	-	-	-	-	20,481
Total financial assets	<u>226,297</u>	<u>88,544</u>	<u>2,185</u>	<u>58,998</u>	<u>70,924</u>	<u>29,996</u>	<u>250,647</u>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

<b><u>Shareholders' fund (Continued)</u></b>	<b>Carrying value RM'000</b>	<b>0 - 6 months RM'000</b>	<b>&gt; 6 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b>2020 (Continued)</b>							
Expense liabilities	46,752	1,226	1,604	21,804	22,118	-	46,752
Lease liabilities	3,025	588	581	1,636	-	-	2,805
Takaful payables	10,433	10,433	-	-	-	-	10,433
Other payables	48,485	48,485	-	-	-	-	48,485
Provisions	8,790	8,790	-	-	-	-	8,790
Amounts due to related companies	14,488	14,488	-	-	-	-	14,488
Total financial and takaful liabilities	<u>131,973</u>	<u>84,010</u>	<u>2,185</u>	<u>23,440</u>	<u>22,118</u>	<u>-</u>	<u>131,753</u>
Total liquidity surplus	<u>94,324</u>	<u>4,534</u>	<u>-</u>	<u>35,558</u>	<u>48,806</u>	<u>29,996</u>	<u>118,894</u>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

	<b>Carrying value RM'000</b>	<b>0 - 6 months RM'000</b>	<b>&gt; 6 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b>Family takaful fund</b>							
<b>2021</b>							
FVOCI financial assets:							
Quoted Shariah-approved equities	23,359	-	-	-	-	23,359	23,359
Government investment issues	221,274	13,494	23,534	84,348	61,183	-	182,559
Unquoted Islamic private debt securities	230,431	21,764	23,781	118,431	92,427	-	256,403
Financial assets at FVTPL:							
Quoted Shariah-approved equities	424,371	-	-	-	-	424,371	424,371
Financial instruments with embedded derivatives	658	-	-	-	-	658	658
Unit trusts - REITS	12,877	-	-	-	-	12,877	12,877
Government investment issues	18,866	207	357	7,607	16,292	-	24,463
Unquoted Islamic private debt securities	104,733	1,528	9,027	50,875	81,518	-	142,948

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

	Carrying value RM'000	0 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
<b><u>Family takaful fund (Continued)</u></b>							
<b>2021 (Continued)</b>							
Retakaful assets	728,703	318,207	123	401,807	8,566	-	728,703
Takaful receivables	1,435,106	27,288	-	1,407,818	-	-	1,435,106
Other receivables	7,843	7,843	-	-	-	-	7,843
Deferred tax asset	1,177	1,177	-	-	-	-	1,177
Cash and cash equivalents	262,539	262,732	-	-	-	-	262,732
Total financial/takaful assets	<u>3,471,937</u>	<u>654,240</u>	<u>56,822</u>	<u>2,070,886</u>	<u>259,986</u>	<u>461,265</u>	<u>3,503,199</u>
Participants' fund	44,459	44,459	-	-	-	-	44,459
Takaful certificate liabilities	2,164,715	473,100	8,369	745,361	937,885	-	2,164,715
Takaful payables	1,077,548	1,077,548	-	-	-	-	1,077,548
Other payables	183,847	183,847	-	-	-	-	183,847
Total financial/takaful liabilities	<u>3,470,569</u>	<u>1,778,954</u>	<u>8,369</u>	<u>745,361</u>	<u>937,885</u>	<u>-</u>	<u>3,470,569</u>
Total liquidity surplus/(gap)	<u>1,368</u>	<u>(1,124,714)</u>	<u>48,453</u>	<u>1,325,525</u>	<u>(677,899)</u>	<u>461,265</u>	<u>32,629</u>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

	<b>Carrying value RM'000</b>	<b>0 - 6 months RM'000</b>	<b>&gt; 6 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b><u>Family takaful fund (Continued)</u></b>							
<b>2020</b>							
FVOCI financial assets:							
Quoted Shariah-approved equities	108,639	-	-	-	-	108,639	108,639
Government investment issues	229,750	3,464	4,342	123,887	156,829	-	288,522
Unquoted Islamic private debt securities	181,724	2,742	3,870	106,275	128,170	-	241,057
Financial assets at FVTPL:							
Quoted Shariah-approved equities	285,758	-	-	-	-	285,758	285,758
Financial instruments with embedded derivatives	101	-	-	-	-	101	101
Unit trusts - REITS	2,459	-	-	-	-	2,459	2,459
Government investment issues	43,353	619	871	6,967	75,754	-	84,211
Unquoted Islamic private debt securities	72,102	730	1,619	30,049	71,236	-	103,634

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

	Carrying value RM'000	0 - 6 months RM'000	> 6 - 12 months RM'000	> 1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
<b><u>Family takaful fund (Continued)</u></b>							
<b>2020 (Continued)</b>							
Retakaful assets	801,339	72,930	34,683	677,569	13,127	-	798,309
Takaful receivables	919,067	919,067	-	-	-	-	919,067
Other receivables	6,617	6,617	-	-	-	-	6,617
Cash and cash equivalents	276,639	276,639	-	-	-	-	276,639
Total financial/takaful assets	<u>2,927,548</u>	<u>1,282,808</u>	<u>45,385</u>	<u>944,747</u>	<u>445,116</u>	<u>396,957</u>	<u>3,115,013</u>
Participants' fund	67,421	67,421	-	-	-	-	67,421
Takaful certificate liabilities	2,004,607	247,226	9,108	933,531	814,742	-	2,004,607
Takaful payables	695,765	695,765	-	-	-	-	695,765
Other payables	154,123	154,123	-	-	-	-	154,123
Total financial/takaful liabilities	<u>2,921,916</u>	<u>1,164,535</u>	<u>9,108</u>	<u>933,531</u>	<u>814,742</u>	<u>-</u>	<u>2,921,916</u>
Total liquidity surplus/(gap)	<u>5,632</u>	<u>118,273</u>	<u>36,277</u>	<u>11,216</u>	<u>(369,626)</u>	<u>396,957</u>	<u>193,097</u>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

<u>Company</u>	<b>Carrying value RM'000</b>	<b>0 - 6 months RM'000</b>	<b>&gt; 6 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b>2021</b>							
FVOCI financial assets:							
Quoted Shariah-approved equities	44,161	-	-	-	-	44,161	44,161
Government investment issues	221,274	13,494	23,534	84,348	61,183	-	182,559
Unquoted Islamic private debt securities	230,431	21,764	23,781	118,431	92,427	-	256,403
Financial assets at FVTPL:							
Quoted Shariah-approved equities	429,496	-	-	-	-	429,496	429,496
Financial instruments with embedded derivatives	658	-	-	-	-	658	658
Unit trusts - REITS	12,877	-	-	-	-	12,877	12,877
Government investment issues	49,344	3,550	859	28,143	29,360	-	61,912
Unquoted Islamic private debt securities	173,090	6,832	12,475	104,807	101,704	-	225,818



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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

<b><u>Company (Continued)</u></b>	<b>Carrying value RM'000</b>	<b>0 - 6 months RM'000</b>	<b>&gt; 6 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b>2021 (Continued)</b>							
Takaful receivables	1,435,106	27,288	-	1,407,818	-	-	1,435,106
Retakaful assets	728,703	318,207	123	401,807	8,566	-	728,703
Other receivables	24,359	24,359	-	-	-	-	24,359
Deferred tax asset	9,573	9,573	-	-	-	-	9,573
Cash and cash equivalents	400,679	400,885	-	-	-	-	400,885
<b>Total financial/takaful assets</b>	<b>3,759,751</b>	<b>825,952</b>	<b>60,772</b>	<b>2,145,354</b>	<b>293,240</b>	<b>487,192</b>	<b>3,812,510</b>
Expense liabilities	53,821	2,917	1,380	25,165	24,359	-	53,821
Takaful certificate liabilities	2,209,174	517,559	8,369	745,361	937,885	-	2,209,174
Lease liabilities	2,679	597	608	434	-	-	1,639
Takaful payables	1,095,729	1,095,729	-	-	-	-	1,095,729
Other payables	262,998	262,998	-	-	-	-	262,998
Provisions	9,705	9,705	-	-	-	-	9,705
Amounts due to related companies	11,449	11,449	-	-	-	-	11,449
<b>Total financial/takaful liabilities</b>	<b>3,645,555</b>	<b>1,900,954</b>	<b>10,357</b>	<b>770,960</b>	<b>962,244</b>	<b>-</b>	<b>3,644,515</b>
<b>Total liquidity surplus/(gap)</b>	<b>114,196</b>	<b>(1,075,002)</b>	<b>50,415</b>	<b>1,374,394</b>	<b>(669,004)</b>	<b>487,192</b>	<b>167,995</b>

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(Incorporated in Malaysia)

**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

<b><u>Company (Continued)</u></b>	<b>Carrying value RM'000</b>	<b>0 - 6 months RM'000</b>	<b>&gt; 6 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b>2020</b>							
FVOCI financial assets:							
Quoted Shariah-approved equities	125,184	-	-	-	-	125,184	125,184
Government investment issues	240,527	3,581	4,549	134,928	156,829	-	299,887
Unquoted Islamic private debt securities	181,724	2,742	3,870	106,275	128,170	-	241,057
Financial assets at FVTPL:							
Quoted Shariah-approved equities	299,209	-	-	-	-	299,209	299,209
Financial instruments with embedded derivatives	101	-	-	-	-	101	101
Unit trusts - REITS	2,459	-	-	-	-	2,459	2,459
Government investment issues	84,507	1,004	1,584	18,309	115,859	-	136,756
Unquoted Islamic private debt securities	131,127	3,427	2,884	66,664	102,055	-	175,030

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity profiles (Continued)**

Table 33(D1): The following table shows the maturity profile of the Company's financial and takaful liabilities and the expected recovery or settlement of financial and takaful assets based on remaining undiscounted contractual cash flows. (Continued)

<b><u>Company (Continued)</u></b>	<b>Carrying value RM'000</b>	<b>0 - 6 months RM'000</b>	<b>&gt; 6 - 12 months RM'000</b>	<b>&gt; 1 - 5 years RM'000</b>	<b>&gt; 5 years RM'000</b>	<b>No maturity date RM'000</b>	<b>Total RM'000</b>
<b>2020 (Continued)</b>							
Takaful receivables	919,067	919,067	-	-	-	-	919,067
Retakaful assets	801,339	72,930	34,683	677,569	13,127	-	798,309
Other receivables	11,758	11,758	-	-	-	-	11,758
Deferred tax asset	48	48	-	-	-	-	48
Cash and cash equivalents	297,120	297,120	-	-	-	-	297,120
<b>Total financial/takaful assets</b>	<b>3,094,170</b>	<b>1,311,677</b>	<b>47,570</b>	<b>1,003,745</b>	<b>516,040</b>	<b>426,953</b>	<b>3,305,985</b>
Expense liabilities	46,752	1,226	1,604	21,804	22,118	-	46,752
Takaful certificate liabilities	2,072,028	314,647	9,108	933,531	814,742	-	2,072,028
Lease liabilities	3,025	588	581	1,636	-	-	2,805
Takaful payables	706,198	706,198	-	-	-	-	706,198
Other payables	142,933	142,933	-	-	-	-	142,933
Provisions	8,790	8,790	-	-	-	-	8,790
Amounts due to related companies	14,488	14,488	-	-	-	-	14,488
<b>Total financial/takaful liabilities</b>	<b>2,994,214</b>	<b>1,188,870</b>	<b>11,293</b>	<b>956,971</b>	<b>836,860</b>	<b>-</b>	<b>2,993,994</b>
<b>Total liquidity surplus/(gap)</b>	<b>99,956</b>	<b>122,807</b>	<b>36,277</b>	<b>46,774</b>	<b>(320,820)</b>	<b>426,953</b>	<b>311,991</b>

**GREAT EASTERN TAKAFUL BERHAD**  
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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity analysis on expected maturity bases**

Table 33(D2): The following table shows the current, non-current and investment-linked classification of assets and liabilities of the Company.

<u>Shareholders' fund</u>	<b>Current*</b> <b>RM'000</b>	<b>Non-current</b> <b>RM'000</b>	<b>Invst-linked</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2021</b>				
<b>Assets</b>				
Motor vehicles and equipment	-	9,426	-	9,426
Right-of-use assets	-	2,453	-	2,453
Intangible assets	-	10,114	-	10,114
Investments:				
FVOCI financial assets	-	20,802	-	20,802
Financial assets at FVTPL	14,701	89,259	-	103,960
Other receivables	104,727	-	-	104,727
Deferred tax assets	8,396	-	-	8,396
Cash and cash equivalents	138,140	-	-	138,140
<b>Total assets</b>	<b>265,964</b>	<b>132,054</b>	<b>-</b>	<b>398,018</b>
<b>Liabilities</b>				
Expense liabilities	4,297	49,524	-	53,821
Lease liabilities	1,171	1,508	-	2,679
Takaful payables	18,181	-	-	18,181
Other payables	167,362	-	-	167,362
Provisions	9,705	-	-	9,705
Amounts due to related companies	11,449	-	-	11,449
Provision for zakat	33	-	-	33
Provision for taxation	1,535	-	-	1,535
<b>Total liabilities</b>	<b>213,733</b>	<b>51,032</b>	<b>-</b>	<b>264,765</b>

\* Expected utilisation or settlement within 12 months from the reporting date.

**GREAT EASTERN TAKAFUL BERHAD**  
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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity analysis on expected maturity bases (Continued)**

Table 33(D2): The following table shows the current, non-current and investment-linked classification of assets and liabilities of the Company (Continued).

<u>Shareholders' fund (Continued)</u>	<b>Current*</b> RM'000	<b>Non-current</b> RM'000	<b>Invst-linked</b> RM'000	<b>Total</b> RM'000
<b>2020</b>				
<b>Assets</b>				
Motor vehicles and equipment	-	8,937	-	8,937
Right-of-use assets	-	2,805	-	2,805
Intangible assets	-	11,782	-	11,782
Investments:				
FVOCI financial assets	-	27,322	-	27,322
Financial assets at FVTPL	15,478	98,152	-	113,630
Other receivables	64,816	-	-	64,816
Deferred tax assets	48	-	-	48
Cash and cash equivalents	20,481	-	-	20,481
<b>Total assets</b>	<b>100,823</b>	<b>148,998</b>	<b>-</b>	<b>249,821</b>
<b>Liabilities</b>				
Expense liabilities	2,829	43,923	-	46,752
Lease liabilities	1,337	1,688	-	3,025
Takaful payables	10,433	-	-	10,433
Other payables	48,485	-	-	48,485
Provisions	8,790	-	-	8,790
Amounts due to related companies	14,488	-	-	14,488
Provision for zakat	26	-	-	26
Provision for taxation	2,480	-	-	2,480
<b>Total liabilities</b>	<b>88,868</b>	<b>45,611</b>	<b>-</b>	<b>134,479</b>

\* Expected utilisation or settlement within 12 months from the reporting date.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity analysis on expected maturity bases (Continued)**

Table 33(D2): The following table shows the current, non-current and investment-linked classification of assets and liabilities of the Company (Continued).

<b><u>Family takaful fund</u></b>	<b>Current*</b> <b>RM'000</b>	<b>Non-current</b> <b>RM'000</b>	<b>Invst-linked</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2021</b>				
<b>Assets</b>				
Investments:				
FVOCI financial assets	101,004	374,060	-	475,064
Financial assets at FVTPL	104,156	21,019	436,330	561,505
Takaful receivables	27,288	1,407,818	-	1,435,106
Retakaful assets	318,207	410,496	-	728,703
Other receivables	3,204	-	4,639	7,843
Deferred tax assets	1,120	-	57	1,177
Tax recoverable	-	-	54	54
Cash and cash equivalents	201,372	-	61,167	262,539
<b>Total assets</b>	<b>756,351</b>	<b>2,213,394</b>	<b>502,246</b>	<b>3,471,991</b>
<b>Liabilities and participants' fund</b>				
Participants' fund	44,459	-	-	44,459
Takaful certificate liabilities	473,098	1,190,456	501,161	2,164,715
Takaful payables	1,077,548	-	-	1,077,548
Other payables	182,761	-	1,086	183,847
Provision for taxation	1,422	-	-	1,422
<b>Total liabilities and participants' fund</b>	<b>1,779,288</b>	<b>1,190,456</b>	<b>502,246</b>	<b>3,471,991</b>

\* Expected utilisation or settlement within 12 months from the reporting date.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity analysis on expected maturity bases (Continued)**

Table 33(D2): The following table shows the current, non-current and investment-linked classification of assets and liabilities of the Company (Continued).

<b><u>Family takaful fund (Continued)</u></b>	<b>Current*</b> <b>RM'000</b>	<b>Non-current</b> <b>RM'000</b>	<b>Invst-linked</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2020</b>				
<b>Assets</b>				
Investments:				
FVOCI financial assets	2,507	517,606	-	520,113
Financial assets at FVTPL	-	14,693	389,080	403,773
Retakaful assets	107,613	690,696	-	798,309
Takaful receivables	919,067	-	-	919,067
Other receivables	4,739	-	1,878	6,617
Cash and cash equivalents	229,433	-	47,206	276,639
<b>Total assets</b>	<b>1,263,359</b>	<b>1,222,995</b>	<b>438,164</b>	<b>2,924,518</b>
<b>Liabilities and participants' fund</b>				
Participants' fund	67,421	-	-	67,421
Takaful certificate liabilities	256,334	1,315,337	432,937	2,004,607
Takaful payables	695,765	-	-	695,765
Other payables	152,378	-	1,745	154,123
Deferred tax liabilities	734	-	1,277	2,011
Provision for taxation	1,416	-	2,205	3,621
<b>Total liabilities and participants' fund</b>	<b>1,174,048</b>	<b>1,315,337</b>	<b>438,164</b>	<b>2,927,548</b>

\* Expected utilisation or settlement within 12 months from the reporting date.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity analysis on expected maturity bases (Continued)**

Table 33(D2): The following table shows the current, non-current and investment-linked classification of assets and liabilities of the Company (Continued).

<u>Company</u>	<b>Current*</b> <b>RM'000</b>	<b>Non-current</b> <b>RM'000</b>	<b>Invst-linked</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2021</b>				
<b>Assets</b>				
Motor vehicles and equipment	-	9,426	-	9,426
Right-of-use assets	-	2,453	-	2,453
Intangible assets	-	10,114	-	10,114
Investments:				
FVOCI financial assets	101,004	394,862	-	495,866
Financial assets at FVTPL	118,857	110,278	436,330	665,465
Retakaful assets	318,207	410,496	-	728,703
Takaful receivables	27,288	1,407,818	-	1,435,106
Other receivables	107,931	-	4,639	24,359
Deferred tax assets	9,516	-	57	9,573
Tax recoverable	-	-	54	54
Cash and cash equivalents	339,512	-	61,167	400,679
<b>Total assets</b>	<b>1,022,315</b>	<b>2,345,447</b>	<b>502,246</b>	<b>3,781,798</b>
<b>Liabilities</b>				
Expense liabilities	4,297	49,524	-	53,821
Takaful certificate liabilities	525,928	1,182,085	501,161	2,209,174
Lease liabilities	1,171	1,508	-	2,679
Takaful payables	1,095,729	-	-	1,095,729
Other payables	261,912	-	1,086	262,998
Provisions	9,705	-	-	9,705
Amounts due to related companies	11,449	-	-	11,449
Provision for zakat	33	-	-	33
Provision for taxation	2,957	-	-	2,957
<b>Total liabilities</b>	<b>1,913,181</b>	<b>1,233,117</b>	<b>502,246</b>	<b>3,648,545</b>

\* Expected utilisation or settlement within 12 months from the reporting date.



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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(e) Liquidity risk (Continued)**

**Maturity analysis on expected maturity bases (Continued)**

Table 33(D2): The following table shows the current, non-current and investment-linked classification of assets and liabilities of the Company (Continued).

<b><u>Company (Continued)</u></b>	<b>Current*</b> <b>RM'000</b>	<b>Non-current</b> <b>RM'000</b>	<b>Invst-linked</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2020</b>				
<b>Assets</b>				
Motor vehicles and equipment	-	8,937	-	8,937
Right-of-use assets	-	2,805	-	2,805
Intangible assets	-	11,782	-	11,782
Investments:				
FVOCI financial assets	2,507	544,928	-	547,435
Financial assets at FVTPL	15,478	112,845	389,080	517,403
Retakaful assets	107,613	690,696	-	798,309
Takaful receivables	919,067	-	-	919,067
Other receivables	69,555	-	1,878	11,758
Deferred tax assets	48	-	-	48
Cash and cash equivalents	249,914	-	47,206	297,120
<b>Total assets</b>	<b>1,364,182</b>	<b>1,371,993</b>	<b>438,164</b>	<b>3,114,664</b>
<b>Liabilities</b>				
Expense liabilities	2,829	43,923	-	46,752
Takaful certificate liabilities	323,755	1,315,336	432,937	2,072,028
Lease liabilities	1,337	1,688	-	3,025
Takaful payables	706,198	-	-	706,198
Other payables	141,188	-	1,745	142,933
Provisions	8,790	-	-	8,790
Amounts due to related companies	14,488	-	-	14,488
Deferred tax liabilities	734	-	1,277	2,011
Provision for zakat	26	-	-	26
Provision for taxation	3,896	-	2,205	6,101
<b>Total liabilities</b>	<b>1,203,241</b>	<b>1,360,947</b>	<b>438,164</b>	<b>3,002,352</b>

\* Expected utilisation or settlement within 12 months from the reporting date.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Market and credit risk (Continued)**

**(f) Credit risk**

Credit risk is the risk that one party to a financial contract will cause financial loss to the other party by failing to discharge an obligation. The Company is exposed to credit risk mainly through (i) cash and bank balances (ii) investments in government investment issues and corporate sukuks (iii) exposure to retakaful certificates and (iv) non-payment of contributions. For the four types of exposures, financial loss may materialise as a result of a credit default by the borrower or counterparty. For investments in sukuks, financial loss may also materialise as a result of the widening of credit spreads or a downgrade of credit rating.

The task of evaluating and monitoring of credit risk arising from financial instruments is undertaken by ALC. The Company has internal limits by issuer and counterparty according to their investment credit ratings, which are actively monitored to manage the credit and concentration risk, and are being reviewed on a regular basis. The creditworthiness of retakaful operators, issuers and banks is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

Retakaful arrangements are placed with counterparties that have good credit rating and the Company limits its risk to any retakaful operator by ceding to different retakaful operators.

Credit risk in respect of non-payment of contributions by customers predominantly persists during the grace period specified in the certificate document until the certificate is either paid up or terminated. The credit risk in respect of group takaful outstanding contribution is being actively monitored and guided by strict credit control guidelines.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(f) Credit risk (Continued)**

Table 33(E1): The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

<b>2021</b>	<b>Shareholders' fund RM'000</b>	<b>Family takaful fund RM'000</b>	<b>Company RM'000</b>
FVOCI financial assets:			
Government investment issues	-	221,274	221,274
Unquoted Islamic private debt securities	-	230,431	230,431
Financial assets at FVTPL:			
Government investment issues	30,478	18,866	49,344
Unquoted Islamic private debt securities	68,357	104,733	173,090
Retakaful assets	-	728,703	728,703
Takaful receivables	-	1,435,106	1,435,106
Other receivables	104,727	7,843	24,359
Cash and cash equivalents	138,140	262,539	400,679
	<u>341,702</u>	<u>3,009,495</u>	<u>3,262,986</u>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(f) Credit risk (Continued)**

Table 33(E1): The table below shows the maximum exposure to credit risk for the components of the statement of financial position (Continued).

<b>2020</b>	<b>Shareholders' fund RM'000</b>	<b>Family takaful fund RM'000</b>	<b>Company RM'000</b>
FVOCI financial assets:			
Government investment issues	10,777	229,750	240,527
Unquoted Islamic private debt securities	-	181,724	181,724
Financial assets at FVTPL:			
Government investment issues	41,154	43,353	84,507
Unquoted Islamic private debt securities	59,025	72,102	131,127
Retakaful assets	-	801,339	801,339
Takaful receivables	-	919,067	919,067
Other receivables	64,816	6,617	11,758
Cash and cash equivalents	20,481	276,639	297,120
	<u>196,253</u>	<u>2,530,591</u>	<u>2,667,169</u>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(f) Credit risk (Continued)**

Table 33(E2): The following table sets out information about the credit quality of financial assets and debt securities at FVOCI.

For explanation of the terms '12 month ECL', 'Lifetime ECL' and 'credit impaired', refer to Note 2.2(g).

	2021			2020		
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Total RM'000	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Total RM'000
<b><u>Shareholders' fund</u></b>						
<b>Debt securities at FVOCI</b>						
Government investment issues	-	-	-	6	-	6
	-	-	-	6	-	6
<b><u>Family takaful fund</u></b>						
<b>Debt securities at FVOCI</b>						
Government investment issues	135	-	135	110	-	110
Investment Grade* (BBB to AAA)	1,006	708	1,714	841	352	1,193
	1,141	708	1,849	951	352	1,303

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(f) Credit risk (Continued)**

Table 33(E2): The following table sets out information about the credit quality of financial assets and debt securities at FVOCI.

For explanation of the terms '12 month ECL', 'Lifetime ECL' and 'credit impaired', refer to Note 2.2(g).

<u>Company</u>	2021			2020		
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Total RM'000	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Total RM'000
<b>Debt securities at FVOCI</b>						
Government investment issues	135	-	135	116	-	116
Investment Grade* (BBB to AAA)	1,006	708	1,714	841	352	1,193
	<u>1,141</u>	<u>708</u>	<u>1,849</u>	<u>957</u>	<u>352</u>	<u>1,309</u>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(f) Credit risk (Continued)**

Table 33(E3): The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost:

<u>Shareholders' fund</u>	Government guaranteed RM'000	Investment grade* (BBB to AAA) RM'000	Not rated RM'000	Not subject to credit risk RM'000	Past due RM'000	Total RM'000
<b>2021</b>						
FVOCI financial assets:						
Quoted Shariah-approved equities	-	-	-	20,802	-	20,802
Financial assets at FVTPL:						
Quoted Shariah-approved equities	-	-	-	5,125	-	5,125
Government investment issues	30,478	-	-	-	-	30,478
Unquoted Islamic private debt securities	-	68,357	-	-	-	68,357
Other receivables	-	-	104,727	-	-	104,727
Deferred tax assets	-	-	8,396	-	-	8,396
Cash and cash equivalents	-	138,140	-	-	-	138,140
	<u>30,478</u>	<u>206,497</u>	<u>113,123</u>	<u>25,927</u>	<u>-</u>	<u>376,025</u>

\* Based on internal rating grades which are equivalent to grades of external rating agencies

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(f) Credit risk (Continued)**

Table 33(E3): The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost:  
(Continued)

<u>Shareholders' fund (Continued)</u>	Government guaranteed RM'000	Investment grade* (BBB to AAA) RM'000	Not rated RM'000	Not subject to credit risk RM'000	Past due RM'000	Total RM'000
<b>2020</b>						
FVOCI financial assets:						
Quoted Shariah-approved equities	-	-	-	16,545	-	16,545
Government investment issues	10,777	-	-	-	-	10,777
Financial assets at FVTPL:						
Quoted Shariah-approved equities	-	-	-	13,451	-	13,451
Government investment issues	41,154	-	-	-	-	41,154
Unquoted Islamic private debt securities	-	59,025	-	-	-	59,025
Other receivables	-	-	64,816	-	-	64,816
Deferred tax assets	-	-	48	-	-	48
Cash and cash equivalents	-	20,481	-	-	-	20,481
	<u>51,931</u>	<u>79,506</u>	<u>64,864</u>	<u>29,996</u>	<u>-</u>	<u>226,297</u>

\* Based on internal rating grades which are equivalent to grades of external rating agencies



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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(f) Credit risk (Continued)**

Table 33(E3): The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost: (Continued)

<u>Family takaful fund</u>	Government guaranteed RM'000	Investment grade* (BBB to AAA) RM'000	Not rated RM'000	Invst- linked RM'000	Not subject to credit risk RM'000	Past due RM'000	Total RM'000
<b>2021</b>							
FVOCI financial assets:							
Quoted Shariah-approved equities	-	-	-	-	23,359	-	23,359
Government investment issues	221,274	-	-	-	-	-	221,274
Unquoted Islamic private debt securities	-	230,431	-	-	-	-	230,431
Financial assets at FVTPL:							
Quoted Shariah-approved equities	-	-	-	327,834	96,537	-	424,371
Financial instruments with embedded derivatives	-	-	-	445	213	-	658
Unit trusts - REITS	-	-	-	5,472	7,405	-	12,877
Government investment issues	1,025	-	-	17,841	-	-	18,866
Unquoted Islamic private debt securities	-	19,995	-	84,738	-	-	104,733
Retakaful assets	-	-	728,703	-	-	-	728,703
Takaful receivables	-	-	1,435,106	-	-	-	1,435,106
Other receivables	-	-	3,204	4,639	-	-	7,843
Deferred tax asset	-	-	1,120	57	-	-	1,177
Tax recoverable	-	-	-	54	-	-	54
Cash and cash equivalents	-	-	201,372	61,167	-	-	262,539
	<u>222,299</u>	<u>250,426</u>	<u>2,369,505</u>	<u>502,246</u>	<u>127,514</u>	<u>-</u>	<u>3,471,991</u>

\* Based on internal rating grades which are equivalent to grades of external rating agencies

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(f) Credit risk (Continued)**

Table 33(E3): The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost: (Continued)

<b>Family takaful fund (Continued)</b>	<b>Government guaranteed RM'000</b>	<b>Investment grade* (BBB to AAA) RM'000</b>	<b>Not rated RM'000</b>	<b>Invst- linked RM'000</b>	<b>Not subject to credit risk RM'000</b>	<b>Past due RM'000</b>	<b>Total RM'000</b>
<b>2020</b>							
FVOCI financial assets:							
Quoted Shariah-approved equities	-	-	-	-	108,639	-	108,639
Government investment issues	229,750	-	-	-	-	-	229,750
Unquoted Islamic private debt securities	-	181,724	-	-	-	-	181,724
Financial assets at FVTPL:							
Quoted Shariah-approved equities	-	-	-	281,972	3,786	-	285,758
Financial instruments with embedded derivatives	-	-	-	73	28	-	101
Unit trusts - REITS	-	-	-	2,353	106	-	2,459
Government investment issues	6,548	-	-	36,805	-	-	43,353
Unquoted Islamic private debt securities	-	4,225	-	67,877	-	-	72,102
Retakaful assets	-	-	801,339	-	-	-	801,339
Takaful receivables	-	-	919,067	-	-	-	919,067
Other receivables	-	-	6,310	307	-	-	6,617
Cash and cash equivalents	-	208,400	21,033	47,206	-	-	276,639
	<b>236,298</b>	<b>394,349</b>	<b>1,747,749</b>	<b>436,593</b>	<b>112,559</b>	<b>-</b>	<b>2,927,548</b>

\* Based on internal rating grades which are equivalent to grades of external rating agencies

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(f) Credit risk (Continued)**

Table 33(E3): The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost: (Continued)

<u>Company</u>	Government guaranteed RM'000	Investment grade* (BBB to AAA) RM'000	Not rated RM'000	Invst- linked RM'000	Not subject to credit risk RM'000	Past due RM'000	Total RM'000
<b>2021</b>							
FVOCI financial assets:							
Quoted Shariah-approved equities	-	-	-	-	44,161	-	44,161
Government investment issues	221,274	-	-	-	-	-	221,274
Unquoted Islamic private debt securities	-	230,431	-	-	-	-	230,431
Financial assets at FVTPL:							
Quoted Shariah-approved equities	-	-	-	327,834	101,662	-	429,496
Financial instruments with embedded derivatives	-	-	-	445	213	-	658
Unit trusts - REITS	-	-	-	5,472	7,405	-	12,877
Government investment issues	31,503	-	-	17,841	-	-	49,344
Unquoted Islamic private debt securities	-	88,352	-	84,738	-	-	173,090
Retakaful assets	-	-	728,703	-	-	-	728,703
Takaful receivables	-	-	1,435,106	-	-	-	1,435,106
Other receivables	-	-	19,720	4,639	-	-	24,359
Deferred tax asset	-	-	9,516	57	-	-	9,573
Tax recoverable	-	-	-	54	-	-	54
Cash and cash equivalents	-	138,140	201,372	61,167	-	-	400,679
	<u>252,777</u>	<u>456,923</u>	<u>2,394,417</u>	<u>502,246</u>	<u>153,441</u>	<u>-</u>	<u>3,759,805</u>

\* Based on internal rating grades which are equivalent to grades of external rating agencies

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and Credit Risks (Continued)**

**(f) Credit risk (Continued)**

Table 33(E3): The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost: (Continued)

<u>Company (Continued)</u>	Government guaranteed RM'000	Investment grade* (BBB to AAA) RM'000	Not rated RM'000	Invst- linked RM'000	Not subject to credit risk RM'000	Past due RM'000	Total RM'000
<b>2020</b>							
FVOCI financial assets:							
Quoted Shariah-approved equities	-	-	-	16,545	108,639	-	125,184
Government investment issues	240,527	-	-	-	-	-	240,527
Unquoted Islamic private debt securities	-	181,724	-	-	-	-	181,724
Financial assets at FVTPL:							
Quoted Shariah-approved equities	-	-	-	295,423	3,786	-	299,209
Financial instruments with embedded derivatives	-	-	-	73	28	-	101
Unit trusts - REITS	-	-	-	2,353	106	-	2,459
Government investment issues	47,702	-	-	36,805	-	-	84,507
Unquoted Islamic private debt securities	-	63,250	-	67,877	-	-	131,127
Retakaful assets	-	-	801,339	-	-	-	801,339
Takaful receivables	-	-	919,067	-	-	-	919,067
Other receivables	-	-	11,451	307	-	-	11,758
Deferred tax asset	-	-	48	-	-	-	48
Cash and cash equivalents	-	228,881	21,033	47,206	-	-	297,120
	<u>288,229</u>	<u>473,855</u>	<u>1,752,938</u>	<u>466,589</u>	<u>112,559</u>	<u>-</u>	<u>3,094,170</u>

\* Based on internal rating grades which are equivalent to grades of external rating agencies

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Market and credit risk (Continued)**

**(f) Credit risk (Continued)**

This disclosure below relates to MFRS 9 which came into effect in 2018.

**Amounts arising from Expected Credit Loss ("ECL")**

**Measurement of ECL - Explanation of inputs, assumptions and estimation techniques**

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

These parameters are derived from the statistical models which are internally developed by the Company based on the historical data. They are adjusted to reflect forward-looking information.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12M PD"), or over the remaining lifetime ('Lifetime PD') of the obligation. They are estimates at a certain date, which are calculated based on the statistical rating models. These statistical models are based on internally and externally compiled data comprising both quantitative and qualitative factors.

If a counterparty or exposure migrates between rating classes, this will lead to a change in the estimate of the associated PD. The ECL considers the contractual maturities of exposures.

LGD is the magnitude of the likely loss if there is a default. LGD is expressed as a percentage per loss per unit of exposure at the time of default and varies by type and seniority of claims, availability and quality of collateral, legal enforceability of processes in the jurisdiction, industry of borrower and prevailing market conditions. They are estimates at a certain date, which are calculated based on the statistical rating models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Market and credit risk (Continued)**

**(f) Credit risk (Continued)**

**Amounts arising from Expected Credit Loss ("ECL") (Continued)**

**Measurement of ECL - Explanation of inputs, assumptions and estimation techniques (Continued)**

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current and potential future exposure to the counterparty. The EAD of a financial asset is its gross carrying amount.

The ECL is determined by projecting PD, LGD and EAD for each individual exposure. These three components are multiplied together and adjusted for forward looking information. This is then discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective profit rate or an approximation thereof.

The trade receivables are in scope for ECL impairment provisions using the simplified assumption of lifetime ECL.

**Significant increase in credit risk**

To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations

A movement of an instrument's credit rating along the rating scale will represent changes in credit risk, measured by the change in PD.

The criteria for assessing whether credit risk has increased significantly will be determined by both quantitative changes in 12M PDs and qualitative factors. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative model, the 12M PD is determined to have increased by more than 100% since origination. The criteria as described above would only apply if the financial instrument does not have an investment grade rating.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
(CONTINUED)

**Market and credit risk (Continued)**

**(f) Credit risk (Continued)**

**Amounts arising from Expected Credit Loss ("ECL") (Continued)**

**Measurement of ECL - Explanation of inputs, assumptions and estimation techniques (Continued)**

**Significant increase in credit risk (Continued)**

Using its experienced credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative factors that are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. The Company uses the watch-list as an additional trigger for the identification of significant increase in market and credit risk.

The Company considers "low credit risk" to be an investment grade credit rating using a combination of internal and external credit rating models.

**Definition of default**

The Company considers a financial asset to be in default by assessing the following criteria:

Quantitative criteria

For takaful receivables, the counterparty fails to make a contractual payment 6 months after it falls due (i.e. after expiration of the maximum granted credit terms). For sukuks and financing, the instrument is in overdue status and there are non-payments on another debt obligation of the same issuer to the Company.

Qualitative criteria

The counterparty is either bankrupt or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty; distressed exchange, merger or amalgamation without assumption, restructuring with expected principal haircut or a breach in material financing covenant that is not rectified within a given timeframe.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Company's expected loss calculations.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Market and credit risk (Continued)**

**(f) Credit risk (Continued)**

**Amounts arising from Expected Credit Loss ("ECL") (Continued)**

**Measurement of ECL - Explanation of inputs, assumptions and estimation techniques (Continued)**

**Incorporating of forward-looking information**

The Company incorporates forward-looking information in both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and in its measurement of ECL. The Company has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Experienced judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are obtained from publicly available economic databases published on a quarterly basis and provide the best estimate view of the economy over the next four to five years, and based on such information, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach is used. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and the components of LGD and EAD.

In addition to the base economic scenario, the Company uses multiple scenarios to ensure non-linear risks are captured. The number of scenarios and their attributes are reviewed at each reporting date. At 31 December 2021, the Company concluded that two particular scenarios are capable of capturing non-linear risks inherent in all portfolios. The scenario weightings are determined by expert judgement, taking into account the range of possible outcomes the chosen scenario represents. The assessment of significant increase in credit risk is performed using the 12M PD under each scenario multiplied by the associated scenario weights. This determines whether the financial instrument is in Stage 1, 2 or 3, and hence whether 12M or lifetime ECL should be applied. Following this assessment, the Company measures ECL as either a probability-weighted 12M ECL (Stage 1), or a probability-weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weight (as opposed to weighting the inputs).



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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Market and credit risk (Continued)**

**(f) Credit risk (Continued)**

**Amounts arising from Expected Credit Loss ("ECL") (Continued)**

**Measurement of ECL - Explanation of inputs, assumptions and estimation techniques (Continued)**

**Incorporating of forward-looking information (Continued)**

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and the actual outcomes may be significantly different from those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Company for the years ended 31 December 2021 and 2020.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and credit risk (Continued)**

**(f) Credit risk (Continued)**

**Amounts arising from Expected Credit Loss ("ECL") (Continued)**

**Loss allowance - Provision for ECL**

Table 33(E4): The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

<u>Shareholders' fund</u>	12-month ECL RM'000	2021 Lifetime ECL not credit impaired RM'000	Total RM'000	12-month ECL RM'000	2020 Lifetime ECL not credit impaired RM'000	Total RM'000
<b>Debt investment securities at FVOCI</b>						
Opening balance	6	-	6	-	-	-
New financial assets purchased	-	-	-	6	-	6
Financial assets that have been derecognised	(6)	-	(6)	-	-	-
Closing balance	-	-	-	6	-	6

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and credit risk (Continued)**

**(f) Credit risk (Continued)**

**Amounts arising from Expected Credit Loss ("ECL") (Continued)**

**Loss allowance - Provision for ECL**

Table 33(E4): The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

<b><u>Family takaful fund</u></b>	<b>12-month ECL RM'000</b>	<b>2021 Lifetime ECL not credit impaired RM'000</b>	<b>Total RM'000</b>	<b>12-month ECL RM'000</b>	<b>2020 Lifetime ECL not credit impaired RM'000</b>	<b>Total RM'000</b>
<b>Debt investment securities at FVOCI</b>						
Opening balance	951	352	1,303	215	734	949
- Transfer to lifetime ECL not credit-impaired	(14)	14	-	-	-	-
Additional loss allowance due to transfer	-	(10)	(10)	-	-	-
Net remeasurement of loss allowance	(408)	(340)	(748)	-	-	-
New financial assets purchased	907	-	907	952	352	1,304
Financial assets that have been derecognised	(65)	(11)	(76)	(216)	(734)	(950)
Changes in models/risk parameters	(231)	704	473	-	-	-
Closing balance	<u>1,140</u>	<u>709</u>	<u>1,849</u>	<u>951</u>	<u>352</u>	<u>1,303</u>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Market and credit risk (Continued)**

**(f) Credit risk (Continued)**

**Amounts arising from Expected Credit Loss ("ECL") (Continued)**

**Loss allowance - Provision for ECL**

Table 33(E4): The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

<u>Company</u>	12-month ECL RM'000	2021 Lifetime ECL not credit impaired RM'000	Total RM'000	12-month ECL RM'000	2020 Lifetime ECL not credit impaired RM'000	Total RM'000
<b>Debt investment securities at FVOCI</b>						
Opening balance	957	352	1,309	215	734	949
- Transfer to lifetime ECL not credit-impaired	(14)	14	-	-	-	-
Transfer to lifetime ECL credit-impaired						-
Additional loss allowance due to transfer	-	(10)	(10)	-	-	-
Net remeasurement of loss allowance	(408)	(340)	(748)	-	-	-
New financial assets purchased	907	-	907	958	352	1,310
Financial assets that have been derecognised	(71)	(11)	(82)	(216)	(734)	(950)
Changes in models/risk parameters	(231)	704	473	-	-	-
Closing balance	<u>1,140</u>	<u>709</u>	<u>1,849</u>	<u>957</u>	<u>352</u>	<u>1,309</u>

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**(g) Concentration risk**

An important element of managing both market and credit risk is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage this risk. These limits are reviewed on a regular basis by the ALC. The Company's exposures are within the concentration limits set by the regulator. The Company actively manages its asset mix to ensure that there is no significant concentration of credit risk.

**Operational, Market Conduct and Compliance Risk**

Operational risk is an event or action that may potentially impact partly or completely the achievement of the Company's objectives resulting from inadequate or failed internal processes and systems, human factors or external events.

Market conduct is a combination of both ethics and compliance. Market conduct refers to how the Company and its intermediaries conduct themselves in accordance with the ethical standards and in compliance with the relevant laws and regulations governing takaful and investment product for pre-distribution, during distribution and after distribution process. Market conduct is synonymous with professional behaviour and customer's protection. There are four areas in which the Company continuously strengthens:

- Fit and Proper
- Sales Advisory Process
- Training and Competency
- Business Conduct

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the Company's objectives, as a result of its failure to comply with the following applicable laws, regulations and standards:

- Laws, regulations and rules governing family takaful business and financial activities licensed activities undertaken by the Company;
- Codes of practice promoted by industry associations of which the Company is a member of; and
- Any other applicable regulations which do not specifically govern the licensed activities undertaken by the Company but can expose the organisation to legal, regulatory or reputational loss.

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**33. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES**  
**(CONTINUED)**

**Operational, Market Conduct and Compliance Risk (Continued)**

The day-to-day management of operational, market conduct and compliance risks is effected through the maintenance of comprehensive internal controls, supported by an infrastructure of systems and procedures to monitor processes and transactions. The SMT regularly reviews and monitors these issues at its monthly meetings. The Internal Audit team regularly reviews the systems of internal control to assess their ongoing relevance and effectiveness, and report at least quarterly to the Board Audit Committee. As an added measure, the risk appetite statement explicitly sets the Company's tolerance level to financial loss arising from, amongst others, operational, market conduct and compliance risks.

**Technology, Information and Cyber Risks**

Technology risk is defined as risk related to any potential adverse outcome, damage, loss, disruption, violation, or system/hardware failure, and capacity deficiency arising from the use of technologies or reliance on such as electronic hardware/devices, software, and online networks and telecommunication systems.

Information Risk is defined as risk related to confidentiality, integrity and availability of information (in physical or digital form).

Cyber Risk is defined as risk related to acts perpetrated by malicious threat actors including internal sabotage, espionage, malicious attacks, hacking incidents, fraudulent conduct using information and communication technologies.

The Company adopts a risk based approach in managing technology, information and cyber risks. Key risk indicators related to technology, information and cyber risks are reported to the Board on a regular basis. Independent assessment is performed by the Internal Audit team on the adequacy and effectiveness of the processes to manage technology, information and cyber risks. The risk appetite statement also explicitly sets the Company's tolerance level to financial loss arising from technology risks.

**Climate Risk**

Climate Risk arises from climate change, which is a collection of complex problems and actions that may create material implications on the financial stability and sustainability of a company. If our Company fails to recognise and manage climate risks in a timely manner, we may face substantial financial consequences through the impact on our business, operations as well as investments. In 2021, reporting, management and monitoring of climate risk by the Company had begun under the purview of the senior management, with oversight from the Board of Directors.

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**34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

An analysis of the methods used in determining the fair values of financial assets in accordance with the fair value hierarchy is as follows:

<u>Shareholders' fund</u>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2021</b>			
FVOCI financial assets:			
Quoted Shariah-approved equities	20,802	-	20,802
Financial assets at FVTPL:			
Quoted Shariah-approved equities	5,125	-	5,125
Government investment issues	-	30,478	30,478
Unquoted Islamic private debt securities	-	68,357	68,357
	<u>25,927</u>	<u>98,835</u>	<u>124,762</u>
<b>2020</b>			
FVOCI financial assets:			
Quoted Shariah-approved equities	16,545	-	16,545
Government investment issues	-	10,777	10,777
Financial assets at FVTPL:			
Quoted Shariah-approved equities	13,451	-	13,451
Government investment issues	-	41,154	41,154
Unquoted Islamic private debt securities	-	59,025	59,025
	<u>29,996</u>	<u>110,956</u>	<u>140,952</u>
<b>Family takaful fund</b>			
<b>2021</b>			
FVOCI financial assets:			
Quoted Shariah-approved equities	23,359	-	23,359
Government investment issues	-	221,274	221,274
Unquoted Islamic private debt securities	-	230,431	230,431
Financial assets at FVTPL:			
Quoted Shariah-approved equities	424,371	-	424,371
Financial instruments with embedded derivatives	658	-	658
Unit trusts - REITS	12,877	-	12,877
Government investment issues	-	18,866	18,866
Unquoted Islamic private debt securities	-	104,733	104,733
	<u>461,265</u>	<u>575,304</u>	<u>1,036,569</u>

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**34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

An analysis of the methods used in determining the fair values of financial assets in accordance with the fair value hierarchy is as follows (Continued):

<u>Family takaful fund (Continued)</u>	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>2020</b>			
FVOCI financial assets:			
Quoted Shariah-approved equities	108,639	-	108,639
Government investment issues	-	229,750	229,750
Unquoted Islamic private debt securities	-	181,724	181,724
Financial assets at FVTPL:			
Quoted Shariah-approved equities	285,758	-	285,758
Financial instruments with embedded derivatives	101	-	101
Unit trusts - REITS	2,459	-	2,459
Government investment issues	-	43,353	43,353
Unquoted Islamic private debt securities	-	72,102	72,102
	<u>396,957</u>	<u>526,929</u>	<u>923,886</u>

**Company**

**2021**

FVOCI financial assets:			
Quoted Shariah-approved equities	44,161	-	44,161
Government investment issues	-	221,274	221,274
Unquoted Islamic private debt securities	-	230,431	230,431
Financial assets at FVTPL:			
Quoted Shariah-approved equities	429,496	-	429,496
Financial instruments with embedded derivatives	658	-	658
Unit trusts - REITS	12,877	-	12,877
Government investment issues	-	49,344	49,344
Unquoted Islamic private debt securities	-	173,090	173,090
	<u>487,192</u>	<u>674,139</u>	<u>1,161,331</u>



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**34. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

An analysis of the methods used in determining the fair values of financial assets in accordance with the fair value hierarchy is as follows (Continued):

	Level 1 RM'000	Level 2 RM'000	Total RM'000
<b><u>Company (Continued)</u></b>			
<b>2020</b>			
FVOCI financial assets:			
Quoted Shariah-approved equities	125,184	-	125,184
Government investment issues	-	240,527	240,527
Unquoted Islamic private debt securities	-	181,724	181,724
Financial assets at FVTPL:			
Quoted Shariah-approved equities	299,209	-	299,209
Financial instruments with embedded derivatives	101	-	101
Unit trusts - REITS	2,459	-	2,459
Government investment issues	-	84,507	84,507
Unquoted Islamic private debt securities	-	131,127	131,127
	<u>426,953</u>	<u>637,885</u>	<u>1,064,838</u>

There were no financial instruments whose fair values were determined based on Level 3 of the fair value hierarchy during the financial years ended 31 December 2021 and 31 December 2020 nor were there any significant transfers between different levels of the fair value hierarchy during the said financial years.

**35. SHARIAH NON-COMPLIANCE RISK**

Shariah non-compliance risk refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which the Company may suffer arising from failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia ("BNM"), standards on Shariah matters issued by BNM, or decision or advice from the Shariah Committee.

**36. OPERATING LEASE AGREEMENTS**

From 1 January 2019, the Company has recognised right-of-use assets for these leases, except for short term and low-value leases, see Note 27 and Note 2.2(y)(i) for further information.

Future minimum lease payments payable under non-cancellable operating leases contracted for as at 31 December but not recognised as liabilities, are payable as follows:

<b><u>Shareholders' fund/Company</u></b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Not later than 1 year	4	-
Later than 1 year but not later than 5 years	3	14
	<u>7</u>	<u>14</u>

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**37. CAPITAL COMMITMENTS**

	<b>2021</b>	<b>2020</b>
<b>Capital expenditure</b>	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for:		
- Property and equipment	4,803	2,224
	<u>4,803</u>	<u>2,224</u>

**38. INVESTMENT-LINKED TAKAFUL FUNDS****(a) Statement of financial position**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
Financial assets at FVTPL:		
Quoted Shariah-approved equities	327,834	281,972
Financial instruments with embedded derivatives	445	73
Unit trusts - REITS	5,472	2,353
Government investment issues	17,841	36,805
Unquoted Islamic private debt securities	84,738	67,877
Other receivables	4,639	1,878
Deferred tax asset	57	-
Tax recoverable	54	-
Cash and cash equivalents	61,167	47,206
Total assets	<u>502,246</u>	<u>438,164</u>
<b>Liabilities</b>		
Other payables	1,086	1,745
Deferred tax liabilities	-	1,277
Provision for taxation	-	2,205
Total liabilities	<u>1,086</u>	<u>5,227</u>
Represented by:		
Net asset value of funds	<u>501,161</u>	<u>432,937</u>
Value of units	458,039	376,545
Undistributed income carried forward	43,122	56,392
Net asset value of funds	<u>501,161</u>	<u>432,937</u>

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**38. INVESTMENT-LINKED TAKAFUL FUNDS (CONTINUED)**

**(b) Statement of income and expenditure**

	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Investment income	12,259	9,354
Realised gains and losses	(5,058)	24,996
Fair value gains and losses	(16,721)	13,521
	<u>(9,520)</u>	<u>47,871</u>
Asset management charges	(5,371)	(4,204)
Net other operating expenses	143	(1,679)
Profit before taxation	(14,748)	41,988
Taxation	1,478	(3,153)
Net profit for the year	<u>(13,270)</u>	<u>38,835</u>
Undistributed income brought forward	56,392	17,558
Undistributed income carried forward	<u>43,122</u>	<u>56,392</u>

**39. MYSALAM SCHEME**

**Background**

As part of Budget 2019, the Minister of Finance announced the mySalam Scheme ("the Scheme") which provides financial relief in the event of critical illness and hospitalisation to Malaysians under the B40 household income category. The Scheme went live in March 2019 and the Company was appointed as the takaful operator for this Scheme with the following roles and responsibilities:

- Claims assessment and administration;
- Education and awareness of the Scheme; and
- Financial management and reporting.

A National B40 Protection Trust Fund ("the Trust") has been set up to safeguard the funds relating to this Scheme. The Trust is governed by a Board of Trustees comprising senior members from the Ministry of Finance, the Ministry of Health and other independent representatives.

The Scheme is run on a non-profit basis and all underwriting surplus and investment profit arising from the mySalam Tabarru Fund, if any, are attributable back to the Trust.

The Company has obtained approval from Bank Negara Malaysia that the capital adequacy requirements outlined in the Risk Based Capital Framework for Takaful Operators will not be applicable to mySalam.

**GREAT EASTERN TAKAFUL BERHAD**  
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**39. MYSALAM SCHEME (CONTINUED)**

**(a) Statement of financial position ("SFP")**

<b>2021</b>	<b>mySalam Shareholders' fund RM'000</b>	<b>mySalam Family takaful fund RM'000</b>	<b>Company RM'000</b>
<b>Assets</b>			
Motor vehicles and equipment	427	-	427
Intangible assets	67	-	67
Investments	-	51,154	51,154
Takaful receivables	-	1,407,818	1,407,818
Retakaful assets	-	518,254	518,254
Other receivables	33,708	523	8,087
Cash and cash equivalents	105,161	55,790	160,951
<b>Total assets</b>	<b>139,363</b>	<b>2,033,539</b>	<b>2,146,758</b>
<b>Liabilities</b>			
Participants' fund	-	16	16
Expense liabilities	22,871	-	22,871
Takaful certificate liabilities (including accumulated surplus)	-	847,140	847,140
Takaful payables	-	1,065,736	1,065,736
Other payables	115,933	120,647	210,436
Provisions	559	-	559
<b>Total liabilities</b>	<b>139,363</b>	<b>2,033,539</b>	<b>2,146,758</b>
<b>Total equity, liabilities and participants' fund</b>	<b>139,363</b>	<b>2,033,539</b>	<b>2,146,758</b>

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**39. MYSALAM SCHEME (CONTINUED)**

**(a) Statement of financial position ("SOFP") (Continued)**

<b>2020</b>	<b>mySalam Shareholders' fund RM'000</b>	<b>mySalam Family takaful fund RM'000</b>	<b>Company RM'000</b>
<b>Assets</b>			
Motor vehicles and equipment	524	-	524
Intangible assets	124	-	124
Investments	10,777	82,427	93,204
Takaful receivables	-	911,549	911,549
Retakaful assets	-	630,772	630,772
Other receivables	7,401	527	621
Cash and cash equivalents	8,093	86,539	94,632
<b>Total assets</b>	<b>26,919</b>	<b>1,711,814</b>	<b>1,731,426</b>
<b>Equity</b>			
Other comprehensive income fair value reserves	56	-	56
<b>Total equity</b>	<b>56</b>	<b>-</b>	<b>56</b>
<b>Liabilities</b>			
Participants' fund	-	420	420
Expense liabilities	19,864	-	19,864
Takaful certificate liabilities (including accumulated surplus)	-	923,349	923,349
Takaful payables	-	688,169	688,169
Other payables	6,490	99,876	99,059
Provisions	509	-	509
<b>Total liabilities</b>	<b>26,863</b>	<b>1,711,814</b>	<b>1,731,370</b>
<b>Total equity, liabilities and participants' fund</b>	<b>26,919</b>	<b>1,711,814</b>	<b>1,731,426</b>

Included in the mySalam shareholders' fund SOFP above, is a mySalam Social Fund ("the Social Fund"). The Social Fund is financed and managed separately from the Trust which was introduced by the Government in March 2020 under the "Pakej Rangsangan Ekonomi Prihatin Rakyat". It provides income replacement for eligible members who are required to quarantine due to Covid-19.

**GREAT EASTERN TAKAFUL BERHAD**  
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**39. MYSALAM SCHEME (CONTINUED)**

**(b) Statement of income and expenditure**

<b>2021</b>	<b>mySalam Shareholders' fund RM'000</b>	<b>mySalam Family takaful fund RM'000</b>	<b>Company RM'000</b>
Wakalah fee income	26,600	-	-
Investment income	(153)	2,406	2,253
Realised gains	35	-	35
Other operating revenue	(10,192)	2	(10,190)
<b>Other revenue</b>	<b>(10,310)</b>	<b>2,408</b>	<b>(7,902)</b>
Gross earned contributions	-	623,253	623,253
Earned contributions ceded to retakaful operators	-	(549,491)	(549,491)
<b>Net earned contributions</b>	<b>-</b>	<b>73,762</b>	<b>73,762</b>
Gross benefits and claims paid	-	(133,393)	(133,393)
Claims ceded to retakaful operators	-	120,136	120,136
Gross change in certificate liabilities including accumulated surplus attributable to the Trust	-	76,210	76,210
Change in certificate liabilities ceded to retakaful operators	-	(112,519)	(112,519)
<b>Net benefits and claims</b>	<b>-</b>	<b>(49,566)</b>	<b>(49,566)</b>
Wakalah fee expense	-	(26,600)	-
Management expenses	(13,289)	-	(13,289)
Impairment loss on FVOCI financial assets	6	(4)	2
Change in expense liabilities	(3,007)	-	(3,007)
<b>Total expenses</b>	<b>(16,290)</b>	<b>(26,604)</b>	<b>(16,294)</b>
<b>Surplus attributable to the Trust</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**39. MYSALAM SCHEME (CONTINUED)**

**(b) Statement of income and expenditure (Continued)**

<b>2020</b>	<b>mySalam Shareholders' fund RM'000</b>	<b>mySalam Family takaful fund RM'000</b>	<b>Company RM'000</b>
Wakalah fee income	26,600	-	-
Investment income	395	1,107	1,502
Realised gains	65	-	65
Other operating revenue	10,240	88	10,328
<b>Other revenue</b>	<b>10,700</b>	<b>1,195</b>	<b>11,895</b>
Gross earned contributions	-	664,033	664,033
Earned contributions ceded to retakaful operators	-	(579,151)	(579,151)
<b>Net earned contributions</b>	<b>-</b>	<b>84,882</b>	<b>84,882</b>
Gross benefits and claims paid	-	(73,472)	(73,472)
Claims ceded to retakaful operators	-	67,323	67,323
Gross change in certificate liabilities including accumulated surplus attributable to the Trust	-	(470,184)	(470,184)
Change in certificate liabilities ceded to retakaful operators	-	416,883	416,883
<b>Net benefits and claims</b>	<b>-</b>	<b>(59,450)</b>	<b>(59,450)</b>
Wakalah fee expense	-	(26,600)	-
Management expenses	(31,344)	-	(31,344)
Impairment loss on FVOCI financial assets	(6)	(27)	(33)
Change in expense liabilities	(5,950)	-	(5,950)
<b>Total expenses</b>	<b>(37,300)</b>	<b>(26,627)</b>	<b>(37,327)</b>
<b>Surplus attributable to the Trust</b>	<b>-</b>	<b>-</b>	<b>-</b>

**40. SIGNIFICANT EVENT DURING THE YEAR**

The underlying headwinds from the COVID-19 pandemic are expected to persist as the timing of its eradication remains uncertain. The anticipation of central bank tightening of monetary policy, growing inflation concerns and geopolitical tensions are key factors which may impact the performance of the Company. We expect volatility in the financial markets resulting in fluctuations in the mark-to-market valuation of our assets and liabilities, which will impact our profit. Key factors are the direction of interest rates, credit spreads and equity prices. As our bonds are mostly investment grade, the impact of default risk is likely to be low.

The Company will continue to monitor the progress of the pandemic and measure the impact, if any, on the financial statements as they occur.

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**GREAT EASTERN TAKAFUL BERHAD**  
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**FURTHER INFORMATION ON DIRECTORS**  
(As at 31 December 2021)

**MR NORMAN KA CHEUNG IP**  
Independent Non-Executive Director

**Shareholding in the Company**  
Nil

**Current Directorships (and Appointments)**

1. Great Eastern General Insurance (M) Berhad	Chairman
2. Great Eastern Life Assurance (Malaysia) Berhad	Chairman
3. Overseas Assurance Corporation (Holdings) Berhad	Chairman
4. Far Island Bay Sdn Bhd	Chairman
5. Great Eastern Capital (Malaysia) Sdn Bhd	Chairman
6. I Great Capital Holdings Sdn Bhd	Chairman
7. Great Eastern General Insurance Limited	Director
8. Great Eastern Holdings Limited*	Director
9. The Great Eastern Life Assurance Company Limited	Director
10. Securities Industry Council	Director
11. QAF Limited*	Director

\* *Listed Companies*

**Academic and Professional Qualifications**

Bachelor of Science (Economics), London School of Economics and Political Science  
Fellow of the Institute Chartered Accountants in England and Wales  
Fellow of the Institute of Certified Public Accountants of Singapore

**Board Committees Served on**

Member, Board Nominations and Remuneration Committee  
Member, Board Audit Committee



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**FURTHER INFORMATION ON DIRECTORS (CONTINUED)**  
(As at 31 December 2021)

**YBHG. MAJOR GENERAL DATO' ZULKIFLEE BIN MAZLAN (RTD)**  
Non-Independent Non-Executive Director

**Shareholding in the Company**  
Nil

**Current Directorships (and Appointments)**

1. Affin Hwang Asset Management Berhad Director

**Academic and Professional Qualifications**

Master of Science (National Security Strategy), National Defense University, Fort McNair, Washington D.C

LLB (Hons), Institute Technology of MARA

**Board Committees Served on**

Member, Board Audit Committee

Member, Board Nominations and Remuneration Committee

**YBHG. DATIN ZAHARAH BINTI ALI**  
Independent Non-Executive Director

**Shareholding in the Company**  
Nil

**Current Directorships (and Appointments)**

Nil

**Academic and Professional Qualifications**

Master of Computer Science, Universiti Teknologi Malaysia

Bachelor of Arts (Hons), University of Malaya

**Board Committees Served on**

Chairman, Board Risk Management Committee

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**GREAT EASTERN TAKAFUL BERHAD**  
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**FURTHER INFORMATION ON DIRECTORS (CONTINUED)**  
(As at 31 December 2021)

**MR MOHAMED RASHDI MOHAMED GHAZALLI**  
Independent Non-Executive Director

**Shareholding in the Company**  
Nil

**Current Directorships (and Appointments)**

- |                                     |          |
|-------------------------------------|----------|
| 1. Tune Protect Group Berhad*       | Director |
| 2. BOS Wealth Management (M) Berhad | Director |
| 3. Tune Insurance Malaysia Berhad   | Chairman |
| * <i>Listed Company</i>             |          |

**Academic and Professional Qualifications**

Advanced Management Program, University of California, Berkeley  
Bachelor of Economics (Hons) Degree, University of Malaya

**Board Committees Served on**

Member, Board Risk Management Committee

**YBHG. REAR ADMIRAL DATO' ANUWAR BIN MAD SAID (RTD)**  
Non-Independent Non-Executive Director

**Shareholding in the Company**  
Nil

**Current Directorships (and Appointments)**

- |                                   |          |
|-----------------------------------|----------|
| 1. DAMS Security Services Sdn Bhd | Director |
| 2. Wiramaju Sdn Bhd               | Director |

**Academic and Professional Qualifications**

Master of Arts Degree (Defense Studies), The National University of Malaysia  
Diploma in Strategic and Defense Studies, University of Malaya

**Board Committees Served on**

Member, Board Risk Management Committee

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**GREAT EASTERN TAKAFUL BERHAD**  
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**FURTHER INFORMATION ON DIRECTORS (CONTINUED)**  
(As at 31 December 2021)

**MR KHOR HOCK SENG**

**Non-Independent Executive Director**

**Shareholding in the Company**

Nil

**Current Directorships (and Appointments)**

1. Great Eastern Financial Advisers Private Limited	Chairman
2. Lion Global Investors Limited	Chairman
3. Life Insurance Association Singapore	President
4. PT Great Eastern Life Indonesia	President Commissioner
5. PT Great Eastern General Insurance Indonesia	President Commissioner
6. Great Eastern Capital (Malaysia) Sdn Bhd	Director
7. Great Eastern Life Assurance (Malaysia) Berhad	Director
8. Great Eastern International Private Limited	Director
9. Great Eastern General Insurance (Malaysia) Berhad	Director
10. I Great Capital Holdings Sdn Bhd	Director
11. Overseas Assurance Corporation (Holdings) Berhad	Director
12. The Great Eastern Trust Private Limited	Director
13. 218 Orchard Private Limited	Director
14. Institute of Banking and Finance	Council Member
15. Financial Sector Tripartite Committee	Member
16. Financial Industry Disputes Resolution Centre Limited	Director
17. Singapore College of Insurance	Board of Governors

**Academic and Professional Qualifications**

Bachelor of Art (Majoring in Actuarial Science and Statistics), Macquarie University Sydney, Australia

Certificate of Actuarial Techniques, London Institute of Actuaries

**Board Committee Served on**

Nil

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**GREAT EASTERN TAKAFUL BERHAD**  
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**FURTHER INFORMATION ON DIRECTORS (CONTINUED)**  
**(As at 31 December 2021)**

**YBHG. DATO' YEOH BEOW TIT**  
**Independent Non-Executive Director**

**Shareholding in the Company**  
Nil

**Current Directorships (and Appointments)**

- |                                     |          |
|-------------------------------------|----------|
| 1. Cagamas MBS Berhad               | Chairman |
| 2. Cagamas SRP Berhad               | Director |
| 3. BOS Wealth Management (M) Berhad | Director |

**Academic and Professional Qualifications**

Master of Science in Management, University of Salford, United Kingdom

Bachelor of Economics (Double Major in Economics & Operations Research), Monash University, Australia

Fellow of the Institute of Bankers Malaysia (FIBM)

Certified Financial Planner and Member of Financial Planning of Association of Malaysia

**Board Committee Served on**

Chairman, Board Nominations and Remuneration Committee

Chairman, Board Audit Committee