

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

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023.

PRINCIPAL ACTIVITY

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

RESULTS

	RM'000
Net profit for the financial year	<u>17,369</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' REPORT (CONTINUED)

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 (Resigned w.e.f. 28 April 2024)
YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd)
YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)
YBhg. Dato' Albert Yeoh Beow Tit
YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof
Mr. Tong Hon Keong (Appointed w.e.f. 7 August 2023)
Mr. Khor Hock Seng (Resigned w.e.f. 6 August 2023)
YBhg. Datin Arlina Binti Ariff (Appointed w.e.f. 29 April 2024)

In accordance with Article 72 of the Company's Constitution, YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd) would retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

In accordance with Article 76 of the Company's Constitution, Mr. Tong Hon Keong and YBhg. Datin Arlina Binti Ariff 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 15 and Note 20 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 2023 pursuant to Section 289 of the Companies Act 2016. The cost of takaful effected amounted to a gross contribution of RM66,990.00.

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DIRECTORS' REPORT (CONTINUED)

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>1.1.2023</u>	<u>Acquired</u>	<u>Disposed</u>	<u>31.12.2023</u>
(a) Ordinary shares in the capital of OCBC Bank				
Mr. Norman Ka Cheung Ip	4,614	-	-	4,614
Mr. Khor Hock Seng	560,976	115,035	-	676,011
Dato' Albert Yeoh Beow Tit	262,335	-	-	262,335

(b) Deemed Interest

Mr. Norman Ka Cheung Ip	10,340 ⁽¹⁾	-	-	10,340 ⁽¹⁾
Mr. Khor Hock Seng (Resigned w.e.f. 6 August 2023)	280,067 ⁽¹⁾	113,971	(115,035)	279,003 ⁽¹⁾

Note:

(1) Deemed interest (OCBC Deferred Share Plan)

		<u>Options held by Directors in their own name</u>				
		Expiry	Exercise			
		Date	Price	1.1.2023	Granted	Exercised
			(\$)			31.12.2023
(c) Options to subscribe for ordinary shares in the capital of OCBC Bank						
Mr Khor Hock Seng	22.03.2027	9.60	150,000	-	(150,000)	-
(Resigned w.e.f 6 August 2023)	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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DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURES

The Company has taken concerted steps to comply with Bank Negara Malaysia ("BNM") Policy Document on Corporate Governance (the "CG PD") 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, statement profit or loss and statement of other 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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DIRECTORS' REPORT (CONTINUED)

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 statement of profit or loss of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for its takaful certificate liabilities/assets in accordance with the Malaysian Financial Reporting Standard 17 ("MFRS 17") - Insurance Contracts.

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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DIRECTORS' REPORT (CONTINUED)

AUDITORS

Auditors' Remuneration

Details of auditors' remuneration amounting to RM3,266,088 are set out in Note 15 to the financial statements.

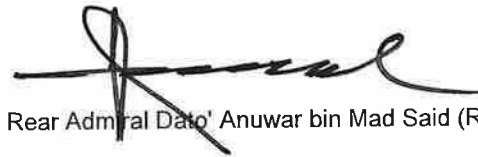
There was no indemnity given to, or takaful effected for auditors of the Company in respect of the liability for any act or omission in their capacity as auditors of the Company during the financial year.

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 15 November 2024.



Dato' Albert Yeoh Beow Tit



Rear Admiral Dato' Anuwar bin Mad Said (Rtd)

Kuala Lumpur, Malaysia

GREAT EASTERN TAKAFUL BERHAD
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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 BNM's Policy Document on Corporate Governance 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;

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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)
 - (g) ensuring that the necessary human resources are in place for the Company to achieve its objectives;
 - (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;

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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)
 - (p) promoting Shariah compliance in accordance with the Shariah governance framework and ensuring its integration with the Company's business and risk strategies; and
 - (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.

Board Committees

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.
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. An additional committee, namely, the Governance Committee ("GC") was formed on 24 January 2011. The current GC consist of 2 Board Members, the Chairman of Shariah Committee and the Appointed Actuary. The purpose of GC is to promote and maintain 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.

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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 Committees (Continued)

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 and GC 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.

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 the 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. A financial institution must ensure that attendance at a board meeting, by way other than physical presence, remains the exception rather than the norm, and is subject to appropriate safeguards to preserve the confidentiality of deliberations. 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.

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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 (Continued)

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 2023 and the attendance of the Directors at those meetings are tabulated below:

Directors' attendance at Board and Board Committee meetings in 2023

Name of Directors	Board				Board Nominations and Remuneration Committee			
	No. of meetings				No. of meetings			
	Scheduled		Ad Hoc		Scheduled		Ad Hoc	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Norman Ka Cheung Ip	7	7	3	3	6	6	1	1
YBhg. Datin Zaharah binti Ali ⁽²⁾	7	7	3	3	6 ^{(1)(1a)}	6 ^{(1)(1a)}	1 ⁽¹⁾	1 ⁽¹⁾
YBhg. Mej Gen Dato' Zulkiflee bin Mazlan (Rtd)	7	7	3	3	6	6	1	1
YBhg. Rear Admiral Dato' Annuar bin Mad Said (Rtd)	7	7	3	3	6 ⁽¹⁾	6 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾
YBhg. Dato' Albert Yeoh Beow Tit	7	7	3	3	6	6	1	1
YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof ⁽²⁾	7	7	3	3	6 ^{(1)(1a)}	6 ^{(1)(1a)}	1 ⁽¹⁾	1 ⁽¹⁾
Mr. Tong Hon Keong (Appointed w.e.f. 7 August 2023)	2	2	1	1	2 ⁽¹⁾	2 ⁽¹⁾	-	-
Mr. Khor Hock Seng (Resigned w.e.f. 6 August 2023)	5	5	2	2	4 ⁽¹⁾	4 ⁽¹⁾	-	-

Notes:

- (1) Attendance by Invitation
- (1a) Attendance as Member 2/2
- (2) Appointed as Member of Board Nominations and Remuneration Committee w.e.f. 08/08/2023
- (-) Not Applicable to the Non-Members of the respective Board/Board Committees

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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 2023 (Continued)

Name of Directors	Board Risk Management Committee				Board Audit Committee			
	No. of Meetings				No. of Meetings			
	Scheduled		Ad Hoc		Scheduled		Ad Hoc	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Norman Ka Cheung Ip ⁽²⁾	5 ^{(1)(1a)}	5 ^{(1)(1a)}	1 ^(1a)	1 ^(1a)	4	4	1	1
YBhg. Datin Zaharah binti Ali	5	5	1	1	2 ⁽¹⁾	2 ⁽¹⁾	-	-
YBhg. Mej Gen Dato' Zulkiflee bin Mazlan ⁽⁵⁾	1 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾	3	3	-	-
YBhg. Rear Admiral Dato' Anwar bin Mad Said (Rtd)	5	5	1	1	2 ⁽¹⁾	2 ⁽¹⁾	-	-
YBhg. Dato' Albert Yeoh Beow Tit	1 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾	4	4	1	1
YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof ⁽⁴⁾	1 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾	3 ^{(1)(1b)}	3 ^{(1)(1b)}	1	1
Mr. Tong Hon Keong (Appointed w.e.f. 7 August 2023) ⁽³⁾	1	1	-	-	-	-	-	-
Mr. Khor Hock Seng (Resigned w.e.f. 6 August 2023)	5 ⁽¹⁾	5 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾	3 ⁽¹⁾	3 ⁽¹⁾	1 ⁽¹⁾	1 ⁽¹⁾

Notes:

- (1) Attendance by Invitation
- (1a) Attendance as Member 5/5
- (1b) Attendance as Member 2/2
- (2) Ceased as Member of Board Risk Management Committee w.e.f. 8 August 2023
- (3) Appointed as Member of Board Risk Management Committee w.e.f. 8 August 2023
- (4) Appointed as Member of Board Audit Committee w.e.f. 8 August 2023
- (5) Ceased as Member of Board Audit Committee w.e.f. 8 August 2023
- (-) Not Applicable to the Non-Members of the respective Board Committees

Directors' attendance at the Annual General Meeting of the Company on 12 April 2023 is not included in the above table.

There were two (2) Joint Board Audit Committee and Board Risk Management Committee meetings held on 26 January 2023 and 29 August 2023. 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 2023

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 four Independent Directors and three Non-Independent. Mr Khor Hock Seng resigned as an Executive Director on 6 August 2023 and Mr Norman Ka Cheung Ip was redesignated to Non-Independent Non-Executive Director on 8 August 2023.
11. YBhg. Dato' Albert Yeoh Beow Tit and Mr. Khor Hock Seng retired by rotation and were re-elected to the Board at the Company's Annual General Meeting on 12 April 2023 pursuant to Article 72 of the Company's Constitution, whilst YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof retired and was re-elected to the Board pursuant to Article 76 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 2023 is as follows:

Members of the Board

Mr. Norman Ka Cheung Ip
YBhg. Datin Zaharah binti Ali
YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd)

Status of Directorship

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

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 2023 is as follows: (Continued)

Members of the Board	Status of Directorship
YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)	Non-Independent Non-Executive Director
YBhg. Dato' Albert Yeoh Beow Tit	Independent Non-Executive Director
YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof	Independent Non-Executive Director
Mr. Tong Hon Keong (Appointed w.e.f. 7 August 2023)	Independent Non-Executive Director
Mr. Khor Hock Seng (Resigned w.e.f. 6 August 2023)	Non-Independent Executive Director

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 section 'Board of Directors' Profile' of the Company's Financial Report¹. 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 2023 ("FY2023"). The Directors do not hold any shares in the Company or its penultimate holdings company, Great Eastern Holdings Limited ("GEH").

Note:

- ¹ Available at the Company's website.

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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

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.
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 YBhg. Datin Zaharah binti Ali, YBhg. Dato' Albert Yeoh Beow Tit, YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof and Mr. Tong Hon Keong.
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 whilst Mr. Norman Ka Cheung Ip was redesignated as non-independent upon the expiry of his 9-year tenureship as independent director.
19. The current Board complies with the CG PD requirements on Board independence. Four out of seven of the Board members are Independent Directors.
20. 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.

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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)

21. 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.
22. 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.
23. 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

24. The roles of the Chairman, Mr. Norman Ka Cheung Ip and the CEO, En. Shahrul Azlan bin Shahrman 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.
25. 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.

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CHAIRMAN AND CEO (CONTINUED)

26. 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.

SHARIAH COMMITTEE

27. 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. On 20 September 2019, BNM has issued a new Shariah Governance Policy Document ("SG PD") which took effect on 1 April 2020. The Company has met with the requirements of the SG PD in ensuring the effectiveness of Shariah governance.
28. 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 five (5) members, all of whom have the necessary experiences and expertise in their respective fields.

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SHARIAH COMMITTEE (CONTINUED)

29. The Shariah Committee met eight (8) times (including two (2) Special Meetings) in FY2023 with details of meeting attendance of each member as follows:

Name of Shariah Committee Members	Shariah Committee			
	No. of Meetings			
	Scheduled		Special	
	Held	Attended	Held	Attended
Dr. Mohammad Firdaus bin Mohammad Hatta (Appointed as Chairman of Shariah Committee w.e.f. 13 December 2022)	6	6	2	2
Dr. Muhammad Naim bin Omar	6	6	2	2
Dr. Muhammad Pisol bin Mat Isa	6	6	2	2
Dr. Nurul Aini binti Muhamed	6	6	2	2
En. Mohd Fadhly bin Md Yusoff (Appointed as Member of Shariah Committee w.e.f. 1 July 2023)	3	3	1	1
Dr. Siti Salwani binti Razali (Resigned as Member of Shariah Committee due to tenure limit w.e.f. 1 July 2023)	3	3	1	1
Dr. Ahmad Basri bin Ibrahim (Resigned as Member of Shariah Committee w.e.f. 1 January 2023)	-	-	-	-

Notes:

- (-) There was no meeting held prior to the resignation of the respected Shariah Committee Member
30. 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.
31. 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:
- 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.
 - 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.

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

31. 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)
- (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 50 to 52.
 - (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

32. 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.
33. For FY2023, 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
 - YBhg. Datin Zaharah binti Ali, Member (Appointed w.e.f. 8 August 2023)
 - YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof, Member (Appointed w.e.f. 8 August 2023)

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BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)

34. 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.
35. The Board Nominations and Remuneration Committee held a total of seven (7) meetings (including one (1) Ad Hoc meeting) in 2023.
36. 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

37. 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

38. 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

39. 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. Director's In-House Orientation and Educational Programme for newly appointed Director were held on 9 August 2023 and 10 August 2023. GETB's internal Board Educational Series were conducted on 26 January 2023, 16 March 2023 and 17 July 2023.

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(CONTINUED)

BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)

Board Orientation and Training (Continued)

40. 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.
41. 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 by the Risk Management Division and GETB's Company Secretarial Division, including the following:
- Board Educational Series:
 - a) Owners and Ownership: Beneficial Ownership – Who is behind that Legal Person
 - Board Educational Series:
 - a) Cross Currents of Headwinds and Tailwinds
 - Board Educational Series:
 - a) Fiduciary Duty on Climate Risk Management
 - b) MFRS17: Transition, Parallel Runs and Other Updates
 - Board Educational Series:
 - a) Cybersecurity for the Cloud
 - b) Standing Limits in Managing Financial Risk
 - Board Educational Series:
 - a) GE Cloud Journey & Cyber Defense Roadmap
 - b) Private Market Investments

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(CONTINUED)

BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)

Board Orientation and Training (Continued)

41. 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 by the Risk Management Division and GETB's Company Secretarial Division, including the following: (Continued)

- GETB Board Educational Series:
 - a) Treating Customer Fairly ("TCF") Policy Refresher
- GETB Board Educational Series:
 - a) Zakat For Takaful Business
- GETB Board Educational Series:
 - a) Policy Document – Wakalah (BNM/RH/PD 028-3)
- BNM-FIDE FORUM: Special Interest Group ("SIG") Discussion on Licensing & Regulatory Framework for DITO Exposure Draft Guidebook
- FIDE Forum: Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members need to Know
- FIDE Forum: Board Oversight on Climate Risk and Opportunities
- FIDE Forum: AI and Financial Institutions: Friend of Foe?
- Allen & Gledhill: ESG Regulatory Developments - Overview on the Current State of Play and Upcoming Trends on the Horizon
- EY: How can Insurers and Takaful Operators Solve the ESG Equation
- Asia School of Business: Ignite Your Sustainability Journey with the New ISSB
- Singapore Institute of Directors/EY: Sustainability Reporting Leading the Charge with Leading Practices

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)

Board Performance

42. 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.
43. 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.
44. 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.

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BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)

Conflicts of Interest

45. 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

46. 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.
47. 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.
48. 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.

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

49. 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.

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BOARD NOMINATIONS AND REMUNERATION COMMITTEE (CONTINUED)

Procedure for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure on Remuneration (Continued)

50. 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

51. 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.
52. 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)

Remuneration of Non-Executive Directors (Continued)

53. 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 FY2023 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

54. The total Directors' Remuneration from the Company in respect of FY2023 is shown under Note 15(b) in the Company's financial statements. Fees for non-executive Directors totalling RM725,993.04 respect of FY2023 will be tabled for approval at the forthcoming Annual General Meeting of the Company. The Directors' and CEO's Remuneration for FY2023 are disclosed under Note 15(b) and Note 15(c) in the Company's financial statements.

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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

55. 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.
56. 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 ten (10) identified SOs.
57. 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.
58. 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 (2) identified OMRTs who are subject to risk control Key Performance Indicators and risk adjusted variable compensation commencing from FY2017.
59. 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.

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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)

60. 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.
61. 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.
62. 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.
63. 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.

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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)

64. 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.
65. 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.
66. 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.
67. The Company's variable compensation varies in line with its financial performance and the meeting of corporate governance requirements.

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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)

68. 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	
	No. of pax	RM
Fixed remuneration		
Cash-based	12	6,288,032
Other*	12	156,624
Variable remuneration		
Cash-based	13	1,937,100
Other*	7	32,121

* Include SOs

ACCESS TO INFORMATION

69. 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.
70. Directors have separate and independent access to the Company Secretary and to Senior Officers of the Company at all times.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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ACCESS TO INFORMATION (CONTINUED)

71. 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.
72. 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

73. 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.
74. The Board Audit Committee comprises the following Directors:
- YBhg. Dato' Albert Yeoh Beow Tit, Chairman
 - Mr. Norman Ka Cheung Ip, Member
 - YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof, Member (Appointed w.e.f. 8 August 2023)
 - YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd), Member (Resigned w.e.f. 8 August 2023)

All the Members (including the Chairman) are Independent Directors except for Mr. Norman Ka Cheung Ip, 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.

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)

75. The functions performed by the Board Audit Committee and details of the Board Audit Committee's activities during FY2023 included the following:

(a) Reviewed with the Internal Auditors:-

- (i) their audit plan, their evaluation of the system of internal controls, and their audit
- (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;
- (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 auditors to the Board.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

BOARD AUDIT COMMITTEE (CONTINUED)

75. The functions performed by the Board Audit Committee and details of the Board Audit Committee's activities during FY2023 included the following: (Continued)

- (f) Recommended the remuneration and terms of engagement of the external auditors to the Board.
- (g) Reviewed and updated the Board on all related-party transactions.
- (h) Monitored compliance with the Directors' Conflict of Interest Guide.

76. 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 five (5) meetings in 2023 (including one (1) Ad Hoc meeting). 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.

WHISTLEBLOWING POLICY

77. 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.

78. 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.

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

79. The Company utilises the services of the Internal Audit Department ("Internal Audit") of Great Eastern Life Assurance (Malaysia) Berhad 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.
80. 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.
81. 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.

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

BOARD RISK MANAGEMENT COMMITTEE

82. 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.
83. 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
 - Mr. Tong Hon Keong, Member (Appointed w.e.f. 8 August 2023)
 - Mr. Norman Ka Cheung Ip, Member (Resigned w.e.f. 8 August 2023)
84. 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, sustainability 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.
85. 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.

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

86. 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.
87. The Board Risk Management Committee meets with the Division Head, Risk Management and the Division Head of Compliance of GELM at least once a year without the presence of Management to discuss matters which may be raised privately.
88. 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.
89. The Board Risk Management Committee held a total of six (6) meetings in 2023 (including one (1) Ad Hoc meeting).
90. The Governance Committee shall comprises of at least three members, who are an Independent Director, the Chairman of Shariah Committee and the 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.
91. For FY2023, the Governance Committee comprised the following:
 - YBhg.Dato' Albert Yeoh Beow Tit, Chairman
 - YBhg. Datin Zaharah binti Ali, Member
 - Dr. Mohammad Firdaus bin Mohammad Hatta, Member
 - Mr. Max Goh Khim Yao, Member/Appointed Actuary (Appointed w.e.f. 1 January 2023)
 - En. Mohd Khalid bin Khairullah, Member/Appointed Actuary (Resigned w.e.f. 1 January 2023)

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

92. On 10 November 2021, the Board resolved that the Chairman of the Shariah Committee will be appointed as member of the Governance Committee by virtue of his position. Dr. Mohammad Firdaus bin Mohammad Hatta is currently the Chairman of the Shariah Committee.
93. 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.
94. 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.
95. 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.

GREAT EASTERN TAKAFUL BERHAD
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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

INTERNAL CONTROL FRAMEWORKS

Risk Management

96. The Board is responsible for the governance of risk. It sets the tone for the Company's risks culture and monitors, through the Board Risk Management Committee, the effectiveness and adequacy of the risk management processes and systems of the Company. The Board approves the Company's risk appetite and has oversight of the risk activities to ensure that the Company's strategic intent, operating environment, internal control mechanisms and capital sufficiency are consistent with the Company's risk appetite and regulatory standards. Further details of the Enterprise Risk Management Framework implemented by the Company are set out in Note 22 of the Notes to the Financial Statements.
97. The Board emphasises the importance of institutionalising a strong risk culture within the Company. As a subset of the broader organisational culture, a strong risk culture supports appropriate risk awareness, bolsters effective risk management and promotes sound risk taking to ensure the Company's risk profile remains within its risk appetite. The Board also approves the risk culture principles and, along with it, the set of desired risk culture behaviours to support the target risk culture throughout the Company.
98. Annually, an independent Enterprise Risk Report is submitted to apprise the Board Risk Management Committee and the 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.

Internal Controls

99. 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.
100. 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.

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)

Internal Controls (Continued)

101. 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.

Infrastructure

102. 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.
103. 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.
104. 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.

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)

Frameworks, Policies and Procedures

105. 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.

106. 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
- Technology, information and cyber
- Data protection
- 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
- Third party service providers
- Retakaful management strategy
- Business continuity management
- Anti-Bribery and Corruption
- Sustainability

107. 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 or Management Committees.

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)

Frameworks, Policies and Procedures (Continued)

Shariah Internal Controls

108. 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.

(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.

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)

Frameworks, Policies and Procedures (Continued)

Shariah Internal Controls (Continued)

(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 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.

Self-assessment Process

109. 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.

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 (Continued)

110. Annually an independent Enterprise Risk 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

111. An Enterprise Risk Dashboard that features the Company's risk profile from various perspectives (namely strategic, financial, operational, technology, market conduct compliance, sustainability and Shariah) is submitted to the Board, Board Risk Management Committee and Senior Management Team for notation.
112. 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 assurance 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.
113. 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.

RELATED PARTY TRANSACTION

114. 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.
115. Details of the Company's related party transactions during FY2023 are set out in Note 20 of the Notes to the Financial Statements.

GREAT EASTERN TAKAFUL BERHAD
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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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

ETHICAL STANDARDS

116. 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.
117. 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.
118. 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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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS' PROFILE

Mr Norman Ka Cheung Ip, Chairman

Mr Norman Ip was appointed to the Board of Directors ("Board") of Great Eastern Takaful Berhad (the "Company") on 8 August 2014 as an Independent Non-Executive Director. He was subsequently appointed as Board Chairman on 20 May 2020. He is also the Chairman of Great Eastern Life Assurance (Malaysia) Berhad and Great Eastern General Insurance (Malaysia) Berhad. On 8 August 2023, Mr Norman Ip was redesignated as Non-Independent Non-Executive Director.

Mr Norman Ip is a Member of Securities Industry Council and Director of QAF Limited.

He 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 40 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. 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 was the Chairman of Koperasi Angkatan Tentera Malaysia Berhad from June 2015 to June 2022.

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

He presently sits on the Board of Aiiman Asset Management Sdn Bhd as Director and Chairman.

GREAT EASTERN TAKAFUL BERHAD
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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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.

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 Beow Tit also sit as Director of BOS Wealth Management Malaysia Berhad from November 2019 until May 2022.

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

GREAT EASTERN TAKAFUL BERHAD
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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

BOARD OF DIRECTORS' PROFILE (CONTINUED)

YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof

YBhg Prof. Dato' Dr. Wan Sabri was appointed to the Company's Board on 10 June 2022 as an Independent Non-Executive Director.

He is currently the Vice Chancellor, Universiti Sultan Azlan Shah ("USAS") and a Director of Yayasan Al Ammar.

Prof. Dato' Dr. Wan Sabri had served as Shariah Committee member of Great Eastern Takaful Berhad from 2010 to 2021. Prior to that, he was a Shariah Committee member of OCBC Al-Amin Berhad, Southern Bank Berhad, CIMB Islamic and Alliance Bank.

Mr. Tong Hon Keong

Mr Tong was appointed to the Board on 7 August 2023 as an Independent Non-Executive Director. Presently, he is also an Independent Non-Executive Director of Great Eastern General Insurance (Malaysia) Berhad.

Previously, Mr Tong was the Independent Non-Executive Director of OCBC Bank (Malaysia) Berhad where he served as the Chairman of the Risk Management Committee and member of the Board Audit Committee. He was also a Director of OCBC Al-Amin Bank Berhad.

Mr Tong built his career at Maybank over a span of more than 30 years, where he led various functional areas, including Planning, Information Systems, Central Operations and Management Information Services. He served as Senior Executive Vice President of Strategy and Transformation, for Business Banking/SME Banking from 2010 to 2013.

Mr. Tong is currently the Chairman of BOS Wealth Management Malaysia Berhad.

YBhg. Datin Arlina Binti Ariff

YBhg. Datin Arlina Binti Ariff was appointed to the Company's Board on 29 April 2024 as an Independent Non-Executive Director. She is currently the Independent Non-Executive Director of Agrobank (Malaysia) Berhad and PRG Holdings Berhad.

YBhg. Datin Arlina has over 30 years of experience in Bank Negara Malaysia ("BNM") where she served in various capacities. She had previously served as the Director of the Financial Inclusion Department.

YBhg. Datin Arlina holds a Masters in Islamic Finance Practice from INCEIF University. Previously, she obtained a Masters of Science in Quantitative Development Economics and Post-Graduate Diploma in Quantitative Development Economics from the University of Warwick in Coventry, England. She graduated with Honours from Carleton University, Ottawa, Canada with a Bachelor's Degree In Economics.

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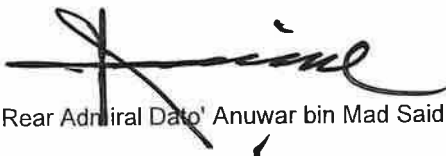
GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Albert Yeoh Beow Tit and Rear Admiral Dato' Anuwar bin Mad Said (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 53 to 226 are drawn up in accordance with Malaysian Financial Reporting Standard, 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 2023 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 15 November 2024.


Dato' Albert Yeoh Beow Tit


Rear Admiral Dato' Anuwar bin Mad Said (Rtd)

Kuala Lumpur, Malaysia

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 53 to 226 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 15 November 2024


Jasveen Kaur Marne



22-2, Jalan Dinar U3/C, Seksyen U3,
Taman Subang Perdana,
40150 Shah Alam, Selangor.

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GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

REPORT OF THE SHARIAH COMMITTEE

Shariah Committee

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

Dr. Mohammad Firdaus Bin Mohammad Hatta (Chairman) (Appointed as Chairman of Shariah Committee w.e.f. 13 December 2022)

Assoc. Prof. Dr. Siti Salwani binti Razali (Resigned as Member of Shariah Committee due to tenure limit w.e.f. 1 July 2023)

Dr. Muhammad Naim bin Omar

Dr. Muhammad Pisol bin Mat Isa

Dr. Nurul Aini binti Muhamed

En. Mohd Fadhly Bin Md Yusoff (appointed as Member of Shariah Committee w.e.f. 1 July 2023)

Dr. Ahmad Basri bin Ibrahim (Resigned as Member of Shariah Committee w.e.f. 1 January 2023)

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 2023, the Shariah Committee met 8 times including Scheduled and Special Meetings. The attendance of members at the Scheduled & Special Shariah Committee meetings is as follows:

Name of Shariah Committee Members	Shariah Committee			
	No. of Meetings			
	Scheduled		Special	
	Held	Attended	Held	Attended
Dr. Mohammad Firdaus bin Mohammad Hatta (Appointed as Chairman of Shariah Committee w.e.f. 13 December 2022)	6	6	2	2
Dr. Muhammad Naim bin Omar	6	6	2	2
Dr. Muhammad Pisol bin Mat Isa	6	6	2	2
Dr. Nurul Aini binti Muhamed	6	6	2	2
En. Mohd Fadhly bin Md Yusoff (Appointed as Member of Shariah Committee w.e.f. 1 July 2023)	3	3	1	1
Dr. Siti Salwani binti Razali (Resigned as Member of Shariah Committee due to tenure limit w.e.f. 1 July 2023)	3	3	1	1
Dr. Ahmad Basri bin Ibrahim (Resigned as Member of Shariah Committee w.e.f. 1 January 2023)	-	-	-	-

Notes:

(-) There was no meeting held prior to the resignation of the respected Shariah Committee Member

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

REPORT OF THE SHARIAH COMMITTEE (CONTINUED)

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.

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 2023 to 31 December 2023. 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 2023 to 31 December 2023 that we have reviewed, are in compliance with Shariah principles except for one (1) Shariah non-compliance ("SNC") event which are as follows:

1. Omission of Non-Lapsed Guaranteed Table Validation for Agency Products

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

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GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

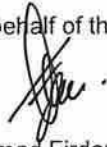
REPORT OF THE SHARIAH COMMITTEE (CONTINUED)

STATEMENT BY THE SHARIAH COMMITTEE (CONTINUED)

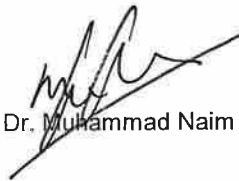
2. the allocation of profit and surplus sharing and charging of losses and deficits between shareholders' fund and/or tabarru' and participant's investment funds conform to the basis that had been approved by us in accordance with Shariah principles;
3. no earnings that have been realised from sources or means prohibited by the Shariah principles during the financial year from 1 January 2023 to 31 December 2023; and
4. the calculation of zakat is in compliance with Shariah principles.

We, Dr. Mohammad Firdaus bin Mohammad Hatta and Dr. Muhammad Naim bin Omar, 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 2023 to 31 December 2023 were conducted in conformity with the Shariah principles.

Signed on behalf of the Shariah Committee.



Dr. Mohammad Firdaus bin Mohammad Hatta
Kuala Lumpur, Malaysia



Dr. Muhammad Naim bin Omar

15 NOV 2024

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

in thousand Malaysian Ringgit (RM'000)	Note	31 Dec 2023		31 Dec 2022 restated		1 Jan 2022 restated	
		Family Takaful Fund	Company	Family Takaful Fund	Company	Family Takaful Fund	Company
Assets							
Property, plant and equipment							
- Owned	3 (a)	-	16,508	-	12,735	-	9,426
- Right-of-use assets	3 (b)	-	2,822	-	1,123	-	2,453
Intangible assets	4	-	7,908	-	8,790	-	10,114
Investments	5	1,317,615	1,483,802	1,080,121	1,221,662	1,036,569	1,161,331
Takaful contract assets	6	33,218	149,221	1,160,132	1,260,735	598,643	688,018
Retakaful contract assets	6	375,710	377,520	1,140,123	1,141,770	611,973	613,784
Deferred tax assets	7	782	782	2,827	2,829	994	994
Tax recoverable		-	6,442	2,821	5,924	-	-
Other receivables	8	13,135	15,198	8,066	20,901	6,458	21,162
Other financial assets	9	-	1,538	377	5,420	-	-
Cash and cash equivalents		502,193	680,800	328,826	503,360	262,539	400,680
Total Assets		2,242,653	2,742,541	3,723,293	4,185,249	2,517,176	2,907,962
Equity							
Share capital	10	-	195,000	-	195,000	-	195,000
Retained earnings		-	39,370	-	22,569	-	2,589
Other comprehensive income fair value reserves		-	1,040	-	(720)	-	(1,538)
Total Equity		-	235,410	-	216,849	-	196,051

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GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2023

in thousand Malaysian Ringgit (RM'000)	Note	31 Dec 2023		31 Dec 2022 restated		1 Jan 2022 restated	
		Family Takaful Fund	Company	Family Takaful Fund	Company	Family Takaful Fund	Company
Liabilities							
Takaful contract liabilities	6	1,994,216	2,069,949	2,546,686	2,620,675	1,824,567	1,886,817
Retakaful contract liabilities	6	208,638	209,821	1,016,445	1,016,445	518,253	518,253
Agents' retirement benefits	11	-	22,700	-	18,000	-	14,368
Deferred tax liabilities	7	19	13,320	-	9,084	-	11,436
Other financial liabilities	9	2,456	2,456	-	-	727	727
Provision for taxation		1,866	1,866	-	-	1,368	2,903
Provision for zakat	3(c)	-	155	-	137	-	33
Lease liabilities		-	2,976	-	1,297	-	2,679
Other payables	12	35,458	183,888	160,162	302,762	172,261	274,695
Total Equity and Liabilities		2,242,653	2,742,541	3,723,293	4,185,249	2,517,176	2,907,962

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

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS
For the financial year ended 31 December 2023

in thousand Malaysian Ringgit (RM'000)	Note	31 Dec 2023		31 Dec 2022 restated	
		Family Takaful Fund	Company	Family Takaful Fund	Company
Takaful revenue	13	1,695,045	1,746,300	1,683,446	1,703,294
Takaful service expenses	15	(1,700,421)	(1,736,312)	(1,682,827)	(1,679,987)
Net expenses from retakaful contracts held		3,289	3,324	1,880	3,048
Takaful service result		(2,087)	13,312	2,499	26,355
Profit income from:					
Financial assets not measured at fair value through profit or loss		21,680	24,478	17,615	19,380
Financial assets measured at fair value through profit or loss		16,503	21,855	12,675	17,295
Other investment income		17,119	19,746	14,238	15,667
Gain on exchange differences		2,828	2,828	2,092	2,092
Net realised losses		(10,848)	(11,640)	(28,077)	(29,238)
Net fair value gains and losses		19,056	21,713	(25,893)	(26,985)
(Increase)/decrease in provision for impairment of investments		(28)	(28)	1,022	1,022
Net investment income/(loss)	14	66,310	78,952	(6,328)	(767)
Finance (expenses)/income from takaful contracts issued		(62,963)	(62,941)	4,214	2,214
Finance expenses from retakaful contracts held		(3,289)	(3,289)	(1,880)	(1,880)
Net takaful financial result	14	(66,252)	(66,230)	2,334	334
Net investment and takaful result		(2,029)	26,034	(1,495)	25,920

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

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF PROFIT OR LOSS (CONTINUED)
For the financial year ended 31 December 2023

in thousand Malaysian Ringgit (RM'000)	Note	31 Dec 2023		31 Dec 2022 restated	
		Family Takaful Fund	Company	Family Takaful Fund	Company
Other income		2,029	1,458	1,495	952
Other expenses	15	-	(1,179)	-	(639)
Other income and expenses		2,029	279	1,495	313
Profit before zakat and taxation		0	26,313	-	26,234
Zakat		-	-	-	(100)
Taxation	16	(4,483)	(13,427)	5,435	101
Tax expense attributable to participants		4,483	4,483	(5,435)	(5,435)
Net profit for the year		-	17,369	-	20,800
Profit per share (sen)					
Basic and diluted	17	-	9.9	-	11.9

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

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF OTHER COMPREHENSIVE INCOME

	31 Dec 2023		31 Dec 2022 restated	
	Family Takaful		Family Takaful	
in thousand Malaysian Ringgit (RM'000)	Fund	Company	Fund	Company
Net profit for the year	-	17,369	-	20,800
Other comprehensive (loss)/income:				
Other comprehensive loss that will not be reclassified to statement of profit or loss in subsequent periods:				
Net loss on the sale of equity instrument designated at fair value through other comprehensive income	(279)	(1,026)	(3,104)	(4,182)
Tax on realised gain/(loss)	20	199	(252)	7
Net other comprehensive loss that will not be reclassified to statement of profit or loss in subsequent periods (net of tax)	(259)	(827)	(3,356)	(4,175)
Other comprehensive income that may be reclassified to statement of profit or loss in subsequent periods:				
Debt instruments at FVOCI:				
Net gain/(loss) arising during the year	6,547	8,863	(1,528)	(452)
Changes in allowance for Expected Credit Loss ("ECL")	28	28	(1,022)	(1,022)
Net realised (loss)/gain transferred to statement of profit or loss	1,183	1,183	261	261
Tax effects thereon	7,758	10,074	(2,289)	(1,213)
Other comprehensive (income)/outgo attributable to participants	(618)	(1,175)	(180)	(439)
Net other comprehensive (loss)/income that may be reclassified to statement of profit or loss in subsequent period (net of tax)	259	2,019	3,356	4,173
Other comprehensive income/(loss) for the year, net of tax	-	1,192	-	(2)
Total comprehensive income for the year, net of tax	-	18,561	-	20,798

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 financial year ended 31 December 2023

Attributable to shareholders of the Company
Other reserves

in thousand Malaysian Ringgit (RM'000)	Share Capital	Fair value reserve	Retained earnings	Total Equity
Balance as at 31 December 2021, as previously reported	195,000	(1,538)	(60,209)	133,253
Impact of initial application of MFRS 17	-	-	62,798	62,798
Balance at 1 January 2022, restated	195,000	1,538	2,589	196,051
Net profit for the year	-	-	20,800	20,800
Other comprehensive loss for the year	-	(2)	-	(2)
Total comprehensive (loss)/income for the year	-	(2)	20,800	20,798
Transfer of fair value reserve of equity instruments designated at FVOCI (net of tax)	-	820	(820)	-
Restated balance as at 31 December 2022	195,000	(720)	22,569	216,849
At 1 January 2023	195,000	(720)	22,569	216,849
Net profit for the year	-	-	17,369	17,369
Other comprehensive income for the year	-	1,192	-	1,192
Total comprehensive income for the year	195,000	472	39,938	235,410
Transfer of fair value reserve of equity instruments designated at FVOCI (net of tax)	-	568	(568)	-
At 31 December 2023	195,000	1,040	39,370	235,410

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

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

in thousand Malaysian Ringgit (RM'000)	Note	2023	2022 restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and income tax		26,313	26,234
Adjustments for non-cash items:			
Depreciation for property, plant and equipment	15	2,494	1,768
Depreciation for right-of-use assets	15	1,619	1,330
Amortisation of intangible assets	15	4,670	5,150
Loss on sale of investments	14	11,640	29,238
Fair value (Gain)/losses		(22,540)	22,810
Increase/(Decrease) in provision for impairment of assets		28	(1,022)
Increase in provision for agents' retirement benefits	11	5,298	4,027
Unrealised gain on exchange differences	14.2	(3,871)	(2,617)
Expense on lease liabilities	15	126	132
Taxation of family takaful funds	16(a)	(4,483)	5,435
		<u>21,295</u>	<u>92,485</u>
Proceeds from maturities and sale of investments		738,325	893,878
Purchase of investments		(975,959)	(1,006,872)
Profit income received		47,938	36,795
Dividends received		20,677	17,458
Changes in working capital:			
Other receivables		(57,214)	(59,314)
Other payables		(107,716)	14,814
Changes in takaful contracts assets/liabilities		553,907	166,967
Changes in retakaful contracts assets/liabilities		(42,374)	(29,795)
Cash generated from operations		198,879	126,415
Income tax paid		(8,862)	(12,898)
Zakat paid		-	(25)
Profit paid on lease liabilities			
Agents' retirement benefits paid	11	(599)	(395)
Net cash flows generated from operating activities		189,418	113,097
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	3(c)	(1,992)	(1,514)
Net cash flows used in financing activities		(1,992)	(1,514)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		515	-
Purchase of of property, plant and equipment	3(a)	(6,784)	(5,077)
Acquisition of intangible assets	4	(3,786)	(3,826)
Net cash flows used in investing activities		(10,055)	(8,903)
Net increase in cash and cash equivalents		177,371	102,680
Cash and cash equivalents at the beginning of the year		<u>503,360</u>	<u>400,680</u>
Cash and cash equivalents at the end of the year		680,731	503,360

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GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS (CONTINUED)
For the financial year ended 31 December 2023

in thousand Malaysian Ringgit (RM'000)	Note	2023	2022 restated
Cash and cash equivalents comprise:			
Cash and bank balances		159,761	160,060
Fixed and call deposits with maturity less than 3 months		520,970	343,300
		680,731	503,360

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are funded from cash flows associated with the origination of takaful contracts, net of the cash flows for payments of benefits and claims incurred for takaful contracts, which are operating activities of the Company.

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

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GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2023

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 **15 November 2024**.

2. MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") 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, as described fully in Note 2.3.

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.

The financial statements of the Company have been prepared on a historical cost basis, unless otherwise indicated in the accounting policies below. 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. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

The preparation of financial statements in conformity with MFRSs 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 2.5 to the financial statements.

Takaful operations and its funds

In preparing the Company-level financial statements, the balances and transactions of the operators' 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 operators' 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 operators' fund and the family takaful fund (including the relevant assets and liabilities) towards the purpose outlined above.

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

2. MATERIAL 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/operators' fund include those of the mySalam operators' 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 statement of profit or loss, the statement of other 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 MATERIAL ACCOUNTING POLICIES

(a) Property, Plant and Equipment

Property, plant 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 property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is charged to the statement of profit or loss 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 property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

Depreciation of property, plant 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%

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Property, Plant and Equipment (Continued)

The carrying values of property, plant 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 property, plant and equipment.

An item of property, plant 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 statement of profit or loss.

(b) 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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Leases (Continued)

(i) As Lessee (Continued)

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 the earlier of its useful life or the term of the lease. 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.

Office space	17%
Equipment	20%

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

The Company presents its right-of-use assets in 'property and equipment' and 'lease liabilities' in the statement of financial position.

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.

(c) 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.

Intangible assets with finite lives are amortised over the useful economic lives 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 finite useful lives are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Intangible Assets and Amortisation (Continued)

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 statement of profit or loss.

Intangible assets of the Company comprise of the following:

- (i) 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.
- (ii) Software intangible assets are capitalised on a 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 systems. These costs are amortised over a period of 5 years or 20% on a straight-line basis from the date of system commissioning.

Cost 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.

No amortisation is provided on capital works in progress as the assets are not yet available for use. Amortisation of an asset begins when it is available for use and calculated on a straight-line basis over the estimated useful lives of an asset.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) 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.

At initial recognition, the Company measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss ("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 statement of profit or loss.

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.

Classification

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

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Investments and Financial Assets (Continued)

Initial Recognition and Measurement (Continued)

Classification (Continued)

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.

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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Investments and Financial Assets (Continued)

Initial Recognition and Measurement (Continued)

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.

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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Investments and Financial Assets (Continued)

Initial Recognition and Measurement (Continued)

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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Investments and Financial Assets (Continued)

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:

(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 statement of profit or loss. Gains or losses are also recognised in the statement of profit or loss 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 statement of profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit or loss when the financial asset is derecognised.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Investments and Financial Assets (Continued)

I. Islamic Debt Instruments (Continued)

(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 statement of profit or loss.

Fair value changes of financial assets at FVTPL are analysed between change resulting from foreign currency fluctuation and other fair value changes. Foreign currency fluctuation and other fair value changes are included under other operating income/(expense) and fair value gains/(losses) in the statement of profit or loss respectively.

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 statement of profit or loss, 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 the statement of profit or loss when the Company's right to receive payments is established.

Changes in fair value of financial assets at FVTPL are recognised in the statement of profit or loss.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Investments and Financial Assets (Continued)

Subsequent measurement (Continued)

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.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

(e) Financial Liabilities

Initial recognition and measurement

Financial liabilities 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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial Liabilities (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 statement of profit or loss. 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 statement of profit and loss.

(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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Financial Liabilities (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 the statement of profit or loss.

The terms and conditions of the Agreement 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 operators' fund investment rate of return. The accrued deferred benefit shall only become payable provided the Agreement has been in force for certain continuous contract years and the agent has attained the minimum age stipulated in the Agreement.

(f) Fair Value Measurement

The Company measures financial instruments at fair value at each reporting date. In addition, fair values of financial instruments measured at amortised cost are disclosed in Note 5.

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.

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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Fair Value Measurement (Continued)

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 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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Fair Value Measurement (Continued)

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

(g) Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses ("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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL 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 FVOCI and its financing commitments. For trade and takaful receivables, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses. The Company recognises a loss allowance for ECL at each reporting date. 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.

Not credit-impaired financial assets

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 Group expects to receive).

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of Financial Assets (Continued)

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, and 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 reporting date using the original effective profit rate of the existing financial asset.

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 receivable of 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.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of Financial Assets (Continued)

Credit-impaired financial assets (Continued)

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.

(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; or
- 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.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Derecognition of Financial Assets and Liabilities (Continued)

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 statement of profit or loss.

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

(i) 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.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of Non-financial Assets (Continued)

An impairment loss is recognised in the statement of profit or loss 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 statement of profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(j) Takaful and Retakaful Contracts

Definition and classification

Contracts under which the Company accepts significant takaful risk are classified as takaful contracts. Contracts held by the Company under which it transfers significant takaful risk related to underlying takaful contracts are classified as retakaful contracts. Takaful and retakaful contracts also expose the Company to financial risk.

Takaful contracts may be issued and retakaful contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'takaful contracts' and 'retakaful contracts' include contracts issued, initiated or acquired by the Company unless otherwise stated.

Contracts that have a legal form of takaful but do not transfer significant takaful risk and expose the Company to financial risk are classified as investment contracts, and they follow financial instruments accounting under MFRS 9 - Financial Instrument. The Company does not have any contracts that fall under this category.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Definition and classification (Continued)

Contracts are subject to different requirements depending on whether they are classified as direct participating contracts or contracts without direct participation features. Takaful contracts with direct participation features are takaful contracts that are substantially investment-related service contracts under which the Company promises an investment return based on underlying items; they are contracts for which, at inception:

- the contractual terms specify that the certificateholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the certificateholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the certificateholder to vary with the change in fair value of the underlying items.

Direct participating contracts issued by the Company are contracts with direct participation features where the Company holds the pool of underlying assets and accounts for these group of contracts under the Variable Fee Approach ("VFA"). The VFA modifies the accounting model in MFRS 17 to reflect that the consideration that the Company receives for the contracts is a variable fee.

All other takaful contracts and all retakaful contracts are classified as contracts without direct participation features.

Separating components from takaful and retakaful contracts

The Company assesses its takaful and retakaful contracts to determine whether they contain components which must be accounted for under another MFRS rather than MFRS 17 (distinct non takaful components). After separating any distinct components, the Company applies MFRS 17 to all remaining components of the (host) takaful contract. Currently, the Company's contracts do not include distinct components that require separation.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Separating components from takaful and retakaful contracts (Continued)

Some family takaful contracts issued by the Company include a surrender option under which the surrender value is paid to the certificateholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in MFRS 17. MFRS 17 defines investment components as the amounts that a takaful contract requires a takaful operator to repay to a certificateholder in all circumstances, regardless of whether a covered event has occurred. Investment components which are highly interrelated with the takaful contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from takaful revenue and takaful service expenses. The surrender options are considered non-distinct investment components as the Company is unable to measure the value of the surrender option component separately from the family takaful portion of the contract.

For contribution refund or experience refund components which are not subject to any conditions in the contracts, these have been assessed to be highly interrelated with the takaful component of the retakaful contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

Level of aggregation

(i) Takaful contracts

Takaful contracts are aggregated into groups for measurement purposes. Groups of takaful contracts are determined by identifying portfolios of takaful contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into quarters (by quarter of issuance) into three groups based on the expected profitability of the contracts:

- contracts that are onerous at initial recognition, if any;
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; or
- remaining group of contracts, if any.

These groups represent the level of aggregation at which takaful contracts are initially recognised and measured. The profitability groupings are not reassessed under subsequent remeasurement.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Level of aggregation (Continued)

(i) Takaful contracts (Continued)

Level of aggregation is also affected by law or regulation which specifically constrains the Company's practical ability to set a different price or level of benefits for certificateholders with different characteristics.

The Company broadly groups its takaful contracts by how the contracts are managed, product type, currency, measurement model and takaful risks. Sets of contracts usually correspond to pricing risk groups that the Company determined to have similar takaful risk and that are priced together by assessing the profitability of a best estimate pool of contracts on the same basis. The Company determines the profitability of contracts within portfolios and the likelihood of changes in takaful, financial and other exposures resulting in these contracts becoming more onerous at the level of these pricing groups, with no information available at a more granular level. This level of granularity determines sets of contracts.

(ii) Retakaful contracts

Portfolios of retakaful contracts held are assessed for aggregation separately from portfolios of takaful contracts issued. Applying the grouping requirements to retakaful contracts held, the Company aggregates retakaful contracts into quarters (by quarter of issuance) for family retakaful treaties into groups of:

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.

Retakaful contracts held are assessed for aggregation requirements on an individual retakaful treaty basis.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Recognition

A group of takaful contracts issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any contributions within the boundary of the contract);
- when the first payment from the certificateholder becomes due or, if there is no contractual due date, when it is received from the certificateholder; and
- when facts and circumstances indicate that the contract is onerous.

The Company recognises a group of retakaful contracts held from the earliest of the following:

- The beginning of the coverage period of the group of retakaful contracts held. However, the Company delays the recognition of a group of retakaful contracts held that provide proportionate coverage until the date when any underlying takaful contract is initially recognised, if that date is later than the beginning of the coverage period of the group of retakaful contracts held; and
- The date the Company recognises an onerous group of underlying takaful contracts if the Company entered into the related retakaful contract in the group of retakaful contracts held at or before that date.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Composition of the groups is not reassessed in subsequent periods.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Contract boundary

The Company includes in the measurement of a group of takaful contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a takaful contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the certificateholder to pay the contributions, or in which the Company has a substantive obligation to provide the certificateholder with takaful contract services. A substantive obligation to provide takaful contract services ends when:

- The Company has the practical ability to reassess the risks of the particular certificateholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio of takaful contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - The pricing of the contributions up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Fulfilment cash flows outside the boundary of the takaful contract are not recognised. Such amounts relate to future takaful contracts.

For family takaful contracts with renewal periods, the Company assesses whether contributions and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by the Company by considering all the risks covered for the certificateholder by the Company, that the Company would consider when underwriting equivalent contracts on the renewal dates for the remaining service. Therefore, the cash flows related to renewals of takaful contracts will not be included in the contract boundary.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Contract boundary (Continued)

For groups of retakaful contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the retakaful operator or in which the Company has a substantive right to receive takaful contract services from the retakaful operator.

A substantive right to receive services from the retakaful operator ends either when the retakaful operator can reprice the contract to fully reflect the ceded risk, or when the retakaful operator has a substantive right to terminate coverage.

The Company reassesses contract boundary of each group at the end of each reporting period.

Measurement

(i) Measurement – contracts not measured under the Premium Allocation Approach ("PAA")

On initial recognition, the Company measures a group of takaful contracts as the total of (a) the fulfilment cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the Contractual Service Margin ("CSM"). The fulfilment cash flows of a group of takaful contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils takaful contracts.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 2.5.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(i) Measurement – contracts not measured under the Premium Allocation Approach ("PAA") (Continued)

On initial recognition of a group of takaful contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. A loss from onerous takaful contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised (refer to the Onerous contracts – Loss component section in Note 2.2(j)(iv) below).

(ii) Fulfilment Cash Flows ("FCF")

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from contributions and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- (a) are based on a probability-weighted mean of the full range of possible outcomes;
- (b) are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
- (c) reflect conditions existing at the measurement date.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of takaful contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the takaful contracts requires significant judgment and estimation. Refer to Note 2.5.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(iii) Contractual Service Margin ("CSM")

The CSM is a component of the carrying amount of the asset or liability for a group of takaful contracts issued representing the unearned profit that the Company will recognise as it provides takaful contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or takaful revenue and takaful service expenses are recognised as in (d) below) arising from:

- (a) the initial recognition of the FCF;
- (b) cash flows arising from the contracts in the group at that date;
- (c) the derecognition of any takaful acquisition cash flows asset; and
- (d) the derecognition of any other pre-recognition cash flows.

Takaful revenue and takaful service expenses are recognised immediately for any such assets derecognised.

(iv) Subsequent Measurement - contracts not measured under the PAA

Subsequently, the carrying amount of a group of takaful contracts at each reporting date is the sum of the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC"). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(iv) Subsequent Measurement - contracts not measured under the PAA (Continued)

- The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

Changes relating to future service	Adjusted against CSM (or recognised in the takaful service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the takaful service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated cash flows	Recognised as takaful finance income or expenses in profit or loss, except for certain portfolios measured using the General Measurement Model ("GMM") where the Other Comprehensive Income ("OCI") option is applied.

- The CSM is adjusted subsequently only for changes in FCF that relate to future services and other specified amounts and is recognised in profit or loss as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss because it relates to future services.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(iv) Subsequent Measurement - contracts not measured under the PAA (Continued)

Onerous contracts- Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in takaful service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- (a) expected incurred claims and other directly attributable expenses for the period;
- (b) changes in the risk adjustment for non-financial risk for the risk expired;
- (c) finance income (expenses) from takaful contracts issued.

The amounts of the loss component allocation in (a) and (b) above reduce the respective components of takaful revenue and are reflected in takaful service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

(v) Retakaful Contracts

The Company will apply the same accounting policies to measure a group of retakaful contracts, with the following modifications.

The carrying amount of a group of retakaful contracts at each reporting date is the sum of the asset for remaining coverage ("ARC") and the asset for incurred claims ("AIC"). The ARC comprises the FCF that relate to services that will be received under the contracts in future periods.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

(v) Retakaful Contracts (Continued)

The Company will measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying takaful contracts, with an adjustment for any risk of non-performance by the retakaful operator.

The risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the retakaful operator.

For groups of retakaful contracts held, any net gain or loss at initial recognition is recognised in the statement of financial position as part of the fullfilment cash flow of direct underlying certificates.

(vi) Takaful Acquisition Cash Flows

Takaful acquisition cash flows arise from the costs of selling, underwriting and starting a group of takaful contracts that are directly attributable to the portfolio of takaful contracts to which the group belongs. If takaful acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group.

Takaful acquisition cash flows are allocated to groups of takaful contracts on a systematic and rational basis. Takaful acquisition cash flows that are directly attributable to a group of takaful contracts are allocated to that group; and to groups that will include takaful contracts that are expected to arise from renewals of the takaful contracts in that group.

Takaful acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

The takaful acquisition cash flows that arise before the recognition of the related takaful contracts are recognised as separate assets and tested for recoverability, whereas other takaful acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related takaful contracts.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(vi) Takaful Acquisition Cash Flows (Continued)

The Company assesses at each reporting date whether facts and circumstances indicate that an asset for takaful acquisition cash flows may be impaired, then the Company:

- (a) recognises an impairment in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- (b) if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those takaful acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

The Company reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions no longer exist or have improved.

(vii) Derecognition and Contract Modification

A takaful contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the takaful contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria discussed below are met.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(vii) Derecognition and Contract Modification (Continued)

When a takaful contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- (a) if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
 - i. is not within the scope of MFRS 17;
 - ii. results in different separable components;
 - iii. results in a different contract boundary; or
 - iv. belongs to a different group of contracts;
- (b) the original contract represents a takaful contract with direct participation features, but the modified contract no longer meets that definition, or vice versa;
- (c) the original contract was accounted for under the PAA, but the

When a new contract is required to be recognised as a result of modification and it is within the scope of MFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility component separation requirements and contract aggregation requirements.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(vii) Derecognition and Contract Modification (Continued)

When a takaful contract not accounted for under the PAA is derecognised from within a group of takaful contracts, the Company:

- (a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;
- (b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
 - i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
 - ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the contribution charged by the third party; or
 - iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the contribution that the Company would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional contribution charged for the modification; when recognising the new contract in this case, the Company assumes such a hypothetical contribution as actually received; and
- (c) adjusts the number of coverage units for the expected remaining takaful contract services, to reflect the number of coverage units removed.

(viii) Presentation and Disclosure

Takaful service result comprises takaful revenue and takaful service expenses. Income and expenses from retakaful contracts held, other than takaful finance income or expenses, are presented on a net basis as 'net expenses from retakaful contracts' held in the takaful service result.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(viii) Presentation and Disclosure (Continued)

Takaful revenue

As the Company provides takaful contract services under the group of takaful contracts, it reduces the LRC and recognises takaful revenue. The amount of takaful revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

Takaful revenue comprises the following:

- Amounts relating to the changes in the LRC:
 - (a) Expected claims and other directly attributable expenses incurred in the period excluding:
 - amounts allocated to the loss component;
 - repayments of investment components and certificateholders' rights to withdraw an amount;
 - amounts of transaction-based taxes collected in a fiduciary capacity;
 - takaful acquisition expenses; and
 - amounts related to the risk adjustment for non-financial risk (see (b));
 - (b) changes in the risk adjustment for non-financial risk, excluding:
 - changes included in takaful finance income (expenses);
 - changes that relate to future coverage (which adjust the CSM); and
 - amounts allocated to the loss component;
 - (c) amounts of the CSM recognised for the services provided in the period;
 - (d) experience adjustments – arising from contributions received in the period other than those that relate to future service; and
 - (e) other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.
- Takaful acquisition cash flows recovery is determined by allocating the portion of contributions related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(viii) Presentation and Disclosure (Continued)

Takaful service expenses

Takaful service expenses include the following:

- (a) incurred claims and benefits, excluding investment components reduced by loss component allocations;
- (b) other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than takaful acquisition cash flows) derecognised at the date of initial recognition;
- (c) takaful acquisition cash flows amortisation;
- (d) changes that relate to past service – changes in the FCF relating to the LIC; and
- (e) changes that relate to future service – changes in the FCF that results in onerous contract losses or reversals of those losses; and
- (f) takaful acquisition cash flows assets impairment.

For contracts not measured under the PAA, amortisation of takaful acquisition cash flows is reflected in takaful service expenses in the same amount as takaful acquisition cash flows recovery reflected within takaful revenue, as described above.

Other expenses not meeting the above categories are included in other expenses in the statement of profit or loss.

Net income (expenses) from retakaful contracts held

The Company presents financial performance of groups of retakaful contracts held on a net basis in net income (expenses) from retakaful contracts held, comprising the following amounts:

- (a) retakaful expenses;
- (b) incurred claims recovery, excluding investment components reduced by loss recovery component allocations;
- (c) other incurred directly attributable expenses;
- (d) changes that relate to past service – changes in the FCF relating to incurred claims recovery; and

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(viii) Presentation and Disclosure (Continued)

Net income (expenses) from retakaful contracts held (Continued)

Retakaful expenses are recognised similarly to takaful revenue. The amount of retakaful expenses recognised in the reporting period depicts the transfer of received takaful contract services at an amount that reflects the portion of ceding contributions that the Company expects to pay in exchange for those services.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding contributions and are accounted for as part of retakaful expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Takaful Finance Income or Expenses

Takaful finance income or expenses comprise the change in the carrying amount of the group of takaful contracts arising from:

- (a) the effect of the time value of money and changes in the time value of money;
- (b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within takaful finance income or expenses are:

- (a) profit accreted on the FCF and the CSM;
- (b) the effect of changes in profit rates and other financial assumptions, and
- (c) foreign exchange differences.

For contracts measured under the VFA, takaful finance income or expenses comprise changes in the value of underlying items (excluding additions and withdrawals).

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Takaful and Retakaful Contracts (Continued)

Measurement (Continued)

(viii) Presentation and Disclosure (Continued)

Takaful Finance Income or Expenses (Continued)

The Company disaggregates changes in the risk adjustment for non-financial risk between takaful service results and takaful finance income or expenses for family takaful.

For family takaful, the Company includes all takaful finance income or expenses for the period in profit or loss, except for certain portfolios measured using the GMM where the Other Comprehensive Income ("OCI") option is applied. This is expected to reduce accounting mismatches in profit or loss, considering that many of the supporting financial assets will be Islamic debt investments measured at fair value through other comprehensive income ("FVOCI").

The Company systematically allocates expected total takaful finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts.

In the event of transfer of a group of takaful contracts or derecognition of a takaful contract, the Company reclassifies the takaful finance income or expenses to profit or loss as a reclassification adjustment to any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income.

The groups of takaful contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

(k) Other revenue recognition

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

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

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 statement of profit or loss.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Fees and Commission Income

Fees and commission income comprise mainly of management fee and retakaful commission income. Management fee includes income earned from provision of investment management services for investment-linked businesses. These fees income are recognised as revenue over the period in which the services are rendered.

(m) 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 and presentation 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 statement of profit or loss. 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 rates of foreign currency ruling at reporting date used are as follows:

	2023	2022
	RM	RM
Singapore Dollar	3.48	3.28
Hong Kong Dollar	0.59	0.56

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Income tax

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

In addition to paying tax on shareholders' profit, 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 statement of profit or loss.

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 tax losses and unused tax credits 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 period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statement of profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(o) Employee benefits

(i) Defined contribution plans under statutory regulations

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the statement of profit or loss 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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) 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.

(q) 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.

(r) Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in 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 statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(s) 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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(t) Measurement and impairment of Qard

Any deficit in the participants' tabarru' fund is made good via an profit free loan, or Qard, granted by the operators' fund to the participants' tabarru' fund. The Qard is measured using the time value of money ("TVM") principle consistent with MFRS requirements.

Initial measurement

During the initial measurement of Qard, the application of TVM will result in a lower expected value of Qard to be repaid at a future date given that Qard is profit-free in nature and does not compensate for TVM. In this regard, the difference between the initial and nominal value (original value) of Qard will represent the TVM effect and recorded in the respective financial statements as a gain to the takaful fund and a loss to the takaful operator.

Qard repayment

Throughout the Qard repayment period, the value of Qard will be adjusted to unwind the TVM effect with corresponding gain and loss recorded in the financial statements of the takaful fund and the takaful operator, respectively. This will ultimately zerorise the TVM effect recorded at initial measurement resulting in no gain or loss in respect of Qard transaction throughout the period where Qard is being repaid. Such adjustment is intended to ensure that the value of Qard reaches the original value of Qard when it is fully repaid and ultimately affirming the takaful fund's obligation to repay the original amount of Qard and takaful operator's right to receive the original amount of Qard.

(u) 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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) 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) Retained earnings

A portion of the retained earnings has been set aside to meet risk-based capital requirements for regulatory reporting purposes. These reserves are deemed statutory reserves and are not available for distribution to shareholders. These statutory reserves are measured according to the regulatory prescriptions and are subject to changes in line with the underlying risks underwritten.

(iii) FVOCI reserves

Fair value reserves comprise the cumulative net change in fair value of financial assets measured at FVOCI and the related loss allowance of Islamic debt instruments recognised in statement of profit or loss until the debt is derecognised, net of tax.

(iv) 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.

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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 2023, the Company adopted the following amended MFRSs mandatory for annual 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*
- MFRS 17 *Insurance Contracts* and its amendments
- Amendment to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendment to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*

The adoption of the amendments to MFRS 101, MFRS 108 and MFRS 112 did not have any significant effects on the financial statements upon their initial recognition.

The adoption of MFRS 17 including any consequential amendments to other standards have brought significant changes to the accounting for takaful and retakaful contracts. As a result, the Company has restated comparative information for the financial year 2022. The nature and effects of the changes in the accounting policies are summarised below.

MFRS 17 *Insurance Contracts*

MFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of takaful contracts and retakaful contracts held by the Company. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils contracts, an explicit risk adjustment for non-financial risk and a Contractual Service Margin ("CSM").

For an explanation of the accounting policy for takaful and retakaful contracts under MFRS 17, see notes 2.2(j).

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

MFRS 17 Insurance Contracts (Continued)

Changes to Classification and Measurement

The adoption of MFRS 17 did not change the classification of the Company's takaful contracts.

MFRS 17 establishes specific principles for the recognition and measurement of takaful contracts issued and retakaful contracts held by the Company.

The key principles of MFRS 17 are that the Company:

- Identifies takaful contracts as those under which the Company accepts significant risk from another party (the certificateholder) by agreeing to compensate the certificateholder if a specified uncertain future event (the sum covered event) adversely affects the certificateholder;
- Separates specified embedded derivatives, distinct investment components and distinct non takaful goods or services from takaful contracts and accounts for them in accordance with other standards;
- Divides the takaful and retakaful contracts into groups it will recognise and
- Recognises and measures groups of takaful contracts at:
 - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information; plus
 - An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM);
- Recognises profit from a group of takaful contracts over the period the Company provides takaful coverage, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately.

Changes to Presentation and Disclosure

The Company aggregates portfolios of takaful contracts issued and retakaful contracts held and present separately in the statement of financial position:

- Portfolios of takaful contracts issued that are assets;
- Portfolios of retakaful contracts held that are assets;
- Portfolios of takaful contracts issued that are liabilities; and
- Portfolios of retakaful contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the MFRS 17 requirements.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

MFRS 17 *Insurance Contracts* (Continued)

Changes to Presentation and Disclosure (Continued)

The descriptions of the line items in the statement of profit or loss have been changed significantly compared with the previous year. Previously the Company reported the following line items: wakalah fee income/(expense), gross and net earned contributions, net benefits and claims, change in expense liabilities, commission and management expenses and surplus attributable to participants and shareholders. MFRS 17 requires separate presentation of:

- Takaful revenue
- Takaful service expense
- Takaful/retakaful finance income or expense; and
- Income or expenses from retakaful contracts held.

The Company provides disaggregated qualitative and quantitative information in the notes to the financial statements about:

- The amounts recognised in its financial statements from takaful contracts and retakaful contracts; and
- Significant judgments, and changes in those judgments made when applying the standard.

Transition

The Company has restated the comparative information based on the transition approaches taken on adoption of MFRS 17.

Changes in accounting policies resulting from the adoption of MFRS 17 were applied using the full retrospective approach to the extent practicable. The full retrospective approach was applied to takaful contracts that were originated less than one year prior to the effective date. Where it was not possible to obtain all required historical data without undue cost and effort, the modified retrospective approach or fair value approach was applied. The modified retrospective approach was applied to certain groups of takaful contracts that were originated less than 6 years prior to the transition date. The fair value approach was applied to the remaining takaful contracts.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

MFRS 17 Insurance Contracts (Continued)

Transition (Continued)

On transition date, 1 January 2022, the Company:

- identified, recognised and measured each group of takaful and retakaful contracts as if MFRS 17 had always applied (unless impracticable – refer to Notes 2.3 (i) and 2.3 (iv);
- Derecognised previously reported balances that would not have existed if MFRS 17 had always been applied;
- Redesignated certain financial assets to address possible accounting mismatches between financial assets and takaful contract liabilities and applied classification overlay for the financial assets in the comparative period (refer to Note 2.3 (iv)); and
- Recognised any resulting net difference in equity.

The Company has applied the transition provisions in MFRS 17 and has not disclosed the impact of the adoption of MFRS 17 on each financial statement line item and Earnings per share ("EPS"). The effects of adopting MFRS 17 on the financial statements at 1 January 2022 are presented in the statement of changes in equity.

(i) Modified retrospective approach

The modified retrospective approach was applied to certain groups of takaful contracts that were originated less than 6 years prior to the transition date. The Company has used the following procedures to determine the CSM at initial recognition for these contracts:

- Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at transition date, adjusted by the cash flows that have occurred between the date of initial recognition and the transition date. The cash flows that are known to have occurred include cash flows resulting from contracts that ceased to exist before the transition date.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 17 Insurance Contracts (Continued)

Transition (Continued)

(i) Modified retrospective approach (Continued)

The modified retrospective approach was applied to certain groups of takaful contracts that were originated less than 6 years prior to the transition date. The Company has used the following procedures to determine the CSM at initial recognition for these contracts (Continued):

- Estimated historical discount rates applied to some cash flows in the period prior to 2016 using an observable market profit curve for that period, adjusted by the spread between observable market yield curves and the yield curve used to determine current discount rates for the years between 1 January 2016 and 1 January 2022.
- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before the transition date. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date.

The CSM at transition date has been further determined by:

- Using the modified discount rates determined at initial recognition to accrete profit on the CSM.
- Applying the amount of the CSM recognised in profit or loss because of the transfer of services before the transition date, by comparing the remaining coverage units at that date with the coverage units provided under the group of contracts before the transition date.

(ii) Fair value approach

The Company applied the fair value approach to the remaining takaful contracts. Under the fair value approach, the Company has determined the CSM of the liability for remaining coverage at the date of transition, as the difference between the fair value of a group of takaful contracts, measured in accordance with IFRS 13 *Fair Value Measurement*, and its fulfilment cash flows ("FCF") at that date.

The Company has aggregated contracts issued more than one year apart in determining groups of takaful contracts under the fair value approach at transition.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

MFRS 17 Insurance Contracts (Continued)

Transition (Continued)

(ii) Fair value approach (Continued)

For the application of the fair value approach, the Company has used reasonable and supportable information available at the transition date in order to:

- Identify groups of takaful contracts
- Determine whether any contracts are direct participating takaful contracts
- Identify any discretionary cash flows for takaful contracts without direct participation features

The discount rate for the group of contracts inception after 2016 applying the fair value approach was determined based on the inception year discount rate. Whereas, the discount rate for the group of contracts inception before 2016 applying the fair value approach was determined on transition date.

The discount rate used for accretion of profit on the CSM is determined using the bottom-up approach at inception.

The Company used the income approach to determine the fair value amount used for establishing the takaful contract liabilities at the transition date.

(iii) Impact on Transition

The effects from applying MFRS 17 resulted in a increase of equity amounting to RM62,798,175. The net transition impact to equity consisted of the following effects.

Measurement adjustments	Description of impact
	Contracts not measured under Premium Allocation Approach ("PAA")
CSM	A CSM is recognised for the unearned profit for takaful contracts.
Contract Measurement	Other components of takaful contracts are also remeasured: <ul style="list-style-type: none"> • Risk adjustment: recognition of a separate risk adjustment for non-financial risk which is higher than the risk margin under MFRS 4 as a result of recalibration of the measurement techniques to conform with the MFRS 17 requirements.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

MFRS 17 Insurance Contracts (Continued)

Transition (Continued)

(iii) Impact on Transition (Continued)

Measurement adjustments	Description of impact
	Contracts not measured under Premium Allocation Approach ("PAA")
Contract Measurement	<ul style="list-style-type: none"> • Discount rates: Changes in the discount rates because of the MFRS 17 requirements to measure future cash flows using current discount rates. • Deferred acquisition costs: Under MFRS 17, the Company now recognises separately eligible takaful acquisition cash flows when they are incurred. • Other changes: Include the changes to the provisions for future taxes, and other changes related to the application of MFRS 17.
Takaful Finance Reserve	Under MFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as takaful finance or expenses in profit or loss. The Company has elected the option to include these changes for certain portfolios measured under GMM under takaful finance reserve in equity.

Besides the impact to equity upon transition, there are also other changes in the balance sheet mainly resulting from takaful related receivables and payables now included within fulfilment cash flows instead of being presented separately.

(iv) Redesignation and Classification Overlay for Financial Assets

MFRS 17 allows for entities that had applied MFRS 9 to annual periods before the initial application of MFRS 17, to redesignate its financial assets to address possible accounting mismatches between financial assets and Takaful contract liabilities. Accordingly, the Company has redesignated certain debt instruments which were previously measured at fair value through profit and loss to fair value through other comprehensive income. A transition option was elected to apply a classification overlay for the financial assets as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset during the comparative period. At the transition date, RM148,240,000 of Islamic debt instruments which were previously presented at fair value through other comprehensive income was reclassified to fair value through profit and loss, resulting in a reclassification of RM1,157,900 from fair value reserves to the unallocated surplus of the family takaful funds.

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2. MATERIAL 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 2024

- Amendments to MFRS 101 *Classification of liabilities as current or non-current*
- Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Non-current liabilities with covenants*
- Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangement*

Effective for financial periods beginning on or after 1 January 2025

- Amendments to MFRS 121 *Lack of Exchangeability*

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.

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical Judgements Made in Applying Accounting Policies

The following are judgements made by the management in the process of applying the Company's accounting policies that have significant effect on the amounts recognised in the financial statements.

(i) Takaful Contract Classification

Contracts are classified as takaful contracts 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.

(ii) Takaful Business

The Company makes estimates, assumptions and judgments in its estimates of fulfilment cash flow ("FCF"), discount rates used, risk adjustments for non-financial risk, and CSM.

Discount rates

Takaful contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the observable market yields of Malaysian Government Securities in the currency of the takaful contract liabilities. The illiquidity premium is determined by reference to observable market rates.

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical Judgements Made in Applying Accounting Policies (Continued)

(ii) Takaful Business (Continued)

The Company adopts a bottom-up approach in which discount rates are based on risk-free yield curve and an adjustment for illiquidity premium.

- (a) For risk-free yield curves and Ultimate Forward Rate ("UFR"), references are made in particular to the Bank Negara Malaysia Risk Based Capital Takaful Framework ("BNM RBCT") which is also aligned with the approach taken by the International Associations of Insurance Supervisors ("IAIS") on the design of the global insurance capital standards ("ICS").
- (b) For illiquidity premium, illiquidity buckets ("illiquidity application ratio") are assigned using an objective scoring system that is based on illiquidity characteristics of products on each portfolio. Market observable illiquidity premium levels are derived every month-end based on a credit-risk adjusted market spread of reference assets for each currency.

The adjustment of illiquidity premium in (b) is added as a layer in addition to the risk-free yield curve in (a) based on the illiquidity application ratio of each portfolio.

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

		2023					
		1 year	5 years	10 years	15 years	20 years	30 years
Endowment	MYR	3.470%	3.796%	3.967%	4.159%	4.347%	4.583%
Term	MYR	3.317% - 3.470%	3.643% - 3.796%	3.814% - 3.967%	4.006% - 4.159%	4.194% - 4.347%	4.430% - 4.583%

		2022					
		1 year	5 years	10 years	15 years	20 years	30 years
Endowment	MYR	3.333%	3.976%	4.247%	4.384%	4.508%	4.670%
Term	MYR	3.260% - 3.333%	3.903% - 3.976%	4.174% - 4.247%	4.311% - 4.384%	4.436% - 4.508%	4.597% - 4.670%

GREAT EASTERN TAKAFUL BERHAD
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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical Judgements Made in Applying Accounting Policies (Continued)

(ii) Takaful Business (Continued)

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the takaful contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates.

The confidence level technique was used to derive the overall risk adjustment for non-financial risk. Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associate risks over all future years. The target confidence level will be at 85th percentile.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect cash flows. Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) certificateholders, takaful acquisition cash flows and other costs that are incurred in fulfilling contracts which comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical Judgements Made in Applying Accounting Policies (Continued)

(ii) Takaful Business (Continued)

Coverage units

The number of coverage units in a group of takaful contracts is the quantity of coverage provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage duration. The coverage units are assessed at each reporting period-end prospectively by considering:

- a. the quantity of benefits provided by contracts in the group;
- b. the expected coverage period of contracts in the group; and
- c. the likelihood of takaful events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Company uses the amount that it expects the certificateholder to be able to validly claim in each period if a takaful event occurs as the basis for the quantity of benefits with respect to takaful coverage.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) 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:

(i) Agents' Retirement Benefits

The carrying amount for agents' retirement benefits is calculated in accordance with the terms and conditions of the agreement, which stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the Company shall allocate to the agent a deferred benefit/retirement benefit. Interest will be accrued based on an estimated rate at the end of the financial year on the deferred benefit/retirement benefit accumulated with adjustment made subsequent to the year end when the participating fund rate of return is known or when the dividend rate is declared by the Employees' Provident Fund ("EPF").

The Company will adjust the carrying amount of ARB to reflect the actual and revised estimated cash flows, to cover estimated liability for future benefits payable. The ARB shall become vested and payable upon fulfilment of the stipulated conditions.

Judgement is required to:

- (i) determine whether the Agreements contain significant takaful risk; and
- (ii) estimate the changes in ARB to be made, based upon the likely fulfilment of the conditions and occurrence of the claimable event.

At each reporting year, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the carrying amount.

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GREAT EASTERN TAKAFUL BERHAD
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3. PROPERTY, PLANT AND EQUIPMENT

(a) Owned

<u>Company</u>	Motor vehicles RM'000	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
2023					
Cost					
At 1 January 2023	570	15,691	7,257	8,679	32,197
Additions	-	4,826	1,957	-	6,783
Disposals	-	(516)	-	-	(516)
At 31 December 2023	570	20,001	9,214	8,679	38,464
Accumulated depreciation					
At 1 January 2023	(402)	(13,367)	(5,693)	-	(19,462)
Charge for the year	(78)	(2,034)	(382)	-	(2,494)
At 31 December 2023	(480)	(15,401)	(6,075)	-	(21,956)
Net book value					
At 31 December 2023	90	4,600	3,139	8,679	16,508
<u>Company</u>	Motor vehicles RM'000	Computer equipment RM'000	Furniture, fittings and office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
2022					
Cost					
At 1 January 2022	570	14,660	6,306	5,584	27,120
Additions	-	1,059	30	7,403	8,492
Transfer	-	3,387	921	(4,308)	-
Reclassification (Note 4)	-	(3,415)	-	-	(3,415)
At 31 December 2022	570	15,691	7,257	8,679	32,197
Accumulated depreciation					
At 1 January 2022	(324)	(12,013)	(5,357)	-	(17,694)
Charge for the year	(78)	(1,354)	(336)	-	(1,768)
At 31 December 2022	(402)	(13,367)	(5,693)	-	(19,462)
Net book value					
At 31 December 2022	168	2,324	1,564	8,679	12,735

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3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Owned (Continued)

Included in property, plant and equipment are the cost of fully depreciated assets which are still in use amounting to RM7,723,730 (2022: RM8,908,424).

(b) Right-of-use assets

<u>Company</u>	Right-of-Use: Buildings RM'000	Right-of-Use: Office equipment RM'000	Total RM'000
2023			
Cost			
At 1 January 2023	6,361	176	6,537
Additions	3,318	-	3,318
At 31 December 2023	<u>9,679</u>	<u>176</u>	<u>9,855</u>
Accumulated amortisation			
At 1 January 2023	(5,279)	(135)	(5,414)
Charge for the year	(1,585)	(35)	(1,619)
At 31 December 2023	<u>(6,865)</u>	<u>(171)</u>	<u>(7,033)</u>
Net book value			
At 31 December 2023	<u>2,815</u>	<u>6</u>	<u>2,822</u>
<u>Company</u>	Right-of-Use: Buildings RM'000	Right-of-Use: Office equipment RM'000	Total RM'000
2022			
Cost			
At 1 January 2022	6,361	176	6,537
At 31 December 2022	<u>6,361</u>	<u>176</u>	<u>6,537</u>
Accumulated amortisation			
At 1 January 2022	(3,984)	(100)	(4,084)
Charge for the year	(1,295)	(35)	(1,330)
At 31 December 2022	<u>(5,279)</u>	<u>(135)</u>	<u>(5,414)</u>
Net book value			
At 31 December 2022	<u>1,082</u>	<u>41</u>	<u>1,123</u>

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3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) 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:

	2023 RM'000	2022 RM'000
Depreciation expense of right-of-use assets	1,619	1,330
Profit expense on lease liabilities	111	131
Expense related to leases of low-value assets	42	48
Total amount recognised in profit or loss	<u>1,772</u>	<u>1,510</u>

(c) Lease liabilities

<u>Company</u>	Lease Liabilities: Buildings RM'000	Lease Liabilities: Office equipment RM'000	Total RM'000
2023			
Lease liabilities			
At 1 January 2023	1,136	161	1,297
Additions	3,560	-	3,560
Payment of lease liabilities	(1,944)	(48)	(1,992)
Profit expense on lease liabilities	108	3	111
At 31 December 2023	<u>2,860</u>	<u>116</u>	<u>2,976</u>
2022			
Lease liabilities			
At 1 January 2022	2,507	172	2,679
Payment of lease liabilities	(1,464)	(49)	(1,513)
Profit expense on lease liabilities	93	38	131
At 31 December 2022	<u>1,136</u>	<u>161</u>	<u>1,297</u>

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4. INTANGIBLE ASSETS

<u>Company</u>	Computer software and licences RM'000	Distribution platform RM'000	Total RM'000
2023			
Cost			
At 1 January 2023	28,668	3,498	32,166
Additions	3,786	-	3,786
At 31 December 2023	32,454	3,498	35,952
Accumulated amortisation			
At 1 January 2023	(21,717)	(1,659)	(23,376)
Charge for the year	(4,130)	(538)	(4,668)
At 31 December 2023	(25,847)	(2,197)	(28,044)
Net book value			
At 31 December 2023	6,607	1,301	7,908
2022			
Cost			
At 1 January 2022	24,841	3,498	28,339
Additions	412	-	412
Reclassification (Note 3 (a))	3,415	-	3,415
At 31 December 2022	28,668	3,498	32,166
Accumulated amortisation			
At 1 January 2022	(17,104)	(1,121)	(18,225)
Charge for the year	(4,613)	(538)	(5,151)
At 31 December 2022	(21,717)	(1,659)	(23,376)
Net book value			
At 31 December 2022	6,951	1,839	8,790

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5. INVESTMENTS

	Family takaful fund RM'000	Company RM'000
2023		
Financial assets at FVOCI:		
Quoted Shariah-approved equities	-	35,046
Government investment issues	81,653	81,653
Unquoted Islamic private debt securities	249,313	249,313
Financial assets at FVTPL:		
Quoted Shariah-approved equities	554,867	559,949
Financial instruments with embedded derivatives	172	172
Unit trusts - REITS	12,637	12,939
Government investment issues	164,257	208,762
Unquoted Islamic private debt securities	254,716	335,968
	<u>1,317,615</u>	<u>1,483,802</u>

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

Financial assets at FVOCI (Note 5(a))	330,966	366,012
Financial assets at FVTPL (Note 5(b))	986,649	1,117,790
	<u>1,317,615</u>	<u>1,483,802</u>

The following investments mature after 12 months:

Financial assets at FVOCI	283,375	283,375
Financial assets at FVTPL	400,428	510,136
	<u>683,803</u>	<u>793,511</u>

2022 restated

Financial assets at FVOCI:		
Quoted Shariah-approved equities	3,064	28,762
Government investment issues	66,845	66,845
Unquoted Islamic private debt securities	212,167	212,168
Financial assets at FVTPL:		
Quoted Shariah-approved equities	453,231	458,264
Financial instruments with embedded derivatives	145	145
Unit trusts - REITS	10,148	10,148
Government investment issues	138,927	171,572
Unquoted Islamic private debt securities	195,594	273,758
	<u>1,080,121</u>	<u>1,221,662</u>

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5. INVESTMENTS (CONTINUED)

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

	Family takaful fund RM'000	Company RM'000
Financial assets at FVOCI (Note 5(a))	282,076	307,775
Financial assets at FVTPL (Note 5(b))	798,045	913,887
	<u>1,080,121</u>	<u>1,221,662</u>

The following investments mature after 12 months:

Financial assets at FVOCI	255,039	255,039
Financial assets at FVTPL	332,316	438,122
	<u>587,355</u>	<u>693,161</u>

2023

At cost:

Quoted Shariah-approved equities	-	33,679
Government investment issues	82,621	82,621
Unquoted Islamic private debt securities	249,355	249,355
	<u>331,976</u>	<u>365,655</u>

At fair value:

Quoted Shariah-approved equities	-	35,046
Government investment issues	81,653	81,653
Unquoted Islamic private debt securities	249,313	249,313
	<u>330,966</u>	<u>366,012</u>

2022 restated

At cost:

Quoted Shariah-approved equities	3,479	30,124
Government investment issues	70,542	70,542
Unquoted Islamic private debt securities	218,052	218,052
	<u>292,073</u>	<u>318,718</u>

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5. INVESTMENTS (CONTINUED)

At fair value:

Quoted Shariah-approved equities	3,064	28,762
Government investment issues	66,845	66,845
Unquoted Islamic private debt securities	212,167	212,168
	<u>282,076</u>	<u>307,775</u>

During the financial year ended 31 December 2023, 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 RM8,894,125 (2022: RM7,663,955) at the date of disposal. The cumulative loss on disposal of RM1,493,456 was reclassified from fair value reserve to retained earnings (2022: RM1,078,623).

(b) Financial assets at FVTPL

	Family takaful fund RM'000	Company RM'000
2023		
At fair value:		
Mandatorily measured:		
Quoted Shariah-approved equities	554,867	559,949
Financial instruments with embedded derivatives	172	172
Unit trusts - REITS	12,637	12,939
Government investment issues	22,589	22,589
Unquoted Islamic private debt securities	126,129	126,146
Designated upon initial recognition:		
Government investment issues	141,668	186,173
Unquoted Islamic private debt securities	128,587	209,822
	<u>986,650</u>	<u>1,117,790</u>
2022 restated		
At fair value:		
Mandatorily measured:		
Quoted Shariah-approved equities	453,231	458,264
Financial instruments with embedded derivatives	145	145
Unit trusts - REITS	10,148	10,148
Government investment issues	4,295	4,295
Unquoted Islamic private debt securities	109,613	109,613
Designated upon initial recognition:		
Government investment issues	134,632	167,277
Unquoted Islamic private debt securities	85,981	164,145
	<u>798,045</u>	<u>913,887</u>

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5. INVESTMENTS (CONTINUED)

UNDERLYING ITEMS

The following table sets out the composition and the fair value of underlying items of the Company's contracts measured under the VFA.

	2023	2022
	RM'000	RM'000
Quoted Shariah-approved equities	412,430	341,476
Financial instruments with embedded derivatives	144	116
Unit trusts - REITS	8,907	7,202
Government investment issues	153,047	137,283
Unquoted Islamic private debt securities	298,256	269,021
Cash and cash equivalents	302,446	226,950
Total	1,175,230	982,047

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6. TAKAFUL AND RETAKAFUL CONTRACTS

6.1.0 Breakdown of groups of takaful/retakaful contracts held

The breakdown of groups of takaful contracts issued, and retakaful contracts held, that are in an asset position and those in a liability position is set out in the table below:

	2023			2022 restated			2021 restated		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Family Takaful Fund									
Takaful contracts issued									
Takaful contracts issued	(33,218)	1,994,216	1,960,998	(1,160,132)	2,546,686	1,386,554	(598,642)	1,824,567	1,225,925
Total takaful contracts	<u>(33,218)</u>	<u>1,994,216</u>	<u>1,960,998</u>	<u>(1,160,132)</u>	<u>2,546,686</u>	<u>1,386,554</u>	<u>(598,642)</u>	<u>1,824,567</u>	<u>1,225,925</u>
Current	(33,218)	613,370	580,152	(1,160,132)	1,404,434	244,302	(598,642)	844,274	245,633
Non-current	-	1,380,846	1,380,846	-	1,142,252	1,142,252	-	980,292	980,292
	<u>(33,218)</u>	<u>1,994,216</u>	<u>1,960,998</u>	<u>(1,160,132)</u>	<u>2,546,686</u>	<u>1,386,554</u>	<u>(598,642)</u>	<u>1,824,567</u>	<u>1,225,925</u>
Retakaful contracts held									
Retakaful contracts held	375,710	(208,638)	167,072	1,140,123	(1,016,445)	123,679	611,973	(518,253)	93,720
Total retakaful contracts held	<u>375,710</u>	<u>(208,638)</u>	<u>167,072</u>	<u>1,140,123</u>	<u>(1,016,445)</u>	<u>123,679</u>	<u>611,973</u>	<u>(518,253)</u>	<u>93,720</u>
Current	375,710	(208,638)	167,072	1,140,123	(1,016,445)	123,679	611,973	(518,253)	93,720
Non-current	-	-	-	-	-	-	-	-	-
	<u>375,710</u>	<u>(208,638)</u>	<u>167,072</u>	<u>1,140,123</u>	<u>(1,016,445)</u>	<u>123,679</u>	<u>611,973</u>	<u>(518,253)</u>	<u>93,720</u>

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6. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

6.1.0 Breakdown of groups of takaful/retakaful contracts held (continued)

Company	2023			2022 restated			2021 restated		
	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Takaful contracts issued									
Takaful contracts issued	(149,221)	2,069,949	1,920,728	(1,260,735)	2,620,675	1,359,940	(688,018)	1,886,817	1,198,799
Total takaful contracts	<u>(149,221)</u>	<u>2,069,949</u>	<u>1,920,728</u>	<u>(1,260,735)</u>	<u>2,620,675</u>	<u>1,359,940</u>	<u>(688,018)</u>	<u>1,886,817</u>	<u>1,198,799</u>
Current	(248,426)	664,434	416,008	(1,327,032)	1,416,908	89,876	(594,950)	878,542	283,592
Non-current	99,205	1,405,515	1,504,720	66,297	1,203,767	1,270,064	(93,068)	1,008,275	915,207
	<u>(149,221)</u>	<u>2,069,949</u>	<u>1,920,728</u>	<u>(1,260,735)</u>	<u>2,620,675</u>	<u>1,359,940</u>	<u>(688,018)</u>	<u>1,886,817</u>	<u>1,198,799</u>
Retakaful contracts held									
Retakaful contracts held	377,520	(209,822)	167,698	1,141,770	(1,016,445)	125,325	613,785	(518,253)	95,532
Total retakaful contracts held	<u>377,520</u>	<u>(209,822)</u>	<u>167,698</u>	<u>1,141,770</u>	<u>(1,016,445)</u>	<u>125,325</u>	<u>613,785</u>	<u>(518,253)</u>	<u>95,532</u>
Current	377,520	(209,821)	167,699	1,141,770	(1,016,445)	125,325	613,785	(518,253)	95,532
Non-current	-	-	-	-	-	-	-	-	-
	<u>377,520</u>	<u>(209,821)</u>	<u>167,699</u>	<u>1,141,770</u>	<u>(1,016,445)</u>	<u>125,325</u>	<u>613,785</u>	<u>(518,253)</u>	<u>95,532</u>

The Family Takaful Fund/Company disaggregates information to provide disclosure in respect of family takaful contracts issued and retakaful contracts held separately. This is disaggregation has been determined based on how the Family Takaful Fund/company is managed.

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- 6 TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)**
- 6.1 TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)**
- 6.1.1 Roll-forward of net asset or liability of takaful contracts issued showing the liability for remaining coverage and the liability for incurred claims**
- 6.1.1.1 Takaful contracts issued**

The roll-forward of the net asset or liability for takaful contracts issued, showing the liability for incurred claims for portfolios included in the family takaful fund, is disclosed in the table below:

	Note	2023				2022			
		Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims	
		Excluding loss component	Loss component	Excluding loss component	Loss component	Excluding loss component	Loss component	Excluding loss component	Loss component
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Family takaful fund									
Takaful contract assets as at 1 January		(1,156,100)	-	(4,032)	(1,160,132)	(598,689)	-	47	(598,642)
Takaful contract liabilities as at 1 January		1,109,636	-	1,437,050	2,546,686	997,580	-	826,987	1,824,567
Net family takaful contract (assets)/liabilities as at 1 January		(46,464)	-	1,433,018	1,386,554	398,891	-	827,034	1,225,925
13 Takaful revenue									
Contracts under the modified retrospective approach		(1,695,045)	-	-	(1,695,045)	(1,683,446)	-	-	(1,683,446)
Contracts under the fair value approach		(131,923)	-	-	(131,923)	(241,096)	-	-	(241,096)
Other contracts		(61,845)	-	-	(61,845)	(62,521)	-	-	(62,521)
		(1,501,278)	-	-	(1,501,278)	(1,379,830)	-	-	(1,379,830)
Takaful service expense		720,543	-	979,878	1,700,421	297,372	-	1,385,454	1,682,826
Incurrd claims and other expenses		597,364	-	669,172	1,266,536	192,156	-	782,477	974,633
Amortisation of takaful acquisition cash flows		123,179	-	-	123,179	105,216	-	-	105,216
Incurrd surplus to participants		-	-	868,207	868,207	-	-	4,059	4,059
Changes to liabilities for incurred claims		-	-	(557,501)	(557,501)	-	-	598,918	598,918
Investment components		(75,527)	-	75,527	-	(61,724)	-	61,724	-
Takaful service result		(1,050,029)	-	1,055,405	5,375	(1,447,799)	-	1,447,178	(620)
Takaful finance expenses		62,089	-	874	62,963	(4,592)	-	378	(4,214)
Total changes in the statement of profit or loss and OCI		(987,940)	-	1,056,279	68,338	(1,452,391)	-	1,447,556	(4,834)
14 Cash flows									
Contributions received		2,532,627	-	-	2,532,627	1,524,514	-	-	1,524,514
Claims and other expenses paid including investment components		-	-	(1,888,334)	(1,888,334)	-	-	(954,575)	(954,575)
Takaful acquisition cash flows		(300,115)	-	(30,000)	(330,115)	(267,484)	-	(30,000)	(297,484)
Total cash flows		2,232,512	-	(1,918,334)	314,178	1,257,030	-	(984,575)	272,455
Other movements		140,144	-	51,783	191,927	(249,995)	-	143,003	(106,992)
Net takaful contract (assets)/liabilities as at 31 December		1,338,252	-	622,746	1,960,997	(46,464)	-	1,433,018	1,386,554
15 Takaful contract assets as at 31 December									
Takaful contract assets as at 31 December		(16,135)	-	(17,083)	(33,218)	(1,156,100)	-	(4,032)	(1,160,132)
Takaful contract liabilities as at 31 December		1,354,387	-	639,829	1,994,216	1,109,636	-	1,437,050	2,546,686
Net takaful contracts (assets)/liabilities as at 31 December		1,338,252	-	622,746	1,960,998	(46,464)	-	1,433,018	1,386,554

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6	TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)
6.1	TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)
6.1.1	Roll-forward of net asset or liability of takaful/retakaful contracts issued showing the liability for remaining coverage and the liability for incurred claims
6.1.1.1	Takaful contracts issued (continued)

The roll-forward of the net asset or liability for takaful contracts issued, showing the liability for remaining coverage and the liability for incurred claims for portfolios included in the Company, is disclosed in the table below:

	Note	2023				2022			
		Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company									
Takaful contract assets as at 1 January		(1,284,365)	27,759	(4,129)	(1,260,735)	(693,414)	5,339	57	(688,018)
Takaful contract liabilities as at 1 January		1,173,799	8,145	1,438,732	2,620,675	1,033,647	24,511	828,659	1,886,817
Net family takaful contract (assets)/liabilities as at 1 January		(110,566)	35,904	1,434,603	1,359,940	340,233	29,850	828,716	1,198,799
13	Takaful revenue								
Contracts under the modified retrospective approach		(1,746,300)	-	-	(1,746,300)	(1,703,294)	-	-	(1,703,294)
Contracts under the fair value approach		(165,907)	-	-	(165,907)	(262,100)	-	-	(262,100)
Other contracts		(61,989)	-	-	(61,989)	(63,704)	-	-	(63,704)
		(1,518,404)	-	-	(1,518,404)	(1,377,490)	-	-	(1,377,490)
Takaful service expense		1,033,288	24,600	678,424	1,736,312	584,997	6,784	1,088,206	1,679,987
Incurrd claims and other expenses		929,463	(34,460)	367,715	1,262,718	516,282	(41,923)	485,189	959,548
Amortisation of takaful acquisition cash flows		103,825	-	-	103,825	68,715	-	-	68,715
Losses on onerous contracts and reversals		-	59,060	-	59,060	-	48,707	-	48,707
Incurrd surplus to participants		-	-	868,210	868,210	-	-	4,100	4,100
Changes to liabilities for incurred claims		-	-	(557,501)	(557,501)	-	-	598,917	598,917
Investment components		(75,527)	-	75,527	-	(61,724)	-	61,724	-
Takaful service result		(788,539)	24,600	753,951	(9,988)	(1,180,021)	6,784	1,149,930	(23,307)
Takaful finance expenses		62,647	(630)	924	62,941	(1,909)	(730)	425	(2,214)
Total changes in the statement of profit or loss and OCI	14	(725,892)	23,970	754,875	52,953	(1,181,930)	6,054	1,150,355	(25,521)
Cash flows									
Contributions received		2,151,381	-	-	2,151,381	1,155,592	-	-	1,155,592
Claims and other expenses paid including investment components		(25,475)	-	(1,508,957)	(1,534,432)	(22,809)	-	(588,452)	(611,261)
Takaful acquisition cash flows		(280,087)	-	(30,000)	(310,087)	(248,381)	-	(30,000)	(278,381)
Total cash flows		1,845,820	-	(1,538,957)	306,863	884,402	-	(618,452)	265,950
Other movements		228,104	-	(27,133)	200,971	(153,271)	-	73,983	(79,286)
Net takaful contract (assets)/liabilities as at 31 December		1,237,466	59,874	623,388	1,920,728	(110,566)	35,904	1,434,602	1,359,940
Takaful contract assets as at 31 December		(179,417)	48,058	(17,862)	(149,221)	(1,284,365)	27,759	(4,129)	(1,260,735)
Takaful contract liabilities as at 31 December		1,416,882	11,816	641,250	2,069,949	1,173,799	8,145	1,438,732	2,620,675
Net takaful contract (assets)/liabilities as at 31 December		1,237,466	59,874	623,388	1,920,728	(110,566)	35,904	1,434,603	1,359,941

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6.1 TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

6.1 TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)

6.1.1 Roll-forward of net asset or liability of takaful/retakaful contracts issued showing the liability for remaining coverage and the liability for incurred claims

6.1.1.2 Retakaful contracts held

The roll-forward of the net asset or liability for retakaful contracts held, showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to retakaful operators in the family takaful fund, is disclosed in the table below:

Note	2023				2022			
	Assets for remaining coverage		Amounts recoverable on incurred claims		Assets for remaining coverage		Amounts recoverable on incurred claims	
	Excluding loss-recovery component	Loss-recovery component	RM'000	RM'000	Excluding loss-recovery component	Loss-recovery component	RM'000	RM'000
				Total RM'000				Total RM'000
Family takaful fund								
Retakaful contract assets as at 1 January				1,140,123				611,973
Retakaful contract liabilities as at 1 January	(40,001)	-	1,180,124	(1,016,445)	(57,655)	-	669,628	(518,253)
Net retakaful contract assets/(liabilities) as at 1 January	(1,015,287)	-	(1,178,946)	123,678	(518,253)	-	-	93,720
	(1,055,268)	-	1,178,946		(575,908)	-	669,628	
Allocation of retakaful contributions	(122,317)	-	-	(122,317)	(826,177)	-	-	(826,177)
Amounts recoverable from retakaful operators	-	-	125,606	125,606	-	-	828,057	828,057
Net income or expense from retakaful contracts held	(122,317)	-	125,606	3,289	(826,177)	-	828,057	1,880
Retakaful finance income	(3,289)	-	-	(3,289)	(1,880)	-	-	(1,880)
Total changes in the statement of profit or loss and OCI	(125,606)	-	125,606	-	(828,057)	-	828,057	-
Cash flows								
Contributions paid	687,299	-	-	687,299	51,386	-	(42,266)	9,120
Amounts received	186,839	-	(857,198)	(690,359)	219,467	-	(234,800)	(15,333)
Total cash flows	854,138	-	(857,198)	(3,060)	270,853	-	(277,066)	(6,213)
Other movements	104,204	-	(57,750)	46,454	77,845	-	(41,673)	36,172
Net retakaful contract assets/(liabilities) as at 31 December	(222,532)	-	389,603	167,072	(1,055,268)	-	1,178,946	123,678
Retakaful contract assets as at 31 December	(18,509)	-	394,218	375,710	(40,001)	-	1,180,124	1,140,123
Retakaful contract liabilities as at 31 December	(204,023)	-	(4,615)	(208,638)	(1,015,267)	-	(1,178)	(1,016,445)
Net retakaful contract assets/(liabilities) as at 31 December	(222,532)	-	389,603	167,072	(1,055,268)	-	1,178,946	123,678

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6. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

6.1 TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)

6.1.1 Roll-forward of net asset or liability of takaful/retakaful contracts issued showing the liability for remaining coverage and the liability for incurred claims - Contracts not measured under the PAA (cont'd.)

6.1.1.2 Retakaful contracts held (Continued)

The roll-forward of the net asset or liability for retakaful contracts held, showing assets for remaining coverage and amounts recoverable on incurred claims arising business from ceded to retakaful operators in the Company, is disclosed in the table below:

Company	Note	2023					2022				
		Assets for remaining coverage			Amounts recoverable on incurred claims		Assets for remaining coverage			Amounts recoverable on incurred claims	
		Excluding loss recovery component	Loss recovery component / Gain component	Estimates of the present value of future cash flows			Excluding loss recovery component	Loss recovery component / Gain component	Estimates of the present value of future cash flows		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Relakaful contract assets as at 1 January		(40,001)	-	1,181,771	1,141,770	(57,655)	-	-	671,439	613,784	(518,253)
Relakaful contract liabilities as at 1 January		(1,015,267)	-	(1,178)	(1,016,445)	(518,253)	-	-	-	-	(518,253)
Net retakaful contract assets/(liabilities) as at 1 January		(1,055,268)	-	1,180,593	125,325	(575,908)	-	-	671,439	95,531	-
Allocation of retakaful contributions		(122,317)	-	-	(122,317)	(826,177)	-	-	-	(826,177)	-
Amounts recoverable from retakaful operators		-	-	125,641	125,641	-	-	-	829,225	829,225	-
Net income or expense from retakaful contracts held		(122,317)	-	125,641	3,324	(826,177)	-	-	829,225	3,048	-
Retakaful finance income	14	(3,289)	-	-	(3,289)	(1,880)	-	-	-	(1,880)	-
Total changes in the statement of profit or loss and OCI		(125,606)	-	125,641	35	(828,057)	-	-	829,225	1,168	-
Cash flows											
Contributions paid		687,299	-	-	687,299	51,386	-	-	-	51,386	-
Amounts received		166,839	-	(857,198)	(690,359)	219,467	-	-	(277,066)	(57,589)	-
Total cash flows		854,138	-	(857,198)	(3,060)	270,853	-	-	(277,066)	(6,213)	-
Other movements		104,203	-	(58,804)	45,399	77,844	-	-	(43,005)	34,839	-
Net retakaful contract assets/(liabilities) as at 31 December		(222,533)	-	390,232	167,699	(1,055,268)	-	-	1,180,593	125,325	-
Relakaful contract assets as at 31 December		(18,509)	-	396,029	377,520	(40,001)	-	-	1,181,771	1,141,770	-
Relakaful contract liabilities as at 31 December		(204,024)	-	(5,797)	(209,822)	(1,015,267)	-	-	(1,178)	(1,016,445)	-
Net retakaful contract assets/(liabilities) as at 31 December		(222,533)	-	390,232	167,699	(1,055,268)	-	-	1,180,593	125,325	-

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6. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)
- 6.1 TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)
- 6.1.2 Reconciliation of the measurement components of takaful contract balances
- 6.1.2.1 Takaful contracts issued

The table below presents a roll-forward of the net asset or liability for takaful contracts issued, showing estimates of the present value of future cash flows, risk adjustment and CSM for portfolios included in the family takaful fund.

	Note	2023				2022			
		Estimates of present value of future cash flows		Contractual service margin		Estimates of present value of future cash flows		Contractual service margin	
		RM'000	Risk adjustment RM'000	RM'000	Total RM'000	RM'000	Risk adjustment RM'000	RM'000	Total RM'000
Family Takaful Fund									
Takaful contract assets as at 1 January		(1,160,132)	-	-	(1,160,132)	(598,642)	-	-	(598,642)
Takaful contract liabilities as at 1 January		2,546,686	-	-	2,546,686	1,824,567	-	-	1,824,567
Net takaful contract (assets)/liabilities as at 1 January		1,386,554	-	-	1,386,554	1,225,925	-	-	1,225,925
Changes that relate to current services		(3,302)	-	-	(3,302)	(10,421)	-	-	(10,421)
Experience adjustments		(3,302)	-	-	(3,302)	(10,421)	-	-	(10,421)
Changes that relate to past services		8,678	-	-	8,678	9,802	-	-	9,802
Adjustments to liabilities for incurred claims		8,678	-	-	8,678	9,802	-	-	9,802
Takaful service result		5,376	-	-	5,376	(619)	-	-	(619)
Takaful finance expenses		62,963	-	-	62,963	(4,214)	-	-	(4,214)
Total changes in the statement of profit or loss and OCI	14	68,339	-	-	68,339	(4,833)	-	-	(4,833)
Cash flows									
Contributions received		2,532,627	-	-	2,532,627	1,524,514	-	-	1,524,514
Claims and other expenses paid including investment components		(1,888,334)	-	-	(1,888,334)	(954,575)	-	-	(954,575)
Takaful acquisition cash flows		(330,115)	-	-	(330,115)	(297,484)	-	-	(297,484)
Total cash flows		314,178	-	-	314,178	272,455	-	-	272,455
Other movements		191,927	-	-	191,927	(106,993)	-	-	(106,993)
Net takaful contract (assets)/liabilities as at 31 December		1,960,997	-	-	1,960,997	1,386,554	-	-	1,386,554
Takaful contract assets as at 31 December		(33,218)	-	-	(33,218)	(1,160,132)	-	-	(1,160,132)
Takaful contract liabilities as at 31 December		1,994,217	-	-	1,994,217	2,546,686	-	-	2,546,686
Net takaful contract (assets)/liabilities as at 31 December		1,960,998	-	-	1,960,998	1,386,554	-	-	1,386,554

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6. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)
- 6.1 TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)
- 6.1.2 Reconciliation of the measurement components of takaful contract balances
- 6.1.2.1 Takaful contracts issued (continued)

The table below presents a roll-forward of the net asset or liability for takaful contracts issued, showing estimates of the present value of future cash flows, risk adjustment and CSM for portfolios included in the Company:

Note	Company	2023				2022			
		Estimates of present value of future cash flows		Contractual service margin		Estimates of present value of future cash flows		Contractual service margin	
		RM'000	adjustment	RM'000	Total	RM'000	adjustment	RM'000	Total
					RM'000				RM'000
		(1,683,026)	212,968	209,323	(1,260,735)	(1,062,522)	189,260	185,244	(688,018)
		2,328,998	158,044	133,633	2,620,675	1,636,712	119,562	130,543	1,886,817
		645,972	371,012	342,956	1,359,940	574,190	308,822	315,787	1,198,799
		27,648	(32,690)	(40,230)	(45,272)	33,751	(30,200)	(44,585)	(41,034)
		-	-	(40,230)	(40,230)	-	-	(44,585)	(44,585)
		-	(32,690)	-	(32,690)	-	(30,200)	-	(30,200)
		27,648	-	-	27,648	33,751	-	-	33,751
		(88,096)	71,005	41,691	24,600	(137,104)	83,064	60,824	6,784
		(180,938)	102,737	89,465	11,264	(155,824)	85,483	80,163	9,822
		79,506	(31,732)	(47,774)	-	21,758	(2,419)	(19,339)	-
		13,336	-	-	13,336	(3,038)	-	-	(3,038)
		10,684	2	-	10,686	9,235	1,708	-	10,943
		10,684	2	-	10,686	9,235	1,708	-	10,943
		(49,763)	38,316	1,461	(9,987)	(94,118)	54,572	16,239	(23,307)
		29,130	18,138	15,672	62,941	(20,762)	7,618	10,930	(2,214)
		(20,633)	56,454	17,133	52,954	(114,880)	62,190	27,169	(25,521)
		2,151,382	-	-	2,151,382	1,155,592	-	-	1,155,592
		(1,534,432)	-	-	(1,534,432)	(611,261)	-	-	(611,261)
		(310,087)	-	-	(310,087)	(278,381)	-	-	(278,381)
		306,863	-	-	306,863	265,950	-	-	265,950
		200,971	-	-	200,971	(79,288)	-	-	(79,288)
		1,133,172	427,466	360,089	1,920,728	645,972	371,012	342,956	1,359,940
		(575,141)	210,446	215,473	(149,222)	(1,683,026)	212,968	209,323	(1,260,735)
		1,708,313	217,021	144,616	2,069,950	2,328,998	158,044	133,633	2,620,675
		1,133,172	427,467	360,089	1,920,728	645,972	371,012	342,956	1,359,940

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6. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

6.1 TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)

6.1.2 Reconciliation of the measurement components of takaful/retakaful contract balances - contracts not measured under the PAA

6.1.2.2 Retakaful contracts held (continued)

The table below presents a roll-forward of the net asset or liability for retakaful contracts issued, showing estimates of the present value of future cash flows, risk adjustment and CSM for retakaful held portfolios included in the family takaful fund.

Note	2023				2022			
	Estimates of present value of future cash flows		Contractual service margin		Estimates of present value of future cash flows		Contractual service margin	
	RM'000	Risk adjustment	RM'000	Total	RM'000	Risk adjustment	RM'000	Total
				RM'000				RM'000
	1,140,123	-	-	1,140,123	611,973	-	-	611,973
	(1,016,445)	-	-	(1,016,445)	(518,253)	-	-	(518,253)
	123,678	-	-	123,678	93,720	-	-	93,720
Family Takaful Fund								
Retakaful contract liabilities as at 1 January								
Retakaful contract assets as at 1 January								
Net retakaful contract (assets)/liabilities as at 1 January								
Changes that relate to current services								
Contractual service margin recognised for services received	-	-	-	-	-	-	-	-
Risk adjustment recognised for the risk expired	-	-	-	-	-	-	-	-
Experience adjustments	3,289	-	-	3,289	1,880	-	-	1,880
	(3,289)	-	-	(3,289)	(1,880)	-	-	(1,880)
Retakaful finance income								
Total changes in the statement of profit or loss and OCI								
	-	-	-	-	-	-	-	-
Cash flows								
Contributions paid	687,299	-	-	687,299	9,120	-	-	9,120
Amounts received	(690,359)	-	-	(690,359)	(15,333)	-	-	(15,333)
Total cash flows	(3,060)	-	-	(3,060)	(6,213)	-	-	(6,213)
Other movements								
	46,454	-	-	46,454	36,171	-	-	36,171
Net retakaful contract (assets)/liabilities as at 31 December	167,072	-	-	167,072	123,678	-	-	123,678
Retakaful contract liabilities as at 31 December								
	375,710	-	-	375,710	1,140,123	-	-	1,140,123
Retakaful contract assets as at 31 December	(208,638)	-	-	(208,638)	(1,016,445)	-	-	(1,016,445)
Net retakaful contract (assets)/liabilities as at 31 December	167,072	-	-	167,072	123,678	-	-	123,678

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6. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

6.1 TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)

6.1.2 Reconciliation of the measurement components of takaful/retakaful contract balances

6.1.2.2 Retakaful contracts held (continued)

The table below presents a roll-forward of the net asset or liability for retakaful contracts issued, showing estimates of the present value of future cash flows, risk adjustment and CSM for retakaful held portfolios included in the Company.

Company	Note	2023				2022			
		Estimates of present value of future cash flows		Contractual service margin		Estimates of present value of future cash flows		Contractual service margin	
		RM'000	Risk adjustment RM'000	RM'000	Total RM'000	RM'000	Risk adjustment RM'000	RM'000	Total RM'000
Retakaful contract liabilities as at 1 January		1,141,770	-	-	1,141,770	613,784	-	-	613,784
Retakaful contract assets as at 1 January		(1,016,445)	-	-	(1,016,445)	(518,253)	-	-	(518,253)
Net retakaful contract (assets)/liabilities as at 1 January		125,326	-	-	125,326	95,531	-	-	95,531
Changes that relate to current services		-	-	-	-	-	-	-	-
Contractual service margin recognised for services received		-	-	-	-	-	-	-	-
Risk adjustment recognised for the risk expired		-	-	-	-	-	-	-	-
Experience adjustments		3,324	-	-	3,324	3,048	-	-	3,048
Retakaful finance income	14	(3,289)	-	-	(3,289)	(1,880)	-	-	(1,880)
Total changes in the statement of profit or loss and OCI		35	-	-	35	1,168	-	-	1,168
Cash flows		687,299	-	-	687,299	51,386	-	-	51,386
Contributions paid		(690,359)	-	-	(690,359)	(57,599)	-	-	(57,599)
Amounts received		(3,060)	-	-	(3,060)	(6,213)	-	-	(6,213)
Total cash flows		45,399	-	-	45,399	34,839	-	-	34,839
Other movements		-	-	-	-	-	-	-	-
Net retakaful contract (assets)/liabilities as at 31 December		167,700	-	-	167,700	125,326	-	-	125,326
Retakaful contract liabilities as at 31 December		377,520	-	-	377,520	1,141,770	-	-	1,141,770
Retakaful contract assets as at 31 December		(209,822)	-	-	(209,822)	(1,016,445)	-	-	(1,016,445)
Net retakaful contract (assets)/liabilities as at 31 December		167,699	-	-	167,699	125,326	-	-	125,326

6.1 TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)

6.1.3.1 Family takaful contracts issued

Family Takaful Fund

Estimate of present value of future cash outflows, excluding
takaful acquisition cash flows

Estimates of takeful acquisition cash flows

Estimate of present value of future cash outflows

Estimates of present value of future cash inflows

Company

Estimate of present value of future cash outflows, excluding
takeful acquisition cash flows

Estimates of takaful acquisition cash flows

Estimate of present value of future cash outflows

Estimates of present value of future cash inflows

Risk adjustment

CSM

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6. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

6.1 TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)

6.1.4 The impacts on the current period of transition approaches adopted to establishing CSM

6.1.4.1 Family takaful contracts issued

The impact on the current period of the transition approaches adopted to establishing CSMs for takaful contracts portfolios included in the family takaful unit is disclosed in the table below:

Company	2023				2022			
	Certificates using the retrospective approach		Certificates using the fair value approach		Certificates using the retrospective approach		Certificates using the fair value approach	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Contractual service margin as at 1 January	263,050	5,323	74,583	342,956	307,273	8,514	-	315,787
Changes that relate to current services	(21,407)	(992)	(17,831)	(40,230)	(34,097)	(788)	(9,700)	(44,585)
Contractual service margin recognised for services provided	-	-	89,465	89,465	-	-	80,163	80,163
Contracts initially recognised in the period	(29,320)	(4,909)	(13,545)	(47,774)	(17,267)	(5,085)	3,013	(19,339)
Changes in estimates that adjust the contractual service margin	(50,727)	(5,901)	58,089	1,461	(51,364)	(5,873)	73,476	16,239
Takaful service result	8,044	3,100	4,528	15,672	7,141	2,682	1,107	10,930
Takaful finance expenses	(42,683)	(2,801)	62,617	17,133	(44,223)	(3,191)	74,583	27,169
Total changes in the statement of profit or loss and OCI	-	-	-	-	-	-	-	-
Other movements	220,367	2,522	137,199	360,089	263,050	5,323	74,583	342,956
Contractual service margin as at 31 December	-	-	-	-	-	-	-	-

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6. TAKAFUL AND RETAKAFUL CONTRACTS (CONTINUED)

6.1 TAKAFUL CONTRACTS ISSUED AND RETAKAFUL CONTRACTS HELD (CONTINUED)

6.1.4 The components of new business

6.1.4.1 Retakaful contracts held

The components of new business for retakaful contracts held portfolios included in the family takaful unit is disclosed in the table below:

	2023			2022		
	Contracts purchase RM'000	Contracts acquired RM'000	Total RM'000	Contracts purchase RM'000	Contracts acquired RM'000	Total RM'000
Family Takaful Fund						
Retakaful contract assets						
Estimate of present value of future cash outflows	(1,376,213)	-	(1,376,213)	(885,391)	-	(885,391)
Estimates of present value of future cash inflows	1,376,213	-	1,376,213	885,391	-	885,391
Amount included in retakaful contract assets for the period	-	-	-	-	-	-
Company						
Retakaful contract assets						
Estimate of present value of future cash outflows	(1,376,213)	-	(1,376,213)	(885,391)	-	(885,391)
Estimates of present value of future cash inflows	1,376,213	-	1,376,213	885,391	-	885,391
Amount included in retakaful contract assets for the period	-	-	-	-	-	-

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6 Takaful and Retakaful Contracts (Continued)

6.3 CSM recognition in profit or loss

The disclosure of when the CSM is expected to be recognised in profit or loss in future years is presented below:

Company	Less than 1 year					More than 5 years			Total
	RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	5 years RM'000	More than 5 years RM'000	Total RM'000	
31 December 2023									
Family takaful contracts issued	32,857	26,853	24,929	23,111	21,394	230,945		360,089	
	32,857	26,853	24,929	23,111	21,394	230,945		360,089	
31 December 2022									
Family takaful contracts issued	35,441	25,951	24,006	22,222	20,548	214,788		342,956	
	35,441	25,951	24,006	22,222	20,548	214,788		342,956	

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7. DEFERRED TAX ASSETS/(LIABILITIES)

	2023 RM'000	2022 restated RM'000
<u>Family takaful fund</u>		
At beginning of year	2,829	995
Recognised in other comprehensive income	(618)	(180)
Recognised in statement of profit or loss (Note 16(a))	(1,448)	2,014
At end of year	<u>763</u>	<u>2,829</u>

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

	← Asset/(liability) →	
	FVTPL	
	FVOCI	investment
	reserves	assets
	RM'000	RM'000
		Total
		RM'000
2023		
At 1 January 2023	340	2,489
Recognised in other comprehensive income	(618)	-
Recognised in statement of profit or loss (Note 16(a))	-	(1,448)
At 31 December 2023	<u>(278)</u>	<u>1,040</u>
2022 restated		
At 1 January 2022	520	475
Recognised in other comprehensive income	(180)	-
Recognised in statement of profit or loss (Note 16(a))	-	2,014
At 31 December 2022	<u>340</u>	<u>2,489</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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7. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	2023 RM'000	2022 restated RM'000
<u>Company</u>		
At beginning of year	(6,255)	(10,441)
Recognised in other comprehensive income	(1,174)	(438)
Recognised in statement of profit or loss (Note 16(b))	(5,109)	4,624
At end of year	<u>(12,538)</u>	<u>(6,255)</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	Takaful contracts RM'000	Total RM'000
2023				
At 1 January 2023	123	(3,751)	(2,628)	(6,255)
Recognised in other comprehensive income	(1,174)	-	-	(1,174)
Recognised in statement of profit or loss (Note 16(b))	-	(2,082)	(3,027)	(5,109)
At 31 December 2023	<u>(1,050)</u>	<u>(5,832)</u>	<u>(5,655)</u>	<u>(12,538)</u>
2022 restated				
At 1 January 2022	562	1,401	(12,403)	(10,441)
Recognised in other comprehensive income	(438)	-	-	(438)
Recognised in statement of profit or loss (Note 16(b))	-	(5,152)	9,776	4,624
At 31 December 2022	<u>123</u>	<u>(3,751)</u>	<u>(2,628)</u>	<u>(6,255)</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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8. OTHER RECEIVABLES

	Family takaful fund RM'000	Company RM'000
-20605.36828		
2023		
<u>Non-financial assets</u>		
Prepayments	-	1,142
<u>Financial assets</u>		
Profit due and accrued	13,135	12,101
Other receivables and deposits	-	1,893
Amount due from related parties (Note 12 (a)(ii))	-	62
	<u>13,135</u>	<u>14,056</u>
Total other receivables	<u>13,135</u>	<u>15,198</u>
2022 restated		
<u>Non-financial assets</u>		
Prepayments	-	1,615
<u>Financial assets</u>		
Profit due and accrued	8,066	9,564
Other receivables and deposits	-	9,647
Amount due from related parties (Note 12 (a)(ii))	-	75
	<u>8,066</u>	<u>19,286</u>
Total other receivables	<u>8,066</u>	<u>20,901</u>
2021 restated		
<u>Non-financial assets</u>		
Prepayments	-	2,202
<u>Financial assets</u>		
Profit due and accrued	6,457	7,653
Other receivables and deposits	1	11,307
	<u>6,458</u>	<u>18,960</u>
Total other receivables	<u>6,458</u>	<u>21,162</u>

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. OTHER FINANCIAL ASSETS/(LIABILITIES)

	Family takaful fund RM'000	Company RM'000
2023		
Outstanding purchases of investment securities	(2,456)	(918)
	<u>(2,456)</u>	<u>(918)</u>
2022		
Outstanding sales of investment securities	377	5,420
	<u>377</u>	<u>5,420</u>

10. SHARE CAPITAL

<u>Company</u>	Number of shares		Amount	
	2023 In '000	2022 In '000	2023 RM'000	2022 RM'000
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/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;

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10. SHARE CAPITAL (CONTINUED)

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

- (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.

11. AGENTS' RETIREMENT BENEFITS

	2023	2022
	RM'000	RM'000
<u>Company</u>		
At 1 January	18,000	14,368
Provision for the year	5,298	4,027
Utilised during the year	(599)	(395)
At 31 December	<u>22,700</u>	<u>18,000</u>
Payable after 12 months	<u>22,700</u>	<u>18,000</u>

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12. OTHER PAYABLES

	Family takaful fund RM'000	Company RM'000
2023		
Deposit contributions	14,856	14,881
Amount due to operators' fund *	20,602	-
Amount due to related parties (Note 20 (a)(ii))	-	20,605
Accruals	-	29,527
Other payables and sundry creditors	-	118,874
	<u>35,458</u>	<u>183,887</u>
2022		
Deposit contributions	7,592	7,617
Amount due to operators' fund	23,520	-
Amount due to related parties (Note 20 (a)(ii))	-	10,296
Accruals	-	24,252
Other payables and sundry creditors	129,050	260,597
	<u>160,162</u>	<u>302,762</u>
2021 restated		
Deposit contributions	8,480	8,480
Amount due to operators' fund *	88,211	-
Amount due to related parties	-	11,449
Accruals	-	28,215
Other payables and sundry creditors	75,569	226,551
	<u>172,261</u>	<u>274,695</u>

* The amount due to operators' 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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13. TAKAFUL REVENUE

2023

Contracts not measured under the PAA

Amounts relating to the changes in the liability for remaining coverage:

Expected claims and takaful service expenses incurred in the period	1,569,037	1,571,098
Change in the risk adjustment for non-financial risk	-	23,801
Amount of CSM recognised in profit or loss	-	40,230
Other amount	2,829	7,345

Amounts relating to recovery of takaful acquisition cash flows

Allocation of the portion of contributions that relate to
the recovery of takaful acquisition cash flows

Total takaful revenue

123,179	103,825
1,695,045	1,746,300

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13. TAKAFUL REVENUE (CONTINUED)

	Family takaful fund RM'000	Company RM'000
2022 restated		
Contracts not measured under the PAA		
Amounts relating to the changes in the liability for remaining coverage:		
Expected claims and takaful service expenses incurred in the period	1,576,588	1,569,814
Change in the risk adjustment for non-financial risk	-	19,796
Amount of CSM recognised in profit or loss	-	44,585
Other amount	1,642	384
Amounts relating to recovery of takaful acquisition cash flows		
Allocation of the portion of contributions that relate to the recovery of takaful acquisition cash flows	105,216	68,715
Total takaful revenue	1,683,446	1,703,294

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14. NET INVESTMENT AND TAKAFUL FINANCIAL RESULT

The table below presents an analysis of net investment income and net takaful financial result recognised in profit or loss and OCI in the period:

	Note	31 December 2023		31 December 2022 restated	
		Family takaful		Family takaful	
		RM'000	Company RM'000	fund RM'000	Company RM'000
Investment income					
Profit income:					
Financial assets not measured at fair value through profit or loss	14.1	21,680	24,478	17,615	19,380
Financial assets measured at fair value through profit or loss	14.1	16,503	21,855	12,674	17,295
Other investment income/(expenses)	14.2	35,914	42,721	(39,929)	(39,678)
(Increase)/decrease in provision for impairment of investments		(28)	(28)	1,022	1,022
Total investment income		74,069	89,026	(8,618)	(1,981)

The table below presents an analysis of net investment income and net takaful financial result recognised in profit or loss and OCI in the period:

Represented by:					
Amounts recognised in profit or loss		66,310	78,952	(6,328)	(768)
Amounts recognised in OCI		7,758	10,074	(2,289)	(1,213)
		74,068	89,026	(8,617)	(1,981)

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14. NET INVESTMENT AND TAKAFUL FINANCIAL RESULT (CONTINUED)

	31 December 2023		31 December 2022 restated	
	Family takaful fund	Company	Family takaful fund	Company
	RM'000	RM'000	RM'000	RM'000
Finance expenses from takaful contracts issued				
Changes in fair value of underlying items of contracts with direct participation features (Loss)/Profit accreted to takaful contracts using current financial assumptions	(58,151)	(58,181)	7,089	7,059
Loss accreted to takaful contracts using locked-in rate	(59)	(108)	483	1,413
Effect of changes in profit rates and other financial assumptions	(4,676)	(4,594)	(3,323)	(3,077)
	(76)	(58)	(35)	(3,181)
Total finance expenses from takaful contracts issued	(62,963)	(62,941)	4,214	2,214
Finance income/(expenses) from retakaful contracts held				
Loss accreted to retakaful contracts using locked-in rate	(3,305)	(3,305)	(1,880)	(1,880)
Changes in non-performance risk of retakaful operator	16	16	-	-
Total finance expenses from retakaful contracts held	(3,289)	(3,289)	(1,880)	(1,880)
14.1 Profit income				
Financial assets measured at FVOCI	12,791	12,791	12,404	12,404
Financial assets measured at FVTPL	16,503	21,855	12,674	17,295
Financial assets measured at AC	8,890	11,687	5,211	6,976
Total profit income	38,184	46,333	30,289	36,675

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14. NET INVESTMENT AND TAKAFUL FINANCIAL RESULT (CONTINUED)

The table below presents an analysis of net investment income and net takaful financial result recognised in profit or loss and OCI in the period:

	31 December 2023		31 December 2022 restated	
	Family takaful fund	Company	Family takaful fund	Company
	RM'000	RM'000	RM'000	RM'000
14.2 Other investment income/(expenses)				
<u>Underlying assets</u>				
Dividend income from financial assets measured at FVTPL				
Net fair value gains and losses	13,266	13,266	11,167	11,167
- mandatorily measured at FVTPL	9,599	9,599	(17,264)	(17,264)
- designated as at FVTPL	4,142	4,142	(821)	(821)
Net gain on sale of debt securities measured at FVTPL	(9,753)	(9,753)	(22,517)	(22,517)
	17,254	17,254	(29,435)	(29,435)
<u>Other investments</u>				
Dividend income from financial assets measured at FVOCI	-	2,603	468	1,851
Dividend income from financial assets measured at FVTPL	4,677	4,965	3,822	4,104
Net fair value gains and losses				
- mandatorily measured at FVTPL	2,695	2,771	(7,544)	(7,636)
- designated as at FVTPL	2,620	5,202	(264)	(1,264)
- measured at FVOCI	7,731	10,046	(1,268)	(192)
Amortisation	(821)	(822)	(1,215)	(1,214)
Net loss on sale of debt securities measured at FVTPL	(1,095)	(1,887)	(5,560)	(6,721)
Gain on exchange differences	2,828	2,828	2,092	2,092
Changes in allowance for Expected Credit Loss ("ECL")	28	28	(1,022)	(1,022)
Investment expenses	(3)	(267)	(3)	(241)
	18,660	25,467	(10,494)	(10,243)
Total other investment income	35,914	42,721	(39,929)	(39,678)

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14. NET INVESTMENT AND TAKAFUL FINANCIAL RESULT (CONTINUED)

14.3

Investment return in OCI related to takaful and retakaful contracts measured under the modified retrospective or fair value transition approach

On transition to MFRS 17, for certain groups of takaful and retakaful contracts measured using the GMM where the OCI option is applied, the Company determined the cumulative takaful finance income and expenses recognised in OCI at 1 January 2022 using the modified retrospective approach or the fair value approach. The movement in the fair value reserve for the debt investments at FVOCI related to those groups of contracts was as follows.

	31 December 2023		31 December 2022 restated	
	Family takaful fund	Company	Family takaful fund	Company
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January	(5,000)	(5,720)	(2,531)	(4,069)
Net gains on investments measured at FVOCI reclassified to profit or loss	7,758	10,074	(2,289)	(1,213)
Income tax relating to these items	(618)	(1,174)	(180)	(438)
Balance at 31 December	2,140	3,180	(5,000)	(5,720)

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15. OTHER EXPENSES AND TAKAFUL SERVICE EXPENSES

	Note	Family takaful fund RM'000	Company RM'000
2023			
Employee benefits expense	15 (a)	-	53,191
Non-executive directors' remuneration	15 (b)	-	726
Shariah committee remuneration	15 (d)	-	218
Auditors' remuneration:			
- statutory audits		-	3,096
- regulatory related fees		-	137
- other services		-	33
Depreciation of:			
- property and equipment	3(a)	-	2,494
- right-of-use assets	3(b)	-	1,619
Amortisation of:			
- intangible assets	4	-	4,668
Advertising and promotion		-	2,223
Finance charges		-	4,043
Group service fees		-	5,467
Outsourcing expenses		-	18,886
IT and computer expenses		-	8,669
Certificateholder expenses		-	3,301
Postal and telecommunication		-	1,245
Printing and stationery		-	291
Professional fees		-	8,713
Repairs and maintenance		-	118
Transport and traveling		-	872
Utilities		-	102
Profit expense on lease liabilities		-	111
Expense relating to leases of low-value assets		-	42
Commissions and distribution expenses		-	225,110
Agent retirement benefits		-	5,298
Other expenses		18	12,995

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15. OTHER EXPENSES AND TAKAFUL SERVICE EXPENSES (CONTINUED)

	Note	Family takaful fund RM'000	Company RM'000
2023 (Continued)			
Incurred surplus to participants		868,207	868,210
Incurred claims and other takaful service expenses		709,016	600,968
Losses on onerous contracts		-	59,061
		<u>1,577,242</u>	<u>1,891,908</u>
Amounts attributed to takaful acquisition cash flows incurred during the year		-	(258,242)
Amortisation of takaful acquisition cash flows		123,179	103,825
		<u>123,179</u>	<u>(154,417)</u>
Represented by:			
Takaful service expenses		1,700,421	1,736,312
Other operating expenses		-	1,179
		<u>1,700,421</u>	<u>1,737,491</u>
	Note	Family takaful fund RM'000	Company RM'000
2022			
Employee benefits expense	15 (a)	-	47,459
Non-executive directors' remuneration	15 (b)	-	622
Shariah committee remuneration	15 (c)	-	231
Auditors' remuneration:			
- statutory audits		-	362
- regulatory related fees		-	70
- other services		-	63
Depreciation of:			
- property and equipment	3(a)	-	1,768
- right-of-use assets	3(b)	-	1,330
Amortisation of:			
- intangible assets	4	-	5,151
Rental of properties		-	34
Advertising and promotion		-	1,489

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15. OTHER EXPENSES AND TAKAFUL SERVICE EXPENSES (CONTINUED)

	Note	Family takaful fund RM'000	Company RM'000
2022 (Continued)			
Finance charges		-	4,122
Group service fees		-	5,701
Outsourcing expenses		-	14,246
IT and computer expenses		-	9,863
Certificateholder expenses		-	3,426
Postal and telecommunication		-	1,331
Printing and stationery		-	340
Professional fees		-	8,684
Repairs and maintenance		-	113
Transport and traveling		-	594
Utilities		-	62
Profit expense on lease liabilities		-	131
Expense relating to leases of low-value assets		-	48
Investment related expenses			(41,923)
Commissions and distribution expenses		-	201,589
Agent retirement benefits			4,027
Other expenses		(81)	12,930
Incurred surplus to participants		4,059	4,100
Incurred claims and other takaful service expenses		1,573,633	1,507,951
Losses on onerous contracts		-	48,707
		<u>1,577,611</u>	<u>1,844,621</u>
Amounts attributed to takaful acquisition cash flows incurred during the year		-	(232,710)
Amortisation of takaful acquisition cash flows		105,216	68,715
		<u>105,216</u>	<u>(163,995)</u>
Represented by:			
Takaful service expenses		1,682,827	1,679,987
Other operating expenses		-	639
		<u>1,682,827</u>	<u>1,680,626</u>

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15. OTHER EXPENSES (CONTINUED)

(a) Employee benefits expense

The details of the remuneration received and receivable by the staff of the Company during the year are as follows:

	2023	2022
	RM'000	RM'000
<u>Company</u>		
Wages and salaries	42,329	37,178
Short term accumulating compensated absences	(4)	26
Social security contributions	346	274
Defined contribution plans - EPF	6,362	5,557
Other employee benefits expense	4,158	4,423
	<u>53,191</u>	<u>47,459</u>

(b) Non-Executive directors' remuneration:

	2023	2022
	RM'000	RM'000
<u>Company</u>		
<u>Fees:</u>		
<u>Current directors:</u>		
Mr Norman Ka Cheung Ip	95	92
YBhg. Datin Zaharah binti Ali	61	59
YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd)	46	50
YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)	44	44
YBhg. Dato' Yeoh Beow Tit	82	82
YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof	41	11
Mr. Tong Hon Keong	18	20
	<u>387</u>	<u>358</u>
<u>Allowances:</u>		
<u>Current directors:</u>		
Mr Norman Ka Cheung Ip	55	49
YBhg. Datin Zaharah binti Ali	57	48
YBhg. Major General Dato' Zulkiflee bin Mazlan (Rtd)	50	44
YBhg. Rear Admiral Dato' Anuwar bin Mad Said (Rtd)	55	45
YBhg. Dato' Yeoh Beow Tit	56	46
YBhg. Prof. Dato' Dr. Wan Sabri bin Wan Yusof	52	15
Mr. Tong Hon Keong	13	17
	<u>338</u>	<u>264</u>
	<u>725</u>	<u>622</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.

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15. OTHER EXPENSES (CONTINUED)

(b) Non-Executive directors' remuneration (Continued)

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

	2023	2022
	Band level	Band level
<u>Company</u>		
Non-Executive directors		
Below RM50,000	1	2
RM50,001 - RM100,000	3	2
RM100,001 - RM150,000	<u>3</u>	<u>3</u>

(c) 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:

	2023	2022
	RM'000	RM'000
<u>Company</u>		
Salaries and bonus	1,704	1,481
Deferred contribution plans	272	237
Others	<u>37</u>	<u>36</u>
	<u>2,013</u>	<u>1,754</u>

(d) Shariah Committee Members' remuneration:

	2023	2022
	RM'000	RM'000
<u>Company</u>		
<u>Fees:</u>		
Dr. Mohammad Firdaus bin Mohammad Hatta	42	36
Assoc. Prof. Dr. Siti Salwani binti Razali	18	36
Dr. Muhammad Naim Omar	36	20
Dr. Muhammad Pisol Mat Isa	36	2
Dr. Nurul Aini Muhamed	36	2
En.Fadhly Md Yusoff	18	-
Dr. Ahmad Basri Ibrahim	-	21
Dr. Akhtarzaite Binti Abdul Aziz	-	40
Dr. Mohamad Sabri Bin Zakaria	-	34
	<u>186</u>	<u>191</u>

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15. OTHER EXPENSES (CONTINUED)

(d) Shariah Committee Members' remuneration (Continued)

	2023	2022
	RM'000	RM'000
<u>Company</u>		
<u>Other emoluments:</u>		
Dr. Mohammad Firdaus bin Mohammad Hatta	6	8
Assoc. Prof. Dr. Siti Salwani binti Razali	3	8
Dr. Muhammad Naim Bin Omar	6	4
Dr. Nurul Aini Muhamed	6	-
Dr. Muhammad Pisol Mat Isa	6	-
En. Mohd Fadhly Md Yusoff	3	-
Dr. Ahmad Basri Ibrahim	-	4
Dr. Akhtarzaite Binti Abdul Aziz	-	8
Dr. Mohamad Sabri Bin Zakaria	-	8
	<u>32</u>	<u>40</u>
	<u>218</u>	<u>231</u>

16. TAXATION

	2023	2022 restated
	RM'000	RM'000
Taxation of family takaful business	(4,483)	5,435
Taxation of the Company	(13,427)	101
(a) <u>Family takaful fund</u>	2023	2022 restated
	RM'000	RM'000
Malaysian income tax:		
Current year	(954)	240
(Over)/Under provision in prior year	(2,081)	3,180
	(3,035)	3,421
Deferred tax relating to the origination and reversal of temporary differences (Note 17):		
Current year	(1,448)	2,014
Tax (expense)/income for the year	<u>(4,483)</u>	<u>5,435</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% (2022: 8%) of the chargeable investment income net of allowable deductions for the year.

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16. TAXATION (CONTINUED)

(b) Company

	2023 RM'000	2022 restated RM'000
<u>Company</u>		
Malaysian income tax:		
Current year	(6,073)	(7,472)
Over provision in prior year	(2,246)	2,949
	(8,319)	(4,523)
Deferred tax relating to the origination and reversal of temporary differences (Note 7):		
Current year	(5,108)	4,624
Tax expense for the year	<u>(13,427)</u>	<u>101</u>

Domestic income tax for the operators' fund/Company is calculated at the Malaysian statutory tax rate of 24% (2021: 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 operators' fund is as follows:

	2023 RM'000	2022 restated RM'000
<u>Company</u>		
Profit before zakat and taxation	<u>26,313</u>	<u>26,234</u>
Taxation at Malaysian statutory tax rate of 24%	(6,315)	(6,296)
Less:		
Expenses not deductible for tax purposes	(5,428)	(871)
Under/(over) provision in prior year	(2,246)	2,949
Effect of changes in taxation	562	4,319
Tax expense for the year	<u>(13,427)</u>	<u>101</u>

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17. PROFIT PER SHARE - BASIC AND DILUTED

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

	2023	2022 restated
<u>Company</u>		
Profit for the financial year (RM'000)	17,369	20,800
Weighted average number/number of ordinary shares in issue ('000)	175,000	175,000
Basic profit per share (sen)	<u>9.9</u>	<u>11.9</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.

18. 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 2(b) and Note 3(c) 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:

	2023	2022
<u>Company</u>	RM'000	RM'000
Not later than 1 year	10	-
Later than 1 year but not later than 5 years	11	-
	<u>21</u>	<u>-</u>

19. CAPITAL COMMITMENTS

	2023	2022
Capital expenditure	RM'000	RM'000
Approved and contracted for:		
- Property and equipment	6,178	8,272
Approved and but not contracted for:		
- Property and equipment	93	93
	<u>6,271</u>	<u>8,365</u>

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20. 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
Great Eastern Life Indonesia	Subsidiary of ultimate holding company
Axiata Digital Capital Sdn Bhd	Common ultimate shareholder

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20. 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>	2023 RM'000	2022 RM'000
<u>(Expenses)/income:</u>		
Service charges (vi):		
- Koperasi Angkatan Tentera Malaysia Berhad	(1,372)	(1,303)
Commission expenses/administration fees paid (ii):		
- OCBC Al-Amin Bank Berhad	(2,154)	(2,219)
- Koperasi Angkatan Tentera Malaysia Berhad	(5,083)	(4,827)
Bank charges (ii):		
- OCBC Al-Amin Bank Berhad	(532)	(438)
Credit card charges (ii):		
- OCBC Bank (Malaysia) Berhad	(2,462)	(2,197)
Rental of properties (v):		
- Great Eastern Life Assurance (Malaysia) Berhad	(1,923)	(1,446)
- Koperasi Angkatan Tentera Malaysia Berhad	(5)	(10)
Profit income (iii):		
- OCBC Al-Amin Bank Berhad	3,764	2,715
(Charges)/income for outsourcing services (iv):		
- Great Eastern Life Assurance (Malaysia) Berhad	(12,310)	(9,664)
- I Great Capital Holdings Sdn Bhd	80	80
Charges for group services (vi):		
- Great Eastern Life Assurance (Malaysia) Berhad	(3,432)	(4,012)
- Great Eastern Life Assurance Co. Ltd.	(2,039)	(1,689)
Contribution received (viii):		
- OCBC Al-Amin Bank Berhad	8,681	2,247
Charges for project cost (ix):		
- Great Eastern Life Indonesia	-	1

GREAT EASTERN TAKAFUL BERHAD
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20. 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 (Continued):

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

<u>Company</u>	2023 RM'000	2022 RM'000
<u>(Expenses):</u>		
Directors' fees	(725)	(622)
Shariah Committee members' fees	<u>(218)</u>	<u>(231)</u>

(ii) Balances with related parties at year end:

	2023 RM'000	2022 RM'000
Cash and bank balances:		
- OCBC Al-Amin Bank Berhad	<u>107,949</u>	<u>105,672</u>
Islamic investment accounts with licensed Islamic banks:		
- OCBC Al-Amin Bank Berhad	<u>95,800</u>	<u>131,955</u>
Amount due (to)/from related companies:		
- Great Eastern Life Assurance (Malaysia) Berhad	(13,400)	(4,096)
- Great Eastern Life Assurance Co. Ltd.	(7,267)	(6,275)
- I Great Capital Holdings Sdn Bhd	28	41
- Great Eastern General Malaysia	33	33
- Great Eastern Life Indonesia	1	1
	<u>(20,605)</u>	<u>(10,296)</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;

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20. RELATED PARTY DISCLOSURES (CONTINUED)

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

- (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.;
- (vii) Payment of mobilisation fees for digital business;
- (viii) Contribution received for bancatakaful business; and
- (ix) Charge back of project staff cost.

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

Geographical Location	Type of Services	2023 RM	2022 RM
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.	(7,267)	(1,689)
Indonesia	Charge back of project staff cost.	1	1

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

	2023 RM'000	2022 RM'000
Key management personnel's remuneration:		
Non-executive directors	725	622
Salaries and bonus	7,256	6,520
Defined contribution plans ("EPF")	1,133	1,042
Benefits-in-kind	25	25
	<u>9,139</u>	<u>8,209</u>

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21. FINANCIAL INSTRUMENTS BY CATEGORY

Family takaful fund									
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			
2023									
Assets									
Investments	5	330,966	986,649	-	1,317,615	-	1,317,615		
Takaful contract assets	6				-	33,218	33,218		
Retakaful contract assets	6				-	375,710	375,710		
Deferred tax assets	7	-	-	-	-	782	782		
Other receivables	8	-	-	13,135	13,135	-	13,135		
Cash and cash equivalents		-	-	502,193	502,193	-	502,193		
Total assets		330,966	986,649	515,328	1,832,943	409,710	2,242,653		
						Liabilities			
						Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
Liabilities									
Takaful contract liabilities	6			-	-	1,994,216	-	1,994,216	1,994,216
Retakaful contract liabilities	6			-	-	208,638	-	208,638	208,638
Deferred tax liabilities	7			-	-	-	-	19	19
Other financial liabilities	9			2,456	2,456	-	-	2,456	2,456
Provision for taxation				-	-	1,866	-	1,866	1,866
Other payables	12			35,458	35,458	-	-	-	35,458
Total liabilities				37,914	37,914	2,204,739	-	2,242,653	2,242,653

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21. 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
2022 restated							
Assets							
Investments	5	282,076	798,045	-	1,080,121	-	1,080,121
Takaful contract assets	6				-	1,160,132	1,160,132
Retakaful contract assets	6				-	1,140,123	1,140,123
Deferred tax assets	7	-	-	-	-	2,827	2,827
Tax recoverable		-	-	-	-	2,821	2,821
Other receivables	8	-	-	8,066	8,066	-	8,066
Other financial assets	9	-	-	377	377	-	377
Cash and cash equivalents		-	-	328,826	328,826	-	328,826
Total assets		282,076	798,045	337,269	1,417,390	2,305,903	3,723,293

	Note	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
Liabilities					
Takaful contract liabilities	6	-	-	2,546,686	2,546,686
Retakaful contract liabilities	6	-	-	1,016,445	1,016,445
Other payables	12	160,162	160,162	-	160,162
Total liabilities		160,162	160,162	3,563,131	3,723,293

GREAT EASTERN TAKAFUL BERHAD
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21. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Company	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	RM'000
2023								
Assets								
Property, plant and equipment								
- Owned	3(a)	-	-	-	-	16,508		16,508
- Right-of-use assets	3(b)	-	-	-	-	2,822		2,822
Intangible assets	4	-	-	-	-	7,908		7,908
Investments	5	366,012	1,117,790	-	1,483,802	-		1,483,802
Takaful contract assets	6				-	149,221		149,221
Retakaful contract assets	6				-	377,520		377,520
Deferred tax assets	7	-	-	-	-	782		782
Tax recoverable		-	-	-	-	6,442		6,442
Other receivables	8	-	-	15,198	15,198	-		15,198
Other financial assets	9	-	-	1,538	1,538	-		1,538
Cash and cash equivalents		-	-	680,800	680,800	-		680,800
Total assets		366,012	1,117,790	697,536	2,181,337	561,204		2,742,541

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21. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Company (Continued)						
2023						
Liabilities						
Note	Other financial liabilities	Sub-total		Liabilities not in scope of MFRS 9		Total
		RM'000	RM'000	RM'000	RM'000	
6			-	2,069,949		2,069,949
6			-	209,821		209,821
11	22,700	22,700		-		22,700
7	-	-	-	13,320		13,320
9	2,456	2,456		-		2,456
	-	-	-	1,866		1,866
	-	-	-	155		155
3(c)	2,976		2,976	-		2,976
12	183,888		183,888	-		183,888
Total liabilities	212,020		212,020	2,295,111		2,507,131

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21. 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
2022 restated							
Assets							
Property, plant and equipment							
- Owned	3(a)	-	-	-	-	12,735	12,735
- Right-of-use assets	3(b)	-	-	-	-	1,123	1,123
Intangible assets	4	-	-	-	-	8,790	8,790
Investments	5	307,775	913,887	-	1,221,662	-	1,221,662
Takaful contract assets	6					1,260,735	1,260,735
Retakaful contract assets	6					1,141,770	1,141,770
Deferred tax assets	7	-	-	-	-	2,829	2,829
Tax recoverable		-	-	-	-	5,924	5,924
Other receivables	8	-	-	20,901	20,901	-	20,901
Other financial assets	9	-	-	5,420	5,420	-	5,420
Cash and cash equivalents		-	-	503,360	503,360	-	503,360
Total assets		307,775	913,887	529,681	1,751,343	2,433,907	4,185,250

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21. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Company (Continued)					
	Note	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
2022 restated					
Liabilities					
Takaful contract liabilities	6		-	2,620,675	2,620,675
Retakaful contract liabilities	6		-	1,016,445	1,016,445
Agents' retirement benefits	11	18,000	18,000	-	18,000
Deferred tax liabilities	7	-	-	9,084	9,084
Provision for zakat		-	-	137	137
Lease liabilities	3(c)	1,297	1,297	-	1,297
Other payables	12	302,762	302,762	-	302,762
Total liabilities		322,059	322,059	3,646,341	3,968,400

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22. 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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22. 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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22. 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 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 takaful or retakaful 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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22. 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. Nevertheless, the fees earned by the Company for managing the investment-linked funds would fluctuate with the changes in underlying fund values.

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. Chinese Government Crackdown on Strategic Sectors, Local Economic Slump and Inflation Amidst Recovery, 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 22(A): The table below shows the concentration of the company actuarial liabilities as at the reporting date by type of takaful contracts issued:

<u>Company</u>	Gross RM'000	Retakaful RM'000	Net RM'000
2023			
Ordinary family takaful plans	433,983	(128,037)	305,946
Investment-linked takaful plans	721,278	(21,206)	700,072
Group credit takaful plans	467,197	(18,457)	448,739
mySalam	298,270	-	298,270
	<u>1,920,728</u>	<u>(167,700)</u>	<u>1,753,027</u>
2022 restated			
Ordinary family takaful plans	312,881	(79,254)	233,627
Investment-linked takaful plans	665,098	(28,595)	636,503
Group credit takaful plans	383,244	(17,477)	365,768
mySalam	(1,284)	-	(1,284)
	<u>1,359,939</u>	<u>(125,326)</u>	<u>1,234,614</u>

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES
(CONTINUED)

Sensitivity analysis

The sensitivity analysis below shows the impact of change in key parameters on the carrying value of takaful contract liabilities, and hence on the statement of profit or loss and operators' equity.

Sensitivity analyses produced are based on parameters set out as follows:

	Change in Assumptions
(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
(i) Scenario 9 - Risk-free rate	+1% for all future years
(j) Scenario 10 - Risk-free rate	-1% for all future years

22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**Takaful risk (Continued)****Sensitivity analysis (Continued)**

Table 22(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.

<u>Company</u>	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) →	
2023						
Scenario 1 - Mortality and major illness	+25%	6,966	6,966	(5,294)	(5,294)	(5,294)
Scenario 2 - Mortality and major illness	-25%	(6,853)	(6,853)	5,208	5,208	5,209
Scenario 3 - Health and disability	+25%	25,536	25,536	(19,408)	(19,408)	(19,408)
Scenario 4 - Health and disability	-25%	(29,231)	(29,231)	22,216	22,216	22,216
Scenario 5 - Lapse and surrender rates	+25%	6,624	6,624	(5,034)	(5,034)	(5,034)
Scenario 6 - Lapse and surrender rates	-25%	(7,652)	(7,652)	5,816	5,816	5,816
Scenario 7 - Expenses	+25%	17,527	17,527	(13,320)	(13,320)	(13,320)
Scenario 8 - Expenses	-25%	(16,701)	(16,701)	12,693	12,693	12,693
Scenario 9 - Risk free-rate	+1%	(4,939)	(4,939)	3,753	3,753	3,754
Scenario 10 - Risk free-rate	-1.0%	10,601	10,601	(8,056)	(8,056)	(8,056)

* The impact on equity is stated net of taxation of 24% (2023: 24%).

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Takaful risk (Continued)

Sensitivity analysis (Continued)

Company (Continued)	Change in assumptions %	Impact on gross liabilities	Impact on net liabilities	Impact on profit after taxation		Impact on equity* RM'000
		RM'000	RM'000	RM'000	RM'000	
		← Increase/(decrease) →	← Increase/(decrease) →	← Increase/(decrease) →	← Increase/(decrease) →	
2022 restated						
Scenario 1 - Mortality and major illness	+25%	4,679	4,679	(3,556)		(3,556)
Scenario 2 - Mortality and major illness	-25%	(3,516)	(3,516)	2,672		2,672
Scenario 3 - Health and disability	+25%	23,534	23,534	(17,887)		(17,887)
Scenario 4 - Health and disability	-25%	(14,738)	(14,738)	11,201		11,201
Scenario 5 - Lapse and surrender rates	+25%	8,745	8,745	(6,646)		(6,646)
Scenario 6 - Lapse and surrender rates	-25%	(9,972)	(9,972)	7,579		7,579
Scenario 7 - Expenses	+25%	15,127	15,127	(11,496)		(11,496)
Scenario 8 - Expenses	-25%	(12,018)	(12,018)	9,133		9,133
Scenario 9 - Risk-free-rate	+1%	1,509	1,509	(1,147)		(1,147)
Scenario 10 - Risk-free-rate	-1%	3,284	3,284	(2,495)		(2,495)

* The impact on equity is stated net of taxation of 24% (2022: 24%).

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22. 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 operators' 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 operators' 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 operators' 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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22. 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.

Family takaful fund

2023	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Government investment issues	19,053	64,843	162,014	245,910
Unquoted Islamic private debt securities	47,083	170,562	286,384	504,029
	<u>66,136</u>	<u>235,405</u>	<u>448,398</u>	<u>749,939</u>

2022 restated

Government investment issues	201	122,084	83,487	205,772
Unquoted Islamic private debt securities	25,979	169,889	211,893	407,761
	<u>26,180</u>	<u>291,973</u>	<u>295,380</u>	<u>613,533</u>

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES
(CONTINUED)

Market and credit risk (Continued)

(a) Profit rate risk (Continued)

<u>Company</u>	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2023				
Government investment issues	19,053	73,564	197,798	290,415
Unquoted Islamic private debt securities	63,133	213,604	308,544	585,281
	<u>82,186</u>	<u>287,168</u>	<u>506,342</u>	<u>875,696</u>
2022 restated				
Government investment issues	201	151,718	86,498	238,417
Unquoted Islamic private debt securities	30,982	229,530	225,414	485,926
	<u>31,182</u>	<u>381,248</u>	<u>311,912</u>	<u>724,343</u>

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

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 contract 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	2023			
	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit after taxation RM'000	Impact on equity/ participants' fund* RM'000
	Increase/(Decrease)			
Operators' fund				
+100 basis points	5,073	5,073	(5,358)	(5,358)
-100 basis points	13,969	13,969	(12,957)	(12,957)
Family takaful fund				
+100 basis points	-	-	-	-
-100 basis points	-	-	-	-
Company				
+100 basis points	5,073	5,073	(5,358)	(5,358)
-100 basis points	13,969	13,969	(12,957)	(12,957)

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and credit risk (Continued)

(a) Profit rate risk (Continued)

Change in profit rate	2022 restated			
	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit after taxation RM'000	Impact on equity/ participants' fund* RM'000
	Increase/(Decrease)			
Operators' fund				
+100 basis points	2,394	2,394	(7,704)	(7,704)
-100 basis points	14,281	14,281	(8,053)	(8,053)
Family takaful fund				
+100 basis points	-	-	-	-
-100 basis points	-	-	-	-
Company				
+100 basis points	2,394	2,394	(7,704)	(7,704)
-100 basis points	14,281	14,281	(8,053)	(8,053)

* Impact on equity is after taxation of 24% (2022: 24%) and the impact on participants' fund is after tax of 8% (2022: 8%).

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22. 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 22(C)).

Table 22(C): The table below shows the foreign exchange position of the assets and liabilities of the family takaful fund and the Company by major currencies.

	RM	SGD	HKD	Total
<u>Family takaful fund</u>	RM'000	RM'000	RM'000	RM'000
2023				
Assets				
Investments:				
FVOCI financial assets	330,966	-	-	330,966
Financial assets at FVTPL	942,743	21,780	22,126	986,649
Takaful contract assets	33,218	-	-	33,218
Retakaful contract assets	375,710	-	-	375,710
Deferred tax assets	782	-	-	782
Other receivables	13,135	-	-	13,135
Cash and cash equivalents	483,833	3,806	14,554	502,193
Total assets	2,180,388	25,586	36,680	2,242,653
Liabilities and participants' fund				
Takaful contract liabilities	1,994,216	-	-	1,994,216
Retakaful contract liabilities	208,638	-	-	208,638
Deferred tax liabilities	19	-	-	19
Other financial liabilities	2,456	-	-	2,456
Provision for taxation	1,866	-	-	1,866
Other payables	35,458	-	-	35,458
Total liabilities and participants' fund	2,242,653	-	-	2,242,653

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES
(CONTINUED)

Market and credit risk (Continued)

(b) Foreign currency risk (Continued)

Table 22(C): (Continued)

<u>Family takaful fund</u> <u>(Continued)</u>	RM RM'000	SGD RM'000	HKD RM'000	Total RM'000
2022				
Assets				
Investments:				
FVOCI financial assets	282,076	-	-	282,076
Financial assets at FVTPL	744,940	16,049	37,056	798,045
Takaful contract assets	1,160,132	-	-	1,160,132
Retakaful contract assets	1,140,123	-	-	1,140,123
Deferred tax assets	2,827	-	-	2,827
Tax recoverable	2,821	-	-	2,821
Other receivables	8,066	-	-	8,066
Other financial assets	377	-	-	377
Cash and cash equivalents	311,118	4,488	13,220	328,826
Total assets	3,652,480	20,537	50,276	3,723,293
Liabilities and participants' fund				
Takaful contract liabilities	2,546,686	-	-	2,546,686
Retakaful contract liabilities	1,016,445	-	-	1,016,445
Other payables	160,162	-	-	160,162
Total liabilities and participants' fund	3,723,293	-	-	3,723,293

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES
(CONTINUED)

Market and credit risk (Continued)

(b) Foreign currency risk (Continued)

Table 22(C): (Continued)

Company	RM RM'000	SGD RM'000	HKD RM'000	Total RM'000
2023				
Assets				
Property, plant and equipment				
- Owned	16,508	-	-	16,508
- Right-of-use assets	2,822	-	-	2,822
Intangible assets	7,908	-	-	7,908
Investments:				
FVOCI financial assets	366,012	-	-	366,012
Financial assets at FVTPL	1,073,884	21,780	22,126	1,117,790
Takaful contract assets	149,221	-	-	149,221
Retakaful contract assets	377,520	-	-	377,520
Deferred tax assets	782	-	-	782
Tax recoverable	6,442	-	-	6,442
Other receivables	15,198	-	-	15,198
Other financial assets	1,538	-	-	1,538
Cash and cash equivalents	662,440	3,806	14,554	680,800
Total assets	2,680,275	25,586	36,680	2,742,541
Liabilities				
Takaful contract liabilities	2,069,949	-	-	2,069,949
Retakaful contract liabilities	209,821	-	-	209,821
Agents' retirement benefits	22,700	-	-	22,700
Deferred tax liabilities	13,320	-	-	13,320
Other financial liabilities	2,456	-	-	2,456
Provision for taxation	1,866	-	-	1,866
Provision for zakat	155	-	-	155
Lease liabilities	2,976	-	-	2,976
Other payables	176,621	7,267	-	183,888
Total liabilities	2,499,864	7,267	-	2,507,131

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES
(CONTINUED)

Market and credit risk (Continued)

(b) Foreign currency risk (Continued)

Table 22(C): (Continued)

<u>Company (Continued)</u>	RM RM'000	SGD RM'000	HKD RM'000	Total RM'000
2022				
Assets				
Property, property and equipment				
- Owned	12,735	-	-	12,735
- Right-of-use assets	1,123	-	-	1,123
Intangible assets	8,790	-	-	8,790
Investments:				
Financial assets at FVOCI	307,775	-	-	307,775
Financial assets at FVTPL	860,782	16,049	37,056	913,887
Takaful contract assets	1,260,735	-	-	1,260,735
Retakaful contract assets	1,141,770	-	-	1,141,770
Deferred tax assets	2,829	-	-	2,829
Tax recoverable	5,924	-	-	5,924
Other receivables	20,901	-	-	20,901
Other financial assets	5,420	-	-	5,420
Cash and cash equivalents	485,652	4,488	13,220	503,360
Total assets	4,114,436	20,537	50,276	4,185,249
Liabilities				
Takaful contract liabilities	2,620,675	-	-	2,620,675
Retakaful contract liabilities	1,016,445	-	-	1,016,445
Agents' retirement benefits	18,000	-	-	18,000
Deferred tax liabilities	9,084	-	-	9,084
Provision for zakat	137	-	-	137
Lease liabilities	1,297	-	-	1,297
Other payables	296,487	6,275	-	302,762
Total liabilities	3,962,125	6,275	-	3,968,400

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22. 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:

	2023		2022 restated	
	Impact on profit before taxation	Impact on equity	Impact on loss before taxation	Impact on equity
	RM'000	RM'000	RM'000	RM'000
<u>Foreign Currency</u>				
+/-5%	+/- 2,750	+/- 2,750	+/- 3,227	+/- 3,227

(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. Equity price risk also exists in investment-linked products where revenues of the takaful operations are linked to the performances of underlying equity funds since this has an impact on the level of fees earned.

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.

	2023		2022 restated	
Change in variables	Impact on surplus arising	Impact on equity/ participants' fund*	Impact on surplus arising	Impact on equity/ participants' fund*
	RM'000	RM'000	RM'000	RM'000
	← Increase/(decrease) →		← Increase/(decrease) →	
Family takaful fund				
+ 20%	113,535	104,452	93,318	85,852
- 20%	(113,535)	(104,452)	(93,318)	(85,852)
Company				
+ 20%	-	6,100	-	4,671
- 20%	-	(6,100)	-	(4,671)

* Impact on equity is after taxation of 24% (2022: 24%) and the impact on participants' fund is after tax of 8% (2022: 8%).

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22. 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 contracts due to negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated contract 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 contract 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 24(D1) and (D2)).

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(e) Liquidity risk (Continued)

Maturity profiles

Table 22(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 contract liabilities/assets and retakaful assets/liabilities, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised takaful liabilities.

Investment-linked liabilities are repayable or transferable on demand and are included in the 0 - 6 months and 6 - 12 months columns.

	Carrying value RM'000	Up to a year RM'000	> 1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
<u>Family takaful fund</u>						
2023						
FVOCI financial assets:						
Government investment issues	81,653	2,484	34,225	95,182	-	131,891
Unquoted Islamic private debt securities	249,313	28,101	142,061	153,818	-	323,980
Financial assets at FVTPL:						
Quoted Shariah-approved equities	554,867	-	-	-	554,867	554,867
Financial instruments with embedded derivatives						
	172	-	-	-	172	172
Unit trusts - REITS						
	12,637	-	-	-	12,638	12,638
Government investment issues						
	164,257	6,548	62,323	160,985	-	229,856
Unquoted Islamic private debt securities						
	254,716	11,263	125,076	214,133	-	350,472

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(e) Liquidity risk (Continued)

Maturity profiles (Continued)

Table 22(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)

Family takaful fund (Continued)

2023 (Continued)

	Carrying value RM'000	Up to a year RM'000	> 1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
Takaful contract assets	33,218	33,218	-	-	-	33,218
Retakaful contract assets	375,710	375,710	-	-	-	375,710
Deferred tax assets	782	782	-	-	-	782
Other receivables	13,135	13,135	-	-	-	13,135
Other financial assets	-	-	-	-	-	-
Cash and cash equivalents	502,193	502,193	-	-	-	502,193
Total financial/takaful assets	2,242,653	973,434	363,685	624,118	567,677	2,528,914
Takaful contract liabilities	1,994,216	613,370	(351,005)	1,731,851	-	1,994,216
Retakaful contract liabilities	208,638	208,638	-	-	-	208,638
Deferred tax liabilities	19	19	-	-	-	19
Other financial liabilities	2,456	2,456	-	-	-	2,456
Provision for taxation	1,866	1,866	-	-	-	1,866
Other payables	35,458	35,458	-	-	-	35,458
Total financial/takaful liabilities	2,242,653	861,807	(351,005)	1,731,851	-	2,242,653
Total liquidity surplus/(gap)	-	111,627	714,691	(1,107,733)	567,677	286,261

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(e) Liquidity risk (Continued)

Maturity profiles (Continued)

Table 22(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)

Family takaful fund (Continued)

2022

Financial assets at FVOCI:									
Quoted Shariah-approved equities	3,064	-	-	-	-	3,064	-	3,064	3,064
Government investment issues	66,845	2,124	36,583	64,310	-	-	-	-	103,017
Unquoted Islamic private debt securities	212,167	30,745	135,052	114,684	-	-	-	-	280,481
Financial assets at FVTPL:									
Quoted Shariah-approved equities	453,231	-	-	-	-	453,231	-	453,231	453,231
Financial instruments with embedded derivatives	145	-	-	-	-	145	-	145	145
Unit trusts - REITS	10,148	-	-	-	-	10,148	-	10,148	10,148
Government investment issues	138,927	4,250	113,802	58,027	-	-	-	-	176,079
Unquoted Islamic private debt securities	195,594	8,951	98,751	179,834	-	-	-	-	287,536

GREAT EASTERN TAKAFUL BERHAD
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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(e) Liquidity risk (Continued)

Maturity profiles (Continued)

Table 22(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)

Family takaful fund (Continued)

2022 (Continued)

Takaful contract assets	1,160,132	1,160,132	-	-	-	-	1,160,132
Retakaful contract assets	1,140,123	1,140,123	-	-	-	-	1,140,123
Deferred tax assets	2,827	2,827	-	-	-	-	2,827
Tax recoverable	2,821	2,821	-	-	-	-	2,821
Other receivables	8,066	8,066	-	-	-	-	8,066
Other financial assets	377	377	-	-	-	-	377
Cash and cash equivalents	328,826	328,826	-	-	-	-	328,826
Total financial/takaful assets	3,723,293	2,689,242	384,188	416,855	466,588	3,956,873	
Takaful contract liabilities	2,546,686	1,404,435	(240,908)	1,383,159	-	-	2,546,686
Retakaful contract liabilities	1,016,445	1,016,445	-	-	-	-	1,016,445
Other payables	160,162	160,162	-	-	-	-	160,162
Total financial/takaful liabilities	3,723,293	2,581,042	(240,908)	1,383,159	-	3,723,293	
Total liquidity surplus/(gap)	-	108,200	625,096	(966,304)	466,588	233,580	

GREAT EASTERN TAKAFUL BERHAD
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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(e) Liquidity risk (Continued)

Maturity profiles (Continued)

Table 22(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>	Carrying value RM'000	Up to a year RM'000	> 1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
2023						
Financial assets at FVOCI:						
Quoted Shariah-approved equities	35,046	-	-	-	35,048	35,048
Government investment issues	81,653	2,484	34,225	95,182	-	131,891
Unquoted Islamic private debt securities	249,313	28,101	142,061	153,818	-	323,980
Financial assets at FVTPL:						
Quoted Shariah-approved equities	559,949	-	-	-	559,949	559,949
Financial instruments with embedded derivatives	172	-	-	-	172	172
Unit trusts - REITS	12,939	-	-	-	12,940	12,940
Government investment issues	208,762	7,739	73,999	206,023	-	287,761
Unquoted Islamic private debt securities	335,968	15,966	191,128	238,375	-	445,469

GREAT EASTERN TAKAFUL BERHAD
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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(e) Liquidity risk (Continued)

Maturity profiles (Continued)

Table 22(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)

Company (Continued)

2023 (Continued)

Takaful contract assets	149,221	50,015	53,798	45,408	-	149,221
Retakaful contract assets	377,520	377,520	-	-	-	377,520
Deferred tax assets	782	782	-	-	-	782
Tax recoverable	6,442	6,442	-	-	-	6,442
Other receivables	15,198	15,198	-	-	-	15,198
Other financial assets	1,538	1,538	-	-	-	1,538
Cash and cash equivalents	680,800	680,800	-	-	-	680,800
Total financial/takaful assets	2,715,303	1,186,585	495,211	738,806	608,109	3,028,711

GREAT EASTERN TAKAFUL BERHAD
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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(e) Liquidity risk (Continued)

Maturity profiles (Continued)

Table 22(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 (Continued)</u>	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
2023 (Continued)						
Takaful contract liabilities	2,069,949	664,434	(342,599)	1,748,114	-	2,069,949
Retakaful contract liabilities	209,821	209,821	-	-	-	209,821
Agents' retirement benefits	22,700	22,700	-	-	-	22,700
Deferred tax liabilities	13,320	13,320	-	-	-	13,320
Other financial liabilities	2,456	2,456	-	-	-	2,456
Provision for taxation	1,865	1,865	-	-	-	1,865
Provision for zakat	155	155	-	-	-	155
Lease liabilities	2,976	669	684	1,623	-	2,976
Other payables	183,888	183,888	-	-	-	183,888
Total financial/takaful liabilities	2,507,130	1,099,308	(341,915)	1,749,737	-	2,507,130
Total liquidity surplus/(gap)	208,173	87,277	837,126	(1,010,931)	608,109	521,581

22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(e) Liquidity risk (Continued)

Maturity profiles (Continued)

Table 22(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 (Continued)</u>	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
2022						
Financial assets at FVOCI:						
Quoted Shariah-approved equities	28,762	-	-	-	28,762	28,762
Government investment issues	66,845	2,124	36,583	64,310	-	103,017
Unquoted Islamic private debt securities	212,168	30,744	135,053	114,684	-	280,481
Financial assets at FVTPL:						
Quoted Shariah-approved equities	458,264	-	-	-	458,264	458,264
Financial instruments with embedded derivatives	145	-	-	-	145	145
Unit trusts - REITS	10,148	-	-	-	10,148	10,148
Government investment issues	171,572	5,111	148,181	61,313	-	214,605
Unquoted Islamic private debt securities	273,758	16,506	168,831	196,035	-	381,372

22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(e) Liquidity risk (Continued)

Maturity profiles (Continued)

Table 22(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)

Company (Continued)

2022 (Continued)

Takaful contract assets	1,260,735	1,163,235	37,005	60,495	-	1,260,735
Retakaful contract assets	1,141,770	1,141,770	-	-	-	1,141,770
Deferred tax assets	2,829	2,829	-	-	-	2,829
Tax recoverable	5,924	5,924	-	-	-	5,924
Other receivables	20,901	20,901	-	-	-	20,901
Other financial assets	5,420	5,420	-	-	-	5,420
Cash and cash equivalents	503,360	503,360	-	-	-	503,360
Total financial/takaful assets	4,162,601	2,897,923	525,653	496,837	497,319	4,417,733

GREAT EASTERN TAKAFUL BERHAD
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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(e) Liquidity risk (Continued)

Maturity profiles (Continued)

Table 22(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 (Continued)</u>	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	> 5 years RM'000	No maturity date RM'000	Total RM'000
2022 (Continued)						
Takaful contract liabilities	2,620,675	1,448,113	(228,572)	1,401,134	-	2,620,675
Retakaful contract liabilities	1,016,445	1,016,445	-	-	-	1,016,445
Agents' retirement benefits	18,000	18,000	-	-	-	18,000
Deferred tax liabilities	9,084	9,084	-	-	-	9,084
Provision for zakat	137	137	-	-	-	137
Lease liabilities	1,297	1,174	105	18	-	1,297
Other payables	302,762	302,762	-	-	-	302,762
Total financial/takaful liabilities	3,968,400	2,795,715	(228,467)	1,401,152	-	3,968,400
Total liquidity surplus/(gap)	194,201	102,208	754,121	(904,315)	497,319	449,333

GREAT EASTERN TAKAFUL BERHAD
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22. 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 22(D2): The following table shows the current and non-current classification of assets and liabilities of the Company (Continued).

<u>Family takaful fund</u>	Current* RM'000	Non-current RM'000	Total RM'000
2023			
Assets			
Investments:			
Financial assets at FVOCI	47,590	283,375	330,965
Financial assets at FVTPL	586,222	400,428	986,650
Takaful contract assets	33,218	-	33,218
Retakaful contract assets	375,710	-	375,710
Deferred tax assets	782	-	782
Tax recoverable	-	-	-
Other receivables	13,135	-	13,135
Other financial assets	-	-	-
Cash and cash equivalents	502,193	-	502,193
Total assets	1,558,851	683,802	2,242,653
Liabilities and participants' fund			
Takaful contract liabilities	613,370	1,380,846	1,994,216
Retakaful contract liabilities	208,638	-	208,638
Deferred tax liabilities	19	-	19
Other financial liabilities	2,456	-	2,456
Provision for taxation	1,866	-	1,866
Other payables	35,458	-	35,458
Total liabilities and participants' fund	861,807	1,380,846	2,242,653

* Expected utilisation or settlement within 12 months from the reporting date.

GREAT EASTERN TAKAFUL BERHAD
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22. 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 22(D2): The following table shows the current and non-current classification of assets and liabilities of the Company (Continued).

<u>Family takaful fund (Continued)</u>	Current* RM'000	Non-current RM'000	Total RM'000
2022			
Assets			
Investments:			
Financial assets at FVOCI	23,975	258,101	282,076
Financial assets at FVTPL	465,728	139,601	605,330
Takaful contract assets	1,160,132	-	1,160,132
Retakaful contract assets	1,140,123	-	1,140,123
Deferred tax assets	2,827	-	2,827
Tax recoverable	2,821	-	2,821
Other receivables	8,066	-	8,066
Other financial assets	377	-	377
Cash and cash equivalents	328,826	-	328,826
Total assets	3,132,875	397,702	3,530,577
Liabilities and participants' fund			
Takaful contract liabilities	1,404,435	1,142,251	2,546,686
Retakaful contract liabilities	1,016,445	-	1,016,445
Other payables	160,162	-	160,162
Total liabilities and participants' fund	2,581,042	1,142,251	3,723,293

* Expected utilisation or settlement within 12 months from the reporting date.

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

22. 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 22(D2): The following table shows the current and non-current classification of assets and liabilities of the Company (Continued).

<u>Company</u>	<u>Current*</u> <u>RM'000</u>	<u>Non-current</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
2023			
Assets			
Property, plant and equipment	-	16,508	16,508
Right-of-use assets	-	2,822	2,822
Intangible assets	-	7,908	7,908
Investments:			
Financial assets at FVOCI	47,591	318,423	366,013
Financial assets at FVTPL	607,655	510,135	1,117,790
Takaful contract assets	50,015	99,205	149,220
Retakaful contract assets	377,520	-	377,520
Deferred tax assets	782	-	782
Tax recoverable	6,442	-	6,442
Other receivables	15,198	-	15,198
Other financial assets	1,538	-	1,538
Cash and cash equivalents	680,800	-	680,800
Total assets	1,787,540	955,001	2,742,542
Liabilities			
Takaful contract liabilities	664,434	1,405,515	2,069,949
Retakaful contract liabilities	209,821	-	209,821
Agents' retirement benefits	22,700	-	22,700
Deferred tax liabilities	13,320	-	13,320
Other financial liabilities	2,456	-	2,456
Provision for taxation	1,865	-	1,865
Provision for zakat	155	-	155
Lease liabilities	669	2,307	2,976
Other payables	183,888	-	183,888
Total liabilities	1,099,308	1,407,822	2,507,130

* Expected utilisation or settlement within 12 months from the reporting date.

GREAT EASTERN TAKAFUL BERHAD
(Incorporated in Malaysia)

22. 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 22(D2): The following table shows the current and non-current classification of assets and liabilities of the Company (Continued).

<u>Company (Continued)</u>	Current* RM'000	Non-current RM'000	Total RM'000
2022			
Assets			
Property, plant and equipment	-	12,735	12,735
Right-of-use assets	-	1,123	1,123
Intangible assets	-	8,790	8,790
Investments:			
Financial assets at FVOCI	23,975	283,800	307,775
Financial assets at FVTPL	475,765	438,121	913,886
Takaful contract assets	1,163,235	97,500	1,260,735
Retakaful contract assets	1,141,770	-	1,141,770
Deferred tax assets	2,829	-	2,829
Tax recoverable	5,924	-	5,924
Other receivables	20,901	-	20,901
Other financial assets	5,420	-	5,420
Cash and cash equivalents	503,360	-	503,360
Total assets	3,343,179	842,069	4,185,248
Liabilities			
Takaful contract liabilities	1,448,113	1,172,562	2,620,675
Retakaful contract liabilities	1,016,445	-	1,016,445
Agents' retirement benefits	18,000	-	18,000
Deferred tax liabilities	9,084	-	9,084
Provision for zakat	137	-	137
Lease liabilities	1,174	123	1,297
Other payables	302,762	-	302,762
Total liabilities	2,795,715	1,172,685	3,968,400

* Expected utilisation or settlement within 12 months from the reporting date.

GREAT EASTERN TAKAFUL BERHAD
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22. 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 contracts 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.

GREAT EASTERN TAKAFUL BERHAD
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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES
(CONTINUED)

Market and credit risk (Continued)

(f) Credit risk (Continued)

Table 22(E1): The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

2023	Family takaful fund RM'000	Company RM'000
FVOCI financial assets:		
Government investment issues	81,653	81,653
Unquoted Islamic private debt securities	249,313	249,313
Financial assets at FVTPL:		
Financial instruments with embedded derivatives	172	172
Government investment issues	164,257	208,762
Unquoted Islamic private debt securities	254,716	335,968
Takaful contract assets	33,218	149,221
Retakaful contract assets	375,710	377,520
Deferred tax assets	782	782
Tax recoverable	-	6,442
Other receivables	13,135	15,198
Other financial assets	-	1,538
Cash and cash equivalents	502,193	680,800
	<u>1,675,149</u>	<u>2,107,370</u>

GREAT EASTERN TAKAFUL BERHAD
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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES
(CONTINUED)

Market and credit risk (Continued)

(f) Credit risk (Continued)

Table 22(E1): The table below shows the maximum exposure to credit risk for the components of the statement of financial position (Continued).

2022 restated	Family takaful fund RM'000	Company RM'000
FVOCI financial assets:		
Government investment issues	66,845	66,845
Unquoted Islamic private debt securities	212,167	212,168
Financial assets at FVTPL:		
Financial instruments with embedded derivatives	145	145
Government investment issues	138,927	171,572
Unquoted Islamic private debt securities	195,594	273,758
Takaful contract assets	1,160,132	1,260,735
Retakaful contract assets	1,140,123	1,141,770
Deferred tax assets	2,827	2,829
Tax recoverable	2,821	5,924
Other receivables	8,066	20,901
Other financial assets	377	5,420
Cash and cash equivalents	328,826	503,360
	<u>3,256,850</u>	<u>3,665,427</u>

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GREAT EASTERN TAKAFUL BERHAD
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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(f) Credit risk (Continued)

Table 22(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).

	2023			2022 restated		
	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
<u>Family takaful fund/Company</u>						
Debt securities at FVOCI						
Government investment issues	30	-	30	24	-	24
Investment Grade* (BBB to AAA)	663	74	737	563	155	718
	693	74	767	587	155	742

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(f) Credit risk (Continued)

Table 22(E3): The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost:

<u>Family takaful 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
2023						
FVOCI financial assets:						
Government investment issues	81,653	-	-	-	-	81,653
Unquoted Islamic private debt securities	-	249,313	-	-	-	249,313
Financial assets at FVTPL:						
Quoted Shariah-approved equities	-	-	-	554,867	-	554,867
Financial instruments with embedded derivatives	-	-	-	172	-	172
Unit trusts - REITS	-	-	-	12,637	-	12,637
Government investment issues	164,257	-	-	-	-	164,257
Unquoted Islamic private debt securities	-	254,716	-	-	-	254,716
Takaful contract assets	33,218	-	-	-	-	33,218
Retakaful contract assets	-	375,710	-	-	-	375,710
Deferred tax assets	-	-	782	-	-	782
Other receivables	-	-	13,135	-	-	13,135
Cash and cash equivalents	-	502,193	-	-	-	502,193
	279,128	1,381,932	13,916	567,676	-	2,242,653

* Based on internal rating grades which are equivalent to grades of external rating agencies

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(f) Credit risk (Continued)

Table 22(E3): The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost:
(Continued)

Family takaful fund (Continued)

2022 restated

FVOCI financial assets:

Quoted Shariah-approved equities

Government investment issues

Unquoted Islamic private debt securities

Financial assets at FVTPL:

Quoted Shariah-approved equities

Financial instruments with embedded

derivatives

Unit trusts - REITS

Government investment issues

Unquoted Islamic private debt securities

Takaful contract assets

Retakaful contract assets

Deferred tax assets

Tax recoverable

Other receivables

Other financial assets

Cash and cash equivalents

	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
	-	-	-	3,064	-	3,064
	66,845	-	-	-	-	66,845
	-	212,167	-	-	-	212,167
	-	-	-	453,231	-	453,231
	-	-	-	145	-	145
	-	-	-	10,148	-	10,148
	138,927	-	-	-	-	138,927
	-	195,594	-	-	-	195,594
	-	-	1,160,132	-	-	1,160,132
	-	1,140,123	-	-	-	1,140,123
	-	-	2,827	-	-	2,827
	-	-	2,821	-	-	2,821
	-	-	8,066	-	-	8,066
	-	-	377	-	-	377
	-	328,826	-	-	-	328,826
	205,772	1,876,710	1,174,223	466,588	-	3,723,293

* Based on internal rating grades which are equivalent to grades of external rating agencies

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(f) Credit risk (Continued)

Table 22(E3): The following table sets out the credit analysis for financial assets measured at FVOCI, FVTPL and at amortised cost:
(Continued)

<u>Company</u>	<u>Government guaranteed RM'000</u>	<u>Investment grade* (BBB to AAA) RM'000</u>	<u>Not rated RM'000</u>	<u>Not subject to credit risk RM'000</u>	<u>Past due RM'000</u>	<u>Total RM'000</u>
2023						
FVOCI financial assets:						
Government investment issues	81,653	-	-	-	-	81,653
Unquoted Islamic private debt securities	-	249,313	-	-	-	249,313
Financial assets at FVTPL:						
Financial instruments with embedded derivatives	-	-	-	172	-	172
Government investment issues	208,762	-	-	-	-	208,762
Unquoted Islamic private debt securities	-	335,968	-	-	-	335,968
Takaful contract assets	-	-	149,221	-	-	149,221
Retakaful contract assets	-	377,520	-	-	-	377,520
Deferred tax assets	-	-	782	-	-	782
Tax recoverable	-	-	6,442	-	-	6,442
Other receivables	-	-	15,198	-	-	15,198
Other financial assets	-	-	1,538	-	-	1,538
Cash and cash equivalents	-	680,800	-	-	-	680,800
	<u>290,415</u>	<u>1,643,602</u>	<u>173,180</u>	<u>173</u>	<u>-</u>	<u>2,107,370</u>

* Based on internal rating grades which are equivalent to grades of external rating agencies

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Market and Credit Risks (Continued)

(f) Credit risk (Continued)

Table 22(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>	<u>Government guaranteed RM'000</u>	<u>Investment grade* (BBB to AAA) RM'000</u>	<u>Not rated RM'000</u>	<u>Not subject to credit risk RM'000</u>	<u>Past due RM'000</u>	<u>Total RM'000</u>
2022 restated						
FVOCI financial assets:						
Government investment issues	66,845	-	-	-	-	66,845
Unquoted Islamic private debt securities	-	212,168	-	-	-	212,168
Financial assets at FVTPL:						
Financial instruments with embedded derivatives	-	-	-	145	-	145
Government investment issues	171,572	-	-	-	-	171,572
Unquoted Islamic private debt securities	-	273,758	-	-	-	273,758
Takaful contract assets	-	-	1,260,735	-	-	1,260,735
Retakaful contract assets	-	1,141,770	-	-	-	1,141,770
Deferred tax assets	-	-	2,829	-	-	2,829
Tax recoverable	-	-	5,924	-	-	5,924
Other receivables	-	-	20,901	-	-	20,901
Other financial assets	-	-	5,420	-	-	5,420
Cash and cash equivalents	-	503,360	-	-	-	503,360
	238,417	2,131,057	1,295,809	144	-	3,665,427

* Based on internal rating grades which are equivalent to grades of external rating agencies

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22. 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.

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.

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22. 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)

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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22. 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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22. 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 respective scenario attributes are reviewed at each reporting date. At 31 December 2022, 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 presented by the chosen scenarios. 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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22. 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 2023 and 2022.

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22. 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 22(E4): The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

	2023		2022 restated		
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Total RM'000
Family takaful fund/Company					
Debt investment securities at FVOCI					
Opening balance	586	155	1,056	708	1,764
Transfer to 12-month ECL	82	(82)	-	-	-
Additional loss allowance due to transfer	(72)	-	-	-	-
Net remeasurement of loss allowance	11	(2)	-	-	-
New financial assets purchased	277	-	574	151	725
Financial assets that have been derecognised	(212)	-	(512)	(447)	(959)
Changes in models/risk parameters	21	2	(531)	(257)	(788)
Closing balance	693	72	586	155	742

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22. 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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22. 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 risks relating to IT disruption, cyber threats, data loss and third parties. 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.

Sustainability Risk

Sustainability risk is defined as any environmental, social or governance ("ESG") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and enterprise value. The Company has integrated ESG considerations into the investment activities.

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22. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES
(CONTINUED)

Sustainability Risk (Continued)

At present, the Company manages social and governance-related risk through existing frameworks and policies. In order to build resilience as the world transits to a low-carbon economy, the Company has formalised the Environmental Risk Management Policy which sets forth guiding principles and minimum standards in managing environmental risk within the Company. Environmental risk arises from the potential adverse impact to the Company's business, operations and balance sheet due to changes in the environment that impact economic activities and human well-being. Environmental issues that are of concern include climate change, loss of biodiversity, pollution and changes in land use. Environmental risk can manifest in three dimensions of risk as follows:

- Physical risk – impact of weather events and long-term or widespread environmental changes. It arises from acute (event-driven) and chronic (long term shift) climate-related events that damage property, reduce productivity and disrupt trade.
- Transition risk – arises from the process of adjustment to an environmentally sustainable economy, including change in public policies, disruptive technological developments, and shifts in consumer and investor preferences.
- Liability risk – arises from legal risk and claims on damages and losses incurred from inaction or lack of action that results in the effects of physical and transition risks.

The Company's risk assessment considers the financial and non-financial impacts from physical and transition risks arising from climate change. With this, the organisation has put in place processes, methodology, and both qualitative and quantitative tools to identify and assess environmental risk for investment portfolios. For investment portfolio, the objective is to build resilient investment portfolios whilst striking a balance between ESG considerations, impact and financial returns.

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23. 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>Family takaful fund</u>	Level 1 RM'000	Level 2 RM'000	Total RM'000
2023			
FVOCI financial assets:			
Government investment issues	-	81,653	81,653
Unquoted Islamic private debt securities	-	249,313	249,313
Financial assets at FVTPL:			
Quoted Shariah-approved equities	554,867	-	554,867
Financial instruments with embedded derivatives	172	-	172
Unit trusts - REITS	12,637	-	12,637
Government investment issues	-	164,257	164,257
Unquoted Islamic private debt securities	-	254,716	254,716
	<u>567,676</u>	<u>749,939</u>	<u>1,317,615</u>
2022 restated			
FVOCI financial assets:			
Quoted Shariah-approved equities	3,064	-	3,064
Government investment issues	-	66,845	66,845
Unquoted Islamic private debt securities	-	212,167	212,167
Financial assets at FVTPL:			
Quoted Shariah-approved equities	453,231	-	453,231
Financial instruments with embedded derivatives	145	-	145
Unit trusts - REITS	10,148	-	10,148
Government investment issues	-	138,927	138,927
Unquoted Islamic private debt securities	-	195,594	195,594
	<u>466,588</u>	<u>613,533</u>	<u>1,080,121</u>

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23. 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>Company</u>	Level 1 RM'000	Level 2 RM'000	Total RM'000
2023			
FVOCI financial assets:			
Quoted Shariah-approved equities	35,046	-	35,046
Government investment issues	-	81,653	81,653
Unquoted Islamic private debt securities	-	249,313	249,313
Financial assets at FVTPL:			
Quoted Shariah-approved equities	559,950	-	559,950
Financial instruments with embedded derivatives	172	-	172
Unit trusts - REITS	12,939	-	12,939
Government investment issues	-	208,762	208,762
Unquoted Islamic private debt securities	-	335,967	335,967
	<u>608,108</u>	<u>875,694</u>	<u>1,483,802</u>
2022 restated			
FVOCI financial assets:			
Quoted Shariah-approved equities	28,762	-	28,762
Government investment issues	-	66,845	66,845
Unquoted Islamic private debt securities	-	212,167	212,167
Financial assets at FVTPL:			
Quoted Shariah-approved equities	458,265	-	458,265
Financial instruments with embedded derivatives	145	-	145
Unit trusts - REITS	10,148	-	10,148
Government investment issues	-	171,572	171,572
Unquoted Islamic private debt securities	-	273,758	273,758
	<u>497,320</u>	<u>724,342</u>	<u>1,221,662</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 2023 and 31 December 2022 nor were there any significant transfers between different levels of the fair value hierarchy during the said financial years.

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24. 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 BNM, standards on Shariah matters issued by BNM and related guidelines by the Association, or decision or advice from the Shariah Committee.

25. REGULATORY CAPITAL REQUIREMENT

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

	Family takaful fund RM'000	Company RM'000
2023		
Tier-1 Capital	34,717	160,223
Tier-2 Capital	(1,213)	15,641
Deductions	(261)	(22,752)
Capital Available	<u>33,243</u>	<u>153,112</u>
2022		
Tier-1 Capital	50,484	179,066
Tier-2 Capital	(1,166)	17,928
Deductions	(42)	(21,524)
Capital Available	<u>49,276</u>	<u>175,470</u>

26. 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.

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26. MYSALAM SCHEME (CONTINUED)

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.

Whilst the Scheme coverage period ended in 2023, the Company is in the process of clearing claims received up to 30 June 2024. The best estimate of incurred but not reported (IBNR) claims have been reflected in the financial statements to cater for the 6 months to 30 June 2024.

(a) Statement of financial position ("SOF")

	mySalam Family takaful fund RM'000	Company RM'000
2023		
Assets		
Property, plant and equipment	-	255
Retakaful contract assets	207,242	207,242
Other receivables	40,401	589
Cash and cash equivalents	245,452	405,092
Total assets	493,095	613,178
Liabilities		
Takaful contract liabilities	260,533	298,270
Retakaful contract liabilities	207,242	207,242
Other payables	25,320	107,666
Total liabilities	493,095	613,178
Total equity, liabilities and participants' fund	493,095	613,178

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27. MYSALAM SCHEME (CONTINUED)

(a) Statement of financial position ("SOFP") (Continued)

2022	mySalam Family takaful fund RM'000	Company RM'000
Assets		
Property, plant and equipment	-	415
Intangible assets	-	10
Takaful contract assets	1,143,660	1,143,660
Retakaful contract assets	1,016,081	1,016,081
Other receivables	40,173	7,831
Cash and cash equivalents	91,357	243,544
Total assets	2,291,271	2,411,541
Liabilities		
Takaful contract liabilities	1,111,174	1,142,378
Retakaful contract liabilities	1,016,081	1,016,081
Other payables	164,016	253,082
Total liabilities	2,291,271	2,411,541
Total equity, liabilities and participants' fund	2,291,271	2,411,541
	mySalam Family takaful fund RM'000	Company RM'000
2021 restated		
Assets		
Property, plant and equipment	-	427
Intangible assets	-	67
Investments	51,154	51,154
Takaful contract assets	590,563	590,563
Retakaful contract assets	518,254	518,254
Other receivables	523	8,087
Cash and cash equivalents	55,790	160,951
Total assets	1,216,284	1,329,503
Liabilities		
Takaful contract liabilities	577,383	600,254
Retakaful contract liabilities	518,254	518,254
Other payables	120,647	210,995
Total liabilities	1,216,284	1,329,503

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27. MYSALAM SCHEME (CONTINUED)

(a) Statement of financial position ("SOFP") (Continued)

Total equity, liabilities and participants' fund	1,216,284	1,329,503
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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.

(b) Statement of income and expenditure

	mySalam Family takaful fund RM'000	Company RM'000
2023		
Takaful revenue	1,235,652	1,229,119
Takaful service expenses	(1,239,643)	(1,235,118)
Net expenses from retakaful contracts held	-	-
Takaful service result	(3,991)	(5,999)
Net investment income	3,993	6,215
Other investment income/(expenses)	(2)	(216)
Net investment income	3,991	5,999
Net takaful and investment result	-	-
Other operating revenue	-	-
Other income	-	-
Net profit for the period	-	-

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27. MYSALAM SCHEME (CONTINUED)

(b) Statement of income and expenditure (Continued)

2022	mySalam Family takaful fund RM'000	Company RM'000
Takaful revenue	1,258,617	1,250,285
Takaful service expenses	(1,260,923)	(1,253,733)
Net expenses from retakaful contracts held	-	-
Takaful service result	(2,306)	(3,448)
Net investment income	2,881	4,247
Other investment income/(expenses)	(607)	(831)
Movement in impairment gain/(loss) on investments	31	31
Net investment income	2,305	3,447
Net takaful and investment result	(1)	(1)
Other operating revenue	1	1
Other income	1	1
Net profit for the period	-	-



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 2023, 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 2023, and the statement of profit or loss, statement of other 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 material accounting policies, as set out on pages 53 to 226.

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.

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 and Report of the Shariah Committee, but does not include the financial statements of the Company and our auditors’ report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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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)

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 (CONTINUED)
(Incorporated in Malaysia)
Registration No. 201001032332 (916257-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 read 'PwC PLT', positioned above the printed name of the firm.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Liew Chi Min', positioned above the printed name of the individual.

LIEW CHI MIN
03529/09/2026 J
Chartered Accountant

Kuala Lumpur
15 November 2024