MAYBANK AGEAS HOLDINGS BERHAD

197701002387 (33361-W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2021

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

CONTENTS **PAGE**

Directors' Report	1 - 8
Corporate Governance Disclosures	9 - 31
Statement by Directors	32
Statutory Declaration	32
Independent Auditors' Report	33 - 36
Statements of Financial Position	37
Income Statements	38 - 39
Statements of Comprehensive Income	40
Statements of Changes in Equity	41 - 43
Statements of Cash Flows	44 - 46
Notes to the Financial Statements	47 - 270

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of shared services to its subsidiaries. The principal activities and other information relating to the subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year attributable to the equity holders of the Company	864,685	259,670

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 Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2020 was as follows:

	RM'000
In respect of financial year ended 31 December 2020, final dividend of:	
- 99.30 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	250,241

The final dividend was declared on 12 April 2021 and paid on 4 August 2021.

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

MAYBANK GROUP EMPLOYEES' SHARE GRANT PLAN ("ESGP") AND CASH-SETTLED PERFORMANCE-BASED EMPLOYEES' SHARE GRANT PLAN ("CESGP")

The ESGP is governed by the ESGP By-Laws approved by the shareholders at an Extraordinary General Meeting held on 6 April 2017 and was implemented on 14 December 2018 for a period of seven (7) years from the effective date and is administered by the ESGP Committee. The scheme was awarded to the participating Maybank Group eployees who fulfil the eligibility criteria.

The ESGP consists of two (2) types of performance-based awards: Employees' Share Grant Plan ("ESGP Shares") and Cash-settled Performance-based Employees' Share Grant Plan ("CESGP"). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of Maybank Group ESGP Committee.

The ESGP Shares is a form of Restricted Share Units ("RSU") and the ESGP Committee may, from time to time during the ESGP period, make further ESGP grants designated as Supplemental ESGP to a selected group of eligible employees to participate in Supplemental ESGP. This selected group may consist of selected key executives, selected key retentions and selected senior external recruits, and such grants may contain terms and conditions which may vary from earlier ESGP grants made available to selected senior management.

The CESGP is a form of Cash-settled Performance-based Restricted Share Unit Scheme ("CRSU") and the ESGP Committee may, from time to time during the ESGP period, make further CESGP grants designated as Supplemental CESGP to a selected group of eligible employees to participate in the ESGP. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such Supplemental CESGP grants may contain terms and conditions which may vary from earlier CESGP grants made available to selected employees.

The maximum number of ordinary shares in Malayan Banking Berhad ("Maybank") available under the ESGP should not exceed 3.5% of the total number of issued and paid-up capital of Maybank at any point of time during the duration of the scheme.

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Karownakaran @ Karunakaran A/L Ramasamy (Chairman)
Mr. Antonio Cano (Vice Chairman)
Mr. Gary Lee Crist
Dato' Johan Bin Ariffin
Dato' Majid Bin Mohamad
Datuk Mohd Najib Bin Abdullah
Puan Fauziah Binti Hisham (appointed w.e.f. 15 November 2021)
Dato' Amirul Feisal Bin Wan Zahir (resigned w.e.f. 29 June 2021)

Pursuant to Article 101 of the Company's Constitution, the Directors appointed under the Provision of the Constitution shall not be subjected to retirement by rotation under Section 205 of the Companies Act, 2016.

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

DIRECTORS OF SUBSIDIARIES

The following is a list of Directors of the subsidiaries in office as at the date of this report:

Subsidiaries	Directors
Etiqa General Insurance Berhad ("EGIB")	Datuk Mohd Najib Bin Abdullah Mr. Frank Johan Gerard Van Kempen Datuk Normala Binti Abdul Manaf Mr. Koh Heng Kong Cik Serina Binti Abdul Samad Ms. Daniela Adaggi En. Mohamad Shukor Bin Ibrahim
Etiqa Life Insurance Berhad ("ELIB")	Datuk Mohd Najib Bin Abdullah Mr. Philippe Pol Arthur Latour Mr. Frank Johan Gerard Van Kempen Mr. Wong Pakshong Kat Jeong Colin Stewart Puan Norazilla Binti Md Tahir (appointed w.e.f. 1 June 2021) Dr. Ariffin Yahaya (appointed w.e.f. 1 August 2021) Dato' Johan Bin Ariffin (retired w.e.f 1 January 2022) Mr. Loh Lee Soon (retired w.e.f 1 January 2022)
Etiqa Family Takaful Berhad ("EFTB")	Dato' Majid Bin Mohamad Mr. Andrew King Sun Cheung Dato' Johan Bin Ariffin Mr. Wong Pakshong Kat Jeong Colin Stewart Assoc. Prof. Dr. Azman Bin Mohd Noor En. Mohd Din Bin Merican
Etiqa General Takaful Berhad ("EGTB")	Dato' Majid Bin Mohamad Mr. Philippe Pol Arthur Latour Dato' Johan Bin Ariffin (resigned w.e.f. 1 January 2022) Mr. Koh Heng Kong Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican Prof. Dr. Rusni Binti Hassan
Etiqa Offshore Insurance (L) Ltd ("EOIL")	Dato' Majid Bin Mohamad Mr. Frank Johan Gerard Van Kempen Mr. Eng Poh Yoon

DIRECTORS OF SUBSIDIARIES (CONTD.)

The following is a list of Directors of the subsidiaries in office as at the date of this report (contd.):

Subsidiaries (contd.)	Directors (contd.)
Etiqa Life International (L) Ltd ("ELIL")	Dato' Majid Bin Mohamad Mr. Johan Lam Chung Yin Mr. Lee Hin Sze
Etiqa Insurance Pte. Ltd. ("EIPL")	Dato' Johan Bin Ariffin En. Kamaludin Bin Ahmad Mr. Frank Johan Gerard Van Kempen Mr. Wong Pakshong Kat Jeong Colin Stewart Haji Sallim Bin Abdul Kadir Dr. John Lee Hin Hock
Double Care Sdn. Bhd. ("DCSB") (Under members' voluntary winding-up)	Dato' Aminuddin Bin Md Desa Hans De Cuyper

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those from the Maybank Group ESGP.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in Notes 34 and 44 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

DIRECTORS' INDEMNITY

The Maybank Group maintains on a group basis, a Directors' and Officers' Liability Insurance ("D&O") against any legal liability incurred by the Directors in the discharge of their duties while holding office for the Company. The Directors shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

Premium paid for D&O policy

Coverage	Premium paid
Limit of Liability - Group Policy	**2021 Gross Premium (RM'000)**
RM 250 Million	1,049

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act, 2016, the interests of Directors in office at the end of the financial year in shares of the ultimate holding company, Maybank during the financial year were as follows:

	Number of Ordinary Shares			
Ultimate holding company	**As at 1 January 2021/ Appointment date**	**Acquired/ (disposed) during the year**	**Issued pursuant to DRP***	**As at 31 December 2021**
Direct interest:				
Dato' Johan Bin Ariffin	315,187	131,000	21,471	467,658
Dato' Amirul Feisal Bin Wan Zahir **	68,119	(68,119)	-	-
Puan Fauziah Binti Hisham ***	20,697	-	371	21,068

* Dividend Reinvestment Plan
** Resigned with effect from 29 June 2021
*** Appointed as Director with effect from 15 November 2021

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

DIRECTORS' INTERESTS (CONTD.)

CORPORATE GOVERNANCE

The Company has complied with the prescriptive requirements of, and adopted management practices that are consistent with the principles prescribed under Bank Negara Malaysia ("BNM") Policy Document on Corporate Governance as disclosed from page 9 to 31.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and income statements of the Group and 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts;

(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 had been written down to an amount which they might be expected so to realise; and

(iii) to ascertain that there was adequate provision for the insurance contract and takaful certificate liabilities of the Insurance and Takaful subsidiaries in accordance with the valuation methods specified in the regulatory requirements applicable to its subsidiaries in Malaysia and Singapore.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written-off for bad debts or the amount of the allowances for doubtful debts in the financial statements of the Group inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and 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 Group and 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 the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONTD.)

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or 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 of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations 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 Group or of the Company for the financial year in which this report is made.

For the purpose of paragraphs (e)(ii) and (f)(i) above, contingent liabilities or other liabilities do not include liabilities arising from contracts/certificates of Insurance/Takaful underwritten in the ordinary course of business of the Insurance and Takaful subsidiaries.

SIGNIFICANT EVENTS

There were no significant events which have occurred during the financial year other than as disclosed in Note 51 to the financial statements.

SUBSEQUENT EVENTS

There were no significant events which have occurred during the financial year other than as disclosed in Note 52 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration are as disclosed in Note 33 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 March 2022.

DATUK KAROWNAKARAN
@ KARUNAKARAN A/L RAMASAMY

DATO' MAJID BIN MOHAMAD

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

CORPORATE GOVERNANCE DISCLOSURES

(1) INTRODUCTION

The Board of Directors ("the Board") of Maybank Ageas Holdings Berhad [("the Company") or ("the Group")] acknowledges the importance of robust and sound Corporate Governance ("CG") Framework in promoting integrity and transparency throughout the Group. Amidst an increasing challenging operating environment, the Board continuously strives to refine the Group's CG practices and processes in ensuring high standards of transparency, integrity and honesty.

The Company's CG Framework is premised upon the following statutory provisions, best practices and guidelines:

i) Companies Act, 2016; and
ii) Policy on CG issued by Bank Negara Malaysia on 3 August 2016 ("BNM CG Policy").

Disclosures in this section are pursuant to Paragraph 22 of the BNM CG Policy.

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT

(a) Board Composition

As at 31 December 2021, the Board consists of seven (7) Directors, comprising of:-

i) two (2) Non-Independent Non-Executive Directors ("NINED"); and
ii) five (5) Independent Non-Executive Directors ("INED").

The composition of the Board meets the requirement of having a majority of independent directors and common directors remain in the minority as set out in the BNM CG Policy. Datuk Karownakaran @ Karunakaran A/L Ramasamy, an INED, is the Chairman of the Board, and the two NINEDs are nominees of Ageas Insurance International N.V. ("Ageas"), a shareholder of the Company.

The Board is committed to ensuring diversity and inclusiveness in its composition and deliberations and the Company embraces the proposition that having a diverse Board would have a positive, value-added impact on the Group. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of service.

The Board meets on quarterly basis, and the meeting dates are scheduled well in advance (before the commencement of each financial year) to enable the Directors to plan ahead. When required, the Board will meet on ad hoc basis to consider urgent matters. All Directors attended more than 75% of Board meetings held during the financial year.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(a) Board Composition (contd.)

The composition of the Board and the attendance of the Directors at meetings during the financial year are as follows:

Members of the Board	Designation	Number of Board Meetings attended	%
Datuk Karownakaran @ Karunakaran A/L Ramasamy (*Chairman*)	INED	10/10	100
Mr. Antonio Cano *(Vice Chairman)*	NINED	10/10	100
Dato' Amirul Feisal Bin Wan Zahir	ED[1]	7/7	100
Mr. Gary Lee Crist	NINED	10/10	100
Dato' Johan Bin Ariffin	INED	10/10	100
Dato' Majid Bin Mohamad	INED	10/10	100
Datuk Mohd Najib Bin Abdullah	INED	10/10	100
Puan Fauziah Binti Hisham	INED[2]	1/1	100

1 Ceased as Director w.e.f 29 June 2021

2 Appointed as Director w.e.f 15 November 2021

Profile of Directors

Name/ Designation/Age /Nationality	Background/ Experience	Other Directorships within the Group
Datuk Karownakaran @ Karunakaran A/L Ramasamy Independent Non-Executive Director Chairman 71 years of age Malaysian	Public Administration	Nil

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(a) Board Composition (contd.)

Profile of Directors (contd.)

Name/Designation /Age/Nationality	Background/ Experience	Other Directorships within the Group
Mr. Antonio Cano Non-Independent Non-Executive Director Vice Chairman 58 years of age Dutch	Insurance	Nil
Mr. Gary Lee Crist Non-Independent Non-Executive Director 64 years of age U.S. Citizen	Corporate Management	Nil
Dato' Johan Bin Ariffin Independent Non-Executive Director 62 years of age Malaysian	Property Development & Banking	• Director of Etiqa Life Insurance Berhad *(Ceased as Director w.e.f 1 January 2022)* • Director of Etiqa Family Takaful Berhad • Director of Etiqa General Takaful Berhad *(Ceased as Director w.e.f 1 January 2022)* • Chairman of Etiqa Insurance Pte Ltd *(incorporated in Singapore)*

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(a) Board Composition (contd.)

Profile of Directors (contd.)

Name/Designation /Age/Nationality	Background/ Experience	Other Directorships within the Group
Dato' Majid Bin Mohamad Independent Non-Executive Director 67 years of age Malaysian	Banking & Insurance	• Chairman of Etiqa Family Takaful Berhad • Chairman of Etiqa General Takaful Berhad • Chairman of Etiqa Offshore Insurance (L) Ltd *(incorporated in F.T.Labuan)* • Chairman of Etiqa Life International (L) Ltd *(incorporated in F.T. Labuan)*
Datuk Mohd Najib Bin Abdullah Independent Non-Executive Director 61 years of age Malaysian	Banking & Insurance	• Chairman of Etiqa Life Insurance Berhad • Chairman of Etiqa General Insurance Berhad
Puan Fauziah Binti Hisham Independent Non-Executive Director 65 years of age Malaysian	Banking	Nil

Detailed profile of each Director is available on the Group's corporate website (www.etiqa.com.my). Directors' interests in shares and share options in the ultimate holding company, Maybank are disclosed in the Directors' Report that accompanies the Company's financial statements for the financial year ended 31 December 2021 ("FYE 2021").

(b) Roles and Responsibilities of the Board

The business and affairs of the Group are managed under the direction and oversight of the Board, which also has the responsibility to periodically review and approve the overall strategies, business, organisation and significant policies of the Group. The Board also sets the Group's core values, adopts proper standards to ensure that the Group operates with integrity and complies with the relevant rules and regulations.

The roles and responsibilities of the Board are set out in the Company's Board Charter and the Terms of Reference of the Board which is available on the Group's corporate website (www.etiqa.com.my).

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities

The Board had established Board committees to assist the Board in carrying out effective oversight of the operations and business affairs of the Company and Group, namely:

i) Nomination and Remuneration Committee;
ii) Audit Committee of the Board;
iii) Risk Management Committee; and
iv) Investment Committee.

(i) Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") consists of a majority of INEDs and chaired by an INED.

The primary objectives of the NRC are to establish a documented, formal and transparent procedure for the nomination and appointment of new directors, Chief Executive Officer ("CEO"), Shariah Committee members, senior management and Company Secretary.

The Board via the NRC assesses the independence of INEDs prior to their appointments and re-appointments as part of the annual Fit and Proper Assessment exercise. Pursuant to the recommendation of the NRC based on the assessment undertaken for the financial year, the Board is satisfied that all the INEDs of the Board have met the independence criteria set out under the BNM CG Policy as well as Maybank's Directors' Independence Policy adopted by the Group. NRC may engage a consultant firm to conduct the annual Board Effectiveness Evaluation on the overall effectiveness of the Board and individual Directors.

NRC plays a major role in the recruitment and selection process of potential candidates, which includes procuring from time to time the curriculum vitae of prospective candidates discreetly to ensure that the Board will always have a steady pool of talent whenever there is a need to appoint new directors, not only to ensure continuity in meeting its long term goals but also to ensure that the knowledge, experience and skillset of the Board members would be well suited to meet the demands of the ever-changing landscape of the Insurance and Takaful industry.

In addition, the NRC is also responsible to provide a formal and transparent procedure in developing remuneration policies for directors, CEO and senior management and ensuring compensation is competitive and consistent with the Group's culture, objectives and strategy but most importantly, the industry standards.

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(i) Nomination and Remuneration Committee (contd.)

The roles and responsibilities of the NRC are set out in its Terms of Reference which is available on the Group's corporate website (www.etiqa.com.my).

The composition of the NRC and the attendance of its members at meetings during the financial year are as follows:

Members of the NRC	Designation	Number of NRC Meetings attended	%
Dato' Johan bin Ariffin *(Chairman)*	INED	10/10	100
Datuk Mohd Najib bin Abdullah	INED	10/10	100
Dato' Majid bin Mohamad	INED	10/10	100
Ms. Daniela Adaggi	NINED[1]	10/10	100
Mr. Gary Lee Crist	$NINED_2$	N/A	N/A

1 Appointed as a member of the NRC w.e.f 1 January 2021. NINED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of the Company.

2 Ceased as a member of the NRC w.e.f. 1 January 2021

(ii) Audit Committee of the Board

The Audit Committee of the Board ("ACB") consists of a majority of INEDs and chaired by an INED.

ACB supports the Board in ensuring reliable and transparent financial reporting, oversees the effectiveness of the internal audit functions, review related-party transactions and conflicts of interest situations, assess the suitability, objectivity and independence of the Group's appointed external auditors and independently assess the integrity of organisational wide management practices through the review of audit findings raised by the internal auditors, external auditors and/or regulators, ensuring that corrective actions, where necessary, are taken in a timely manner to ensure the Group's operations run in an effective and efficient manner as well as to safeguard the Group's assets and stakeholders' interests.

The roles and responsibilities of the ACB are set out in its Terms of Reference which is available on the Group's corporate website (www.etiqa.com.my).

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(ii) Audit Committee of the Board (contd.)

The composition of the ACB and the attendance of its members at meetings during the financial year are as follows:

Members of the ACB	Designation	Number of ACB Meetings attended	%
Mr. Loh Lee Soon *(Chairman)*	INED[1]	7/7	100
Mr. Gary Lee Crist	NINED	7/7	100
Mr. Koh Heng Kong	INED[2]	7/7	100
Mr. Wong Pakshong Kat Jeong Colin Stewart	INED[3]	4/4	100
Ms. Serina Binti Abdul Samad	INED[4]	7/7	100
Assoc. Prof. Dr. Azman Bin Mohd Noor	INED[5]	3/3	100
Puan Norazilla Binti Mohd Tahir	INED[6]	3/3	100

1 Ceased as Chairman of the ACB and INED of Etiqa Life Insurance Berhad, a wholly-owned subsidiary of the Company w.e.f. 1 January 2022.

2 INED of Etiqa General Insurance Berhad and Etiqa General Takaful Berhad, wholly-owned subsidiaries of the Company.

3 Ceased as a member of the ACB w.e.f 17 June 2021. INED of Etiqa Life Insurance Berhad, Etiqa Family Takaful Berhad and Etiqa Insurance Pte Ltd. (incorporated in Singapore), wholly-owned subsidiaries of the Company.

4 Appointed as a member of the ACB w.e.f 1 January 2021. INED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of the Company.

5 Appointed as a member of the ACB w.e.f 17 June 2021. INED of Etiqa Family Takaful Berhad, a wholly-owned subsidiary of the Company.

6 Appointed as a member of the ACB w.e.f 17 June 2021 and redesignated as Chairman of ACB w.e.f. 1 January 2022. INED of Etiqa Life Insurance Berhad, a wholly-owned subsidiary of the Company.

(iii) Risk Management Committee

The Risk Management Committee ("RMC") consists of a majority of INEDs and chaired by an INED.

RMC assists the Board in ensuring that the risk exposures and outcomes affecting the Group are effectively managed and addressed by the Board. More specifically, the RMC is responsible for formulating policies and frameworks to identify, monitor, manage and control material risks impacting the Group under the key risk categories of financial, insurance, operational and enterprise risks.

The roles and responsibilities of the RMC are set out in its Terms of Reference which is available on the Group's corporate website (www.etiqa.com.my).

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(iii) Risk Management Committee (contd.)

The composition of the RMC and the attendance of its members at meetings during the financial year are as follows:

Members of the RMC	Designation	Number of RMC Meetings attended	%
Mr. Koh Heng Kong *(Chairman)*	INED[1]	7/7	100
Mr. Wong Pakshong Kat Jeong Colin Stewart	INED[2]	7/7	100
Mr. Antonio Cano	NINED[3]	6/7	100
Encik Mohd Din Bin Merican	INED[4]	6/6	100
Encik Mohamad Shukor Bin Ibrahim	INED[5]	4/4	100
Prof. Dr. Rusni Binti Hassan	INED[6]	4/4	100
Mr. Gary Lee Crist	NINED[7]	N/A	N/A

1 INED of Etiqa General Insurance Berhad and Etiqa General Takaful Berhad, wholly-owned subsidiaries of the Company.

2 INED of Etiqa Life Insurance Berhad, Etiqa Family Takaful Berhad and Etiqa Insurance Pte Ltd. (incorporated in Singapore), wholly-owned subsidiaries of the Company.

3 Appointed as a member of the RMC w.e.f. 1 January 2021.

4 Appointed as a member of the RMC w.e.f. 15 February 2021. INED of Etiqa Family Takaful Berhad.

5 Appointed as a member of the RMC w.e.f 17 June 2021. INED of Etiqa General Insurance Berhad, a wholly-owned subsidiary of the Company.

6 Appointed as a member of the RMC w.e.f 17 June 2021. INED of Etiqa General Takaful Berhad, a wholly-owned subsidiary of the Company.

7 Ceased a member of the RMC w.e.f. 1 January 2021.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(c) Board Committees Composition and Roles & Responsibilities (contd.)

(iv) Investment Committee

The Investment Committee ("IC") consists of a majority of INEDs and chaired by an ED.

The Board established the IC as a governance body to oversee investment related activities.

The roles and responsibilities of the IC are set out in the Company's Board Charter and its Terms of Reference which is available on the Group's corporate website (www.etiqa.com.my).

The composition of the IC and the attendance of its members at meetings during the financial year are as follows:

Members of the IC	Designation	Number of IC Meetings attended	%
Dato' Mohamed Rafique Bin Mohd Wahiduddin Merican *(Chairman)*	ED[1]	5/5	100
Mr. Philippe Pol Arthur Latour	NINED[2]	4/5	80
Datuk Mohd Najib Bin Abdullah	INED[3]	5/5	100
Mr. Wong Pakshong Kat Jeong Colin Stewart	INED[4]	3/3	100
Dato' Amirul Feisal Bin Wan Zahir *(Chairman)*	ED[5]	3/3	100

1 Redesignated as Chairman of the IC w.e.f.16 July 2021. ED of Etiqa General Takaful Berhad, wholly-owned subsidiary of the Company.

2 NINED of Etiqa Life Insurance Berhad and Etiqa General Takaful Berhad, wholly-owned subsidiaries of the Company.

3 Appointed as a member of the IC w.e.f. 1 January 2021.

4 Appointed as a member of the IC w.e.f. 17 June 2021. INED of Etiqa Life Insurance Berhad, Etiqa Family Takaful Berhad and Etiqa Insurance Pte Ltd. (incorporated in Singapore), wholly-owned subsidiaries of the Company.

5 Ceased as Chairman of the IC w.e.f. 29 June 2021.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training

The Board acknowledges the importance of continuing education for its Directors to ensure they are equipped with the necessary skills and knowledge to perform their functions and meet the challenges facing the Board.

During the financial year, all the Board members have attended various training programmes and workshops on issues relevant to the Group, including key training programmes for new Directors, namely the Induction Programme (in-house training) and Financial Institutions Directors' Education ("FIDE").

(i) Induction Programme

A comprehensive induction programme has also been established and coordinated by the Company Secretary to ease new Directors into their new role and to assist them in their understanding of the Group's business strategy and operational matters. New Directors are required to attend the programme as soon as possible after they have been appointed. The programme includes intensive one-on-one session with the Senior Management Committee members/Head of Departments, wherein new Directors would be briefed and brought up to speed on the challenges and issues faced by the Group.

(ii) Trainings Attended by Directors

The Board continues to assess the training needs of its Directors and identify key areas of focus for training programmes vide the Annual Board Assessment conducted at the beginning of each financial year.

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training (contd.)

(ii) Trainings Attended by Directors (contd.)

Trainings attended by the Directors during the financial year were as follows:

Training attended by Directors	DK[1]	AC[2]	GLC[3]	DJA[4]	DMM[5]	DMN[6]	FH[7]
A. In-house Training							
1. Etiqa: Directors' Induction Program				√			
2. Etiqa: Directors' Training Programme Module 1 – Series # 1 (Day 1) : • Corporate Overview of Etiqa; Its Dynamic Organization, People, Process and Product. • Industry Updates / Market Landscape. • Brief Overview of Key Pillars				√			√
3. Etiqa: Directors' Training Programme Module 1 – Series # 1 (Day 2) : • Introduction To Insurance and Takaful				√			
4. Directors' Training Program – Module 1 - Series #2 • Orientation/On-boarding Session				√			
5. Etiqa's Director Training Programme Module 1 – Series #3 • Discovering the basic of Takaful Updates on Anti Money Laundering/Counter Financing of Terrorism							√
6. Etiqa Risk Management Division: Etiqa Risk Landscape FY 2021	√	√	√	√	√	√	
7. Etiqa and Ernst & Young: Environmental, Social & Governance ("ESG") related training	√	√	√	√	√		
8. Etiqa: BOC & IT Onboarding session	√	√					
9. Etiqa : SCRUM Training				√			
10. Etiqa: Impacts of IFRS17 on Financial Reporting			√				
11. Etiqa: IFRS17 – Walkthrough Session With ACB and RMC members on FIA			√				
12. Etiqa: PMO IFRS17 Transition Approach						√	
13. Group Technology and Group Corporate Secretarial, Maybank: Training on Cyber Risk				√	√		√
14. Maybank Training Centre: Maybank Group Board Strategy Offsite- Banking Strategy, Fintech and Sustainability	√						
15. Maybank IWD 2021 – Inclusive diversity boosting a sustainability culture					√		
16. Maybank Group Human Capital : International Women's Day Celebration 2021 – IWD Flagship Programme				√			
17. Maybank Group Human Capital/Professor Karl Schmedders, IMD Switzerland: : ESG - Just Transition							√

[1] DK - Datuk Karownakaran @ Karunakaran A/L Ramasamy
[2] AC - Mr. Antonio Cano
[3] GLC - Mr. Gary Lee Crist
[4] DJA - Dato' Johan Bin Ariffin
[5] DMM - Dato' Majid Bin Mohamad
[6] DMN - Datuk Mohd Najib Bin Abdullah
[7] FH - Puan Fauziah Binti Hisham

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training (contd.)

(ii) Trainings Attended by Directors (contd.)

Training attended by Directors	DK[1]	AC[2]	GLC[3]	DJA[4]	DMM[5]	DMN[6]	FH[7]
18. Maybank Group Human Capital/Chief Sustainability Officer/Director, Strategy & Stakeholder Management: Leaders Teaching Leaders Series: A Sharing Session by Group Sustainability Leading Sustainable Corporations Sustainable Finance							√
19. Group Risk/ Group Compliance, Maybank : Annual Board Risk Workshop : Risk Session – Building Sustainability in a Digital World, Compliance Session – Managing Financial Crime in Emerging Markets	√	√	√	√	√	√	√
20. Maybank: Group Strategy Offsite						√	√
21. Maybank: Diversity Day						√	√
22. Maybank Investment Bank & Maybank Kim Eng: Invest ASEAN 2021 #7 - ASEAN New Finance: Crypto Opportunities & Hurdles							√
23. Maybank Investment Bank & Maybank Kim Eng: Invest ASEAN 2021 #8 – Decarbonising ASEAN							√
24. Maybank Investment Bank & Maybank Kim Eng: Invest ASEAN 2021 #10 – ASEAN Macro Outlook & ASEAN Strategy							√
25. Maybank Kim Eng: US China rivalry and the new geopolitics in Asean- By Dr Tan Kwang Yam, Prof Of Economy Nanyang Technological University	√				√	√	
26. Maybank Kim Eng: MKE Captains Speak – Special Edition : Singapore : Recovering & Transforming				√			
27. Maybank Singapore: Executive Cyber Risk Update	√						
28. Maybank and Bursa Malaysia: Virtual Invest Malaysia 2021 Series 1, titled "The Capital Market Conversation Economic Reform				√			
29. Maybank Investment Bank and Bursa Malaysia – ESG in investment: The time is now				√	√		
30. Maybank Kim Eng & Bursa: Invest Malaysia 2021 Series 1 - "Economic Reform							√
31. Maybank and Asia Business School: LESA – Leadership for Enterprise Sustainability Asia 2021 – Ready for the climate change in the economy?					√		
32. Ageas Partnership Day - Global Economic Outlook For 2021 And On The Challenges Facing The Financial World by Mr Nouriel Roubini				√			
33. Ageas Partnership Day – Impact 24	√		√		√		
34. Ageas Partnership Days 2021 - A World Authority on Corporate Responsibility and Sustainable Future of Capitalism Called "Green Swans" by Mr. John Elkington				√	√		
35. Ageas Management Forum 2021			√				

[1] DK - Datuk Karownakaran @ Karunakaran A/L Ramasamy
[2] AC - Mr. Antonio Cano
[3] GLC - Mr. Gary Lee Crist
[4] DJA - Dato' Johan Bin Ariffin
[5] DMM - Dato' Majid Bin Mohamad
[6] DMN - Datuk Mohd Najib Bin Abdullah
[7] FH - Puan Fauziah Binti Hisham

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training (contd.)

(ii) Trainings Attended by Directors (contd.)

Training attended by Directors	DK[1]	AC[2]	GLC[3]	DJA[4]	DMM[5]	DMN[6]	FH[7]
36. Ageas Regional Agency Leader Forum			√				
37. Ageas Board Offsite			√				
38. Ageas: Asian Investor Event			√				
39. Ageas Brussels & PricewaterhouseCoopers (PwC): IFRS Training		√					
40. Ageas UK & PwC: IFRS Training		√					
B. External Training							
1. BNM: FIDE Core Module A		√					
2. FIDE Elective Program: Risk Management in Technology (RMiT) & Digital Transformation: What they mean for Governance and Strategy of Bank and Insurance Boards?							√
3. FIDE Elective: Risk Management Committee – Banking Sector							√
4. FIDE Forum – Dialogue with Tan Sri Nor Shamsiah binti Mohd Yunus, Governor of BNM				√	√	√	
5. BNM & FIDE : BNM Annual Report 2020 – Economic and Monetary Report 2020 and Financial Stability Review 2nd Half 2020 engagement session					√		
6. FIDE Forum: Risk Management in Technology						√	
7. FIDE Forum : Board Effectiveness Evaluation – Industry Briefing					√	√	
8. FIDE Forum : MASB Dialogue on MFRS 17 – Insurance Contracts – What every director must know	√			√	√	√	
9. FIDE Forum : The role of Independent Directors in embracing present and future challenges with Deputy Governor Jessica Chew	√			√	√	√	√
10. FIDE Forum: 1st Distinguished Board Leadership Webinar: Rethinking Our Approach to Cyber Defence in FIs	√					√	√
11. FIDE Forum : Dialogue on the future of Malaysia's financial sector by Suhaimi Ali – Director Financial Development and Innovation, Bank Negara Malaysia					√	√	
12. FIDE Forum : Dialogue with senior leadership of Bank Negara on Risk-Based Capital Framework for Insurance and Takaful operators by Ms Cindy Siah Hooi Hoon				√	√	√	√
13. FIDE Forum: The Board's Role and Responsibilities in Crisis Communication				√			
14. FIDE Forum: Dialogue with 4 leaders on the 2050 Net Zero Carbon Emission Target : Finance Role					√		√
15. BNM & Securities Commission Malaysia: JC-3 Flagship Conference 2021 (Day 1): Sustainability as a Business Strategy for Financial Institutions	√			√	√	√	

[1] DK - Datuk Karownakaran @ Karunakaran A/L Ramasamy
[2] AC - Mr. Antonio Cano
[3] GLC - Mr. Gary Lee Crist
[4] DJA - Dato' Johan Bin Ariffin
[5] DMM - Dato' Majid Bin Mohamad
[6] DMN - Datuk Mohd Najib Bin Abdullah
[7] FH - Puan Fauziah Binti Hisham

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training (contd.)

(ii) Trainings Attended by Directors (contd.)

Training attended by Directors	DK[1]	AC[2]	GLC[3]	DJA[4]	DMM[5]	DMN[6]	FH[7]
16. BNM & Securities Commission Malaysia: JC-3 Flagship Conference 2021 (Day 2): Sustainability Outcomes and Implications for Malaysian Financial Institutions				√	√		
17. Bursa-HLIB Stratum Focus Series XI "Renewable Energy – A genesis for a Sustainable Future"	√						
18. Bursa: London Stock Exchange Group & Climate Risk by David Harris, Global Head of Sustainable Finance and Helena Fung, Head of Sustainable Investment, Asia Pacific	√						
19. Bursa: Carbon Markets	√						
20. Bursa: Economics Outlook and Lookout	√						
21. Bursa: 2021 Global Market and Economic Outlook : New Beginnings and Old challenges in the new normal	√						
22. Bursa: Capital Market Masterplan 3	√						
23. Bursa: Net Zero Pathways for Malaysia	√						
24. Bursa: Virtual Invest Malaysia	√						
25. Bursa: Section 17A of the Malaysia Anti-Corruption Commission Act 2009 : Protecting you and your business with T.R.U.S.T	√						
26. Bursa: How Market infrastructures are coping with Cyber Threat amid global pandemic	√						
27. Bursa Malaysia & Maybank IB: ESG Ratings & Green Revenues : Data Tools for Investing						√	
28. Prof Nadim Habib, Nova University: Agile Organisations		√					
29. Francis Bouchard, Rockefeller Resilience Centre: Sustainability Training		√					
30. Medis: Healthcare Seminar			√				
31. IRDAI: IRDAI Board Member Training			√				
32. Blackrock: Blackrock Asia Corporate Director Forum	√						
33. Islamic Banking & Finance Institute Malaysia (IBFIM): Aligining sadaqah and social impact financing – The experience of global sadaqah					√		
34. IBFIM: Halatuju pentadiran zakat dan wakaf dalam membangun sosial ekonomi ummah – Ke arah kewangan sosial berdaya maju					√		
35. IIBF – IIUM & IBFIM : Launching of i-Contract services and IIUM Islamic Finance Presidential Talk – Sustainability and value-based Islamic Finance					√		
36. Ernst & Young (EY): How Asia Pacific response series: Demistifying to reach net zero					√		

[1] DK - Datuk Karownakaran @ Karunakaran A/L Ramasamy
[2] AC - Mr. Antonio Cano
[3] GLC - Mr. Gary Lee Crist
[4] DJA - Dato' Johan Bin Ariffin
[5] DMM - Dato' Majid Bin Mohamad
[6] DMN - Datuk Mohd Najib Bin Abdullah
[7] FH - Puan Fauziah Binti Hisham

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training (contd.)

(ii) Trainings Attended by Directors (contd.)

Training attended by Directors	DK[1]	AC[2]	GLC[3]	DJA[4]	DMM[5]	DMN[6]	FH[7]
37. EY: APAC Blockchain Summit – Blockchain for trust, transparency and efficiency					√		√
38. EY: IFRS 17- The journey ahead for life insurance					√	√	
39. EY: How to Achieve a Successful Special Purpose Acquisition Company Listing							√
40. S&P Global Rating: Islamic Finance 2021-22 : Towards more sustainable growth					√		
41. Asia School of Business – ICLIF Executive Education Centre: Implementing amendments in the Malaysian Code of Corporate Governance by Dr Elsa Satkunasingam, Asia School of Business – ICLIF Executive Education Centre					√		
42. Asia School of Business: Board's role in the Changing World of Work		√					
43. Asia School of Business: Risk Management in Technology (RMiT) & Digital Transformation: What they mean for Governance and Strategy of Bank and Insurance Boards?		√					
44. Asia School of Business: Corruption Risk Management				√			
45. Asia School of Business: Nomination and Remuneration Committee – Beyond Box-Ticking & Enhancing Effectiveness				√			
46. Permodalan Nasional Berhad ("PNB"): iRAC Week 2021 – Upholding Good Governance In A Challenge Environment				√			
47. PNB Research Institute Sdn Bhd: PNB Knowledge Forum 2021 – Climate Change : A New Green Deal for Malaysia				√		√	√
48. PNB Research Institute : Rising Above Covid-19 : Reimagining Work in Malaysia and Beyond						√	
49. PNB: Cyber Security Awareness Program for Board and Leadership Team				√			
50. PNB Shariah Management Department & Corporate Governance Department): PNB Knowledge Forum 2021 – Shariah Awareness: Strengthening Shariah Culture				√			
51. Malaysian Re: Launching of Malaysian Insurance Highlight 2020 – Impact of Covid-19 pandemic on Malaysia's economy and insurance market					√		
52. Akademi Kepimpinan Pendidikan Tinggi ("AKEPT") : Higher education institutions leadership towards education for sustainable development					√		
53. Labuan IBFC: Qatar Financial Centre and Labuan IBFC Partnership Webinar					√		

[1] DK - Datuk Karownakaran @ Karunakaran A/L Ramasamy
[2] AC - Mr. Antonio Cano
[3] GLC - Mr. Gary Lee Crist
[4] DJA - Dato' Johan Bin Ariffin
[5] DMM - Dato' Majid Bin Mohamad
[6] DMN - Datuk Mohd Najib Bin Abdullah
[7] FH - Puan Fauziah Binti Hisham

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(2) BOARD OF DIRECTORS - COMPOSITION, FUNCTION AND CONDUCT (CONTD.)

(d) Directors' Training (contd.)

(ii) Trainings Attended by Directors (contd.)

Training attended by Directors	DK[1]	AC[2]	GLC[3]	DJA[4]	DMM[5]	DMN[6]	FH[7]
54. International Islamic University Malaysia ("IIUM") Institute of Islamic Banking and Finance ("IIBF"): International conference on Islamic Literacy 2021 – Enhancing the well-being of society, sustaining the economy					√		
55. International Islamic University Malaysia ("IIUM") and Kolej Universiti Islam Antarabangsa Selangor ("KUIS") : 4TH Islamic Financial Intellectual Discourse ("IFIF") – Social economic justice through Islamic social finance					√		
56. Asia Global Institute, Hong Kong : Asia Global Dialogue 2021 – Asia forward : Leading the way towards a new multilateralism					√		
57. Tricor Trustco : How Malaysian Plcs can benefit from Labuan International Business and Financial Centre ("IBFC")					√		
58. Asia Insurance Review: Virtual Takaful Rendezvous					√		
59. Institute of Corporate Directors Malaysia (ICDM): Powertalk Series 2021 – A Boardroom Simulation : Corporate Strategy Beyond the Crisis				√			
60. ICDM: Webinar Series on Climate Governance Malaysia - Life on Land: Conservation Efforts in Malaysia							√
61. ICDM: Webinar Series on Climate Governance Malaysia - Progressing from Sustainability to Climate Action in the Palm Oil Sector							√
62. ICDM: Webinar Series on Climate Governance Malaysia - Life below Water: Conservation Efforts in Malaysia							√
63. IMD Alumni Club of Mexico: Alien Thinking: The Unconventional Path to Breakthrough Thinking						√	
64. IMD: Innovate to Win : Learn From the IOC and UEFA To Create A Creative Culture of Success						√	
65. IMD: Strategic Agility : The Art of Piloting Initiatives						√	
66. IMD Alumni Club of Melbourne : The Right Place on "How National Competitiveness Makes or Breaks Companies"						√	
67. Malaysian Economic Association: 2022 Post-Budget Debate				√			
68. MAICSA, The Chartered Governance Institute: Complying with The Guideline for The Reporting Framework for Beneficial Ownership of Legal Person							√
69. Malaysian Institute of Corporate Governance: Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries							√
70. World Islamic Economic Forum Foundation /Securities Industry Development Corporation (SIDC): PowerTalk Webinar 2021 - Post Pandemic Economic Landscape: Building Resilient Industries							√
71. ICLIF: Implementing Amendments in The Malaysian Code on Corporate Governance							√
72. ICLIF: Nominating and Remuneration Committees – Beyond Box-Ticking & Enhancing Effectiveness							√
73. ICLIF: Governance in Groups							√
74. Malaysian Institute of Accountants (MIA) International Conference 2021							√
75. Climate Governance Malaysia: The Net Zero Journey: What Board Members Need to Know - Part 1							√
76. Climate Governance Malaysia: Directors' Duties and Climate Change							√
77. JPMorgan Chase: Building a More Inclusive Economy							√
78. Khazanah Nasional Berhad: Khazanah Megatrends Forum 2021 – The Invention of Tomorrow: Crafting Our New Collective Narrative							√

[1] DK - Datuk Karownakaran @ Karunakaran A/L Ramasamy
[2] AC - Mr. Antonio Cano
[3] GLC - Mr. Gary Lee Crist
[4] DJA - Dato' Johan Bin Ariffin
[5] DMM - Dato' Majid Bin Mohamad
[6] DMN - Datuk Mohd Najib Bin Abdullah
[7] FH - Puan Fauziah Binti Hisham

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(3) INTERNAL CONTROL FRAMEWORK

The Board exercises overall responsibility on the Company's internal controls and its effectiveness. The Board recognises that risks cannot be eliminated completely; as such, the systems and processes put in place are aimed at minimising and managing risk. The Company has established internal controls which cover all levels of personnel and business processes to ensure the Company's operations run in an effective and efficient manner as well as to safeguard the assets of the Company and stakeholders' interests. Continuous assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the internal audit function, ensures that corrective action, where necessary, is taken in a timely manner. As a custodian of public funds, the Company's dealings with the public are always conducted fairly honesty and professionally.

(4) REMUNERATION - QUALITATIVE DISCLOSURES

a) Board Performance

In line with good corporate governance, the Board via the NRC has set out its intention to periodically review the Non-Executive Directors ("NED") remuneration as per Maybank's remuneration policy for Directors.

The Board believes the one area that the Board needs to focus on in order to remain effective in the discharge of its duties and responsibilities is the setting of a fair and comprehensive remuneration package commensurate with the expertise, skills, and responsibilities with being a director of a financial institution.

The remuneration package of NED consists of the following:

Fees and meeting allowances – Directors' fees and meetings allowances for NED are based on a fixed sum as determined by the NRC and the Board, and subsequently approved by the shareholders.

b) Senior Management Appointment and Performance

The NRC also recommends and assesses the nominee for the position of CEO and re-appointment of CEO as well as oversee the appointment and succession planning of the identified Senior Officers (Chief Financial Officer, Chief Risk Officer and Appointed Actuary) of the Company.

The NRC is responsible for overseeing the performance evaluation of the CEO and Senior Officers.

The NRC 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.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES

a) Non-Executive Directors' Remuneration

The Non-Executive Directors' remuneration for the financial year are as follows:

Remuneration	**Per Annum (RM)**
(i) Fees	
Board:	
- Chairman	230,000
- Member	150,000
Committee:	
- Chairman	32,500
- Member	28,000
(ii) Meeting Allowance	
per meeting attended	2,000

b) Disclosure of Directors' and CEO's Remuneration

The details of Directors' and CEO's Remuneration for FYE 2021 are disclosed in Notes 33 and 34 to the financial statements.

c) Remuneration Policy in respect of Officers of the Company

Maybank Group's total rewards philosophy goes beyond tangible rewards. An integrated rewards strategy that focuses on the right remuneration, benefits and career development as well as progression opportunities at the right timing for employees' personal and professional aspirations. It involves a holistic integration of the total rewards' key elements that are aligned to the Group's strategy, Group Human Capital's strategy, culture and Core Values T.I.G.E.R.*, all critical to sustain employee engagement levels, productivity and business growth.

Remuneration policy is approved by the Board and is monitored and reviewed periodically. It reinforces a high performance culture to attract, motivate and retain talent through market competitiveness and differentiated pay.

Maybank Group rewards' principles are delivered holistically via the Group's Total Rewards Framework which includes base pay, other fixed cash, performance-based variable cash, long-term incentive awards, benefits and development.

** Core Values: Teamwork; Integrity; Growth; Excellence & Efficiency and Relationship Building*

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

c) Remuneration Policy in respect of Officers of the Company (contd.)

Key elements	Purpose
Fixed Pay	Attract and retain talent by providing competitive pay that is externally benchmarked against relevant peers and location, and internally aligned with consideration of differences in individual performance and achievements, skills-set, job scope as well as competency level
Variable Pay	Variable Bonus - Reinforce pay-for-performance culture and adherence to the Group's Core Values T.I.G.E.R.* - Variable cash award design that is aligned with the long-term performance goals of the Group through deferral and claw-back policies - Based on overall Group Performance, Business/Corporate Function and individual performance. - Performance is measured via the Balanced Scorecard approach. - Deferral Policy: Any Variable Bonus Awards in excess of certain thresholds will be deferred over a period of time Long-term Incentive Award The Long-term Incentive Award is offered within the suite of Total Rewards for eligible Talents. An approved customized Share Grant Plan is offered to eligible Senior Management who has direct line of sight in driving, leading and executing the Group's business strategies and objectives. Clawback Provision The Board, based on risk management issues, financial misstatement, fraud and gross negligence or wilful misconduct, has the discretion to make potential adjustment or clawback on Variable Bonus and Long-term Incentive Awards.
Benefits	Provides employees with financial protection, access to health care, paid time-off, staff loans at preferential rates, programmes to support work/life balance, etc. for a diverse workforce. The benefits programmes which blend all elements including cost optimisation and employee/job needs, are reviewed regularly with proactive actions taken to remain competitive in the increasingly dynamic business landscape and continuously enrich employees, as part of total rewards strategy.
Development and Career Opportunities	Continue to invest in the personal and professional growth of employees. Opportunities provided to employees to chart their careers across different businesses and geographies.

** Core Values: Teamwork; Integrity; Growth; Excellence & Efficiency and Relationship Building*

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

c) Remuneration Policy in respect of Officers of the Company (contd.)

Total compensation ensures that employees are paid equitably to the market, delivered via cash and share/share-linked instruments, where applicable. The mix of cash and shares/shares-linked instruments is aligned to the Group's long-term value creation and time horizon of risks with targeted mix ratio.

The target positioning of Base Pay is mid-market while target positioning for total compensation for a performer is to be within the upper range of market. Target positioning for benefits is mid-market. In certain markets/geographies, there may be exceptions for selected benefits with above mid-market positioning for strategic purposes. As the Group operates globally, it is essential that local legislation and practices are observed. Should any clause of any policy conflict with local legislation, local legislations shall take precedence.

Key Features of Remuneration Framework that Promotes Alignment between Risk and Rewards

The Group total compensation, comprising a mixture of Fixed and Variable elements (i.e. Variable Bonus and Long-term Incentive Plan) is designed to align with the long-term performance goals and objectives of the organisation. The compensation framework provides a balanced approach between fixed and variable components that change according to individual performance, business/corporate function performance, group performance outcome as well as individual’s level and accountability.

The Company has strong internal governance on performance and remuneration of control functions which are measured and assessed independently from the business units they support to avoid any conflict of interests. The remuneration of staff in control functions are predominantly fixed to reflect the nature of their responsibilities. Annual reviews of compensation are benchmarked against market rate and internally to ensure that it is set at an appropriate level.

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

c) Remuneration Policy in respect of Officers of the Company (contd.)

Key Features of Remuneration Framework that Promotes Alignment between Risk and Rewards (contd.)

Performance Management principles ensure Key Performance Indicators ("KPI") continue to focus on outcomes delivered that are aligned to the business plans. Each of the Senior Officers and Other Material Risk Takers carry Risk, Governance & Compliance goals in their individual scorecard and are cascaded accordingly. Being a responsible organisation, the right KPI setting continues to shape the organisational culture, actively drive risk and compliance agendas effectively where inputs from control functions and Board Committees are incorporated into the sector and individual performance results.

Long-term Incentive Award – Employees' Share Grant Scheme

Maybank in December 2018, rolled out a new scheme under the Long-Term Incentive Award i.e. Employees Shares Grant Scheme ("ESGP") replacing the previous scheme that expired in June 2018. ESGP serves as a long-term incentive award for eligible Senior Management with the following objectives:

- To align to the Group's long-term strategic objectives to maximise shareholders' value through a high performance culture;
- To continue to attract, motivate and retain key talents in senior management level;
- To align the Group total rewards to the long-term value creation and time horizon of risk;
- To drive performance that is tied to long-term outcomes and business growth; and
- To participate in the Group's business strategies for future growth of the Group.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

c) Remuneration Policy in respect of Officers of the Company (contd.)

Corporate Governance – Remuneration practices

As part of the overall corporate governance framework, the Company ensures its remuneration policies and structure are in line with the requirements of governance regulations. From a risk management perspective, the remuneration policy is supported by strong governance and sensitive to risk outcomes.

Staff rewards are reviewed on an annual basis and consistent with business performance and prudent risk management. Appropriately, involvement by the relevant control functions are sufficiently embedded to provide an independent and objective assessment of the remuneration principles and practices which are pre-requisites for executing a sound remuneration policy.

d) Senior Officers and Other Material Risk Takers ("OMRT")

The remuneration package for Senior Officers and OMRTs are reviewed on an annual basis and submitted to the NRC for recommendation to the Board for approval.

Senior Officer is defined as performing a senior management function whose primary or significant responsibility is for the management and performance of significant business activities and includes those who assume primary or significant responsibility for key control functions.

Other Material Risk Taker ("OMRT") is defined as:

(a) an officer who is a member of senior management of the Group and the Company and who can materially commit or control significant amounts of the Group's and the Company's resources or whose actions are likely to have a significant impact on its risk profile; or

(b) among the most highly remunerated officers in the Group and the Company.

CORPORATE GOVERNANCE DISCLOSURES (CONTD.)

(5) REMUNERATION - QUANTITATIVE DISCLOSURES (CONTD.)

d) Senior Officers and Other Material Risk Takers ("OMRT") (contd.)

Summary of financial year ended 2021 compensation outcome for those identified as Senior Officers and OMRTs:

Group

Remuneration	Unrestricted		Deferred	
Fixed Remuneration	**No. of pax**	**RM'000**	**No. of pax**	**RM**
Material Risk Taker ("Senior Management")				
Cash-based	53	22,664	Nil	
Other	Nil			
Other Material Risk Taker ("OMRT")				
Cash-based	Nil			
Other	Nil			

Remuneration	Unrestricted		Deferred	
Variable Remuneration	**No. of pax**	**RM'000**	**No. of pax**	**RM**
Material Risk Taker ("Senior Management")				
Cash-based	50	8,505	Nil	
Other	Nil			
Other Material Risk Taker ("OMRT")				
Cash-based	Nil			
Other	Nil			

The figures above exclude the Long-Term Incentive Award (combination of cash and shares) awarded in 2021 as the amount, conditional upon fulfilment of payment/vesting criteria have not taken effect.

Company

Remuneration	Unrestricted		Deferred	
Fixed Remuneration	**No. of pax**	**RM'000**	**No. of pax**	**RM**
Material Risk Taker ("Senior Management")				
Cash-based	17	10,976	Nil	
Other	Nil			
Other Material Risk Taker ("OMRT")				
Cash-based	Nil			
Other	Nil			
Variable Remuneration	**No. of pax**	**RM'000**	**No. of pax**	**RM**
Material Risk Taker ("Senior Management")				
Cash-based	16	4,371	Nil	
Other	Nil			
Other Material Risk Taker ("OMRT")				
Cash-based	Nil			
Other	Nil			

The figures above exclude the Long-Term Incentive Award (combination of cash and shares) awarded in 2021 as the amount, conditional upon fulfilment of payment/vesting criteria have not taken effect.

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

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

We, Datuk Karownakaran @ Karunakaran A/L Ramasamy and Dato' Majid bin Mohamad, being two of the directors of Maybank Ageas Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 37 to 270 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 March 2022.

DATUK KAROWNAKARAN
@ KARUNAKARAN A/L RAMASAMY

DATO' MAJID BIN MOHAMAD

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

I, Lee Hin Sze (MIA membership no: 15432), being the officer primarily responsible for the financial management of Maybank Ageas Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 37 to 270 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.

LEE HIN SZE
(MIA 15432)
Chief Financial Officer

Subscribed and solemnly declared by
the abovenamed LEE HIN SZE
at Kuala Lumpur in Wilayah
Persekutuan on 21 March 2022

PESURUHJAYA SUMPAH
NO: W 681
RAJEEV SAIGAL A/L
RAMLABAYA SAIGAL
BC/R/548
1 JAN 2022 - 31 DIS 2024
MALAYSIA

Before me,

Commissioner for Oaths

NO. A-31-11, LEVEL 31,
TOWER A, MENARA UOA BANGSAR,
NO. 5, JALAN BANGSAR UTAMA 1,
BANGSAR, 59000 KUALA LUMPUR

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
SST ID: W10-2002-32000062
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur, Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

197701002387 (33361-W)

Independent auditors' report to the members of Maybank Ageas Holdings Berhad (Incorporated in Malaysia)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Maybank Ageas Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 31 December 2021, and a summary of significant accounting policies, as set out on pages 37 to 270.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

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 Group and 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 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 and the Corporate Governance disclosures, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039 was registered on 02.01.2020 and with effect from that date, Ernst & Young (AF 0039), a conventional partnership was converted to a limited liability partnership.

A member firm of Ernst & Young Global Limited

**Independent auditors' report to the members of
Maybank Ageas Holdings Berhad (contd.)
(Incorporated in Malaysia)**

Information other than the financial statements and auditors' report thereon (contd.)

In connection with our audit of the financial statements of the Group and 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 Group and 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 financial statements of the Group and 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 Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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.

A member firm of Ernst & Young Global Limited

Auditors' responsibility for the audit of the financial statements (contd.)

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group's or 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 Group and 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 Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A member firm of Ernst & Young Global Limited

Building a better working world

197701002387 (33361-W)

Independent auditors' report to the members of Maybank Ageas Holdings Berhad (contd.) (Incorporated in Malaysia)

Auditors' responsibility for the audit of the financial statements (contd.)

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.

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Brandon Bruce Sta Maria
No. 02937/09/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
21 March 2022

A member firm of Ernst & Young Global Limited

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	115,070	121,254	21	136
Investment properties	4	966,429	934,590	-	-
Prepaid land lease payments	5	16,613	17,098	-	-
Right-of-use assets ("ROU")	6	26,916	16,161	452	-
Intangible assets	7	99,342	92,553	1,193	931
Investment in subsidiaries	8	-	-	2,641,886	2,641,886
Investment in associates	9	1,238	1,238	-	-
Investments	10	42,249,131	38,595,613	928,645	597,494
Financing receivables	12	325,384	307,542	624,215	4,604
Reinsurance/retakaful assets	13	6,502,473	4,971,385	-	-
Insurance/takaful receivables	14	560,165	541,385	-	-
Other assets	15	586,315	489,164	29,257	6,670
Derivative assets	16	35,965	152,539	-	-
Deferred tax assets	17	225,266	21,339	3,547	797
Current tax assets	18	121,884	140,701	-	-
Cash and bank balances		928,274	1,071,056	34,940	986
Total Assets		52,760,465	47,473,618	4,264,156	3,253,504
Equity					
Share capital	19	660,866	660,866	660,866	660,866
Reserves	20	6,802,595	6,396,269	2,568,644	2,572,645
Total Equity		7,463,461	7,057,135	3,229,510	3,233,511
Liabilities					
Insurance contract/takaful certificate liabilities	21	40,314,242	36,271,509	-	-
Subordinated obligation	22	1,000,000	-	1,000,000	-
Expense liabilities	23	690,618	711,983	-	-
Derivative liabilities	16	22,249	3,473	8,755	-
Deferred tax liabilities	17	559,235	654,327	98	3,481
Insurance/takaful payables	24	892,226	732,114	-	-
Other liabilities	25	1,737,750	1,991,301	15,227	14,676
Interest payable on subordinated obligation	22	9,848	-	9,848	-
Current tax liabilities		70,836	51,776	718	1,836
Total Liabilities		45,297,004	40,416,483	1,034,646	19,993
Total Equity and Liabilities		52,760,465	47,473,618	4,264,156	3,253,504

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Gross earned premiums/ contributions	26(a)	10,761,174	10,708,678	-	-
Earned premiums/contributions ceded to reinsurers/retakaful operators	26(b)	(2,425,196)	(1,590,393)	-	-
Net earned premiums/ contributions	26	8,335,978	9,118,285	-	-
Fee and commission income	27	120,746	103,762	-	-
Investment income, net	28	1,473,109	1,320,195	296,143	461,429
Realised (losses)/gains, net	29	(18,765)	170,323	603	(8,546)
Fair value (losses)/gains, net	30	(938,534)	571,256	(6,139)	-
Other operating income/ (expenses), net	31	159,269	(144,414)	852	1,717
Other revenue		795,825	2,021,122	291,459	454,599
Gross benefits and claims paid	32(a)	(5,019,609)	(3,852,118)	-	-
Claims ceded to reinsurers/ retakaful operators	32(b)	1,032,701	345,971	-	-
Gross change in contract/ certificate liabilities	32(c)	(4,334,690)	(6,641,137)	-	-
Change in contract/certificate liabilities ceded to reinsurers/ retakaful operators	32(d)	1,545,111	1,565,132	-	-
Net benefits and claims		(6,776,487)	(8,582,152)	-	-
Management expenses	33	(938,438)	(850,666)	(138,465)	(64,097)
Shared service fee income, net		115,469	49,358	122,659	49,358
Change in expense liabilities	36	21,365	(27,988)	-	-
Fee and commission expenses	37	(604,919)	(655,321)	-	-
Interest on subordinated obiligation	22	(9,848)	-	(9,848)	-
Taxation borne by policyholders/ participants	38	(6,784)	(114,549)	-	-
Other expenses		(1,423,155)	(1,599,166)	(25,654)	(14,739)

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTD.)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation and zakat		932,161	958,089	265,805	439,860
Taxation	38	(47,025)	(244,056)	(6,135)	(5,981)
Zakat		(20,451)	(22,746)	-	-
Net profit for the financial year		864,685	691,287	259,670	433,879
Profit attributable to:					
Equity holders of the Company		864,685	691,287	259,670	433,879
Basic and diluted earnings per share (sen)	39	3.43	2.74	1.03	1.72

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net profit for the financial year		864,685	691,287	259,670	433,879
Other comprehensive income:					
Items that may be subsequently reclassified to income statements					
Change in fair value of financial assets at Fair Value through Other Comprehensive Income ("FVOCI")		(202,428)	18,203	(13,430)	6,291
- Fair value changes		(599,608)	303,378	(15,305)	11,233
- Transfer to profit or loss upon disposal	29	(34,074)	(262,043)	(603)	(2,955)
- Fair value adjustments on FVOCI financial assets backing participants' funds		364,137	(31,906)	-	-
Change in cash flow hedging reserve		-	-	(1,340)	-
Tax effect relating to FVOCI financial assets	38	67,117	8,774	3,818	(1,987)
Currency translation differences		(5,690)	(735)	-	-
Other comprehensive (losses)/income for the financial year, net of tax		(208,118)	17,468	(13,430)	6,291
Total comprehensive income for the financial year attributable to equity holders of the Company		656,567	708,755	246,240	440,170

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Group

		<--------Non-Distributable-------->			Retained Earnings			
	Note	Share Capital RM'000	FVOCI Reserve RM'000	Other Reserves RM'000	Non-Distributable Non-DPF Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Profits RM'000	Total Equity RM'000
At 1 January 2021		660,866	155,950	56,396	896,398	5,287,525	6,183,923	7,057,135
Net profit for the financial year		-	-	-	184,367	680,318	864,685	864,685
Other comprehensive (losses)/income for the financial year		-	(202,428)	(5,690)	-	-	-	(208,118)
Total comprehensive (losses)/ income		-	(202,428)	(5,690)	184,367	680,318	864,685	656,567
Transfer from non-par surplus upon recommendation by the Appointed Actuary		-	-	-	(110,276)	110,276	-	-
Dividend on ordinary shares	40	-	-	-	-	(250,241)	(250,241)	(250,241)
At 31 December 2021		660,866	(46,478)	50,706	970,489	5,827,878	6,798,367	7,463,461

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Group

		<--------Non-Distributable-------->			Retained Earnings			
	Note	Share Capital RM'000	FVOCI Reserve RM'000	Other Reserves RM'000	Non-Distributable Non-DPF Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Profits RM'000	Total Equity RM'000
At 1 January 2020		660,866	137,747	57,131	776,496	4,966,019	5,742,515	6,598,259
Net profit for the financial year		-	-	-	157,260	534,027	691,287	691,287
Other comprehensive income/ (losses) for the financial year		-	18,203	(735)	-	-	-	17,468
Total comprehensive income/(losses)		-	18,203	(735)	157,260	534,027	691,287	708,755
Disposal of subsidiary					-	362	362	362
Transfer from non-par surplus upon recommendation by the Appointed Actuary		-	-	-	(37,358)	37,358	-	-
Dividend on ordinary shares	40	-	-	-	-	(250,241)	(250,241)	(250,241)
At 31 December 2020		660,866	155,950	56,396	896,398	5,287,525	6,183,923	7,057,135

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Company

	Note	<---------- Non-Distributable ----------> Share Capital RM'000	Cash Flow Hedge Reserve RM'000	FVOCI Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2021		660,866	-	11,023	2,561,622	3,233,511
Net profit for the financial year		-	-	-	259,670	259,670
Other comprehensive losses for the financial year		-	(1,340)	(12,090)	-	(13,430)
Total comprehensive (losses)/income		-	(1,340)	(12,090)	259,670	246,240
Dividend on ordinary shares	40	-	-	-	(250,241)	(250,241)
At 31 December 2021		660,866	(1,340)	(1,067)	2,571,051	3,229,510
At 1 January 2020		660,866	-	4,732	2,377,984	3,043,582
Net profit for the financial year		-	-	-	433,879	433,879
Other comprehensive income for the financial year		-	-	6,291	-	6,291
Total comprehensive income		-	-	6,291	433,879	440,170
Dividend on ordinary shares	40	-	-	-	(250,241)	(250,241)
At 31 December 2020		660,866	-	11,023	2,561,622	3,233,511

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

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation and zakat		932,161	958,089	265,805	439,860
Adjustments for:					
Amortisation of:					
- intangible assets	33	17,178	15,807	1	1
- prepaid land lease payments	33	485	486	-	-
Net amortisation of premiums and accretion of discount	28	48,978	35,533	2,442	2,328
Depreciation of property, plant and equipment	33	14,331	15,115	115	118
Depreciation of right-of-use assets	33	9,511	9,593	56	-
Interest on lease liabilities	33	361	556	7	-
Fair value gains/(losses) on:					
- investments	30	967,061	(552,586)	-	-
- investment properties	30	(28,527)	(18,670)	-	-
Loss/(gain) on disposal of:					
- intangible assets	29	11	-	-	-
- investments	29	18,681	(181,846)	(603)	(2,955)
- property, plant and equipment	29	73	11	-	-
Loss on disposal of subsidiary	29	-	11,512	-	11,501
Gross dividend income	28	(94,270)	(60,371)	(269,947)	(439,966)
Interest/profit and rental income	28	(1,427,817)	(1,305,496)	(23,605)	(23,933)
(Reversal of impairment losses)/ impairment losses on:					
- other assets	31	(1,534)	(2,074)	182	(1,491)
- insurance/takaful receivables	31	(37,887)	16,353	-	-
- financing receivables	31	(1,055)	(2,944)	-	-
- investments	31	(1,478)	1,627	-	(70)
- reinsurance/retakaful assets	31	(2,452)	1,253	-	-
Recovery of bad debts	31	(46)	-	-	-
Bad debts written off	31	1,541	2,871	-	-
Taxation of life and takaful funds	38	6,784	114,549	-	-
(Gains)/losses on foreign exchange:					
-realised	31	(14,186)	(2,786)	5	(4)
-unrealised	31	(97,795)	143,529	(391)	17
Operating cash flows before changes in assets and liabilities		310,109	(799,889)	(25,933)	(14,595)

MAYBANK AGEAS HOLDINGS BERHAD
197701002387 (33361-W)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTD.)

		Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Purchase)/proceeds from investments		(7,533,400)	(1,425,893)	(6,517)	123,252
Net decrease/(increase) in fixed and call deposits		3,029,063	(3,774,767)	(317,785)	(158,439)
Increase in reinsurance/retakaful assets		(1,528,635)	(1,524,906)	-	-
(Increase)/decrease in financing receivables		(16,789)	(26,462)	(3,018)	1,373
Decrease in insurance /takaful receivables		18,816	35,444	-	-
(Increase)/Decrease in other assets		(96,405)	(15,401)	(22,587)	6,412
Decrease in insurance/takaful payables		160,112	89,753	-	-
(Decrease)/increase in other liabilities		(253,551)	661,368	551	(4,930)
(Decrease)/Increase in expense liabilities		(21,365)	27,988	-	-
Increase in insurance contract/ takaful certificate liabilities		4,042,733	6,407,777	-	-
(Decrease)/increase in derivatives		(135,350)	113,915	(8,755)	-
Investment income received		1,439,812	1,355,142	23,605	26,086
Dividends received		365,994	57,621	269,947	439,966
Tax paid		(252,623)	(244,559)	(8,650)	(5,300)
Zakat paid		(19,934)	(13,986)	-	-
Surplus paid to participants		(132,334)	(118,742)	-	-
Net cash (used in)/generated from operating activities		(623,747)	804,403	(99,142)	413,825
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital injection in subsidiary		-	-	-	(153,448)
Purchase of property, plant and equipment	3	(9,637)	(22,090)	-	(29)
Purchase of investment properties	4	(3,312)	(1,370)	-	-
Purchase of intangible assets	7	(22,453)	(10,186)	(263)	(2)
Proceeds from disposal of intangible assets		120	280	-	-
Proceeds from disposal of property, plant and equipment		69	4,694	-	-
Compensation paid on disposal of subsidiary		-	(10,000)	-	(10,000)
Net cash used in investing activities		(35,213)	(38,672)	(263)	(163,479)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTD.)

		Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of dividends	40	(250,241)	(250,241)	(250,241)	(250,241)
Loan to subsidiary	12	-	-	(616,400)	-
Issuance of subordinated bonds	22	1,000,000	-	1,000,000	-
Payment of lease liabilities	6	(9,802)	(9,572)	-	-
Net cash generated from/(used in) financing activities		739,957	(259,813)	133,359	(250,241)
Net increase in cash and cash equivalents		80,997	505,918	33,954	105
Effects of exchange rate changes		(223,779)	160,985	-	-
Cash and cash equivalents at beginning of year		1,071,056	404,153	986	881
Cash and cash equivalents at end of year		928,274	1,071,056	34,940	986
Cash and cash equivalents comprise:					
Cash and bank balances of:					
Shareholders' and General Insurance funds		151,879	122,041	34,940	986
Life Insurance fund		718,098	717,972	-	-
General Takaful fund		2,072	37,779	-	-
Family Takaful fund		56,225	193,264	-	-
		928,274	1,071,056	34,940	986

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

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 19, Tower C, Dataran Maybank, No. 1, Jalan Maarof, 59000 Kuala Lumpur, Malaysia.

The holding and ultimate holding companies of the Company are Etiqa International Holdings Sdn. Bhd. ("EIHSB") and Malayan Banking Berhad ("Maybank") respectively, both of which are incorporated in Malaysia. Maybank is a licensed commercial bank listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and the provision of shared services to its subsidiaries on a reimbursement basis. The principal activities of the subsidiaries are disclosed in Note 8.

There were no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 March 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and presentation of the financial statements

(i) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The Group and the Company have adopted those MFRSs and amendments to MFRSs effective for annual periods beginning on or after 1 January 2021 as disclosed in Note 2.4.

The Company's subsidiaries have met the minimum capital requirements as prescribed by the Risk Based Capital ("RBC") Frameworks, Risk Based Capital Takaful ("RBCT") Framework and other capital requirements issued by the local authorities as at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.1 Basis of preparation and presentation of the financial statements (contd.)

(ii) Basis of measurement

The financial statements of the Group and the Company have been prepared on a historical cost basis, unless otherwise indicated in the summary of significant accounting policies.

(iii) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") and rounded to the nearest thousand (RM'000) unless otherwise stated.

(iv) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(a) Insurance contract/Takaful certificate liabilities

These are provided in Note 2.2(xvii), Note 2.2(xviii) and Note 2.2 (xix). The notes present a description of the measurement and recognition of the liabilities including a general explanation on the estimation methods used. Details on the sensitivity of the carrying amounts of the General Insurance liabilities, General Takaful certificate liabilities, the Life Insurance contract liabilities and Family Takaful liabilities to the methods, assumptions and estimates underlying their calculation are disclosed in Note 46 of the financial statements.

(b) Valuation of investment properties, as referred in Note 2.2(vi).

(c) Impairment losses on financial assets, as referred in Note 2.2(xi).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company, using consistent accounting policies for transactions and events in similar circumstances.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control and continues to be consolidated until the date that such control effectively ceases. Specifically, the Group controls an investee if and only if the Group has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its involvement with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers relevant facts and circumstances in assessing whether it has power over the investee, including:

(i) The contractual arrangement with the other vote holders of the investee;
(ii) Rights arising from other contractual arrangements; and
(iii) The Company's voting rights and potential voting rights.

The assessment of control is performed continuously by the Company to determine if control exists or continues to exist over an entity.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group assets and liabilities, equity, income, expenses and cashflows relating to transactions between entities of the Group are eliminated in full on consolidation. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements.

Losses within a subsidiary are attributable to the non-controlling interests even if that results in a deficit balance.

Subsidiaries are consolidated using the acquisition method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(i) Basis of consolidation (contd.)

The acquisition method involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition. Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss on the date of acquisition.

(ii) Investment in subsidiaries

Subsidiaries are entities controlled by the Company.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(xi) below. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised as gain or loss on disposal in profit or loss.

(iii) Investment in associates

An associate is an entity which the Group and the Company have significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(xi). On disposal of such investments, the difference between the net disposal proceeds and their carrying amount is included in profit or loss.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Investments in associates are accounted for in the consolidated financial statements using the equity method. The associate is equity accounted for from the date the Group gains significant influence until the date the Group ceases to have significant influence over the associate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(iii) Investment in associates (contd.)

Under the equity method, the interest in associate is initially recognised at cost. The carrying amount of the investment is adjusted for changes in the Group's share of net assets of the associate since the acquisition date. Where there is a change recognised directly in other comprehensive income of the associates, the Group recognises its share of such changes.

In applying the equity method, profit and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised gains and losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in its associate. Unrealised losses should not be eliminated if and to the extent that the cost of the transferred asset cannot be recovered.

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

After application of the equity method, the Group and the Company determine whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group and the Company determine whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group and the Company calculate the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Any excess of the Group's share of the net fair value of the associates' identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associates' profit or loss in the period in which the investment is acquired.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(iv) Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses in profit or loss. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gains or losses is recognised in profit or loss. It is then considered in the determination of goodwill. Any contingent considerations to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* ("MFRS 9") is measured at fair value with changes in fair value recognised in profit or loss in accordance with MFRS 9. Other contingent considerations that are not within the scope of MFRS 9 are measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

(v) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group or the Company recognise such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an indefinite useful life and therefore, is not depreciated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(v) Property, plant and equipment and depreciation (contd.)

Work-in-progress are also not depreciated as these assets are not available for use. When work-in-progress is completed and the asset is available for use, it is reclassified to the relevant category of property, plant and equipment and depreciation of the asset begins.

Buildings on leasehold land are depreciated over the shorter of 50 years or the remaining period of the respective leases, whichever is shorter.

Depreciation on property, plant and equipment is computed on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Buildings on freehold land	2%
Furniture, fittings, equipment and renovations	20% - 25%
Computers and peripherals	14% - 25%
Electrical and security equipment	10%
Motor vehicles	25%

The residual values, useful lives and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

(vi) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value which reflect market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered professional independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued and/or periodic intervening valuations by internal professionals, as appropriate. The Board determines the policies and procedures for recurring and non-recurring fair value measurement and takes responsibility in the selection of independent valuers.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(vi) Investment properties (contd.)

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the financial year in which they arise, including the corresponding tax effect.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to self-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from self-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.2(v) up to the date of change in use. Where the fair value of the property exceeds its carrying amount, the difference or revaluation surplus is recognised in other comprehensive income and accumulated in equity under the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the financial year in which they arise.

(vii) Leases

(a) Classification

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease arrangement based on whether the contract conveys to the user ("the lessee") the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent remeasurement of the contract on the basis of their relative stand-alone selling prices. The Group and the Company combine lease and non-lease components, in cases where splitting the non-lease component is not possible.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(vii) Leases (contd.)

(b) Recognition and initial measurement

(1) The Group and the Company as lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right of use of the underlying assets.

(i) Right-Of-Use ("ROU") assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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 incentives received. The lease term includes periods covered by an option to extend if the Group and the Company are reasonably certain to exercise that option. Unless the Group and the Company are reasonably certain to obtain ownership of the leased asset at the end of the lease term.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term, as follows:

Premise	2 to 5 years
Office equipments	2 to 3 years

Right-of-use assets are subject to impairment assessment. The impairment policy for ROU assets are in accordance with impairment of non-financial assets as described in Note 2.1(xi)(b).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(vii) Leases (contd.)

(b) Recognition and measurement (contd.)

(1) The Group and the Company as lessee (contd.)

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance, fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating a lease, if the lease term reflects the Group and the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use the incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(2) Short-term leases, leases of low-value assets and variable payments

(i) Leases with a lease term of 12 months or shorter;

The Group and the Company applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date that do not have renewable clause options and purchase options.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(vii) Leases (contd.)

(b) Recognition and measurement (contd.)

(2) Short-term leases, leases of low-value assets and variable payments (contd.)

(ii) Leases for low-value assets which are less than RM10,000; and

The Group and the Company also apply the lease of low-value assets recognition exemption to leases of assets that are considered of low-value and are recognised as expense in profit or loss on a straight-line basis over the lease term.

(iii) Leases with variable lease payments

Variable lease payments of the Group and the Company do not contain any component of fixed rent in the clauses of the contract.

The Group and the Company are to recognise the lease payments, when incurred, in profit or loss for the leases that do not meet the ROU assessment and for which they have applied the exemptions as permitted by the standard.

(3) Significant judgement in determining the lease term of contracts with renewal options

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have the option, under some of its leases to lease the assets for additional terms of three to five years. The Group and the Company apply judgement in evaluating whether it is reasonably certain to exercise the option to renew. The Group and the Company considers all relevant factors that create an economic incentive to exercise the renewal. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(vii) Leases (contd.)

(c) Lease modifications

The Group and the Company shall account for a lease modification as a separate lease if both:

i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

ii) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

(viii) Intangible assets

Intangible assets include software development costs, computer software and licences and goodwill. Intangible assets acquired separately are measured on initial recognition at fair value. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and are 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 life are reviewed at least at each reporting date.

Amortisation is charged to profit or loss. Work-in-progress are also not depreciated as these assets are not available for use.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the assets are derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(viii) Intangible assets (contd.)

(a) Software development costs

Software development costs are tested for impairment annually and represent development expenditure on software. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated impairment losses. When development is complete and the asset is available for use, it is reclassified to computer software and amortisation of the asset begins. During the period in which the asset is not yet in use, it is tested for impairment annually.

(b) Computer software and licences

Computer software and licences are initially stated at cost. Following initial recognition, the assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

Subsequence expenditure in relation to computer software and licences are capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is recognised in profit or loss as incurred.

Impairment is assessed whenever there is indication of impairment. The amortisation period and method are also reviewed at least at each reporting date.

These assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in profit or loss.

(c) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interests held, over the net identifiable assets acquired and liabilities assumed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(viii) Intangible assets (contd.)

(c) Goodwill (contd.)

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the consolidated income statements.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The accounting policy for impairment of non-financial assets (including goodwill) is disclosed in Note 2.2(xi)(b).

Where goodwill has been allocated to a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

(d) Amortisation period

The Group's and the Company's intangible assets are amortised on a straight-line basis over their estimated useful lives.

	Useful lives
Computer software and licences	10 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(ix) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

(a) Initial and subsequent measurement

Financial assets are classified, at intital recognition, as at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The Group and the Company determine the classification of financial assets at initial recognition depending on the business model for managing the financial assets and the contractual cash flows characteristics as below:

(i) Business model assessment

The Group and the Company determine its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group and the Company hold financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Group and the Company consider the timing, amount and volatility of cash flow requirements to support Insurance/Takaful certificate liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(ix) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(i) Business model assessment (contd.)

The Group and the Company do not assess the business model on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the portfolio and the financial assets held within that business model are evaluated and reported to the key management personnel;

- the risks that effect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- the expected frequency, value and timing of sales are also important aspects of the Group's and the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stressed case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's and the Company's original expectations, the Group and the Company do 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(ix) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(i) Business model assessment (contd.)

Change in business model is not expected to be frequent; but should such event take place, it must be:

- Determined by the Group and the Company's senior management as a result of external or internal changes;
- Significant to the Group and the Company's operations; and
- Demonstrable to external parties.

A change in the Group and the Company's business model will occur only when the Group and the Company begin or cease to perform an activity that is significant to its operations. A change in the objective of the business model must be effected before the reclassification date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(ix) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(ii) The Solely Payments of Principal and Interest ("SPPI") test

As a second step of its classification process, the Group and the Company assess the contractual terms to identify whether they meet the SPPI test.
'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group and the Company apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

(iii) Classification of financial assets

The categories include financial assets at FVTPL, FVOCI and AC.

(a) Financial assets at FVTPL

Financial assets in this category are those financial assets that are held for trading or financial assets that qualify for neither held at AC nor at FVOCI. This category includes debt instruments whose cash flow characteristic fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both collect contractual cash flows and sell. Equity instruments that were not elected for FVOCI will be measured at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(ix) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets (contd.)

(a) Financial assets at FVTPL (contd.)

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or losses on financial assets at FVTPL do not include exchange differences, interest/profit and dividend income. Exchange differences, interest/profit and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. Derivatives are presented as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in profit or loss.

(b) Financial assets at FVOCI

Financial assets in this category are those financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual cash flows represent solely payments of principal and interest.

Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at inception, to measure changes through FVOCI i.e. without recycling profit or loss upon derecognition.

Subsequent to initial recognition, financial assets at FVOCI are measured at fair value. Exchange differences, interest/profit and dividend income on financial assets at FVOCI are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. Other net gains and losses are recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. On derecognition, gains or losses accumulated in other comprehensive income are reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(ix) Financial assets (contd.)

(a) Initial and subsequent measurement (contd.)

(iii) Classification of financial assets (contd.)

(c) Financial assets at AC

Financial assets in this category are those financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest/profit.

Subsequent to initial recognition, financial assets at AC are measured at amortised cost using effective interest method. Exchange differences, interest/profit and dividend income on financial assets at AC are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. On derecognition, any gains or losses are recognised in profit or loss.

(b) Derecognition of financial assets

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or the Group and the Company have transferred substantially all the risks and rewards of the financial 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. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(c) Write off of financial assets

An estimate is made for doubtful debts based on a review of all outstanding balances as at reporting date. Any financial assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business will be written down to an amount which they might be expected so to realise.

The amount written off for bad debts in the financial statements of the Group and the Company are expensed to profit or loss as disclosed in Note 31.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(x) Fair value of financial assets

The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market prices for assets at the close of business at the reporting date.

For financial assets in both quoted and unquoted units and real estate investment trusts, fair value are determined by reference to published prices. Investments in unquoted equity instrument that do not have quoted market prices in an active market and the fair value are measured based on the net assets method by referencing to the annual financial statement of the entity that the Group and the Company invested in.

For non-exchange traded financial assets such as unquoted fixed income securities, i.e. unquoted bonds, Malaysian Government Securities ("MGS"), Government Investment Issues ("GII"), government guaranteed bonds, and Khazanah bonds, fair values are determined by reference to indicative bid prices obtained from Bondweb and Malaysia Retail Bond Portal provided by the Bond Pricing Agency Malaysia ("BPAM"). In the case of any downgraded or defaulted bond, internal valuations will be performed to determine the fair value of the bond. The fair values of structured deposits are based on market prices obtained from the respective issuers. The market value of Negotiable Certificates of Deposit ("NCD")/Negotiable Islamic Certificates of Deposit ("NICD") are determined by reference to BNM's Interest Rate Swap.

Over-the-counter derivatives comprise foreign exchange forward contracts, currency swap contracts and options. Over-the-counter derivatives are revalued at each reporting date, based on valuations provided by the respective counterparties in accordance with market conventions.

The fair value of floating rate and over-night deposits with financial institutions is their carrying value which is the cost of the deposit/placement.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instruments or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment, except in the case of financial assets at FVTPL where the transaction costs are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xi) Impairment

(a) Financial assets

The Group and the Company assess the impairment of financial assets based on an Expected Credit Loss ("ECL") model. The ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

The ECL model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments, financial guarantee contracts, which will include loans, advances, financing, insurance/takaful receivables, debts instruments and deposits held by the Group and the Company. The ECL model also applies to contract assets under MFRS 15 *Revenue* from Contracts with Customers and lease receivables under MFRS 16 *Leases.*

ECL would be recognised from the point at which financial assets are originated or purchased. A 12-month ECL must be recognised initially for all assets subject to impairment.

The measurement of expected loss will involve increased complexity and judgement that include:

(i) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECLs and one that is based on lifetime ECLs. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xi) Impairment (contd.)

(a) Financial assets (contd.)

(i) Determining a significant increase in credit risk since initial recognition (contd.)

The Group and the Company will be generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

3 Stage approach	Stage 1 Performing	Stage 2 Under-performing	Stage 3 Non-performing
ECL Approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired assets
Recognition of interest/profit income	Gross carrying amount	Gross carrying amount	Net carrying amount

(ii) Forward-looking information and ECL measurement

The amount of credit loss recognised is based on forward-looking estimates that reflect current and forecast economic conditions. The forward-looking adjustment is interpreted as an adjustment for the expected future economic conditions, as indicated by different macroeconomic factors and/or expert experienced in credit judgement. A forward-looking ECL calculation should be based on an accurate estimation of current and future probability of default ("PD"), exposure at default ("EAD"), loss given default ("LGD") and discount factors.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xi) Impairment (contd.)

(a) Financial assets (contd.)

(ii) Forward-looking information and ECL measurement (contd.)

Financing receivables

The ECL on the loan portfolio (other than Policy/Automated Policy Loan ("APL")) of the Group and the Company is computed using a risk sensitive model, leveraging the ECL coverage ratio calculated for comparable portfolios from Maybank for Stage 1 and Stage 2 and individual assessment is applied for Stage 3. The policy/APL loans are not expected to incur loss as any shortfall will be deducted from the cash surrender value. This implies that LGD is zero and no ECL is estimated.

Insurance/takaful receivables

The impairment on Insurance/Takaful receivables are measured at initial recognition and throughout its life at an amount equal to lifetime ECL. The ECL is calculated using a provision matrix based on historical data where the Insurance/Takaful and reinsurance/retakaful receivables are grouped based on different sales channel and different reinsurance /retakaful premium/contribution type's arrangement respectively. The impairment is calculated on the total outstanding balance including all aging buckets from current to 12 months and above. Roll rates are to be applied on the outstanding balance of the aging bucket which forms the base of the roll rate. Forward-looking information has been included in the calculation of ECL.

Financial assets at FVOCI and AC

In accordance to the three-stage approach, all newly purchased financial assets shall be classified in Stage 1, except for credit impaired financial assets. It will move from Stage 1 to Stage 2 when there is significant increase in credit risk ("SICR"), and Stage 2 to Stage 3 when there is an objective evidence of impairment. Financial assets which have experienced a SICR since initial recognition are classified as Stage 2, and are assigned a lifetime ECL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xi) Impairment (contd.)

(a) Financial assets (contd.)

(ii) Forward-looking information and ECL measurement (contd.)

Financial assets at FVOCI and AC (contd.)

Financial assets which have not experienced a SICR since initial recognition are classified as Stage 1, and assigned a 12-month ECL. All financial assets are assessed for objective evidence of impairment except for:

- Financial assets measured at FVTPL;
- Equity instruments; and
- Local federal governments and local central banks issued bonds, Treasury Bills and Notes. Low credit risk on the basis that both the federal government and central bank have strong capacity in repaying the instruments upon maturity. In addition, there is no past historical loss experiences arising from these government securities in all jurisdiction.

(b) Non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group and the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying value of an asset exceeds its estimated recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xi) Impairment (contd.)

(b) Non-financial assets (contd.)

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised other than goodwill. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount nor does it exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(xii) Reinsurance/retakaful assets

The Insurance/Takaful subsidiaries in the Group cede Insurance/Takaful risk in the normal course of their businesses. Ceded reinsurance/retakaful arrangements do not relieve the Insurance/Takaful subsidiaries of the Group from their obligations to policyholders/participants. For both ceded and assumed reinsurance/retakaful, premiums/contributions, claims and benefits paid or payable are presented on a gross basis.

Reinsurance/retakaful arrangements, entered into by the Insurance and Takaful subsidiaries of the Group, that meet the classification requirements of Insurance contracts/Takaful certificates as described in Note 2.2 (xvi)(b) are accounted for as noted below. Arrangements that do not meet these classification requirements are accounted for as financial assets.

Reinsurance/retakaful assets represent amounts recoverable from reinsurers/retakaful operators for Insurance contracts/Takaful certificates liabilities which have yet to be settled at the reporting date. Amounts recoverable from reinsurers/retakaful operators are measured consistently with the amounts associated with the underlying Insurance contracts/Takaful certificates and the terms of the relevant reinsurance/retakaful arrangement.

At each reporting date, or more frequently, the Insurance and Takaful subsidiaries of the Group assess whether objective evidence exists that reinsurance/retakaful assets are impaired. The impairment loss is recognised in profit or loss.
Reinsurance/retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract/certificate is transferred to another party.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xiii) Insurance/takaful receivables

Insurance/takaful receivables are recognised when due and measured on initial recognition at fair value. Subsequent to initial recognition, insurance/takaful receivables are measured at amortised cost, using the effective yield method.

The impairment of insurance/takaful receivables is described in Note 2.2(xi)(a).

Insurance/takaful receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.2(ix)(b) have been met.

(xiv) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand.

For the purpose of the cash flow statements, cash and cash equivalents comprise cash and bank balances.

The Group and the Company present the cash flows from operating, investing and financing activities in a manner which is most appropriate to its business using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

The Group and the Company report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities.

(xv) Equity instruments

Ordinary shares are classified as equity. Dividend on ordinary shares is recognised and accounted for in equity in the year in which they are declared.

(xvi) Product classification

The Insurance and Takaful subsidiaries of the Group issue contracts/certificates that contain Insurance/Takaful risk or both Insurance/Takaful risk and financial risk.
Financial risk is the risk of a possible future change in one or more of a specified interest/profit rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract/certificate. Insurance/Takaful risk is risk other than

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xvi) Product classification (contd.)

An Insurance contract/Takaful certificate is a contract/certificate under which an entity has accepted significant Insurance or Takaful risk from another party (the policyholders or the participants) by agreeing to compensate the policyholders/participants if a specified uncertain future event (the insured event) adversely affects the policyholders/participants. As a general guideline, the Insurance/Takaful subsidiaries of the Group define whether significant Insurance/Takaful risk has been accepted by comparing benefits paid or payable on the occurrence of an insured event against benefits paid or payable if the insured event does not occur. If the ratio of the former exceeds the latter by 5% or more, the Insurance or Takaful risk accepted is deemed to be

Investment contracts are those contracts that transfer financial risk with no significant Insurance/Takaful underwriting risk.

Once a contract/certificate has been classified as an Insurance contract/Takaful certificate, it remains an Insurance contract/Takaful certificate for the remainder of its life-time, even if the Insurance/Takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as an Insurance contract/Takaful certificate after inception if Insurance/Takaful risk becomes significant.

Insurance contracts/Takaful certificates and investment contracts are further classified as being either with or without discretionary participation features ("DPF"). DPF are contractual rights to receive, as a supplement to guaranteed benefits, additional benefits that are:

(a) likely to be a significant portion of the total contractual benefits;
(b) whose amount or timing is contractually at the discretion of the issuer; and
(c) contractually based on the:

    (i) performance of a specified pool of contracts/certificates or a specified type of contract/certificate;
    (ii) realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
    (iii) profit or loss of the entity or fund that issues the contract/certificate.

Local statutory regulations and the terms and conditions of these contracts/certificates set out the bases for the determination of the amounts on which the additional discretionary benefits are based and within which the Insurance and Takaful subsidiaries of the Group may exercise their discretion as to the quantum and timing of their payment to contract/certificate holders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, are held within Insurance contract/Takaful certificate liabilities as at the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xvi) Product classification (contd.)

For financial options and guarantees which are not closely related to the host Insurance contract/Takaful certificate and/or investment contract with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation is not required if the embedded derivative is itself an Insurance contract/Takaful certificate and/or investment contract with DPF, or if the host Insurance contract/Takaful certificate and/or investment contract itself is measured at fair value through profit or loss.

When an Insurance contract/Takaful certificate contains both a financial risk (or deposit) component and a significant Insurance/Takaful risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying components are required to be unbundled unless all obligations and rights arising from the deposit component have already been accounted for. Any premiums/contributions relating to the Insurance/Takaful risk component are accounted for on the same bases as Insurance contract/Takaful certificate and the remaining element is accounted for as a deposit through the statements of financial position similar to investment contracts.

(xvii) General Insurance contract/Takaful certificate liabilities

The General Insurance contract/Takaful certificate liabilities of the Group comprise claim liabilities and premium/contribution liabilities.

(a) Claim liabilities

Claim liabilities represent the Group's obligations, whether contractual or otherwise, to make future payments in relation to all claims that have been incurred as at reporting date. Claim liabilities comprise the estimated provision for claims reported, claims incurred but not reported ("IBNR"), claims incurred but not enough reserved ("IBNER") and related claims handling costs. Claim liabilities are measured at best estimate and include a provision of risk margin for adverse deviation ("PRAD") as prescribed by BNM.

Provision for claims reported are recognised upon notification by policyholders/participants or claimants.

Claim liabilities are determined based upon valuations performed by the Appointed Actuary, using a range of actuarial claims projection techniques based on, amongst others, actual claims development patterns. Claim liabilities are not discounted across the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xvii) General Insurance contract/Takaful certificate liabilities (contd.)

(b) Premium/contribution liabilities

Premium/contribution liabilities represent the Group's future obligations on Insurance contract/Takaful certificate as represented by premiums written/contributions received for risks that have not yet expired. The movement in premium/contribution liabilities is released over the term of the Insurance contract/Takaful certificate and is recognised as premium/contribution income.

General Insurance business

Premium liabilities are reported at the higher of the aggregate of the unearned premium reserves ("UPR") for all lines of business or the best estimate value of the insurer's unexpired risk reserves ("URR") with PRAD at the end of the financial year as prescribed by BNM.

- **UPR**

  The UPR represents the portion of the premiums of insurance policies written, net of the related reinsurance ceded to qualified insurers that relate to the unexpired periods of policies at the reporting date. In determining the UPR as at the reporting date, the method that most accurately reflects the actual unearned premium is used as follows:

  - 25% method for marine and aviation cargo and transit business;

  - all other classes of general business, using time-apportionment basis over the period of the risks, reduced by the corresponding percentage of accounted gross direct business commissions to the corresponding premiums, not exceeding limits specified by BNM,

  - 1/24 method for all other classes of treaty business with a deduction of commission.

- **URR**

  The URR is prospective estimate of the expected future payments arising from future events insured under policies in force as at the reporting date and also includes allowance for expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and expected future premium refunds. URR is estimated via an actuarial valuation performed by the Appointed Actuary. URR is not discounted for the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xvii) General Insurance contract/Takaful certificate liabilities (contd.)

(b) Premium/contribution liabilities (contd.)

General Takaful business

In accordance with the valuation requirements of the Guidelines on Valuation Basis for Liabilities of General Takaful Business, contribution liabilities are reported at the higher of the aggregate of the unearned contribution reserves ("UCR") for all lines of business or the best estimate value of the URR with PRAD at the end of the financial year.

- **UCR**

  The UCR represents the portion of the contributions of takaful certificates written, net of the related retakaful contributions ceded to qualified operators, that relate to the unexpired periods of the certificates at the reporting date.

  In determining the UCR at the reporting date, the method that most accurately reflects the actual unearned contribution is used as follows:

  - 25% method for marine cargo and aviation cargo, and transit business; and

  - all other classes of general business, using time-apportionment basis over the period of the risks, reduced by the corresponding percentage of accounted gross direct business commissions to the corresponding contributions.

  Wakalah

  The UCR for wakalah business is calculated on contribution with a further deduction for wakalah management expense to reflect the wakalah business principle.

- **URR**

  The URR is a prospective estimate of the expected future payments arising from future events insured under certificates in force as at the reporting date and also includes cost of retakaful and expected future contribution refunds. URR is estimated via an actuarial valuation performed by the Appointed Actuary.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xviii) Life Insurance contract liabilities

Life Insurance contract liabilities for Malaysian policies are determined in accordance with the RBC Framework. All life insurance liabilities have been valued using a prospective actuarial valuation based on the sum of the present value of future benefits and expenses less future gross considerations arising from the policies discounted at the appropriate discount rate. This method is known as the gross premium valuation method. Life insurance liabilities for Singapore subsidiary are calculated in accordance with the discounted prospective cash-flow method prescribed in the Insurance (Valuation and Capital) Regulations 2004 for life insurance funds.

For non-participating business, the expected future cash flows of guaranteed benefits are determined using best estimate assumptions with an appropriate allowance for PRAD from expected experience such that an overall level of sufficiency of policy reserves at the 75% confidence level is secured. For participating business, the higher of the guaranteed benefit liabilities or the total benefit liabilities at fund level is taken. In computing the total benefit liabilities, the expected cash flows of total guaranteed and non-guaranteed benefits are determined using best estimate assumptions together with the assumption that the current bonus rate to policyholders will be maintained.

The liabilities in respect of the non-unit component of non-participating deferred annuity and investment-linked policy have been valued at the risk-free discount rate by projecting future cash flows to ensure that all future outflows can be met at the policy level without recourse to additional finance or capital support at any future time during the duration of the policy. The liabilities of the unit component is the Net Asset Value ("NAV") of the fund.

In the case of a life policy where a part of, or the whole of the premiums are accumulated in a fund, the accumulated amount, as declared to the policy owners, is set as liability if the accumulated amount is higher than the figure calculated using the gross premium valuation method.

For yearly renewable policies covering death or survival contingencies, the liabilities have been valued on an unexpired risk basis.

For yearly renewable policies covering other contingencies such as medical benefits, recognised liabilities comprise the best estimate premium and claim liabilities with an appropriate allowance for PRAD.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xix) Family Takaful certificate liabilities

Family Takaful certificate liabilities are recognised when certificates are in-force and contributions are due.

The Family Takaful certificate liabilities are derecognised when the certificate expires, is discharged or is cancelled.

The liabilities of the Family Takaful business are determined in accordance with Guidelines on Valuation Basis for Liabilities of Family Takaful Business. All Family Takaful liabilities except investment-linked certificates and yearly renewable family takaful certificates have been valued using a prospective actuarial valuation based on the sum of the present value of future benefits and/or expenses payable from Takaful funds less future gross considerations arising from the certificates, discounted at the risk-free discount rate. This method is known as the gross contribution valuation method.

For the Family Takaful risk fund, the expected future cash flows of benefits are determined using best estimate assumptions with an appropriate allowance for PRAD from expected experience such that an overall level of sufficiency of certificate reserves at a 75% confidence level is secured.

The liabilities in respect of the non-unit component of an investment-linked certificate have been valued at the risk-free discount rate by projecting future cash flows to ensure that all future outflows can be met at the certificate level without recourse to additional finance or capital support at any future time during the duration of the investment-linked certificate. The liabilities for contribution paying riders attached to an investment-linked certificate have been valued based on the gross contribution valuation method. The liabilities of the unit component are the Net Asset Value ("NAV") of the fund.

For a yearly renewable family takaful certificate covering death or survival contingencies, the liabilities have been valued based on the higher of unearned net contribution reserve and unexpired risk reserve. For a yearly renewable policy covering other contingencies such as medical, hospital or surgical benefits, the recognised liabilities comprise the best estimate contribution and claim liabilities with an appropriate allowance for PRAD.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xx) Financial liabilities

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable transaction costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. During and at the end of the financial year, the Group and the Company did not classify any of its financial liabilities at FVTPL.

The Group and the Company's other financial liabilities include Insurance/Takaful payable, other payables and subordinated obligations.

(1) Insurance/Takaful payables

Insurance/Takaful payables are recognised when due and measured on initial recognition at fair value of the consideration payable less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

(2) Other payables

Other payables are subsequently measured at amortised cost using the effective interest/profit yield method.

(3) Subordinated obligations

Subordinated obligations issued or subscribed by the Group and the Company is classified as financial liabilities or equity in accordance with the substance of the contractual terms of the instruments.

The subordinated obligation is classified as a liability in the statement of financial position as there is a contractual obligation by the Group and the Company to make cash payments of either principal or interest/profit or both to holders of the debt security and that the Group and the Company are contractually obliged to settle the obligation in cash or another financial instrument at a pre-determined date in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xx) Financial liabilities (contd.)

(3) Subordinated obligations (contd.)

Subsequent to initial recognition, subordinated obligation issued is recognised at amortised cost, with any differences between proceeds net of transaction costs and the redemption value being recognised in profit or loss over the period of the borrowings on an effective interest/profit yield

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxi) Expense liabilities

The expense liabilities of the Shareholder's fund of the Takaful subsidiaries consist of expense liabilities of the General and Family Takaful business which are based on estimations performed by the Appointed Actuary. The expense liabilities are released over the term of the Takaful certificates and recognised in profit or loss.

(a) General Takaful business

Expense liabilities in relation to the Group's General Takaful business are reported as the higher of the aggregate of the provision for unearned wakalah fees ("UWF") and the unexpired expense reserves ("UER") with Provision of Risk Margin for Adverse Deviation ("PRAD") as prescribed by BNM.

(1) Provision for unearned wakalah fees

The UWF represents the portion of wakalah fee income allocated for expenses to be incurred in managing General Takaful certificates that relate to the unexpired periods of certificates at the end of the reporting period. The method used in computing UWF is consistent with the method used to reflect actual UCR.

(2) Unexpired expense reserves

UER consists of the best estimate value of the unexpired expense reserves at the valuation date with an appropriate allowance for PRAD. The best estimate UER is determined based on the expected claims handling expenses to be incurred as well as the expected expenses in maintaining certificates with unexpired risks. The method used in computing UER is consistent with the calculation of unexpired risk reserves ("URR").

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxi) Expense liabilities (contd.)

(b) Family Takaful business

The valuation of expense liabilities in relation to certificates of the Family Takaful business is conducted separately by the Appointed Actuary. The method used to value expense liabilities is consistent with the method used to value takaful liabilities of the corresponding Family Takaful certificates. In valuing the expense liabilities of all family takaful certificates except investment-linked certificates and yearly renewable family certificates, the present value of expected future expenses payable by the Shareholder's fund in managing the takaful fund for the full contractual obligation of the takaful certificates less any expected cash flows from future wakalah fee income, and any other income due to the Shareholder's fund that can be determined with reasonable certainty, are taken into consideration. Expense liabilities are recognised when projected future expenses exceed the projected future income of takaful certificates.

The expense liabilities in respect of an investment-linked certificate have been valued at the risk-free discount rate by projecting future cash flows to ensure that all future outflows in shareholder's fund can be met at the certificate level without recourse to additional finance or capital support at any future time during the duration of the investment-linked certificate. In valuing the expense liabilities for contribution paying riders attached to an investment-linked certificate, the present value of expected future expenses payable by the Shareholder's fund in managing the riders less any expected cash flows from future wakalah fee income of the riders.

The expected future cash flows are determined using best estimate assumptions with an appropriate allowance for PRAD from expected experience such that an overall level of sufficiency of certificate reserves at a 75% confidence level is secured.

For a yearly renewable family certificate, expense liabilities in relation to certificates of the Family Takaful business is reported as the higher of the aggregate of the provision for UWF and the UER with an appropriate allowance for PRAD.

(1) <u>Provision for unearned wakalah fees</u>

The UWF represents the portion of wakalah fee income allocated for expenses to be incurred in managing Family Takaful certificates that relate to the unexpired periods of certificates at the end of the reporting period. The method used in computing UWF is consistent with the method used to reflect the actual UCR.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxi) Expense liabilities (contd.)

(b) Family Takaful business (contd.)

(2) Unexpired expense reserves

UER consists of the best estimate value of the unexpired expense reserves at the valuation date with an appropriate allowance for PRAD. The best estimate UER is determined based on the expected expenses in maintaining certificates with unexpired risks. The method used in computing UER is consistent with the calculation of URR.

(xxii) Measurement and impairment of Qard

In the event where the assets of the Takaful funds are insufficient to meet the liabilities, the shareholders' fund is required to rectify the deficit of the Takaful funds via a Qard, which is a profit free loan. The Qard shall be repaid from future surpluses of the affected Takaful funds. In the Shareholders' fund, the Qard is stated at cost less impairment losses, if any, whereas in the Takaful funds, the Qard is stated at cost.

At each reporting date, the balance of the Qard and the ability of the affected funds to generate sufficient surpluses to repay the Shareholders' fund is assessed. The likelihood that the Qard will be repaid and the duration of time that will be required to repay the Qard is determined and ascertained via projected cash flows which take into account past experience of the affected funds. The projected cash flows are then discounted to determine the recoverable value of the Qard.

If the carrying amount of the Qard exceeds its recoverable amount, the difference is recognised as an impairment loss and the Qard is written down to its recoverable amount. Impairment losses are subsequently reversed in profit or loss if objective evidence exists that the Qard is no longer impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxiv) Offsetting of financial assets and financial 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 liabilities simultaneously. Income and expenses are not offset in profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and the Company.

(xxv) Hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative instruments to manage exposures to interest/profit rates, foreign currencies and credit risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

(i) Fair value hedge

Hedges the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

(ii) Cash flow hedge

Hedges the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in a recognised firm commitment.

(iii) Net investment hedge

Hedges of a net investment in a foreign operation.

At the inception of the hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxv) Hedge accounting (contd.)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

(i) There is 'an economic relationship' between the hedged item and the hedging instrument.

(ii) The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

(iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portions of the gain or loss on the hedging instrument is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

Hedge effectiveness is a forward-looking exercise that determines if hedge accounting can be applied prospectively.The effective portion is defined as the extent to which changes in the cash flows of the hedging instrument offset changes in the cash flows of the hedged item.

In contrast, hedge ineffectivenes is a backward-looking exercise that determines the amount of ineffectiveness that shall be recorded in profit or loss. The ineffective portion is defined as the extent to which the changes in the cash flows of the hedging instrument are greater or less than those on the hedged item.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxv) Hedge accounting (contd.)

When a hedging instrument expires, or is sold, terminated, exercised or when the hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

The Company applied hedge accounting for the first time and therefore shall used an alternative nearly risk-free rate ("RFR") for the hedged item and/or hedging instruments as required in the Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform Phase 2* which is effective for annual reporting periods beginning on or after 1 January 2021.

The Company disclosed the details of the hedge accounting in Note 16.

(xxvi) Premium/contribution income

Premiums or contributions represent consideration paid for Insurance contracts or Takaful certificates, respectively, and are accounted for as follows:

(a) General Insurance/General Takaful business

Premium/contribution income is recognised in the financial year in respect of risks assumed during that particular financial year. Premiums/contributions from direct business are recognised during the financial year upon the issuance of debit notes. Premiums/contributions in respect of risks incepted for which debit notes have not been issued as of the reporting date are accrued at that date.

Inward facultative reinsurance premiums/retakaful contributions are recognised in the financial year in respect of the facultative risks accepted during that particular financial year, as in the case of direct policies/certificates, following the individual risks' inception dates.

Inward treaty reinsurance premiums/retakaful contributions are recognised on the basis of periodic advices received from ceding insurers/takaful operators.

Outward reinsurance premiums/retakaful contributions are recognised in the same financial year as the original policies/certificates to which the reinsurance/retakaful relates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxvi) Premium/contribution income (contd.)

(b) Life Insurance/Family Takaful business

Premium/contribution income is recognised as soon as the amount of the premium/contribution can be reliably measured. Initial premium/contribution is recognised from inception date and subsequent premiums/contributions are recognised on due dates. At the end of the financial year, all due premiums/contributions are accounted for to the extent that they can be reliably measured.

Outward reinsurance premiums/retakaful contributions are recognised in the same financial period as the original policies to which the reinsurance/retakaful relates.

Net creation of units, which represents premiums/contributions paid by policyholders/participants as payment for a new contract/certificate or subsequent payments to increase the amount of that contract/certificate, are reflected in profit or loss. Net creation of units is recognised on a receipt basis.

Creation/cancellation of units is recognised in the financial statements at the next valuation date, after the request to purchase/sell units have been received from policyholders/participants.

(xxvii) Benefits and claim expenses

(a) General Insurance/Takaful business

Claim expenses represent compensation paid or payable on behalf of the insured/certificate holders in relation a specific loss event that has occurred. They include claims, handling costs and settlement costs that arise from events that have occurred up to the end of the reporting year even if they had not been reported to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxvii) Benefits and claim expenses (contd.)

(b) Life Insurance/Family Takaful business

Benefits expenses incurred during the financial year are recognised when a claimable event occurs and/or the insurer/takaful operator is notified.

Benefits expenses, including settlement costs less reinsurance/retakaful recoveries, are accounted for using the case basis method and for this purpose, the amounts payable under a policy/certificate are recognised as follows:

- maturity and other policy/certificate benefit payments due on specified dates are treated as claims payable on the due dates; and

- death, surrender and other benefits without due dates are treated as claims payable on the date of receipt of intimation of death of the assured or occurrence of contingency covered.

Recoveries on reinsurance/retakaful claims are accounted for in the same financial year as the original claims are recognised.

(xxviii) Commission expenses and acquisition costs

(a) General Insurance business

The gross cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

(b) General Takaful business

Commission expenses net of income derived from retakaful, which are costs directly incurred in securing contributions on Takaful certificates net of income derived from ceding retakaful contributions, are recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxviii) Commission expenses and acquisition costs (contd.)

(b) General Takaful business (contd.)

Mudharabah principle

Commission expenses are borne by the Family Takaful fund with the resulting underwriting surplus/deficit after expenses shared between the participants and the Takaful subsidiary as advised by the Shariah Committee.

Wakalah principle

Under the Wakalah principle, commission expenses are borne by the Shareholder's fund. This is in accordance with the principles of Wakalah as approved by the Shariah Committee and agreed between the participants and the Takaful subsidiary.

(c) Life Insurance business

Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, net of income derived from reinsurers in the course of ceding premiums to reinsurers, are charged to profit or loss in the year in which they are incurred.

(d) Family Takaful business

Commission expenses, which are costs directly incurred in securing contributions on Takaful certificates, net of income derived from ceding retakaful contributions, are recognised as incurred and properly allocated to the periods in which it is probable that they give rise to income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxviii) Commission expenses and acquisition costs (contd.)

(d) Family Takaful business (contd.)

Mudharabah principle

Commission expenses are borne by the Family Takaful fund with the resulting underwriting surplus/deficit after expenses shared between the participants and the Takaful subsidiary as advised by the Shariah Committee.

Wakalah principle

Under the wakalah principle, commission expenses are borne by the Shareholder's fund. This is in accordance with the principles of wakalah as approved by the Shariah Committee and agreed between the participants and the Takaful subsidiary.

(xxix) Other revenue recognition

Revenue from contracts with customers

Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good or service to a customer. Generally, satisfaction of a performance obligation occurs when/as the Group's and the Company's control of the goods or services is transferred to the customer. Control can be defined as the ability to direct the use of an asset and to obtain substantially all of the remaining benefits from the asset. Control also includes the ability to prevent another entity from directing the use of and obtaining the benefits from an asset.

For each separate performance obligation, the Group and the Company will need to determine whether the performance obligation is satisfied by transferring the control of goods or services over time. If the performance obligation is not satisfied over time, then it is satisfied at a point in time.

When/as a performance obligation is satisfied, the Group and the Company shall recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained, that is allocated to that performance obligation).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxix) Other revenue recognition (contd.)

(a) Fund management fees

Fund management fees are recognised at a point in time when services are rendered.

(b) Management fees

Management fee is recognised at a point in time on an accrual basis for provision of bureau services and insurance related services to offshore reinsurers in accordance with the terms and conditions of the relevant agreements, when services are rendered.

(c) Wakalah fees

Wakalah fees represent fees charged by the Shareholders' fund to manage Takaful certificates issued by the General and Family Takaful funds under the principle of Wakalah and are recognised as soon as the contributions to which they relate can be reliably measured in accordance with the principles of Shariah.

Other revenue

(a) Interest/profit income

Interest/profit income is recognised using the effective interest/profit yield method over the term of the underlying investments.

(b) Dividend income

Dividend income is recognised at a point at time when the Group’s and the Company's right to receive payment is established.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxx) Fee and commission income

Policyholders/participants are charged for policy administration services, surrenders and other contract fees. These fees are recognised over time as revenue in which the related services are performed. If the fees are for services to be provided in future periods, the fees are deferred and recognised over those future periods.

Management fee income earned from investment-linked business is recognised over time on an accrual basis based on the NAV of the investment-linked funds.

Commission income is derived from reinsurers/retakaful operators in the course of ceding premiums/contributions to reinsurers/retakaful operators.

(xxxi) Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions ("SOCSO") are recognised as an expense in profit or loss in the period in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised as an expense in profit or loss when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised as an expense in profit or loss when the absences occur.

(b) Long-term employee benefits

Long-term employee benefits are benefits that are not expected to be settled wholly before twelve months after the end of the reporting date in which employees render the related services.

The cost of long-term employee benefits is accrued to match the services rendered by employees of the Group using the recognition and measurement bases similar to that for defined contribution plans disclosed in Note 2.2(xxxi)(c), except that the remeasurements of the net defined contribution liability or asset are recognised immediately in profit or loss.

(c) Defined contribution plans

As required by law, the subsidiaries in Malaysia and Singapore make contributions to the countries' statutory pension scheme, Employees Provident Fund ("EPF") and Singapore Central Provident Fund ("CPF"). Such contributions are recognised as an expense in profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxxi) Employee benefits (contd.)

(d) Share-based compensation

(1) Employees' Share Grant Plan ("ESGP Shares")

The ESGP Shares is awarded to eligible Executive Directors and employees of participating companies within the Maybank Group (excluding dormant subsidiaries). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of the ESGP Committee.

The total fair value of ESGP Shares granted to eligible employees is recognised as an employee cost with a corresponding increase in amount due to Maybank. The fair value of ESGP Shares is measured at grant date, taking into account, the market and non-market vesting conditions upon which the ESGP Shares were granted. Upon vesting of ESGP Shares, Maybank will recognise the impact of the actual numbers of ESGP Shares vested as compared to original estimates.

(2) Cash-settled Performance-based Employees' Share Grant Plan ("CESGP")

The CESGP is awarded to the eligible Executive Directors and employees of participating companies within the Maybank Group, subject to achievement of performance criteria set out by the Board of Directors and prevailing market practices in the respective countries. Upon vesting, the cash amount equivalent to the value of the Maybank Reference Shares will be transferred to the eligible employees.

The total fair value of CESGP granted to eligible employees is recognised as an employee cost, with a corresponding increase in Maybank's liability over the vesting period and taking into account the probability that the CESGP will vest. The fair value of CESGP Shares is measured at grant date, taking into account, the market and non-market vesting conditions upon which the CESGP Shares were granted. Upon vesting of CESGP Shares, Maybank will recognise the impact of the actual numbers of CESGP Shares vested as compared to the original estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxxii) Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Group and the Company's functional currency.

(b) Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Group's and its subsidiaries at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under the foreign currency translation reserve in other comprehensive income.

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

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the financial year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxxii) Foreign currencies (contd.)

(b) Foreign currency transactions and balances (contd)

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing as at the reporting date;

- income and expenses are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and

- all resulting exchange differences are taken directly to other comprehensive income through the foreign currency translation

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

The principal exchange rate for every unit of foreign exchange currency ruling at the reporting date used for translation of foreign operations is as follows:

	2021	**2020**
Singapore Dollar	3.09	3.05
United States Dollar	4.17	4.20
Brunei Dollar	3.09	3.05

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxxiii) Income tax

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

Deferred tax is provided for, using the liability method. 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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxxiii) Income tax (contd.)

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 as an income or an expense and included in profit or loss, except when it arises from a transaction which is recognised directly in equity or insurance contract liabilities, in which case the deferred tax is also recognised directly in other comprehensive income/insurance contract liabilities, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(xxxiv) Zakat

This represents business zakat payable by the Takaful subsidiaries in compliance with Shariah principles and as approved by the Group's Shariah Committee. Zakat provision is calculated based on the working capital method at 2.5%.

(xxxv) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. Any increases in the provision due to the passage of time is recognised in profit or loss.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of significant accounting policies (contd.)

(xxxvi) Contingent assets and contingent liabilities

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and the Company. The Group and the Company do not recognise contingent assets but disclose its existence when inflows of economic benefits are probable but not virtually certain.

Contingent liabilities are possible obligations that arise from past events, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and the Company; or are present obligations that have arisen from past events but are not recognised because it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably. The Group and the Company do not recognise contingent liabilities. Contingent liabilities are disclosed, unless the probability of outflow of economic benefits is remote.

(xxxvii) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is a person or a group of people that is responsible to allocate resources and assess the performances of the operating segments of an entity. The Group and the Company have determined the Chief Executive Officer as its chief operating decision-maker.

All transactions between business segments (intra-segment revenue and costs) are eliminated at Group level. Income and expenses directly associated with each business segment are included in determining business segment performance.

The Group disclosed its segment information in Note 53.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3. New and amended standards and interpretations

On 1 January 2021, the Group and the Company adopted the following Amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2021:

	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform- Phase 2 (Amendment to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Covid-19- Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16	1 April 2021

MFRS 16 has been amended to:

(i) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and
(ii) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) The change in lease payments results in revised consideration for the lease that is substantially the same as or less than the consideration for the lease immediately preceding the change;
(ii) The reduction in lease payments affects only payments due on or before 30 June 2022; and
(iii) There is no substantive change to other terms and conditions of the lease.

The Group and the Company accounts for such COVID-19 related rent concession as a variable lease payment in the year in which the event or condition that triggers the reduced payment occurs and accordingly recognised in profit or loss.

Other than above, the adoption of the above amendments to standards did not have any significant financial impacts to the Group's and the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards and annual improvements to standards issued but not yet effective

The following are Standards and Amendments to Standards issued by the Malaysian Accounting Standards Board ("MASB"), but which are not yet effective, up to the date of issuance of the Group's and the Company's financial statements. The Group and the Company intend to adopt these standards and amendment to standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
MFRS 116 *Property, Plant and Equipment*	
(Amendments to MFRS 116): *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
MFRS 137 *Provision, Contingent Liabilities and Contingent Assets*	
(Amendments to MFRS 137): *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
MFRS 3 *Business Combinations*	
(Amendments to MFRS 3): *Reference to the Conceptual Framework*	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020:	
MFRS 1 *First-time Adoption of MFRSs*	1 January 2022
MFRS 9 *Financial Instruments*	1 January 2022
MFRS 141 *Agriculture*	1 January 2022
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
MFRS 101 *Presentation of Financial Statements*	
(Amendment to MFRS 101) *Classification of Liabilities as Current or Non-current*	1 January 2023
(Amendments to MFRS 101) *Disclosure of Accounting Policies*	1 January 2023
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	
(Amendments to MFRS 108) *Definition of Accounting Estimates*	1 January 2023
MFRS 112 *Income Taxes*	
(Amendments to MFRS 112) *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

The adoption of the above pronouncements are not expected to have a significant impact on the Group or the Company except for the following:

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards and annual improvements to standards issued but not yet effective (contd.)

MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Insurance Contracts*

MFRS 17 will replace MFRS 4 *Insurance Contracts* that was issued in 2005. MFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows);

- A Contractual Service Margin ("CSM") that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period);

- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;

- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;

- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income will be based on the concept of services provided during the period;

- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in profit or loss, but are recognised directly on the statement of financial position.

- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense; and

- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Standards and amendments to standards issued but not yet effective (contd.)

MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Insurance Contracts* (contd.)

Based on the Amendments to MFRS17, MFRS17 and the amendments introduced in the Amendments to MFRS17 are effective for annual periods beginning on or after 1 January 2023. Early application is permitted, provided the entity also applies MFRS 9 and MFRS 15 on or before the date it first applies MFRS 17. An entity shall apply the retrospective approach for estimating the CSM on the transition date. However, if full retrospective application for estimating the CSM, as defined by MFRS 108 for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

(i) Modified retrospective approach

Based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve the closest possible outcome to retrospective application.

(ii) Fair value approach

The CSM is determined as the positive difference between the fair value determined in accordance with MFRS 13 *Fair Value Measurement* and the fulfilment cash flows (any negative difference would be recognised in retained earnings at the transition date).

Both the modified retrospective approach and the fair value approach provide transitional reliefs for determining the grouping of contracts. If an entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it is required to apply the fair value approach.

The Group has established a project team, with assistance from the Actuarial, Finance, Risk, IT and various business units to study the implications and to evaluate the potential impact of adopting this standard on the required effective date. The Group believes that it is achieving the relevant milestones in adopting this new standard.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Properties # RM'000	Furniture, fittings, equipment and renovations RM'000	Computers and peripherals RM'000	Electrical and security equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2021							
Cost							
At 1 January 2021	112,098	76,569	47,775	53,081	1,911	16,138	307,572
Additions	-	2,135	1,312	563	-	5,627	9,637
Disposals	-	(1,388)	(398)	-	(232)	-	(2,018)
Write-off	-	(130)	(45)	-	-	-	(175)
Reclassification	-	5,003	1,222	589	-	(6,814)	-
Transfer to intangible assets (Note 7)	-	-		-	-	(1,588)	(1,588)
Translation differences	-	55	447	3	8	31	544
At 31 December 2021	112,098	82,244	50,313	54,236	1,687	13,394	313,972
Accumulated depreciation and impairment losses							
At 1 January 2021	45,671	66,535	35,206	37,196	1,710	-	186,318
Adjustment	55	-	-	-	-	-	55
Depreciation charge for the year	2,202	3,591	5,274	3,148	116	-	14,331
Disposals	-	(1,385)	(397)	-	(232)	-	(2,014)
Write-off	-	(130)	(45)	-	-	-	(175)
Reclassification	-	(2)	2	-	-	-	-
Translation differences	-	54	333	-	-	-	387
At 31 December 2021	47,928	68,663	40,373	40,344	1,594	-	198,902
Analysed as:							
Accumulated depreciation	46,608	68,663	40,373	40,344	1,594	-	197,582
Accumulated allowance for impairment losses	1,320	-	-	-	-	-	1,320
	47,928	68,663	40,373	40,344	1,594	-	198,902
Net Book Value							
At 31 December 2021	64,170	13,581	9,940	13,892	93	13,394	115,070

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Properties # RM'000	Furniture & fittings, equipment and renovations RM'000	Computers and peripherals RM'000	Electrical and security equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2020							
Cost							
At 1 January 2020	112,098	71,383	48,030	51,466	1,874	14,106	298,957
Additions	-	5,189	2,609	1,114	110	13,068	22,090
Disposals	-	-	(3,551)	-	(73)	(4,650)	(8,274)
Reclassification	-	-	-	501	-	(501)	-
Transfer to:							
- Intangible assets (Note 7)	-	-	711	-	-	(5,829)	(5,118)
Translation differences	-	(3)	(24)	-	-	(56)	(83)
At 31 December 2020	112,098	76,569	47,775	53,081	1,911	16,138	307,572
Accumulated depreciation and impairment losses							
At 1 January 2020	43,523	63,183	32,702	33,890	1,594	-	174,892
Depreciation charge for the year	2,148	3,352	6,175	3,306	134	-	15,115
Disposals	-	-	(3,551)	-	(18)	-	(3,569)
Transfer from intangible assets							
- Intangible assets	-	-	(90)	-	-	-	(90)
Translation differences	-	-	(30)	-	-	-	(30)
At 31 December 2020	45,671	66,535	35,206	37,196	1,710	-	186,318
Analysed as:							
Accumulated depreciation	44,351	66,535	35,206	37,196	1,710	-	184,998
Accumulated allowance for impairment losses	1,320	-	-	-	-	-	1,320
	45,671	66,535	35,206	37,196	1,710	-	186,318
Net Book Value							
At 31 December 2020	66,427	10,034	12,569	15,885	201	16,138	121,254

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Computers and peripherals RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
2021				
Cost				
At 1 January/ 31 December 2021	34	465	-	499
Accumulated depreciation and impairment losses				
At 1 January 2021	4	359	-	363
Depreciation charge for the year	9	106	-	115
At 31 December 2021	13	465	-	478
Analysed as:				
Accumulated depreciation	13	465	-	478
Net Book Value				
At 31 December 2021	21	-	-	21
2020				
Cost				
At 1 January 2020	5	465	924	1,394
Additions	29	-	-	29
Transfer to:				-
- Intangible assets (Note 7)	-	-	(924)	(924)
At 31 December 2020	34	465	-	499
Accumulated depreciation and impairment losses				
At 1 January 2020	2	243	-	245
Depreciation charge for the year	2	116	-	118
At 31 December 2020	4	359	-	363
Analysed as:				
Accumulated depreciation	4	359	-	363
Net Book Value				
At 31 December 2020	30	106	-	136

3. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Properties consist of:

Group	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land RM'000	Total RM'000
2021				
Cost				
At 1 January/31 December 2021	1,829	3,273	106,996	112,098
Accumulated depreciation and impairment losses				
At 1 January 2021	55	2,204	43,412	45,671
Adjustment	-	55	-	55
Depreciation charge for the year	-	62	2,140	2,202
At 31 December 2021	55	2,321	45,552	47,928
Analysed as:				
Accumulated depreciation	-	1,056	45,552	46,608
Accumulated allowance for impairment losses	55	1,265	-	1,320
	55	2,321	45,552	47,928
Net Book Value				
At 31 December 2021	1,774	952	61,444	64,170
2020				
Cost				
At 1 January/31 December 2020	1,829	3,273	106,996	112,098
Accumulated depreciation and impairment losses				
At 1 January 2020	55	2,196	41,272	43,523
Depreciation charge for the year	-	8	2,140	2,148
At 1 January/31 December 2020	55	2,204	43,412	45,671
Analysed as:				
Accumulated depreciation	-	939	43,412	44,351
Accumulated allowance for impairment losses	55	1,265	-	1,320
	55	2,204	43,412	45,671
Net Book Value				
At 31 December 2020	1,774	1,069	63,584	66,427

4. INVESTMENT PROPERTIES

Group

	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Total RM'000
2021			
At 1 January 2021	485,971	448,619	934,590
Reclassification	(2,030)	2,030	-
Additions	2,982	330	3,312
Fair value adjustments (Note 30)	24,862	3,665	28,527
At 31 December 2021	511,785	454,644	966,429
2020			
At 1 January 2020	487,331	427,219	914,550
Addition	-	1,370	1,370
Fair value adjustments (Note 30)	(1,360)	20,030	18,670
At 31 December 2020	485,971	448,619	934,590

The rental income and rental related expenses in relation to the investment properties are as disclosed below:

	2021 RM'000	2020 RM'000
Rental income	47,388	33,377
Rental related expenses	(18,401)	(19,753)
	28,987	13,624

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repair, maintenance and enhancements other than as disclosed in Note 41.

The fair value of investment properties is classified under Level 3 of the fair value hierarchy as disclosed under Note 50. The fair value gains are recognised in the income statement.

5. PREPAID LAND LEASE PAYMENTS

Group	2021 RM'000	2020 RM'000
Cost		
At 1 January/31 December	24,018	24,018
Accumulated amortisation and impairment losses		
At 1 January	6,920	6,434
Amortisation charge for the year	485	486
At 31 December	7,405	6,920
Analysed as:		
Accumulated amortisation	7,228	6,743
Accumulated allowance for impairment losses	177	177
	7,405	6,920
Net book value		
At 31 December	16,613	17,098

6. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

The movement of right-of-use assets is disclosed as follows:

Group **2021**	**Premises RM'000**	**Office equipment RM'000**	**Total RM'000**
Cost			
At 1 January 2021	34,001	243	34,244
Additions	20,178	-	20,178
Contract modifications	(41)	-	(41)
Terminations	(1,445)	(51)	(1,496)
Translation differences	451	-	451
At 31 December 2021	53,144	192	53,336
Accumulated depreciation and impairment losses			
At 1 January 2021	17,974	109	18,083
Depreciation charge for the year	9,445	66	9,511
Terminations	(1,429)	(51)	(1,480)
Translation differences	303	3	306
At 31 December 2021	26,293	127	26,420
Net Book Value			
At 31 December 2021	26,851	65	26,916

The movement of lease liabilities is disclosed as follows:

Group **2021**	**Premises RM'000**	**Office equipment RM'000**	**Total RM'000**
Lease liabilities			
At 1 January 2021	15,914	141	16,055
Additions	20,174	-	20,174
Accretion of interest	357	4	361
Contract modifications	(28)	-	(28)
Terminations	(23)	(6)	(29)
Settlement	(9,740)	(62)	(9,802)
Translation differences	110	(5)	105
At 31 December 2021	26,764	72	26,836
Lease liabilities by remaining maturity:			
Less than 12 months	7,934	54	7,988
More than 12 months	18,830	18	18,848
Total	26,764	72	26,836

6. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONTD.)

The movement of right-of-use assets is disclosed as follows:

Group **2020**	**Premises RM'000**	**Office equipment RM'000**	**Total RM'000**
Cost			
At 1 January 2020	32,671	248	32,919
Additions	1,551	65	1,616
Contract renewal	1,632	-	1,632
Terminations	(955)	(71)	(1,026)
Translation differences	(898)	1	(897)
At 31 December 2020	34,001	243	34,244
Accumulated depreciation and impairment losses			
At 1 January 2020	9,709	91	9,800
Depreciation charge for the year	9,504	89	9,593
Additions	-	(71)	(71)
Contract modifications	-	-	-
Terminations	(249)	-	(249)
Translation differences	(990)	-	(990)
At 31 December 2020	17,974	109	18,083
Net Book Value			
At 31 December 2020	16,027	134	16,161

The movement of lease liabilities is disclosed as follows:

Group **2020**	**Premises RM'000**	**Office equipment RM'000**	**Total RM'000**
Lease liabilities			
At 1 January 2020	22,504	159	22,663
Additions	3,114	68	3,182
Accretion of interest	553	3	556
Contract modifications	(52)	-	(52)
Terminations	(763)	-	(763)
Settlement	(9,482)	(90)	(9,572)
Adjustment	(11)	-	(11)
Translation differences	51	1	52
At 31 December 2020	15,914	141	16,055
Lease liabilities by remaining maturity:			
Less than 12 months	9,161	69	9,230
More than 12 months	6,753	72	6,825
Total	15,914	141	16,055

6. RIGHT-OF-USE ASSETS / LEASE LIABILITIES (CONTD.)

The movement of right-of-use assets is disclosed as follows:

Company	**2021**	
	Premises	**Total**
2021	**RM'000**	**RM'000**
Cost		
At 1 January	-	-
Additions	508	508
At 31 December	508	508
Accumulated depreciation and impairment losses		
At 1 January	-	-
Depreciation charge for the year	56	56
At 31 December	56	56
Net Book Value		
At 31 December	452	452

2020: Nil

The movement of lease liabilities is disclosed as follows:

Company	**2021**	
	Premises	**Total**
2021	**RM'000**	**RM'000**
Lease liabilities		
At 1 January	-	-
Additions	508	508
Accretion of interest	7	7
Settlement	(54)	(54)
At 31 December	461	461
Lease liabilities by remaining maturity:		
Less than 12 months	117	117
More than 12 months	344	344
Total	461	461

2020: Nil

7. INTANGIBLE ASSETS

Group	Computer Software and Licences RM'000	Software Development Cost RM'000	Total RM'000
2021			
Cost			
At 1 January 2021	209,073	9,235	218,308
Adjustments	444	(1,781)	(1,337)
Additions	19,265	3,188	22,453
Disposals	(431)	-	(431)
Reclassification	6,731	(6,731)	-
Transfer from:			
- Property, plant and equipment (Note 3)	1,257	331	1,588
Translation differences	236	-	236
At 31 December 2021	236,575	4,242	240,817
Accumulated amortisation and impairment losses			
At 1 January 2021	125,755	-	125,755
Adjustments	(1,242)	-	(1,242)
Amortisation charge for the year	17,169	9	17,178
Disposals	(300)	-	(300)
Translation differences	84	-	84
At 31 December 2021	141,466	9	141,475
Analysed as:			
Accumulated amortisation	141,466	9	141,475
	141,466	9	141,475
Net book value			
At 31 December 2021	95,109	4,233	99,342

7. INTANGIBLE ASSETS (CONTD.)

Group	Computer Software and Licences RM'000	Software Development Cost RM'000	Total RM'000
2020			
Cost			
At 1 January 2020	202,592	1,449	204,041
Additions	8,221	1,965	10,186
Disposals	(1,007)	-	(1,007)
Reclassification	8	(8)	-
Transfer from:			
- Property, plant and equipment (Note 3)	(711)	5,829	5,118
Translation differences	(30)	-	(30)
At 31 December 2020	209,073	9,235	218,308
Accumulated amortisation and impairment losses			
At 1 January 2020	109,385	1,216	110,601
Adjustment	1,216	(1,216)	-
Amortisation charge for the year	15,807	-	15,807
Disposals	(727)	-	(727)
Transfer from:		-	-
- Property, plant and equipment (Note 3)	90	-	90
Translation differences	(16)	-	(16)
At 31 December 2020	125,755	-	125,755
Analysed as:			
Accumulated amortisation	125,755	-	125,755
Net book value			
At 31 December 2020	83,318	9,235	92,553

7. INTANGIBLE ASSETS (CONTD.)

Company	Computer Software and Licences RM'000	Software Development Cost RM'000	Total RM'000
2021			
At 1 January 2021	10	924	934
Additions	2	261	263
At 31 December 2021	12	1,185	1,197
Accumulated amortisation and impairment losses			
At 1 January 2021	3	-	3
Amortisation charge for the year	1	-	1
At 31 December 2021	4	-	4
Analysed as:			
Accumulated amortisation	4	-	4
Net book value			
At 31 December 2021	8	1,185	1,193
2020			
Cost			
At 1 January 2020	8	-	8
Additions	2	-	2
Transfer from:			
- Property, plant and equipment (Note 3)	-	924	924
At 31 December 2020	10	924	934
Accumulated amortisation and impairment losses			
At 1 January 2020	2	-	2
Amortisation charge for the year	1	-	1
At 31 December 2020	3	-	3
Analysed as:			
Accumulated amortisation	3	-	3
Net book value			
At 31 December 2020	7	924	931

8. INVESTMENT IN SUBSIDIARIES

Company	2021 RM'000	2020 RM'000
Unquoted shares, at cost, at beginning of year	2,641,886	2,488,438
Addition during the year	-	153,448
Unquoted shares, at cost, at end of year	2,641,886	2,641,886

Details of the subsidiaries of the Company are as follows:

Name of company	Country of incorporation	Effective interest (%) 2021	Effective interest (%) 2020	Principal activities
Etiqa General Insurance Berhad ("EGIB")	Malaysia	100	100	Underwriting of General Insurance business
Etiqa Life Insurance Berhad ("ELIB")	Malaysia	100	100	Underwriting of Life Insurance and investment-linked businesses
Etiqa Family Takaful Berhad ("EFTB")	Malaysia	100	100	Management of Family Takaful and investment-linked businesses
Etiqa General Takaful Berhad ("EGTB")	Malaysia	100	100	Management of General Takaful business
Etiqa Insurance Pte. Ltd.[1] ("EIPL")	Singapore	100	100	Underwriting of General Insurance and Life Insurance businesses
Etiqa Life International (L) Ltd. ("ELIL")	Malaysia	100	100	Offshore investment-linked business
Etiqa Offshore Insurance (L) Ltd. ("EOIL")	Malaysia	100	100	Provision of bureau services in the Federal Territory of Labuan
Double Care Sdn Bhd ("DCSB")	Malaysia	100	100	Under members' voluntary winding-up

Note

1 Audited by a firm affiliated to Ernst & Young PLT.

8. INVESTMENT IN SUBSIDIARIES (CONTD.)

There are no significant restrictions on the Group's ability to access or use its assets and settle its liabilities other than the following:

(a) In line with the requirements of the Financial Services Act 2013, the Islamic Financial Services Act 2013, Monetary Authority of Singapore ("MAS") Notice 133 and the Labuan Financial Services and Securities Act 2010 ("LFSSA"), the net assets of the Group's Insurance and Takaful funds amounting to RM33.81 billion (2020: RM31.30 billion) cannot be transferred to or used by other entities/components within the Group;

(b) The total capital available of the Company's Insurance and Takaful subsidiaries as prescribed under the RBC/RBCT Frameworks for Insurers and Takaful Operators issued by BNM are RM4.61 billion (2020: RM4.39 billion) and RM5.79 billion (2020: RM5.65 billion) respectively. The Insurance and Takaful subsidiaries in Malaysia have complied with the minimum capital adequacy requirement prescribed under the RBC/RBCT Frameworks as at 31 December 2021 and 2020.

(c) The available solvency capital of the Company's Insurance subsidiary in Singapore as prescribed under the Risk-Based Capital Framework regulation set by the MAS is RM2.03 billion (2020: RM1.052 billion) or SGD657.30 million (2020: SGD346.40 million). The Company's Insurance subsidiary in Singapore has a Capital Adequacy Ratio "CAR" in excess of the current requirement as at 31 December 2021 and 2020; and

(d) ELIL, the Company's Insurance subsidiary in Labuan, is required to maintain at all times a surplus of assets over liabilities, which is:

(i) equivalent to, or more than 3% of actuarial liabilities valuation; or
(ii) RM7,500,000, whichever is greater.

As at 31 December 2021, the margin of solvency of the Company's Insurance subsidiary in Labuan is a surplus of RM8.64 million (2020: RM8.70 million) or USD2.07 million (2020: USD2.16 million) which complies with the requirements of Section 109 of the LFSSA 2010.

9. INVESTMENT IN ASSOCIATES

Group

	2021 RM'000	2020 RM'000
Unquoted shares, at cost	152	152
Post-acquisition reserve	1,620	1,620
Foreign exchange reserve	(534)	(534)
	1,238	1,238
Represented by:		
Share of net assets, after impairment losses	1,238	1,238

Details of the associate are as follows:

Name of company	Country of incorporation	Effective interest (%) -	-	Principal activities
Asian Forum Inc. ("AFI")**	Malaysia	33.33	33.33	In liquidation

** AFI is currently in a run-off position and is also in liquidation. The latest available summarised financial information of the associate was for the financial year ended 30 September 2021 as follows:

	2021 RM'000	2020 RM'000
Assets and liabilities		
Current assets	3,862	3,862
Total assets	3,862	3,862
Current liabilities	30	30
Total liabilities	30	30
Net assets	3,832	3,832

10. INVESTMENTS

Group	2021 RM'000	2020 RM'000
Malaysian government papers	2,010,124	2,822,053
Singapore government securities	2,884,150	1,126,102
Equity securities	3,038,918	2,512,204
Debt securities	29,141,740	24,617,700
Unit and property trust funds	841,990	254,743
Structured products (Note 11)	186,198	87,737
Deposits with financial institutions	4,146,011	7,175,074
	42,249,131	38,595,613

The Group's financial investments are summarised by categories as follows:

	2021 RM'000	2020 RM'000
Fair value through profit or loss ("FVTPL")(Note a):		
- Designated upon initial recognition	16,261,900	16,342,378
- Held for trading ("HFT")	3,696,672	3,043,961
Fair value through other comprehensive income ("FVOCI") (Note b)	18,144,548	12,034,200
Amortised cost ("AC")(Note c)	4,146,011	7,175,074
	42,249,131	38,595,613

The following investments mature after 12 months:

	2021 RM'000	2020 RM'000
FVTPL:		
- Designated upon initial recognition	12,759,886	13,088,002
- HFT	505,755	608,029
FVOCI	10,946,567	7,562,986
	24,212,208	21,259,017

10. INVESTMENTS (CONTD.)

Group	2021 RM'000	2020 RM'000
(a) FVTPL		
(i) Designated upon initial recognition		
At fair value		
Malaysian government papers	708,901	1,302,319
Singapore government securities	796,886	399,847
Equity securities:		
Quoted in Malaysia	521,066	240,859
Unquoted outside Malaysia	-	65,890
Debt securities:		
Quoted in Malaysia	1,561,144	1,195,840
Quoted outside Malaysia	-	6,787,639
Unquoted in Malaysia	12,103,288	6,059,898
Unquoted outside Malaysia	133,346	163,122
Unit and property trust funds:		
Quoted outside Malaysia	251,388	39,828
Structured products (Note 11)	185,881	87,136
Total financial assets designated as FVTPL upon initial recognition	16,261,900	16,342,378
(ii) HFT		
At fair value		
Malaysian government papers	1,507	166,492
Equity securities:		
Quoted in Malaysia	2,236,712	2,011,604
Quoted outside Malaysia	42,213	44,737
Unquoted in Malaysia	160,007	149,114
Debt securities:		
Unquoted in Malaysia	665,314	456,498
Unit and property trust funds:		
Quoted in Malaysia	41,135	66,013
Quoted outside Malaysia	549,467	148,902
Structured products (Note 11)	317	601
Total HFT financial assets	3,696,672	3,043,961

10. INVESTMENTS (CONTD.)

Group	2021 RM'000	2020 RM'000
(b) FVOCI		
At fair value		
Malaysian government papers	1,299,716	1,353,242
Singapore government securities	2,087,264	726,255
Equity securities:		
Quoted in Malaysia	78,920	-
Debt securities:		
Quoted in Malaysia	4,351,152	2,698,438
Unquoted in Malaysia	10,327,496	7,216,069
Unquoted outside Malaysia	-	40,196
Total FVOCI financial assets	18,144,548	12,034,200
(c) AC		
Fixed and call deposits with:		
Licensed financial institutions	3,651,560	6,068,523
Other licensed financial institutions	494,451	1,106,551
Total AC financial assets	4,146,011	7,175,074

The carrying amounts of financial assets at AC are reasonable approximations of fair values due to the short-term maturity of the financial assets.

10. INVESTMENTS (CONTD.)

Company	**2021 RM'000**	**2020 RM'000**
Malaysian government papers	45,644	26,559
Debt securities	379,352	385,071
Deposits with financial institutions	503,649	185,864
	928,645	597,494

The Company's financial investments are summarised by categories as follows:

Fair value through profit or loss ("FVTPL")(Note a):		
- Designated upon initial recognition	15,500	-
FVOCI (Note a)	409,496	411,630
AC (Note b)	503,649	185,864
	928,645	597,494

The following investments mature after 12 months:

FVOCI	363,671	386,688
	363,671	386,688

(a) FVTPL

(i) Designated upon initial recognition

At fair value		
Debt securities:		
Quoted in Malaysia	15,500	-
Total financial assets designated as FVTPL upon initial recognitions	15,500	-

10. INVESTMENTS (CONTD.)

Company	2021 RM'000	2020 RM'000
(a) FVOCI		
At fair value		
Malaysian government papers	45,644	26,559
Debt securities:	363,852	385,071
Total FVOCI financial assets	409,496	411,630
(b) AC		
Fixed and call deposits with:		
Licensed financial institutions	483,649	168,809
Other licensed financial institutions	20,000	17,055
Total AC financial assets	503,649	185,864

The carrying amounts of financial assets classified as AC are reasonable approximations of fair values due to the short-term maturity of the financial assets.

Fair Value of Investments

An analysis of the different fair value measurement bases used in the determination of the fair values of investments are further disclosed in Note 50.

11. STRUCTURED PRODUCTS

Structured products of the Group and the Company are classified as FVTPL. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The carrying amount of structured products is presented as follows:

Group	**<----------2021----------->**		**<----------2020----------**	
	Principal/ Notional Amount RM'000	**Net Carrying Amount RM'000**	**Principal/ Notional Amount RM'000**	**Net Carrying Amount RM'000**
Financial assets at FVTPL				
Structured deposits	190,000	185,881	90,000	87,136
Index-linked notes	27,063	317	27,063	601
Grand total	217,063	186,198	117,063	87,737

The fair value of structured products of the Group is derived based on valuation techniques from market observable inputs. They are revalued at the reporting date using such values as provided by the respective counterparties and as validated by the Group.

12. FINANCING RECEIVABLES

	2021 RM'000	**2020 RM'000**
Group		
At amortised cost:		
Policy/automatic premium loans	257,562	242,175
Staff loans:		
Secured	63,697	59,386
Unsecured	4,764	6,672
Non-staff loans	6,320	7,321
Allowance for impairment losses (Note 47(i))	(6,959)	(8,012)
	325,384	307,542
Receivable after 12 months	60,821	56,239

12. FINANCING RECEIVABLES (CONTD.)

	2021 RM'000	2020 RM'000
Company		
At amortised cost:		
Loan to subsidiary *	616,400	-
Unrealised forex gain during the year	374	-
Allowance for impairment losses	(181)	-
	616,593	-
Staff loans:		
Secured	7,626	4,608
Unsecured	-	-
Allowance for impairment losses (Note 47(i))	(4)	(4)
	624,215	4,604
Receivable after 12 months	624,129	3,597

* This relates to a Subordinated Obligation ("Sub-bond") issued to EIPL which is fully subscribed by the Company. The sub-bond has a tenure of 10 non-callable 5 basis and bears interest rate of 3% per annum. The interest is payable on a half yearly basis. It is the intention of the Company to hold the bond untill maturity.

The carrying amount of policy/automatic premium loans approximates fair value as these loans are issued at interest/profit rates that are comparable to instruments in the market with similar characteristics and risk profiles and, accordingly, the impact of discounting thereon is not material. The impact of discounting on staff loans is not material.

The average effective interest/profit rates during the financial year were as follows:

	2021 Per annum	2020 Per annum
Policy/automatic premium loans	7.25%	7.25%
Non-staff loans	5.05%	5.04%
Staff loans	3.33%	3.06%

13. REINSURANCE/RETAKAFUL ASSETS

Group	2021 RM'000	2020 RM'000
Reinsurers' share of:	5,444,835	4,510,709
Life insurance contract liabilities	1,482,470	480,292
General insurance contract liabilities	3,962,365	4,030,417
Retakaful operators' share of:	1,068,989	474,480
Family takaful certificate liabilities	207,400	162,030
General takaful certificate liabilities	861,589	312,450
	6,513,824	4,985,189
Allowance for impairment losses	(11,351)	(13,804)
	6,502,473	4,971,385

14. INSURANCE/TAKAFUL RECEIVABLES

Group	2021 RM'000	2020 RM'000
Due premiums/contributions including agents/brokers and co-insurers/co-takaful operators balances	481,726	539,726
Due from reinsurers/retakaful operators and cedants	88,538	49,354
	570,264	589,080
Allowance for impairment losses (Note 47(i))	(10,099)	(47,695)
	560,165	541,385

Amounts of insurance/takaful receivables that have been offset against amounts due to the same counterparties are as follows:

	Gross carrying amount RM'000	Gross amount offset in the Statement of Financial Position RM'000 (Note 24)	Net amounts in the Statement of Financial Position RM'000
2021			
Due premiums/contributions including agents/brokers and co-insurers/ co-takaful balances	523,066	(41,340)	481,726
Due from reinsurers/retakaful operators and cedants	172,283	(83,745)	88,538
	695,349	(125,085)	570,264
2020			
Due premiums/contributions including agents/brokers and co-insurers/ co-takaful balances	570,875	(31,149)	539,726
Due from reinsurers/retakaful operators and cedants	87,619	(38,265)	49,354
	658,494	(69,414)	589,080

The carrying amounts are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances.

15. OTHER ASSETS

	2021 RM'000	2020 RM'000
Group		
Management fees receivable	1,173	366
Allowance for impairment losses (Note 47(i))	(2)	(78)
	1,171	288
Sundry receivables, deposits and prepayments	89,739	63,230
Allowance for impairment losses (Note 47(i))	(3,897)	(4,578)
	85,842	58,652
Income and profits due and accrued	416,314	361,940
Allowance for impairment losses (Note 47(i))	(151)	(140)
	416,163	361,800
Amounts due from*:		
- Ultimate holding company	1,085	1,463
- Holding company	64	1,302
- Other related companies within the Maybank Group	4,096	434
Amount due from stockbrokers	33,027	14,723
Share of net assets in the Malaysian Motor Insurance Pool ("MMIP")	44,867	50,502
	83,139	68,424
Total other assets	586,315	489,164

15. OTHER ASSETS (CONTD.)

	2021 RM'000	2020 RM'000
Company		
Sundry receivables, deposits and prepayments	57	-
Income due and accrued	12,556	5,030
Amounts due from*:		
- Holding company	-	1,251
- Related companies within the EIHSB Group	1,332	-
- Related companies within the MAHB Group	15,312	389
Total other assets	29,257	6,670

* Amounts due from related companies are non-trade in nature, unsecured, interest-free and repayable on demand.

The carrying amounts (other than prepayments) and net share of assets in MMIP are reasonable approximations of fair values due to the relatively short-term maturity of these balances.

16. DERIVATIVES

The table below shows the fair values of derivative financial instruments, recorded as assets (being derivatives which are in a net gain position) or liabilities (being derivatives which are in a net loss position), together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the end of the financial year and are neither indicative of the market risk nor the credit risk. An analysis of maturity profile of the notional amount of derivatives are further disclosed in Note 42.

	Group			Group		
	<----------2021---------->			<----------2020---------->		
	Principal/ Notional Amount RM'000	Asset RM'000	Liability RM'000	Principal/ Notional Amount RM'000	Asset RM'000	Liability RM'000
Hedging derivatives:						
Cross currency swap	74,281	-	10,886	49,300	6,099	3,473
Forward foreign exchange contract	7,166,327	35,965	11,363	4,243,487	146,440	-
Total derivatives		35,965	22,249		152,539	3,473

	Company		
	<----------2021---------->		
	Principal/ Notional Amount RM'000	Asset RM'000	Liability RM'000
Hedging derivatives:			
Cross currency swap	616,400	-	8,755
Total derivatives		-	8,755

16. DERIVATIVES (CONTD.)

The fair value of derivatives are derived based on valuation techniques from market observable inputs and are revalued at the reporting date based on valuations provided by the respective counterparties. An analysis of the fair value measurement bases used in the determination of the fair values of derivatives are further disclosed in Note 50.

Hedging derivatives:

Forwards are customised contracts transacted with a specific counterparty who agrees to buy or sell a specified asset at a pre-agreed rate at a specified future date. The contracts are settled at gross at a specified future date and are considered to bear a higher liquidity risk than futures contracts which are settled on a net basis. It also bears market risks related to the underlying investment. The Group enters into forward foreign exchange contracts for the purpose of hedging part of its investment portfolio in USD denominated mutual funds, USD denominated debt and equities securities and AUD denominated debt and equities securities.

Swaps are contractual agreements between two parties to exchange streams of payments over time, based on specified notional amounts, in relation to movements in a specified underlying index such as interest rates, foreign currency rates or equity indices. The Group uses swap contracts to hedge the principal amount invested in foreign debt securities denominated in USD and SGD which will be settled at a specified contract rate on the maturity date of the contract.

Cash flow hedge

The Company used a cross currency swap to manage the variability in future cash flows on an asset that is denominated in Singapore Dollar by exchanging the floating currency exchange rates for fixed rates. The amount and timing of future cash flows, representing both principal and interest flows, are projected on the basis of their contractual terms and other relevant factors. The aggregate principal balance and interest cash flows over time form the basis for identifying gains and losses on the effective portion of derivatives designated as cash flow hedges of forecast transactions. The effective portion of the gains and losses are initially recognised through other comprehensive income, in the cash flow hedge reserve, and are transferred to profit or loss when the forecast cash flows affect profit or loss. Meanwhile, any ineffective portions of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

The hedging relationship was effective for the total hedging period and as of the reporting date. As such, the unrealised loss of RM1,340,000 for the financial year ended 31 December 2021 from the hedging relationship as disclosed in Note 20 was recognised through other comprehensive income.

17. DEFERRED TAXATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group				
At 1 January	(632,988)	(539,771)	(697)	(1,018)
Recognised in:				
Profit or loss (Note 38)	237,352	(102,270)	2,413	321
- Taxation borne by policyholders/ participants	47,534	(89,026)	-	-
- Taxation	189,818	(13,244)	2,413	321
Other comprehensive income (Note 38)	67,117	8,774	3,818	-
Insurance Contract/ Takaful Certificate liabilities	(2,397)	-	-	-
Exchange differences	(3,053)	279	-	-
At 31 December	(333,969)	(632,988)	5,534	(697)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The deferred tax disclosed in the statement of financial position of the Group is presented on a gross basis as it relates to different entities within the Group as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	225,266	21,339	3,547	797
Deferred tax liabilities	(559,235)	(654,327)	(98)	(3,481)
	(333,969)	(632,988)	3,449	(2,684)

In Budget 2022, the government has introduced a once-off corporate tax of 33% on chargeable income of companies above RM100 million for the Year of Assessment 2022. This tax is known as "Cukai Makmur" or Prosperity Tax. The corporate tax rate for the chargeable income below RM100 million remains unchanged at 24%.

Accordingly, The Group has applied a weighted average rate of 27% to 30% on the timing differences which are expected to realised within the next 12 months so as to derive the net deferred tax liabilities as at 31 December 2021.

17. DEFERRED TAXATION (CONTD.)

Additionally, Budget 2022 also introduced amendments to section 60AA of the Income Tax Act, 1967. These amendments now allow management expenses incurred by the Shareholder's fund of the family takaful operators to be deducted for purposes of computing taxable income, beginning YA2022 onwards. Accordingly, because management expenses are now deductible under the new legislation, a timing difference arises, which requires the recognition of deferred tax assets of RM131,269,000 of the Shareholder's fund on the entire balance of expense liabilities as disclosed in Note 17.

In view of the changes in basis of taxation of the Shareholder's fund and capital allowance claim eligibility for takaful operators, the Group has taken into account items that may be used for tax relief purposes in the future.

17. DEFERRED TAXATION (CONTD.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets

Group	Accelerated capital allowances	FVOCI reserve	Fair value adjustment	Net amortisation of premiums on investments	Impairment losses on receivables	Impairment losses on investments	General insurance liabilities	Provision for expense liabilities	Others	Total
2021	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2021	-	-	1,217	10,205	7,421	841	545	-	1,110	21,339
Recognised in:										
Profit or loss	2,422	-	1,741	3,912	(2,179)	(144)	968	176,255	16,966	199,941
- Taxation borne by policyholders/participants	-	-	977	1,127	(1,555)	(91)	-	-	(236)	222
- Taxation	2,422	-	764	2,785	(624)	(53)	968	176,255	17,202	199,719
Other comprehensive income	-	5,594	-	-	-	-	-	-	-	5,594
Insurance contract/Takaful certificate liabilities	-	(399)	(1,209)	-	-	-	-	-	-	(1,608)
At 31 December 2021	2,422	5,195	1,749	14,117	5,242	697	1,513	176,255	18,076	225,266
2020										
At 1 January 2020	-	-	1,521	9,171	7,026	1,310	134	-	47	19,209
Reclassification	-	-	-	-	-	325	-	-	-	325
Recognised in:										
Profit or loss	-	-	(304)	1,034	395	(794)	411	-	1,063	1,805
- Taxation borne by policyholders/participants	-	-		4	31	(799)	14	-	190	(560)
- Taxation	-	-	(304)	1,030	364	5	397	-	873	2,365
At 31 December 2020	-	-	1,217	10,205	7,421	841	545	-	1,110	21,339

17. DEFERRED TAXATION (CONTD.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (Contd.)

Deferred Tax Liabilities

Group **2021**	Accelerated capital allowances RM'000	Fair value adjustment RM'000	FVOCI reserve RM'000	Life insurance contract liabilities RM'000	Non-Participating Fund unallocated surplus RM'000	General insurance liabilities RM'000	Unit-linked RM'000	Others RM'000	Total RM'000
At 1 January 2021	(9,024)	(155,952)	(62,772)	(174,285)	(243,755)	42	(8,579)	(2)	(654,327)
Recognised in:									
Profit or loss	1,438	63,999	-	(1,960)	(23,573)	(71)	(2,031)	(391)	37,411
- Taxation borne by policyholders/participants	(379)	51,976	-	(1,960)	-	(71)	(2,031)	(223)	47,312
- Taxation	1,817	12,023	-	-	(23,573)	-	-	(168)	(9,901)
Other comprehensive income/	-	-	61,523	-	-	-	-	-	61,523
Insurance/Takaful contract liabilities	-	1,207	9,995	(11,991)	-	-	-	-	(789)
Exchange differences	(28)	-	(33)	(2,992)	-	-	-	-	(3,053)
At 31 December 2021	(7,614)	(90,746)	8,713	(191,228)	(267,328)	(29)	(10,610)	(393)	(559,235)

17. DEFERRED TAXATION (CONTD.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (Contd.)

Deferred Tax Liabilities (contd.)

Group **2020**	Accelerated capital allowances RM'000	Fair value adjustment RM'000	FVOCI reserve RM'000	Life insurance contract liabilities RM'000	Non-Participating Fund unallocated surplus RM'000	General insurance liabilities RM'000	Unit-linked RM'000	Others RM'000	Total RM'000
At 1 January 2020	(11,282)	(119,918)	(71,219)	(114,981)	(238,897)	-	(2,683)	-	(558,980)
Reclassification	-	-	(325)	-	-	-	-	-	(325)
Recognised in:									
Profit or loss	2,256	(36,034)	-	(59,583)	(4,858)	42	(5,896)	(2)	(104,075)
- Taxation borne by policyholders/participants	473	(23,501)	-	(59,583)	-	42	(5,896)	(1)	(88,466)
- Taxation	1,783	(12,533)	-	-	(4,858)	-	-	(1)	(15,609)
Other comprehensive income	-	-	8,774	-	-	-	-	-	8,774
Exchange differences	2	-	(2)	279	-	-	-	-	279
At 31 December 2020	(9,024)	(155,952)	(62,772)	(174,285)	(243,755)	42	(8,579)	(2)	(654,327)

17. DEFERRED TAXATION (CONTD.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (Contd.)

Deferred Tax Assets

Company	**FVOCI reserve RM'000**	**Impairment losses on investments RM'000**	**Net accretion of discounts on investments RM'000**	**Derivatives RM'000**	**Total RM'000**
2021					
At 1 January 2021	(3,481)	70	727	-	(2,684)
Recognised in:					
- Profit or loss	-	(43)	355	2,101	2,413
- Other comprehensive income	3,818	-	-	-	3,818
At 31 December 2021	337	27	1,082	2,101	3,547
2020					
At 1 January 2020	-	87	389	-	476
Recognised in:					
- Profit or loss	-	(17)	338	-	321
- Other comprehensive income	-	-	-	-	-
At 31 December 2020	-	70	727	-	797

17. DEFERRED TAXATION (CONTD.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (Contd.)

Deferred Tax Liabilities

Company	**Fair value adjustment RM'000**
2021	
At 1 January 2021	-
Recognised in:	
- Profit or loss	(98)
- Other comprehensive income	-
At 31 December 2021	(98)

	FVOCI reserve RM'000
2020	
At 1 January 2020	(1,494)
Recognised in:	
- Profit or loss	-
- Other comprehensive income	(1,987)
At 31 December 2020	(3,481)

18. CURRENT TAX ASSETS

Group

	2021 RM'000	2020 RM'000
Current tax assets	121,884	140,701

The current tax assets mainly related to EFTB and EGIB as follows.

EFTB

The Inland Revenue Board of Malaysia ("IRBM") has raised additional assessments to EFTB for Years of Assessment ("YA") 2008 to 2015, totalling RM79,294,000, of which YA2015 additional assessment of RM1,479,000 was raised on 31 December 2020 and YA2014 RM2,120,000 was raised on 30 December 2019. These additional assessments were in respect of the businesses of EFTB prior to the conversion of the composite takaful licence to a family takaful licence, which was effected on 28 December 2017.

EFTB has made full settlement of the additional assessments raised by the IRBM as and when they arise, and subsequently, submitted Notices of Appeal by filing the required Forms Q with the Special Commissioner of Income Tax ("SCIT"). EFTB had decided to pursue these appeals after obtaining the relevant opinions from its legal counsel, which was premised on the fact that the bases used to raise the additional assessments are not equitable. The specific issues raised and corresponding additional tax assessments raised are as summarised below:

(a) Deductibility of commission expenses incurred by Shareholder's fund ("SHF") in connection with General Takaful fund ("GTF") for YA2008 to YA2013 amounting to RM72,858,000.

The SCIT had heard witnesses evidence from both parties on 27 July 2020, 11 August 2020 and 14 September 2020. The parties have filed in their respective written submissions and the oral submission was heard on 5 February 2021. The SCIT had on 19 February 2021 rejected the Company's appeal. Based on legal advice, EFTB has a good case to appeal and will be appealling to the High Court against the decision of the SCIT on the ground that the SCIT had erred in its ruling.

18. CURRENT TAX ASSETS (CONTD.)

EFTB (contd):

(b) Deeming of surplus earned on retakaful ceded for Family Takaful fund's business as incidental income of EFTB under Section 60AA(13) of the Income Tax Act, 1967 (YA2014 to YA2015), amounting to RM3,186,000.

The SCIT has fixed the case mention date on 10 March 2021 for the submission of cause papers and fixing of the hearing dates for this case.

(c) SCIT has on 19 February 2021, conceded with the appeals on exemption of wakalah fees and on the deductibility of the interest paid on judgment. These, together with other minor issues, amounting to RM3,250,000.

(d) The Director General of Inland Revenue ("DGIR") has again issued Notice of Additional Assessment ("JA") dated 28 October 2021 showing RM380,704 being additional tax payable for the YA2016 deeming of surplus earned on retakaful ceded and processing fee income for Family Takaful fund's business as incidental income of the Company under Section 60AA(13) of the Income Tax Act, 1967.

Based on legal advice, EFTB is of the view that it has strong justifications for the appeals and continues to treat the additional assessments paid as current tax assets in the financial statements.

EFTB has provided the amount of RM4,164,000 for the revision of its YA2013 treatment of surplus to the Shareholder's Fund. For YA2013, the tax computation was submitted based on EFTB's surplus distributable method. On 3 September 2020, IRBM has provided their acceptance on the application of the EFTB's surplus attributable method. Given that the YA2013 treatment is complied with and it has been more than seven years since YA2013, EFTB has decided to maintain the distributable method for YA2013. Hence EFTB has reversed the net tax recoveries of RM4,164,000 (being the net impact of recoveries of RM20,417,000 for Family Takaful fund and provision of RM16,253,000 of Shareholder's fund) during the current financial year.

Upon finalisation of the tax computation for YA2020 the Company has an over payment of RM2,378,239 which has been recognised as current tax asset in the current financial year.

18. CURRENT TAX ASSETS (CONTD.)

EGIB

The current tax assets of RM28 million arise from the appeals made by EGIB prior to its Conversion of Composite Licences to Single Licenses ("Licence Split") on 28 December 2017.

The Inland Revenue Board of Malaysia ("IRBM") had raised additional assessments to the Company for Years of Assessment ("YA") 2013 to 2016, totalling RM15,986,000. The IRBM had raised the additional assessments for YA2016 on 24 November 2021, amounting RM 3,102,000 in respect to the profit commission earned on reinsurance ceded for life business as incidental income of the Company under Section 60(8) of the Income Tax Act, 1967 and disallowing the deduction of expenses directly attributable to rental income of its investment properties.

EGIB has made full settlement on the additional assessments raised and submitted the notices of appeal by filing Form Q with the Special Commissioner of Income Tax ("SCIT").

The Company had decided to pursue these appeals after obtaining the relevant opinions from its legal counsel, which was premised on the fact that the bases used to raise the additional assessments are not equitable. The Finance Minister in a letter dated 25 February 2022, decided that the profit commission earned on reinsurance ceded for life business should not be treated as incidental income. The Court has fixed the hearing dates on 22 February 2023 and 23 February 2023 for the appeal for years of assessment 2013 and 2014 for the remaining case.

At reporting date, EGIB has overpayment of tax for YA2019 amounting to RM12,254,000. Further, during the financial year, upon receiving approval by the IRBM, EGIB has fully offset the overpayment of tax for YA2018 of RM16,138,000 with the YA2021 instalments.

19. SHARE CAPITAL

	Number of shares		Amount	
	2021 Units '000	2020 Units '000	2021 RM'000	2020 RM'000
Issued and fully paid Ordinary shares:				
At 1 January/31 December	252,005	252,005	660,866	660,866

20. RESERVES

Group		2021 RM'000	2020 RM'000
FVOCI reserve	(i)	(46,478)	155,950
Other reserves:			
Revaluation reserve	(ii)	788	788
Currency translation reserve	(iii)	49,918	55,608
		50,706	56,396
Retained profits:			
Distributable	(iv)	5,827,878	5,287,525
Non-distributable non-par fund surplus	(v)	970,489	896,398
		6,798,367	6,183,923
Total reserves		6,802,595	6,396,269

20. RESERVES (CONTD.)

		2021 RM'000	2020 RM'000
Company			
FVOCI reserve	(i)	(1,067)	11,023
Cash flow hedge reserve	(vi)	(1,340)	-
Distributable:			
Retained profits	(iv)	2,571,051	2,561,622
Total reserves		2,568,644	2,572,645

(i) The FVOCI reserve of the Group and of the Company arose from changes in the fair values of the financial assets at FVOCI in the shareholders' and non-DPF funds as disclosed in Note 2.2(ix)(a)(iii)(b).

(ii) The revaluation reserve of the Group represents the difference between the carrying amount of properties previously classified as self-occupied properties but subsequently transferred to investment properties upon the end of owner occupation and its fair value at the date of change in use.

(iii) The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of a foreign operations whose functional currencies are different from the presentation currency of the Group.

(iv) The entire distributable retained earnings may be distributed to the shareholders under the single-tier system.

(v) Non-distributable non-par fund surplus represents the unallocated surplus of the non-Par fund. In accordance with the Financial Services Act 2013, in Malaysia, the unallocated surplus is only available for distribution to the shareholders' fund upon approval by the Appointed Actuary. Upon such approval, the distribution is presented as a transfer from non-distributable non-par surplus to distributable retained profits.

(vi) The cash flow hedge reserve represents the effective portion of the gain or loss on the hedging instrument. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

21. INSURANCE CONTRACT/TAKAFUL CERTIFICATE LIABILITIES

	2021			2020		
	Gross	Reinsurance/ Retakaful	Net	Gross	Reinsurance/ Retakaful	Net
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Life Insurance/Family Takaful (Note A)	32,598,585	(1,689,870)	30,908,715	29,263,279	(642,322)	28,620,957
General Insurance/Takaful (Note B)	7,715,657	(4,823,954)	2,891,703	7,008,230	(4,342,865)	2,665,365
	40,314,242	(6,513,824)	33,800,418	36,271,509	(4,985,187)	31,286,322

(A) Life Insurance/Family Takaful

The Life Insurance contract/Family Takaful certificate liabilities and its movements are further analysed as follows:

(i) Life Insurance contract/Family Takaful certificate liabilities

	2021			2020		
	Gross	Reinsurance/ Retakaful	Net	Gross	Reinsurance/ Retakaful	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Claim liabilities	325,868	(57,525)	268,343	244,507	(33,409)	211,098
Actuarial liabilities	26,863,673	(1,632,345)	25,231,328	24,139,860	(608,913)	23,530,947
DPF's unallocated surplus	2,782,650	-	2,782,650	2,427,692	-	2,427,692
DPF's FVOCI reserve	15,569	-	15,569	335,508	-	335,508
Net asset value ("NAV") attributable to unitholders	2,610,825	-	2,610,825	2,115,712	-	2,115,712
	32,598,585	(1,689,870)	30,908,715	29,263,279	(642,322)	28,620,957

21. INSURANCE CONTRACT/TAKAFUL CERTIFICATE LIABILITIES (CONTD.)

(A) Life Insurance/Family Takaful (contd.)

(ii) Movements of Life Insurance contract/Family Takaful certificate liabilities

	Claim liabilities RM'000	Actuarial liabilities RM'000	DPF's unallocated surplus RM'000	DPF's FVOCI reserve RM'000	NAV attributable to unitholders RM'000	Gross RM'000	Reinsurance/ Retakaful RM'000	Net RM'000
2021								
At 1 January 2021	244,507	24,139,860	2,427,692	335,508	2,115,712	29,263,279	(642,322)	28,620,957
Premiums/contributions received	-	-	3,235,731	-	986,764	4,222,495	-	4,222,495
Other revenue	-	-	286,849	-	37,947	324,796	-	324,796
Experience/benefit variation	-	-	-	-	-	-	-	-
Net benefits and claims	81,361	-	(1,783,698)	-	(510,185)	(2,212,522)	(24,116)	(2,236,638)
Other expenses	-	(28)	(542,700)	-	(18,511)	(561,239)	-	(561,239)
Change in reserves :								
- Discounting	-	(635,540)	393,790	-	-	(241,750)	21,566	(220,184)
- Assumptions	-	(207,074)	8,412	-	-	(198,662)	(11,155)	(209,817)
- Policy movements	-	3,456,294	(1,103,745)	-	-	2,352,549	(1,025,590)	1,326,959
Exchange differences	-	110,161	(1,728)	2,289	78	110,800	(8,253)	102,547
Changes in FVOCI reserve	-	-	-	(331,824)	-	(331,824)	-	(331,824)
Taxation	-	-	8,238	9,596	(980)	16,854	-	16,854
Transferred to shareholders' funds	-	-	(129,457)	-	-	(129,457)	-	(129,457)
Surplus paid to participants	-	-	(16,734)	-	-	(16,734)	-	(16,734)
At 31 December 2021	325,868	26,863,673	2,782,650	15,569	2,610,825	32,598,585	(1,689,870)	30,908,715

21. INSURANCE CONTRACT/TAKAFUL CERTIFICATE LIABILITIES (CONTD.)

(A) Life Insurance/Family Takaful (contd.)

(ii) Movements of Life Insurance contract/Family Takaful certificate liabilities (contd.)

2020	Claim liabilities RM'000	Actuarial liabilities RM'000	DPF's Unallocated Surplus RM'000	DPF's FVOCI reserve RM'000	NAV attributable to unitholders RM'000	Gross RM'000	Reinsurance/ Retakaful RM'000	Net RM'000
At 1 January 2020	182,953	19,105,614	2,658,538	297,982	1,830,223	24,075,310	(185,732)	23,889,578
Premiums/contributions received	-	-	3,708,413	-	689,276	4,397,689	-	4,397,689
Other revenue	-	-	1,194,328	(169,144)	5,852	1,031,036	-	1,031,036
Net benefits and claims	61,554	-	(1,811,426)	-	(403,875)	(2,153,747)	(73,418)	(2,227,165)
Other expenses	-	611	(609,713)	-	(5,775)	(614,877)	58,085	(556,792)
Change in reserves :								
- Discounting	-	483,094	(345,780)	-	-	137,314	(3,840)	133,474
- Assumptions	-	136,732	19,593	-	-	156,325	(1,074)	155,251
- Policy movements	-	4,416,851	(2,109,142)	-	-	2,307,709	(437,518)	1,870,191
Exchange differences	-	(3,042)	767	(357)	(59)	(2,691)	1,175	(1,516)
Changes in FVOCI reserve	-	-	-	201,882	-	201,882	-	201,882
Taxation	-	-	(61,596)	5,145	70	(56,381)	-	(56,381)
Transferred to shareholders' funds	-	-	(168,343)	-	-	(168,343)	-	(168,343)
Surplus paid to participants	-	-	(37,947)	-	-	(37,947)	-	(37,947)
Covid-19 charity donation	-	-	(10,000)	-	-	(10,000)	-	(10,000)
At 31 December 2020	244,507	24,139,860	2,427,692	335,508	2,115,712	29,263,279	(642,322)	28,620,957

21. INSURANCE CONTRACT/TAKAFUL CERTIFICATE LIABILITIES (CONTD.)

(B) General Insurance/Takaful

	2021			2020		
	Gross RM'000	Reinsurance/ Retakaful RM'000	Net RM'000	Gross RM'000	Reinsurance/ Retakaful RM'000	Net RM'000
Claim liabilities (i)	6,142,744	(4,555,497)	1,587,247	5,489,324	(4,048,876)	1,440,448
Premium/contribution liabilities (ii)	1,360,407	(268,457)	1,091,950	1,286,569	(293,989)	992,580
Unallocated surplus of General Takaful fund	216,360	-	216,360	197,961	-	197,961
FVOCI reserve	(3,854)	-	(3,854)	34,376	-	34,376
	7,715,657	(4,823,954)	2,891,703	7,008,230	(4,342,865)	2,665,365

(i) Claims liabilities

At 1 January	5,489,324	(4,048,876)	1,440,448	4,187,105	(2,941,598)	1,245,507
Claims incurred in the current accident year	3,050,701	(1,991,879)	1,058,822	2,325,393	(1,066,710)	1,258,683
Movements in claims incurred in prior accident years	(673,456)	646,064	(27,392)	248,997	(284,120)	(35,123)
Claims paid during the year	(1,845,572)	941,144	(904,428)	(1,314,824)	283,802	(1,031,022)
Movements in Unallocated Loss Adjustment Expenses ("ULAE")	(402)	-	(402)	1,049	-	1,049
Movements in PRAD	119,539	(101,145)	18,394	41,794	(40,339)	1,455
Exchange differences	2,610	(805)	1,805	(190)	89	(101)
At 31 December	6,142,744	(4,555,497)	1,587,247	5,489,324	(4,048,876)	1,440,448

(ii) Premium/contribution liabilities

At 1 January	1,286,569	(293,989)	992,580	1,378,799	(332,953)	1,045,846
Premiums/contributions written in the year	3,408,845	(1,280,319)	2,128,526	3,079,494	(1,047,664)	2,031,830
Premiums/contributions earned during the year	(3,337,100)	1,306,509	(2,030,591)	(3,171,633)	1,086,596	(2,085,037)
Exchange differences	2,093	(658)	1,435	(91)	32	(59)
At 31 December	1,360,407	(268,457)	1,091,950	1,286,569	(293,989)	992,580

22. SUBORDINATED OBLIGATION

Company

	2021 RM'000	2020 RM'000
Tier 2 Capital Subordinated Bond	1,000,000	-
Interest payable on subordinated obligation	9,848	-

Tier 2 Capital Subordinated Bond

Issue date	: 7 October 2021
Tenure	: 10 years from issue date on a 10 non-callable 5 basis (Due on 7 October 2031)
Interest payable	: 3.95% per annum payable semi-annually in arrears in April and October each year.

The subordinated bond was subscribed by Maybank and Ageas Insurance International N.V. The proceeds from the issuance will be utilised for working capital, business operations, investments and other corporate purposes of the Company and its subsidiaries.

The fair value of the subordinated obligation is RM994.6 million, and is determined by reference to indicative ask-prices obtained from Bondweb, as provided by BPAM. The fair value of the subordinated obligation is categorised under Level 2 of the fair value hierarchy as the valuation was mainly based on market observable inputs.

23. EXPENSE LIABILITIES

Group	2021 RM'000	2020 RM'000
UWF of General Takaful fund	157,167	139,797
UER of Family Takaful fund	533,451	572,186
	690,618	711,983

	UWF of General Takaful fund RM'000	UER of Family Takaful fund RM'000	Total RM'000
2021			
At 1 January 2021	139,797	572,186	711,983
Wakalah fee received during the year	551,353	-	551,353
Wakalah fee earned during the year	(533,983)	-	(533,983)
Movement in UWF (Note 36)	17,370	-	17,370
Movement in UER (Note 36)	-	(38,735)	(38,735)
At 31 December 2021	157,167	533,451	690,618
2020			
At 1 January 2020	148,713	535,282	683,995
Wakalah fee received during the year	497,366	-	497,366
Wakalah fee earned during the year	(506,283)	-	(506,283)
Movement in UWF (Note 36)	(8,916)	-	(8,916)
Movement in UWF (Note 36)	-	36,904	36,904
At 31 December 2020	139,797	572,186	711,983

24. INSURANCE/TAKAFUL PAYABLES

	2021 RM'000	2020 RM'000
Group		
Due to agents and intermediaries	248,227	281,800
Due to reinsurers/retakaful operators and cedants	643,999	450,314
	892,226	732,114

Amounts due to agents and intermediaries and reinsurers/retakaful operators and cedants that have been offset against the amounts due from the same counterparties are as follows:

	Gross carrying amounts RM'000	Gross amounts offset in the Statement of Financial Position RM'000 (Note 14)	Net amounts in the Statement of Financial Position RM'000
2021			
Due to agents and intermediaries	289,567	(41,340)	248,227
Due to reinsurers/retakaful operators and cedants	727,744	(83,745)	643,999
	1,017,311	(125,085)	892,226
2020			
Due to agents and intermediaries	312,949	(31,149)	281,800
Due to reinsurers/retakaful operators and cedants	488,579	(38,265)	450,314
	801,528	(69,414)	732,114

The carrying amounts are reasonable approximations of fair values due to the relatively short-term maturity of these balances.

25. OTHER LIABILITIES

	2021 RM'000	2020 RM'000
Group		
Premium/contribution deposits	331,038	453,326
Dividend payable to policyholders	71,026	69,638
Lease liabilities (Note 6)	26,836	16,055
Provision for restoration costs	1,337	1,336
Amounts due to*:		
- Ultimate holding company	22,553	15,940
- Holding company	615	211
- Other related companies within the Maybank Group	3,552	512
Amount due to stockbrokers	789	198,922
Mudharabah payable	5,191	9,667
Unclaimed monies	259,826	212,048
Provisions for expenses	50,066	62,409
Service tax payable	43,515	32,643
Zakat payable	25,796	23,933
Claims pending disbursement	7,037	6,069
Withholding tax payable	26,547	52,840
Surplus payable to participants	420,783	157,994
Sundry payables and accrued liabilities	441,243	677,758
Total other liabilities	1,737,750	1,991,301
Company		
Lease liabilities (Note 6)	461	-
Amounts due to*:		
- Ultimate holding company	457	2,566
- Holding company	579	-
- Related parties within the MAHB Group	-	1,499
Sundry payables and accrued liabilities	13,730	10,611
Total other liabilities	15,227	14,676

* Amounts due to related companies are non-trade in nature, unsecured, interest free and is repayable on demand.

The carrying amounts of financial liabilities are reasonable approximations of fair values at the reporting date due to the relatively short-term maturity of these balances and the immaterial impact of discounting.

26. NET EARNED PREMIUMS/CONTRIBUTIONS

Group	2021 RM'000	2020 RM'000
(a) Gross earned premiums/contributions		
Life Insurance contracts	5,651,008	5,952,786
General Insurance contracts	1,685,196	1,507,493
Family Takaful certificates	1,773,121	1,586,714
General Takaful certificates	1,723,594	1,569,546
Gross premiums/contributions	10,832,919	10,616,539
Change in premium/contribution liabilities	(71,745)	92,139
Gross earned premiums/contributions	10,761,174	10,708,678
(b) Earned premiums/contributions ceded to reinsurers/retakaful operators		
Life Insurance contracts	(1,013,762)	(418,162)
General Insurance contracts	(1,045,179)	(882,891)
Family Takaful certificates	(104,979)	(87,904)
General Takaful certificates	(235,086)	(162,504)
Premium/contribution ceded to reinsurers/ retakaful operators	(2,399,006)	(1,551,461)
Change in premium/contribution liabilities	(26,190)	(38,932)
Earned premium/contribution ceded to reinsurers/ retakaful operators	(2,425,196)	(1,590,393)
Net earned premiums/contributions	8,335,978	9,118,285

27. FEE AND COMMISSION INCOME

Group	2021 RM'000	2020 RM'000
Profit commission	1,065	2,948
Reinsurance/retakaful commission income	116,248	98,218
Others	3,433	2,596
Fee and commission income related to Insurance contracts/Takaful certificates	120,746	103,762

28. INVESTMENT INCOME, NET

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Interest/profit income	677,399	672,297	4	-
Dividend/distribution income				
Equity securities				
- quoted outside Malaysia	10,705	6,324	-	-
	688,104	678,621	4	-
(ii) HFT				
Interest/profit income	32,280	27,112	-	-
Dividend/distribution income				
Equity securities				
- quoted in Malaysia	72,329	48,923	-	-
- quoted outside Malaysia	1,300	302	-	-
- unquoted in Malaysia	1,375	1,787	-	-
Unit and property trusts	2,500	3,035	-	-
	109,784	81,159	-	-
Financial assets at FVOCI				
Interest/profit income	610,585	389,857	18,901	17,698
Dividend/distribution income				
Equity securities:				
- quoted in Malaysia	6,061	-	-	-
	616,646	389,857	18,901	17,698

28. INVESTMENT INCOME, NET (CONTD.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at AC				
Interest/profit income	75,576	178,433	4,599	6,197
Dividend/distribution income - Subsidiaries	-	-	269,947	439,966
	75,576	178,433	274,546	446,163
Interest/profit income from financing receivables and other loans	20,052	19,656	101	38
Interest income from subordinated obligation	-	-	4,352	-
Hedging income, net	1,602	-	787	-
Rental income	52,733	37,905	-	-
Rental related expenses	(18,412)	(19,764)	-	-
Net amortisation of premiums	(48,978)	(35,533)	(2,442)	(2,328)
Investment related expenses, net	(23,998)	(10,139)	(106)	(142)
	(17,001)	(7,875)	2,692	(2,432)
Total investment income, net	1,473,109	1,320,195	296,143	461,429

29. REALISED (LOSSES)/GAINS, NET

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Realised (losses)/gains on disposal of:				
Property, plant and equipment	(73)	(11)	-	-
Intangible asset	(11)	-	-	-
Disposal of a subsidiary	-	(11,512)	-	(11,501)
	(84)	(11,523)	-	(11,501)
Financial assets at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	(1,094)	36,400	-	-
Equity securities	18,942	(53,967)	-	-
Debt securities	9,790	171,735	-	-
Other investment	-	7,044	-	-
Derivative liabilities, net	22,958	(13,961)	-	-
	50,596	147,251	-	-
(ii) HFT				
Malaysian government papers	(6,747)	3,681	-	-
Equity securities	(104,810)	(239,932)	-	-
Debt securities	2,432	3,677	-	-
Unit and property trusts	868	5,388	-	-
Derivative assets	4,906	(262)	-	-
	(103,351)	(227,448)	-	-
Financial assets at FVOCI				
Singapore government papers	934	-	-	-
Malaysian government papers	4,581	57,745	-	-
Equity securities	-	10,679	-	-
Debt securities	28,559	193,619	603	2,955
	34,074	262,043	603	2,955
Total realised (losses)/gains, net	(18,765)	170,323	603	(8,546)

30. FAIR VALUE GAINS/(LOSSES), NET

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fair value gains/(losses):				
Investment properties (Note 4)	28,527	18,670	-	-
Financial assets at FVTPL:				
- designated upon initial recognition	(929,355)	386,354	(6,139)	-
- HFT	(37,706)	166,232	-	-
Total fair value gains on financial assets at FVTPL	(967,061)	552,586	(6,139)	-
Total fair value (losses)/gains, net	(938,534)	571,256	(6,139)	-

31. OTHER OPERATING INCOME/(EXPENSES), NET

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other income				
Management fee income	569	-	562	-
Gain on foreign exchange				
- realised	14,186	2,786	-	4
- unrealised	97,795	-	391	-
Processing income	10	94	-	-
Recovery of bad debts	46	-	-	-
Reversal of impairment losses on:				
- financing receivables	1,055	2,944	-	-
- reinsurance/retakaful assets	2,452	-	-	-
- other assets	1,534	2,074	-	1,491
- insurance/takaful receivables	37,887	-	-	-
- investments	1,478	-	-	70
Surrender charges	217	565	-	-
Sundry income	41,750	26,089	86	169
	198,979	34,552	1,039	1,734

31. OTHER OPERATING (EXPENSES)/INCOME, NET (CONTD.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other expenses				
Bad debts written off	(1,541)	(2,871)	-	-
Impairment losses on:				
- other assets	-	-	(182)	-
- insurance/takaful receivables	-	(16,353)	-	-
- reinsurance/retakaful assets	-	(1,253)	-	-
- investments	-	(1,627)	-	-
Losses on foreign exchange				
- realised	-	-	(5)	-
- unrealised	-	(143,529)	-	(17)
Sundry expenditure	(38,169)	(13,333)	-	-
	(39,710)	(178,966)	(187)	(17)
Total other operating income/(expenses), net	159,269	(144,414)	852	1,717

32. NET BENEFITS AND CLAIMS

	2021 RM'000	2020 RM'000
Group		
(a) Gross Benefits and Claims Paid		
Life Insurance	(1,900,949)	(1,232,855)
General Insurance	(1,185,680)	(557,130)
Family Takaful	(1,280,852)	(1,310,398)
General Takaful	(652,128)	(751,735)
	(5,019,609)	(3,852,118)
(b) Claims Ceded to Reinsurers/Retakaful Operators		
Life Insurance	10,745	10,019
General Insurance	898,538	252,122
Family Takaful	80,824	58,085
General Takaful	42,594	25,745
	1,032,701	345,971
(c) Gross Change in Contract/Certificate Liabilities		
Life Insurance	(3,363,511)	(4,644,364)
General Insurance	(195)	(1,068,758)
Family Takaful	(182,090)	(597,730)
General Takaful	(788,894)	(330,285)
	(4,334,690)	(6,641,137)
(d) Change in Contract/Certificate Liabilities Ceded to Reinsurers/Retakaful Operators		
Life Insurance	993,924	406,933
General Insurance	(46,092)	1,031,402
Family Takaful	45,370	50,832
General Takaful	551,909	75,965
	1,545,111	1,565,132

33. MANAGEMENT EXPENSES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Employee benefits expense (a)	574,066	503,222	126,524	58,008
Directors' remuneration (Note 34)	8,037	7,047	2,360	2,017
Shariah Committee's remuneration (Note 35)	472	432	-	-
Auditors' remuneration:				
- statutory audits	2,582	3,056	97	72
- regulatory related services	116	112	-	-
- other assurance services	1,004	355	50	25
Amortisation of intangible assets (Note 7)	17,178	15,807	1	1
Amortisation of prepaid land lease payments (Note 5)	485	486	-	-
Auto assist services	13,638	11,057	-	-
Assured medical fees	1,319	1,459	-	-
Bank charges	23,212	21,611	7	9
Depreciation of property, plant and equipment (Note 3)	14,331	15,115	115	118
Depreciation of right-of-use assets (Note 6)	9,511	9,593	56	-
Interest on lease liabilities (Note 6)	361	556	7	-
Other management fees	5,103	6,799	2	792
Professional fees	11,043	18,648	1,847	918
Short term leases	6,255	6,025	840	721
Low value leases	24	-	3	-
Office facilities expenses	2,013	3,622	-	-
Electronic data processing expenses	23,433	25,770	3,755	771
Outsourcing services	1,891	6,954	-	(17)
Information technology outsourcing	25,231	12,785	-	-
Postage and stamp duties	4,382	5,502	71	5
Printing and stationery	2,768	3,671	14	12
Promotional and marketing costs	123,497	109,493	69	5
Training expenses	3,553	2,211	764	143
Utilities, assessment and maintenance	10,828	13,214	284	230
Entertainment	587	690	28	5
Travelling expenses	533	2,046	100	30
Legal fees	1,041	549	161	12
Subscription, licenses & levy	21,175	19,733	145	-
Contract staff services	7,352	5,341	1,018	-
Other expenses	21,417	17,705	147	220
Total management expenses	938,438	850,666	138,465	64,097

33. MANAGEMENT EXPENSES (CONTD.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(a) Employee benefits expense:				
Wages, salaries and bonuses	443,216	421,514	98,608	47,063
EPF and CPF	66,557	41,099	15,928	6,948
SOCSO	2,703	1,875	547	283
Share based compensation	13,476	5,719	3,623	1,827
Other benefits	48,114	33,015	7,818	1,887
	574,066	503,222	126,524	58,008

Included in employee benefits expense of the Company is CEO's remuneration of RM4,181,000 (2020: RM4,435,000) as further disclosed in Note (b).

(b) The details of CEO's remuneration during the year are as follows:

	Company	
	2021 RM'000	2020 RM'000
Salary	1,740	1,740
Directors fees	100	158
Bonus	1,305	1,450
EPF and pension scheme	501	586
Share-based compensation	425	-
Other emoluments	110	501
	4,181	4,435

34. DIRECTORS' FEES AND REMUNERATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Group				
Executive directors:				
Fees	210	313	90	183
Other emoluments	46	38	22	22
	256	351	112	205
Non-executive directors:				
Fees	6,271	5,691	1,697	1,460
Other emoluments	1,511	1,005	551	352
	7,781	6,696	2,248	1,812
Total directors' fees and remuneration	8,037	7,047	2,360	2,017

34. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows:

	<---------- Company ---------->			<---------- Subsidiaries ---------->			Group
2021	**Fees**	**Other Emoluments**	**Total**	**Fees**	**Other Emoluments**	**Total**	**Grand Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Executive directors:							
Datuk Normala Binti Abdul Manaf	-	-	-	120	24	144	144
Dato' Amirul Feisal Bin Wan Zahir	90	22	112	-	-	-	112
	90	22	112	120	24	144	256
Non-executive directors:							
Cik Serina Binti Abdul Samad	43	22	65	120	26	146	211
Dato' Johan Bin Ariffin	215	65	280	591	91	682	962
Dato' Majid Bin Mohamad	178	42	220	395	59	454	674
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	30	10	40	120	18	138	178
Datuk Karownakaran @ Karunakaran A/L Ramasamy	230	70	300	-	-	-	300
Datuk Mohd Najib Bin Abdullah	206	61	267	360	50	410	677
Dr. John Lee Hin Hock	-	-	-	185	43	228	228
Dr. Ariffin Bin Yahaya	12	4	16	50	13	63	78
En. Hj. Sallim Bin Abdul Kadir	-	-	-	231	74	305	305
En. Mohamad Shukor Bin Ibrahim	43	22	65	120	28	148	213
En. Mohamad Din Bin Merican	40	20	60	105	26	131	191
En.Kamaludin Bin Ahmad	-	-	-	154	31	185	185
Mr. Andrew King Sun Cheung	-	-	-	120	20	140	140
Mr. Antonio Cano	178	36	214	-	-	-	214
Mr. Eng Poh Yoon	-	-	-	25	10	35	35
Mr. Frank Johan Gerard Van Kempen	-	-	-	496	134	630	630
Mr. Gary Lee Crist	178	38	216	-	-	-	216
Mr. Koh Heng Kong	61	32	93	240	62	302	394
Mr. Loh Lee Soon	93	40	133	120	35	155	288
Mr. Philippe Pol Arthur Latour	28	8	36	240	36	276	312
Mr. Wong Pakshong Kat Jeong Colin Stewart	56	28	84	471	120	592	676
Ms. Daniela Adaggi	28	20	48	120	24	144	192
Pn. Fauziah Binti Hisham	19	2	21	-	-	-	21
Pn. Norazilla Binti Md Tahir	30	14	44	70	17	87	131
Associate Professor Dr. Azman Bin Mohd Noor	15	8	23	120	21	141	164
Professor Dr. Rusni Bin Hassan	15	10	25	120	22	142	167
	1,697	551	2,248	4,574	960	5,533	7,781
	1,787	573	2,360	4,694	984	5,677	8,037

34. DIRECTORS' REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows:

	<---------- Company ---------->			<---------- Subsidiaries ---------->			Group
2020	**Fees**	**Other Emoluments**	**Total**	**Fees**	**Other Emoluments**	**Total**	**Grand Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Executive directors:							
Datuk Normala Binti Abdul Manaf	-	-	-	130	16	146	146
Dato' Amirul Feisal Bin Wan Zahir	183	22	205	-	-	-	205
	183	22	205	130	16	146	351
Non-executive directors:							
Cik Serina Binti Abdul Samad	-	-	-	120	21	141	141
Dato' Johan Bin Ariffin	215	50	265	588	67	655	920
Dato' Majid Bin Mohamad	178	36	214	378	47	425	639
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	28	8	36	130	12	142	178
Datuk Karownakaran @ Karunakaran A/L Ramasamy	230	38	268	-	-	-	268
Datuk Mohd Najib Bin Abdullah	178	36	214	360	38	398	612
Datuk Sulaiman Bin Salleh	-	-	-	4	2	6	6
Dr. John Lee Hin Hock	-	-	-	182	33	215	215
En. Hj. Sallim Bin Abdul Kadir	-	-	-	228	49	277	277
En. Mohamad Shukor Bin Ibrahim	9	4	13	90	18	108	121
En.Kamaludin Bin Ahmad	-	-	-	152	21	173	173
Mr. Andrew King Sun Cheung	-	-	-	108	16	124	124
Mr. Antonio Cano	137	12	149	-	-	-	149
Mr. Bart K.A De Smet	13	-	13	-	-	-	13
Mr. Eng Poh Yoon	-	-	-	12	6	18	18
Mr. Frank Johan Gerard Van Kempen	-	-	-	493	91	584	584
Mr. Gary Lee Crist	234	62	296	-	-	-	296
Mr. Koh Heng Kong	61	28	89	240	52	292	381
Mr. Lee Hin Sze	-	-	-	13	2	15	15
Mr. Loh Lee Soon	93	44	137	120	26	146	283
Mr. Philippe Pol Arthur Latour	28	6	34	252	32	284	318
Mr. Wong Pakshong Kat Jeong Colin Stewart	56	28	84	468	81	549	633
Ms. Daniela Adaggi	-	-	-	120	12	132	132
Associate Professor Dr. Azman Bin Mohd Noor	-	-	-	65	9	74	74
Professor Dr. Rusni Bin Hassan	-	-	-	108	18	126	126
	1,460	352	1,812	4,231	653	4,884	6,696
	1,643	374	2,017	4,361	669	5,030	7,047

35. SHARIAH COMMITTEE'S REMUNERATION

	Group	
	2021	**2020**
	RM'000	**RM'000**
Fees	281	291
Other emoluments	191	141
	472	432

The total remuneration of the Shariah Committee of the Takaful subsidiaries are as follows:

	2021			**2020**		
	Fees	**Other Emoluments**	**Total**	**Fees**	**Other Emoluments**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Shariah Committee:						
Assoc Prof Dr. Aznan Bin Hasan (Chairman)	61	37	98	64	27	91
Dr. Sarip Bin Adul (Resigned we.f 31 May 2021	20	11	31	50	26	76
Prof. Dr. Rusni Bin Hassan	50	36	86	50	26	76
Prof. Dr. Abdul Rahim Bin Abdul Rahman	50	36	86	50	22	72
Prof. Dato' Dr Mohd Azmi Bin Omar	50	36	86	50	26	76
Assoc Prof Dr. Azman Mohd Noor	50	36	86	27	14	41
	281	191	472	291	141	432

36. CHANGE IN EXPENSE LIABILITIES

	2021 RM'000	2020 RM'000
Group		
Increase/(decrease) in UWF of General Takaful fund (Note 23)	17,370	(8,916)
(Decrease)/Increase in UER of Family Takaful fund (Note 23)	(38,735)	36,904
	(21,365)	27,988

37. FEE AND COMMISSION EXPENSES

Group	2021 RM'000	2020 RM'000
Costs incurred for the acquisition of insurance contracts/ takaful certificates in the current financial year	604,567	653,945
Others	352	1,376
	604,919	655,321

38. TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2021 and 31 December 2020 are:

Income Statement

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax:				
Current financial year				
- Malaysia	252,551	215,358	9,125	6,302
- Foreign	-	13,899	-	-
(Over)/under provision of taxation in prior financial years	(15,708)	1,555	(675)	-
	236,843	230,812	8,450	6,302

38. TAXATION (CONTD.)

Major components of income tax expense (contd.)

The major components of income tax expense for the years ended 31 December 2021 and 31 December 2020 are (contd.):

Income Statement (contd.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred taxation:				
Relating to origination and reversal of temporary differences (Note 17)	(189,818)	13,244	(2,315)	(321)
	47,025	244,056	6,135	5,981
Statement of Comprehensive Income:				
Deferred income tax related to other comprehensive income:				
- Fair value changes on FVOCI investments (Note 17)	(67,117)	(8,774)	(3,818)	1,987

Reconciliation between tax expense and accounting profit

The reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation and zakat	932,161	958,089	265,805	439,860
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	223,719	229,941	63,793	105,566
Effects of tax in different jurisdictions	(300)	(5,000)	-	-

38. TAXATION (CONTD.)

Reconciliation between tax expense and accounting profit (contd.)

The reconciliation of income tax expense applicable to profit before taxation and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows (contd.):

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income not subject to tax	(125,900)	(83,667)	(64,112)	(105,592)
Expenses not deductible for tax purposes	133,419	109,641	7,129	6,007
Effect of weighted average tax rate on deferred tax	(6,865)	-	-	-
Effect of changes in tax basis	(146,409)	-	-	-
Tax relief on actuarial surplus transferred to shareholders' fund	(13,336)	(3,408)	-	-
Under provision of taxation in prior financial years	(15,708)	1,555	(675)	-
Effect of zakat deduction	(1,595)	(5,006)	-	-
Tax expense for the financial year	47,025	244,056	6,135	5,981

Taxation borne by policyholders/participants

	Group	
	2021 RM'000	2020 RM'000
Income tax:		
Current financial year		
- Malaysia	26,326	23,426
- Foreign	3,309	2,238
Over/(under) provision of taxation in prior financial years	24,683	(141)
Deferred taxation:		
Relating to origination and reversal of temporary differences (Note 17)	(47,534)	89,026
	6,784	114,549

38. TAXATION (CONTD.)

Taxation of shareholders' and general funds

The income tax for shareholders' fund and general fund in relation to the Malaysian and Singaporean operations respectively are calculated at the statutory tax rate of 24% (2020: 24%) and 17% (2020: 17%) of the estimated assessable profit respectively for the financial year.

Taxation of Life Insurance and Family Takaful business

The income tax for the Life and Family Takaful funds are calculated based on the statutory rate of 8% (2020: 8%) of the estimated assessable investment income net of allowable deductions for the financial year for the Malaysian operations. For Singaporean operations, income allocated to policyholders (participating fund) are taxable at statutory rate of 10% (2020: 10%).

39. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Group and the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group		Company	
	2021	**2020**	**2021**	**2020**
Profit attributable to ordinary equity holders (RM'000)	864,685	691,287	259,670	433,879
Weighted average number of ordinary shares in issue ('000) (Note 19)	252,005	252,005	252,005	252,005
Basic and diluted earnings per share (sen)	3.43	2.74	1.03	1.72

There have been no other transactions involving ordinary shares between the reporting date and the authorisation date of the financial statements.

40. DIVIDENDS

Company	**2021 RM'000**	**2020 RM'000**
Recognised during the financial year:		
Final dividend for the financial year ended 31 December 2020:		
- 99.30 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	250,241	-
Final dividend for the financial year ended 31 December 2019:		
- 99.30 sen per share, single-tier tax exempt dividend on 252,005,522 ordinary shares	-	250,241
	250,241	250,241

41. OPERATING LEASE COMMITMENTS

The Group as a lessor

The Group has entered into operating lease agreements on its portfolio of investment properties. The leases have remaining lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	2021 RM'000	2020 RM'000
Not later than one year	42,669	34,460
Between one and three years	29,409	42,980
	72,078	77,440

Rental income on investment properties recognised in the income statement during the financial year are disclosed in Notes 4 and 28.

42. OTHER COMMITMENTS AND CONTINGENCIES

Group	2021 RM'000	2020 RM'000
Approved and contracted for:		
Property, plant and equipment	52	1,513
Intangible assets	4,721	8,104
Information technology services	7,231	5,158
Others	-	13
	12,004	14,788
Approved but not contracted for:		
Property, plant and equipment	23,755	38,902
Intangible assets	398	405
	24,153	39,307

	Full commitment RM'000	Full commitment RM'000
Derivative financial assets:		
Cross currency swap		
Less than a year	12,138	-
One year to less than five years	616,400	-
Foreign exchange related contracts:		
Less than a year	7,178,647	4,243,487
One year to less than five years	49,300	49,300
	7,227,947	4,292,787

43. SHARE-BASED COMPENSATION

ESGP and CESGP

Maybank Group has implemented a new employees' share plan named as the Maybank Group ESGP and the plan was awarded to the participating companies within the Maybank Group who fulfil the eligibility criteria. The ESGP is governed by the ESGP By-Laws approved by the shareholders of Maybank at an Extraordinary General Meeting held on 6 April 2017. The ESGP was implemented on 14 December 2018 for a period of seven (7) years from the effective date and is administered by the ESGP Committee.

The ESGP consists of two (2) types of performance-based awards, i.e. ESGP Shares and CESGP. The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of Maybank Group ESGP Committee.

The ESGP Shares is a form of Restricted Share Units (“RSU”) and the ESGP Committee may, from time to time during the ESGP period, make further ESGP grants designated as Supplemental ESGP to a selected group of eligible employees to participate in Supplemental ESGP. This selected group may consist of selected key executives, selected key retentions and selected senior external recruits, and such grants may contain terms and conditions which may vary from earlier ESGP grants made available to selected senior management.

The CESGP is a form of Cash-settled Performance-based Restricted Share Unit Scheme (“CRSU”) and the ESGP Committee may, from time to time during the ESGP period, make further CESGP grants designated as Supplemental CESGP to a selected group of eligible employees to participate in the ESGP. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such Supplemental CESGP grants may contain terms and conditions which may vary from earlier CESGP grants made available to selected employees.

Other principal features of the ESGP are as follows:

(i) The employees eligible to participate in the ESGP must be on the payroll of the Participating Maybank Group and have not served a notice of resignation or received a notice of termination. Participating Maybank Group includes Maybank and its overseas branches and subsidiaries, but excluding dormant subsidiaries.

(ii) The entitlement under the ESGP for the Executive Directors, including any persons connected to the directors, is subject to the approval of the shareholders of Maybank in a general meeting.

(iii) The ESGP shall be valid for a period of seven (7) years from the effective date.

Notwithstanding the above, Maybank may terminate the ESGP at any time during the duration of the scheme subject to consent of Maybank's shareholders at a general meeting, wherein at least a majority of the shareholders, present and voting, vote in favour of termination.

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES

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

Related parties also include key management personnel, defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes the directors and the Chief Executive Officer of the Group and of the Company.

The Group and the Company have related party relationships with its holding companies and their related companies, subsidiaries, associates, key management personnel and the subsidiaries and associates of a company with significant influence over its shareholders.

Related party transactions have been entered into in the normal course of business under normal trade terms.

(i) Significant transactions of the Group and of the Company with related parties during the financial year were as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income/(expenses):				
Ultimate holding company:				
Gross premium/contribution income	34,090	34,970	-	-
Commission and fee expenses	(136,384)	(137,501)	-	-
Claims paid	(3,817)	(6,554)	-	-
Dividend income	1,801	1,366	-	-
ESGP expenses	(7,830)	(5,652)	(1,605)	(562)
Interest expenses for subordinated obligation	(6,805)	-	(6,805)	-
Interest income	575	2,355	-	317
Rental income (net)	4,769	3,224	-	-
Other expenses (net)	(5,385)	(3,360)	(1,439)	(184)
Net hedging income	1,602	-	1,602	-

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

(i) Significant transactions of the Group and of the Company with related parties during the financial year were as follows (contd.):

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income/(expenses) (contd.):				
Subsidiaries within:				
Claims	-	-	1,227	106
Insurance expenses	-	-	(609)	(435)
Gross dividend income	-	-	269,947	439,966
Interest income on subordinated obligation	-	-	4,352	-
Shared service fee income	-	-	116,895	46,999
Rental expense	-	-	(804)	(667)
Reimbursement of expenses	-	-	1,529	2,659
Other related companies within the Maybank Group:				
Claims paid	(1,092)	(398)	-	-
Commission and fee expenses	(113,595)	(181,752)	-	-
Gross premium/contribution income	10,962	8,205	-	-
Information technology outsourcing	(28,456)	(23,937)	(445)	-
Insurance premium expenses	-	(269)	-	-
Interest/profit income	47,771	92,497	2,275	3,995
Investment advisory fee	(750)	(750)	-	-
Management fee	(8,103)	(4,694)	-	-
Other expenses	(5,511)	(3,936)	(392)	(4)
Shared service fee income	-	-	625	-
Rental income (net)	3,798	4,003	-	-
Shareholders of MAHB:				
Gross premium/contribution income	12	-	-	-
Dividend paid	(250,241)	(250,241)	(250,241)	(250,241)
Shared service fee income	5,164	1,394	5,190	1,199
Interest expenses for subordinated obligation	(3,043)	-	(3,043)	-
Rental income (net)	161	-	-	-
Other income	-	16	-	-
Other expenses	(10)	-	-	-

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

(i) Significant transactions of the Group and of the Company with related parties during the financial year were as follows (contd.):

	Group		Company	
	2021	2020	2021	2020
Income/(expenses) (contd.):	RM'000	RM'000	RM'000	RM'000
Companies related to a company with significant influence over MAHB Group:				
Claim recovery	742	483	-	-
Commission income	666	-	-	-
Premium ceded	(545)	(642)	-	-
Reinsurance ceded	(4,765)	-	-	-
Companies related to a company with significant influence over Maybank Group:				
Other expenses	(2)	-	-	-
Claims paid	(3,202)	(12,931)	-	-
Gross premium/contribution income	22,562	26,324	-	-

(ii) Included in the statements of financial position of the Group and of the Company are investments placed with, obligations due to and amounts due from/(to) related companies as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Ultimate holding company:				
Bank balances	127,792	385,196	34,940	986
Fixed deposits	70,908	161,980	-	-
Derivative liabilities, net	(9,620)	27,908	(8,755)	-
Income and profits due and accrued	85	49	-	-
Claim liabilities	(47,222)	(58,926)	-	-
Outstanding premiums/ contributions	2,840	19,298	-	-
Other assets	1,333	403	-	-
Other liabilities	(63,302)	(44,448)	(457)	(2,566)
Subordinated obligation	(691,000)	-	(691,000)	-
Fellow subsidiaries within the MAHB Group:				
Financing receivables	-	-	616,400	-
Other assets	-	-	15,312	389
Other liabilities	-	-	-	(1,499)

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

(ii) Included in the statements of financial position of the Group and of the Company are investments placed with and amounts due from/(to) related companies as follows (contd.):

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other related companies within the Maybank Group:				
Bank balances	217,647	4,447	-	-
Fixed and call deposits	2,809,023	3,712,676	503,649	119,614
Income and profits due and accrued	16,265	9,922	12,556	292
Outstanding premiums/ contributions	23	3,549	-	-
Other assets	9,326	7,269	1,332	-
Other liabilities	(2,501)	(13,883)	-	-
Insurance/takaful payables	(17,995)	(25,086)	-	-
Claims liabilities	(101)	(128)	-	-
Companies related to a company with significant influence over Maybank Group:				
Outstanding premiums/ contributions	8,649	1,494	-	-
Claims liabilities	(7,782)	(7,862)	-	-
Insurance/takaful receivables	86	-	-	-
Insurance/takaful payables	(1,474)	-	-	-
Shareholders of MAHB:				
Other assets	-	1,251	-	1,251
Other liabilities	(579)	-	(579)	-
Subordinated obligation	(309,000)	-	(309,000)	-

44. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES (CONTD.)

(iii) The remuneration of key management personnel during the year were as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits				
Fees	6,598	6,202	1,887	1,800
Salaries, allowances and bonuses	8,920	9,070	3,045	3,190
Contribution to EPF and pension scheme	1,231	1,246	501	586
Other emoluments	2,931	2,111	1,108	876
	19,680	18,629	6,541	6,452

(iv) The number of shares awarded for ESGP to key management personnel were as follows:

	Group		Company	
	2021	2020	2021	2020
Award date	'000	'000	'000	'000
At 1 January	1,708	1,236	624	416
Awarded	188	472	104	208
At 31 December	1,896	1,708	728	624

45. ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Enterprise Risk Management Framework ("ERMF") is intended to institutionalise vigilance and awareness of the management of risk. It encapsulates the governance structure to support the Risk Management process and to ensure strong risk management. It defines the risk related roles and responsibilities of the different Boards, Committees and Departments for the legal entities within Maybank Ageas Holdings Berhad ("MAHB"), being Etiqa General Insurance Berhad ("EGIB"), Etiqa Family Takaful Berhad ("EFTB"), Etiqa Life Insurance Berhad ("ELIB"), Etiqa General Takaful Bhd ("EGTB"), Etiqa Life International (L) Ltd. ("ELIL"), Etiqa Offshore Insurance (L) Ltd. ("EOIL") and Etiqa Insurance Pte. Ltd. ("EIPL"), collectively known as "the MAHB Group".

The key building blocks have been set which serve as the foundation for effective risk management and executed in accordance with the standards and risk appetite set by the Board.



The overall risk management process is viewed in a structured and disciplined approach to align strategies, policies, processes, people and technology with the specific purpose of evaluating all risk types in line with enhancing shareholder value.

45. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Principles

Strong Risk Culture serves as the foundation upon which a robust enterprise wide risk management structure is built. The approach to risk management is premised on the following broad principles:

- Maintains a Risk Taxonomy for Assessing Risk
- Establish Risk Appetite and Strategy
- Assign Adequate Capital
- Select an Appropriate Risk Response Action
- Ensure Governance and Oversight Function
- Establish Risk Management Practices and Processes
- Identify & Quantify Unfavourable Effects Through Stress Testing
- Ensure Sufficient Resources and System Infrastructures

There are Risk Frameworks, Policies, Guidelines & Procedures documenting the key expectations for the proper coping with each risk type the organization faces.

Risk Culture

Risk Culture is a vital component in strengthening the Group's risk governance structure and forms a fundamental tenet of strong risk culture management. It serves as the foundation upon which a strong enterprise wide risk management structure is built.

It stems from the conduct of staff, businesses and the organisation as a whole in ensuring that customers, either internal or external, are treated fairly and their interest upheld at all times.

Risk Culture aligns the business objectives and attitude towards risk taking and risk management through risk appetite by establishing the way in which risks are identified, measured, controlled, monitored and reported.

The Risk Culture can be strengthened by a strong tone from the top that establishes the expected risk behaviour, and then operationalised by the tone from the middle. Both levels are responsible to articulate and exemplify the underlying values that support the desired Risk Culture. This is driven by a clear vision for an effective approach to risk, ingrained at all levels and built into the behaviour of each individual.

Embedding a strong Risk Culture goes beyond compliance to policies, core values, code of ethics and conduct, it is essentially about the belief, emotion and behaviour that ‘risk is everyone’s responsibility’ and should permeate in the attitude of each individual.

Risk Coverage

MAHB Group maintains a Risk Taxonomy for assessing risk, which is derived from several risk analysis exercises conducted each year. New risks if any, are added as they are identified through the annual Enterprise Risk Assessment (with methodology of Risk Landscape Survey), the New Business/Product Approval process as governed by the New Product Approval Policy, through forward-looking stress testing as well as inputs from the Senior Management and the Board.

45. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Risk Appetite and Strategy

The establishment of the MAHB Group's Risk Appetite is a critical component of a robust risk management framework and should be driven by both top-down Board leadership and bottom-up involvement of management at all levels. The Risk Appetite should enable the Board and the Senior Management to communicate, understand and assess the types and levels of risks that they are willing to accept in pursuit of their business objectives.

Developing and setting the Risk Appetite must be integrated into the strategic planning process and should be dynamic and responsive to changing business and market conditions. Over and above this, the budgeting process should be aligned to the Risk Appetite to ensure that the projected revenues arising from business transactions are consistent with the risk profile and Risk Appetite established.

Adequate Capital

Capital Management is the key element for ensuring that MAHB and its subsidiaries have Adequate Capital to meet its capital requirements on an on-going basis, fulfilling the regulatory requirements on Capital Adequacy Assessment Process ("ICAAP") that all Insurers/Takaful Operators must operate at capital levels above the Individual Target Capital Level ("ITCL") at all times, which means that in the event that the ITCL is breached, MAHB and its subsidiaries must have an actionable plan to restore the capital level within a reasonable timeframe.

Risk Response

Risk response is the process of monitoring inherent risk and potential risk events from MAHB Group’s product offerings, investment decisions, operating processes as well as business strategies. There are generally four (4) possible responses to risk that have been identified and evaluated:-

a) Avoidance – exiting the activities that are giving rise to risk;
b) Reduction – taking action to reduce the likelihood or impact related to the risk;
c) Share – transferring or sharing a portion of the risk; and
d) Acceptance – accepting inherent risk and willingness to absorb plausible implications due to a cost and benefit decision

When strategising the response action, the overarching principle that needs to be thoroughly considered is whether or not the risk that we are willing to assume is feasible to MAHB Group. In general, if we are unable to manage and mitigate the risk then we should avoid the risk, unless the trade-off cost and benefit of assuming such risks brings greater value to MAHB Group. In a nutshell, the Risk Responses chosen must be realistic, taking into account the costs of the responses as well as the impact to MAHB Group.

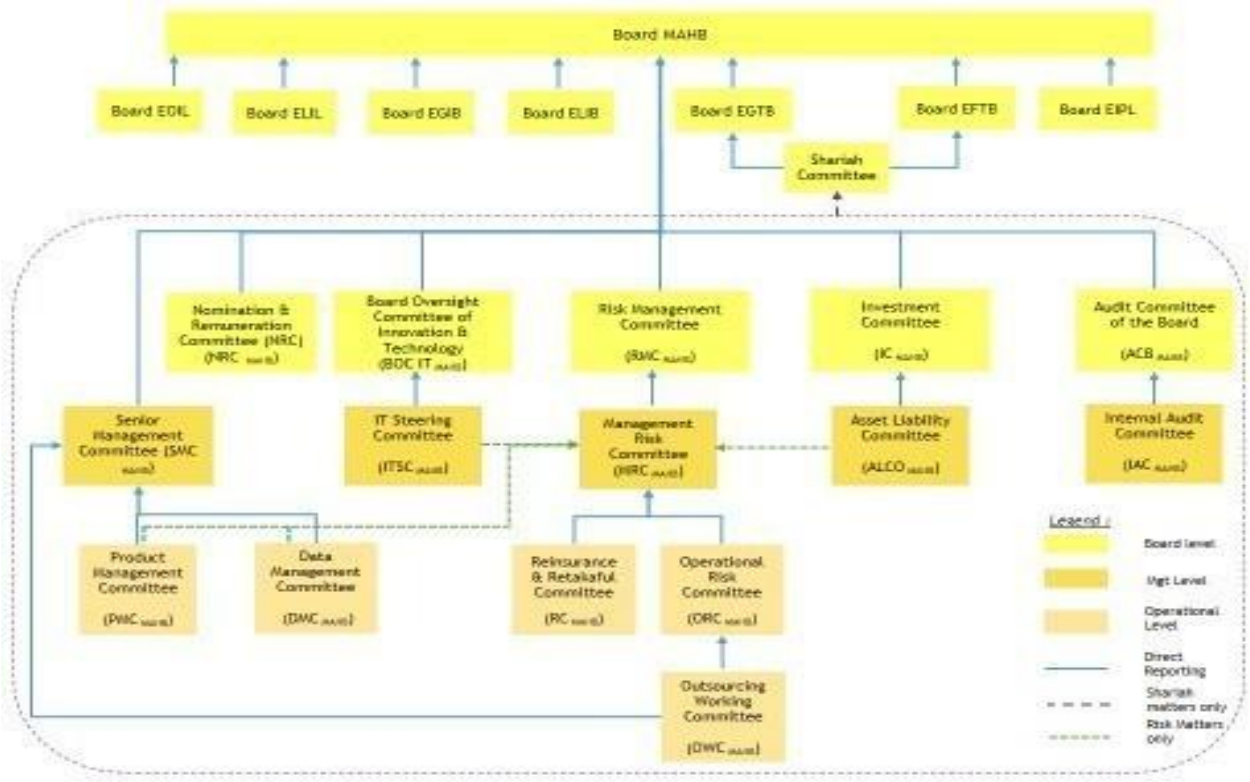
45. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Governance and Risk Oversight

A governance structure should be clear, effective as well as robust and includes the role of the Board, the Risk Committees and the senior management with well defined, transparent and consistent lines of responsibilities.

The risk governance model provides a formalised, transparent and effective governance structure which promotes active involvement of the Board and the senior management in the risk management process to ensure a uniform view of risk across the Group. It also places accountability and ownership while facilitating an appropriate level of independence and segregation of duties between the lines of defence.

The risk governance structure outlines the organisation, hierarchy and the scope of responsibilities of all the governance bodies involved in the risk management function. The Risk Management function is built around a number of Boards and Committees that have been set-up, including the Boards, the Risk Management Committee ("RMC") and the Management Risk Committee ("MRC").



Note:

1. This is a representation of overall risk governance bodies within MAHB, there exist other committees not captured in this diagram as any risk matters that require risk focused supervision shall be escalated to the risk governance bodies for deliberations as captured above.
2. As for Shariah risk matters, the oversights responsibility resides with the Shariah Committee which reports to the Entities' Board respectively.

The risk governance structure in place aims to ensure appropriate accountability and ownership whilst facilitating an appropriate level of independence and segregation of duties between the three (3) lines of defence which include the risk taking units, risk control units and internal audit.

45. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Board

The MAHB Board, together with the ELIB, EFTB, EGIB, EGTB, ELIL, EOIL and EIPL Boards, have the final responsibility for all business activities, including risk management. The Boards have delegated specific matters to sub-Boards Committees, such as Shariah matters to Shariah Committee ("SC"), risk matters to the Risk Management Committee ("RMC"), audit matters to the Audit Committee of the Board ("ACB"), remuneration matters to Nomination and Remuneration Committee ("NRC") and investment matters to the Investment Committee ("IC").

Board Oversight Committee of Innovation and Technology ("BOC IT") to oversee the innovations enabled by technology; Financial and Operational Excellence ("FOX") opportunities enabled by technology; critical innovation and technology projects including regulatory changes; and, ensure the relevant initiatives are adequately funded and resourced.

The following management level committees are established to support the Board in terms of risk governance on the business activities.

Senior Management Committee ("SMC")

The SMC is responsible to assure the Board that the Etiqa entities take adequate decisions regarding risks and return and to make sure adequate controls exist and are fully operational; and, ensure that the management of risk is in line with the approved risk appetite, strategy, risk frameworks, policies, procedures and risk management practices and processes established.

Management Risk Committee ("MRC")

The MRC is the advisor to the RMC concerning all risk-related topics, including limits, exposures and methodologies.

Asset Liability Committee ("ALCO")

The ALCO is responsible for the investment strategy and operations. It will carry out its responsibilities within the limits set by the MRC taking into consideration the Risk Appetite and Asset Liability Management ("ALM") constraints.

Information Technology Steering Committee ("ITSC")

ITSC is to establish, review and approve IT initiatives as well as long term IT strategies and plans; identify potential IT strategies for the improvement of business operating model; ensure the alignment of IT initiatives and business strategies; ensure adequacy of IT infrastructure to support business-as-usual and new projects, and addressing risks of technology obsolescence.

45. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Board (contd.)

Internal Audit Committee ("IAC")

The IAC is responsible to deliberate the audit findings highlighted in the internal and external auditors' reports as well as internal investigation reports; to deliberate and ensure adequacy and timeliness of the remedial actions; and, to support the ACB in all audit-related matters.

The following Operational Level Committees are established to support the Management Level Committees at MAHB level in the discharge of their duties.

Operational Risk Committee ("ORC")

ORC serves as the advisor to MRC concerning group wide operational risk-related topics in day-to-day activities and practices, ensuring sound risk governance standards through effective implementation of Operational Risk Policy and other risk governing documents.

Product Management Committee ("PMC")

The PMC's prime objective is to oversee, coordinate and manage the whole process of product development and product management for specific product lines. PMC monitor the implementation, and post implementation performance of the Insurance & Takaful Products.

Data Management Committee ("DMC")

DMC is to ensure effective group wide implementation of related Data Management policies and procedures, with proper execution of the actions and activities stipulated for every operating entity/subsidiary.

Reinsurance/Retakaful Committee ("RC")

The primary objective of the RC is to function as the governance body to provide decision and guidance in relation to the reinsurance/retakaful management of the Insurance/Takaful policies. The scope of the RC covers General Reinsurance/Retakaful, Inward/Outward Reinsurance/Retakaful and Life/Family Catastrophe protection areas/issues under MAHB for the Insurance and Takaful Group.

Outsourcing Working Committee ("OWC")

OWC is responsible to deliberate and make recommendations on outsourcing-related topics and also to ensure sound governance through effective implementation of outsourcing governing policies and procedures for all the operating entities in Malaysia (ELIB, EGIB, EFTB, and EGTB and Labuan entities EOIL and ELIL) including oversight function on EIPL outsourcing-related matters (e.g. outsourcing consolidated group reporting).

45. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Board (contd.)

Fire Committee ("FC")

FC is responsible to verify the premium/contribution rate level is adequate and complies with BNM guidelines (aligned with Pricing Policy document); approve Fire Underwriting Guidelines in line with Group's business strategy and risk appetite; approve pricing within FC's authority; to monitor the monthly performance indicators and propose corrective actions; on the advice of Pricing Department, report deviation from Fire Pricing Policy to MRC.

Motor Committee ("MC")

MC is responsible to verify the premium/contribution rate level is adequate and complies with BNM Guidelines (aligned with Pricing Policy document); Approve Motor Underwriting Guidelines in line with Group's business strategy and risk appetite; Approve pricing and re-pricing within MC's authority.

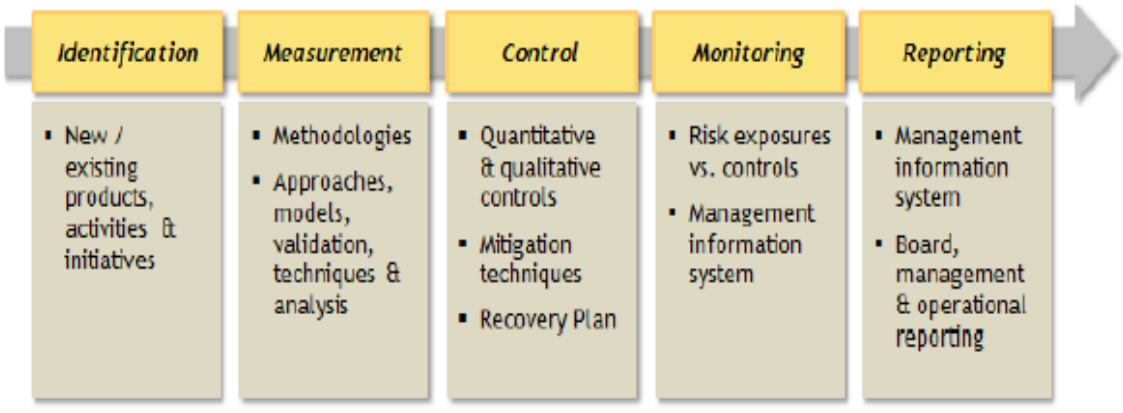
Business Continuity Management Committee ("BCMC")

The BCMC is responsible to ensure that the Business Continuity Management ("BCM') framework is embedded, promoted and implemented in each service area within the MAHB group. It also provides centralized co-ordination of the response to, and recovery from, any incident, or situation that causes potential or significant disruption to the Company in delivering its services to customers/policyholders.

Risk Management Practices and Processes

A robust process should be in place to actively identify, measure, control, monitor and report risks inherent in all products and activities undertaken by the business. The practices and processes are to be reflective of the nature, size and complexity of the various business activities.

There are five (5) main stages of the risk management process which form a continuous cycle as follows:



45. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

Stress Testing

Stress Testing should be used to identify and quantify possible events or future changes in the financial and economic condition that could have unfavourable effects on the Group's exposure. This involves an assessment of the Group's capability to withstand such changes in relation to the capital and earnings to absorb potentially significant losses.

Stress Testing is to be conducted on a periodic basis or when required to better understand the risk profile, evaluate business risk and thus, taking appropriate measures to address these risks accordingly.

Resource and System Infrastructure

Appropriate system infrastructure and resources are the foundation and enabler to an effective risk management practices and processes. As a result, the Group should equip itself with necessary resources, infrastructures and support to perform its roles efficiently.

Resources

To execute the risk principles, objectives, strategies and processes at the various hierarchical levels within the governance model, all risk functions that are in place must be adequately staffed with the relevant personnel to carry out their responsibilities independently and effectively.

The personnel within Risk Management Department should possess the requisite skills, qualifications, experience and competencies compatible with the nature, scale and complexity of the Group's business activities.

The personnel should be equipped with the required knowledge to understand the various activities and risk profile of businesses and challenge these in all facets of risk taking activities.The risk management function should be given full access to internal systems and information for the purpose of performing its roles.

45. ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONTD.)

System Infrastructure

With the current complexity of business operations and activities, it is critical to have a comprehensive and integrated System Infrastructure to support an enterprise-wide or consolidated view of risks. The System Infrastructure should be able to provide adequate and effective data aggregation capabilities at all times, with accurate, complete, timely and adaptable data to facilitate effective risk management practices and processes.

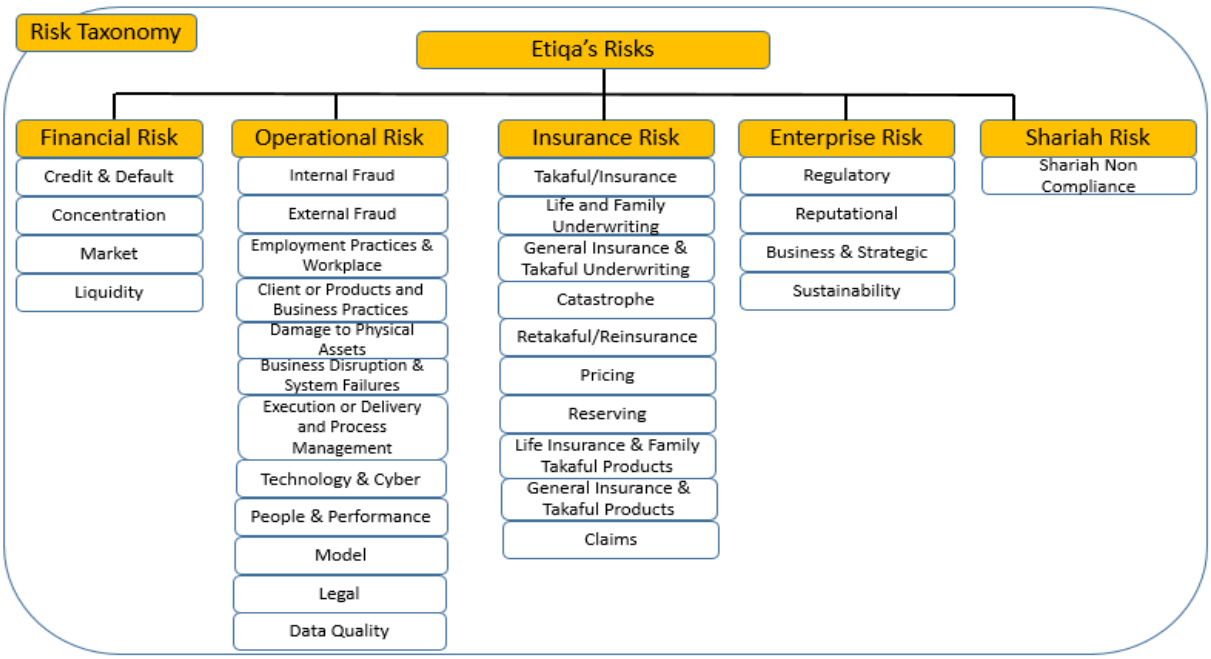
Through the established infrastructure, the roles and responsibilities required for the effective management of risk can be performed appropriately.

In addition, effective measures and systems must be in place to facilitate the generation and exchange of information within the Group. This is important to ensure a swift response to changes in the operating environment and developments in business strategies.

Risk Taxonomy

The following are the risk types that are applicable to the businesses and operations, which consists of Financial, Insurance, Operational, Enterprise and Shariah Risk.

The Risk Management Department works hand-in-hand with Compliance Department, Legal Department and Shariah Division on risk related matters.



46. INSURANCE/TAKAFUL RISK

Insurance/Takaful risk is risk of loss or of adverse change arising from the underwritten insurance/takaful businesses. This can be due to adverse deviation in portfolio experience as well as underlying assumptions/expectation on which product, pricing, underwriting, claims, reserving and reinsurance/retakaful have been made. Analyses are performed to ensure that Insurance/Takaful risks remain within the Group's risk appetite. Recommendations are provided to relevant stakeholders after identifying and evaluating significant trends.

Reinsurance/retakaful offers financial protection to insurers/takaful operators against large and catastrophic events. It allows efficient use of capital to support future business growth, whilst reducing the volatility of financial results and solvency. Risks associated with reinsurance/retakaful companies are the counterparty risk of reinsurers and retakaful operators failing to honor their obligations. The Group monitors the reinsurers/retakaful operators creditworthiness on a monthly basis.

The Group has established appropriate policies and monitoring metrics combined with authority limits as part of risk mitigation activities embedded in the business operations. Annual internal audit reviews are performed to ensure compliance with the Group's guidelines and standards.

(i) Underwriting Risk

Underwriting Risk reflects the risk of loss or adverse impact arising from adverse changes in the actual outcome from the initial underwriting assessment/evaluation, selection, expectations and terms set. Underwriting Risk also considers other factors such as Environmental, Social and Governance ("ESG") and Value-Based Intermediation ("VBI") based on any available or established internal standard.

(ii) Pricing Risk

Pricing Risk is the risk of loss or adverse impact arising from the inadequate premium/contribution charged resulting in higher than expected losses and expenses.

(iii) Reinsurance/Retakaful Risk

The Reinsurance/Retakaful Risk reflects possible loss or adverse impact arising from the reinsurance/retakaful. The scope of this risk category includes reinsurer/retakaful operator and risk mitigating contracts, such as reinsurance/retakaful arrangements. It does not include the defaults for financial instruments, which are covered under Credit & Default Risk.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(iv) Products Risk

This relates to the risk of loss or adverse impact arising from the development of new products and management of products. Product-related risks includes investment risk, pricing risk, business risk, reinsurance/retakaful risk, financial risk, underwriting risk, operational risk, fraud risk, misselling risk and Shariah non-compliance risk. To properly manage product risks, are assessment of system readiness to cater for specific product requirement is also necessary.

(v) Reserving Risk

Being the risk of loss or adverse impact arising from the inadequate reserves due to unanticipated loss developments.

(vi) Catastrophe Risk

Catastrophe Risk is the risk of loss or adverse changes in the underwritten Takaful/Insurance businesses due to over-exposure to extreme or exceptional events, which can cause an accumulated loss or single large loss.

Catastrophe Risks could arise from either Life/Family businesses as well as General Insurance/General Takaful businesses. It also includes Catastrophe Risks arising from climate change and any other ESG/VBI factors.

(vii) Claim Risk

Claims Risk is risk of loss or adverse impact arising from the claims management process which is expected to affect client satisfaction and the Company’s reputation. Claims management process can also impact claims cost resulting in higher claims experience, which will affect profitability.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance

Group

(i) The table below discloses the concentration of Life Insurance actuarial liabilities by geography and type of business:

	2021			2020		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Malaysia						
Whole life	987,806	-	987,806	1,086,343	-	1,086,343
Endowment	4,260,991	-	4,260,991	4,251,008	-	4,251,008
Mortgage	992,238	(87,062)	905,176	1,054,959	(75,918)	979,041
Term assurance	228,174	-	228,174	260,470	-	260,470
Annuity	898,005	-	898,005	937,361	-	937,361
Others	169,044	-	169,044	169,236	-	169,236
	7,536,258	(87,062)	7,449,196	7,759,377	(75,918)	7,683,459
Singapore						
Whole life	4,893,646	(2,928)	4,890,718	3,436,297	(9,433)	3,426,864
Endowment	4,913,242	(1,369,027)	3,544,215	3,250,771	(385,382)	2,865,389
Mortgage	102	(50)	52	112	(55)	57
Term assurance	849	-	849	653	(21)	632
Others	30,410	(61)	30,349	11,101	(43)	11,058
	9,838,250	(1,372,066)	8,466,185	6,698,934	(394,934)	6,304,000
Total	17,374,508	(1,459,128)	15,915,381	14,458,311	(470,852)	13,987,459

46. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(ii) Key Assumptions

Significant judgement is required in determining the insurance contract liabilities. Assumptions used in determining the insurance contract liabilities are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and trends. Assumptions and estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a periodic basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of insurance contract liabilities is particularly sensitive to are as follows:

(a) Discount rate

The discount rate used for non-participating policies, guaranteed benefit liabilities of participating policies and the non-unit liability of investment-linked policies is the yield observed on Malaysian Government Securities ("MGS") and Singapore Government Securities of the appropriate duration for the Group's Malaysian and Singaporean operations respectively.

In the case of the total (guaranteed and non-guaranteed) of participating policies, the discount rate is based on the expected fund yield of the participating fund, net of tax on investment income of the participating fund. The best estimate investment return for participating business is derived from the expected returns of the respective investment classes and long term strategic assets allocation. Participating business includes participating annuity. The discount rate for participating annuity business is the gross rate as these funds are tax exempt.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(ii) Key Assumptions (contd.)

(b) Mortality and morbidity rates

Mortality and morbidity rates represent the expected claims experience of the Group.

The Group bases mortality and morbidity on local established industry tables which reflect historical experiences and reinsurance premium rates, adjusted when appropriate to reflect the insurer's unique risk exposure, product characteristics, target markets and its own claims severity and frequency experiences.

(c) Lapse and surrender rates

Lapse and surrender rates are used to determine the expected persistency of the business i.e. the expectation that policyholders will renew their policies. These rates are based on the insurer's historical experience of lapses and surrenders.

(d) Expenses

Expense assumptions represent the expected amount that will be incurred in servicing the policies over its expected life. Assumptions on future expenses take into consideration current expense levels and the expected expense inflation.

(iii) Sensitivity Analysis

The analyses below are performed for reasonably possible movements in key assumptions affecting the determination of insurance contract liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(iii) Sensitivity Analysis (contd.)

The correlation of assumptions will have a significant effect on the sensitivities but to demonstrate the impact due to changes in specific assumptions, these sensitivities are analysed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity analyses will also vary depending on the current economic assumptions.

	Change in assumptions %	Impact on gross liabilities** RM'000	Impact on net liabilities** RM'000	Impact on profit before tax RM'000	Impact on equity RM'000
Life Insurance - Malaysia		<----------	Increase/(Decrease)		---------->
2021					
Discount rate *	-1%	473,746	465,295	(257,858)	(195,972)
Mortality and morbidity rates	+/- 10% (adverse)	141,416	118,901	(94,178)	(71,576)
Lapse and surrender rates	+/- 10% (adverse)	25,487	24,840	(3,416)	(2,596)
Expenses	+10%	34,968	34,968	(28,933)	(21,989)
2020					
Discount rate *	-1%	575,924	568,284	(377,576)	(286,958)
Mortality and morbidity rates	+/- 10% (adverse)	157,827	132,953	(115,234)	(87,577)
Lapse and surrender rates	+/- 10% (adverse)	40,356	39,646	(15,788)	(11,999)
Expenses	+10%	39,723	38,723	(32,516)	(24,712)

* excludes impact on fixed income financial assets.
** the impact on gross and net liabilities is opposite to that for profit before tax and equity.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(A) Life Insurance (contd.)

Group

(iii) Sensitivity Analysis (contd.)

	Change in assumptions %	Impact on gross liabilities** RM'000	Impact on net liabilities** RM'000	Impact on profit before tax RM'000	Impact on equity RM'000
Life Insurance - Singapore		**<----------**		**Increase/(Decrease) ----------**	**>**
2021					
Discount rate *	-1%	95,760	63,103	(63,103)	(52,376)
Mortality and morbidity rates	+/- 10% (adverse)	1,422	8,620	(8,620)	(7,155)
Lapse and surrender rates	+/- 10% (adverse)	36,293	35,942	(35,942)	(29,832)
Expenses	+10%	12,204	12,151	(12,151)	(10,085)
2020					
Discount rate *	-1%	133,185	126,485	(126,485)	(104,983)
Mortality and morbidity rates	+/- 10% (adverse)	1,519	8,738	(8,738)	(7,253)
Lapse and surrender rates	+/- 10% (adverse)	27,637	27,337	(27,337)	(22,690)
Expenses	+10%	14,031	14,010	(14,010)	(11,629)

* excludes impact of fixed income securities
** the impact on gross and net liabilities is opposite to that for profit before tax and equity.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(B) Family Takaful Fund

Group

(i) The table below shows the concentration of Family Takaful actuarial liabilities by type of business:

	2021			2020		
	Gross RM'000	**Retakaful RM'000**	**Net RM'000**	**Gross RM'000**	**Retakaful RM'000**	**Net RM'000**
Endowment	2,494,563	-	2,494,563	2,391,699	-	2,391,699
Mortgage	5,108,465	(173,217)	4,935,248	5,070,496	(138,062)	4,932,434
Term assurance	30,937	-	30,937	31,249	-	31,249
Annuity	731,091	-	731,091	762,973	-	762,973
Others	901,715	-	901,715	875,651	-	875,651
Total	9,266,771	(173,217)	9,093,554	9,132,068	(138,062)	8,994,006

All of the Family Takaful business is derived from Malaysia and, accordingly, a geographical analysis by country is not relevant to the Group.

(ii) Key Assumptions

Significant judgement is required in determining the Participants' Risk Fund ("PRF") liabilities. The PRF refers to the fund in which the portion of contributions paid by the participants is allocated and pooled for the purpose of meeting claims. Assumptions used in determining the PRF liabilities are set based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions are further evaluated on a periodic basis in order to ensure realistic and reasonable valuations.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(B) Family Takaful Fund (contd.)

Group

(ii) Key Assumptions (contd.)

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

(a) Discount rate
The discount rates used in the determination of PRF cashflows are based on the yield observed on Government Investment Issues ("GII") of the appropriate duration.

(b) Mortality and morbidity rates
Mortality and morbidity rates represent the expected claims experience of the takaful operator. The takaful operator determines mortality and morbidity rates using local established industry tables which reflect historical experiences, adjusted where appropriate to reflect the takaful operator's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

(c) Lapse and surrender rates
Lapse and surrender rates are used to determine the expected persistency of the business ie. the expectation that participants will renew their certificates etc. These rates are based on the takaful operator's historical experience of lapses and surrenders.

(d) Expenses
Expense assumptions represent the expected amount that will be incurred in servicing the certificates over their expected lives. Assumptions on future expenses take into consideration current expense levels and the expected expense inflation.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(B) Family Takaful Fund (contd.)

Group

(iii) Sensitivity analysis

The analysis below is performed for reasonably possible movements in key assumptions affecting the determination of takaful liabilities with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and zakat and participants' funds.

The correlation of assumptions will have a significant effect on the sensitivity analyses but to demonstrate the impact due to changes in specific assumptions, the sensitivity analyses are performed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity analyses will also vary depending to the current economic assumptions.

	% change in assumptions	Impact on gross liabilities** RM'000	Impact on net liabilities** RM'000	Impact on profit before tax and zakat RM'000	Impact on participants' funds*** RM'000
2021		**<----------**	**Increase/(Decrease)**	**----------**	**>**
Discount rate *	-1%	446,413	427,677	(66,552)	(66,552)
Mortality and morbidity rates	+/- 10% (adverse)	375,089	276,465	(67,822)	(67,822)
Lapse and surrender rates	+/- 10% (adverse)	15,182	18,648	(6,489)	(6,489)
Expenses	+10%	9,948	9,948	(2,413)	(2,413)

* excludes impact of fixed income securities
** the impact on gross and net liabilities results in a corresponding, but opposite impact on profit before tax and zakat and equity
*** there is no tax impact on the paricipants' funds as the Family Takaful fund is taxed only on investment income.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(B) Family Takaful Fund (contd.)

Group

(iii) Sensitivity analysis (contd.)

	% change in assumptions	Impact on gross liabilities** RM'000	Impact on net liabilities** RM'000	Impact on profit before tax and zakat RM'000	Impact on participants' funds*** RM'000
2020		**<---------- Increase/(Decrease) ----------->**			
Discount rate *	-1%	465,623	449,960	(87,732)	(87,732)
Mortality and morbidity rates	+/- 10% (adverse)	376,440	288,619	(75,957)	(75,957)
Lapse and surrender rates	+/- 10% (adverse)	16,829	19,537	(6,092)	(6,092)
Expenses	+10%	11,430	11,430	(3,189)	(3,189)

* excludes impact of fixed income securities

** the impact on gross and net liabilities results in a corresponding, but opposite impact on profit before tax and zakat and equity

*** Changes in morbidity, mortality and lapse rates shown above include both upwards and downwards experience, depending on the specific key assumption being analysed. For the purposes of the sensitivity analysis, management has only examined the impact arising from adverse changes to these key assumptions as the impact of such adverse changes would be more significant to management in their decision-making process and strategic positioning.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance

Group

(i) The table below discloses the General Insurance premiums written by geography and type of business:

	2021			2020		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Malaysia						
Motor	259,579	(11,223)	248,356	265,519	(9,003)	256,516
Fire	252,595	(146,958)	105,637	230,242	(125,248)	104,994
Marine, Aviation, Cargo and Transit	585,077	(565,903)	19,174	588,648	(567,629)	21,019
Miscellaneous	345,850	(241,729)	104,121	212,395	(111,670)	100,725
	1,443,101	(965,813)	477,288	1,296,804	(813,550)	483,254
Singapore						
Motor	50,912	(2,501)	48,411	43,518	(3,960)	39,558
Fire	94,165	(62,227)	31,938	72,607	(47,143)	25,464
Marine, Aviation, Cargo and Transit	9,419	(2,964)	6,455	6,071	(2,678)	3,393
Miscellaneous	87,599	(11,673)	75,926	88,493	(15,560)	72,933
	242,095	(79,365)	162,730	210,689	(69,341)	141,348
Total	1,685,196	(1,045,178)	640,018	1,507,493	(882,891)	624,602

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(ii) Key assumptions and methods

The estimation of claims liabilities based on BNM's RBC Framework for Insurers requires all general insurance businesses to calculate booked claim provisions at the best estimate of the cost of future claim payments, plus an explicit allowance for risk and uncertainty. The claim liabilities are estimated by using a range of standard actuarial claims projection methodologies, such as the Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence the ultimate costs of claims. Historical claims development is mainly analysed by accident period. Claims development is separately analysed for each line of business. Certain lines of business are also further analysed by type of coverage.

The assumptions used in the projection methodologies, including future rates of claims inflation, are implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future, for example, to reflect any one-off occurrences, changes in external or market factors such as the public perspective towards claiming, legislative changes, judicial decisions and economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. The inherent uncertainties in estimating liabilities can arise from a variety of factors such as the range and quality of data available, underlying assumptions made and random volatility in future experience. The uncertainties involved in estimating liabilities are allowed for in the reserving process explicitly by adding in a provision of risk margin for adverse deviation ("PRAD") for the best estimate of the cost of future claim payments.

The methodology used in deriving the ULAE is the same as last year. A loading is applied directly to the best estimates for loss and allocated loss adjustment expense to provide for the ULAE.

Unallocated loss adjustment expense to paid ratio	**2021**	**2020**
Malaysian operations	4%	4%
Singaporean operations	3%	3%

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(iii) Sensitivity analysis

Using the methods described above, the claims development is extrapolated for each accident year based on the observed development in earlier years. In most cases, no explicit assumptions are made as projections are based on assumptions implicit in the historical claims.

Illustrative results of sensitivity testing for the general insurance funds' claims liabilities are set out below. The cumulative effect of all possible factors that affect the assumptions in the projection would ultimately impact the claims liabilities and, consequently, the observed net claims ratio for the financial year. Accordingly, the sensitivity analysis has been performed based on reasonably possible movements in the net claims ratio with all other assumptions or key factors held constant, showing the impact on gross and net claim liabilities, profit before tax and equity.

General Insurance - Malaysia	**Change in assumptions**	**Impact on gross liabilities RM'000**	**Impact on net liabilities RM'000**	**Impact on profit before tax RM'000**	**Impact on equity* RM'000**
		<---------- Increase/(Decrease) ----------->			
2021					
Net Incurred Claims Ratio	+ 5%	71,813	22,585	(22,585)	(17,165)
	- 5%	(71,813)	(22,585)	22,585	17,165
2020					
Net Incurred Claims Ratio	+ 5%	67,250	24,774	(24,774)	(18,828)
	- 5%	(67,250)	(24,774)	24,774	18,828

* Impact on equity is stated after tax of 24%.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(iii) Sensitivity analysis (contd.)

General Insurance - Singapore	**Change in assumptions**	**Impact on gross liabilities RM'000**	**Impact on net liabilities RM'000**	**Impact on profit before tax RM'000**	**Impact on equity* RM'000**
		<----------	Increase/(Decrease)	---------->	
2021					
Net Incurred Claims Ratio	+ 5%	11,966	7,814	(7,814)	(6,485)
	- 5%	(11,966)	(7,814)	7,814	6,485
2020					
Net Incurred Claims Ratio	+ 5%	11,082	7,518	(7,518)	(6,242)
	- 5%	(11,082)	(7,518)	7,518	6,242

* Impact on equity is stated after tax of 17%.

The methods used and significant assumptions made for deriving sensitivity information did not change from the previous year.

(iv) Claims development table

The following tables show estimated incurred claims for the insurance subsidiaries, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date. The management of the insurance subsidiary believes the estimate of total claims outstanding as at the financial year end are adequate. The insurance subsidiaries give consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(iv) Claims development table (contd.)

2021: Analysis of claims development - Gross Insurance Contract Liabilities

	Before	<---------- As at 31 December ---------->							
	2015	2015	2016	2017	2018	2019	2020	2021	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of gross cumulative claims:									
At the end of accident year		472,373	500,223	650,926	623,423	998,184	1,145,769	1,548,817	
1 year later		644,826	427,229	653,550	628,613	1,053,315	1,466,727		
2 years later		677,394	408,481	636,539	991,592	1,096,687			
3 years later		655,504	394,858	582,219	1,075,572				
4 years later		646,590	391,376	582,844					
5 years later		641,943	404,109						
6 years later		616,206							
Estimate of gross cumulative claims (A)		616,206	404,109	582,844	1,075,572	1,096,687	1,466,727	1,548,817	
Estimate of gross cumulative payments to date:									
At the end of accident year		117,553	115,349	228,448	114,737	254,960	162,538	662,915	
1 year later		382,244	249,580	417,498	316,439	474,617	250,530		
2 years later		441,823	315,396	492,679	385,996	663,409			
3 years later		482,763	334,206	500,353	472,460				
4 years later		514,891	350,088	503,553					
5 years later		517,432	357,521						
6 years later		519,489							
Gross cumulative payments (B)		519,489	357,521	503,553	472,460	663,409	250,530	662,915	

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(iv) Claims development table (contd.)

2021: Analysis of claims development - Gross Insurance Contract Liabilities (contd.)

	Before	<---------- As at 31 December ---------->							
	2015	2015	2016	2017	2018	2019	2020	2021	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross outstanding claim liabilities for Malaysia (A) - (B)	383,563	96,717	46,588	79,291	603,112	433,278	1,216,197	885,902	3,744,648
Gross outstanding claim liabilities for Brunei and Treaty Inward									43,968
Gross outstanding claim liabilities for Singapore									162,371
Unallocated loss adjustment expenses									7,805
Best estimate of gross claim liabilities									3,958,792
PRAD									318,307
At 31 December 2021									4,277,099

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(iv) Claims development table (contd.)

2021: Analysis of claims development - Net of Reinsurance

	Before	<---------- As at 31 December ---------->						
	2015	2015	2016	2017	2018	2019	2020	2021	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of net cumulative claims:									
At the end of accident year		255,864	248,567	206,014	216,540	283,922	267,388	234,364	
1 year later		249,573	227,268	201,881	222,226	284,297	254,104		
2 years later		244,085	227,687	199,313	219,512	291,643			
3 years later		244,196	229,240	200,240	221,206				
4 years later		244,512	227,706	200,477					
5 years later		243,162	229,572						
6 years later		243,707							
Estimate of net cumulative claims (A)		243,707	229,572	200,477	221,206	291,643	254,104	234,364	
Estimate of net cumulative payments to date:									
At the end of accident year		105,240	109,745	95,787	105,268	131,115	114,009	67,496	
1 year later		197,502	183,464	161,937	171,037	208,718	180,292		
2 years later		220,400	207,112	181,876	188,484	239,700			
3 years later		229,927	216,410	187,529	200,533				
4 years later		233,849	218,264	189,966					
5 years later		235,578	220,655						
6 years later		237,194							
Net cumulative payments (B)		237,194	220,655	189,966	200,533	239,700	180,292	67,496	

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(iv) Claims development table (contd.)

2021: Analysis of claims development - Net of Reinsurance (contd.)

	Before	<---------- As at 31 December ---------->							
	2015	2015	2016	2017	2018	2019	2020	2021	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net outstanding claim liabilities for Malaysia (A) - (B)	7,493	6,513	8,917	10,511	20,673	51,943	73,812	166,868	346,730
Net outstanding claim liabilities for Brunei and Treaty Inward									43,720
Net outstanding claim liabilities for Singapore									117,248
Unallocated loss adjustment expenses									7,805
Best estimate of net claim liabilities									515,503
PRAD									41,816
At 31 December 2021									557,319

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(iv) Claims development table (contd.)

2020: Analysis of claims development - Gross Insurance Contract Liabilities

	Before	<---------- As at 31 December ---------->						
	2014	2014	2015	2016	2017	2018	2019	2020	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of gross cumulative claims:									
At the end of accident year		3,368,421	472,373	500,223	650,926	623,423	998,184	1,145,769	
1 year later		3,324,465	644,826	427,229	653,550	628,613	1,053,315		
2 years later		3,870,607	677,394	408,481	636,539	991,592			
3 years later		3,318,450	655,504	394,858	582,219				
4 years later		3,297,763	646,590	391,376					
5 years later		3,296,421	641,943						
6 years later		3,229,245							
Estimate of gross cumulative claims (A)		3,229,245	641,943	391,376	582,219	991,592	1,053,315	1,145,769	
Estimate of gross cumulative payments to date:									
At the end of accident year		1,120,319	117,553	115,349	228,448	114,737	254,960	162,538	
1 year later		1,383,292	382,244	249,580	417,498	316,439	474,617		
2 years later		1,774,084	441,823	315,396	492,679	385,996			
3 years later		1,923,898	482,763	334,206	500,353				
4 years later		2,003,707	514,891	350,088					
5 years later		2,020,524	517,432						
6 years later		1,942,830							
Gross cumulative payments (B)		1,942,830	517,432	350,088	500,353	385,996	474,617	162,538	

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(iv) Claims development table (contd.)

2020: Analysis of claims development - Gross Insurance Contract Liabilities (contd.)

	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Total RM'000
	<---------- As at 31 December ---------->								
Gross outstanding claim liabilities for Malaysia (A) - (B)	118,179	1,286,415	124,511	41,288	81,866	605,596	578,698	983,231	3,819,784
Gross outstanding claim liabilities for Brunei and Treaty Inward									55,079
Gross outstanding claim liabilities for Singapore									152,383
Unallocated loss adjustment expenses									8,207
Best estimate of gross claim liabilities									4,035,453
PRAD									238,838
At 31 December 2020									4,274,291

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(iv) Claims development table (contd.)

2020: Analysis of claims development - Net of Reinsurance

	Before	<---------- As at 31 December ---------->						
	2014	2014	2015	2016	2017	2018	2019	2020	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of net cumulative claims:									
At the end of accident year		263,503	255,864	248,567	206,014	216,540	283,922	267,388	
1 year later		251,303	249,573	227,268	201,881	222,226	284,297		
2 years later		246,969	244,085	227,687	199,313	219,512			
3 years later		238,975	244,196	229,240	200,240				
4 years later		240,031	244,512	227,706					
5 years later		238,868	243,162						
6 years later		237,547							
Estimate of net cumulative claims (A)		237,547	243,162	227,706	200,240	219,512	284,297	267,388	
Estimate of net cumulative payments to date:									
At the end of accident year		113,052	105,240	109,745	95,787	105,268	131,115	114,009	
1 year later		195,128	197,502	183,464	161,937	171,037	208,718		
2 years later		215,245	220,400	207,112	181,876	188,484			
3 years later		225,251	229,927	216,410	187,529				
4 years later		231,551	233,849	218,264					
5 years later		231,761	235,578						
6 years later		232,279							
Net cumulative payments (B)		232,279	235,578	218,264	187,529	188,484	208,718	114,009	

46. INSURANCE/TAKAFUL RISK (CONTD.)

(C) General Insurance (contd.)

Group

(iv) Claims development table (contd.)

2020: Analysis of claims development - Net of Reinsurance (contd.)

	Before 2014 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Total RM'000
	<---------- As at 31 December ---------->								
Net outstanding claim liabilities for Malaysia (A) - (B)	6,004	5,268	7,584	9,442	12,711	31,028	75,579	153,379	300,995
Net outstanding claim liabilities for Brunei and Treaty Inward									54,211
Net outstanding claim liabilities for Singapore									105,007
Unallocated loss adjustment expenses									8,207
Best estimate of net claim liabilities									468,420
PRAD									40,802
At 31 December 2020									509,222

46. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund

Group

(i) The table below discloses the General Takaful contribution written by type of business:

	2021			2020		
	Gross RM'000	**Retakaful RM'000**	**Net RM'000**	**Gross RM'000**	**Retakaful RM'000**	**Net RM'000**
Motor	1,191,238	(9,672)	1,181,566	1,103,527	(7,364)	1,096,163
Fire	228,693	(89,006)	139,687	193,115	(51,869)	141,246
Marine, Aviation, Cargo and Transit	13,757	(9,583)	4,174	14,621	(10,702)	3,919
Miscellaneous	289,906	(126,826)	163,080	258,283	(92,569)	165,714
	1,723,594	(235,087)	1,488,507	1,569,546	(162,504)	1,407,042

All of the General Takaful business is derived from Malaysia and, accordingly, a geographical analysis by country is not relevant to the Group.

(ii) Key assumptions and methods

The estimation of the claim liabilities of General Takaful Fund is based on BNM/RH/GL 004-21 *Guidelines on Valuation Basis for Liabilities of General Takaful Business* as issued by BNM. It requires all General Takaful operators to calculate booked claim provisions at the best estimate of the cost of future claim payments, plus an explicit allowance for risk and uncertainty. The claim liabilities are estimated by using a range of standard actuarial claims projection methodologies, such as the Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and, hence the ultimate costs of claims. Historical claims development is mainly analysed by accident period. Claims development is separately analysed for each line of business. Certain lines of business are also further analysed by type of coverage.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(ii) Key assumptions and methods (contd.)

The assumptions used in the projection methodologies, including future rates of claims inflation are implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future, for example, to reflect one-off occurrences, changes in external or market factors such as public perspective towards claiming, legislative changes, judicial decisions and economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

The inherent uncertainties in estimating liabilities can arise from a variety of factors such as the range and quality of data available, underlying assumptions made and random volatility in future experience. The uncertainties involved in estimating liabilities are explicitly allowed for in the reserving process by adding in a PRAD for the best estimate of the cost of future claim payments.

The methodology used in deriving the provision for expenses is consistent with prior year. Loadings are applied directly to the central estimate of claim liabilities and the central estimate of URR and UCR to derive the expense liabilities.

(iii) Sensitivity analysis

Using the methods described above, the claims development is extrapolated for each accident year based on the observed development of earlier years. In most cases, no explicit assumptions are made as projections are based on assumptions implicit in the historical claims.

46. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful fund (contd.)

Group

(iii) Sensitivity analysis (contd.)

Illustrative results of sensitivity analysis for the general takaful fund's claims liabilities are set out below. The cumulative effect of all possible factors that affect the assumptions in the projection would ultimately impact the claims liabilities and, consequently, the observed net claims ratio for the financial year. Therefore, the sensitivity analysis has been performed based on reasonably possible movements in the net claims ratio with all other assumptions or key factors held constant, showing the impact on gross and net claim liabilities, profit before tax and zakat and the participants' fund.

	% change in Key assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before tax and zakat RM'000	Impact on participants' fund RM'000
		<----------	Increase/(Decrease)	---------->	
2021					
Incurred Claims Ratio	+ 5%	82,928	71,035	(71,035)	(71,035)
	- 5%	(82,928)	(71,035)	71,035	71,035
2020					
Incurred Claims Ratio	+ 5%	80,250	71,959	(71,959)	(71,959)
	- 5%	(80,250)	(71,959)	71,959	71,959

46. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(iv) Claims development table

The following tables show the Takaful subsidiary's estimated incurred claims, including both claims notified and IBNR for each successive accident year at the end of each reporting period, together with cumulative payments to date. The management of the takaful subsidiary believes the estimate of total claims outstanding as at the financial year end are adequate. The Takaful subsidiary gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty.

2021: Analysis of claims development - Gross Takaful Certificate Liabilities

	Before	<---------- As at 31 December ---------->						
	2015	2015	2016	2017	2018	2019	2020	2021	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of cumulative claims:									
At the end of accident year		660,739	783,911	724,824	725,826	946,499	1,000,258	1,391,364	
1 year later		639,081	816,040	723,792	698,316	924,486	973,211		
2 years later		608,828	817,518	713,777	694,842	909,997			
3 years later		616,600	826,331	713,221	693,581				
4 years later		615,472	837,210	718,913					
5 years later		615,168	747,343						
6 years later		616,520							
Estimate of gross cumulative claims to date (A)		616,520	747,343	718,913	693,581	909,997	973,211	1,391,364	

46. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(iv) Claims development table (contd.)

2021: Analysis of claims development - Gross Takaful Certificate Liabilities (contd.)

	Before	<---------- As at 31 December ---------->							
	2015	2015	2016	2017	2018	2019	2020	2021	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of cumulative payments to date:									
At the end of accident year		264,533	310,865	345,399	343,275	452,202	397,925	273,974	
1 year later		461,390	578,438	569,587	547,544	691,241	631,501		
2 years later		544,056	657,527	649,221	611,865	765,718			
3 years later		585,241	691,344	674,541	639,544				
4 years later		594,240	705,490	685,250					
5 years later		597,161	723,686						
6 years later		601,413							
Gross cumulative claims paid to date (B)		601,413	723,686	685,250	639,544	765,718	631,501	273,974	
Best estimate of gross claim liabilities (A) - (B)	22,824	15,107	23,657	33,663	54,037	144,279	341,710	1,117,390	1,752,667
PRAD									112,978
Gross takaful claim liabilities as at 31 December 2021									1,865,645

46. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(iv) Claims development table (contd.)

2021: Analysis of claims development - Net of Retakaful

	Before	<---------- As at 31 December ---------->							
	2015	2015	2016	2017	2018	2019	2020	2021	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of cumulative claims:									
At the end of accident year		630,670	708,666	699,503	699,161	913,618	906,151	723,067	
1 year later		610,264	664,057	699,550	671,700	895,213	867,718		
2 years later		586,008	664,219	689,778	662,981	878,593			
3 years later		589,008	660,648	690,165	664,437				
4 years later		586,707	659,552	695,981					
5 years later		586,235	666,583						
6 years later		589,588							
Estimate of net cumulative claims to date (A)		589,588	666,583	695,981	664,437	878,593	867,718	723,067	
Estimate of cumulative payments to date:									
At the end of accident year		259,797	307,415	340,963	340,369	450,253	395,860	271,665	
1 year later		449,210	521,478	559,277	538,219	681,490	602,965		
2 years later		525,894	599,827	632,054	596,401	750,921			
3 years later		562,333	628,770	657,164	623,065				
4 years later		571,010	637,303	667,774					
5 years later		573,928	648,086						
6 years later		577,996							
Net cumulative claims paid to date (B)		577,996	648,086	667,774	623,065	750,921	602,965	271,665	
Best estimate of net claim liabilities (A) - (B)	9,800	11,592	18,497	28,207	41,372	127,672	264,753	451,402	953,295
Provision for Potential Reinsurance Uncollectibles									-
PRAD									76,633
Net takaful claim liabilities as at 31 December 2021									1,029,928

46. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(iv) Claims development table (contd.)

2020: Analysis of claims development - Gross Takaful Certificate Liabilities

	Before	<---------- As at 31 December ---------->							
	2014	2014	2015	2016	2017	2018	2019	2020	Total
Accident year	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimate of cumulative claims:									
At the end of accident year		589,933	660,739	783,911	724,824	725,826	946,499	1,000,258	
1 year later		617,750	639,081	816,040	723,792	698,316	924,486		
2 years later		608,081	608,828	817,518	713,777	694,842			
3 years later		601,915	616,600	826,331	713,221				
4 years later		592,831	615,472	837,210					
5 years later		592,733	615,168						
6 years later		595,627							
Estimate of gross cumulative claims to date (A)		595,627	615,168	837,210	713,221	694,842	924,486	1,000,258	
Estimate of cumulative payments to date:									
At the end of accident year		231,130	264,533	310,865	345,399	343,275	452,202	397,925	
1 year later		470,575	461,390	578,438	569,587	547,544	691,241		
2 years later		532,800	544,056	657,527	649,221	611,865			
3 years later		557,757	585,241	691,344	674,541				
4 years later		572,230	594,240	705,490					
5 years later		576,534	597,161						
6 years later		577,897							
Gross cumulative claims paid to date (B)		577,897	597,161	705,490	674,541	611,865	691,241	397,925	
Best estimate of gross claim liabilities (A) - (B)	17,435	17,730	18,007	131,720	38,680	82,977	233,245	602,333	1,142,127
PRAD									72,906
Gross takaful claim liabilities as at 31 December 2020									1,215,033

46. INSURANCE/TAKAFUL RISK (CONTD.)

(D) General Takaful Fund (contd.)

Group

(iv) Claims development table (contd.)

2020: Analysis of claims development - Net of Retakaful

	Before	<---------- As at 31 December ---------->							
	2014	2014	2015	2016	2017	2018	2019	2020	Total
Accident year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Estimate of cumulative claims:									
At the end of accident year		532,858	630,670	708,666	699,503	699,161	913,618	906,151	
1 year later		506,414	610,264	664,057	699,550	671,700	895,213		
2 years later		496,700	586,008	664,219	689,778	662,981			
3 years later		490,130	589,008	660,648	690,165				
4 years later		483,011	586,707	659,552					
5 years later		482,964	586,235						
6 years later		485,359							
Estimate of net cumulative claims to date (A)		485,359	586,235	659,552	690,165	662,981	895,213	906,151	
Estimate of cumulative payments to date:									
At the end of accident year		227,238	259,797	307,415	340,963	340,369	450,253	395,860	
1 year later		386,400	449,210	521,478	559,277	538,219	681,490		
2 years later		435,687	525,894	599,827	632,054	596,401			
3 years later		458,229	562,333	628,770	657,164				
4 years later		471,323	571,010	637,303					
5 years later		475,518	573,928						
6 years later		476,882							
Net cumulative claims paid to date (B)		476,882	573,928	637,303	657,164	596,401	681,490	395,860	
Best estimate of net claim liabilities (A) - (B)	5,343	8,477	12,307	22,249	33,001	66,580	213,723	510,291	871,971
PRAD									59,253
Net takaful claim liabilities as at 31 December 2020									931,224

47. FINANCIAL RISKS

(i) Credit Risk

Credit Risk refers to the risk of loss of principal or income arising from the failure of an obligor or counterparty to perform their contractual obligations in accordance with agreed terms. It stems primarily from lending, underwriting, trading and investment activities from both on-balance sheet transactions and off-balance sheet transactions, if any.

Credit or spread risk and ultimately default risk result from the intrinsic quality of the issuer of debt securities and the impact it has on the value of these instruments. Changes in the level or in the volatility of both spreads as a result of changes in the underlying credit quality define the risk of investment default.

Credit Risk arises when a counterparty is no longer able to pay its contractual obligations. The Group's exposure to credit risk arises mainly from fixed income investment activities.

The Group measures and manages Credit Risk following the philosophy and principles below:

(a) The Risk Management and Investment Management Department actively monitor the counterparty exposure to prevent undue concentration by ensuring its credit portfolio is diversified and marketable;

(b) The asset management research team adopts a prudent position in the selection of fixed income investments;

(c) The Risk Management Department establishes limits on maximum credit exposures. The credit limit for a counterparty is based on the counterparty's credit quality and aligned to the risk appetite; and

(d) The Risk Management Department uses Key Risk Indicators (“KRI”) to alert the management of any impending problems in a timely manner.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Credit Exposure

The table below shows the maximum exposure to credit risk for the components of the statements of financial position and items such as future commitments. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreement.

Group	**Total Insurance Funds RM'000**	**Total Takaful Funds RM'000**	**Total Shareholders' Funds RM'000**	**Total RM'000**
2021				
Financial assets at				
FVTPL	10,423,740	5,549,012	980,977	16,953,729
FVOCI	7,771,827	6,544,098	3,749,703	18,065,628
AC	1,283,296	1,722,117	1,140,598	4,146,011
Financing receivables	258,046	-	67,338	325,384
Insurance/takaful receivables	328,474	231,691	-	560,165
Other assets*	312,619	182,377	78,916	573,912
Derivative assets	35,965	-	-	35,965
Cash and bank balances**	822,700	58,297	47,277	928,274
	21,236,667	14,287,592	6,064,809	41,589,068

* Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.
** Excluding petty cash.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Credit Exposure (contd.)

Group	Total Insurance Funds RM'000	Total Takaful Funds RM'000	Total Shareholders' Funds RM'000	Total RM'000
2020				
Financial assets at				
FVTPL	9,539,867	5,948,072	1,131,453	16,619,392
FVOCI	4,721,507	4,238,312	3,074,381	12,034,200
AC	2,216,244	3,587,924	1,370,906	7,175,074
Financing receivables	242,700	-	64,842	307,542
Insurance/takaful receivables	313,132	228,253	-	541,385
Other assets*	191,258	135,953	104,802	432,013
Derivative assets	149,864	-	2,675	152,539
Cash and bank balances**	789,271	231,043	50,708	1,071,022
	18,163,843	14,369,557	5,799,767	38,333,167

* Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.
** Excluding petty cash.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Credit Exposure (contd.)

Company

	2021 RM'000	2020 RM'000
Financial assets at		
FVOCI	409,496	411,630
AC	503,649	185,864
Financing receivables	624,215	4,604
Other assets*	16,808	6,670
Cash and bank balances**	34,940	986
	1,589,108	609,754

* Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.
** Excluding petty cash.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Credit quality of financial assets

The four (4) risk categories as set out and defined below, from very low to high, apart from impaired, describe the credit quality of the Group's financial investments. These information sources are first used to determine whether an instrument has had a significant increase in credit risk.

Risk Category	Probability of default ("PD") grade	External credit ratings based on S&P's ratings	External credit ratings based on RAM's ratings
Very low	1 – 5	AAA to A-	AAA to AA1
Low	6 – 10	A- to BB+	AA1 to A3
Medium	11 – 15	BB+ to B+	A3 to BB1
High	16 – 21	B+ to CCC	BB1 to C

Risk categories are as described below:

Very low : Obligors rated in this category have an excellent capacity to meet financial commitments with very low credit risk.

Low : Obligors rated in this category have a good capacity to meet financial commitments with low credit risk.

Medium : Obligors rated in this category have a fairly acceptable capacity to meet financial commitments with moderate credit risk.

High : Obligors rated in this category have uncertain capacity to meet financial commitments and are subject to high credit risk.

Other than the above rated risk categories, other categories used internally are as follows:

Impaired/ default : Obligors with objective evidence of impairment as a result of one or more events that have an impact on the estimated future cash flows of the obligors that can be reliably estimated. The detailed definition is further disclosed in Note 2.2(xi)(a).

Unrated : Refer to obligors which are currently not assigned with obligors' ratings due to unavailability of ratings models.

Sovereign : Refer to obligors which are governments and/or government-related agencies.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Credit exposure by rating

The table below provides information regarding the credit risk exposure of the Group and of the Company by classifying financial and insurance/takaful assets according to the Group's credit ratings of counterparties.

Group	Sovereign RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2021							
Financial assets at FVTPL							
(i) Designated upon initial recognition							
Malaysian government papers	708,901	-	-	-	-	-	708,901
Singapore government securities	796,886	-	-	-	-	-	796,886
Unit trust funds	-	-	-	-	-	251,388	251,388
Debt securities, structured products, NCDs & NICDs	4,355,593	3,444,367	5,757,439	426,260	-	-	13,983,659
(ii) HFT							
Malaysian government papers	1,507	-	-	-	-	-	1,507
Unit trust funds	-	-	-	-	-	545,758	545,758
Debt securities, structured products, NCDs & NICDs	45,786	247,917	351,973	19,955	-	-	665,631
Financial assets at FVOCI							
Malaysian government papers	1,299,716	-	-	-	-	-	1,299,716
Singapore government securities	2,087,264	-	-	-	-	-	2,087,264
Debt securities, structured products, NCDs & NICDs	3,607,163	4,830,825	5,963,621	238,692	-	38,347	14,678,648

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Credit Exposure by rating (contd.)

Group	Sovereign RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2021							
Financial assets at AC							
Fixed and call deposits							
Licensed financial institutions	-	3,275,414	376,145	-	-	-	3,651,559
Others	-	249,052	245,400	-	-	-	494,452
Financing receivables	-	-	-	-	-	325,384	325,384
Insurance/takaful receivables	-	5,770	19,766	5,742	3,084	525,803	560,165
Other assets *	114,922	101,750	110,970	6,701	-	149,918	484,261
Derivative assets	-	35,965	-	-	-	-	35,965
Cash and bank balances	-	912,445	15,055	731	-	43	928,274
	13,017,738	13,103,505	12,840,369	698,081	3,084	1,836,641	41,499,418

* Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.
** Excluding petty cash.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Credit Exposure by rating (contd.)

Group	Sovereign RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2020							
Financial assets at FVTPL							
(i) Designated upon initial recognition							
Malaysian government papers	1,302,319	-	-	-	-	-	1,302,319
Singapore government securities	399,847	-	-	-	-	-	399,847
Debt securities, structured products, NCDs & NICDs	4,602,640	3,318,081	6,007,033	365,881	-	-	14,293,635
(ii) HFT							
Malaysian government papers	166,492	-	-	-	-	-	166,492
Debt securities, structured products, NCDs & NICDs	75,005	105,926	252,443	23,725	-	-	457,099

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Credit Exposure by rating (contd.)

Group	Sovereign RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2020							
Financial assets at FVOCI							
Malaysian government papers	1,353,242	-	-	-	-	-	1,353,242
Singapore government securities	726,255	-	-	-	-	-	726,255
Debt securities, structured products, NCDs & NICDs	2,127,604	2,954,779	4,686,522	185,798	-	-	9,954,703
Financial assets at AC							
Fixed and call deposits							
Licensed financial institutions	-	6,556,550	73,348	-	-	-	6,629,898
Others	-	194,462	350,714	-	-	-	545,176
Financing receivables	-	-	-	-	-	307,542	307,542
Insurance/takaful receivables	-	2,446	463	1,242	5	537,229	541,385
Other assets *	90,356	82,575	107,665	5,052	-	146,365	432,013
Derivative assets	-	152,539	-	-	-	-	152,539
Cash and bank balances **	-	1,063,671	5,006	616	-	1,729	1,071,022
	10,843,760	14,431,029	11,483,194	582,314	5	992,865	38,333,167

* Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.
** Excluding petty cash.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Credit exposure by rating

Company	Sovereign RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2021							
Financial assets at FVTPL							
(i) Designated upon initial recognition							
Debt securities, structured products, NCDs & NICDs	-	-	-	15,500	-	-	15,500
	-	-	-	15,500	-	-	15,500
Financial assets at FVOCI							
Malaysian government papers	45,644	-	-	-	-	-	45,644
Debt securities, structured products, NCDs & NICDs	23,119	124,716	195,629	20,388	-	-	363,852
Financial assets at AC							
Fixed and call deposits	-	445,649	58,000	-	-		503,649
Financing receivables	-	-	-	-	-	624,215	624,215
Other assets*	460	13,091	2,791	466	-	-	16,808
Cash and bank balances**	-	34,940	-	-	-	-	34,940
	69,223	618,396	256,420	20,854	-	653,472	1,618,365

* Excluding non-financial assets such as prepayments, deposits, net share of MMIP assets and service tax recoverable.
** Excluding petty cash.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Credit exposure by rating (contd.)

Company	Sovereign RM'000	Very Low RM'000	Low RM'000	Medium RM'000	High RM'000	Unrated RM'000	Total RM'000
2020							
Financial assets at FVOCI							
Malaysian government papers	26,559	-	-	-	-	-	26,559
Debt securities, structured products, NCDs & NICDs	45,612	125,026	198,675	15,758	-	-	385,071
Financial assets at AC							-
Fixed and call deposits	-	132,516	53,348	-	-	-	185,864
Financing receivables	-	-	-	-	-	4,604	4,604
Cash and bank balances*	-	986	-	-	-	-	986
	72,850	260,116	254,629	15,913	-	6,246	609,754

*Excluding petty cash

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Financial assets - reconciliation of allowance account

Significant increase in credit risk

The Group and the Company apply the General Approach or 'three-stage'" approach which is based on the change in credit quality of financial instruments since initial recognition to assess the impairment for investment assets. In particular, recognition of ECL is dependent on which of the three stages a particular financial instrument is assigned to. Assets move through the three stages as credit quality changes and the stages dictate how the Group and the Company measure impairment losses and apply the effective interest rate ("EIR") method with the forward looking element to compute

The Group and the Company have considered both quantitative and qualitative parameters in the assessment of credit risk status from the initial recognition of the securities and at the reporting date. These include the establishment of staging criteria to each stage, debt rating deterioration threshold and a waterfall approach are to determine the credit rating as at origination date and as at reporting date in accordance to the Maybank Group's ECL model for debt securities portfolio.

Expected credit loss

The Group and the Company assess the possible default events within 12 months for the calculation of the 12-month ECL in Stage 1. Given the impairment policy, the probability of default for new instruments acquired is generally determined to be minimal, in addition to the exception rule to apply zero loss given default ratio to specified financial assets which is applicable to the Group and the Company. A newly purchased or originated financial assets will be subject to ECL upon recognition in Stage 1.
To estimate the lifetime ECL for financial instruments classified in Stage 2, the Group and the Company are required to estimate the probability of default occurring in the 12 month after the reporting date and in each subsequent year throughout the expected life of the financial instruments. The lifetime ECL allowance measured for the Group and the Company during the year are mostly due to the debt security is classified as Watchlist ("WL") or downgraded bond whichever it is assessed at the reporting date.

For a financial asset which is determined to be a credit-impaired debt security under Stage 3, the ECL calculation will be based on objective evidence of impairment.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The table below shows the fair value of the Group and the Company's financial assets measured by credit risk, based on the Group and the Company's risk categories.

Group **2021**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
Sovereign	6,842,470	151,675	-	6,994,145
Very low	4,830,826	-	-	4,830,826
Low	5,658,831	304,789	-	5,963,620
Medium	172,712	65,980	-	238,692
Unrated	38,348	-	-	38,348
Total carrying amount	17,543,187	522,444	-	18,065,631
Total ECL	(2,012)	(2,686)	(154)	(4,852)
Financial assets at AC				
Very low	124,005	-	-	124,005
Total ECL	(3)	-	-	(3)

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

Movements in allowances for impairment losses for financial assets are as follows:

Group 2021	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit impaired	Stage 3 Lifetime ECL credit impaired	Total
	RM'000	RM'000	RM'000	RM'000
Financial assets at FVOCI				
At 1 January 2021	3,925	1,361	154	5,440
Net adjustment of loss allowance	939	772	-	1,711
New financial assets originated or purchased	1,192	-	-	1,192
Financial assets that have been derecognised	(657)	-	-	(657)
Write-offs	(786)	-	-	(786)
Changes in models/ risk parameters	(1,950)	436	-	(1,514)
Foreign exchange and other movements	(651)	117	-	(534)
At 31 December 2021	2,012	2,686	154	4,852
Financial assets at AC				
At 1 January 2021	258	-	-	258
New financial assets originated or purchased	(255)	-	-	(255)
At 31 December 2021	3	-	-	3

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The table below shows the fair value of the Group and the Company's financial assets measured by credit risk, based on the Group and the Company's risk categories.

Group **2020**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
Sovereign	4,044,030	163,071	-	4,207,101
Very low	2,954,779	-	-	2,954,779
Low	4,371,554	314,968	-	4,686,522
Medium	185,798	-	-	185,798
Total carrying amount	11,556,161	478,039	-	12,034,200
Total ECL	(3,925)	(1,361)	(154)	(5,440)
Financial assets at AC				
Very low	124,005	-	-	124,005
Total ECL	(258)	-	-	(258)

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

Movements in allowances for impairment losses for financial assets are as follows:

Group	Stage 1	Stage 2	Stage 3	
Group	**12-month ECL**	**Lifetime ECL not credit impaired**	**Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
At 1 January 2020	4,296	167	165	4,628
Net adjustment of loss allowance	1,079	805	-	1,884
New financial assets originated or purchased	1,670	373	-	2,043
Financial assets that have been derecognised	(2,998)	(66)	(11)	(3,075)
Write-offs	(40)	-	-	(40)
Changes in models/ risk parameters	(82)	82	-	-
At 31 December 2020	3,925	1,361	154	5,440
Financial assets at AC				
At 1 January 2020	106	-	-	106
New financial assets originated or purchased	152	-	-	152
At 31 December 2020	258	-	-	258

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

The table below shows the fair value of the Group and the Company's financial assets measured by credit risk, based on the Group and the Company's risk categories.

Company **2021**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
Sovereign	68,763	-	-	68,763
Very low	124,716	-	-	124,716
Low	190,522	5,107	-	195,629
Medium	-	20,388	-	20,388
Total carrying amount	384,001	25,495	-	409,496
Total ECL	(292)	(156)	-	(448)

Movements in allowances for impairment losses for financial assets are as follows:

	Stage 1 **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
At 1 January 2021	273	20	-	293
Net adjustment of loss allowance	183	117	-	300
New financial assets originated or purchased	15	-	-	15
Financial assets that have been derecognised	(160)	-	-	(160)
Changes in models/ risk parameters	(19)	19	-	-
At 31 December 2021	292	156	-	448

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Financial assets - Reconciliation of allowance account (contd.)

Company **2020**	**Stage 1** **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
Sovereign	72,171	-	-	72,171
Very low	125,026	-	-	125,026
Low	193,402	5,273	-	198,675
Medium	15,758	-	-	15,758
Total carrying amount	406,357	5,273	-	411,630
Total ECL	(273)	(20)	-	(293)

Movements in allowances for impairment losses for financial assets are as follows:

	Stage 1 **12-month ECL**	**Stage 2** **Lifetime ECL not credit impaired**	**Stage 3** **Lifetime ECL credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at FVOCI				
At 1 January 2020	363	-	-	363
Net adjustment of loss allowance	13	16	-	29
New financial assets originated or purchased	14	-	-	14
Financial assets that have been derecognised	(113)	-	-	(113)
Change in credit risk	(4)	4	-	-
At 31 December 2020	273	20	-	293

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Other financial assets - Reconciliation of allowance account

The Group and the Company applied the Simplified Approach where the ECL is measured at initial recognition financial assets using a provision matrix based on historical data or also known as the roll rate approach. Estimation of credit losses will use a provision matrix where insurance/takaful and reinsurance/retakaful receivables are grouped based on different sales channels and different reinsurance/retakaful arrangements respectively with forward-looking elements being applied to it.

Movements in gross carrying value and allowances for impairment losses recognised for not credit-impaired and credit-impaired financial assets are as follows:

Group	**<-------- Not-credit impaired--------->**			**<-------- Credit-impaired--------->**			**<----------Total---------->**		
	Financing receivables RM'000	**Insurance/ takaful receivables RM'000**	**Other assets* RM'000**	**Financing receivables RM'000**	**Insurance/ takaful receivables RM'000**	**Other assets* RM'000**	**Financing receivables RM'000**	**Insurance/ takaful receivables RM'000**	**Other assets* RM'000**
Gross carrying amount									
At 1 January 2020	281,295	561,989	469,404	7,797	62,535	9,155	289,092	624,524	478,559
Increase/(decrease)	25,968	(74,305)	2,595	494	38,861	9,795	26,462	(35,444)	12,390
At 31 December 2020	307,263	487,684	471,999	8,291	101,396	18,950	315,554	589,080	490,949
Increase/(decrease)	18,152	(28,637)	95,248	(1,363)	9,821	1,645	16,789	(18,816)	96,893
At 31 December 2021	325,415	459,047	567,247	6,928	111,217	20,595	332,343	570,264	587,842
Lifetime ECL									
At 1 January 2020	3,349	5,752	816	7,411	25,591	4,760	10,760	31,343	5,576
(Decrease)/increase	(3,323)	132	9	575	16,219	(789)	(2,748)	16,351	(780)
At 31 December 2020	26	5,884	825	7,986	41,811	3,971	8,012	47,695	4,796
Increase/(decrease)	5	(3,631)	(705)	(1,058)	(33,965)	(41)	(1,053)	(37,596)	(746)
At 31 December 2021	31	2,253	120	6,928	7,846	3,930	6,959	10,099	4,050

* Excluding net share of assets of MMIP, service tax recoverable and prepayments.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Other financial assets - Reconciliation of allowance account (contd.)

Company

	Not-credit impaired	
	Financing receivables RM'000	**Other assets* RM'000**
Gross carrying amount		
At 1 January 2020	3,235	20,243
Increase	1,373	(13,573)
At 31 December 2020	4,608	6,670
Increase	619,607	22,587
At 31 December 2021	624,215	29,257
Lifetime ECL		
At 1 January/31 December 2020	4	-

* Excluding service tax recoverable and prepayments.

47. FINANCIAL RISKS (CONTD.)

(i) Credit Risk (contd.)

Financial Effects of Collateral Held

The main types of collateral held as security by the Group to mitigate credit risk are as follows:

Type of financing receivables	Types of collaterals
Policy/automatic premium loans	Cash value of policies
Corporate loans	Charges over properties, lands being financed and bank guarantees
Secured staff/non-staff loans	Charges over residential properties and vehicles

The financial effect of collateral, which represents the quantification of the extent to which collateral and other credit enhancements mitigate credit risk, held for financing receivables is 99% as at 31 December 2021 (2020: 98%). Financing receivables amounting to RM325.2 million as at 31 December 2021 (2020: RM301.2 million) are collateralised.

The remaining balance of financing receivables are not collateralised.

Company

The financial effect of collateral, which represents the quantification of the extent to which collateral and other credit enhancements mitigate credit risk, held for financing receivables of the Company is 100% as at 31 December 2021 (2020: 100%). The financing receivables amounted to RM7.6 million as at 31 December 2021 (2020: RM4.6 million) that comprised of staff loan are collateralised.

The remaining balance of financing receivables amounting to RM616.6 million are the Sub-bond issued by EIPL which is fully subscribed by the Company. The Sub-bond is not collateralised yet secured due to the nature of intercompany loan.

47. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk

Liquidity Risk is the risk of an adverse impact to the Group's financial condition or overall safety and soundness that could arise from its inability (or perceived inability) or unexpected higher cost to meet its financial obligations in a timely manner.

The objective of Liquidity Risk management is to have sufficient availability of cash to meet policyholders' liabilities, such as surrenders, withdrawal, claims and maturity benefits, and financial obligations to other contract holders without endangering the business financials due to constraints on liquidating assets.

The Group measures and manages Liquidity Risk following the philosophy and principles below:

(a) The Risk Management and Investment Management Department actively monitor the cash flows associated and derived from assets and liabilities of the Group through the ALCO platform;

(b) The Investment Management Department ensures that reasonable liquidity is maintained for assets held at all times; and

(c) The Risk Management Department uses Key Risk Indicators ("KRI") to alert the management of any impending problems in a timely manner.

Maturity Profiles

The following table summarises the Maturity Profile of the financial assets and financial liabilities of the Group and the Company based on remaining undiscounted contractual obligations, including interest/profit payable and receivable. For Insurance contracts/Takaful certificates liabilities and reinsurance/retakaful assets, Maturity Profiles are determined based on the estimated timing of net cash outflows of the recognised insurance liabilities.

Premium/contribution liabilities, the reinsurers' share of premium/contribution liabilities and expense liabilities relating to general takaful have been excluded from the analysis as there are no contractual obligations to make or receive payments on those liabilities.

47. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Group	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
2021						
Financial investments:						
FVTPL	19,958,572	1,874,663	6,489,628	16,618,025	3,828,760	28,811,076
FVOCI	18,144,548	2,673,043	6,481,376	17,839,413	78,919	27,072,751
AC	4,146,011	4,150,750	-	-	-	4,150,750
Financing receivables	325,384	265,060	27,182	50,035	-	342,277
Reinsurance/retakaful assets*	6,234,017	3,619,251	2,110,291	504,475	-	6,234,017
Insurance/takaful receivables	560,165	553,641	6,524	-	-	560,165
Other assets	586,315	586,023	-	-	292	586,315
Derivative assets	35,965	35,965	-	-	-	35,965
Cash and bank balances	928,274	4,692	-	-	923,582	928,274
Total assets	50,919,251	13,763,088	15,115,001	35,011,948	4,831,553	68,721,590
Insurance contract/Takaful certificate liabilities**	38,989,107	13,852,852	8,177,155	29,886,750	261,041	52,177,798
Subordinated obligation	1,000,000	39,392	1,187,111	-	-	1,226,503
Expense liabilities***	533,451	175,335	160,815	579,763	-	915,913
Derivative liabilities	22,249	20,744	1,505	-	-	22,249
Insurance/takaful payables	892,226	892,226	-	-	-	892,226
Other liabilities	1,737,750	1,828,348	19,173	129	-	1,847,650
Interest/profit payable on subordinated obligation	9,848	9,848	-	-	-	9,848
Total liabilities	43,184,631	16,818,745	9,545,759	30,466,642	261,041	57,092,187

47. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Group	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
2020						
Financial investments:						
FVTPL	19,386,339	2,216,280	5,666,253	16,604,318	2,794,560	27,281,411
FVOCI	12,034,200	1,733,846	4,311,059	10,413,028	-	16,457,933
AC	7,175,074	7,188,383	-	-	-	7,188,383
Financing receivables	307,542	251,008	28,365	42,215	-	321,588
Reinsurance/retakaful assets*	4,677,396	3,124,279	1,136,320	416,797	-	4,677,396
Insurance/takaful receivables	541,385	541,385	-	-	-	541,385
Other assets	489,164	488,879	-	-	285	489,164
Derivative assets	152,539	152,539	-	-	-	152,539
Cash and bank balances	1,071,056	5,521	-	-	1,065,535	1,071,056
Total assets	45,834,695	15,702,120	11,141,997	27,476,358	3,860,380	58,180,855

47. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Group	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
2020 (contd):						
Insurance contract/Takaful certificate liabilities**	34,950,564	6,228,669	4,055,813	23,564,630	184,149	34,033,261
Expense liabilities***	572,186	48,180	119,039	609,807	-	777,026
Derivative liabilities	3,473	-	3,473	-	-	3,473
Insurance/takaful payables	732,114	721,229	-	-	10,885	732,114
Other liabilities	1,991,301	1,989,640	1,661	-	-	1,991,301
Total liabilities	38,249,638	8,987,718	4,179,986	24,174,437	195,034	37,537,175

* Excluding premium/contribution liabilities.
** Excluding premium/contribution liabilities and FVOCI reserves for General Takaful fund.
*** Excluding expense liabilities relating to General Takaful fund.

Other non-financial assets and liabilities of the Group are generally expected to be recovered or settled more than twelve months after the reporting date (non-current in nature).

47. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Company	**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**
2021						
Financial investments:						
FVTPL	15,500	15,500	-	-	-	15,500
FVOCI	409,496	18,687	328,421	141,848	-	488,956
AC	503,649	503,649	-	-	-	503,649
Financing receivables	624,215	1,252	3,703	627,082	-	632,037
Other assets	29,257	29,257	-	-	-	29,257
Cash and bank balances	34,940	-	-	-	34,940	34,940
Total assets	1,620,616	571,904	332,124	768,930	34,940	1,707,898
Subordinated obligation	1,000,000	39,392	1,187,111	-	-	1,226,503
Derivative liabilities	8,755	8,755	-	-	-	8,755
Other liabilities	15,227	15,227	-	-	-	15,227
Interest payable on subordinated obligations	9,848	9,848	-	-	-	9,848
Total liabilities	1,033,830	73,222	1,187,111	-	-	1,260,333

47. FINANCIAL RISKS (CONTD.)

(ii) Liquidity Risk (contd.)

Maturity Profiles (contd.)

Company

	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
2020						
Financial investments:						
FVOCI	411,630	42,444	283,868	151,363	-	477,675
AC	185,864	185,865	-	-	-	185,865
Financing receivables	4,604	1,184	2,756	1,438	-	5,378
Other assets	6,670	6,670	-	-	-	6,670
Cash and bank balances	986	987	-	-	-	987
Total assets	609,754	237,150	286,624	152,801	-	676,575
Other liabilities	14,676	14,676	-	-	-	14,676
Total liabilities	14,676	14,676	-	-	-	14,676

47. FINANCIAL RISKS (CONTD.)

(iii) Market Risk

Market Risk is the risk of loss or of adverse change in the Group's financial situation resulting, directly or indirectly, from fluctuations or volatility of market prices of financial instruments.

Market Risk comprises mainly of these three (3) types of risk:

(a) Currency Risk;
(b) Interest/Profit Rates Risk; and
(c) Equity Price Risk.

The Group has three main key features in respect of its Market Risk management practices and policies:

(a) The Group’s policies on asset allocation, portfolio limit structure and diversification benchmarks have been set in line with the Group’s risk management policies and risk appetite after taking cognisance of regulatory requirements in respect of the maintenance of assets and solvency.

(b) Compliance with the policies is monitored and exposures and breaches are reported as soon as practical.

(c) Strict controls exist over derivative transactions; such transactions are only permitted for hedging purposes and not for speculative purposes.

The Group also issues investment-linked investment policies with a number of products. In the investment-linked business, the policyholders/participants bear the investment risk on the assets held in the investment-linked funds as the benefits are directly linked to the value of the assets in the funds.

The Group’s exposure to Market Risk on this business is limited to the extent that income arising from asset management charges is based on the value of the assets in the funds. Accordingly, the sensitivity analyses disclosed for each component of Market Risk in the following pages do not include analyses on the impact of such risks on the investment-linked funds.

47. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(a) Currency Risk

Currency Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's primary transactions are carried out in Ringgit Malaysia ("RM") and its exposure to foreign exchange risk arises principally with respect to Singapore Dollar, Hong Kong Dollar, Brunei Dollar and US Dollar.

As the Group's business is conducted primarily in Malaysia, the Group's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act 2013 and the Islamic Financial Services Act 2013, and hence, primarily denominated in the same currency (the local "RM") as its insurance contract/takaful certificate and investment contract liabilities.

The Group's main foreign exchange risk from recognised assets and liabilities arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year. Accordingly, the impact arising from sensitivity in foreign exchange rates is deemed minimal as the Group has no significant exposure of foreign currency risk.

Group		**2021**		**2021**	
	Changes in variables	**Impact on profit before tax RM'000**	**Impact on equity RM'000**	**Impact on profit before tax RM'000**	**Impact on equity RM'000**
		<---------- Increase / (decrease) ----------->			
Singapore Dollar	+100bps	14	6,220	707	6,698
	-100bps	(14)	(6,220)	(707)	(6,698)
United States Dollar	+100bps	3	290	4	988
	-100bps	(3)	(290)	(4)	(988)
Brunei Dollar	+100bps	6	-	(1)	-
	-100bps	(6)	-	1	-

47. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Interest/Profit Rate Risk

Interest/Profit Rate Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest/profit rates.

Interest/Profit Rate Risk arise from exposures to interest/profit rate related assets and liabilities. It is also known as asset-liability mismatch ("ALM") risk. It is mainly driven by the volatility of future cash flows. The quantum is also proxied to the duration mismatch between the assets and the liabilities of the Group.

The Group measures and manages Interest/Profit Rate Risk mainly based on the following three philosophies and principles.

(a) Risk Management Department sets the limits for asset duration in line with the Company's risk appetite;

(b) Investment Management Department actively aim to match the asset duration with the liability duration, without compromising credit quality;

(c) The Risk Management uses Key Risk Indicators ("KRI") to alert the management of any impending problems in a timely manner; and

(d) Risk Management Department monitors the asset duration in accordance with the limits set, as well as the duration gap to the liability duration.

47. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(b) Interest/Profit Rate Risk (contd.)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant.

Group		**2021**		**2020**	
Changes in variables		**Impact on carrying value RM'000**	**Impact on profit/ equity* RM'000**	**Impact on carrying value RM'000**	**Impact on profit/ equity* RM'000**
		<---------- (Decrease)/Increase ---------->			
Financial Assets at FVTPL	+100bps	(1,216,612)	(407,808)	(1,325,467)	(371,917)
	-100bps	1,216,612	407,808	1,325,467	371,917
Financial Assets at FVOCI	+100bps	(1,417,805)	(926,592)	(923,108)	(581,320)
	-100bps	1,417,805	926,592	923,108	581,320
Financial Assets at AC	+100bps	(2,961)	(1,441)	(7,027)	(2,175)
	-100bps	2,961	1,441	7,027	2,175

* Impact on equity is after tax of 24% for Malaysian operations and 17 % for Singaporean operations.

Company		**2021**		**2020**	
Changes in variables		**Impact on carrying value RM'000**	**Impact on profit/ equity* RM'000**	**Impact on carrying value RM'000**	**Impact on profit/ equity* RM'000**
		<---------- (Decrease)/Increase ---------->			
Financial Assets at FVTPL	+100bps	(122)	(93)	(407)	(309)
	-100bps	122	93	407	309
Financial Assets at FVOCI	+100bps	(16,934)	(12,870)	(17,406)	(13,229)
	-100bps	16,934	12,870	17,406	13,229
Financial Assets at AC	+100bps	(806)	(613)	(74)	(56)
	-100bps	806	613	74	56

* Impact on equity is after tax of 24% for Malaysian operations

47. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(c) Equity Price Risk

Equity Price Risk is the risk that the fair value of an equity instrument would fluctuate because of changes in its market prices whether those changes are caused by factors specific to the individual equity instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Group's Equity Price Risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in equities' market prices.

The Group's risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans and limits on investments in each country, sector, and market, having regard also to such limits stipulated by BNM. A cut loss mechanism is also put in place to minimise the loss that may occur over time.

Group

	Changes in variables	Impact on carrying value RM'000	Impact on OCI RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
		<----------	Increase/(Decrease)		---------->
2021	+10%	148,542	7,892	81,729	68,729
	-10%	(148,542)	(7,892)	(81,729)	(68,729)
2020	+10%	110,584	-	62,811	47,599
	-10%	(110,584)	-	(62,811)	(47,599)

* Impact on equity is after tax of 24% for Malaysian operations and 17 % for Singaporean operation.

47. FINANCIAL RISKS (CONTD.)

(iii) Market Risk (contd.)

(iv) Concentration Risk

Concentration Risk refers to the risk associated with the potential losses associated with a particular single or group of counterparties that are substantial enough to threaten the financial condition of the Group and its core operations (causing material adverse impact to the earnings, capital or total assets).

Concentration Risk relates to non-diversified portfolios and arises due to excessive exposure to single companies or an aggregate of exposures to a number of positively correlated companies for example within one sector or region.

The Group's risk policy requires it to manage such risks by setting and monitoring diversification plans and limits on investments in each country, sector, ratings, market and issuer, having regard also to such limits stipulated by BNM.

The Group complied with BNM stipulated limits during the financial year and had no significant concentration risk.

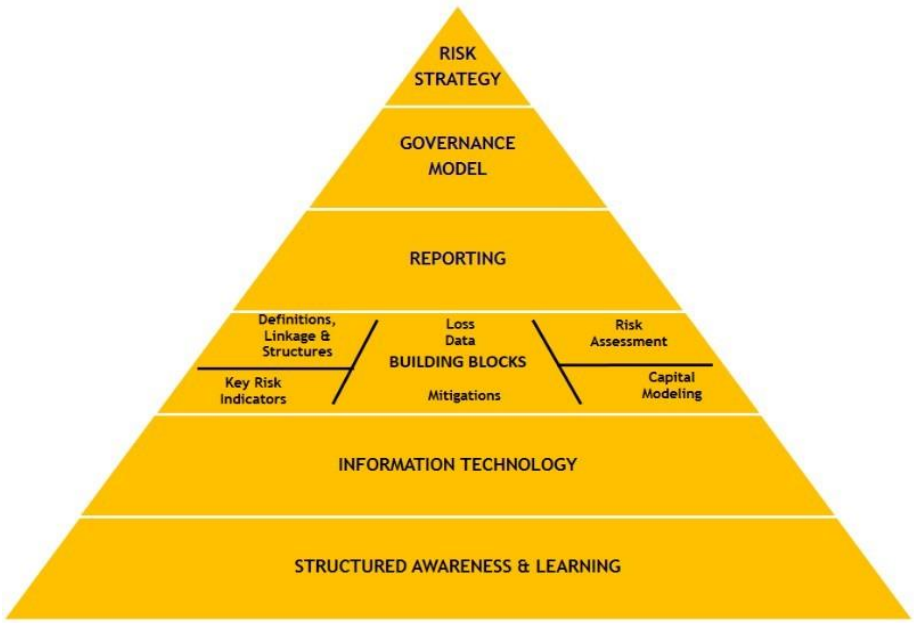
48. OPERATIONAL RISKS

Operational Risk Management ("ORM") is the discipline of systematically identifying the causes of failures in the organisation’s day-to-day operations, assessing the risk of loss and taking the appropriate action to minimise the impact of such loss.

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

48. OPERATIONAL RISKS (CONTD.)

The methodology and components adopted in Operational Risk are summarised in the diagram below.



The continuous review and monitoring of the risks and the control effectiveness are vital for an effective Operational Risk management. Hence, specific tools and methodologies to identify, assess, measure, control, monitor and report the Operational Risks that affect the Company are established. Those include among other things: Risk and Control Self-assessment, Key Risk Indicators, Incident Management & Data Collection, Information Technology and Cyber Risk related assessment through awareness and learning programme.

Operational Risk Taxonomy

(i) Internal Fraud

Losses due to illegal acts (explicitly prohibited by the internal policies/guidelines or external regulations/law provisions) committed by employees. It also includes fraudulent activities/theft perpetrated by employees or in collusion with external party against the company/organisation.

(ii) External Fraud

Losses due to fraudulent activities/theft perpetrated by third party against the company/organisation. External fraud could arise from system security risk, i.e.failure to provide a secure system platform or an activity/incident that can and will threaten the integrity of a system, which will in turn affect the reliability and privacy of data.

48. OPERATIONAL RISKS (CONTD.)

(iii) Employment Practices and Workplace Safety

(a) Employee relations - failure to maintain positive employer-employee relationships that contributes to unsatisfactory productivity, demotivation and low morale;

(b) Safe environment - failure in the provision of a safe working environment from events that could endanger the safety of the employees; and

(c) Diversity & discrimination - failure to provide equality during employment.

(iv) Client or Products and Business Practices

This risk covers information risk as well as conduct risk, and it is sub-divided into five risk types, namely suitability disclosure and fiduciary, improper business or market practices, product flaws, selection sponsorship and exposure, and advisory activities.

(v) Damage to Physical Assets

Damage to physical assets due to force of nature, or events which are not within due control of human. It also includes accidents and public safety that relates to failure in the provision of a safe environment from events that could endanger the safety of the general public from significant danger, injury/harm, or damage.

(vi) Business Disruption and System Failures

Failure in the provision of an effective information technology infrastructure (e.g. hardware, networks, software) to support the current and future needs of the business in an efficient, cost-effective and well controlled manner.

(vii) Execution or Delivery and Process Management

The risk relates to transaction capture or execution and maintenance, monitoring and reporting, customer intake and documentation, customer or client account management, vendors and suppliers.

(viii) Information Technology Risk

Risk which impacts confidentiality, availability and integrity of information and services related to information technology as well as cyber Risk that can lead to losses due to cyber-crime and cyber terrorism.

48. OPERATIONAL RISKS (CONTD.)

(ix) People & Performance Risk

Inability to identify the suitable talent/personnel to deliver/manage and deliver/control business process/function/entity/business units, do not possess the necessary knowledge, skills and experience needed to ensure that critical business objectives are achieved and significant business risk are reduced to an acceptable level.

(x) Model Risk

Risk of a model not performing the tasks or capturing the risks it was designed to capture.

(xi) Information Risk

Risk of loss of information from day-to-day operations could lead to financial risk, operational risk, reputational risk, legal risk and regulatory sanctions.

(xii) Legal Risk

Risk of incurring actual or potential loss that arises due to interalia, flawed documentation, change in regulations/laws, new judicial decisions, legal jurisdiction of our counterparties and choice of governing law that threatens the capacity to consummate important transactions, enforce contractual agreements or implement specific strategies and activities.

(xiii) Data Quality Risk

Risk of poor quality data in terms of data integrity, compliance and timeliness, thus rendering the data unreliable and unfit for its intended usage in operations, analytics and reporting needs.

49. ENTERPRISE RISK

Risk of loss or adverse impact arising from business/strategic, industry, corporate governance and systematic risk. Enterprise risk covers the external and internal factors that can impact the Group's ability to meet its current business plan for achieving ongoing growth and value creation. It includes changes in the external environment including regulatory, economic environment, competitive landscape or the way people (customers or staff) behave and can also be due to poor internal decision making and management or due to loss of reputation. Enterprise Risk will be exacerbated when there is a disruption to financial services that is caused by an impairment of all or parts of the financial system, with the potential to have serious negative consequences to the real/entire economy.

(i) Regulatory Risk

Losses with regard to regulatory changes impacting, for example allowable product features, underwriting practices, profit sharing and solvency, which may affect the volume or quality of new sales or the profitability of in force business. Regulatory changes include all external compliance aspects such as tax environment, legislation.

49. ENTERPRISE RISK (CONTD.)

(ii) Corporate Governance Risk

Risk of failure in the process and structure used to direct and manage the business and affairs of MAHB Group towards enhancing business prosperity and corporate accountability with ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

(iii) Industry Risk

Risk arising from changes in opportunities, threats, competitors and other conditions affecting the attractiveness of an industry.

(iv) Distribution Risk

This is the risk of a loss due to distribution plans deviating adversely from expectations, especially in reliance on external parties and partners for the distribution and may include causes such as lack of alignment of incentives, poor relationship management and lack of sufficient bargaining power in the relationship.

(v) Reputational Risk

Risk damaged by one or more than one reputation event, as reflected from negative publicity about the business practices, conduct or financial condition. Such negative publicity, whether true or not, may impair public confidence, resulting in costly litigation, or lead to a decline in its customer base, business or revenue.

(vi) Business & Strategic Risk

Risk of current or prospective impact on earnings, capital, reputation or standing arising from changes in the environment the MAHB Group operates in and from adverse strategic decisions, improper implementation of decisions or lack of responsiveness to industry, economic or technological changes.

Risk of failure in directing and managing the business and affairs towards enhancing business prosperity and corporate accountability with ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

(iv) Sustainability Risk

The risk of failure in conducting analysis and decision making on environment (the threat of climate change and depletion of resources), social (concerns on diversity, human rights, consumer protection and animal welfare) and corporate governance (concerns on the rights and responsibilities of the management of the company, management structure, documentation) when measuring the sustainability and ethical impact of business exposures.

50. FAIR VALUE MEASUREMENTS

This disclosure provides information on fair value measurements for both financial instruments and non-financial assets and liabilities and is structured as follows:

(a) Valuation principles;
(b) Valuation techniques;
(c) Fair value measurements and classification within the fair value hierarchy;
(d) Transfers between Level 1 and Level 2 in the fair value hierarchy;
(e) Movements of Level 3 instruments; and
(f) Sensitivity of fair value measurements to changes in unobservable input assumptions.

(a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Group determines the fair value by reference to quoted prices in active markets or by using valuation techniques based on observable inputs or unobservable inputs. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving fair value. The Group has also established a framework and policies that provide guidance concerning the practical considerations, principles and analytical approaches for the establishment of prudent valuation for financial instruments measured at fair value.

Valuation adjustment is also an integral part of the valuation process. Valuation adjustment is to reflect the uncertainty in valuations generally for products that are less standardised, less frequently traded and more complex in nature. In making a valuation adjustment, the Group follows methodologies that consider factors such as liquidity, bid-offer spread, unobservable prices/inputs in the market and uncertainties in the assumptions/parameters.

The Group continuously enhances its design, validation methodologies and processes to ensure the valuations are reflective and periodic reviews are performed to ensure the model remains suitable for its intended use.

50. FAIR VALUE MEASUREMENTS (CONTD.)

(a) Valuation principles (contd.)

The levels of the Fair Value hierarchy as defined by MFRS are an indication of the observability of prices or valuation input. It can be classified into the following hierarchies/levels:

- Level 1: Active Market – quoted price

  Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include listed derivatives, quoted equities and unit and property trust funds traded on an exchange.

- Level 2: No Active Market – Valuation techniques using observable inputs

  Refers to inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

  Examples of level 2 financial instruments include corporate and government bonds, structured products, NCDs/NICDs,and over- the- counter ("OTC") derivatives.

- Level 3: No Active Market – Valuation techniques using unobservable inputs

  Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with level 2. The chosen valuation technique incorporates management's assumptions and data.

  Examples of level 3 financial instruments include corporate bonds in illiquid markets, private equity investments and investment properties.

50. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Valuation techniques

(i) Cash and cash equivalents and other receivables/payables

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(ii) Financing receivables

Financing receivables are granted at interest/profit rates which are comparable with the rates offered on similar instruments in the market and to counterparties with similar credit profiles. Accordingly, the carrying amount of the financing receivables approximate their fair values as the impact of discounting is not material.

(iii) Insurance/takaful receivables and payables

The carrying amounts are measured at amortised cost in accordance with the accounting policies as disclosed in Note 2.2(xiii) and 2.2(xxiii). The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

(iv) Investments

Investments have been accounted for in accordance with the accounting policies as disclosed in Note 2.2(ix) and 2.2(x). The carrying amounts and fair values of investments are disclosed in Note 10 to the financial statements.

(v) Investment properties

The fair values of investment properties are determined by an accredited independent valuer using a variety of approaches such as comparison method and income capitalisation approach. Under the comparison method, fair value is estimated by considering the selling price per square foot ("psf") of comparable investment properties sold adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. Income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process may consider the relationships including yield and discount rates.

50. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy

Group	Valuation technique using :			
	Level 1	Level 2	Level 3	
2021	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	Total RM'000
Assets				
Investment properties	-	-	966,429	966,429
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	708,901	-	708,901
Singapore government securities	796,886	-	-	796,886
Equity securities	521,066	-	-	521,066
Unit and property trust funds	251,388	-	-	251,388
Other debt securities, structured products NCDs and NICDs	269,606	13,714,053	-	13,983,659
(ii) Held-for-trading (HFT)				
Malaysian government papers	-	1,507	-	1,507
Equity securities	2,278,925	-	160,007	2,438,932
Unit and property trust funds	47,353	543,249	-	590,602
Other debt securities, structured products NCDs and NICDs	-	665,631	-	665,631

50. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Group	Valuation technique using :			
	Level 1	Level 2	Level 3	
2021	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	Total RM'000
Assets (contd.)				
Financial investments at FVOCI				
Malaysian government papers	-	1,299,716	-	1,299,716
Singapore government papers	2,087,264	-	-	2,087,264
Equity securities	78,920	-	-	78,920
Debt securities, structured products, NCDs and NICDs	724,379	13,954,269	-	14,678,648
Derivative assets	-	35,965	-	35,965
Total assets	7,055,787	30,923,291	1,126,436	39,105,514
Liabilities				
Derivative liabilities	-	22,249	-	22,249
Total liabilities	-	22,249	-	22,249

50. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Group	Valuation technique using :			
	Level 1	Level 2	Level 3	
2020	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	Total RM'000
Assets				
Investment properties	-	-	934,590	934,590
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	1,302,319	-	1,302,319
Singapore government securities	399,847	-	-	399,847
Equity securities	306,749	-	-	306,749
Unit and property trust funds	39,828	-	-	39,828
Other debt securities, structured products NCDs and NICDs	1,138,060	13,155,575	-	14,293,635
(ii) Held-for-trading (HFT)				
Equity securities	2,056,341	-	149,114	2,205,455
Malaysian government papers	-	166,492	-	166,492
Unit and property trust funds	213,388	1,527	-	214,915
Other debt securities, structured products and NCDs	-	457,099	-	457,099

50. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Group	Valuation technique using :			
	Level 1	Level 2	Level 3	
2020	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	Total RM'000
Assets (contd.)				
Financial investments at FVOCI				
Malaysian government papers	-	1,353,242	-	1,353,242
Singapore government papers	726,255	-	-	726,255
Debt securities, structured products, NCDs and NICDs	2,681,600	7,273,103	-	9,954,703
Derivative assets	-	152,539	-	152,539
Total assets	7,562,068	23,861,896	1,083,704	32,507,668
Liabilities				
Derivative liabilities	-	3,473	-	3,473
Total liabilities	-	3,473	-	3,473

50. FAIR VALUE MEASUREMENTS (CONTD.)

(c) Fair value measurements and classification within the fair value hierarchy (contd.)

Company	Valuation technique using :			
	Level 1	Level 2	Level 3	
2021	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	Total RM'000
Assets				
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Debt securities, structured products, NCDs and NICDs	-	15,500	-	15,500
	-	15,500	-	15,500
Financial investments at FVOCI				
Malaysian government papers	-	45,644	-	45,644
Debt securities, structured products, NCDs and NICDs	-	363,852	-	363,852
	-	409,496	-	409,496
Liabilities				
Derivative liabilities	-	8,755	-	8,755
Total liabilities	-	8,755	-	8,755
2020				
Assets				
Financial investments at FVOCI				
Malaysian government papers	-	26,559	-	26,559
Debt securities, structured products, NCDs and NICDs	-	385,071	-	385,071
	-	411,630	-	411,630

50. FAIR VALUE MEASUREMENTS (CONTD.)

(d) Transfer between Level 1 and Level 2 in the fair value hierarchy

Assets and liabilities of the Group and the Company are recognised in the financial statements on a recurring basis. The Group and the Company determine whether transfers have occurred between fair value hiarerchy levels 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. There were no transfers between Level 1 and Level 2 for the Group and the Company during the financial years ended 31 December 2021 and 31 December 2020.

(e) Movements of Level 3 assets and financial investments

Group

2021

	Assets and financial investments measured at fair value		
	Investment properties RM'000	**Designated at FVTPL RM'000**	**Total RM'000**
At 1 January	934,590	149,114	1,083,704
Recognised in income statement:			
Fair value gains	28,527	10,893	39,420
Purchases	3,312	-	3,312
At 31 December	966,429	160,007	1,126,436
Total gains recognised in income statement for assets and financial instruments measured at fair value at the end of the reporting period	28,527	10,893	39,420

2020

As at 1 January	914,550	145,356	1,059,906
Recognised in income statement:			
Realised gain	-	3,900	3,900
Fair value gains	18,670	4,538	23,208
Purchases	1,370	-	1,370
Settlements	-	(4,680)	(4,680)
As at 31 December	934,590	149,114	1,083,704
Total gains recognised in income statement for assets and financial instruments measured at fair value at the end of the reporting period	18,670	8,438	27,108

50. FAIR VALUE MEASUREMENTS (CONTD.)

(f) Sensitivity of fair value measurements to changes in unobservable input

The Group's exposure to financial investments measured with valuation techniques using significant unobservable inputs comprised a small number of financial investments which constitute an insignificant component of the Group's portfolio of financial investments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

(i) Investment properties

Recent sale transactions transacted in the real estate market would result in a significant change of estimated fair value for investment properties.

All investment properties of the Group carried at fair values were classified under Level 3. The valuation of investment properties were performed by an accredited independent valuer using a variety of approaches such as the comparison method and the income capitalisation approach.

Group	Valuation Method	Significant unobservable inputs	Range
2021			
Building	Income capitalisation	Rental per square foot	RM1.98 to RM10.25
Land	Comparison	Sales price per square foot for similar properties	RM3,833.56
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM1,221.57
2020			
Building	Income capitalisation	Rental per square foot	RM1.98 to RM10.25
Land	Comparison	Sales price per square foot for similar properties	RM3,292.49
Shop lots	Comparison	Sales price per square foot for similar properties	RM50.00 to RM1,128.30

50. FAIR VALUE MEASUREMENTS (CONTD.)

(f) Sensitivity of fair value measurements to changes in unobservable input assumptions (contd.)

(i) Investment properties (contd.)

Under the comparison method, fair value is estimated by considering the selling price per square foot ("psf") of comparable investment properties sold, adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. The income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process also considers the relationships including yield and discount rates. Recent transactions transacted in the market resulting in an increase in these inputs, would result in a significant increase in the estimated fair values of the investment properties.

A significant increase or decrease in the unobservable input used in the valuation would result in a correspondingly higher or lower fair value of the investment properties.

(ii) Unquoted equity instruments

All unquoted equity instruments of the Group at fair values were classified under Level 3. The fair value of investments in unquoted equity instruments that do not have quoted market prices in an active market, are measured based on the net asset method by referencing to the annual financial statements of the entity that the Group invested in.

Group

Net asset value	Changes in variables	Impact on carrying value RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
		<------ Increase/(Decrease) ------->		
2021	+5%	8,008	8,008	5,696
	-5%	(8,008)	(8,008)	(5,696)
2020	+5%	7,463	7,274	5,336
	-5%	(7,463)	(7,274)	(5,336)

* Impact on equity is computed after tax at the statutory tax rate.

51. SIGNIFICANT EVENTS

(a) Issuance of Tier 2 Capital Subordinated Bond by Etiqa Insurance Pte. Ltd. ("EIPL")

On 7 October 2021, EIPL issued SGD200 million nominal value of Tier 2 Capital Subordinated bonds. The bond carries a tenure of ten (10) years from issue date on 10 non-callable 5 basis with interest rate of 3% per annum payable semi-annually in arrears in April and October each year, and is due on 2031. The first call date is on 7 October 2026 to redeem the bond, in whole but not in part and each semi-annual interest payment date thereafter at their principal amount together with accrued but unpaid coupon.

(b) Issuance of Tier 2 Capital Subordinated Bond by MAHB

On 7 October 2021, MAHB issued RM1 billion nominal value of Tier 2 Capital Subordinated bonds. The bond carries a tenure of ten (10) years from issue date on 10 non-callable 5 basis with interest rate of 3.95% per annum payable semi-annually in arrears in April and October each year, and is due on 2031. MAHB may subject to the prior consent of Bank Negara Malaysia ("BNM"), to redeem the bond, in whole but not in part, on 7 July 2026 and each semi-annual interest payment date thereafter at their principal amount together with accrued but unpaid coupon.

(b) Update on the Malaysia Competition Commission (“MyCC”) against the General Insurance Association of Malaysia (“PIAM”) and its 22 general insurers

On 22 February 2017, the Malaysia Competition Commission (“MyCC”) has issued a Proposed Decision against the General Insurance Association of Malaysia (“PIAM”) and its 22 general insurers, including the subsidiary, Etiqa General Insurance Berhad ("EGIB") for an alleged infringement of the Competition Act 2010 (“CA 2010”). The MyCC alleged that PIAM and all 22 general insurers were parties to an anti-competitive agreement to fix the parts trade discount for certain vehicle makes and labour hourly rates for PIAM Approved Repairers Scheme workshops.

PIAM and all the 22 general insurers have filed their respective written representations with the MyCC. EGIB represented by its legal counsel, Messrs Raja Darryl & Loh (“RDL”) has filed its written representations with the MyCC on 25 April 2017 and has further made oral representations on 14 December 2017 and 17 June 2019 to defend its position, in line with PIAM and other general insurers.

51. SIGNIFICANT EVENTS (CONTD.)

(b) Update on the Malaysia Competition Commission ("MyCC") against the General Insurance Association of Malaysia ("PIAM") and its 22 general insurers (contd.)

The MyCC has on 25 September 2020 issued their final decision (which is dated 14 September 2020) under Section 40 of the CA 2010 ("Final Decision") and the financial penalty for EGIB has been determined. EGIB has since filed an appeal against the Final Decision with the Competition Appeal Tribunal ("CAT") on 14 October 2020 and a stay of the financial penalty imposed pending the decision of the CAT on 27 October 2020. The stay application is now fixed for hearing on 25 February 2021 before the CAT, following which, there is also a case management session scheduled for 26 February 2021 in respect of the appeal proper.

The parties have completed their oral submissions in respect of the stay applications on 12 March 2021. The CAT unanimously allowed the stay applications on 23 March2021 that the cease and desist order as well as the financial penalty imposed be stayed pending the disposal of the appeal.

The CAT has now fixed various dates for the hearing of the appeals beginning November 2021. The CAT has requested for some additional hearing dates to be fixed in January 2022 and parties are in the midst of working out some additional common free dates (in January 2022) for the hearing of said appeals.

On 29 July 2021, the CAT directed the parties as follows:-

(i) To file a set of common and separate issues by 12 August 2021; and

(ii) To identify in writing the individuals each insurer intends to call as a witness.

The CAT then fixed 30 August 2021 as the next case management date.

The Case Management fixed on 30.08.2021 has been vacated and the CAT will inform the parties of a new date. The parties are now just preparing for the filing of written submissions. The next significant dates are BNM's appeal hearing dates on the 15th and 29th of October 2021.

Since CAT had heard from the relevant counsel in respect of BNM's appeals on 15.10.2021 and 29.10.2021, the session on 12.11.2021 was commenced with oral submissions by PIAM's counsel. There were 5 hearing dates set: 12.11.2021, 15.11.2021, 16.11.2021, 19.11.2021, and 26.11.2021. Our submission was made on 16.11.2021.

PIAM and the insurance companies completed the first round of their oral submissions on 26.11.2021, which was the last trial date scheduled for the year 2021. CAT has set new dates of March (17, 21 & 24) and April (6, 7 & 21) 2022 for the oral submission of MyCC as well as for PIAM and the submission of insurers' oral answers.

51. SIGNIFICANT EVENTS (CONTD.)

(c) Covid-19 impact

The prolonged Covid-19 pandemic has continued to impact Etiqa Insurance and Takaful Group, both the business operations and investments. With the progress of the vaccination rollout, and the gradual opening up of the economy, Etiqa has seen an increase in sales of insurance/takaful policies. The demand for longer term products was however restrained due to economic uncertainties. Nonetheless, the Group achieved commendable growth in the local market. The Management and the Board have continued to closely monitor the situation and positioning the Group to preserve and strengthen our business operations, capital management and provide the necessary support to staff and local communities where needed. This is further explained below:-

(i) Business Operations

The challenges to deploy resources due to limitation arising from movement restrictions have been eased since the rollout of the National Covid-19 Immunisation Plan. The Group has undertaken several initiatives to enhance its digital presence to seize business opportunities and to further reach and service its customers. Among the initiatives undertaken are the Agent On-The-Go (AOTG) rollout and campaigns, introduction of Virtual Appointment, and expanding the functionalities and usage of SMILE App.

Since the start of the pandemic, Etiqa has moved to a blend of Work from Home (WFH) and Work on Site (WOS) arrangement for its employees, and has deployed health, safety and security measures.

(ii) Investment Operations

Overall investment climate continued to be dampened by the increased Covid-19 cases globally which dimmed the prospect of fast economic recovery. The increased bond yields caused a significant decrease in liabilities of Life Insurance and Family Takaful businesses but was unable to cover the decrease in assets value. The downward trend of KLCI has also dampened returns from equity investments. The Management has preserved the Group's capital by ensuring that Assets Liability Management remains intact, improved regular income stream and reduced volatility by maintaining low equity portfolio.

(iii) Capital Management

The higher interest rates have increased the solvency level for Life and Family entities and was adequate to absorb Covid-19 impact and economic slowdown, particularly on asset quality, impairment, business growth and profit.

The Management has continuously assessed the Group's long term solvency position under stress scenarios to ensure sustainability of its capital. The successful issuance of subordinated bond of RM1 billion is to ensure that the Group is able to support the capital needs of EIPL in achieving its planned growth, as well as buffer for the increased volatility of tactical strategies, COVID-19 pandemic implications in Malaysia and Singapore economies for the next 5 years.

51. SIGNIFICANT EVENTS (CONTD.)

(c) Covid-19 impact (contd.)

(iv) Customers and Society

Etiqa has continued to assist the government, communities and customers impacted by the Covid-19 pandemic. Etiqa has maintained the RM5,000 cash payout as temporary relief to Etiqa's Life policyholders and Family Takaful participants that were diagnosed with Covid-19.

Etiqa contributed 2.7 million 'Low Dead Volume' syringes to the government to kickstart the first phase of the National Covid-19 Immunisation Plan. In addition, Etiqa contributed RM944,160 worth of medical equipment to the emergency departments of two government hospitals to help ramp up their efforts against the Covid-19 pandemic.

Etiqa Malaysia have also distributed Safety Kits to all our walk-in customers nationwide as a gesture of appreciation for their support towards the 2021 e-Payment campaign. The e-Payment campaign was a Bank Negara initiative under the e-Payment fund framework to encourage customers to use cashless platforms in the Insurance and Takaful industry.

The management has made assessments of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements is continued to be prepared on the going concern basis.

52. SUBSEQUENT EVENTS

On 9 December 2021, the Board of Directors had approved the proposed capital injection of SGD200 million by the Company into EIPL. The capital injection is to be divided into two (2) tranches where the First tranche amounting to SGD120 million to be paid in March 2022 and the second tranche amounting to SGD80 million is targeted to be paid by September 2022. The capital injection is required so that EIPL is able to achieve capital self-sufficiency through a sustainable and profitable business mix.

BNM's Foreign Exchange Administration approved the overseas money remittance on 16 March 2022. The capital injection of SGD120 million is completed on 21 March 2022.

53. CAPITAL MANAGEMENT

The Company is a Financial Holdings Company and is required to satisfy the Capital Adequacy requirement as prescribed under BNM Risk Based Capital Framework where same requirement is applies to a licence insurer. The Company monitors its Group Capital Adequacy Ratio ("GCAR") on a regular basis to assess whether such requirements have been met, and reports to the BNM its solvency position annually. Internally, capital is managed in accordance with the aim to provide adequate returns to its shareholders without resulting in deterioration of its current capital position. The GCAR is in excess of the current requirement as at 31 December 2021.

54. INSURANCE FUNDS

The Group's principal activities are organised by funds and segregated into Shareholders', General, Life, General Takaful and Family Takaful funds in accordance with the Insurance Act, 1996 and Insurance Regulations, 1996.
The Group's statement of financial position and Income Statement have been further analysed by funds.
The Life and Family Takaful insurance businesses offer a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Annuity products, as well as Unit-linked products.
The General Insurance and General Takaful insurance businesses offer general insurance/takaful products which include Motor, Fire, Marine, Aviation and Transit ("MAT"), Health & Surgical and Miscellanous products.

STATEMENT OF FINANCIAL POSITION BY FUNDS
AS AT 31 DECEMBER 2021

	Total		* Consolidation elimination		Shareholders' and General Funds		Life Fund		General Takaful Fund		Family Takaful Fund	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets:												
Property, plant and equipment	115,070	121,254			77,374	80,194	37,696	41,060	-	-	-	-
Investment properties	966,429	934,590			(4,741)	(19,020)	971,170	953,610	-	-	-	-
Prepaid land lease payments	16,613	17,098			15,850	16,309	763	789	-	-	-	-
Right-of-use assets	26,916	16,161			26,792	16,075	124	86	-	-	-	-
Intangible assets	99,342	92,553			44,486	43,512	54,856	49,041	-	-	-	-
Investment in subsidiaries	-	-			-	-	-	-	-	-	-	-
Investment in associates	1,238	1,238			1,238	1,238	-	-	-	-	-	-
Investments	42,249,131	38,595,613	*(29,275)*	*(27,618)*	7,482,062	6,970,031	20,332,408	17,399,452	2,502,849	2,228,791	11,961,087	12,024,957
Financing receivables	325,384	307,542			67,927	65,683	257,457	241,859	-	-	-	-
Reinsurance/retakaful assets	6,502,473	4,971,385			3,951,168	4,016,872	1,482,469	480,292	861,436	312,191	207,400	162,030
Insurance/takaful receivables	560,165	541,385			295,098	257,288	33,376	55,844	83,741	88,158	147,950	140,095
Other assets	586,315	489,164			1,382,057	161,953	(978,185)	191,258	29,601	17,524	152,842	118,429
Derivative assets	35,965	152,539			871	12,037	35,094	140,502	-	-	-	-
Deferred tax assets	225,266	21,339			207,955	10,957	8,365	2,531	4,796	2,897	4,150	4,954
Current tax assets	121,884	140,701			121,884	88,665	-	27,736	-	3,884	-	20,416
Cash and bank balances	928,274	1,071,056			151,879	122,041	718,098	717,972	2,072	37,779	56,225	193,264
Total Assets	52,760,465	47,473,618			13,821,900	11,843,835	22,953,691	20,302,032	3,484,495	2,691,224	12,529,654	12,664,145
Equity:												
Share capital	660,866	660,866			660,866	660,866	-	-	-	-	-	-
Reserves	6,802,595	6,396,269	*(6,805)*	*(7,618)*	6,809,400	6,403,887	-	-	-	-	-	-
Total Equity	7,463,461	7,057,135			7,470,266	7,064,753	-	-	-	-	-	-
Liabilities:												
Insurance contract/Takaful certificate liabilities	40,314,242	36,271,509	*(22,470)*	*(20,000)*	4,873,478	4,842,842	20,650,209	17,361,065	2,833,231	2,137,408	11,979,794	11,950,194
Subordinated obligations	1,000,000	-			1,000,000	-	-	-	-	-	-	-
Expense liabilities	690,618	711,983			690,618	711,983	-	-	-	-	-	-
Derivative liabilities	22,249	3,473			9,451	-	12,311	3,473	-	-	487	-
Deferred tax liabilities	559,235	654,327			276,516	321,828	262,850	264,365	41	11,526	19,828	56,608
Insurance/takaful payables	892,226	732,114			506,403	373,678	231,094	193,376	130,078	144,695	24,651	20,365
Other liabilities	1,737,750	1,991,301			(1,066,464)	(1,507,030)	1,778,275	2,463,858	521,145	397,595	504,794	636,878
Interest/profit payable on subordinated obligations	9,848	-			9,848	-	-	-	-	-	-	-
Current tax liabilities	70,836	51,776			51,784	35,781	18,952	15,895	-	-	100	100
Total Liabilities	45,297,004	40,416,483			6,351,634	4,779,082	22,953,691	20,302,032	3,484,495	2,691,224	12,529,654	12,664,145
Total Equity and Liabilities	52,760,465	47,473,618			13,821,900	11,843,835	22,953,691	20,302,032	3,484,495	2,691,224	12,529,654	12,664,145

** The consolidation elimination indicated the group inter-fund elimination.*

54. INSURANCE FUNDS (CONTD.)

INCOME STATEMENT/REVENUE ACCOUNT BY FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Total		*Consolidation elimination		Shareholders' Funds		General Fund		Life Fund		General Takaful Fund		Family Takaful Fund	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gross earned premiums/contributions	10,761,174	10,708,678	*2,469*	*(171)*	-	-	1,678,494	1,564,356	5,648,539	5,952,786	1,658,551	1,604,993	1,773,121	1,586,714
Earned premiums/contributions ceded to reinsurers/retakaful operators	(2,425,196)	(1,590,393)	*55*		-	-	(1,068,655)	(918,516)	(1,013,763)	(418,162)	(237,854)	(165,811)	(104,979)	(87,904)
Net earned premiums/contributions	8,335,978	9,118,285			-	-	609,839	645,840	4,634,776	5,534,624	1,420,697	1,439,182	1,668,142	1,498,810
Fee and commission income	120,746	103,762	*(899,879)*	*(811,574)*	902,884	813,901	68,132	78,788	35,672	12,061	12,872	9,076	1,065	1,510
Investment income	1,473,109	1,320,195			204,830	190,792	42,739	41,181	655,278	555,761	87,293	72,789	482,969	459,672
Realised (losses)/gains	(18,765)	170,323			4,129	66,116	11,994	(8,304)	2,762	(136,728)	(4,622)	33,946	(33,028)	215,293
Fair value (losses)/gains	(938,534)	571,256			(83,418)	38,046	(15,089)	15,688	(503,868)	401,891	(6,222)	2,473	(329,937)	113,158
Other operating income/(expenses), net	159,269	(144,414)			(19)	(14,481)	36,808	(14,579)	102,569	(133,835)	6,814	3,311	13,097	15,170
Other revenue	795,825	2,021,122			1,028,406	1,094,374	144,584	112,774	292,413	699,150	96,135	121,595	134,166	804,803
Gross benefits and claims paid	(5,019,609)	(3,852,118)			-	-	(1,185,680)	(557,130)	(1,900,949)	(1,232,855)	(652,128)	(751,735)	(1,280,852)	(1,310,398)
Claims ceded to reinsurers/ retakaful operators	1,032,701	345,971			-	-	890,810	252,123	18,473	10,018	42,594	25,745	80,824	58,085
Gross change in contract/certificate liabilities	(4,334,690)	(6,641,137)			(2,114)	356	(195)	(1,068,757)	(3,361,397)	(4,644,721)	(788,894)	(330,285)	(182,090)	(597,730)
Change in contract/certificate liabilities ceded to reinsurers/retakaful operators	1,545,111	1,565,132			-	-	(46,093)	1,031,401	993,925	406,934	551,909	75,965	45,370	50,832
Net benefits and claims	(6,776,487)	(8,582,152)			(2,114)	356	(341,158)	(342,363)	(4,249,948)	(5,460,624)	(846,519)	(980,310)	(1,336,748)	(1,799,211)
Management expenses	(938,438)	(850,666)	*(2,524)*	*171*	(536,860)	(439,544)	(153,805)	(159,811)	(222,228)	(221,620)	-	-	(23,021)	(29,862)
Shared service fee income	115,469	49,358			115,469	49,358	-	-	-	-	-	-	-	-
Change in expense liabilities	21,365	(27,988)			21,365	(27,988)	-	-	-	-	-	-	-	-
Fee and commission expenses	(604,919)	(655,321)	*899,879*	*811,574*	(295,748)	(267,526)	(121,946)	(122,732)	(186,319)	(264,166)	(551,705)	(497,556)	(349,080)	(314,915)
Interest on subordinated obligations	(9,848)	-			(9,848)	-	-	-	-	-	-	-	-	-
Taxation borne by policyholders/participants	(6,784)	(114,549)			-	-	-	-	(9,340)	(104,062)	(3,008)	(2,117)	5,564	(8,370)
Other expenses	(1,423,155)	(1,599,166)			(705,622)	(685,700)	(275,751)	(282,543)	(417,887)	(589,848)	(554,713)	(499,673)	(366,537)	(353,147)
Profit before taxation and zakat before surplus transfer	932,161	958,089			320,670	409,030	137,514	133,708	259,354	183,302	115,600	80,794	99,023	151,255
Surplus transfer from:														
- General Fund	-	-			137,514	133,708	(137,514)	(133,708)	-	-	-	-	-	-
- Life Par Fund	-	-			22,299	21,400	-	-	(22,299)	(21,400)	-	-	-	-
- Life Non Par Fund	-	-			237,055	161,902	-	-	(237,055)	(161,902)	-	-	-	-
- General Takaful Fund	-	-			115,600	80,794	-	-	-	-	(115,600)	(80,794)	-	-
- Family Fund	-	-			99,023	151,255	-	-	-	-	-	-	(99,023)	(151,255)
Profit before taxation and zakat after surplus transfer from Insurance and Takaful funds	932,161	958,089			932,161	958,089	-	-	-	-	-	-	-	-
Taxation	(47,025)	(244,056)			(47,025)	(244,056)	-	-	-	-	-	-	-	-
Zakat	(20,451)	(22,746)			(20,451)	(22,746)	-	-	-	-	-	-	-	-
Net profit for the financial year	864,685	691,287			864,685	691,287	-	-	-	-	-	-	-	-

** The consolidation elimination indicated the group inter-fund elimination.*