

**GREAT EASTERN LIFE ASSURANCE (MALAYSIA)
BERHAD**
198201013982 (93745-A)
(Incorporated in Malaysia)

**Interim Condensed Financial Statements
For the six months ended 30 June 2023**

198201013982 (93745-A)

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

Statement by Directors

We, Ng Hon Soon and Siew Kah Toong, being two of the directors of Great Eastern Life Assurance (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying interim condensed financial statements set out on pages 2 to 90 are drawn up in accordance with Malaysian Financial Reporting Standard 134: Interim Financial Reporting ("MFRS 134") and International Accounting Standard 34: Interim Financial Reporting ("IAS 34"), and Bank Negara Malaysia's policy document on Financial Reporting [BNM/RH/PD 032-13] dated 27 September 2019 so as to give a true and fair view of the financial position of the Company as at 30 June 2023 and of the results and cash flows of the Company for the period then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 August 2023.



Ng Hon Soon



Siew Kah Toong

Kuala Lumpur
30 August 2023

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		30 Jun 2023	31 Dec 2022	1 Jan 2022
	Note	RM'000	restated RM'000	restated RM'000
Assets				
Property and equipment				
- Owned		284,182	289,836	303,982
- Right-of-use assets		17,453	17,430	18,276
Intangible assets		168,413	168,714	162,177
Investment properties		976,533	976,500	1,214,270
Assets held for sale		-	238,000	-
Investments	9	83,974,385	79,973,109	78,745,607
Loans		460,860	472,033	772,343
Derivatives	11	3,264	1,167	7,331
Reinsurance contract assets	10	311,284	300,346	597,060
Insurance contract assets	10	-	-	4,068
Other receivables		997,320	640,934	646,336
Cash and cash equivalents		1,960,346	4,337,732	4,510,191
Total assets		<u>89,154,040</u>	<u>87,415,801</u>	<u>86,981,641</u>
Equity				
Share capital		100,000	100,000	100,000
Retained earnings		2,439,553	2,234,686	2,109,856
Other comprehensive income fair value reserves		25,578	(83,149)	(26,477)
Insurance/reinsurance finance reserve		70,299	55,696	102,681
Total equity		<u>2,635,430</u>	<u>2,307,233</u>	<u>2,286,060</u>
Liabilities				
Insurance contract liabilities	10	84,055,884	82,871,620	82,408,411
Reinsurance contract liabilities	10	251,214	259,534	260,384
Derivatives	11	17,487	20,208	23,766
Agents' retirement benefits		962,377	948,623	884,985
Deferred tax liabilities		278,052	113,558	288,753
Other financial liabilities		466,872	136,355	45,231
Provision for taxation		14,682	131,807	200,427
Lease liabilities		2,428	2,346	2,941
Other payables		469,614	624,517	580,683
Total liabilities		<u>86,518,610</u>	<u>85,108,568</u>	<u>84,695,581</u>
Total equity and liabilities		<u>89,154,040</u>	<u>87,415,801</u>	<u>86,981,641</u>

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

		From 1 Jan 2023 to 30 Jun 2023	From 1 Jan 2022 to 30 Jun 2022 restated
	Note	RM'000	RM'000
Insurance service revenue	12	3,590,603	3,274,510
Insurance service expenses	14	(2,817,308)	(2,231,193)
Net expenses from reinsurance contracts held		(17,994)	(1,185)
Insurance service result		<u>755,301</u>	<u>1,042,132</u>
Investment income		1,699,981	1,620,399
Rental income		36,434	34,235
Gain on exchange differences		256,973	87,498
Net realised gains and losses		67,161	(69,286)
Net fair value gains and losses		(181,770)	(4,082,320)
(Increase)/decrease in provision for impairment of:			
Other receivables		-	(63)
Investments		2,932	(12,122)
Net investment income	13	<u>1,881,711</u>	<u>(2,421,659)</u>
Net finance (expenses)/income from insurance contracts issued		(1,836,110)	2,146,010
Net finance income from reinsurance contracts held		1,941	10,044
Net insurance finance expenses	13	<u>(1,834,169)</u>	<u>2,156,054</u>
Net investment and insurance result		<u>802,843</u>	<u>776,527</u>
Other revenue		1,210	726
Other expenses	14	(43,039)	(44,858)
Other income and expenses		<u>(41,829)</u>	<u>(44,132)</u>
Profit before taxation		761,014	732,395
Taxation	15	(170,581)	(154,025)
Taxation of life insurance business		(19,127)	71,764
Taxation of the Company		(151,454)	(225,789)
Net profit for the period		<u>590,433</u>	<u>578,370</u>
Earnings per share (sen)			
Basic and diluted		<u>590</u>	<u>578</u>

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 restated RM'000
Net profit for the period	590,433	578,370
Other comprehensive (loss)/income:		
Other comprehensive (loss)/income that will not be reclassified to statement of profit or loss in subsequent periods:		
Net (loss)/gain on equity instrument designated at fair value through other comprehensive income ("FVOCI")	(11,878)	7,789
Tax effects thereon	2,112	533
Net other comprehensive (loss)/income that will not be reclassified to statement of profit or loss in subsequent periods (net of tax)	<u>(9,766)</u>	<u>8,322</u>
Other comprehensive income/(loss) that may be reclassified to statement of profit or loss in subsequent periods:		
Debt instruments at FVOCI:		
Net gain/(loss) arising during the period	133,000	(189,854)
Changes in allowance for Expected Credit Loss ("ECL")	962	7,005
Net realised loss/(gain) transferred to statement of profit or loss	(3,992)	9,489
	<u>129,970</u>	<u>(173,360)</u>
Net insurance financial result		
Finance expenses from insurance contracts issued	22,983	(58,071)
Finance income from reinsurance contracts held	1,818	(20,503)
Tax effects thereon	(22,241)	21,462
Net other comprehensive income/(loss) that may be reclassified to statement of profit or loss in subsequent periods (net of tax)	<u>132,530</u>	<u>(230,472)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>122,764</u>	<u>(222,150)</u>
Total comprehensive income for the period, net of tax	<u>713,197</u>	<u>356,220</u>

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	<u>Attributable to shareholders of the Company</u>				
	Share Capital	<u>Other reserves</u>		Retained Earnings	Total Equity
		Fair Value Reserves	Insurance / reinsurance finance reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 31 December 2021 as previously reported	100,000	(54,664)	-	4,183,941	4,229,277
Impact of initial application of MFRS 17	-	-	102,681	(2,045,898)	(1,943,217)
Redesignation and classification overlay for financial assets	-	28,187	-	(28,187)	-
Balance as at 1 January 2022, restated	<u>100,000</u>	<u>(26,477)</u>	<u>102,681</u>	<u>2,109,856</u>	<u>2,286,060</u>
Net profit for the period	-	-	-	578,370	578,370
Other comprehensive loss for the period	-	(149,860)	(72,290)	-	(222,150)
Total comprehensive (loss)/income for the period	<u>-</u>	<u>(149,860)</u>	<u>(72,290)</u>	<u>578,370</u>	<u>356,220</u>
Transfer of fair value reserve of equity instruments designated at FVOCI (net of tax) (Note 9(a))	-	17,889	-	(17,889)	-
Dividends paid during the period (Note 5)	-	-	-	(320,000)	(320,000)
Balance as at 30 June 2022	<u>100,000</u>	<u>(158,448)</u>	<u>30,391</u>	<u>2,350,337</u>	<u>2,322,280</u>
Balance as at 31 December 2022 as previously reported	100,000	(48,024)	-	4,509,226	4,561,202
Impact of initial application of MFRS 17	-	-	55,696	(2,309,665)	(2,253,969)
Redesignation and classification overlay for financial assets	-	(35,125)	-	35,125	-
Balance as at 1 January 2023, restated	<u>100,000</u>	<u>(83,149)</u>	<u>55,696</u>	<u>2,234,686</u>	<u>2,307,233</u>
Net profit for the period	-	-	-	590,433	590,433
Other comprehensive income for the period	-	108,161	14,603	-	122,764
Total comprehensive income for the period	<u>-</u>	<u>108,161</u>	<u>14,603</u>	<u>590,433</u>	<u>713,197</u>
Transfer of fair value reserve of equity instruments designated at FVOCI (net of tax) (Note 9(a))	-	566	-	(566)	-
Dividends paid during the period (Note 5)	-	-	-	(385,000)	(385,000)
Balance as at 30 June 2023	<u>100,000</u>	<u>25,578</u>	<u>70,299</u>	<u>2,439,553</u>	<u>2,635,430</u>

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)

CONDENSED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	From 1 Jan 2023 to 30 Jun 2023	From 1 Jan 2022 to 30 Jun 2022 restated
Note	RM'000	RM'000
Profit before taxation attributable to shareholders	761,014	732,395
<i>Adjustments for non-cash items:</i>		
Investment income	(1,718,760)	(1,617,469)
Rental income	(36,506)	(33,830)
Realised (gains)/losses recorded in the statement of profit or loss	(67,161)	69,286
Fair value losses recorded in the statement of profit or loss	181,770	4,082,320
Depreciation of:		
- property and equipment	12,144	11,870
- right-of-use assets	461	510
Amortisation of:		
- right-of-use assets	69	69
- intangible assets	15,768	15,528
(Write-back of)/impairment loss on:		
Investments	(2,932)	12,122
Changes in agents' retirement benefit	44,506	31,177
Realised foreign exchange gain on disposal of investments	(31,261)	(17,816)
Unrealised exchange loss on derivatives	12,042	12,762
Unrealised exchange gain on investments	(229,113)	(73,683)
Changes in insurance and reinsurance contract assets/liabilities	1,161,255	(3,435,378)
Finance cost	48	21
Cash flow before working capital changes	103,344	(210,116)
<i>Changes in working capital:</i>		
Other debtors		
Increase in right-of-use assets	(553)	(280)
Increase in other receivables	(906)	(93,019)
Other creditors		
Increase in other financial liabilities	330,517	113,419
Increase in lease liabilities	554	280
Decrease in other payables	(124,615)	(37,839)
Cash generated from/(used in) operating activities	308,341	(227,555)

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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CONDENSED STATEMENT OF CASH FLOW (CONT'D.)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	From 1 Jan 2023 to 30 Jun 2023	From 1 Jan 2022 to 30 Jun 2022 restated
Note	RM'000	RM'000
Insurance services paid/ received	110,940	744,959
Dividend/distribution income received	592,970	573,398
Interest/profit income received	1,051,942	1,007,547
Rental income on investment properties received	35,758	34,120
Agents' retirement benefits paid	(30,752)	(21,788)
Income tax paid	(225,728)	(204,286)
Net cash flows generated from operating activities	1,843,471	1,906,395
Investing activities		
Proceeds from disposal of property and equipment	33	(3)
Purchase of property and equipment	(6,490)	(2,867)
Purchase of intangible assets	(15,474)	(17,513)
Proceeds from disposal of intangible assets	6	149
Purchase of investment properties	(33)	(1,811)
Purchases of FVTPL financial investments	(12,148,566)	(14,054,010)
Proceeds from disposals/maturities of FVTPL financial investments	8,953,394	13,459,746
Purchases of FVOCI financial investments	(1,496,618)	(2,113,066)
Proceeds from disposals/maturities of FVOCI financial investments	863,345	1,231,848
Decrease in LAR	15,066	91,420
Net cash flows used in investing activities	(3,835,337)	(1,406,107)
Financing activities		
Dividends paid to equity holder	(385,000)	(320,000)
Payment of principal portion of lease liabilities	(520)	(466)
Net cash flows used in financing activities	(385,520)	(320,466)
Net (decrease)/increase in cash and cash equivalents	(2,377,386)	179,822
Cash and cash equivalents at beginning of period	4,337,732	4,510,191
Cash and cash equivalents at end of period	1,960,346	4,690,013
Cash and cash equivalents comprise of:		
Cash and bank balances	1,675,346	2,315,413
Short term deposits with original maturity periods of less than 3 months	285,000	2,374,600
	1,960,346	4,690,013

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CONDENSED STATEMENT OF CASH FLOW (CONT'D.)
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	From 1 Jan 2023 to 30 Jun 2023	From 1 Jan 2022 to 30 Jun 2022 restated
Note	RM'000	RM'000
Reconciliation of liabilities arising from financing activities:		
Lease liabilities		
Beginning of period	2,347	2,941
Additions	553	280
Payment of lease liabilities	(520)	(466)
Interest expense on lease liabilities (Note 14)	48	21
End of period	<u>2,428</u>	<u>2,776</u>

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

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS - 30 JUNE 2023

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The interim condensed financial statements of Great Eastern Life Assurance (Malaysia) Berhad ("the Company") are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting as issued by the Malaysian Accounting Standards Board ("MASB") and International Accounting Standard ("IAS") 34 - Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

The interim condensed financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

As at the reporting date, the Company has met the minimum capital adequacy requirements as prescribed under the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 December 2022.

The notes attached to the interim condensed financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 December 2022.

The interim condensed financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations

The significant accounting policies in these interim condensed financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2022, except for the adoption of the following standards, amendments to standards and interpretation of standards:

On 1 January 2023, the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2023.

- Amendments to MFRS 101 *Classification of liabilities as current or non-current*
- Amendments to MFRS 101, MFRS Practice Statement 2 *Disclosure of Accounting Policies* and MFRS 108 *Definition of Accounting Estimates*
- MFRS 17 *Insurance Contracts* and its amendments
- Amendment to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendment to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*

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

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

MFRS 17 Insurance Contracts

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

For an explanation of the accounting policy for insurance and reinsurance contracts under MFRS 17, see note 1.3.

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

Transition

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

Changes in accounting policies resulting from the adoption of MFRS 17 was applied using the full retrospective approach to the extent practicable. The full retrospective approach was applied to insurance contracts that were originated less than one year prior to the effective date. Where it was not possible to obtaining all required historical data without undue cost and effort, the modified retrospective approach or fair value approach was applied. The modified retrospective approach was applied to certain groups of insurance contracts that were originated less than 10 years prior to the transition date. The fair value approach was applied to the remaining insurance contracts in force at transition date.

On transition date, 1 January 2022, the Company:

- identified, recognised and measured each group of insurance and reinsurance contracts as if MFRS 17 had always applied (unless impracticable – refer to Notes 1.2 (i) and 1.2 (iii));
- Derecognised previously reported balances that would not have existed if MFRS 17 had always been applied;
- Redesignated certain financial assets to address possible accounting mismatches between financial assets and insurance contract liabilities and applied classification overlay for the financial assets in the comparative period (refer to Note 1.2 (iii)); and
- Recognised any resulting net difference in equity.

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

(i) Modified retrospective approach

The modified retrospective approach was applied to certain groups of insurance contracts that were originated less than 10 years prior to the transition date. The Company has used the following procedures to determine the CSM at initial recognition for these contracts:

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

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

Transition (Cont'd.)

(i) Modified retrospective approach (Cont'd.)

The Company has used the following procedure to determine the CSM at initial recognition for these contracts: (Cont'd.)

- Estimated historical discount rates applied to some cash flows in the period prior to 2012 using an observable market interest curve for that period, adjusted by the spread between observable market yield curves and the yield curve used to determine current discount rates for the years between 1 January 2012 and 1 January 2022.
- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date by the expected release of risk in the periods before the transition date. The expected release of risk was determined with reference to the release of risk for similar contracts that the Company has issued subsequent to the transition date.

The CSM at transition date has been further determined by:

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

(ii) Fair value approach

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

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

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

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

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

Transition (Cont'd.)

(ii) Fair value approach (Cont'd.)

The discount rate for the group of contracts inceptioned after 2012 applying the fair value approach was determined based on the inception year discount rate. Whereas, the discount rate for the group of contracts inceptioned before 2012 applying the fair value approach was determined on transition date.

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

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

(iii) Impact on Transition

The effects from applying MFRS 17 resulted in a reduction of equity. The net transition impact to equity consisted of the following effects.

Measurement adjustments	Description of impact
	Contracts not measured under Premium Allocation Approach ("PAA")
CSM	A CSM will be recognised for the unearned profit for insurance contracts.
Contract Measurement	Other components of insurance contracts are also remeasured: <ul style="list-style-type: none"> • Risk adjustment: recognition of a separate risk adjustment for non-financial risk which is higher than the risk margin under MFRS 4 as a result of recalibration of the measurement techniques to conform with the MFRS 17 requirements. • Discount rates: Changes in the discount rates because of the MFRS 17 requirements to measure future cash flows using current discount rates. • Deferred acquisition costs: Under MFRS 17, the Group now recognises separately eligible insurance acquisition cash flows when they are incurred. • Other changes: Include the changes to the provisions for future taxes, and other changes related to the application of MFRS 17.

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.2 CHANGES IN ACCOUNTING POLICIES (CONT'D.)

Transition (Cont'd.)

(iii) Impact on Transition (Cont'd.)

Measurement adjustments	Description of impact Contracts not measured under Premium Allocation Approach ("PAA")
Insurance Finance Reserve	Under MFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance or expenses in profit or loss. The Group has elected the option to include these changes for certain portfolios measured under GMM under insurance finance reserve in equity.

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

(iv) Redesignation and Classification Overlay for Financial Assets

MFRS 17 allows for entities that had applied MFRS 9 to annual periods before the initial application of MFRS 17, to redesignate its financial assets to address possible accounting mismatches between financial assets and insurance contract liabilities. Accordingly, the Company has redesignated certain debt instruments which were previously measured at fair value through profit and loss to fair value through other comprehensive income. A transition option was elected to apply a classification overlay for the financial assets as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset during the comparative period. At the transition date, RM2,419,809 of debt instruments which were previously presented at fair value through profit or loss was reclassified to fair value through other comprehensive income, recognising an expected credit loss, net of tax of RM30,607,096, resulting in a reclassification of RM28,187,287 from the opening retained earnings to fair value reserve.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS

1.3.1 Definition and Classification

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

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

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

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

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

Direct participating contracts issued by the Company are contracts with direct participation features where the Company holds the pool of underlying assets.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.2 Separation

1.3.2.1 Separating Components from Insurance and Reinsurance Contracts

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

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

Some life reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. For profit commission components which are not subject to any conditions in the contracts, these have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.2 Separation (Cont'd.)

1.3.2.2 Separation of Insurance Contract into Basic Policy and Riders

It is common for the insurance contracts issued (basic policy) to be attached with a series of riders, also known as a supplementary contract. Given that it is possible for the coverage and nature of the basic policy and rider to differ, the Company assesses if the basic policy and rider should be separated and thereby valued separately.

In making this assessment, the Company considers the following factors:

- (i) presence of cash flows dependencies between basic policy and riders;
- (ii) whether the basic policy and riders are distinct components (i.e. whether they lapse separately or whether they can be priced and sold separately); and
- (iii) substance of the combined basic policy and rider.

The Company has adopted the following methodology for the different kind of riders.

- (i) For optional riders (except accelerated riders) attachable to the non-participating or investment linked basic policy, these riders should be separated from the basic policy and valued separately.
- (ii) For optional riders attachable to the participating basic policy as issued by the Company prior to the year 1997, these riders should be separated from the basic policy and valued separately.
- (iii) For optional riders attachable to the participating basic policy as issued by the Company from the year 1997 onwards, these riders should not be separated from the basic policy and should be valued as a combined contract alongside the participating basic policy.
- (iv) For accelerated critical illness/total permanent disability riders attachable to participating and non-participating basic policy, these riders should not be separated from the basic policy and should be valued as a combined contract.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.2 Separation (Cont'd.)

1.3.2.2 Separation of Insurance Contract into Basic Policy and Riders (Cont'd.)

The Group has adopted the following methodology for the different kind of riders. (Cont'd.)

- (v) For compulsory riders attachable to participating, non-participating or investment linked basic policy, these riders should not be separated from the basic policy and should be valued as a combined contract.
- (vi) For Unit Deducting Riders ("UDR") attached to the investment linked policy, these UDR should not be separated from the basic policy and should be valued as a combined contract alongside the basic policy.
- (vii) For hybrid product, both the non-participating and investment linked components should not be separated but instead should be combined and valued as a single product.

1.3.3 Level of aggregation

1.3.3.1 Insurance contracts

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

- (i) any contracts that are onerous at initial recognition;
- (ii) any contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- (iii) any remaining group of contracts.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.3 Level of aggregation (Cont'd.)

1.3.3.1 Insurance contracts (Cont'd.)

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

Level of aggregation is also affected by law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

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

1.3.3.2 Reinsurance contracts

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

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

Reinsurance contracts held are assessed for aggregation requirements on an individual reinsurance treaty basis.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.4 Recognition

An insurance contract issued by the Company is recognised from the earliest of:

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

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

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

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

1.3.5 Contract boundary

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

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.5 Contract boundary (Cont'd.)

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

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

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

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

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer. A substantive right to receive services from the reinsurer ends either when the reinsurer can reprice the contract to fully reflect the reinsured risk, or when the reinsurer has a substantive right to terminate coverage.

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

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.6 Measurement

1.3.6.1 Measurement – contracts not measured under the PAA

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

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

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

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 1.4.

If the total is a net outflow, then the group is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised (refer to the Onerous contracts – Loss component section in Note 1.3.6.4 below).

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.6.2 Fulfilment Cash Flows

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

The estimates of future cash flows:

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

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation. Refer to Note 1.4.

1.3.6.3 Contractual Service Margin

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

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

- (a) the initial recognition of the FCF;
- (b) cash flows arising from the contracts in the group at that date;
- (c) the derecognition of any insurance acquisition cash flows asset; and
- (d) the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.6.3 Contractual Service Margin (Cont'd.)

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

- (a) the initial recognition of the FCF; and
- (b) cash flows arising from the contracts in the group at that date;
- (c) the amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
- (d) any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

1.3.6.4 Subsequent Measurement – Contracts Not Measured Under the PAA

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

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

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

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.6.4 Subsequent Measurement – Contracts Not Measured Under the PAA (Cont'd.)

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

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

Onerous contracts- Loss component

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

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

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

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

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

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.6.5 Reinsurance Contracts

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

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company will measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance income or expense as it receives insurance contract services from the reinsurer in the future.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.6.6 Insurance Acquisition Cash Flows

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

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

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

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

The Company assesses at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired.

1.3.7 Derecognition and Contract Modification

An insurance contract is derecognised when it is:

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

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.7 Derecognition and Contract Modification (Cont'd.)

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

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

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

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

- (a) adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;
- (b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
 - i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
 - ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party;or

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.7 Derecognition and Contract Modification (Cont'd.)

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Company: (cont'd.)

- (b) adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition: (cont'd.)
 - iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium that the Company would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Company assumes such a hypothetical premium as actually received; and
- (c) adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

1.3.8 Presentation and Disclosure

The Company aggregates portfolios of insurance and reinsurance contracts held and present separately in the statement of financial position:

- Portfolios of insurance contracts that are assets;
- Portfolios of reinsurance contracts held that are assets;
- Portfolios of insurance contracts that are liabilities; and
- Portfolios of reinsurance contracts held that are liabilities.

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

In the statement of profit or loss and other comprehensive income, the following are presented separately:

- Insurance revenue
- Insurance service expense
- Insurance finance income or expense; and
- Income or expenses from reinsurance contracts held.

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

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

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.8 Presentation and Disclosure (Cont'd.)

Insurance service result comprises insurance revenue, insurance service expenses. Income and expenses from reinsurance contracts, other than insurance finance or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

Insurance revenue

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

For contracts not measured under the PAA, the insurance revenue represents the total of the changes in the LRC comprising the following items.

- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Amounts of the CSM recognised for the services provided in the year.
- Other amounts, including experience adjustments and any other pre-recognition cash flows assets derecognized at the date of initial recognition.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time.

Insurance service expenses

Insurance service expenses include the following:

- incurred claims and benefits, excluding investment components reduced by loss component allocations;
- other incurred directly attributable expenses;
- insurance acquisition cash flows amortisation;
- adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein;
- losses on onerous contracts and reversals of such losses;
- insurance acquisition cash flows assets impairment.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.8 Presentation and Disclosure (Cont'd.)

Insurance service expenses (Cont'd.)

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

Other expenses that relate directly to the fulfilment of insurance contracts will be recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment contracts are included in other operating expenses in the statement of profit or loss.

Net income (expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net expenses from reinsurance contracts held, comprising the allocation of reinsurance premiums paid less amounts recovered from reinsurers.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services.

For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

Insurance Finance Income or Expenses

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

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

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.3 ACCOUNTING POLICIES FOR MFRS 17 INSURANCE CONTRACTS (CONT'D.)

1.3.8 Presentation and Disclosure (Cont'd.)

Insurance Finance Income or Expenses (Cont'd.)

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

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

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

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

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

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these interim condensed consolidated financial statements, management has made estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except as detailed below.

Discount rates

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

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

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

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

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates. The Company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

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1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

1.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Risk adjustment for non-financial risk (Cont'd.)

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

Estimates of future cash flows

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

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

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

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

Coverage units

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

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

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage.

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2. SEASONALITY OF OPERATIONS

The business and operations of the Company were not materially affected by any seasonal or cyclical fluctuations during the interim financial period.

3. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the interim financial period ended 30 June 2023.

4. DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayment of debt and equity securities by the Company during the interim financial period.

5. DIVIDENDS

A final single tier dividend of RM3.85 (2021: RM3.20) per ordinary share on 100,000,005 ordinary shares amounting to RM385,000,019 (2021: RM320,000,016) for the financial year ended 31 December 2022 was approved at the last Annual General Meeting held on 12 April 2023 and this dividend was paid in full on 27 April 2023.

6. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD

There are no material events subsequent to the end of the interim reporting period that have not been reflected in the interim condensed financial statements.

7. CHANGES IN THE COMPOSITION OF THE COMPANY

There is no change in the composition of the Company during the interim financial period.

8. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2023, the Company acquired assets with a cost of RM6,539,000 (the six months ended 30 June 2022: RM4,679,000).

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9. INVESTMENTS

	30 Jun 2023			31 Dec 2022 restated		
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
Malaysian government securities	317,666	13,193,756	13,511,422	181,327	11,161,375	11,342,702
Debt securities	751,738	39,704,986	40,456,724	773,355	37,681,818	38,455,173
Equity securities	617,286	24,441,662	25,058,948	574,844	25,543,779	26,118,623
Unit and property trust funds	-	3,286,803	3,286,803	-	2,439,780	2,439,780
Investment in subsidiary:						
Collective investment scheme	634,474	1,026,014	1,660,488	613,089	1,003,742	1,616,831
	<u>2,321,164</u>	<u>81,653,221</u>	<u>83,974,385</u>	<u>2,142,615</u>	<u>77,830,494</u>	<u>79,973,109</u>

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

FVOCI (Note 9(a))	1,571,319	5,765,943	7,337,262	1,430,688	5,158,564	6,589,252
FVTPL (Note 9(b))	749,845	75,887,278	76,637,123	711,927	72,671,930	73,383,857
	<u>2,321,164</u>	<u>81,653,221</u>	<u>83,974,385</u>	<u>2,142,615</u>	<u>77,830,494</u>	<u>79,973,109</u>

The following investments mature after 12 months:

FVOCI	861,703	4,884,647	5,746,350	814,577	4,364,789	5,179,366
FVTPL	112,358	45,597,740	45,710,098	95,808	42,941,258	43,037,066
	<u>974,061</u>	<u>50,482,387</u>	<u>51,456,448</u>	<u>910,385</u>	<u>47,306,047</u>	<u>48,216,432</u>

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9. INVESTMENTS (CONT'D.)

(a) FVOCI

	30 Jun 2023			31 Dec 2022 restated		
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
At Fair Value:						
Equity securities:						
Quoted in Malaysia						
- Kuala Lumpur Stock Exchange	384,198	295,157	679,355	387,292	305,159	692,451
Quoted outside Malaysia						
- Singapore Exchange	76,774	153,220	229,994	52,708	146,691	199,399
- Hong Kong Exchange	142,429	183,186	325,615	121,011	162,992	284,003
Unquoted in Malaysia	-	66,746	66,746	-	65,840	65,840
Malaysian government securities	317,666	1,108,928	1,426,594	181,327	807,190	988,517
Debt securities:						
Unquoted in Malaysia	650,252	3,958,706	4,608,958	688,350	3,670,692	4,359,042
	<u>1,571,319</u>	<u>5,765,943</u>	<u>7,337,262</u>	<u>1,430,688</u>	<u>5,158,564</u>	<u>6,589,252</u>

During the financial period ended 30 June 2023, the Company sold listed equity securities as the underlying investments are no longer aligned with the Company's long-term investment strategy. These investments had a fair value of RM74,895,677 (2022: RM278,240,503) at the date of disposal. The cumulative loss on disposal (net of tax) of RM565,000 (2022: cumulative loss on disposal (net of tax) of RM31,681,000) was reclassified from fair value reserve to retained earnings.

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9. INVESTMENTS (CONT'D.)

(b) FVTPL

	30 Jun 2023			31 Dec 2022 restated		
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
At Fair Value:						
Mandatorily measured:						
Equity securities:						
Quoted in Malaysia	-	19,468,521	19,468,521	-	20,600,688	20,600,688
Quoted outside Malaysia	-	3,317,497	3,317,497	-	3,510,190	3,510,190
Unquoted in Malaysia	13,885	819,954	833,839	13,833	623,334	637,167
Unquoted outside Malaysia	-	137,381	137,381	-	128,885	128,885
Debt securities:						
Quoted in Malaysia	-	770	770	-	769	769
Quoted outside Malaysia	-	279,349	279,349	-	271,132	271,132
Unquoted in Malaysia	101,486	3,395,917	3,497,403	85,005	3,083,679	3,168,684
Unquoted outside Malaysia	-	124,571	124,571	-	122,243	122,243
Unit and property trust funds:						
Quoted in Malaysia	-	478,269	478,269	-	436,564	436,564
Quoted outside Malaysia	-	292,168	292,168	-	322,638	322,638
Unquoted outside Malaysia	-	2,327,931	2,327,931	-	1,485,429	1,485,429
Unquoted in Malaysia	-	188,435	188,435	-	195,149	195,149
Collective investment schemes						
- subsidiary						
Unquoted in Malaysia	634,474	1,026,014	1,660,488	613,089	1,003,742	1,616,831
	<u>749,845</u>	<u>31,856,777</u>	<u>32,606,622</u>	<u>711,927</u>	<u>31,784,442</u>	<u>32,496,369</u>

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9. INVESTMENTS (CONT'D.)

(b) FVTPL (CONT'D.)

	30 Jun 2023			31 Dec 2022 restated		
	Shareholder's	Life		Shareholder's	Life	
	Fund	Insurance	Total	Fund	Insurance	Total
	RM'000	Fund	RM'000	RM'000	Fund	RM'000
		RM'000	RM'000		RM'000	RM'000
At Fair Value (Cont'd.):						
Designated upon initial recognition:						
Malaysian government securities	-	12,084,828	12,084,828	-	10,354,185	10,354,185
Debt securities:						
Unquoted in Malaysia	-	31,945,673	31,945,673	-	30,533,303	30,533,303
	-	44,030,501	44,030,501	-	40,887,488	40,887,488
	749,845	75,887,278	76,637,123	711,927	72,671,930	73,383,857

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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9. INVESTMENTS (CONT'D.)

(d) Provision for ECL

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

	30 Jun 2023			Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Loans at amortised cost				
Opening balance	127	19,974	-	20,101
Net remeasurement of loss allowance	(1)	(3,037)	-	(3,038)
New financial assets purchased	37	-	-	37
Financial assets that have been derecognised	(64)	(287)	-	(351)
Changes in models/risk parameters	8	(548)	-	(540)
Closing balance	<u>107</u>	<u>16,102</u>	<u>-</u>	<u>16,209</u>

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9. INVESTMENTS (CONT'D.)

(d) Provision for ECL (Cont'd.)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. (Cont'd.)

	31 Dec 2022			Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Loans at amortised cost				
Opening balance	1,168	29,246	-	30,414
Net remeasurement of loss allowance	75	3,878	-	3,953
New financial assets purchased	42	-	-	42
Financial assets that have been derecognised	(415)	(349)	-	(764)
Changes in models/risk parameters	77	806	-	883
Management overlay	(820)	(13,607)	-	(14,427)
Closing balance	<u>127</u>	<u>19,974</u>	<u>-</u>	<u>20,101</u>

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9. INVESTMENTS (CONT'D.)

(d) Provision for ECL (Cont'd.)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. (Cont'd.)

	30 Jun 2023			Total RM'000
	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	
Debt investment securities at FVOCI				
Opening balance	8,083	34,358	-	42,441
Net remeasurement of loss allowance	128	1,830	-	1,958
New financial assets purchased	517	-	-	517
Financial assets that have been derecognised	(410)	(1,182)	-	(1,592)
Changes in models/risk parameters	-	77	-	77
Closing balance	<u>8,318</u>	<u>35,083</u>	<u>-</u>	<u>43,401</u>

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9. INVESTMENTS (CONT'D.)

(d) Provision for ECL (Cont'd.)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. (Cont'd.)

	12-month ECL	31 Dec 2022 restated		
	RM'000	Lifetime ECL	Lifetime ECL	Total
		not credit impaired	credit impaired	
	RM'000	RM'000	RM'000	RM'000
Debt investment securities at FVOCI				
Balance as at 31 December 2021 as previously reported	9,333	8,177	-	17,510
Redesignation and classification overlay for financial assets	4,091	29,177	-	33,268
Balance as at 1 January 2022, restated	13,424	37,354	-	50,778
Transfer to lifetime ECL not credit-impaired	(100)	100	-	-
Transfer to 12-month ECL not credit-impaired	91	(91)	-	-
Additional loss allowance due to transfer	(59)	1,544	-	1,485
Net remeasurement of loss allowance	554	1,968	-	2,522
New financial assets purchased	2,376	-	-	2,376
Financial assets that have been derecognised	(1,234)	(1,204)	-	(2,438)
Changes in models/risk parameters	521	151	-	672
Management overlay	(7,490)	(5,464)	-	(12,954)
Closing balance	8,083	34,358	-	42,441

The above loss allowance as at 30 June 2023 for debt securities at FVOCI is not recognised in the statement of financial position because the carrying amount of debt securities at FVOCI is their fair value.

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9. INVESTMENTS (CONT'D.)

(c) Investment in subsidiary - collective investment scheme

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
At fair value:		
FVTPL (Note 9(b))	1,660,488	1,616,831

Details of the Company's investment in subsidiary - collective investment scheme in Malaysia are as follows:

Name of wholesale unit trust fund	Principal activities	% of ownership interest held by the Company	
		30 Jun 2023	31 Dec 2022
Affin Hwang Wholesale Equity Fund 2 (i)	Investment in equity and collective investment schemes	99.80%	99.80%
Affin Hwang Wholesale Income Fund (ii)	Investment in debt securities and money market	96.50%	96.50%
Aminstitutional Income Bond Fund (iii)	Investment in debt securities and money market	65.98%	66.60%

The Company has determined that it has control over the Fund, based on the following rationale:

- (i) By virtue of clause 16.1.2 of the Deed signed between TMF Trustees Malaysia Berhad ("the Trustee") and Affin Hwang Asset Management Berhad ("the Fund Manager"), the Unitholders of the Fund may apply to the Fund Manager to summon a meeting for any purpose, without limitation, for the purpose of requiring the retirement or removal of the Fund Manager.
- (ii) By virtue of clause 17.1.2 of the Trust Deed signed between TMF Trustees Malaysia Berhad ("the Trustee") and Affin Hwang Asset Management Berhad ("the Fund Manager"), the Unitholders of the Fund may apply to the Fund Manager to summon a meeting for any purpose, without limitation, for the purpose of requiring the retirement or removal of the Fund Manager.
- (iii) By virtue of clause 17.1.2 of the Deed signed between AmanahRaya Trustees Berhad ("the Trustee") and AmFunds Management Berhad ("the Fund Manager"), the Unitholders of the Fund may apply to the Fund Manager to summon a meeting for any purpose, without limitation, for the purpose of requiring the retirement or removal of the Fund Manager.

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9. INVESTMENTS (CONT'D.)

(c) Investment in subsidiary - collective investment scheme (Cont'd.)

The Company has determined that it is able to exert its power in order to influence returns from its investment in the Fund by virtue of clause 16.1.2 and 17.1.2 as disclosed above.

The Company by virtue of holding the units in the Fund also has exposure, or rights to variable returns from the investment.

The Company is exempted from presenting consolidated financial statements based on the criteria set out in paragraph 4 of MFRS 10 *Consolidated Financial Statements*.

The immediate holding company, Great Eastern Capital (Malaysia) Sdn. Bhd., prepares the consolidated financial statements in accordance with MFRS in Malaysia, which are available for inspection at the registered office of the immediate holding company.

10. INSURANCE AND REINSURANCE CONTRACTS

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

	30 Jun 2023	31 Dec 2022
	RM'000	restated RM'000
Insurance contracts issued		
Insurance contract liabilities	84,055,884	82,871,620
Insurance contract assets	-	-
Total insurance contracts issued	<u>84,055,884</u>	<u>82,871,620</u>
Reinsurance contracts held		
Reinsurance contract assets	311,284	300,346
Reinsurance contract liabilities	(251,214)	(259,534)
Total reinsurance contracts held	<u>60,070</u>	<u>40,812</u>

Detailed reconciliations of changes in insurance contract balances during the period are included in Notes 10.1.

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10. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

10.1 Life insurance - insurance contracts issued

10.1. Movements in insurance contract balances

	2023	2022
	RM'000	restated RM'000
Insurance contract liabilities as at 1 January	82,871,620	82,408,411
Insurance contract assets as at 1 January	-	(4,068)
Net insurance contract liabilities as at 1 January	<u>82,871,620</u>	<u>82,404,343</u>
Insurance revenue	(3,590,603)	(6,824,316)
Insurance service expenses	2,817,308	5,118,247
Insurance service result	<u>(773,295)</u>	<u>(1,706,069)</u>
Insurance finance expenses	1,813,126	1,012,126
Total changes in the statement of profit or loss and OCI	<u>1,039,831</u>	<u>(693,943)</u>
Cash flows		
Premiums received	4,417,617	9,428,500
Claims and other expenses paid	(3,538,319)	(6,763,633)
Insurance acquisition cash flows	(734,865)	(1,503,647)
Total cash flows	<u>144,433</u>	<u>1,161,220</u>
Net insurance contract liabilities as at 30 June/31 December	<u>84,055,884</u>	<u>82,871,620</u>
Insurance contract liabilities as at 30 June/31 December	84,055,884	82,871,620
Insurance contract assets as at 30 June/31 December	-	-
Net insurance contract liabilities as at 30 June/31 December	<u>84,055,884</u>	<u>82,871,620</u>

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10. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

10.2 Life insurance - reinsurance contracts issued

10.2.1 Movements in reinsurance contract balances

	2023	2022
	RM'000	restated RM'000
Reinsurance contract liabilities as at 1 January	(259,534)	(260,384)
Reinsurance contract assets as at 1 January	300,346	597,060
Net reinsurance contract assets as at 1 January	40,812	336,676
Allocation of reinsurance premiums	(309,307)	(505,902)
Amounts recoverable from reinsurers	291,313	394,713
Net income or expense from reinsurance contracts held	(17,994)	(111,189)
Net finance income from reinsurance contracts held	3,759	8,242
Total changes in the statement of profit or loss and OCI	(14,235)	(102,947)
Cash flows		
Premiums paid	362,740	328,677
Amounts received	(329,247)	(521,594)
Total cash flows	33,493	(192,917)
Net reinsurance contract assets		
as at 30 June/31 December	60,070	40,812
Reinsurance contract liabilities as at 30 June/31 December	(251,214)	(259,534)
Reinsurance contract assets as at 30 June/31 December	311,284	300,346
Net reinsurance contract assets		
as at 30 June/31 December	60,070	40,812

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11. DERIVATIVES

	Asset		Liability	
	Notional	Fair Value	Notional	Fair Value
	Principal RM'000	RM'000	Principal RM'000	Fair Value RM'000
30 Jun 2023				
Life Insurance Fund				
Derivatives held for trading:				
Currency swaps	-	-	350,255	17,381
Bond Forward	210,000	3,264	20,000	96
Forward Foreign Exchange	-	-	1,486	10
	<u>210,000</u>	<u>3,264</u>	<u>371,741</u>	<u>17,487</u>
31 Dec 2022				
Life Insurance Fund				
Derivatives held for trading:				
Currency swaps	56,734	315	293,521	4,492
Bond Forward	50,000	852	710,000	15,650
Forward Foreign Exchange	-	-	17,840	66
	<u>106,734</u>	<u>1,167</u>	<u>1,021,361</u>	<u>20,208</u>

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12. INSURANCE REVENUE

The table below presents an analysis of the total insurance revenue recognised in the period:

	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 RM'000
Life insurance contracts		
Contracts not measured under the PAA		
Amounts relating to the changes in the liability for remaining coverage:		
- Expected incurred claims and other insurance service expenses	2,320,169	2,070,340
- Change in the risk adjustment for non-financial risk for the risk expired	462,082	431,354
- CSM recognised in profit or loss for the services provided	534,533	560,520
- Other	1,260	13,500
Insurance acquisition cash flows recovery	<u>272,559</u>	<u>198,796</u>
Insurance revenue from contracts not measured under the PAA	3,590,603	3,274,510
Insurance revenue from contracts measured under the PAA	-	-
Total insurance revenue	<u>3,590,603</u>	<u>3,274,510</u>

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT

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

		Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2023 to 30 Jun 2023				
Investment income				
Interest income	13.1	22,545	1,060,340	1,082,885
Other investment income	13.2	42,097	753,796	795,893
Net impairment loss on financial assets		187	2,746	2,933
Amounts recognised at OCI	13.3	-	118,539	118,539
Total investment income		<u>64,829</u>	<u>1,935,421</u>	<u>2,000,250</u>
Finance expenses from insurance contracts issued				
Changes in fair value of underlying items of contracts with direct participation features		-	(1,078,119)	(1,078,119)
Interest accreted to insurance contracts using current financial assumptions		-	(41,789)	(41,789)
Interest accreted to insurance contracts using locked-in rate		-	(353,980)	(353,980)
Effect of changes in interest rates and other financial assumptions		-	(339,239)	(339,239)
Total finance expenses from insurance contracts issued		<u>-</u>	<u>(1,813,127)</u>	<u>(1,813,127)</u>
Represented by:				
Amounts recognised in profit or loss		-	(1,836,110)	(1,836,110)
Amounts recognised in OCI		-	22,983	22,983
		<u>-</u>	<u>(1,813,127)</u>	<u>(1,813,127)</u>

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period: (Cont'd.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2023 to 30 Jun 2023 (Cont'd.)			
Finance income/(expenses) from reinsurance contracts held			
Interest accreted to reinsurance contracts using locked-in rate	-	3,938	3,938
Effect of changes in interest rates and other financial assumptions	-	(186)	(186)
Changes in non-performance risk of reinsurer	-	7	7
Total finance income from reinsurance contracts held	-	3,759	3,759
Represented by:			
Amounts recognised in profit or loss	-	1,941	1,941
Amounts recognised in OCI	-	1,818	1,818
	-	3,759	3,759
Total net investment and insurance financial result	64,829	126,053	190,882
Represented by:			
Amounts recognised in profit or loss	-	(1,834,169)	(1,834,169)
Amounts recognised in OCI	-	24,801	24,801
	-	(1,809,368)	(1,809,368)

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period: (Cont'd.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2023 to 30 Jun 2023 (Cont'd.)			
13.1 Interest income			
Financial assets measured at FVOCI	18,539	75,625	94,164
Financial assets measured at FVTPL	994	927,611	928,605
Financial assets measured at AC	3,012	57,104	60,116
Total interest income	22,545	1,060,340	1,082,885
13.2 Other investment income			
<u>Underlying assets</u>			
Dividend income from financial assets measured at FVTPL	-	531,646	531,646
Changes in fair value of investments			
- mandatorily measured at FVTPL	-	(1,151,521)	(1,151,521)
- designated as at FVTPL	-	933,846	933,846
Net gain on sale of debt securities measured at FVTPL	-	(9,803)	(9,803)
Net gain on sale of property and equipment	-	33	33
Net gain on sale of investment properties	-	58,773	58,773
Changes in fair value of investment properties	-	-	-
Rental income	-	34,378	34,378
Gain on exchange differences	-	238,169	238,169
	-	635,521	635,521

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period: (Cont'd.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2023 to 30 Jun 2023 (Cont'd.)			
13.2 Other investment income (Cont'd.)			
<u>Other investments</u>			
Dividend income			
- Financial assets measured at FVOCI	18,280	19,480	37,760
- Financial assets measured at FVTPL	12,701	34,988	47,689
Changes in fair value of investments			
- mandatorily measured at FVTPL	10,204	(57,110)	(46,906)
- designated as at FVTPL	-	82,811	82,811
Net gain on sale of debt securities measured at FVTPL	(441)	6,592	6,151
Net gain on sale of debt securities measured at FVOCI	567	3,425	3,992
Net gain on sale of investment properties	-	8,015	8,015
Rental income	-	2,056	2,056
Gain on exchange differences	786	18,018	18,804
	<u>42,097</u>	<u>118,275</u>	<u>160,372</u>

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period: (Cont'd.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2023 to 30 Jun 2023 (Cont'd.)			
13.2 Other investment income (Cont'd.)			
<u>Other investments (Cont'd.)</u>			
Total other investment income	42,097	753,796	795,893
Total amounts recognised in the profit or loss	41,530	750,371	791,901
Amounts recognised in OCI	567	3,425	3,992
Net investment income	42,097	753,796	795,893

13.3 Investment return in OCI related to insurance and reinsurance contracts measured under the modified retrospective or fair value transition approach

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

	RM'000
Balance at 1 January 2023	(103,834)
Net gains on investments in debt securities measured at FVOCI	121,964
Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss	(3,425)
Income tax relating to these items	(9,483)
Balance at 30 June 2023	5,222

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period: (Cont'd.)

		Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2022 to 30 Jun 2022 restated				
Investment income				
Interest income	13.1	18,049	1,004,694	1,022,743
Other investment income	13.2	13,530	(3,445,746)	(3,432,216)
Net impairment loss on financial assets		(2,291)	(9,895)	(12,186)
Amounts recognised at OCI	13.3	-	(169,901)	(169,901)
Total investment income		<u>29,288</u>	<u>(2,620,848)</u>	<u>(2,591,560)</u>
Finance income/(expenses) from insurance contracts issued				
Changes in fair value of underlying items of contracts with direct participation features		-	2,074,154	2,074,154
Interest accreted to insurance contracts using current financial assumptions		-	(22,263)	(22,263)
Interest accreted to insurance contracts using locked-in rate		-	(257,155)	(257,155)
Effect of changes in interest rates and other financial assumptions		-	293,203	293,203
Total finance income from insurance contracts issued		<u>-</u>	<u>2,087,939</u>	<u>2,087,939</u>
Represented by:				
Amounts recognised in profit or loss		-	2,146,010	2,146,010
Amounts recognised in OCI		-	(58,071)	(58,071)
		<u>-</u>	<u>2,087,939</u>	<u>2,087,939</u>

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period: (Cont'd.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2022 to 30 Jun 2022 restated (Cont'd.)			
Finance income/(expenses) from reinsurance contracts held			
Interest accreted to reinsurance contracts using locked-in rate	-	8,182	8,182
Effect of changes in interest rates and other financial assumptions	-	(18,640)	(18,640)
Changes in non-performance risk of reinsurer	-	(1)	(1)
Total finance income from reinsurance contracts held	-	(10,459)	(10,459)
Represented by:			
Amounts recognised in profit or loss	-	10,044	10,044
Amounts recognised in OCI	-	(20,503)	(20,503)
	-	(10,459)	(10,459)
Total net investment and insurance financial result	29,288	(543,368)	(514,080)
Represented by:			
Amounts recognised in profit or loss	-	2,156,054	2,156,054
Amounts recognised in OCI	-	(78,574)	(78,574)
	-	2,077,480	2,077,480

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period: (Cont'd.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2022 to 30 Jun 2022 restated (Cont'd.)			
13.1 Interest income			
Financial assets measured at FVOCI	12,858	82,582	95,440
Financial assets measured at FVTPL	1,523	853,244	854,767
Financial assets measured at AC	3,668	68,868	72,536
Total interest income	18,049	1,004,694	1,022,743
13.2 Other investment income			
<u>Underlying assets</u>			
Dividend income from financial assets measured at FVTPL	-	519,973	519,973
Changes in fair value of investments			
- mandatorily measured at FVTPL	-	(2,273,966)	(2,273,966)
- designated as at FVTPL	-	(1,581,414)	(1,581,414)
Net gain on sale of debt securities measured at FVTPL	-	(64,997)	(64,997)
Net gain on sale of property and equipment	-	(3)	(3)
Rental income	-	36,825	36,825
Loss on exchange differences	-	73,091	73,091
	-	(3,290,491)	(3,290,491)

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period: (Cont'd.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2022 to 30 Jun 2022 restated (Cont'd.)			
13.2 Other investment income (Cont'd.)			
<u>Other investments</u>			
Dividend income			
- Financial assets measured at FVOCI	19,549	17,237	36,786
- Financial assets measured at FVTPL	10,978	29,920	40,898
Changes in fair value of investments			
- mandatorily measured at FVTPL	(15,204)	(92,995)	(108,199)
- designated as at FVTPL	-	(118,741)	(118,741)
Net gain on sale of debt securities measured at FVTPL	(1,396)	6,599	5,203
Net gain on sale of debt securities measured at FVOCI	(1,009)	(8,480)	(9,489)
Rental income	-	(2,590)	(2,590)
Gain/(loss) on exchange differences	612	13,795	14,407
	<u>13,530</u>	<u>(155,255)</u>	<u>(141,725)</u>

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period: (Cont'd.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2022 to 30 Jun 2022 restated (Cont'd.)			
13.2 Other investment income (Cont'd.)			
<u>Other investments (Cont'd.)</u>			
Total other investment income	<u>13,530</u>	<u>(3,445,746)</u>	<u>(3,432,216)</u>
Total amounts recognised in the profit or loss	14,539	(3,437,266)	(3,422,727)
Amounts recognised in OCI	(1,009)	(8,480)	(9,489)
Net investment income	<u>13,530</u>	<u>(3,445,746)</u>	<u>(3,432,216)</u>

During the period ended 30 June 2023, RM474,000 (30 June 2022 (restated): RM10,000) of the dividend income relates to equity investments measured at FVOCI which were derecognised during the reporting period.

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13. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

13.3 Investment return in OCI related to insurance and reinsurance contracts measured under the modified retrospective or fair value transition approach

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

	RM'000
Balance at 1 January 2022	(22,125)
Net losses on investments in debt securities measured at FVOCI	(178,382)
Net losses on investments in debt securities measured at FVOCI reclassified to profit or loss	8,481
Income tax relating to these items	13,592
Balance at 30 June 2022 restated	<u>(178,434)</u>

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14. OTHER EXPENSES

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2023 to 30 Jun 2023				
Employee benefits expense	20(a)	186	162,447	162,633
Non-executive directors' remuneration	20(b)	-	798	798
Auditors' remuneration:				
- statutory audits		5	377	382
- regulatory related fees		-	577	577
- other services		-	-	-
Depreciation of:				
- property and equipment	3(a)	-	12,144	12,144
- right-of-use assets	3(b)	-	461	461
Amortisation of:				
- right-of-use assets	3(b)	-	69	69
- intangible assets	4	336	15,432	15,768
Rental of properties		24	151	175
Advertising and promotion		75	13,268	13,343
Finance charges		63	24,701	24,764
Group service fees		-	(2,582)	(2,582)
IT and computer expenses		-	32,994	32,994
Policyholder expenses		-	6,360	6,360
Postal and telecommunication		-	7,388	7,388
Printing and stationery		-	385	385
Professional fees		1	6,528	6,529
Repairs and maintenance		-	1,284	1,284
Transport and travelling		-	519	519
Utilities		-	2,657	2,657
Interest expense on lease liabilities		-	48	48
Expense relating to leases of low-value assets		-	32	32
Expense relating to short-term leases		-	1	1
Investment related expenses		137	25,450	25,587
Claims and benefits		-	2,130,648	2,130,648
Commissions and distribution expenses		-	639,913	639,913
Agent retirement benefits		-	44,506	44,506
Loss on onerous contract		-	73,424	73,424
Income and deferred tax expense		-	82,387	82,387
Other expenses		42,348	(2,889)	39,459
		<u>43,175</u>	<u>3,279,478</u>	<u>3,322,653</u>
Amounts attributed to insurance acquisition cash flows				
incurred during the period		-	(734,865)	(734,865)
Amortisation of insurance acquisition cash flows		-	272,559	272,559
		-	<u>(462,306)</u>	<u>(462,306)</u>

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14. OTHER EXPENSES (CONT'D.)

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2023 to 30 Jun 2023 (Cont'd.)				
Represented by:				
Insurance service expenses		-	2,817,308	2,817,308
Other expenses		43,175	(136)	43,039
		<u>43,175</u>	<u>2,817,172</u>	<u>2,860,347</u>

(a) Employee Benefits Expense

Wages and salaries	186	131,195	131,381
Short term accumulating compensated absences	-	-	-
Social security contributions	-	948	948
Defined contribution plans - EPF	-	21,378	21,378
Other employee benefits expense	-	8,926	8,926
	<u>186</u>	<u>162,447</u>	<u>162,633</u>

(b) CEO and Directors' Remuneration

The details of remuneration received by CEO and Directors during the period are as follows:

CEO:

Salaries and other emoluments	-	3,658	3,658
Bonus	-	1,080	1,080
Estimated money value of benefits-in-kind	-	18	18
	<u>-</u>	<u>4,756</u>	<u>4,756</u>

Non-executive:

Fees	-	798	798
Total directors' remuneration	<u>-</u>	<u>5,554</u>	<u>5,554</u>

Represented by:

Directors' fees	-	798	798
Amount included in employee benefits expense	-	4,756	4,756
	<u>-</u>	<u>5,554</u>	<u>5,554</u>

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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14. OTHER EXPENSES (CONT'D.)

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2022 to 30 Jun 2022 restated				
Employee benefits expense	20(a)	152	129,513	129,665
Non-executive directors' remuneration	20(b)	-	769	769
Auditors' remuneration:				
- statutory audits		5	343	348
- regulatory related fees		-	218	218
- other services		-	-	-
Depreciation of:				
- property and equipment	3(a)	-	11,870	11,870
- right-of-use assets	3(b)	-	510	510
Amortisation of:				
- right-of-use assets	3(b)	-	69	69
- intangible assets	4	336	15,192	15,528
Rental of properties		19	165	184
Advertising and promotion		193	8,081	8,274
Finance charges		72	23,450	23,522
Group service fees		-	2,479	2,479
IT and computer expenses		-	29,500	29,500
Policyholder expenses		5,001	4,937	9,938
Postal and telecommunication		-	6,439	6,439
Printing and stationery		-	454	454
Professional fees		1	6,032	6,033
Repairs and maintenance		-	1,026	1,026
Transport and travelling		-	179	179
Utilities		-	1,637	1,637
Interest expense on lease liabilities		-	21	21
Expense relating to leases of low-value assets		-	44	44
Expense relating to short-term leases		-	2	2
Investment related expenses		28	26,401	26,429
Claims and benefits		-	1,892,724	1,892,724
Commissions and distribution expenses		24,460	589,821	614,281
Agent retirement benefits		-	31,177	31,177
Loss on onerous contract		-	151,957	151,957
Income and deferred tax expense		-	(194,837)	(194,837)
Other expenses		13,687	(16,443)	(2,756)
		<u>43,954</u>	<u>2,723,730</u>	<u>2,767,684</u>
Amounts attributed to insurance acquisition cash flows incurred during the period		-	(690,430)	(690,430)
Amortisation of insurance acquisition cash flows		-	198,797	198,797
		<u>-</u>	<u>(491,633)</u>	<u>(491,633)</u>

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14. OTHER EXPENSES (CONT'D.)

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2022 to 30 Jun 2022 restated (Cont'd.)				
Represented by:				
Insurance service expenses		-	2,231,193	2,231,193
Other expenses		43,954	904	44,858
		<u>43,954</u>	<u>2,232,097</u>	<u>2,276,051</u>

(a) Employee Benefits Expense

Wages and salaries	152	104,683	104,835
Short term accumulating compensated absences			-
Social security contributions	-	722	722
Defined contribution plans - EPF	-	17,090	17,090
Other employee benefits expense	-	7,018	7,018
	<u>152</u>	<u>129,513</u>	<u>129,665</u>

(b) CEO and Directors' Remuneration

The details of remuneration received by CEO and Directors during the period are as follows:

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
CEO:			
Salaries and other emoluments	-	3,036	3,036
Bonus	-	1,020	1,020
Estimated money value of benefits-in-kind	-	18	18
	<u>-</u>	<u>4,074</u>	<u>4,074</u>
Non-executive:			
Fees	-	769	769
Total directors' remuneration	<u>-</u>	<u>4,843</u>	<u>4,843</u>

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14. OTHER EXPENSES (CONT'D.)

(b) CEO and Directors' Remuneration (Cont'd.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
From 1 Jan 2022 to 30 Jun 2022 restated (Cont'd.)			
Represented by:			
Directors' fees	-	769	769
Amount included in employee benefits expense	-	4,074	4,074
	<u>-</u>	<u>4,843</u>	<u>4,843</u>

The Directors' fees are subject to the recommendation of the Board Nominations and Remuneration Committee to the Board of Directors for endorsement and approval by the shareholder at the AGM.

The number of Directors whose total remuneration received from the Company during the period fall within the following bands is analysed below:

	Number of Directors	
	From 1 Jan 2023 to 30 Jun 2023	From 1 Jan 2022 to 30 Jun 2022
Non-Executive Directors		
RM50,001 - RM100,000	1	2
RM100,001 - RM150,000	6	5
	<u>6</u>	<u>5</u>

The Executive Director does not receive any director fees.

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14. OTHER EXPENSES (CONT'D.)

(b) CEO and Directors' Remuneration (Cont'd.)

Name		From 1 Jan 2023 to 30 Jun 2023				Total RM'000
		Salaries RM'000	Bonus RM'000	Benefits in kind RM'000	Fees RM'000	
Y Bhg Dato Koh Yaw Hui	CEO	3,658	1,080	18	-	4,756
Total CEO's remuneration		<u>3,658</u>	<u>1,080</u>	<u>18</u>	<u>-</u>	<u>4,756</u>
	Status of directorship					
Mr Norman Ka Cheung Ip	Non - Executive	-	-	-	149	149
Mr Tan Yam Pin	Non - Executive	-	-	-	105	105
Mr Koh Poh Tiong	Non - Executive	-	-	-	76	76
Mr Ng Hon Soon	Non - Executive	-	-	-	131	131
Mr Siew Kah Toong	Non - Executive	-	-	-	113	113
Mr Ou Shian Waei	Non - Executive	-	-	-	118	118
Mr Foong Soo Hah	Non - Executive	-	-	-	106	106
Total Non-Executive Directors' remuneration		<u>-</u>	<u>-</u>	<u>-</u>	<u>798</u>	<u>798</u>
Total remuneration		<u>3,658</u>	<u>1,080</u>	<u>18</u>	<u>798</u>	<u>5,554</u>

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14. OTHER EXPENSES (CONT'D.)

(b) CEO and Directors' Remuneration (Cont'd.)

Name		From 1 Jan 2022 to 30 Jun 2022				Total RM'000
		Salaries RM'000	Bonus RM'000	Benefits in kind RM'000	Fees RM'000	
Y Bhg Dato Koh Yaw Hui	CEO	3,036	1,020	18	-	4,074
Total CEO's remuneration		3,036	1,020	18	-	4,074
	Status of directorship					
Mr Norman Ka Cheung Ip	Non - Executive	-	-	-	148	148
Mr Tan Yam Pin	Non - Executive	-	-	-	104	104
Mr Koh Poh Tiong	Non - Executive	-	-	-	95	95
Mr Ng Hon Soon	Non - Executive	-	-	-	133	133
Mr Siew Kah Toong	Non - Executive	-	-	-	110	110
Mr Ou Shian Waei	Non - Executive	-	-	-	115	115
Mr Foong Soo Hah	Non - Executive	-	-	-	64	64
Total Non-Executive Directors' remuneration		-	-	-	769	769
Total remuneration		3,036	1,020	18	769	4,843

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15. TAXATION

	Note	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 restated RM'000
Taxation of life insurance business	(a)	19,127	(71,764)
Taxation of the Company	(b)	151,454	225,789
		<u>170,581</u>	<u>154,025</u>

(a) Taxation of life insurance business

Current income tax:			
Malaysian income tax		32,977	37,586
Tax on foreign dividend income		1,223	1,739
Overprovided in prior years		86	(74,789)
		<u>34,286</u>	<u>(35,464)</u>
Deferred tax:			
Relating to origination and reversal of temporary differences		(15,159)	(36,300)
		<u>19,127</u>	<u>(71,764)</u>

The Malaysian tax charge on the life business is based on the method prescribed under the Income Tax Act 1967 for life business.

The income tax for the life fund is calculated based on tax rate of 8% (2022: 8%) of the assessable investment income net of allowable deductions for the financial period.

(b) Taxation of the Company

		From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 restated RM'000
Current income tax:			
Malaysian income tax		4,265	2,969
Tax on foreign dividend income		89	403
(Over)/underprovided in prior years		129	(11,683)
		<u>4,483</u>	<u>(8,311)</u>
Deferred tax:			
Relating to origination and reversal of temporary differences		146,971	234,100
		<u>151,454</u>	<u>225,789</u>

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15. TAXATION (CONT'D.)

(b) Taxation of the Company (Cont'd.)

The current income tax is calculated at 24% (2022: 24%) of the estimated assessable profit for the financial period.

The deferred tax for the Shareholder's fund is calculated at 24% (2022: 33%).

For year of assessment 2022, a special one-off tax for 2022 ("Cukai Makmur") is imposed by the government on non-Micro, Small and Medium Enterprises which generate high profits during the period of the pandemic, where corporate tax of 24% is applied on the first RM100 million of chargeable income while 33% is applied on the portion in excess of RM100 million. The Company has applied Cukai Makmur in the calculation of income tax for its Shareholders' Fund.

In view of the abovementioned, the income tax for the Shareholder's Fund for 2022 is calculated based on the tax rate of 33%.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Company are as follows:

	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 restated RM'000
Profit before taxation	761,014	732,395
Less :		
Taxation of life insurance business	<u>(19,127)</u>	<u>71,764</u>
	741,887	804,159
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	178,053	192,998
Income not subject to tax	(5,628)	(9,585)
Cukai makmur	-	63,968
Expenses not deductible for tax purposes	6,944	7,635
Foreign tax not recoverable	89	403
Estimated double taxation relief	(28,133)	(21,990)
(Over)/underprovided in prior years	129	(7,640)
Tax expense for the period	<u>151,454</u>	<u>225,789</u>

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16. COMMITMENTS AND OTHER CONTINGENCIES

(a) Capital commitments

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Capital expenditure		
Approved and contracted for:		
- Investment properties	7,863	4,501
- Property and equipment	68,352	70,906
Approved but not contracted for:		
Investment properties	9,830	9,830
	<u>86,045</u>	<u>85,237</u>

17. RELATED PARTY DISCLOSURES

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

	From	From
	1 Jan 2023	1 Jan 2022
	to	to
	30 Jun 2023	30 Jun 2022
	RM'000	RM'000
Transactions with related parties during the period:		
Income/(expense):		
Property rentals received (note i)		
- OCBC Bank (Malaysia) Berhad	419	419
- Great Eastern General Insurance (Malaysia) Berhad	1,543	1,536
- Great Eastern Takaful Berhad	732	703

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17. RELATED PARTY DISCLOSURES (CONT'D.)

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during the financial period (Cont'd.):

	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 RM'000
Transactions with related parties during the period (Cont'd.):		
Income/(expense) (Cont'd.):		
Service charges paid (note ii)		
- OCBC Bank (Malaysia) Berhad	(14,244)	(17,540)
- E2 Power Sdn Bhd	(974)	(3,345)
- E2 Power Pte Ltd	(796)	(1,047)
- OCBC Wing Hang Bank (China) Limited	(242)	-
Service charges received (note ii)		
- Great Eastern General Insurance (Malaysia) Berhad	3,885	3,592
- Great Eastern Takaful Berhad	7,138	6,196
Premium paid (note iii)		
- Great Eastern General Insurance (Malaysia) Berhad	(2,071)	(1,999)
Premium received (note iii)		
- Great Eastern General Insurance (Malaysia) Berhad	1,424	1,204
- OCBC Bank (Malaysia) Berhad	14,702	25,182
- PAC Lease Berhad	229	310
- BOS Wealth Management Malaysia Berhad	159	162
- Key Management Personnel	2,151	453
Claims paid		
- Key Management Personnel	(145)	(419)
Commission received		
- Great Eastern General Insurance (Malaysia) Berhad	-	286

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17. RELATED PARTY DISCLOSURES (CONT'D.)

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during the financial period (Cont'd.):

	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 RM'000
Transactions with related parties during the period (Cont'd.):		
Income/(expense) (Cont'd.):		
Commission fees paid		
- OCBC Bank (Malaysia) Berhad	(20,687)	(26,814)
- OCBC Securities Private Limited	(132)	(217)
- PAC Lease Berhad	(6)	(16)
Interest income (note iv)		
- OCBC Bank (Malaysia) Berhad	1,247	9,954
- OCBC Al-Amin Bank Berhad	96	347
- PAC Lease Berhad	813	813
Dividend income (note v)		
- Affin Hwang Wholesale Income Fund	19,934	8,443
- Aminstitutional Income Bond	4,817	5,152
Bank charges		
- OCBC Bank (Malaysia) Berhad	(88)	(367)
Employee Share Purchase Plan		
- Oversea-Chinese Banking Corporation Ltd.	(326)	(465)
Deferred Share Plan		
- Oversea-Chinese Banking Corporation Ltd.	(659)	(593)
Charges for group services (note vi)		
- The Great Eastern Life Assurance Company Limited	(350)	(4,882)

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17. RELATED PARTY DISCLOSURES (CONT'D.)

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during the financial period (Cont'd.):

	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 RM'000
Transactions with related parties during the period (Cont'd.):		
Income/(expense) (Cont'd.):		
Disposal of investments to		
- Great Eastern General Insurance (Malaysia) Berhad	100,000	235,000
Purchase of investments from		
- Great Eastern General Insurance (Malaysia) Berhad	999	-
- Affin Hwang Wholesale Income Fund	(119,934)	(243,443)
- Aminstitutional Income Bond	(5,925)	(5,564)
- PAC Lease Berhad	(19,771)	(469,027)
Maturity of medium term note		
- Pac Lease Berhad	19,767	329,000
Purchase of Structure Deposit		
- OCBC Bank (Malaysia) Berhad	-	(94,000)
Rebate on Management Fee		
- Lion Global Investors Limited	2,401	3,807
	30 Jun 2023 RM'000	31 Dec 2022 RM'000

Balances with related parties at reporting date:

Due from/(due to):

Investment in wholesale unit trust fund		
- Affin Hwang Wholesale Income Fund	838,876	813,236
- Aminstitutional Income Bond	365,615	351,575
- Affin Hwang Wholesale Equity Fund 2	455,997	452,020
Investment in medium term note		
- Pac Lease Berhad	49,738	49,341

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17. RELATED PARTY DISCLOSURES (CONT'D.)

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during the financial period (Cont'd.):

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Balances with related parties at reporting date (Cont'd.):		
Due from/(due to) (Cont'd.):		
Investment in Structure Deposit		
- OCBC Bank (Malaysia) Berhad	308,432	87,786
Investment in Equity Linked Note		
- OCBC Bank (Malaysia) Berhad	-	233,764
Cash and bank balances		
- OCBC Bank (Malaysia) Berhad	49,049	128,794
- OCBC Al-Amin Bank Berhad	51,394	38,356
Fixed deposits, structured deposits and repurchase agreements		
- OCBC Bank (Malaysia) Berhad	100,000	500,000
Accrued interest		
- OCBC Bank (Malaysia) Berhad	1,226	1,332
- Pac Lease Berhad	620	625
Amount (due to)/due from related companies:		
- Great Eastern General Insurance (Malaysia) Berhad	(3,001)	(2,059)
- Great Eastern Takaful Berhad	10,603	4,101
Amount due to ultimate holding company:		
- Oversea-Chinese Banking Corporation Ltd	(747)	(1,274)
Amount due to intermediate holding company:		
- The Great Eastern Life Assurance Company Limited	(5,564)	(9,786)
Amount due to holding company:		
- Great Eastern Capital (Malaysia) Sdn Bhd	(3,029)	(3,045)

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17. RELATED PARTY DISCLOSURES (CONT'D.)

Related companies are companies within the OCBC Group:

- (i) Rental of property to related parties are made according to normal market prices, terms and conditions.
- (ii) Payment of service charges to/from related parties are made according to normal market prices.
- (iii) The sale and purchase of insurance policies to/from related companies are made according to normal market prices and at terms and conditions no more favourable than those to other customers and employees.
- (iv) The interest income arose mainly from investment in fixed deposits, repurchase agreements, other debt securities and medium term notes which are made according to prevailing market rates, terms and conditions.
- (v) The dividend income arose from investment in wholesale unit trust fund which are made according to prevailing market terms and conditions.
- (vi) Payment of group function costs based on allocation rates governed by corporate service agreement and in line with Malaysian Transfer Pricing Guidelines and Organisation for Economic Co-operation and Development ("OECD") Transfer Pricing Guidelines. Group function services are derived from the immediate parent company in Singapore.

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

Geographical Location	Type of Services	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 RM'000
Singapore	Group service charges for services rendered, which include those in respect of finance, legal, actuarial, support, human resources, operations, investment management, IT, internal audit and risk management services.	350	4,882
		<u>350</u>	<u>4,882</u>

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17. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of Key Management Personnel

The remuneration of Directors and other members of key management during the period was as follows:

	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 RM'000
Non-Executive Directors' fees	798	769
Short-term employee benefits	7,705	7,561
Post-employments benefits:		
Defined contribution plan - EPF	1,143	1,123
Share-based payment	3,222	2,642
	<u>12,868</u>	<u>12,095</u>
Share-based payment (in units)	<u>33,301</u>	<u>39,412</u>
Included in the total key management personnel remuneration are:		
CEO's and Directors' remuneration (Note 14(b))	<u>5,554</u>	<u>4,843</u>

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

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18. FAIR VALUES OF ASSETS AND LIABILITIES

The management assessed that cash and short-term deposits, insurance and other receivables, insurance and other payables and other liabilities approximate their carrying amounts largely due to the short-term maturities of these assets and liabilities.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The carrying amounts of the Company's assets and liabilities approximate their respective fair values.

The following methods and assumptions were used to estimate the fair values which are carried or disclosed in the financial statements:

- The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market bid prices and closing prices as appropriate for assets at the close of business on the reporting date.
- For investments in quoted unit and real estate investment trusts, fair value is determined by reference to published net asset values. Investments in equity that do not have quoted market prices in an active market will be stated at adjusted net asset value.
- For financial instruments where there is no active market such as unquoted fixed income securities i.e. unquoted bonds, fair value is obtained from Bond Pricing Agency Malaysia Sdn. Bhd. ("BPAM") while for foreign bonds, fair value is obtained from ICE Data Service (IDC).
- For unquoted and unrated bonds, fair value is obtained from Bond Pricing Agency Malaysia Sdn. Bhd. ("BPAM").
- For structured deposits and derivatives, the fair value is obtained from Markit and banks.
- For investment properties, the fair value is obtained from valuations as performed by the external valuers using the income method and comparison method.

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 instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

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18. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

	Level 1	Level 2	Level 3	
		Valuation Techniques - Market Observable Inputs	Valuation Techniques - Unobservable Inputs	Total Fair Value
	Quoted Market Price RM'000	RM'000	RM'000	RM'000
30 Jun 2023				
<u>(a) Assets measured at fair value:</u>				
<u>Financial assets:</u>				
<u>FVOCI financial assets (Note 9(a)):</u>				
Equity securities:				
Quoted in Malaysia				
- Kuala Lumpur				
Stock Exchange	679,355	-	-	679,355
Quoted outside Malaysia				
- Singapore Exchange	229,994	-	-	229,994
- Hong Kong Exchange	325,615	-	-	325,615
Unquoted in Malaysia	-	-	66,746	66,746
Malaysian government securities				
	-	1,426,594	-	1,426,594
Debt securities:				
Unquoted in Malaysia	-	4,608,958	-	4,608,958
<u>FVTPL financial assets (Note 9(b)):</u>				
<u>Mandatorily measured</u>				
Equity securities:				
Quoted in Malaysia	19,468,521	-	-	19,468,521
Quoted outside Malaysia	3,317,497	-	-	3,317,497
Unquoted in Malaysia	-	761,730	72,109	833,839
Unquoted outside Malaysia	-	137,381	-	137,381
Debt securities:				
Quoted in Malaysia	770	-	-	770
Quoted outside Malaysia	279,349	-	-	279,349
Unquoted in Malaysia	-	3,497,403	-	3,497,403
Unquoted outside Malaysia	-	124,571	-	124,571
Unit and property trust funds:				
Quoted in Malaysia	478,269	-	-	478,269
Quoted outside Malaysia	292,168	-	-	292,168
Unquoted outside Malaysia	-	2,186,253	141,678	2,327,931
Unquoted in Malaysia	-	188,435	-	188,435
Investment in subsidiary:				
Collective investment schemes				
Unquoted in Malaysia	-	1,660,488	-	1,660,488

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18. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities (Cont'd.).

	Level 1	Level 2	Level 3	
		Valuation Techniques - Market Observable Inputs	Valuation Techniques - Unobservable Inputs	Total Fair Value
	Quoted Market Price RM'000	RM'000	RM'000	RM'000
30 Jun 2023 (Cont'd.)				
<u>(a) Assets measured at fair value:</u>				
<u>(Cont'd.)</u>				
<u>Financial assets: (Cont'd.)</u>				
<u>FVTPL financial assets (Note 9(b)):</u>				
<u>(Cont'd.):</u>				
<u>Designated upon initial recognition:</u>				
Malaysian government securities	-	12,084,828	-	12,084,828
Debt securities:				
Unquoted in Malaysia	-	31,930,873	14,800	31,945,673
Financial assets	25,071,538	58,607,514	295,333	83,974,385
<u>Derivatives (Note 11):</u>				
Bond Forward	-	3,264	-	3,264
	-	3,264	-	3,264
<u>Non financial assets:</u>				
Investment Properties:				
Commercial	-	-	744,500	744,500
Residential	-	-	232,033	232,033
Non financial assets	-	-	976,533	976,533
<u>(b) Liabilities measured at fair value:</u>				
<u>Financial liabilities</u>				
<u>Derivatives (Note 11):</u>				
Currency swaps	-	17,381	-	17,381
Bond Forward	-	96	-	96
Forward Foreign Exchange	-	10	-	10
	-	17,487	-	17,487

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18. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities (Cont'd.).

	Level 1	Level 2	Level 3	
		Valuation Techniques - Market Observable Inputs	Valuation Techniques - Unobservable Inputs	Total Fair Value
	Quoted Market Price RM'000	RM'000	RM'000	RM'000
31 Dec 2022				
<u>(a) Assets measured at fair value:</u>				
<u>Financial assets:</u>				
<u>FVOCI financial assets (Note 9(a)):</u>				
Equity securities:				
Quoted in Malaysia				
- Kuala Lumpur				
Stock Exchange	692,451	-	-	692,451
Quoted outside Malaysia				
- Singapore Exchange	199,399	-	-	199,399
- Hong Kong Exchange	284,003	-	-	284,003
Unquoted in Malaysia	-	-	65,840	65,840
Malaysian government securities	-	988,517	-	988,517
Debt securities:				
Unquoted in Malaysia	-	4,359,042	-	4,359,042
<u>FVTPL financial assets (Note 9(b)):</u>				
<u>Mandatorily measured</u>				
Equity securities:				
Quoted in Malaysia	20,600,688	-	-	20,600,688
Quoted outside Malaysia	3,510,190	-	-	3,510,190
Unquoted in Malaysia	-	565,599	71,568	637,167
Unquoted outside Malaysia	-	128,885	-	128,885
Debt securities:				
Quoted in Malaysia	769	-	-	769
Quoted outside Malaysia	271,132	-	-	271,132
Unquoted in Malaysia	-	3,168,684	-	3,168,684
Unquoted outside Malaysia	-	122,243	-	122,243
Unit and property trust funds:				
Quoted in Malaysia	436,564	-	-	436,564
Quoted outside Malaysia	322,638	-	-	322,638
Unquoted outside Malaysia	-	1,398,369	87,060	1,485,429
Unquoted in Malaysia	-	195,149	-	195,149
Investment in subsidiary:				
Collective investment schemes				
Unquoted in Malaysia	-	1,616,831	-	1,616,831

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18. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities (Cont'd.).

	Level 1	Level 2	Level 3	
		Valuation Techniques - Market Observable Inputs	Valuation Techniques - Unobservable Inputs	Total Fair Value
	Quoted Market Price RM'000	RM'000	RM'000	RM'000
31 Dec 2022 (Cont'd.)				
<u>(a) Assets measured at fair value:</u>				
<u>(Cont'd.)</u>				
<u>Financial assets: (Cont'd.)</u>				
<u>FVTPL financial assets (Note 9(b)):</u>				
<u>(Cont'd):</u>				
<u>Designated upon initial recognition:</u>				
Malaysian government securities	-	10,354,185	-	10,354,185
Debt securities:				
Quoted outside Malaysia				-
Unquoted in Malaysia	-	30,503,903	29,400	30,533,303
Financial assets	26,317,834	53,401,407	253,868	79,973,109
<u>Derivatives (Note 11):</u>				
Currency swaps	-	315	-	315
Bond Forward	-	852	-	852
	-	1,167	-	1,167
<u>Non financial assets:</u>				
Investment Properties:				
Commercial	-	-	744,500	744,500
Residential	-	-	232,000	232,000
Non financial assets	-	-	976,500	976,500
Non-current assets held-for-sale:				
Commercial	-	-	238,000	238,000
	-	-	238,000	238,000
<u>(b) Liabilities measured at fair value:</u>				
<u>Financial liabilities</u>				
<u>Derivatives (Note 11):</u>				
Currency swaps	-	4,492	-	4,492
Bond Forward	-	15,650	-	15,650
Forward Foreign Exchange	66	-	-	66
	66	20,142	-	20,208

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18. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements:

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 30 Jun 2023 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<u>Investment properties</u>				
Commercial properties	545,000	Income approach	Estimated Value p.s.f	RM1,196
Commercial properties	199,500	Comparison approach	Estimated Value p.s.f	RM33 - RM1,250
Residential properties	225,033	Comparison approach	Estimated Value p.s.f	RM648 - RM728
Residential properties	7,000	Comparison approach	Estimated Value p.s.f	RM40
<u>FVOCI financial assets</u>				
Unquoted equities	66,746	Adjusted net asset value ⁽¹⁾	Net tangible assets	not applicable
<u>FVTPL financial assets</u>				
Unquoted equities	72,109	Adjusted net asset value ⁽¹⁾	Net tangible assets	not applicable
Private equity fund	141,678	Adjusted net asset value ⁽¹⁾	Net tangible assets	not applicable
Unquoted debt securities	14,800	Expected future recovery value ⁽²⁾	Discounted net cash flows and projected disposal price of securities	not applicable

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18. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (Cont'd.):

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3) (Cont'd.):

Description	Fair value as at 31 Dec 2022 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<u>Investment properties</u>				
Commercial properties	545,000	Income approach	Estimated Value p.s.f	RM1,196
Commercial properties	199,500	Comparison approach	Estimated Value p.s.f	RM33 - RM1,250
Residential properties	225,000	Comparison approach	Estimated Value p.s.f	RM648 - RM728
Residential properties	7,000	Comparison approach	Estimated Value p.s.f	RM40
<u>Non-current assets held-for-sale</u>				
Commercial properties	238,000	Income approach	Rental per square foot ("p.s.f.") per month Rental growth rate (upon Revisionary) Long-term vacancy rate Discount rate	RM2.50 - RM5.80 0.00% 12.50% 5.75% - 6.00%
<u>FVOCI financial assets</u>				
Unquoted equities	65,840	Adjusted net asset value ⁽¹⁾	Net tangible assets	not applicable
<u>FVTPL financial assets</u>				
Unquoted equities	71,568	Adjusted net asset value ⁽¹⁾	Net tangible assets	not applicable
Private equity fund	87,060	Adjusted net asset value ⁽¹⁾	Net tangible assets	not applicable
Unquoted debt securities	29,400	Expected future recovery value ⁽²⁾	Discounted net cash flows and projected disposal price of securities	not applicable

⁽¹⁾ These investments are valued using adjusted net asset value. The net asset value of these investments as at the reporting period is an unobservable input as it is not published. Accordingly, these investments are classified as Level 3 investments within the fair value hierarchy. A reasonable change to the significant unobservable inputs is not expected to have material impact to the total equity of the Company.

⁽²⁾ These investments are valued using expected future recovery value of the securities. The discounted net cash flows and projected disposal price of securities as at the reporting period are an unobservable input as they are not published. Accordingly, these investments are classified as Level 3 investments within the fair value hierarchy. A reasonable change to the significant unobservable inputs is not expected to have material impact to the total equity of the Company.

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18. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

(ii) Movements in level 3 assets and liabilities measured at fair value:

The following tables present the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

Fair value measurements using significant unobservable inputs (Level 3)

	FVOCI	FVTPL			Investment properties	Non-current assets held-for-sale	Total
	Financial assets	Financial assets	Financial assets	Financial assets			
	Unquoted equities	Private equities	Unquoted debt securities				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 Jun 2023							
Opening balance	65,840	71,568	87,060	29,400	976,500	238,000	1,468,368
Total gain for the period:							
Changes in fair value							
- Included in statement of profit or loss	-	541	4,981	(14,600)	-	-	(9,078)
- Included in other comprehensive income	906	-	-	-	-	-	906
Addition for the period:							
Additions	-	-	52,929	-	33	-	52,962
Disposal for the period:							
Disposals	-	-	(3,292)	-	-	(238,000)	(241,292)
Transfer from Level 2	-	-	-	-	-	-	-
Closing balance	66,746	72,109	141,678	14,800	976,533	-	1,271,866

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18. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

(ii) Movements in level 3 assets and liabilities measured at fair value (Cont'd.):

The following tables present the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

Fair value measurements using significant unobservable inputs (Level 3)

	FVOCI		FVTPL		Investment properties	Non-current assets held-for-sale	Total
	Financial assets	Financial assets	Financial assets	Financial assets			
	Unquoted	equities	Private equities	Unquoted debt securities			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 Dec 2022							
Opening balance	75,271	75,465	41,134	-	1,214,270	-	1,406,140
Total gain for the year:							
Changes in fair value							
- Included in statement of profit or loss	-	(3,897)	5,638	-	(1,891)	-	(150)
- Included in other comprehensive income	(9,431)	-	-	-	-	-	(9,431)
Addition for the year:							
Additions	-	-	54,170	-	2,096	-	56,266
Transfer from property and equipment	-	-	-	-	25	-	25
Transfer from investment properties	-	-	-	-	-	238,000	238,000
Disposal for the year:							
Disposals	-	-	(13,882)	-	-	-	(13,882)
Transfer to non-current assets held-for-sale	-	-	-	-	(238,000)	-	(238,000)
Transfer from Level 2	-	-	-	29,400	-	-	29,400
Closing balance	65,840	71,568	87,060	29,400	976,500	238,000	1,468,368

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18. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

Fair value Hierarchy

The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 Assets/liabilities are those of which market values are determined in whole or in part by reference to published quotes in an active market. A financial instrument is 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 process represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2 Assets/liabilities are those of which market values are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These type of assets/liabilities includes assets/liabilities of which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets/financial liabilities with fair values based on broker quotes, investments in private equity funds with fair values obtained from counterparties and assets/liabilities that are valued using the Company's own model whereby the majority of assumptions are market observable.
- Level 3 Assets/liabilities are those of which market values are measured using a valuation technique based on assumptions formed from unobservable inputs. Unobservable inputs are inputs not supported by market data, but which are set on the basis that they represent what is reasonable given the prevailing market conditions.

There have been no transfers of assets between Level 1 and Level 2 of the fair value hierarchy during the financial period ended 30 June 2023 and year ended 31 December 2022.

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19. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2023, as prescribed under the RBC Framework is provided below:

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	100,000	100,000
Reserves, including retained earnings	<u>20,509,662</u>	<u>20,363,699</u>
	<u>20,609,662</u>	<u>20,463,699</u>
Tier 2 Capital		
Eligible reserves	<u>25,578</u>	<u>(48,024)</u>
Deductions: Intangible assets & deferred tax assets	<u>186,374</u>	<u>203,463</u>
Total Capital Available	<u>20,448,866</u>	<u>20,212,212</u>

The above reserves and retained earnings are prepared based on RBC basis.

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20. INSURANCE FUNDS

The Company's activities are organised by funds and segregated into Life Insurance (including Unit-Linked business) and Shareholder's Funds in accordance with the Financial Services Act, 2013. The Statement of Profit or Loss and Statement of Financial Position by funds are presented as follows:

Statement of Financial Position by Funds
As at 30 June 2023

	Shareholder's Fund		Life Insurance Fund		Elimination*		Company Level	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial investments	2,321,163	2,142,615	81,653,222	77,830,494	-	-	83,974,385	79,973,109
Reinsurance contract assets	-	-	311,284	300,346	-	-	311,284	300,346
Insurance contract assets	-	-	-	-	-	-	-	-
Other assets	101,120	45,287	7,140,751	9,814,214	(2,373,500)	(2,717,155)	4,868,371	7,142,346
	<u>2,422,283</u>	<u>2,187,902</u>	<u>89,105,257</u>	<u>87,945,054</u>	<u>(2,373,500)</u>	<u>(2,717,155)</u>	<u>89,154,040</u>	<u>87,415,801</u>
Equity, Policyholders' Fund and Liabilities								
Total Equity	<u>1,812,516</u>	<u>2,180,298</u>	<u>822,914</u>	<u>126,935</u>	<u>-</u>	<u>-</u>	<u>2,635,430</u>	<u>2,307,233</u>
Insurance contract liabilities	-	-	84,055,884	82,871,620	-	-	84,055,884	82,871,620
Reinsurance contract liabilities	-	-	251,214	259,534	-	-	251,214	259,534
Other liabilities	609,767	7,604	3,975,245	4,686,965	(2,373,500)	(2,717,155)	2,211,512	1,977,414
Total Policyholders' Fund and Liabilities	<u>609,767</u>	<u>7,604</u>	<u>88,282,343</u>	<u>87,818,119</u>	<u>(2,373,500)</u>	<u>(2,717,155)</u>	<u>86,518,610</u>	<u>85,108,568</u>
	<u>2,422,283</u>	<u>2,187,902</u>	<u>89,105,257</u>	<u>87,945,054</u>	<u>(2,373,500)</u>	<u>(2,717,155)</u>	<u>89,154,040</u>	<u>87,415,801</u>

* Refers to elimination of Interfund balances.

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20. INSURANCE FUNDS (CONT'D.)

Condensed Statement of Profit or Loss by Funds
For the period ended 30 June 2023

	Shareholder's Fund		Life Insurance Fund		Company Level	
	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 restated RM'000	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 restated RM'000	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 restated RM'000
Insurance revenue	-	-	3,590,603	3,274,510	3,590,603	3,274,510
Insurance service expenses	-	-	(2,817,308)	(2,231,193)	(2,817,308)	(2,231,193)
Net expenses from reinsurance contracts held	-	-	(17,994)	(1,185)	(17,994)	(1,185)
Insurance service results	-	-	755,301	1,042,132	755,301	1,042,132
Investment income	53,391	48,547	1,646,590	1,571,852	1,699,981	1,620,399
Rental income	-	-	36,434	34,235	36,434	34,235
Gain on exchange differences	786	612	256,187	86,886	256,973	87,498
Gain/(loss) on sale of investments and changes in fair value	10,330	(17,608)	(124,939)	(4,133,998)	(114,609)	(4,151,606)
Decrease/(increase) in provision for impairment of assets	187	(2,291)	2,745	(9,894)	2,932	(12,185)
Net investment income	64,694	29,260	1,817,017	(2,450,919)	1,881,711	(2,421,659)
Finance expenses from insurance contracts issued	-	-	(1,836,110)	2,146,010	(1,836,110)	2,146,010
Finance income from reinsurance contracts held	-	-	1,941	10,044	1,941	10,044
Net insurance financial result	-	-	(1,834,169)	2,156,054	(1,834,169)	2,156,054
Net insurance and investment result	64,694	29,260	738,149	747,267	802,843	776,527

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20. INSURANCE FUNDS (CONT'D.)

Condensed Statement of Profit or Loss by Funds (Cont'd.)
For the period ended 30 June 2023

	Shareholder's Fund		Life Insurance Fund		Company Level	
	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 restated RM'000	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 restated RM'000	From 1 Jan 2023 to 30 Jun 2023 RM'000	From 1 Jan 2022 to 30 Jun 2022 restated RM'000
Other revenue	-	-	1,210	726	1,210	726
Other expenses	(43,039)	(43,924)	-	(934)	(43,039)	(44,858)
Other income and expenses	(43,039)	(43,924)	1,210	(208)	(41,829)	(44,132)
Profit before taxation	21,655	(14,664)	739,359	747,059	761,014	732,395
Taxation	(6,731)	(2,927)	(163,850)	(151,098)	(170,581)	(154,025)
Net profit for the period	14,924	(17,591)	575,509	595,961	590,433	578,370