



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

**Unaudited Interim Condensed Financial Statements**  
**for the six months period ended 30 June 2023**

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

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**UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	Group		Company	
		30.6.2023	31.12.2022 (Restated)	30.6.2023	31.12.2022 (Restated)
		RM'000	RM'000	RM'000	RM'000
<b>Assets</b>					
Property, plant and equipment		109,548	106,584	1,052	1,402
Investment properties		981,569	981,180	-	-
Prepaid land lease payments		15,885	16,127	-	-
Right-of-use assets		18,263	20,496	327	369
Intangible assets		91,814	97,310	898	29
Investment in subsidiaries		-	-	3,378,647	3,378,647
Investment in associate		-	1,238	-	-
Investments	13	44,449,950	42,194,888	388,434	227,187
Financing receivables		71,268	70,572	695,535	661,935
Reinsurance contract / retakaful certificate assets	14	4,549,380	4,288,818	-	-
Insurance contract / Takaful certificate assets	14	1,409,767	1,410,975	-	-
Other assets	15	647,950	556,784	23,692	24,170
Derivative assets		2,256	239,729	-	-
Deferred tax asset		162,893	204,807	4,920	1,711
Current tax assets	16	97,522	95,918	-	-
Cash and bank balances		775,546	853,052	28,660	37,705
<b>Total Assets</b>		<b>53,383,611</b>	<b>51,138,478</b>	<b>4,522,165</b>	<b>4,333,155</b>
<b>Equity and Liabilities:</b>					
Share capital		660,866	660,866	660,866	660,866
Reserves	17	6,947,041	6,722,919	2,782,600	2,613,438
Insurance/reinsurance finance reserve	17	(51,017)	(13,771)	-	-
<b>Total Equity</b>		<b>7,556,890</b>	<b>7,370,014</b>	<b>3,443,466</b>	<b>3,274,304</b>
<b>Liabilities</b>					
Insurance contract / Takaful certificate liabilities	14	42,729,452	40,912,437	-	-
Reinsurance contract / Retakaful certificate liabilities	14	191,942	136,454	-	-
Subordinated obligations		1,000,000	1,000,000	1,000,000	1,000,000
Derivative liabilities		188,388	42,110	42,896	21,288
Deferred tax liabilities, net		434,076	339,170	16	-
Other liabilities	18	1,216,280	1,246,902	23,352	26,318
Interest payable on subordinated obligations		9,875	9,875	9,875	9,875
Current tax liabilities		56,708	81,516	2,560	1,370
<b>Total Liabilities</b>		<b>45,826,721</b>	<b>43,768,464</b>	<b>1,078,699</b>	<b>1,058,851</b>
<b>Total Equity and Liabilities</b>		<b>53,383,611</b>	<b>51,138,478</b>	<b>4,522,165</b>	<b>4,333,155</b>

The accompanying notes form an integrated part of these interim financial statements.

**UNAUDITED INTERIM CONDENSED STATEMENTS INCOME STATEMENT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

	Note	Group		Company	
		1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)
		RM'000	RM'000	RM'000	RM'000
Insurance/Takaful revenue	19	3,694,700	3,232,536	-	-
Insurance/Takaful service expenses	20	(3,100,852)	(2,084,438)	-	-
Net expenses from reinsurance contracts/ retakaful certificates held	21	(439,734)	(1,237,092)	-	-
<b>Insurance/takaful service result</b>		<b>154,114</b>	<b>(88,994)</b>	<b>-</b>	<b>-</b>
Interest/Profit revenue from financial assets not measured at FVTPL	22	565,038	451,098	30,668	34,348
Net fair value gains/(losses) on financial assets measured at FVTPL	23	353,768	(1,686,731)	1,741	(9,517)
Net fair value (losses)/gains on derecognition of financial assets measured at FVOCI	24	(116,967)	(29,009)	(413)	41
Other investment income	25	351,277	337,762	541,573	303,564
Net impairment loss on financial assets	26	38,929	(122,367)	(17)	34
Net foreign exchange income/(expenses)		149,173	220,816	(2)	61
<b>Net investment income</b>		<b>1,341,218</b>	<b>(828,431)</b>	<b>573,550</b>	<b>328,531</b>
Finance (expenses)/income from Insurance contract/Takaful certificate issued	27	(916,546)	902,656	-	-
Finance income/(expenses) from reinsurance contract/retakaful certificate held	28	4,331	(42,065)	-	-
<b>Net Insurance/Takaful financial result</b>		<b>(912,215)</b>	<b>860,591</b>	<b>-</b>	<b>-</b>
Other income	29	46,872	23,535	2,895	2,932
Other finance costs		(20,830)	(20,283)	(19,696)	(20,098)
Other expenses	30	(53,111)	(25,330)	(19,002)	(14,594)
Tax expense incurred on behalf of of policyholders/participants	34	(68,855)	82,774	-	-
<b>Other income/(expenses)</b>		<b>(95,924)</b>	<b>60,696</b>	<b>(35,803)</b>	<b>(31,760)</b>
<b>Profit before taxation and zakat</b>		<b>487,193</b>	<b>3,862</b>	<b>537,747</b>	<b>296,771</b>
Taxation	35	(120,838)	(93,578)	(223)	(11,026)
Zakat		(12,498)	(6,083)	-	-
<b>Net profit/(loss) for the financial period</b>		<b>353,857</b>	<b>(95,799)</b>	<b>537,524</b>	<b>285,745</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		353,857	(95,799)	537,524	285,745
<b>Basic and diluted earnings per share (sen)</b>	36	<b>1.40</b>	<b>(0.38)</b>	<b>2.13</b>	<b>1.13</b>

The accompanying notes form an integrated part of these interim financial statements.

**UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>(Restated)</b>			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit/(loss) for the financial period</b>	<b>353,857</b>	<b>(95,799)</b>	<b>537,524</b>	<b>285,745</b>
<b>Other comprehensive income/(loss):</b>				
<b>Items that may be subsequently reclassified to income statement:</b>				
Net fair value gains on investments in debt securities measured at FVOCI	219,207	(454,537)	11,662	12,933
Net fair value gains/(losses) on derecognition of financial assets measured at FVOCI	422,271	(987,226)	358	(11,573)
Fair value adjustments on FVOCI financial assets backing participants' funds	104,423	28,997	411	151
Other comprehensive income attributable to the participants	(47,115)	90,923	-	-
Net of hedging:	(192,341)	290,023	-	-
- Net change in fair value	-	-	(21,831)	3,026
- Net movement in forex	-	-	31,800	18,587
Tax effect relating to these items	(68,031)	122,746	924	2,742
Finance expenses from insurance contracts issued	(39,160)	58,871	-	-
Tax effect relating to these items	1,914	(3,198)	-	-
<b>Items that will not be subsequently reclassified to income statements:</b>				
Change in fair value of equity securities at FVOCI	(9,644)	(6,665)	-	-
Other comprehensive income attributable to the participants	(16,237)	(11,516)	-	-
Fair value adjustments on FVOCI financial assets backing participants' funds	2,993	3,426	-	-
Tax effect relating to these items	941	-	-	-
Currency translation	2,659	1,425	-	-
	42,383	24,019	-	-
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>214,700</b>	<b>(381,510)</b>	<b>11,662</b>	<b>12,933</b>
<b>Total comprehensive income/(loss) for the financial period attributable to equity holders of the Company</b>	<b>568,557</b>	<b>(477,309)</b>	<b>549,186</b>	<b>298,678</b>

The accompanying notes form an integrated part of these interim financial statements.

UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

Retained Earnings									
<----- Non-distributable ----->						Non-			Total Equity RM'000
Note	Share Capital RM'000	FVOCI Reserve RM'000	Insurance Finance Reserve RM'000	Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Distributable Life Funds Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Profits RM'000	
At 1 January 2023, as previously stated	660,866	(357,476)	-	109,680	788	998,889	5,662,380	6,661,269	7,075,127
- Effects of adopting MFRS 17	-	(45,774)	(13,771)	(7,718)	-	165,605	196,545	362,150	294,887
At 1 January 2023, as restated	660,866	(403,250)	(13,771)	101,962	788	1,164,494	5,858,925	7,023,419	7,370,014
Net profit for the financial period	-	-	-	-	-	121,233	232,624	353,857	353,857
Other comprehensive income/ (losses) for the financial period	-	209,563	(37,246)	42,383	-	-	-	-	214,700
Total comprehensive income/(losses)	-	209,563	(37,246)	42,383	-	121,233	232,624	353,857	568,557
Reversal on prior year disposal of subsidiaries	-	804	-	12,994	-	-	(13,798)	(13,798)	-
Disposal of associate	-	-	-	-	-	-	(1,656)	(1,656)	(1,656)
Dividend on ordinary shares	-	-	-	-	-	-	(380,024)	(380,024)	(380,024)
At 30 June 2023	660,866	(192,883)	(51,017)	157,339	788	1,285,727	5,696,071	6,981,798	7,556,890

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UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTD.)

Group

Note	Non-distributable					Retained Earnings			Total Equity RM'000
	Share Capital RM'000	FVOCI Reserve RM'000	Insurance Finance Reserve RM'000	Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Non-Distributable Life Funds Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Profits RM'000	
<b>At 1 January 2022, as previously stated</b>	660,866	(46,478)	-	49,918	788	970,489	5,827,878	6,798,367	7,463,461
- Effects of adopting MFRS 17	-	(20,606)	(36,167)	-	-	217,979	307,991	525,970	469,197
<b>At 1 January 2022, as restated</b>	660,866	(67,084)	(36,167)	49,918	788	1,188,468	6,135,869	7,324,337	7,932,658
Net profit/(loss) for the financial period	-	-	-	-	-	35,122	(130,921)	(95,799)	(95,799)
Other comprehensive (losses)/ income for the financial period	-	(461,202)	55,673	24,019	-	-	-	-	(381,510)
Total comprehensive (losses)/income	-	(461,202)	55,673	24,019	-	35,122	(130,921)	(95,799)	(477,309)
Reclassification upon disposal of equity securities	-	1,999	-	-	-	(776)	(1,223)	(1,999)	-
Dividend on ordinary shares	-	-	-	-	-	-	(250,241)	(250,241)	(250,241)
<b>At 30 June 2022</b>	660,866	(526,287)	19,506	73,937	788	1,222,814	5,753,484	6,976,298	7,205,108

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**UNAUDITED INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTD.)**

	Note	<----- Non-distributable ----->			Distributable Retained Profits RM'000	Total Equity RM'000
		Share Capital RM'000	Cash Flow Hedge Reserve RM'000	FVOCI Reserve RM'000		
<b>At 1 January 2023</b>		660,866	36,843	(2,856)	2,579,451	3,274,304
Net profit for the financial period		-	-	-	537,524	537,524
Other comprehensive income for the financial period		-	9,969	1,693	-	11,662
Total comprehensive income		-	9,969	1,693	537,524	549,186
Dividend on ordinary shares		-	-	-	(380,024)	(380,024)
<b>At 30 June 2023</b>		<b>660,866</b>	<b>46,812</b>	<b>(1,163)</b>	<b>2,736,951</b>	<b>3,443,466</b>
<b>At 1 January 2022</b>		660,866	(1,340)	(1,067)	2,571,051	3,229,510
Net profit for the financial period		-	-	-	285,745	285,745
Other comprehensive income/ (losses) for the financial period		-	21,613	(8,680)	-	12,933
Total comprehensive income/(losses)		-	21,613	(8,680)	285,745	298,678
Dividend on ordinary shares		-	-	-	(250,241)	(250,241)
<b>At 30 June 2022</b>		<b>660,866</b>	<b>20,273</b>	<b>(9,747)</b>	<b>2,606,555</b>	<b>3,277,947</b>

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**197701002387 (33361-W)**  
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**UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation and zakat	487,193	3,862	537,747	296,771
<i>Adjustments for:</i>				
Amortisation of:				
- intangible assets	10,004	9,011	61	1
- prepaid land lease payments	13	13	-	-
Net amortisation of premiums	29,022	40,240	2,336	1,199
Depreciation of property, plant and equipment	5,903	4,191	363	211
Depreciation of right-of-use assets	3,430	4,343	43	42
Interest on lease liabilities	120	147	4	5
Fair value (gains)/losses on:				
- investment	(155,497)	1,670,112	(1,741)	9,517
(Gains)/losses on disposal of:				
- subsidiaries/associates	152	-	-	-
- investments	353,923	157,576	413	(41)
Dividend income	(59,337)	(58,407)	(552,926)	(315,304)
Interest and rental income	(607,240)	(717,877)	(21,682)	(22,216)
(Reversal of)/allowance for impairment losses on:				
- investments	(38,824)	122,771	(39)	32
- financing receivables	(234)	(63)	2	-
- others	(56)	29	-	-
Taxation of Life and Takaful fund	68,855	(82,774)	-	-
Tax borne by policyholders	230	929	-	-
(Gains)/losses on foreign exchange:				
- realised	(61,238)	(194,864)	-	-
- unrealised	78,974	(16,193)	2	-
<i>Operating cash flows before changes in assets and liabilities</i>	115,393	943,046	(35,417)	(29,783)

The accompanying notes form an integrated part of these interim financial statements.

**UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTD.)**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTD.)</b>				
(Purchase of)/proceeds from disposal of investments	(563,295)	(1,889,200)	41,178	17,188
(Increase)/decrease in:				
- Fixed and call deposits	(554,224)	1,327,857	(201,036)	405,154
- Reinsurance contract assets	(212,964)	901,904	-	-
- Insurance contract assets	(105,722)	4,608	-	-
- Financing receivables	(3,380)	(20,364)	(1,856)	(16,819)
- Other assets	(254,878)	(657,660)	(452)	(451,330)
Increase/(decrease) in:				
- Insurance contract liabilities	1,104,314	(312,235)	-	-
- Reinsurance contract liabilities	73,590	(87,449)	-	-
- Other liabilities	221,883	(19,455)	17,671	6,762
Investment income received	574,585	723,037	20,504	24,503
Dividends received	88,530	54,977	552,926	315,304
Tax paid	(136,975)	(80,597)	(2,208)	(5,274)
Tax refund	389	2,378	-	-
Zakat paid	(27,965)	(15,888)	-	-
<i>Net cash generated from operating activities</i>	<u>319,282</u>	<u>874,959</u>	<u>391,310</u>	<u>265,705</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of:				
- property, plant and equipment	(8,946)	(2,944)	-	(120)
- intangible assets	(5,367)	(6,866)	(590)	-
- investment properties	(334)	(129)	-	-
Proceed from disposal of:				
- property, plant and equipment	227	35	-	-
- intangible assets	-	5	-	-
<i>Net cash invested/(used in) in investing activities</i>	<u>(14,420)</u>	<u>(9,899)</u>	<u>(590)</u>	<u>(120)</u>

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**UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (CONTD.)**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment of dividends	(380,024)	(250,241)	(380,024)	(250,241)
Interest paid on subordinated obligation	(19,696)	(19,696)	(19,696)	(19,696)
Payment of lease liabilities	(4,926)	(4,926)	(45)	(45)
<i>Net cash used in financing activities</i>	<u>(404,646)</u>	<u>(274,863)</u>	<u>(399,765)</u>	<u>(269,982)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(99,785)	590,197	(9,045)	(4,397)
<b>Effects of exchange rate changes</b>	22,279	101,742	-	-
<b>Cash and cash equivalents at beginning of financial period</b>	<u>853,052</u>	<u>1,180,666</u>	<u>37,705</u>	<u>34,940</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>775,546</u>	<u>1,872,605</u>	<u>28,660</u>	<u>30,543</u>
<b>Cash and cash equivalents comprise:</b>				
<b>Cash and bank balances:</b>				
Shareholders' and General funds	759,530	196,670	28,660	30,543
Life fund	-	1,593,340	-	-
General Takaful fund	-	20,735	-	-
Family Takaful fund	16,016	61,860	-	-
	<u>775,546</u>	<u>1,872,605</u>	<u>28,660</u>	<u>30,543</u>

The accompanying notes form an integrated part of these interim financial statements.

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**

**1. CORPORATE INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 19, Tower C, Dataran Maybank, No. 1, Jalan Maarof, 59000 Kuala Lumpur, Malaysia.

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

**2. BASIS OF PREPARATION**

The unaudited interim condensed financial statements of the Group and the Company for the financial period ended 30 June 2023 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 International Accounting Standards Board ("IASB") and Guidelines/Circulars issued by Bank Negara Malaysia ("BNM").

The unaudited interim condensed financial statements of the Group and the Company have been prepared on a historical cost basis except for certain financial assets and financial liabilities that are stated at fair value.

The unaudited 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 audited annual consolidated financial statements of the Group and the Company for the financial year ended 31 December 2022.

The explanatory notes attached to the unaudited 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 Group and the Company since the financial year ended 31 December 2022.

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

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

The unaudited interim condensed financial statements were approved for issue by the Board of Directors on 21 August 2023.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the unaudited condensed interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2022 except for the adoption of the following accounting amendments to Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB") that are effective for the Group's and the Company's financial year beginning 1 January 2023:

- MFRS 17 *Insurance Contracts*  
(Amendments to MFRS 17) *Initial Application*  
of MFRS 17 and MFRS 9 - *Comparative Information*
- MFRS 101 *Presentation of Financial Statements*  
(Amendments to MFRS 101) *Classification of Liabilities as*  
*Current or Non-current*  
(Amendments to MFRS 101) *Disclosure of Accounting Policies*
- MFRS 108 *Accounting Policies, Changes in Accounting Estimates*  
*and Errors*  
(Amendments to MFRS 108) *Definition of Accounting Estimates*
- MFRS 112 *Income Taxes*  
(Amendments to MFRS 112) *Deferred Tax related to Assets and*  
*Liabilities arising from a Single Transaction*

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

#### **3.1 Changes in accounting policies and disclosure**

##### **MFRS 17 *Insurance Contracts***

The Group initially applied MFRS 17, including any consequential amendments to the other standards, from 1 January 2023. This standard has brought significant changes to the accounting for insurance/takaful and reinsurance contract/retakaful certificates. As a result, the Group have restated certain comparative amounts.

### **3. SIGNIFICANT ACCOUNTING POLICIES (contd.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of MFRS 17 are summarised below:

##### **(a) Separating components from Insurance/Takaful and reinsurance contracts/retakaful certificates (contd.)**

The Group assesses its General/General Takaful and Life/Family Takaful and reinsurance/retakaful products to determine whether they contain distinct components which must be accounted for under another MFRS rather than MFRS 17. After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) Insurance contract/Takaful certificates. Currently, the Group's products do not include distinct components that require separation.

Some term Life Contracts/Family certificates issued by the Group include a surrender option under which the surrender value is paid to the policyholder/participants on maturity or earlier lapse of the contract/certificates. 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/Takaful certificate requires an insurer to repay to a policyholder/participant even if an insured event does not occur. Investment components which are highly interrelated with the Insurance contract/Takaful certificate of which they form a part are considered non-distinct and are not separately accounted for. Receipts and payments of the investment components (including non-distinct investment components) are recorded outside of profit or loss.

Some contracts/certificates issued contain profit or ceding commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder/participant will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. Ceding commission in the form of premium discount is not deemed as a non-distinct investment component. The minimum guaranteed amount and profit commission may or may not be deemed as a non-distinct investment component, depending on whether there is a loss-carry forward mechanism.

### **3. SIGNIFICANT ACCOUNTING POLICIES (contd.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(b) Level of aggregation**

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts/certificates with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts/certificates, contracts/certificates with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contracts/certificates as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts/certificates can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract/certificate contains components that need to be separated and treated as if they were stand-alone contracts/certificates. As such, what is treated as a contract/certificates for accounting purposes may differ from what is considered as a contract/certificates for other purposes (i.e., legal or management). For reinsurance contract/retakaful certificates held, the basis depends on the type of reinsurance/retakaful arrangement. The minimum unit of account is at Treaty level.

The groups of contracts/certificates for which the fully retrospective approach, modified retrospective and the fair value approach have been adopted on transition include contracts/certificates issued more than one year apart. The portfolio are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue portfolios of contracts/certificates are divided into three groups, as follows:

- A group of contracts/certificates that are onerous at initial recognition.
- A group of contracts/certificates that at initial recognition have no significant possibility of becoming onerous subsequently.
- A group of the remaining contracts/certificates in the portfolio.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(b) Level of aggregation (contd.)**

The reinsurance contracts/retakaful certificates held portfolios are divided into:

- A group of contracts/certificates on which there is a net gain on initial
- A group of contracts/certificates that have no significant possibility of a net gain arising subsequent to initial recognition.
- A group of the remaining contracts/certificates in the portfolio.

##### **(c) Recognition**

The Group recognises groups of Insurance contracts/Takaful certificates that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts/certificates.
- The date when the first payment from a policyholder/participants is due, or when the first payment is received if there is no due date.
- For a group of onerous contracts/certificates, as soon as facts and circumstances indicate that the group of contract/certificate is onerous.

The Group recognises a group of reinsurance contracts/retakaful certificates held it has entered into from the earliest of the following:

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

The reinsurance contracts/retakaful certificates held by the Group provide proportionate cover. Therefore the Group does not recognise a proportional reinsurance contract/retakaful certificates held until at least one underlying direct Insurance contract/Takaful certificates has been recognised.

The Group adds new contracts/certificates in the reporting period in which the contracts/certificate meets one of the criteria set out above.



### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(d) Onerous groups of contracts/certificates**

For General/General Takaful, the Group issues some contracts/certificates before the coverage period starts and the first premium/contribution becomes due. Therefore, the Group has determined whether any contracts/certificates issued from a group of onerous contracts/certificates before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder/participant in the Group is due.

The Group's guidelines to assess the facts and circumstances of onerousness is to leverage on:

- the Expected Ultimate Combined Ratio (consists of losses, expenses and risk adjustment) available from the valuation or pricing/underwriting exercise when appropriate.
- information within the Group or Management about contracts/certificates known or apparent to be onerous (e.g., based on the intention of the initial product approval process for market entry or marketing purposes)

For Life/Family Takaful, the profitability of group of contracts/certificates is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts/certificates in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contract/certificates that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood changes in applicable facts and circumstances.

The Group looks at facts and circumstances to identify if a group of contracts/certificates for General/General Takaful and Life/Family Takaful are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

If the facts and circumstances indicate that a group is expected to be onerous, a loss component should be recognised in the statement of financial position and the corresponding loss should be recognised in profit or loss accordingly.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

###### **(e) Contract boundary**

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

- The Group has the practical ability to reassess the risks of the particular policyholder/participant and, as a result, can set a price or level of benefits that fully reflects those risks; or
- The Group has the practical ability to reassess the risks of the portfolio that contains the contract/certificate and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums/contributions up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

###### **(f) Measurement**

The Group's Insurance contracts/Takaful certificates issued and reinsurance contracts/retakaful certificates held are eligible for the measurement models as below:

###### **(i) General Measurement Model ("GMM")**

This is the default measurement model for Insurance contracts/Takaful certificates which measures a group of Insurance contracts/Takaful certificates as the total of:

- Fulfilment cash flows
- A Contractual Service Margin ("CSM") represents the unearned profit as the Group will recognise as it provides service under the Insurance contracts/Takaful certificates in the group.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The CSM represents the unearned profit from in-force contracts/certificates that the Group will recognise as it provides services over the coverage period.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### **MFRS 17 Insurance Contracts (contd.)**

##### **(f) Measurement ( contd.)**

##### **(i) General Measurement Model ("GMM")(contd.)**

At inception, the CSM cannot be negative. If the fulfillment cash flows lead to a negative CSM at inception, it will be set to zero and the negative amount will be recorded immediately in the profit or loss. At the end of a reporting period, the carrying amount of a group of Insurance contracts/Takaful certificates is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfillment cash flows related to future services and the CSM, while the liability for incurred claims consists of the fulfillment cash flows related to past services. The CSM gets adjusted for changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts/certificates. A release from the CSM is recognised in profit or loss each period to reflect the services provided in that period based on coverage units. MFRS 17 only provides principle based guidance on how to determine these coverage units. The Group has computed based on the coverage units by benefit types.

##### **(ii) Variable Fee Approach ("VFA")**

This is a mandatory modification of the GMM regarding the treatment of the CSM in order to accommodate direct participating contracts wherein payments on investment returns to policyholders/participants are based on contractual terms which substantially vary with the underlying items.

An Insurance contract/Takaful certificate with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

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

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(f) Measurement ( contd.)**

##### **(ii) Variable Fee Approach ("VFA")(contd.)**

The assessment of whether an Insurance contract/Takaful certificate meets these three criteria is made at inception of the contract/certificate and not revised subsequently, except in case of a substantial modification of the contract/certificate. For contracts/certificates with direct participation features, the CSM is adjusted for changes in the amount of the entity's share of the fair value of the underlying items. No explicit interest accretion is required since the CSM is effectively measured when it is adjusted for changes in financial risks.

##### **(iii) Premium Allocation Approach ("PAA")**

This model will be applied for policies which have contract/certificate boundaries (i.e. coverage periods) of less than 1 year as well as for policies with contract/certificate boundaries of more than 1 year but which are able to pass the PAA eligibility test.

Under the PAA, the liability for remaining coverage is measured as the amount of premiums/contribution received net of acquisition cash flows paid, less the net amount of premiums/contribution and acquisition cash flows that have been recognised in profit or loss over the expired portion of the coverage period based on the passage of time. The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting.

The Group is to apply both the PAA or GMM models for all reinsurance contracts/retakaful certificates held, depending on the specific contract/certificate boundaries for each reinsurance contracts/retakaful certificates.

##### **(g) Presentation and disclosure**

There are significant changes to presentation and disclosure of the financial statements upon the adoption of MFRS17. The following outlines some of the key presentation and disclosure changes:

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(g) Presentation and disclosure (contd.)**

###### Statement of financial position

- (i) The Group presents portfolios of Insurance contract/Takaful certificate separately from portfolios of reinsurance contract/retakaful certificate held, and portfolios of asset position are further presented separately from portfolios of liability position. Groups of Insurance contracts/Takaful certificates issued will include any assets for Insurance/Takaful acquisition cash flows. Policy loans (which were previously reported within financing receivables), Insurance/Takaful receivables and payables will be assessed on net portfolio position and reported within Insurance Contract/Takaful Certificates Liabilities or Assets as these are Insurance contract/Takaful certificate related balances. Reinsurance/retakaful receivables and payables, reinsurance/retakaful assets and liabilities will be assessed on a net portfolio position and reported within Reinsurance Contract/Retakaful Certificates Liabilities or Assets as these are reinsurance contract/retakaful certificates related. Under MFRS 4, contracts/certificates were not split and presented by asset and liability position.
- (ii) Under MFRS17, Unallocated Surplus of Participating Funds, which represents the surplus yet to be declared to Shareholders/policyholders/certificateholders and other Participating's reserves will be recognised as part of Non-distributable Retained Earnings and respective reserve which are treated as part of equity of the Group. Under MFRS4, these Participating reserves were recognised as part of the Insurance Contract/Takaful Certificates Liabilities.
- (iii) Under MFRS 17, Insurance/Takaful/Reinsurance/Retakaful finance reserve created as part of the equity which is to cater the impact of changes in market discount rates on the insurance contract/Takaful certificates and reinsurance contract/retakaful takaful assets and liabilities.

###### Statement of Comprehensive Income

Upon the adoption of MFRS 17, with clear delineation of underwriting and investment results. There will no longer be items such as gross, net or earned premiums/contributions or net claims incurred shown on the profit or loss. Under MFRS 17, the Group separately presents Insurance/Takaful service results which consisting of insurance/Takaful revenue, Insurance/Takaful service expense and Insurance/Takaful finance income and expenses. Income or expenses from reinsurance contracts/ retakaful certificates held need to be presented separately from the expenses or income from Insurance contracts/Takaful certificates issued.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(g) Presentation and disclosure (contd.)**

###### Statement of Comprehensive Income (contd.)

Under MFRS 4, the Group reported premium/contribution income, gross claims and benefits, changes in Insurance/Takaful contract liabilities, benefits and expenses ceded to reinsurers/retakaful and changes in reinsurance/retakaful assets.

###### **(i) Insurance/Takaful Service Results**

Insurance/Takaful revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums/contribution that relate to recovering Insurance/Takaful acquisition cash flows.

Expenses that relate directly to the fulfilment of contracts/certificates are recognised in profit or loss as Insurance/Takaful service expenses when incurred. Expenses that do not relate directly to the fulfilment of contracts/certificates are presented in other expenses in profit or loss.

Amount recovered from reinsurer/retakaful and reinsurance/retakaful expenses are no longer presented separately as the Group presents on a net basis as net expenses from reinsurance contracts/retakaful certificates as part of Insurance/Takaful service results.

###### **(ii) Insurance/Takaful finance income or expenses**

It comprises the change in the carrying amount of the group of insurance contracts/Takaful certificates arising from the effect of the time value of money and the effect of financial risk and changes in financial risk.

The Group disaggregates Insurance/Takaful finance income or expenses on Insurance contracts/Takaful certificates issued for each different portfolios between profit or loss and Other Comprehensive Income. The impact of changes in market interest/profit rates on the value of the Life Insurance/Family Takaful and related reinsurance/retakaful assets and liabilities are reflected at fair value in order to minimise accounting mismatches between the accounting for financial assets and Insurance/Takaful liabilities. The Group's financial assets not backing the Insurance/Takaful issued portfolios are predominantly measured at FVOCI.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

##### **(h) Insurance/Takaful acquisition cash flows**

Insurance/Takaful acquisition cash flows arise from the costs of selling, underwriting and starting a group of Insurance contracts/Takaful certificates (issued or expected to be issued) that are directly attributable to the portfolio of Insurance contracts/Takaful certificates to which the group belongs.

Where Insurance/Takaful acquisition cash flows have been paid or incurred before the related group of Insurance contracts/Takaful certificates is recognised in the statement of financial position, a separate asset for Insurance/Takaful acquisition cash flows is recognised for each related group.

The asset for Insurance/Takaful acquisition cash flow is derecognised from the statement of financial position when the Insurance/Takaful acquisition cash flows are included in the initial measurement of the related group of Insurance contracts/takaful certificates. The Group expects to derecognise all assets for Insurance/Takaful acquisition cash flows within the Insurance/Takaful covered period.

At the end of each reporting period, the Group revises amounts of Insurance/Takaful acquisition cash flows allocated to groups of Insurance contracts/Takaful certificates not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Group assesses the recoverability of the asset for Insurance/Takaful acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies:

- An impairment test at the level of an existing or future group of Insurance contracts/Takaful certificates; and
- An additional impairment test specifically covering the Insurance/Takaful acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

##### **MFRS 17 *Insurance Contracts* (contd.)**

###### **(i) Loss components**

The Group has grouped contracts/certificates that are onerous at initial recognition separately from contracts/certificates in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying Insurance contracts/Takaful certificates.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying Insurance contracts/Takaful certificates that the Group expects to recover from the group of reinsurance contracts/retakaful certificates held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying Insurance contracts/Takaful certificates and is nil when loss component of the onerous group of underlying Insurance contracts/Takaful certificates is nil.

###### **(j) Transition**

On the transition date of 1 January 2022, the Group has:

- Identified, recognised and measured each group of Insurance/Takaful and reinsurance contracts/retakaful certificates as if MFRS 17 had always applied (unless impracticable), using the full retrospective approach;
- Identified, recognised and measured assets for Insurance/Takaful acquisition cash flows as if MFRS 17 had always applied;
- Derecognised any existing balances that would not exist had MFRS 17 always applied; and
- Recognised any resulting net difference in equity.

Where the Full Retrospective Approach ("FRA") has been determined to be impracticable to apply during the implementation period, due to constraints on data or other relevant inputs, the Group has applied the Modified Retrospective Approach ("MRA") and Fair Value Approach ("FVA").



### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### **MFRS 17 Insurance Contracts (contd.)**

##### **(j) Transition (contd.)**

These are described in further detail below.

##### **(a) Full retrospective approach ("FRA")**

The determination of whether it is impracticable to adopt the FRA for group of contracts/certificates as at the transition date was made after considering the cost or effort required to collect the required information or create information where the required data is unavailable (either due to system migrations in the past, data retention policies, and changes in requirements introduced by MFRS 17) and if hindsight is needed to determine the estimates at prior periods.

##### **(b) Modified retrospective approach ("MRA")**

The MRA is applied based on reasonable and supportable information available without undue cost or effort to the Group. Certain modifications will be applied to the extent the FRA is not possible, but still with the objective to achieve the closest possible outcome to the FRA application.

##### **(c) Fair value approach ("FVA")**

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

The subsidiaries of the Group have individually ascertained the Insurance contract/Takaful certificate portfolios to which they will apply the transition approaches above.

##### **Amendment to MFRS 9 as a result of MFRS 17 implementation**

The Group and the Company have adopted MFRS 9 from the financial year ended 31 December 2018. In doing so, the Group has also applied the overlay approach, which allows it to adjust profit or loss for eligible financial assets by removing any accounting volatility to other comprehensive income that may arise from the adoption of MFRS 17. As MFRS 17 allows an election for the effect of changes in discount rates to be recognised through profit or loss ("FVTPL") or through other comprehensive income ("FVOCI"), Singapore subsidiary, Etiqa Insurance Pte. Ltd. ("EIPL") has applied the amendment by reclassifying the financial assets from FVTPL to FVOCI for GMM non-participating fund after performed necessary assessment to manage the balance sheet management strategies and the impact on financial performance. Meanwhile, the Group is still assessing the reclassification require for eligible financial assets to match against the Insurance contract/Takaful certificate liabilities.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### FINANCIAL EFFECTS ARISING FROM THE ADOPTION OF MFRS 17 *INSURANCE CONTRACTS*

The adoption of MFRS 17 *Insurance Contracts* does have a significant financial effect to the Group's financial statements but does not have a significant financial effect to the Company's financial statements.

The Group's primary objectives are to finalise the transition balance sheet, preparing the 2022 comparatives for 2023 reporting, and implementing the end state control environment. The actual impact of adopting MFRS 17 on 1 January 2023, with a transition date of 1 January 2022, may change as the Group continues to embed and refine the new systems, processes, and controls required, including the audit validations. This impact assessment is based on an interim control environment and models that are still undergoing validation. The implementation of the end state control environment will continue as the Group introduces business-as-usual controls throughout 2023.

The comparative figures have been restated to conform with current year's presentation in accordance with MFRS 17 *Insurance Contracts*. The effects of the adjustments on the assets, liabilities and equity on the statement of financial position of the Group as at 31 December 2022 and on the components of income statement for the period ended 30 June 2022 are presented below:

##### (a) Statement of financial position as at 31 December 2022

Group	As previously stated as at 31 December 2022 RM'000	Remapping / Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 17 RM'000	Tax effect RM'000	As restated as at 31 December 2022 RM'000
<b><u>Assets:</u></b>					
Financing receivables	330,695	(260,123)	-	-	70,572
Reinsurance contract assets / Retakaful certificate assets	5,859,904	(3,072,252)	1,501,166	-	4,288,818
Insurance contract assets / Takaful certificate assets	-	-	1,410,975	-	1,410,975
Insurance/takaful receivables	627,170	(627,170)	-	-	-
Other assets	569,959	(13,175)	-	-	556,784
Deferred tax assets	255,358	(162,066)	44,189	67,326	204,807

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 3.1 Changes in accounting policies and disclosure (contd.)

##### FINANCIAL EFFECTS ARISING FROM THE ADOPTION OF MFRS 17 *INSURANCE CONTRACTS* (contd.)

##### (a) Statement of financial position as at 31 December 2022 (contd.)

Group	As previously stated as at 31 December 2022 RM'000	Remapping / Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 17 RM'000	Tax effect RM'000	As restated as at 31 December 2022 RM'000
<b><u>Equities:</u></b>					
Currency Reserves	109,680	(7,697)	(21)	-	101,962
Insurance/takaful finance reserve	-	-	(13,771)	-	(13,771)
FVOCI reserves	(357,476)	(45,774)	-	-	(403,250)
Retained Profits	6,661,269	10,264,925	(9,917,116)	14,341	7,023,419
<b><u>Liabilities:</u></b>					
Insurance contract liabilities / Takaful certificate liabilities	40,425,701	(16,221,268)	16,708,004	-	40,912,437
Reinsurance contract liabilities / Retakaful certificate liabilities	-	-	136,454	-	136,454
Expense liabilities	570,281	(570,281)	-	-	-
Insurance payables	725,359	(725,359)	-	-	-
Other liabilities	1,832,917	(586,015)	-	-	1,246,902
Deferred tax liabilities	486,542	83,287	(87,351)	(143,308)	339,170

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

#### **FINANCIAL EFFECTS ARISING FROM THE ADOPTION OF MFRS 17 *INSURANCE CONTRACTS* (CONTD.)**

##### **(b) Financial impact from adoption of MFRS 17**

The following table shows the nature of the measurement adjustments made to the statement of financial position:

<b>Nature of the measurement adjustments</b>	<b>Descriptions</b>
Remapping/ Removal of MFRS 4	<p>The items include:</p> <p>a) Insurance/Takaful receivables, insurance/Takaful payables, reinsurance contract/retakaful certificate assets, insurance contract/takaful certificate liabilities and other payables were removed on transition and to be replaced within MFRS 17 equivalents.</p> <p>b) Under MFRS4, asset revaluation reserves and fair value reserves of participating policyholders' funds of RM3.7 million were reported within insurance contract liabilities. Under MFRS 17, these balances are reported as part of the restricted equity of the Group.</p>
Remeasurement effect of MFRS 17	<p>a) <u>Transition CSM</u> CSM is a component of the insurance contract/takaful certificate liabilities and represents the future unearned profit associated with insurance contracts/takaful certificate which will be released to profit or loss over the insurance/takaful coverage period.</p> <p>b) <u>Fulfilment Cash Flows</u> The measurement of the insurance contract/takaful certificate assets/liabilities under MFRS17 is based on groups of insurance contract/takaful certificate and includes a liabilities for fulfilling the contractual obligations associated with the insurance contract/takaful certificate, such as premiums/contributions, expenses, and insurance/takaful benefits and claims. These are recorded within the fulfilment cash flows component of the insurance contract/takaful certificate liabilities, together with the risk adjustment.</p>
Tax effect	Deferred tax were recognised, where appropriate, on temporary differences between the new MFRS 17 accounting balances and associated tax bases.

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

#### **3.1 Changes in accounting policies and disclosure (contd.)**

#### **FINANCIAL EFFECTS ARISING FROM THE ADOPTION OF MFRS 17 *INSURANCE CONTRACTS* (CONTD.)**

##### **(c) Income statement for the financial period ended 30 June 2022**

<b>Group</b>	<b>As previously stated for the period ended 30 June 2022 RM'000</b>	<b>Classification and measurement*  RM'000</b>	<b>As restated for the period ended 30 June 2022 RM'000</b>
Profit before taxation and zakat	195,025	(191,163)	3,862
Net profit/(loss) for the financial period	87,446	(183,245)	(95,799)
Other comprehensive loss for the period, net of tax	(375,681)	(5,829)	(381,510)

*\* Derecognition of MFRS 4 and recognition of MFRS 17*

#### **4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of unaudited interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these unaudited interim condensed financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2022 except for the measurements related to MFRS 17 *Insurance Contracts* :

##### **i) Estimates of future cash flows**

In estimating the future cash flows, the Group 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 reflect the the Group's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a contract/certificate are those that relate directly to the fulfilment of the contract/certificate, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders/participants, insurance/takaful acquisition cash flows and other costs that are incurred in fulfilling contracts/certificates. Insurance/Takaful acquisition cash flows and other costs that are incurred in fulfilling contracts/certificates comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts/certificates using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics, such as based on total premiums, number of policies or number of claims.

#### **4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)**

##### **ii) Discount rates**

The Group generally determines risk-free discount rates using the observed yield curves of government securities. The yield curve will be interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate will be subject to revision, it is expected to be updated only on significant changes on long-term expectations. No adjustment for illiquidity premium is required given the relatively liquid nature of insurance/takaful payout on policy cancellation or insurance/takaful claim.

The requirement to measure liabilities for insurance contracts/takaful certificates using risk-free discount rates is a significant change from the Group's previous practice, where liabilities for insurance contracts/takaful certificates were not discounted.

##### **iii) Risk adjustments for non-financial risk**

Risk adjustments for non-financial risk are determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The Group applies a confidence level technique to determine the risk adjustments for non-financial risk of both its insurance/takaful and reinsurance contracts/retakaful certificates.

Under a confidence level technique, the Group estimates the probability distribution of the expected value of the future cash flows 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 associated risks over all future years. The target confidence level is 75th percentile, in line with the regulatory requirement of Bank Negara Malaysia under the Risk-Based Capital Framework for Insurers/Takaful Operator.

##### **iv) Contractual service margin**

The CSM of a group of contracts/certificates is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts/certificates in the group, determined by considering for each contract/certificate the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

#### **5. AUDITOR'S REPORT ON PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS**

The auditor's report on the audited annual financial statements for the financial year ended 31 December 2022 was not qualified.

## **6. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of the Group and the Company were not materially affected by any seasonal or cyclical fluctuations during the interim financial period ended 30 June 2023.

However, as is common for Insurer and Takaful operator, surplus for Life and Family funds will only be transferred at the financial year end upon approval by the Appointed Actuary.

## **7. UNUSUAL ITEMS**

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

## **8. CHANGES IN ESTIMATES**

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

The significant judgements 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 annual consolidated audited financial statements except the change in accounting estimates and judgement upon adoption of MFRS 17 as disclosed in Note 4.

## **9. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuance or repayment of debt and equity securities for the interim financial period ended 30 June 2023.

## **10. DIVIDENDS PAID**

A final single tier dividend of 150.80sen per ordinary share on 252,005,522 ordinary shares amounting to RM380,024,327 or the financial year ended 31 December 2022 was approved by the shareholder in Annual General Meeting held on 20 April 2023.

## **11. MATERIAL EVENTS SUBSEQUENT TO END OF REPORTING PERIOD**

There were no material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited interim condensed financial statements.

## **12. CHANGES IN THE COMPOSITION OF THE GROUP OR THE COMPANY**

There were no changes in the composition of the Group and the Company during the interim financial period ended 30 June 2023.



### 13. INVESTMENTS

#### Group

	30.6.2023	31.12.2022 (Restated)
	RM'000	RM'000
Malaysian government papers	2,077,656	2,203,033
Singapore government securities	2,829,903	3,236,551
Equity securities	3,828,450	2,966,043
Debt securities	30,314,728	29,138,941
Unit and property trust funds	1,095,502	943,570
Structured products	328,813	155,582
Deposits with financial institutions	3,974,898	3,551,168
	<u>44,449,950</u>	<u>42,194,888</u>

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

Fair value through profit and loss ("FVTPL") (Note a)		
- Designated upon initial recognition (Note a) (i)	16,401,993	15,376,403
- Held for trading ("HFT")(Note a) (ii)	3,759,648	3,732,743
Fair value through other comprehensive income ("FVOCI") (Note b)	20,313,411	19,534,574
Amortised Cost ("AC") (Note c)	3,974,898	3,551,168
	<u>44,449,950</u>	<u>42,194,888</u>

The following investments mature after 12 months:

FVTPL		
- Designated upon initial recognition	8,879,821	13,935,063
- HFT	707,785	746,777
FVOCI	12,492,675	18,279,514
	<u>22,080,281</u>	<u>32,961,354</u>

13. INVESTMENTS (CONTD.)

Group

	30.6.2023	31.12.2022 (Restated)
	RM'000	RM'000
(a) FVTPL		
(i) Designated upon initial recognition		
<u>At fair value</u>		
Malaysian government papers	817,358	868,064
Singapore government securities	239,641	366,696
Equity securities		
Quoted outside Malaysia	517,769	512,528
Unquoted outside Malaysia	54,233	-
Debt securities:		
Quoted in Malaysia	-	15,148
Quoted outside Malaysia	2,190,827	1,512,996
Unquoted in Malaysia	11,880,111	11,613,714
Unquoted outside Malaysia	98,159	92,549
Unit and property trust funds:		
Quoted outside Malaysia	275,131	239,215
Structured products	328,764	155,493
<b>Total financial assets designated as FVTPL upon initial recognition</b>	<b>16,401,993</b>	<b>15,376,403</b>

(ii) HFT

<u>At fair value</u>		
Malaysian government papers	147,373	81,639
Equity securities		
Quoted in Malaysia	1,737,749	2,002,684
Quoted outside Malaysia	101,409	93,868
Unquoted in Malaysia	81,322	165,969
Debt securities:		
Quoted in Malaysia	70,416	-
Quoted outside Malaysia	84,647	-
Unquoted in Malaysia	716,312	684,139
Unit and property trust funds:		
Quoted in Malaysia	34,029	32,069
Quoted outside Malaysia	786,342	672,286
Structured products	49	89
<b>Total HFT financial assets</b>	<b>3,759,648</b>	<b>3,732,743</b>

**13. INVESTMENTS (CONTD.)**

<b>Group</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>(Restated) RM'000</b>
<b>(b) FVOCI</b>		
<b><u>At fair value</u></b>		
Malaysian government papers	1,112,925	1,253,330
Singapore government securities	2,590,262	2,869,855
Equity securities*:		
Quoted in Malaysia	357,269	190,994
Unquoted in Malaysia	970,318	-
Unquoted outside Malaysia	8,381	-
Debt securities:		
Quoted in Malaysia	-	171,925
Quoted outside Malaysia	7,572,794	4,108,512
Unquoted in Malaysia	7,701,462	10,932,148
Unquoted outside Malaysia	-	7,810
<b>Total FVOCI financial assets</b>	<b>20,313,411</b>	<b>19,534,574</b>

Movements in the allowances for impairment losses on financial assets at FVOCI are as follows:

<b><u>30.6.2023</u></b>	<b><u>Stage 1</u></b>	<b><u>Stage 2</u></b>	<b><u>Stage 3</u></b>	
	<b>12 months</b>	<b>Lifetime ECL</b>	<b>Lifetime ECL</b>	<b>Total</b>
	<b>ECL</b>	<b>not credit</b>	<b>credit</b>	<b>ECL</b>
	<b>RM'000</b>	<b>impaired</b>	<b>impaired</b>	<b>RM'000</b>
<b>At 1 January 2023</b>	1,243	3,602	30,904	35,749
Net adjustment of loss allowance	184	(598)	-	(414)
New financial assets				
originated of purchased	5,038	-	-	5,038
Financial assets that have been				
derecognised	(43,394)	-	(11)	(43,405)
Write-offs	26	(174)	-	(148)
Foreign exchange and				
other movement	4	(102)	(3)	(101)
<b>At 30 June 2023</b>	<b>(36,899)</b>	<b>2,728</b>	<b>30,890</b>	<b>(3,281)</b>
<b><u>31.12.2022</u></b>				
<b>At 1 January 2022</b>	2,012	2,686	154	4,852
Net adjustment of loss allowance	(1,005)	245	30,904	30,144
New financial assets				
originated of purchased	258	367	-	625
Financial assets that have been				
derecognised	(74)	-	(154)	(228)
Changes in models/risk				
parameters	(304)	304	-	-
Foreign exchange and	356	-	-	356
other movement				
<b>At 31 December 2022</b>	<b>1,243</b>	<b>3,602</b>	<b>30,904</b>	<b>35,749</b>

### 13. INVESTMENTS (CONTD.)

#### Group

#### (c) AC

	30.6.2023	31.12.2022 (Restated)
	RM'000	RM'000
<b><u>At cost</u></b>		
Fixed and call deposits with:		
Licensed financial institutions	3,183,896	2,776,623
Other licensed financial institutions	791,002	774,545
<b>Total AC financial assets</b>	<b>3,974,898</b>	<b>3,551,168</b>

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

Company	30.6.2023 RM'000	31.12.2022 RM'000
Malaysian government papers	14,868	14,703
Debt securities	148,313	187,073
Deposits with financial institutions	225,253	25,411
	<b>388,434</b>	<b>227,187</b>

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

FVTPL (Note a)		
- Designated upon initial recognition (Note a)(i)	15,064	15,148
FVOCI (Note b)	148,117	186,628
AC (Note c)	225,253	25,411
	<b>388,434</b>	<b>227,187</b>

The following investments mature after 12 months:

FVOCI	154,429	161,537
	<b>154,429</b>	<b>161,537</b>

#### (a) FVTPL

#### (i) Designated upon initial recognition

#### **At fair value**

Malaysian government papers

Debt securities:

    Quoted in Malaysia

**Total financial assets designated as FVTPL  
upon initial recognition**

15,064	15,148
<b>15,064</b>	<b>15,148</b>

### 13. INVESTMENTS (CONTD.)

Company	30.6.2023 RM'000	31.12.2022 (Restated) RM'000
<b>(b) FVOCI</b>		
<b><u>At fair value</u></b>		
Malaysian government papers	14,868	14,703
Debt securities:		
Quoted in Malaysia	133,249	171,925
<b>Total FVOCI financial assets</b>	<b>148,117</b>	<b>186,628</b>

Movements in the allowances for impairment losses on financial assets at FVOCI are as follows:

<u>30.6.2023</u>	<u>Stage 1</u> Lifetime ECL 12 months ECL RM'000	<u>Stage 2</u> Lifetime ECL not credit impaired RM'000	<u>Stage 3</u> Lifetime ECL credit impaired RM'000	<u>Total</u> ECL RM'000
<b>At 1 January 2023</b>	336	177	-	513
Net adjustment of loss allowance	(8)	(9)	-	(17)
Financial assets that have been derecognised	(253)	(83)	-	(336)
<b>At 30 June 2023</b>	<b>75</b>	<b>85</b>	<b>-</b>	<b>160</b>
<b><u>31.12.2022</u></b>				
<b>At 1 January 2022</b>	292	156	-	448
Net adjustment of loss allowance	66	9	-	75
New financial assets originated of purchased	3	-	-	3
Financial assets that have been derecognised	(13)	-	-	(13)
Changes in models/risk parameter	(12)	12	-	-
<b>At 31 December 2022</b>	<b>336</b>	<b>177</b>	<b>-</b>	<b>513</b>

### (c) AC

	30.6.2023 RM'000	31.12.2022 RM'000
<b><u>At cost</u></b>		
Fixed and call deposits with:		
Licensed financial institutions	191,953	8,411
Other licensed financial institutions	33,300	17,000
<b>Total AC financial assets</b>	<b>225,253</b>	<b>25,411</b>

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

### Fair Value of Investments

An analysis of the different fair value measurement bases used in the determination of the fair values of investments are further disclosed in Note 40.

#### 14. INSURANCE CONTRACT/TAKAFUL CERTIFICATE AND REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSET/LIABILITIES

The breakdown of groups of Insurance/Takaful issued and reinsurance contracts/retakaful certificates held, that are in an asset position and those in liability position are set out in the table below:

##### Group

**30.6.2023**

	Assets			Liabilities			Total Assets RM'000	Total Liabilities RM'000	Total Net RM'000
	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000			
<b>Insurance contracts/Takaful certificate issued</b>									
Life	-	-	-	(20,103,129)	(576,633)	(20,679,762)	-	(20,679,762)	(20,679,762)
General	206,098	(47,644)	158,454	(1,069,473)	(3,857,517)	(4,926,990)	158,454	(4,926,990)	(4,768,536)
Family Takaful	(2,510,541)	3,074,865	564,324	(7,126,239)	(6,204,030)	(13,330,269)	564,324	(13,330,269)	(12,765,945)
General Takaful	190,650	496,339	686,989	(1,372,317)	(2,420,114)	(3,792,431)	686,989	(3,792,431)	(3,105,442)
	(2,113,793)	3,523,560	1,409,767	(29,671,158)	(13,058,294)	(42,729,452)	1,409,767	(42,729,452)	(41,319,685)
<b>Reinsurance contracts/Retakaful certificate held</b>									
Life	18,521	124,741	143,262	-	-	-	143,262	-	143,262
General	236,644	3,446,113	3,682,757	(245,702)	158,212	(87,490)	3,682,757	(87,490)	3,595,267
Family Takaful	169,990	167,319	337,309	309	(43,028)	(42,719)	337,309	(42,719)	294,590
General Takaful	124,818	261,234	386,052	(21,891)	(39,842)	(61,733)	386,052	(61,733)	324,319
	549,973	3,999,407	4,549,380	(267,284)	75,342	(191,942)	4,549,380	(191,942)	4,357,438

14. INSURANCE CONTRACT/TAKAFUL CERTIFICATE & REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSET/LIABILITIES (CONTD.)

Group

31.12.2022  
(Restated)

	Assets			Liabilities			Total Assets RM'000	Total Liabilities RM'000	Total Net RM'000
	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000	Remaining Coverage RM'000	Incurred Claim RM'000	Total RM'000			
<b>Insurance contracts/Takaful certificate issued</b>									
Life	-	-	-	(19,581,166)	(150,217)	(19,731,383)	-	(19,731,383)	(19,731,383)
General	200,978	(46,459)	154,519	(1,046,825)	(3,760,871)	(4,807,696)	154,519	(4,807,696)	(4,653,177)
Family Takaful	(2,443,625)	2,944,134	500,509	(6,860,905)	(5,846,486)	(12,707,391)	500,509	(12,707,391)	(12,206,882)
General Takaful	271,293	484,654	755,947	(1,300,380)	(2,365,587)	(3,665,967)	755,947	(3,665,967)	(2,910,020)
	(1,971,354)	3,382,329	1,410,975	(28,789,276)	(12,123,161)	(40,912,437)	1,410,975	(40,912,437)	(39,501,462)
<b>Reinsurance contracts/Retakaful certificate held</b>									
Life	36,117	36,084	72,201	-	-	-	72,201	-	72,201
General	231,782	3,367,139	3,598,921	(240,653)	154,960	(85,693)	3,598,921	(85,693)	3,513,228
Family Takaful	97,176	185,362	282,538	(1,181)	(1,213)	(2,394)	282,538	(2,394)	280,144
General Takaful	100,182	234,976	335,158	(51,584)	3,217	(48,367)	335,158	(48,367)	286,791
	465,257	3,823,561	4,288,818	(293,418)	156,964	(136,454)	4,288,818	(136,454)	4,152,364

#### **14. INSURANCE CONTRACT/TAKAFUL CERTIFICATE & REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSET/LIABILITIES (CONTD.)**

The overview of the movement for net asset or liability for insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below:

##### **Group**

**30.6.2023**

	<b>LRC RM'000</b>	<b>LIC RM'000</b>	<b>Total RM'000</b>
Opening Insurance contract/Takaful certificate liabilities	28,194,562	12,717,875	40,912,437
Opening Insurance contract/Takaful certificate assets	1,971,353	(3,382,328)	(1,410,975)
<b>Net opening insurance contract/Takaful certificate liabilities</b>	<b>30,165,915</b>	<b>9,335,547</b>	<b>39,501,462</b>
<u>Changes in the statement of profit or loss and OCI</u>			
Insurance/Takaful Revenue	(2,979,006)	(715,694)	(3,694,700)
Insurance/Takaful service expenses	1,021,356	2,079,496	3,100,852
Insurance/Takaful Service Result	(1,957,650)	1,363,802	(593,848)
Finance expenses from Insurance contract/Takaful certificate issued	944,987	10,513	955,500
Investment components	(797,851)	334,170	(463,681)
Effect of movements in exchange rates	345,031	50,328	395,359
<b>Total amount recognised in profit or loss and OCI</b>	<b>(667,632)</b>	<b>1,424,643</b>	<b>757,011</b>
<b>Net Cash Flows</b>	<b>1,853,660</b>	<b>(792,448)</b>	<b>1,061,212</b>
<b>Net closing insurance contract liabilities/Takaful certificates liabilities</b>	<b>31,351,943</b>	<b>9,967,742</b>	<b>41,319,685</b>
Closing Insurance contract/Takaful certificate liabilities	29,238,150	13,491,302	42,729,452
Closing Insurance contract/Takaful certificate assets	2,113,793	(3,523,560)	(1,409,767)
<b>Net closing insurance contract/Takaful certificate liabilities</b>	<b>31,351,943</b>	<b>9,967,742</b>	<b>41,319,685</b>



**14. INSURANCE CONTRACT/TAKAFUL CERTIFICATE & REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSET/LIABILITIES (CONTD.)**

The overview of the movement for net asset or liability for insurance contracts issued, showing the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC") is presented in the table below: (contd.)

**Group**

**31.12.2022**  
**(Restated)**

	<b>LRC RM'000</b>	<b>LIC RM'000</b>	<b>Total RM'000</b>
Opening Insurance contract/Takaful certificate liabilities	29,715,212	9,711,328	39,426,540
Opening Insurance contract/Takaful certificate assets	(531,737)	5,722	(526,015)
<b>Net opening insurance contract/Takaful certificate liabilities</b>	<b>29,183,475</b>	<b>9,717,050</b>	<b>38,900,525</b>
<u>Changes in the statement of profit or loss and OCI</u>			
Insurance/Takaful Revenue	(4,184,710)	458,633	(3,726,077)
Insurance/Takaful service expenses	1,283,726	968,596	2,252,322
Insurance/Takaful Service Result	(2,900,984)	1,427,229	(1,473,755)
Finance (income)/expenses from Insurance contract/Takaful certificate issued	(557,610)	2,635	(554,975)
Investment components	(288,463)	(306,201)	(594,664)
Effect of movements in exchange rates	543,017	34,853	577,870
<b>Total amount recognised in profit or loss and OCI</b>	<b>(3,204,040)</b>	<b>1,158,516</b>	<b>(2,045,524)</b>
<b>Net Cash Flows</b>	<b>4,186,480</b>	<b>(1,540,020)</b>	<b>2,646,460</b>
<b>Net closing insurance contract liabilities/Takaful certificates liabilities</b>	<b>30,165,915</b>	<b>9,335,546</b>	<b>39,501,461</b>
Closing Insurance contract/Takaful certificate liabilities	28,194,562	12,717,875	40,912,437
Closing Insurance contract/Takaful certificate assets	1,971,353	(3,382,328)	(1,410,975)
<b>Net closing insurance contract/Takaful certificate liabilities</b>	<b>30,165,915</b>	<b>9,335,547</b>	<b>39,501,462</b>

#### 14. INSURANCE CONTRACT/TAKAFUL CERTIFICATE & REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSET/LIABILITIES (CONTD.)

The overview of the movement for net asset or liability for reinsurance contract/retakaful certificates held, showing the assets for remaining coverage ("ARC") and the amounts recoverable on incurred claims ("AIC") is presented in the table below:

##### Group

**30.6.2023**

	<b>ARC RM'000</b>	<b>AIC RM'000</b>	<b>Total RM'000</b>
Opening reinsurance contract/retakaful operators' takaful certificate assets	465,258	3,823,560	4,288,818
Opening reinsurance contract/retakaful operators' takaful certificate liabilities	(293,418)	156,964	(136,454)
<b>Net opening reinsurance contract/retakaful certificate assets</b>	<b>171,840</b>	<b>3,980,524</b>	<b>4,152,364</b>
<b><u>Changes in the statement of profit or loss and OCI</u></b>			
Net (expense)/income from reinsurance contract/retakaful certificate held	(815,552)	375,818	(439,734)
Finance income from reinsurance contract/retakaful certificate held	3,940	391	4,331
<b>Total amount recognised in profit or loss and OCI</b>	<b>(811,612)</b>	<b>376,209</b>	<b>(435,403)</b>
<b>Net Cash flows</b>	<b>922,463</b>	<b>(281,986)</b>	<b>640,477</b>
<b>Net closing reinsurance contract/retakaful certificate assets</b>	<b>282,691</b>	<b>4,074,747</b>	<b>4,357,438</b>
Closing reinsurance contract/retakaful certificate assets	549,974	3,999,406	4,549,380
Closing reinsurance contract/retakaful certificate liabilities	(267,283)	75,341	(191,942)
<b>Net closing reinsurance contract/retakaful certificate assets</b>	<b>282,691</b>	<b>4,074,747</b>	<b>4,357,438</b>

**14. INSURANCE CONTRACT/TAKAFUL CERTIFICATE & REINSURANCE CONTRACT/RETAKAFUL CERTIFICATE ASSET/LIABILITIES (CONTD.)**

The overview of the movement for net asset or liability for reinsurance contract/retakaful certificates held, showing the assets for remaining coverage ("ARC") and the amounts recoverable on incurred claims ("AIC") is presented in the table below: (contd.)

**Group**

**31.12.2022**  
**(Restated)**

	<b>ARC RM'000</b>	<b>AIC RM'000</b>	<b>Total RM'000</b>
Opening reinsurance contract/retakaful operators' takaful certificate assets	467,185	4,300,444	4,767,629
Opening reinsurance contract/retakaful operators' takaful certificate liabilities	(133,563)	44,543	(89,020)
<b>Net opening reinsurance contract/retakaful certificate assets</b>	<b>333,622</b>	<b>4,344,987</b>	<b>4,678,609</b>
<b><u>Changes in the statement of profit or loss and OCI</u></b>			
Net expense from reinsurance contract/retakaful certificate held	(1,284,285)	(270,196)	(1,554,481)
Finance income/(expense) from reinsurance contract/retakaful certificate held	18,795	(3,685)	15,110
<b>Total amount recognised in profit or loss and OCI</b>	<b>(1,265,490)</b>	<b>(273,881)</b>	<b>(1,539,371)</b>
<b>Net Cash flows</b>	<b>1,103,708</b>	<b>(90,582)</b>	<b>1,013,126</b>
<b>Net closing reinsurance contract/retakaful certificate assets</b>	<b>171,840</b>	<b>3,980,524</b>	<b>4,152,364</b>
Closing reinsurance contract/retakaful certificate assets	465,258	3,823,560	4,288,818
Closing reinsurance contract/retakaful certificate liabilities	(293,418)	156,964	(136,454)
<b>Net closing reinsurance contract/retakaful certificate assets</b>	<b>171,840</b>	<b>3,980,524</b>	<b>4,152,364</b>

## 15. OTHER ASSETS

### Group

	30.6.2023	31.12.2022 (Restated)
	RM'000	RM'000
Management fees receivables	-	242
	<u>-</u>	<u>242</u>
Sundry receivables, deposits and prepayments	45,141	28,549
Allowance for impairment losses	(3,612)	(3,643)
	<u>41,529</u>	<u>24,906</u>
Income and profits due and accrued	480,336	424,604
Allowance for impairment losses	(462)	(516)
	<u>479,874</u>	<u>424,088</u>
Amounts due from (Note 39)*:		
- Ultimate holding company	-	5,957
- Holding company	33	428
- Other related companies within the EIHSB Group	394	1,859
- Other related companies within the Maybank Group	256	56
Amount due from stockbrokers	82,184	56,140
Amount due from fund manager	24	366
Share of net assets in the Malaysian Motor Insurance Pool ("MMIP")*	41,561	40,708
Goods and services tax recoverable	2,095	2,034
	<u>126,547</u>	<u>107,548</u>
<b>Total other assets</b>	<u>647,950</u>	<u>556,784</u>

**15. OTHER ASSETS (CONTD.)**

**Group**

Movements in the allowances for impairment losses on other assets are as follows:

	<b>Not credit-impaired RM'000</b>	<b>Credit impaired RM'000</b>	<b>Total RM'000</b>
<b><u>Gross carrying amount</u></b>			
At 1 January 2022	574,927	15,273	590,200
Decrease	(33,710)	(9,993)	(43,703)
At 31 December 2022	541,217	5,280	546,497
Increase	94,884	5,601	100,485
At 30 June 2023	636,101	10,881	646,982
<b><u>Lifetime ECL</u></b>			
At 1 January 2022	481	3,400	3,881
Increase	82	198	280
At 31 December 2022	563	3,598	4,161
Decrease	(71)	(10)	(81)
At 30 June 2023	492	3,588	4,080

\* Amounts due from related companies are non-trade in nature, unsecured, interest-free and repayable in the short term.

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

**15. OTHER ASSETS (CONTD.)**

<b>Company</b>	<b>30.6.2023 RM'000</b>	<b>31.12.2022 RM'000</b>
Sundry receivables, deposits and prepayments	<u>6,056</u> <u>6,056</u>	<u>68</u> <u>68</u>
Income and profits due and accrued	<u>10,487</u> <u>10,487</u>	<u>9,567</u> <u>9,567</u>
Amounts due from (Note 39)*:		
- Ultimate holding company	-	5,955
- Holding company	-	359
- Other related companies within the EIHSB Group	286	1,572
- Other related companies within the MAHB Group	<u>6,863</u> <u>7,149</u>	<u>6,649</u> <u>14,535</u>
<b>Total other assets</b>	<u>23,692</u>	<u>24,170</u>

\* Amounts due from related companies are non-trade in nature, unsecured, interest-free and repayable in the short term.

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

## 16. CURRENT TAX ASSETS

Group	30.6.2023 RM'000	31.12.2022 (Restated) RM'000
At 1 January	95,918	121,884
Additional assessment during the period/year (Note a)	1,984	200
Reversals during the period/year (Note b)	(380)	(26,166)
At 30 June/31 December	<u>97,522</u>	<u>95,918</u>

As of 31 December 2022, the current tax assets arise from the appeals made by the Company's subsidiaries, EGIB and EFTB, prior to their Conversion of Composite Licence to Single Licenses ("Licence Split") on 28 December 2017. The Inland Revenue Board of Malaysia ("IRBM") had raised additional assessments to EGIB and EFTB for Years of Assessment ("YA") 2008 to 2019.

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

The specific issues raised and corresponding additional tax assessments issued are as summarised below:

- (a) IRBM had raised additional assessments for YA2008 to YA2013 amounting to RM75,695,975, in relation to the deductibility of commission expenses incurred by the Shareholder's fund ("SHF") in connection with business of the then General Takaful fund ("GTF"). In respect to EFTB's appeal, SCIT and High Court rejected the appeals on 19 February 2021 and 14 September 2022 respectively. The Court of Appeal has fixed the next hearing on 30 November 2023.
- (b) For YA2013 to YA2016, the additional assessments issued are in relation to profit commission/surplus earned on reinsurance/retakaful ceded for the Life/Family Takaful's business as other income of the Group under Section 60(8)/Section 60AA(13) of the Income Tax Act, 1967.

The Ministry of Finance ("MOF") has issued a pronouncement on 25 February 2022 to conclude that the profit commission/surplus earned on reinsurance/retakaful ceded for Life/Family Takaful business should not be treated under other income under Section 60(8)/Section 60AA(13) of the Income Tax Act, 1967, hence not subject to tax. The Court settlement is scheduled on 11 September 2023.

## **16. CURRENT TAX ASSETS (CONTD.)**

- (c) In relation to the additional assessments for YA2013 and YA2014, the deduction of expenses directly attributable to rental income of its investment properties has been disallowed. This matter will be considered subsequent to the court settlement of profit commission.
- (d) Reversals relate to the offset of overpayment of tax for previous years of assessments against current year's instalment. IRBM has approved overpayment of tax for YA2018 to YA2021 to be offset with YA2022 and current year's instalments.

The Group is of the view that it has strong justifications for the appeals and continues to treat the additional assessments paid as current tax assets in the financial statements.

## **17. RESERVES**

### **Group**

		<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>Note</b>	<b>RM'000</b>	<b>(Restated)</b>
			<b>RM'000</b>
<b>Reserves:</b>			
FVOCI Reserve	(i)	(192,883)	(403,250)
Insurance/Takaful finance reserve	(ii)	(51,017)	(13,771)
Currency translation reserve	(iii)	157,339	101,962
Revaluation reserve	(iv)	788	788
		<u>(85,773)</u>	<u>(314,271)</u>
<b>Retained profits:</b>			
Distributable	(v)	5,696,071	5,858,925
Non distributable Life			
Funds surplus	(vi)	1,285,727	1,164,494
		<u>6,981,798</u>	<u>7,023,419</u>
<b>Total reserves</b>		<u>6,896,024</u>	<u>6,709,148</u>

### **Company**

#### **Reserves:**

FVOCI Reserve	(i)	(1,163)	(2,856)
Cash flow hedge reserve	(vii)	46,812	36,843
		<u>45,649</u>	<u>33,987</u>

#### **Retained profits:**

Distributable	(v)	2,736,951	2,579,451
<b>Total reserves</b>		<u>2,782,600</u>	<u>2,613,438</u>



**17. RESERVES (CONTD.)**

- (i) The FVOCI reserve of the Group arose from changes in the fair values of the financial assets which are measured at fair value through other comprehensive income.
- (ii) The Insurance/Retakaful finance reserve represents the impact of changes in market discount rates on the insurance contract assets and liabilities.
- (iii) The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.
- (iv) The revaluation reserve of the Group represents the difference between the carrying amount of properties previously classified as self-occupied properties and subsequently transferred to investment properties upon the end of owner occupation and its fair value at the date of change in use.
- (v) The entire distributable profits of the Group may be distributed to the shareholders, subject to certain regulatory and legal requirements in the respective countries.
- (vi) Non-distributable Life fund surplus represents the unallocated surplus from the Life fund. In accordance with the Financial Services Act 2013, in Malaysia, the unallocated surplus is only available for distribution to the shareholders' funds upon approval by the Appointed Actuary of the relevant subsidiaries. Upon such approval, the distribution is presented as a transfer from non-distributable Life fund surplus to distributable retained profits.
- (vii) The cash flow hedge reserve represents the effective portion of the gain or loss on the hedging instrument. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value.

## **18. OTHER LIABILITIES**

### **Group**

	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>(Restated) RM'000</b>
Premium/contribution deposits	36,829	15,922
Dividend payable to policyholders	72,267	69,596
Lease liabilities	19,126	21,419
Provision for restoration costs	2,295	2,278
Amount due to (Note 39)*:		
- Ultimate holding company	36,654	38,195
- Holding company	1,870	201
- Other related companies within the EIHSB Group	1,303	257
- Other related companies within the Maybank Group	42	42
Amounts due to stockbrokers	205,781	49,201
Unclaimed monies	146,737	260,645
Provisions for expenses	64,941	64,649
Service tax payable	59,867	50,209
Zakat payable	19,312	31,923
Withholding tax payable	51,005	39,746
Sundry payables and accrued liabilities	498,251	602,619
	<b>1,216,280</b>	<b>1,246,902</b>

### **Company**

	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>(Restated) RM'000</b>
Lease liabilities	339	380
Amount due to (Note 39)*:		
- Ultimate holding company	10,871	9,544
- Holding company	809	-
Sundry payables and accrued liabilities	11,333	16,394
	<b>23,352</b>	<b>26,318</b>

\* Amounts due to related companies are non-trade in nature, unsecured, interest free and is repayable in the short term.

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

## **19. INSURANCE/TAKAFUL REVENUE**

### **Group**

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

	<b>1.1.2023 to 30.6.2023  RM'000</b>	<b>1.1.2022 to 30.6.2022 (Restated) RM'000</b>
<b>Insurance/Takaful revenue from contracts/certificates not measure under the PAA</b>		
Amounts relating to changes in liabilities for remaining coverage		
- Amount of CSM recognised in profit or loss	119,301	115,325
- Change in risk adjustment for non financial risk	48,880	39,593
- Expected incurred claims and other insurance service expenses	707,156	667,020
Allocation of the portion of premiums/contributions that relates to the recovery of Insurance/Takaful acquisition	70,834	54,509
Experience adjustments for premium receipts	(2,947)	(3,393)
	<u>943,224</u>	<u>873,054</u>
<b>Insurance/Takaful revenue from contracts/certificates measure under the PAA</b>		
Release of premiums for current period (PAA)	2,751,476	2,359,482
<b>Total Insurance/Takaful Revenue</b>	<u>3,694,700</u>	<u>3,232,536</u>

## **20. INSURANCE/TAKAFUL SERVICE EXPENSES**

### **Group**

The table below presents an analysis of the total insurance/takaful service expenses recognised in the period:

		<b>1.1.2023 to 30.6.2023</b>	<b>1.1.2022 to 30.6.2022 (Restated)</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Incurring claims and other directly attributable expenses		(1,819,607)	(1,515,625)
Changes that relate to the past service-adjustment to the LIC		(164,573)	763,994
Losses on onerous contracts and reversal of those losses		43,255	(350,497)
Insurance/Takaful acquisition cash flow amortisation	(i)	(700,050)	(609,814)
Others		(459,877)	(372,496)
<b>Total Insurance/Takaful service expenses</b>		<b>(3,100,852)</b>	<b>(2,084,438)</b>

- (i) The table below presents an analysis of the total Takaful service expenses recognised in the financial period.

The breakdown of expenses incurred by the Shareholder's fund:-

Commission expenses	118,969	108,294
Employee benefits expenses	66,946	64,075
Depreciation expenses	1,658	1,510
Amortisation expenses	694	658
Advertising and promotion expenses	329	444
Other expenses	65,329	57,529
	<u>253,925</u>	<u>232,510</u>
Add: Amortisation of acquisition cash flows	105,187	97,187
	<u>359,112</u>	<u>329,697</u>

### **Represented by:**

Takaful service expenses:	308,829	284,179
Maintenance expenses	155,011	137,164
Acquisition expenses	153,818	147,015
Other expenses	50,283	45,518
	<u>359,112</u>	<u>329,697</u>

**21. NET EXPENSES FROM REINSURANCE CONTRACTS/RETAKAFUL CERTIFICATES HELD**

**Group**

The table below presents an analysis of the net expenses from reinsurance contract/sretakaful certificates held.

	<b>1.1.2023 to 30.6.2023  RM'000</b>	<b>1.1.2022 to 30.6.2022 (Restated) RM'000</b>
<b>Reinsurance/retakaful expenses from contracts/ certificates not measured under PAA</b>		
Amount relating to the changes in the asset for remaining coverage		
- expected claims/recovery and other expenses recovery incurred in the period	(17,495)	(36,863)
- changes in the risk adjustment recognised for non-financial risk	(2,345)	(1,998)
- CSM recognised in profit or loss/Net cost/gain recognised in profit or loss	(7,050)	(17,208)
- Changes that relate to the past service - adjustment to incurred claims	13,731	2,713
- Other incurred directly attributable expenses	114	(112)
- Claims recovered	9,315	14,960
	<u>(3,730)</u>	<u>(38,508)</u>
<b>Reinsurance expenses from contracts/ certificates measured under PAA</b>	(843,631)	(660,980)
Other incurred directly attributable expenses	11,903	45,052
Effect of changes in the risk of reinsurers/retakaful non-performance	-	41,041
Claims recovered	289,427	273,755
Changes that relate to the future service - changes in the FCF that do not adjust the CSM for the group of underlying Insurance contract/Takaful certificates	29,497	(33,487)
Changes that relate to the past service - adjustment to incurred claims	77,456	(863,200)
Other changes	(656)	(765)
	<u>(436,004)</u>	<u>(1,198,584)</u>
<b>Total net expenses from reinsurance contracts/retakaful certificates held</b>	<u>(439,734)</u>	<u>(1,237,092)</u>

## **22. INTEREST REVENUE FROM FINANCIAL ASSETS NOT MEASURE AT FVTPL**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Interest income</b>				
<b>(i) Financial Assets at FVOCI</b>				
Investment				
- Malaysian government papers	87,742	47,785	254	565
- Singapore government securities	-	15,046	-	-
- Debt securities	387,796	344,260	4,020	8,707
- Derivative	12,532	12,532	12,532	12,532
<b>(ii) Financial Assets at AC</b>				
Investment				
- Malaysian government papers	-	3,147	-	-
- Deposits with financial institutions	76,068	27,578	3,471	3,192
Financing receivables				
- Staff loans	661	586	77	63
- Non-staff loans	239	164	3	-
- Loan to subsidiary	-	-	10,311	9,289
<b>Total interest revenue from financial assets not measure at FVTPL</b>	<b>565,038</b>	<b>451,098</b>	<b>30,668</b>	<b>34,348</b>

**23. NET FAIR VALUE GAINS/(LOSSES) ON FINANCIAL ASSETS MEASURED AT FVTPL**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Realised losses on disposal on investment</b>	(18,977)	(28,708)	-	-
<b>Fair value gains/(losses) on:</b>				
Investment				
- Malaysian government papers	42,494	(69,315)	-	-
- Singapore government securities	(21,183)	(3,146)	-	-
- Equity securities	(45,004)	(286,982)	-	-
- Debt securities	363,364	(1,392,216)	1,741	(9,517)
- Unit and property trust funds	74,714	(125,335)	-	-
- Structured products	(4,962)	(3,441)	-	-
- Derivative	13,691	13,725	-	-
- Deposits with financial institutions	(50,369)	208,687	-	-
<b>Total net fair value gains/(losses) on financial assets measured at FVTPL</b>	<b>353,768</b>	<b>(1,686,731)</b>	<b>1,741</b>	<b>(9,517)</b>

**24. NET FAIR VALUE (LOSSES)/GAINS ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT FVOCI**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial Assets at FVOCI</b>				
- Malaysian government papers	1,154	733	-	-
- Singapore government securities	(28,631)	(4,157)	-	-
- Debt securities	(89,490)	(25,585)	(413)	41
<b>Total net fair value (losses)/gains on financial assets measured at FVOCI</b>	<b>(116,967)</b>	<b>(29,009)</b>	<b>(413)</b>	<b>41</b>

## 25. OTHER INVESTMENT INCOME

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Dividend/distribution income:</b>				
Equity securities	51,927	58,280	-	-
From subsidiaries	-	-	552,926	315,304
Unit and property trust	787	757	-	-
<b>Interest income at FVTPL:</b>				
Investment	330,778	316,045	402	402
Financing receivables	-	382	-	-
<b>Realised on disposal of:</b>				
Associate	(202)	-	-	-
Rental income	45,109	37,263	-	-
Rental related expenses	(16,155)	(13,438)	-	-
Net amortisation of premiums	(23,797)	(40,637)	(2,343)	(2,787)
Investment related income/				-
(expenses), net	(13,734)	(23,771)	(9,412)	(9,355)
Others	(23,436)	2,881	-	-
<b>Total other investment income</b>	<b>351,277</b>	<b>337,762</b>	<b>541,573</b>	<b>303,564</b>

## 26. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Reversal/(impairment) losses on:				
- investments	38,929	(122,367)	(17)	34
<b>Total net impairment loss on financial assets</b>	<b>38,929</b>	<b>(122,367)</b>	<b>(17)</b>	<b>34</b>



## **27. FINANCE (EXPENSES)/INCOME FROM INSURANCE CONTRACT ISSUED**

### **Group**

An analysis of net insurance finance expenses:

	<b>1.1.2023 to 30.6.2023 RM'000</b>	<b>1.1.2022 to 30.6.2022 (Restated) RM'000</b>
<b>Finance (expenses)/income from Insurance contracts/Takaful certificates issued</b>		
Changes in fair value of underlying assets of contracts measured under the VFA	(527,887)	1,076,285
Interest accreted using current financial assumption	(200,240)	(73,845)
Effect of changes in interest/profit rates and other financial assumptions	(52,741)	84,308
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/interest accreted using using locked-in-rate	(174,632)	(124,808)
<b>Total finance expenses from Insurance contracts/ Takaful certificates</b>	<b>(955,500)</b>	<b>961,940</b>
<b>Represented by:</b>		
Amount recognised in profit and loss	(916,546)	902,656
Amount recognised in OCI	(38,953)	59,324
	<b>(955,499)</b>	<b>961,980</b>

**28. FINANCE INCOME/(EXPENSES) FROM REINSURANCE CONTRACT/ RETAKAFUL CERTIFICATE HELD**

**Group**

An analysis of net reinsurance/retakaful finance expenses:

	<b>1.1.2023 to 30.6.2023 RM'000</b>	<b>1.1.2022 to 30.6.2022 (Restated) RM'000</b>
<b>Finance income/(expenses) from reinsurance contracts/retakaful certificate held</b>		
Interest accreted using current financial assumption	1,187	663
Effect of changes in interest rates and other financial assumptions	2,753	(3,619)
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/interest accreted using locked-in-rate	-	(39,645)
Changes in risk non-performance reinsurer	391	536
<b>Total finance income from reinsurance contracts/retakaful certificate held</b>	<b>4,331</b>	<b>(42,065)</b>
<b>Total insurance finance (expenses)/income and reinsurance/retakaful finance (expenses)/income</b>	<b>(912,215)</b>	<b>860,591</b>
<b>Represented by:</b>		
Amount recognised in profit and loss	4,331	(42,065)
Amount recognised in OCI	-	-
	<b>4,331</b>	<b>(42,065)</b>

**29. OTHER INCOME**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Reversal/(impairment) losses on:				
- Financing receivables	149	367	(19)	-
- Other assets	65	(942)	-	-
Processing income	-	380	-	-
Sundry income	46,658	23,730	2,914	2,932
<b>Total other income</b>	<b>46,872</b>	<b>23,535</b>	<b>2,895</b>	<b>2,932</b>

### 30. OTHER EXPENSES

#### Group

An analysis of the expenses incurred by the Group in the reporting period is included in the table below:

	1.1.2023 to 30.6.2023				1.1.2022 to 30.6.2022 (Restated)			
	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
Commission	347,234	52,754	-	399,988	272,991	56,564	-	329,555
Employee benefits expense (a)	113,198	151,359	20,499	285,056	97,975	141,730	16,432	256,137
Directors' remuneration (Note 31)	-	-	3,341	3,341	-	-	3,617	3,617
Shariah Committee's remuneration (Note 32)	-	-	294	294	-	-	317	317
Committee's fees related expenses (Note 33)	-	-	379	379	-	-	342	342
Auditors' remuneration:								
- statutory audits	179	1,274	151	1,604	187	1,117	47	1,351
- regulatory related services	15	91	33	139	16	15	10	41
- other services	21	836	3	860	44	392	1	437
Amortisation of intangible assets	1,624	7,900	77	9,601	1,582	7,405	15	9,002
Amortisation of prepaid land lease payments	-	13	706	719	-	13	706	719
Auto assist service	-	14,013	109	14,122	-	12,899	-	12,899
Assured medical fees	399	-	-	399	509	32	-	541
Other finance cost	1,440	2,356	109	3,905	122	599	-	721

**30. OTHER EXPENSES (CONTD.)**

**Group**

An analysis of the expenses incurred by the Group in the reporting period is included in the table below: (contd.)

	<b>1.1.2023 to 30.6.2023</b>				<b>1.1.2022 to 30.6.2022 (Restated)</b>			
	<b>Expenses attributed to insurance acquisition cash flows RM'000</b>	<b>Other directly attributable expenses RM'000</b>	<b>Other expenses RM'000</b>	<b>Total RM'000</b>	<b>Expenses attributed to insurance acquisition cash flows RM'000</b>	<b>Other directly attributable expenses RM'000</b>	<b>Other expenses RM'000</b>	<b>Total RM'000</b>
Depreciation of property, plant and equipment	998	4,787	1,031	6,816	998	6,282	868	8,148
Right-of-use expenses:								
-Depreciation	848	3,625	206	4,679	742	3,515	209	4,466
-Lease liabilities interest	-	79	27	106	-	92	35	127
-Termination expenses	-	-	1	1	-	-	-	-
Other management fees	296	2,060	39	2,395	1,287	1,012	1,014	3,313
Outside Services & Others	53	884	206	1,143	46	519	182	747
Professional fees	7,206	5,320	265	12,791	4,578	6,290	405	11,273
Short term leases	4,519	7,115	603	12,237	3,047	7,921	322	11,290
Small value assets	904	859	266	2,029	84	541	7	632
Office facilities expenses	2,229	2,691	138	5,058	1,977	1,828	954	4,759
Electronic data processing expenses	3,137	8,691	441	12,269	3,630	8,558	512	12,700
Expensed Assets	1	15	2	18	-	6	-	6
Information technology outsourcing	5,487	9,100	1,828	16,415	6,738	7,679	548	14,965
Postage and stamp duties	470	2,453	25	2,948	370	2,262	27	2,659
Printing and stationery	91	1,400	28	1,519	821	961	22	1,804

**30. OTHER EXPENSES (CONTD.)**

**Group**

An analysis of the expenses incurred by the Group in the reporting period is included in the table below: (contd.)

	<b>1.1.2023 to 30.6.2023</b>				<b>1.1.2022 to 30.6.2022 (Restated)</b>			
	<b>Expenses attributed to insurance acquisition cash flows RM'000</b>	<b>Other directly attributable expenses RM'000</b>	<b>Other expenses RM'000</b>	<b>Total RM'000</b>	<b>Expenses attributed to insurance acquisition cash flows RM'000</b>	<b>Other directly attributable expenses RM'000</b>	<b>Other expenses RM'000</b>	<b>Total RM'000</b>
Promotional and marketing cost	72,946	592	341	73,879	68,144	916	1,132	70,192
Training expenses	1,362	1,792	534	3,688	616	1,058	340	2,014
Utilities, assessment and maintenance	1,159	4,610	352	6,121	1,312	4,821	156	6,289
Entertainment	-	-	-	-	-	-	494	494
Travelling expenses	924	867	424	2,215	293	296	22	611
Tax services expense	1	2	7	10	1	1	2	4
Legal fees	46	108	24	178	15	216	23	254
Licence, Subscription and Levies	783	9,924	273	10,980	578	9,436	92	10,106
Contract staff services	768	3,510	115	4,393	505	2,242	76	2,823
Policy Related Expenses	4,264	5,717	3,357	13,338	(330)	2,112	2,060	3,842
Others	2,718	6,447	465	9,630	5,339	4,550	239	10,128
<b>Total</b>	<b>228,086</b>	<b>260,490</b>	<b>36,699</b>	<b>525,275</b>	<b>201,226</b>	<b>237,316</b>	<b>31,228</b>	<b>469,770</b>

### 30. OTHER EXPENSES (CONTD.)

#### Group

An analysis of the expenses incurred by the Group in the reporting period is included in the table below: (contd.)

	1.1.2023 to 30.6.2023				1.1.2022 to 30.6.2022 (Restated)			
	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000	Expenses attributed to insurance acquisition cash flows RM'000	Other directly attributable expenses RM'000	Other expenses RM'000	Total RM'000
<b><u>Other operating expenses</u></b>								
Assets impairment								
- other impairments	-	-	-	-	-	-	250	250
Assets written off								
Sundry expenditure	923	3,403	13,044	17,370	1,353	2,859	(2,254)	1,958
Others	-	-	3,368	3,368	60	96	(3,894)	(3,738)
<b>Total</b>	<b>923</b>	<b>3,403</b>	<b>16,412</b>	<b>20,738</b>	<b>1,413</b>	<b>2,955</b>	<b>(5,898)</b>	<b>(1,530)</b>
<b>Total other expenses</b>	<b>576,243</b>	<b>316,647</b>	<b>53,111</b>	<b>946,001</b>	<b>475,630</b>	<b>296,835</b>	<b>25,330</b>	<b>797,795</b>
<b>(a) Employee Benefits Expense:</b>								
Wages, salaries and bonuses	-	-	226,391	226,391	-	-	202,354	202,354
EPF and CPF	-	-	34,779	34,779	-	-	27,846	27,846
SOCSSO	-	-	1,403	1,403	-	-	1,149	1,149
ESGP	-	-	4,333	4,333	-	-	3,312	3,312
Other benefits	-	-	18,150	18,150	-	-	21,476	21,476
	-	-	285,056	285,056	-	-	256,137	256,137

### **30. OTHER EXPENSES**

#### **Company**

An analysis of the expenses incurred by the Company in the reporting period is included in the table below:

	<b>1.1.2023 to 30.6.2023 RM'000</b>	<b>1.1.2022 to 30.6.2022 RM'000</b>
Employee benefits expense (a)	11,834	10,280
Directors' remuneration (Note 31)	3,341	3,617
Committee's fees related expenses (Note 34)	379	342
Auditors' remuneration:		
- statutory audits	122	37
Amortisation of intangible assets	61	1
Other finance cost	41	98
Depreciation of property, plant and equipment	363	207
Right-of-use expenses:		
-Depreciation	43	42
-Lease liabilities interest	4	5
Other management fees	1	2
Outside Services & Others	161	182
Professional fees	234	214
Short term leases	550	294
Small value assets	4	1
Office facilities expenses	135	68
Electronic data processing expenses	423	497
Information technology outsourcing	1,828	548
Postage and stamp duties	8	20
Printing and stationery	23	14
Promotional and marketing cost	40	11
Training expenses	522	695
Utilities, assessment and maintenance	324	132
Entertainment	1	1
Travelling expenses	339	15
Legal fees	27	23
Licence, Subscription and Levies	237	33
Contract staff services	110	72
Policy Related Expenses	18	15
Sundry expenditure, net	(2,465)	(3,189)
<b>Total other expenses</b>	<b>19,002</b>	<b>14,594</b>



**30. OTHER EXPENSES (CONTD.)**

**Company**

	<b>1.1.2023 to 30.6.2023 RM'000</b>	<b>1.1.2022 to 30.6.2022 RM'000</b>
<b>(a) Employee Benefits Expense:</b>		
Wages, salaries and bonuses	9,334	8,123
EPF and CPF	1,100	941
SOCSSO	46	38
ESGP	1,354	1,178
	<u>11,834</u>	<u>10,280</u>

**(b) The details of remuneration of CEO during the period are as follows:**

Salary	900	900
Directors fees	212	88
Bonus	1,350	1,305
EPF and Pension Scheme	366	359
Other emoluments	52	345
	<u>2,880</u>	<u>2,997</u>

**31. DIRECTORS' FEES AND REMUNERATION**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Executive directors:				
Fees	158	60	38	-
Other emoluments	22	12	2	-
	<u>180</u>	<u>72</u>	<u>40</u>	<u>-</u>
Non-executive directors:				
Fees	2,591	2,903	565	720
Other emoluments	570	642	90	176
	<u>3,161</u>	<u>3,545</u>	<u>655</u>	<u>896</u>
<b>Total directors' fee and remuneration</b>	<u><b>3,341</b></u>	<u><b>3,617</b></u>	<u><b>695</b></u>	<u><b>896</b></u>

**31. DIRECTORS' FEES AND REMUNERATION (CONTD.)**

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

	<----- Company ----->			<----- Subsidiaries ----->			Group
	Fees	Other	Total	Fees	Other	Total	Grand
	RM'000	emoluments	RM'000	RM'000	emoluments	RM'000	Total
1.1.2023 to 30.6.2023		RM'000	RM'000		RM'000	RM'000	RM'000
Executive directors:							
Datuk Normala @ Noraizah Binti A. Manaf	-	-	-	60	8	68	68
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	-	-	-	60	12	72	72
Pn. Khaliyah Binti Ismail	38	2	40	-	-	-	40
	38	2	40	120	20	140	180
Non-executive directors:							
Datuk Karunakaran @ Karunakaran A/L Ramasamy (Chairman)	115	34	149	-	-	-	149
Cik Serina Binti Abdul Samad	-	-	-	60	13	73	73
Dato' Johan Bin Ariffin	75	10	85	185	24	209	294
Dato' Majid Bin Mohamad	75	10	85	206	36	242	327
Datuk Mohd Najib Bin Abdullah	75	10	85	180	22	202	287
Dr. Ariffin Bin Datuk Yahaya	-	-	-	60	15	75	75
En. Hj. Sallim Bin Abdul Kadir	-	-	-	83	33	116	116
En. Mohamad Din Bin Merican	-	-	-	60	26	86	86
En. Mohamad Shukor Bin Ibrahim	-	-	-	60	15	75	75
En.Kamaludin Bin Ahmad	-	-	-	83	10	93	93
Mr. John Tan Kwang Kherng	-	-	-	60	20	80	80
Mr. Raymond Wong Shu Yoon	-	-	-	75	31	106	106
Mr. Andrew King Sun Cheung	-	-	-	60	14	74	74
Mr. Antonio Cano	75	8	83	-	-	-	83
Mr. Eng Poh Yoon	-	-	-	5	-	5	5
Mr. Frank Johan Gerard Van Kempen	-	-	-	223	55	278	278
Mr. Francis Tan Wee Meng	-	-	-	83	17	100	100
Mr. Gary Lee Crist	75	8	83	-	-	-	83
Mr. Philippe Pol Arthur Latour	-	-	-	120	20	140	140
Mr. Wong Pakshong Kat Jeong Colin Stewart	-	-	-	203	71	274	274
Ms. Daniela Adaggi	-	-	-	60	10	70	70
Pn. Fauziah Binti Hisham	75	10	85	-	-	-	85
Pn. Norazilla Binti Md Tahir	-	-	-	40	14	54	54
Prof. Dr. Azman Bin Mohd Noor	-	-	-	60	18	78	78
Prof. Dr. Rusni Binti Hassan	-	-	-	60	16	76	76
	565	90	655	2,026	480	2,506	3,161
<b>Total remuneration of the directors of the Group</b>	<b>603</b>	<b>92</b>	<b>695</b>	<b>2,146</b>	<b>500</b>	<b>2,646</b>	<b>3,341</b>

### 31. DIRECTORS' FEES AND REMUNERATION (CONTD.)

The total remuneration of the directors of the Group are as follows: (contd.)

	<----- Company ----->			<----- Subsidiaries ----->			Group Grand Total RM'000
	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000	
<b>1.1.2022 to 30.6.2022</b>							
Executive directors:							
Datuk Normala @ Noraizah Binti A. Manaf	-	-	-	60	12	72	72
	-	-	-	60	12	72	72
Non-executive directors:							
Datuk Karownikaran @ Karunakaran A/L Ramasamy (Chairman)	122	22	144	-	-	-	144
Cik Serina Binti Abdul Samad	-	-	-	60	14	74	74
Dato' Johan Bin Ariffin	102	32	134	177	21	198	332
Dato' Majid Bin Mohamad	94	22	116	197	43	240	356
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	-	-	-	60	12	72	72
Datuk Mohd Najib Bin Abdullah	103	38	141	180	26	206	347
Dr. John Lee Hin Hock	-	-	-	94	16	110	110
Dr. Ariffin Bin Datuk Yahaya	-	-	-	60	15	75	75
En. Hj. Sallim Bin Abdul Kadir	-	-	-	117	19	136	136
En. Mohamad Din Bin Merican	-	-	-	60	21	81	81
En. Mohamad Shukor Bin Ibrahim	-	-	-	60	15	75	75
En. Kamaludin Bin Ahmad	-	-	-	78	9	87	87
Mr. Andrew King Sun Cheung	-	-	-	60	14	74	74
Mr. Antonio Cano	89	16	105	-	-	-	105
Mr. Eng Poh Yoon	-	-	-	13	8	21	21
Mr. Frank Johan Gerard Van Kempen	-	-	-	250	58	308	308
Mr. Gary Lee Crist	89	18	107	-	-	-	107
Mr. Koh Heng Kong	30	16	46	120	41	161	207
Mr. Philippe Pol Arthur Latour	-	-	-	120	22	142	142
Mr. Wong Pakshong Kat Jeong Colin Stewart	-	-	-	237	53	290	290
Ms. Daniela Adaggi	-	-	-	60	12	72	72
Pn. Fauziah Binti Hisham	91	12	103	-	-	-	103
Pn. Norazilla Binti Md Tahir	-	-	-	60	17	77	77
Prof. Dr. Azman Bin Mohd Noor	-	-	-	60	16	76	76
Prof. Dr. Rusni Binti Hassan	-	-	-	60	14	74	74
	720	176	896	2,183	466	2,649	3,545
<b>Total remuneration of the directors of the Group</b>	<b>720</b>	<b>176</b>	<b>896</b>	<b>2,243</b>	<b>478</b>	<b>2,721</b>	<b>3,617</b>

### 32. SHARIAH COMMITTEE'S REMUNERATION

	<b>Group</b>	
	<b>1.1.2023 to 30.6.2023 RM'000</b>	<b>1.1.2022 to 30.6.2022 RM'000</b>
Fees	150	150
Other emoluments	144	167
	<u>294</u>	<u>317</u>

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

	<b>1.1.2023 to 30.6.2023</b>			<b>1.1.2022 to 30.6.2022</b>		
	<b>Fees RM'000</b>	<b>Other emoluments RM'000</b>	<b>Total RM'000</b>	<b>Fees RM'000</b>	<b>Other emoluments RM'000</b>	<b>Total RM'000</b>
Shariah Committee:						
Prof Dr. Azman Mohd Noor ( <i>Chairman w.e.f 1.1.2023</i> )	30	24	54	24	29	53
Prof Dr. Aznan Bin Hasan	24	24	48	30	27	57
Prof. Datin. Dr. Rusni Binti Hassan	24	24	48	24	27	51
Prof. Dr. Abdul Rahim Bin Abdul Rahman	24	24	48	24	27	51
Prof. Dato' Dr Mohd Azmi Bin Omar	24	24	48	24	29	53
Sahibus Samahah Dato' Dr. Mohamad Sabri Bin Haron	24	24	48	24	28	52
	<u>150</u>	<u>144</u>	<u>294</u>	<u>150</u>	<u>167</u>	<u>317</u>

### 33. COMMITTEE'S FEES RELATED EXPENSES

#### Company

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Non-executive directors:		
Fees	249	230
Other emoluments	130	112
	<u>379</u>	<u>342</u>

The total committee's fees of the directors are as follows:

	1.1.2023 to 30.6.2023			1.1.2022 to 30.6.2022		
	Fees RM'000	Other emoluments RM'000	Total RM'000	Fees RM'000	Other emoluments RM'000	Total RM'000
Non-executive directors:						
Cik Serina Binti Abdul Samad	28	14	42	28	14	42
Dato' Mohamed Rafique Merican Bin Mohd Wahiduddin Merican	16	6	22	16	6	22
Dr. Ariffin Bin Datuk Yahaya	16	6	22	16	6	22
En. Mohamad Din Bin Merican	28	14	42	28	12	40
En. Mohamad Shukor Bin Ibrahim	28	14	42	28	14	42
Mr John Tan Kwang Kherng	14	8	22	-	-	-
Mr Raymond Wong Shu Yoon	15	10	25	-	-	-
Mr. Philippe Pol Arthur Latour	14	6	20	14	6	20
Mr. Wong Pakshong Kat Jeong Colin Stewart	28	14	42	28	14	42
Ms. Daniela Adaggi	14	10	24	14	12	26
Pn. Norazilla Binti Md Tahir	20	12	32	30	14	44
Prof Dr. Azman Mohd Noor	14	10	24	14	8	22
Prof. Datin. Dr. Rusni Binti Hassan	14	6	20	14	6	20
	<u>249</u>	<u>130</u>	<u>379</u>	<u>230</u>	<u>112</u>	<u>342</u>

### 34. TAX EXPENSE INCURRED ON BEHALF OF POLICYHOLDERS/PARTICIPANTS

	<b>Group</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Income tax:</u>		
Current financial period		
- Malaysia	16,955	26,047
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	51,900	(108,821)
	<u>68,855</u>	<u>(82,774)</u>

#### **Taxation of Shareholders' and General funds**

The income tax for Shareholders' fund and General fund in relation to the Malaysia and Singaporean operations are calculated at the statutory tax rate of 24% (2022: 24%) and 17% (2022: 17%) of the estimated assessable profit respectively for the financial period.

#### **Taxation of Life insurance and Family Takaful business**

The income tax for Life and Family Takaful funds are calculated based on the statutory rate of 8% (20X2: 8%) of the estimated assessable investment income net of allowable deductions for the financial period for the Malaysian operations.

### 35. TAXATION

#### **Major components of income tax expense**

The major components of income tax expense for the period ended 30 June 2023 and 30 June 2022 are:

#### **Income Statements**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
		<b>(Restated)</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Income tax:</u>				
Current financial period				
- Malaysia	88,990	125,128	223	9,892
Over provision of taxation in prior financial period	(663)	-	-	-
<u>Deferred taxation:</u>				
Relating to origination and reversal of temporary differences	32,511	(31,550)	-	1,134
	<u>120,838</u>	<u>93,578</u>	<u>223</u>	<u>11,026</u>

### 35. TAXATION (CONTD.)

#### Major components of income tax expense (contd.)

The major components of income tax expense for the period ended 30 June 2023 and 30 June 2022 are: (contd.)

#### Statement of Comprehensive Income

	Group		Company	
	1.1.2023	1.1.2022	1.1.2023	1.1.2022
	to	to	to	to
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	(Restated)			
	RM'000	RM'000	RM'000	RM'000
Deferred income tax related to other comprehensive income:				
- Fair value changes on debt securities at FVOCI	68,031	(122,746)	(924)	(2,742)
- Fair value changes on equities securities at FVOCI	(2,659)	(1,425)	-	-
- Insurance/Takaful and reinsurance/retakaful finance income	(1,914)	3,198	-	-
	<u>65,372</u>	<u>(120,973)</u>	<u>(924)</u>	<u>(2,742)</u>

#### Reconciliation between tax expense and accounting profit

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

	Group		Company	
	1.1.2023	1.1.2022	1.1.2023	1.1.2022
	to	to	to	to
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	(Restated)			
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	<u>487,193</u>	<u>3,862</u>	<u>537,747</u>	<u>296,771</u>
Taxation at 24% statutory tax rate (2022: 24%)	116,926	927	129,059	71,225
Effects of tax in different jurisdictions	621	19,740	-	-
Income not subject to tax	(17,968)	(4,825)	(132,702)	(75,673)
Expenses not deductible for tax purposes	23,076	74,338	3,866	15,474
Effect of Prosperity Tax	-	4,190	-	-
Deficit arising of Annuity Non-Par not deductible for tax purpose	(1,154)	(792)	-	-
Over provision of taxation in prior financial years	(663)	-	-	-
<b>Tax expense for the financial period</b>	<u>120,838</u>	<u>93,578</u>	<u>223</u>	<u>11,026</u>



### 36. EARNINGS PER SHARE

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

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>(Restated)</b>			
Profit attributable to ordinary equity holders (RM'000)	<u>353,857</u>	<u>(95,799)</u>	<u>537,524</u>	<u>285,745</u>
Weighted average number of ordinary shares in issue ('000)	<u>252,005</u>	<u>252,005</u>	<u>252,005</u>	<u>252,005</u>
Basic and diluted earnings per share (sen)	<u>1.40</u>	<u>(0.38)</u>	<u>2.13</u>	<u>1.13</u>

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

### 37. OPERATING LEASE COMMITMENTS

#### The Group as a lessor

The Group and the Company has entered into operating lease agreements on its portfolio of investment properties. The leases have remaining lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Not later than one year	88,634	47,150
Between one and five years	<u>36,837</u>	<u>45,918</u>
	<u>125,471</u>	<u>93,068</u>

### **38. OTHER COMMITMENTS AND CONTINGENCIES**

#### **Group**

	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for:		
Property, plant and equipment	-	6,135
Intangible assets	1,965	7,705
Information technology services	1,095	8,210
Others	-	16
	<u>3,059</u>	<u>22,066</u>
Approved but not contracted for:		
Property, plant and equipment	25,310	19,012
Intangible assets	352	-
Information technology services	124	-
Others	9	-
	<u>25,796</u>	<u>19,012</u>

### **39. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES**

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

Related parties also include key management personnel, defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes the Directors and Chief Executive Officers of the Group and of the Company.

The Group and the Company have related party relationships with its shareholders, subsidiaries, associates, key management personnel and the subsidiaries and associates of a company with significant influence over its shareholders.

Related party transactions have been entered into in the normal course of business under normal trade terms.

- (i) Significant transactions of the Group and of the Company with related parties during the financial period were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Income/(expenses):</u></b>				
Ultimate Holding company:				
Gross premium/contribution income	16,283	14,145	-	-
Commission and fee expenses	(62,197)	(61,678)	-	-
Claims paid	(4,084)	(802)	-	-
Dividend income	1,000	853	-	-
ESGP expenses	(4,293)	(3,878)	(1,308)	(1,178)
Interest expenses for subordinated obligation	(13,610)	(13,868)	(13,610)	(13,868)
Interest/profit income	985	253	92	-
Rental income (net)	3,004	3,059	-	-
Other expenses (net)	(3,458)	(1,957)	(21)	(151)

### 39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

- (i) Significant transactions of the Group and of the Company with related parties during the financial period were as follows (contd.):

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Income/(expenses)(contd.):</u></b>				
Subsidiaries within MAHB Group:				
Claims recovery	-	-	638	-
Insurance premium/ contribution expenses	-	-	(664)	(161)
Interest income for subordinated obligation	-	-	10,311	9,289
Gross dividend income	-	-	552,926	315,304
Shared service fee income (net)	-	-	35,695	39,669
Rental expenses (net)	-	-	(683)	(494)
Other income (net)	-	-	490	859
Other related companies within the Maybank Group:				
Gross premium/contribution income	13,503	8,439	-	-
Commission and fee expenses	(58,909)	(87,608)	-	-
Management fee	(895)	(4,358)	-	-
Information technology outsourcing	(12,208)	(15,067)	(1,940)	(1,278)
Interest/profit income	32,778	20,980	2,440	1,938
Rental income (net)	3,250	3,175	-	-
Other expenses (net)	(6,099)	(4,478)	(5)	(1)
Shared service fee income (net)	(5)	(2,259)	-	-
Claims paid	(2,314)	(12)	-	-
Policy ex-gratia payment	(3,300)	-	-	-
Net hedging income	3,143	3,274	3,143	3,244
Investment advisory fee	(1,810)	(722)	-	-

**39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

- (i) Significant transactions of the Group and of the Company with related parties during the financial period were as follows (contd.):

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Income/(expenses)(contd.):</u></b>				
Companies related to a company with significant influence over MAHB Group:				
Claims recovery	107	2,565	-	-
Treaty outward	-	(2,243)	-	-
Management fee income	84	76	-	-
Premium/Contribution ceded	(906)	(83)	-	-
Reinsurance claims recovered	261	-	-	-
Reinsurance commission income	795	-	-	-
Reinsurance ceded	(2,739)	-	-	-
Companies related to a company with significant influence over Maybank Group:				
Claims paid	(2,303)	(4,949)	-	-
Gross premium/contribution income	45,762	12,786	-	-
Shareholders of MAHB:				
Gross premium/contribution income	47	-	-	-
Dividend paid	(262,407)	(250,241)	(262,407)	(250,241)
Shared service fee income (net)	1,446	663	2,737	943
Interest expenses for subordinated obligation	(6,086)	(6,230)	(6,086)	(6,230)
Reimbursement of expenses	(5,899)	(500)	(5,097)	-
Other expenses (net)	(1,251)	(643)	(459)	(268)

**39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)**

- (ii) Included in the statements of financial position of the Group and of the Company are investment placed with, obligations due to and amounts due from/(to) related companies as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
		<b>(Restated)</b>		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Ultimate Holding company:				
Bank balances	19,031	117,115	28,660	37,705
Fixed deposits	39,156	121,768	-	-
Quoted shares	29,016	29,187	-	-
Derivative liabilities, net	(43,089)	(21,253)	(42,896)	(21,288)
Income and profits due and accrued	87	80	-	-
Outstanding premiums/contributions	10,551	769	-	-
Provision for expenses	(43)	(245)	-	-
Sundry payables and accrued liabilities	(2,905)	(21,969)	-	-
Claim liabilities	(54,311)	(46,111)	-	-
Other assets	-	5,957	-	5,955
Other liabilities	(36,654)	(38,195)	(10,871)	(9,544)
Subordinated obligation	(691,000)	(691,000)	(691,000)	(691,000)
Subsidiaries within the MAHB Group:				
Financing receivables	-	-	616,400	616,400
Other assets	-	-	6,863	6,649
Other related companies within the Maybank Group:				
Bank balances	168,208	470,321	-	-
Fixed and call deposits	1,883,715	1,035,643	225,254	25,411
Income and profits due and accrued	26,987	12,533	10,487	9,567
Outstanding premiums/contributions	3,918	(20)	-	-
Other assets	555	1,597	286	1,572
Sundry receivables, deposits and prepayments	3,295	3,276	-	-
Sundry payables and accrued liabilities	(6,444)	(11,400)	-	-
Other liabilities	(1,354)	(1,586)	-	-
Insurance/Takaful payables	(5,557)	(2,072)	-	-
Claims liabilities	(287)	(54)	-	-
Companies related to a company with significant influence over Maybank Group:				
Outstanding premiums/contributions	6,880	17,261	-	-
Claims liabilities	(35,132)	(22,528)	-	-
Insurance/Takaful receivables	1,557	588	-	-
Insurance/Takaful payables	(41)	(84)	-	-

### 39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

- (ii) Included in the statements of financial position of the Group and of the Company are investment placed with, obligations due to and amounts due from/(to) related companies as follows: (contd.)

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
		<b>(Restated)</b>		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Shareholders of MAHB:				
Other assets	-	68	-	359
Other liabilities	(1,697)	-	(809)	-
Subordinated obligation	(309,000)	(309,000)	(309,000)	(309,000)

- (iii) The remuneration of key management personnel during the period were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2023</b>	<b>1.1.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2023</b>	<b>30.6.2022</b>	<b>30.6.2023</b>	<b>30.6.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Short-term employee benefits</b>				
- Fees	275	3,333	212	1,039
- Salaries, allowances and bonuses	6,971	7,009	2,250	2,512
- Contribution to EPF and pension scheme	915	912	367	360
- Other emoluments	310	970	51	331
	<b>8,471</b>	<b>12,224</b>	<b>2,880</b>	<b>4,242</b>

- (iv) The number of shares awarded for ESGP to key management personnel were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30.6.2023</b>	<b>31.12.2022</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Award date</b>				
At 1 January	2,112	1,896	832	728
Awarded	-	216	-	104
At 30 June/ 31 December	<b>2,112</b>	<b>2,112</b>	<b>832</b>	<b>832</b>

#### **40. FAIR VALUE MEASUREMENTS**

##### **(a) Valuation principle**

The levels of the Fair Value hierarchy as defined by MFRS are an indication of the observability of prices or valuation input. It can be classified into the following hierarchies/levels:

- Level 1 : Active Market – Quoted price

Refers to financial instruments which are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Such financial instruments include listed derivatives, quoted equities and unit and property trust funds traded on an exchange.

- Level 2 : No Active Market – Valuation techniques using observable inputs

Refers to inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Examples of level 2 financial instruments include corporate and government bonds, structured products, NCDs/NICDs, and over-the-counter ("OTC") derivatives.

- Level 3 : No Active Market – Valuation techniques using unobservable inputs

Refers to financial instruments where fair values are measured using unobservable market inputs. The valuation technique is consistent with level 2. The chosen valuation technique incorporates management's assumptions and data.

Examples of level 3 instruments include corporate bonds in illiquid markets, private equity investments and investment properties.



#### 40. FAIR VALUE MEASUREMENTS (CONTD.)

##### (b) Fair value measurements and classification within the fair value hierarchy

Group	Valuation technique using :			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
<b><u>30.6.2023</u></b>				
<b><u>Assets</u></b>				
<b>Investment properties</b>	-	-	981,569	981,569
<b>Financial investments at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Malaysian government papers	-	817,358	-	817,358
Singapore government securities	-	239,641	-	239,641
Equity securities	517,769	-	54,233	572,002
Unit and property trust funds	275,131	-	-	275,131
Other debt securities, structured products NCDs and NICDs	2,190,827	12,307,034	-	14,497,861
<b>(ii) Held-for-trading ("HFT")</b>				
Malaysian government papers	-	147,373	-	147,373
Equity securities	1,754,511	-	165,969	1,920,480
Unit and property trust funds	820,371	-	-	820,371
Other debt securities, structured products NCDs and NICDs	127,749	743,675	-	871,424

**40. FAIR VALUE MEASUREMENTS (CONTD.)**

**(b) Fair value measurements and classification within the fair value hierarchy (contd.)**

Group (contd.)	Valuation technique using :			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
<b><u>30.6.2023 (contd.)</u></b>				
<b><u>Assets (contd.)</u></b>				
<b>Financial investments at FVOCI</b>				
Malaysian government papers	-	1,112,925	-	1,112,925
Singapore government papers	-	2,590,262	-	2,590,262
Equity securities	357,269	-	978,699	1,335,968
Debt securities, structured products, NCDs and NICDs	7,572,794	7,701,462	-	15,274,256
Derivative assets	-	2,256	-	2,256
<b>Total assets</b>	<b>13,616,421</b>	<b>25,661,986</b>	<b>2,180,470</b>	<b>41,458,877</b>
<b><u>Liabilities</u></b>				
Derivative liabilities	-	188,388	-	188,388
<b>Total liabilities</b>	<b>-</b>	<b>188,388</b>	<b>-</b>	<b>188,388</b>

#### 40. FAIR VALUE MEASUREMENTS (CONTD.)

##### (b) Fair value measurements and classification within the fair value hierarchy (contd.)

Group (contd.)	Valuation technique using :			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
<b><u>31.12.2022 (restated)</u></b>				
<b><u>Assets</u></b>				
<b>Investment properties</b>	-	-	981,180	981,180
<b>Financial investments at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Malaysian government papers	-	868,064	-	868,064
Singapore government securities	-	366,696	-	366,696
Equity securities	512,528	-	-	512,528
Unit and property trust funds	239,215	-	-	239,215
Other debt securities, structured products NCDs and NICDs	2,172,843	11,217,057	-	13,389,900
<b>(ii) Held-for-trading ("HFT")</b>				
Malaysian government papers	-	81,639	-	81,639
Equity securities	2,096,552	-	165,969	2,262,521
Unit and property trust funds	64,404	639,951	-	704,355
Other debt securities, structured products NCDs and NICDs	-	684,228	-	684,228

#### 40. FAIR VALUE MEASUREMENTS (CONTD.)

##### (b) Fair value measurements and classification within the fair value hierarchy (contd.)

Group (contd.)	Valuation technique using :			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
<b><u>31.12.2022 (contd.)</u></b>				
<b><u>Assets (contd.)</u></b>				
<b>Financial investments at FVOCI</b>				
Malaysian government papers	-	1,253,330	-	1,253,330
Singapore government papers	-	2,869,855	-	2,869,855
Equity securities	190,994	-	-	190,994
Other debt securities, structured products				
NCDs and NICDs	4,108,508	11,111,887	-	15,220,395
Derivative assets	-	239,729	-	239,729
<b>Total assets</b>	<b>9,385,044</b>	<b>29,332,485</b>	<b>1,147,238</b>	<b>39,864,767</b>
<b><u>Liabilities</u></b>				
Derivative liabilities	-	42,110	-	42,110
<b>Total liabilities</b>	<b>-</b>	<b>42,110</b>	<b>-</b>	<b>42,110</b>

#### 40. FAIR VALUE MEASUREMENTS (CONTD.)

##### (b) Fair value measurements and classification within the fair value hierarchy (contd.)

Company	Valuation technique using :			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
<b><u>30.6.2023</u></b>				
<b><u>Assets</u></b>				
<b>Financial investments at FVTPL</b>				
(i) <b>Designated upon initial recognition</b>				
Other debt securities, structured products NCDs and NICDs	-	15,064	-	15,064
<b>Financial investments at FVOCI</b>				
Malaysian government papers	-	14,868	-	14,868
Other debt securities, structured products NCDs and NICDs	-	133,249	-	133,249
<b>Total assets</b>	-	163,181	-	163,181
<b><u>Liabilities</u></b>				
Derivative liabilities	-	42,896	-	42,896
<b>Total liabilities</b>	-	42,896	-	42,896

#### 40. FAIR VALUE MEASUREMENTS (CONTD.)

##### (b) Fair value measurements and classification within the fair value hierarchy (contd.)

Company (contd.)	Valuation technique using :			Total RM'000
	Level 1	Level 2	Level 3	
	Quoted market prices RM'000	Using observable inputs RM'000	Using significant unobservable inputs RM'000	
<b><u>31.12.2022</u></b>				
<b><u>Assets</u></b>				
<b>Financial investments at FVTPL</b>				
<b>(i) Designated upon initial recognition</b>				
Other debt securities, structured products NCDs and NICDs	-	15,148	-	15,148
<b>Financial investments at FVOCI</b>				
Malaysian government papers	-	14,703	-	14,703
Other debt securities, structured products NCDs and NICDs	-	171,925	-	171,925
<b>Total assets</b>	<b>-</b>	<b>201,776</b>	<b>-</b>	<b>201,776</b>
<b><u>Liabilities</u></b>				
Derivative liabilities	-	21,288	-	21,288
<b>Total liabilities</b>	<b>-</b>	<b>21,288</b>	<b>-</b>	<b>21,288</b>

##### (c) Transfer between Level 1 and Level 2 in the fair value hierarchy

Assets and liabilities of the Group and the Company are recognised in the financial statements on a recurring basis. The Group and the Company determine whether transfers have occurred between fair value hierarchy levels by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1 and Level 2 for the Group and the Company during the financial period ended 30 June 2023 and 31 December 2022.

**40. FAIR VALUE MEASUREMENTS (CONTD.)**

**(d) Movements of Level 3 assets and financial investments**

<b>Group</b>	<b>Assets and financial investments measured at fair value</b>		
	<b>Investment properties RM'000</b>	<b>Designated at FVTPL RM'000</b>	<b>Total RM'000</b>
<b><u>30.6.2023</u></b>			
At 1 January	981,180	165,969	1,147,149
Purchases	389	-	389
At 30 June	981,569	165,969	1,147,538
Total gains recognised in income statement for assets and financial instruments measured at fair value at the end of the reporting period	-	-	-
<b><u>31.12.2022</u></b>			
At 1 January 2022	966,429	160,007	1,126,436
Recognised in income statement:			
Fair value gains	14,271	5,962	20,233
Purchases	480	-	480
At 31 December	981,180	165,969	1,147,149
Total gains recognised in income statement for assets and financial instruments measured at fair value at the end of the reporting period	14,271	5,962	20,233

#### **40. FAIR VALUE MEASUREMENTS (CONTD.)**

##### **(e) Sensitivity of fair value measurements to changes in unobservable input**

The Group's exposure to financial investments measured with valuation techniques using significant unobservable inputs comprised a small number of financial investments which constitute an insignificant component of the Group's portfolio of financial investments. Hence, changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

##### **(i) Investment properties**

Recent sale transactions transacted in the real estate market would result in a significant change of estimated fair value for investment properties.

All investment properties of the Group carried at fair values were classified under Level 3. The valuation of investment properties were performed by an accredited independent valuer using a variety of approaches such as the comparison method and the income capitalisation approach.

	<b>Valuation</b>	<b>Significant</b>	
	<b>method</b>	<b>unobservable inputs</b>	<b>Range</b>
<b>30.6.2023</b>			
Building	Income capitalisation	Rental per square foot	RM1.98 to RM10.25
Land	Residual method	Gross development value Gross development cost Discount rate (%)	RM450mil RM258mil 5.00
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM1,145.45
<b>31.12.2022</b>			
Building	Income capitalisation	Rental per square foot	RM1.98 to RM10.25
Land	Residual method	Gross development value Gross development cost Discount rate (%)	RM450mil RM258mil 5.00
Shop lots	Comparison	Sales price per square foot for similar properties	RM1.00 to RM1,145.45



#### **40. FAIR VALUE MEASUREMENTS (CONTD.)**

##### **(e) Sensitivity of fair value measurements to changes in unobservable input assumptions (contd.)**

###### **(i) Investment properties (contd.)**

Under the comparison method, fair value is estimated by considering the selling price per square foot ("psf") of comparable investment properties sold, adjusted for location, quality and finishes of the building, design and size of the building, title conditions, market trends and time factor. The income capitalisation approach considers the capitalisation of net income of the investment properties such as the gross rental less current maintenance expenses and outgoings. This process also considers the relationships including yield and discount rates. Recent transactions transacted in the market resulting in an increase in these inputs, would result in a significant increase in the estimated fair values of the investment properties.

A significant increase or decrease in the unobservable inputs used in the valuation would result in a correspondingly higher or lower fair value of the investment properties.

###### **(ii) Unquoted equity instruments**

All unquoted equity instruments of the Group and the Company at fair values were classified under Level 3. The fair value of investments in unquoted equity instruments that do not have quoted market prices in an active market, are measured based on the net asset method by referencing to the annual financial statements of the entities that the Group and the Company invested in.

Net asset value	Changes in variables	Impact on carrying value RM'000	Impact on profit before tax RM'000	Impact on equity* RM'000
		<----- Increase/(Decrease) ----->		
<b>30.6.2023</b>	+5%	8,298	8,069	5,900
	-5%	(8,298)	(8,069)	(5,900)
<b>31.12.2022</b>	+5%	8,306	8,077	5,905
	-5%	(8,306)	(8,077)	(5,905)

\* Impact on equity is computed after tax at the statutory tax rate.

41. FINANCIAL INFORMATION - BY INSURANCE BUSINESS

UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION BY BUSINESS  
AS AT 30 JUNE 2023

	General		Life		General Takaful		Family Takaful		*Others		**Consolidation elimination		Total	
	30.6.2023	31.12.2022 (Restated)	30.6.2023	31.12.2022 (Restated)	30.6.2023	31.12.2022 (Restated)	30.6.2023	31.12.2022 (Restated)	30.6.2023	31.12.2022 (Restated)	30.6.2023	31.12.2022 (Restated)	30.6.2023	31.12.2022 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets:</b>														
Property, plant and equipment	14,938	10,731	32,727	32,452	72	82	183	200	1,210	1,604	60,418	61,515	109,548	106,584
Investment properties	323,892	323,892	980,729	980,395	-	-	-	-	950	896	(324,002)	(324,003)	981,569	981,180
Prepaid land lease payments	-	-	724	737	-	-	-	-	-	-	15,161	15,390	15,885	16,127
Right-of-use assets	17,630	4,395	97	15,388	-	-	28	112	508	601	-	-	18,263	20,496
Intangible assets	27,451	33,580	52,625	53,794	1,618	1,803	9,093	7,969	1,027	164	-	-	91,814	97,310
Investment in subsidiaries	-	-	-	-	-	-	-	-	3,378,647	3,378,647	(3,378,647)	(3,378,647)	-	-
Investment in associate	-	152	-	-	-	-	-	-	-	-	-	1,086	-	1,238
Investments	2,246,632	2,231,984	22,130,016	20,771,897	4,600,850	4,365,752	15,070,883	14,590,834	401,569	237,077	-	(2,656)	44,449,950	42,194,888
Financing receivables	29,384	28,993	23,628	23,713	273	423	10,669	11,201	695,535	661,934	(688,221)	(655,692)	71,268	70,572
Reinsurance contract assets	3,682,757	3,598,920	143,263	72,202	386,051	335,158	337,309	282,538	-	-	-	-	4,549,380	4,288,818
Insurance contract assets	158,454	154,518	-	-	686,989	755,948	564,324	500,509	-	-	-	-	1,409,767	1,410,975
Other assets	74,298	77,820	315,440	239,588	51,718	62,910	196,276	171,382	26,347	26,585	(16,129)	(21,501)	647,950	556,784
Derivative assets	21	3,706	2,235	236,023	-	-	-	-	-	-	-	-	2,256	239,729
Deferred tax asset	610	580	33,985	32,357	81,784	110,290	41,594	59,832	4,920	1,748	-	-	162,893	204,807
Current tax assets	17,685	16,006	305	-	-	-	79,495	79,875	37	37	-	-	97,522	95,918
Cash and bank balances	154,853	120,178	559,152	621,511	13,742	8,630	16,296	59,972	31,503	42,761	-	-	775,546	853,052
<b>Total Assets</b>	<b>6,748,605</b>	<b>6,605,455</b>	<b>24,274,926</b>	<b>23,080,057</b>	<b>5,823,097</b>	<b>5,640,996</b>	<b>16,326,150</b>	<b>15,764,424</b>	<b>4,542,253</b>	<b>4,352,054</b>			<b>53,383,611</b>	<b>51,138,478</b>
<b>Equity and liabilities:</b>														
Share capital	1,350,204	1,363,504	113,300	100,000	970,001	970,001	100,000	100,000	696,460	696,460	(2,569,099)	(2,569,099)	660,866	660,866
Reserves	907,565	66,996	1,045,765	1,900,354	770,340	673,734	2,461,345	2,485,558	2,764,177	2,593,587	(1,002,151)	(997,310)	6,947,041	6,722,919
Insurance finance reserve	-	-	(51,017)	(13,771)	-	-	-	-	-	-	-	-	(51,017)	(13,771)
	2,257,769	1,430,500	1,108,048	1,986,583	1,740,341	1,643,735	2,561,345	2,585,558	3,460,637	3,290,047	-	-	7,556,890	7,370,014
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>2,257,769</b>	<b>1,430,500</b>	<b>1,108,048</b>	<b>1,986,583</b>	<b>1,740,341</b>	<b>1,643,735</b>	<b>2,561,345</b>	<b>2,585,558</b>	<b>3,460,637</b>	<b>3,290,047</b>			<b>7,556,890</b>	<b>7,370,014</b>
<b>Liabilities:</b>														
Insurance contract liabilities	4,923,541	4,812,455	20,683,212	19,729,718	3,792,431	3,665,967	13,330,268	12,710,857	-	-	-	(6,560)	42,729,452	40,912,437
Reinsurance contract liabilities	87,491	85,693	-	-	61,732	48,367	42,719	2,394	-	-	-	-	191,942	136,454
Subordinated obligations	688,931	-	-	655,922	-	-	-	-	1,000,000	1,000,000	(688,931)	(655,922)	1,000,000	1,000,000
Derivative liabilities	57	-	145,435	20,822	-	-	-	-	42,896	21,288	-	-	188,388	42,110
Deferred tax liabilities, net	41,642	36,183	420,324	346,173	-	-	15,292	-	16	37	(43,198)	(43,223)	434,076	339,170
Other liabilities	(1,260,574)	232,321	1,900,697	312,473	206,455	253,072	355,736	436,433	26,250	29,415	(12,284)	(16,812)	1,216,280	1,246,902
Interest payable on subordinated obligations	4,812	-	-	4,637	-	-	-	-	9,875	9,875	(4,812)	(4,637)	9,875	9,875
Current tax liabilities	4,936	8,303	17,210	23,729	22,138	29,855	20,790	29,182	2,579	1,392	(10,945)	(10,945)	56,708	81,516
<b>Total Liabilities</b>	<b>4,490,836</b>	<b>5,174,955</b>	<b>23,166,878</b>	<b>21,093,474</b>	<b>4,082,756</b>	<b>3,997,261</b>	<b>13,764,805</b>	<b>13,178,866</b>	<b>1,081,616</b>	<b>1,062,007</b>			<b>45,826,721</b>	<b>43,768,464</b>
<b>Total Equity and Liabilities</b>	<b>6,748,605</b>	<b>6,605,455</b>	<b>24,274,926</b>	<b>23,080,057</b>	<b>5,823,097</b>	<b>5,640,996</b>	<b>16,326,150</b>	<b>15,764,424</b>	<b>4,542,253</b>	<b>4,352,054</b>			<b>53,383,611</b>	<b>51,138,478</b>

\*Applicable to investment holding and non-insurance entities.

\*\*The consolidation elimination indicated the group consolidation adjustments and inter-company elimination.

41. FINANCIAL INFORMATION - BY INSURANCE BUSINESS (CONTD.)

UNAUDITED INTERIM CONDENSED INCOME STATEMENTS INCOME STATEMENT BY BUSINESS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

	General		Life		General Takaful		Family Takaful		*Others		**Consolidation elimination		Total	
	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	1,143,974	905,422	319,807	301,147	1,403,951	1,239,142	826,968	786,825	-	-			3,694,700	3,232,536
Insurance service expenses	(811,996)	(191,201)	(207,281)	(576,512)	(1,251,177)	(609,312)	(840,709)	(716,702)	-	-	10,311	9,289	(3,100,852)	(2,084,438)
Net expenses from reinsurance contracts held	(310,752)	(675,631)	4,517	3,927	(133,103)	(598,095)	(396)	32,707	-	-			(439,734)	(1,237,092)
Insurance service result	21,226	38,590	117,043	(271,438)	19,671	31,735	(14,137)	102,830	-	-			154,114	(88,994)
Interest revenue from financial assets not measured at FVTPL	41,834	30,654	227,607	164,946	94,808	79,145	180,196	151,271	30,904	34,371	(10,311)	(9,289)	565,038	451,098
Net fair value (losses)/gains on financial assets measured at FVTPL	(6,808)	(17,888)	172,774	(1,220,774)	(3,213)	(24,882)	189,274	(413,670)	1,741	(9,517)			353,768	(1,686,731)
Net fair value gains/(losses) on derecognition of financial assets measured at FVOCI	2,999	(5,410)	(122,866)	(25,674)	1,956	2,136	1,357	(102)	(413)	41			(116,967)	(29,009)
Other investment income	7,690	5,098	226,117	197,275	1,508	664	150,744	152,681	541,630	303,610	(576,412)	(321,566)	351,277	337,762
Net impairment loss on financial assets	(496)	(8,933)	38,612	(113,191)	157	(115)	193	(160)	(17)	32	480		38,929	(122,367)
Net foreign exchange income/(expenses)	1,565	4,775	144,299	215,386	20	339	3,263	364	26	(48)			149,173	220,816
Net investment income	46,784	8,296	686,543	(782,032)	95,236	57,287	525,027	(109,616)	573,871	328,489			1,341,218	(828,431)
Finance (expenses)/income from insurance contract issued	-	-	(584,578)	789,941	-	-	(331,968)	112,715	-	-			(916,546)	902,656
Finance income/(expenses) from reinsurance contract held	366	545	3,940	(2,961)	25	(4)	-	(39,645)	-	-			4,331	(42,065)
Net Insurance financial result	366	545	(580,638)	786,980	25	(4)	(331,968)	73,070	-	-			(912,215)	860,591
Other income	1,068	1,861	6,962	(3,072)	370	351	673	1,526	4,394	4,282	33,405	18,587	46,872	23,535
Other finance costs	(320)	(50)	(814)	(135)	-	-	-	-	(19,696)	(20,098)			(20,830)	(20,283)
Other expenses	(4,413)	(1,668)	(22,870)	(10,256)	(1,853)	(2,158)	(2,401)	(3,541)	(20,248)	(15,669)	(1,326)	7,962	(53,111)	(25,330)
Tax expense incurred on behalf of policyholders	-	-	(46,303)	67,833	(230)	2,899	(22,322)	12,042	-	-			(68,855)	82,774
Other income / expenses	(3,665)	143	(63,025)	54,370	(1,713)	1,092	(24,050)	10,027	(35,550)	(31,485)			(95,924)	60,696
Profit/(losses) before taxation and zakat	64,711	47,574	159,923	(212,120)	113,219	90,110	154,872	76,311	538,321	297,004			487,193	3,862
Taxation	(12,266)	(19,073)	(37,485)	(11,114)	(34,171)	(17,674)	(36,676)	(34,684)	(240)	(11,033)			(120,838)	(93,578)
Zakat	-	-	-	-	(9,809)	(4,093)	(2,689)	(1,990)	-	-			(12,498)	(6,083)
Net profit/(losses) for the financial period	52,445	28,501	122,438	(223,234)	69,239	68,343	115,507	39,637	538,081	285,971			353,857	(95,799)

\*Applicable to investment holding and non-insurance entities.

\*\*The consolidation elimination indicated the group consolidation adjustments and inter-company elimination.