



Life Insurance

ETIQA LIFE INSURANCE BERHAD

201701025113 (1239279-P)

(Incorporated in Malaysia)

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

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

		30.6.2023	31.12.2022
	Note	RM'000	(Restated) RM'000
Assets			
Property, plant and equipment		28,980	29,222
Investment properties		980,729	980,395
Prepaid land lease payments		724	737
Right-of-use assets ("ROU assets")		80	98
Intangible assets		44,137	45,251
Investments	13	11,743,326	11,389,920
Financing receivables		23,628	23,713
Reinsurance contract assets	14	101,931	93,608
Other assets	15	142,715	138,829
Derivative assets		606	508
Current tax assets		305	-
Cash and bank balances		4,695	25,629
Total Assets		13,071,856	12,727,910
Equity and Liabilities:			
Share capital		100,000	100,000
Reserves	16	1,529,514	1,627,338
Insurance/reinsurance finance reserve	16	(47,920)	(11,421)
Total Equity		1,581,594	1,715,917
Liabilities			
Insurance contract liabilities	14	10,790,283	10,375,323
Derivative liabilities		136	-
Deferred tax liabilities, net		420,324	346,173
Other liabilities	17	263,689	268,939
Current tax liabilities		15,830	21,558
Total Liabilities		11,490,262	11,011,993
Total Equity and Liabilities		13,071,856	12,727,910

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**

		1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)
	Note	RM'000	RM'000
Insurance revenue	18	267,040	250,416
Insurance service expenses	19	(173,800)	(176,108)
Net income from reinsurance contracts held	20	4,523	3,927
Insurance service result		97,763	78,235
Interest revenue from financial assets not measured at FVTPL	21	43,946	35,108
Net fair value gain/(loss) on financial assets measured at FVTPL	22	315,284	(767,888)
Net fair value (loss)/gains on derecognition of financial assets measured at FVOCI	23	(3,974)	533
Other investment income	24	226,117	210,041
Net impairment loss on financial assets	25	72	45
Net foreign exchange income		58,408	26,820
Net investment income		639,853	(495,341)
Finance (expenses)/income from insurance contract issued	26	(533,693)	430,803
Finance income/(expenses) from reinsurance contract held	27	3,940	(2,961)
Net Insurance financial result		(529,753)	427,842
Other income	28	3,065	2,532
Other expenses	29	(4,875)	(8,337)
Tax expense incurred on behalf of policyholders	31	(46,303)	41,228
Other income / expenses		(48,113)	35,423
Profit before taxation		159,750	46,159
Taxation	32	(37,485)	(11,114)
Net profit for the financial period		122,265	35,045
Profit attributable to:			
Basic Earnings per share (sen)	33	122.27	35.05

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**

		1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)
	Note	RM'000	RM'000
Net profit for the financial period		122,265	35,045
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to income statement:			
Net fair value gains/(losses) on investments in debt securities measured at FVOCI		67,535	(91,687)
Net fair value gains/(losses) on derecognition of financial assets measured at FVOCI		3,974	(533)
Tax effect relating to these items	32	(8,352)	11,109
		63,157	(81,111)
Finance (expenses)/income from insurance contracts issued	26	(38,413)	60,119
Tax effect relating to these items	32	1,914	(3,198)
		(36,499)	56,921
Items that will not be subsequently reclassified to income statement:			
Change in fair value of equity securities at FVOCI		(5,790)	(4,886)
Tax effect relating to these items	32	544	632
		(5,246)	(4,254)
Other comprehensive income/(loss) for the period, net of tax		21,412	(28,444)
Total comprehensive income for the financial period		143,677	6,601

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**

	Note	<----- Non-distributable ----->				Retained Earnings			Total Equity RM'000
		Share Capital RM'000	FVOCI Reserve RM'000	Insurance/ Reinsurance Finance Reserve RM'000	Revaluation Reserve RM'000	Non- Distributable Life Fund Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Profits RM'000	
At 1 January 2023, as previously stated		100,000	(23,749)	-	54,465	937,379	481,526	1,418,905	1,549,621
- Effects of adopting MFRS 17		-	(9,622)	(11,421)	24,431	165,605	(2,697)	162,908	166,296
At 1 January 2023, as restated		100,000	(33,371)	(11,421)	78,896	1,102,984	478,829	1,581,813	1,715,917
Net profit for the financial period		-	-	-	-	121,233	1,032	122,265	122,265
Other comprehensive income/ (loss) for the financial period		-	57,911	(36,499)	-	-	-	-	21,412
Total comprehensive income/(loss)		-	57,911	(36,499)	-	121,233	1,032	122,265	143,677
Dividend on ordinary shares	10	-	-	-	-	-	(278,000)	(278,000)	(278,000)
At 30 June 2023		100,000	24,540	(47,920)	78,896	1,224,217	201,861	1,426,078	1,581,594

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

	Note	<----- Non-distributable ----->				Retained Earnings			Total Equity RM'000
		Share Capital RM'000	FVOCI Reserve RM'000	Insurance/ Reinsurance Finance Reserve RM'000	Revaluation Reserve RM'000	Non- Distributable Life Fund Surplus RM'000	Distributable Retained Profits RM'000	Sub-total Retained Profits RM'000	
At 1 January 2022, as previously stated		100,000	(1,475)	-	54,465	909,101	511,124	1,420,225	1,573,215
- Effects of adopting MFRS 17		-	3,679	(35,080)	24,431	217,979	(7,630)	210,349	203,379
At 1 January 2022, as restated		100,000	2,204	(35,080)	78,896	1,127,080	503,494	1,630,574	1,776,594
Net profit/(loss) for the financial period		-	-	-	-	35,122	(77)	35,045	35,045
Other comprehensive (loss)/ income for the financial period		-	(85,365)	56,921	-	-	-	-	(28,444)
Total comprehensive (loss)/income		-	(85,365)	56,921	-	35,122	(77)	35,045	6,601
Reclassification upon disposal of equity securities		-	2,136	-	-	(2,042)	(94)	(2,136)	-
Dividend on ordinary shares		-	-	-	-	-	(171,050)	(171,050)	(171,050)
At 30 June 2022		100,000	(81,025)	21,841	78,896	1,160,160	332,273	1,492,433	1,612,145

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**

		Company	
		1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)
	Note	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		159,750	46,159
<i>Adjustments for:</i>			
Amortisation of:			
- intangible assets	29	4,205	3,988
- prepaid land lease payments	29	13	13
Net amortisation of premiums	24	4,901	1,999
Depreciation of property, plant and equipment	29	3,665	3,399
Depreciation of right-of-use assets	29	18	17
Interest on lease liabilities	29	1	1
Fair value (gains)/losses on investment	22	(309,593)	746,729
(Gains)/losses on disposal of investments		(1,717)	20,626
Dividend income	24	(32,408)	(27,750)
Interest and rental income		(258,052)	(232,067)
(Reversal of)/allowance for impairment losses on:			
- investments	25	(72)	(45)
- financing receivables	28	98	(367)
- others	28	(38)	941
Tax borne by policyholders	31	46,303	(41,228)
Gains on foreign exchange:			
- realised		(9,161)	(356)
- unrealised		(49,247)	(26,464)
<i>Operating cash flows before changes in assets and liabilities</i>		(441,334)	495,595

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

	Company	
	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)
Note	RM'000	RM'000
Decrease/(increase) in:		
- Fixed and call deposits	38,777	163,706
- Reinsurance contract assets	(8,323)	(16,152)
- Financing receivables	(13)	(117)
- Other assets	(6,295)	(14,968)
Increase/(decrease) in:		
- Insurance contract liabilities	378,461	(398,452)
- Other liabilities	(4,730)	(950)
Investment income received	260,906	242,163
Dividends received	32,001	26,155
Tax paid	(23,478)	(9,357)
<i>Net cash generated from operating activities</i>	<u>225,972</u>	<u>487,623</u>

**CASH FLOWS FROM INVESTING
ACTIVITIES**

Purchase of:		
- property, plant and equipment	(5,592)	(1,606)
- intangible assets	(1,072)	(2,920)
- investment properties	(334)	(100)
- investment	(1,338,197)	(1,935,264)
Proceed from disposal of:		
- property, plant and equipment	148	35
- investment	1,376,160	1,608,353
<i>Net cash invested in/(used in) investing activities</i>	<u>31,113</u>	<u>(331,502)</u>

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

	Company	
	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)
Note	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividends	(278,000)	(171,050)
Payment of lease liabilities	(19)	(18)
<i>Net cash used in from financing activities</i>	<u>(278,019)</u>	<u>(171,068)</u>
Net decrease in cash and cash equivalents	(20,934)	(14,947)
Cash and cash equivalents at beginning of financial period	<u>25,629</u>	<u>47,196</u>
Cash and cash equivalents at end of financial period	<u>4,695</u>	<u>32,249</u>
Cash and cash equivalents comprise:		
Cash and bank balances:		
Shareholders' funds	-	166
Life fund	4,695	32,083
	<u>4,695</u>	<u>32,249</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 immediate, penultimate and ultimate holding companies of the Company are Maybank Ageas Holdings Berhad ("MAHB"), Etiqa International Holdings Sdn Bhd ("EIHSB") and Malayan Banking Berhad ("Maybank") respectively, all 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 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 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 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 Company since the financial year ended 31 December 2022.

The Company has met the minimum capital requirements as prescribed by the Risk-Based Capital Framework for Insurers ("RBC Framework") issued by BNM 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 16 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 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 Company, except MFRS 17 *Insurance Contract*.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.1 Changes in accounting policies and disclosure

MFRS 17 Insurance Contracts

The Company 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 and reinsurance contracts. As a result, the Company have restated certain comparative amounts.

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

(a) Separating components from Insurance and reinsurance contracts

The Company assesses its Life and reinsurance 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. Currently, the Company's products do not include distinct components that require separation.

Some term Life Contracts issued by the Company include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in MFRS 17. MFRS 17 defines investment components as the amounts that an Insurance contract requires an insurer to repay to a policyholder even if an insured event does not occur. Investment components which are highly interrelated with the Insurance contract of which they form a part are considered non-distinct and are not separately accounted for. Receipts and payments of the investment components (including non-distinct investment components) are recorded outside of profit or loss.

Some contracts issued contain profit or ceding commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. 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.)

(b) Level of aggregation

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

The groups of contracts for which the fully retrospective approach, modified retrospective and the fair value approach have been adopted on transition include contracts 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 are divided into three groups, as follows:

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

The reinsurance contracts held portfolios are divided into:

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

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

(c) Recognition

The Company recognises groups of Insurance contracts that it issues from the earliest of the following:

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

The Company recognises a group of reinsurance contracts held it has entered into from the earliest of the following:

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

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

The Company adds new contracts in the reporting period in which the contracts meets one of the criteria set out above.

(d) Onerous groups of contracts

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

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

(d) Onerous groups of contracts (contd.)

The Company looks at facts and circumstances to identify if a group of contracts for Life 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.

(e) Contract boundary

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

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

(f) Measurement

The Company's Insurance contracts issued and reinsurance contracts held are eligible for the measurement models as below:

(i) General Measurement Model ("GMM")

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

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

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

(f) Measurement (contd.)

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

Fulfillment 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 that the Company will recognise as it provides services over the coverage period.

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 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. 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 Company 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 are based on contractual terms which substantially vary with the underlying items.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

(f) Measurement (contd.)

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

The assessment of whether an Insurance contract meets these three criteria is made at inception of the contract and not revised subsequently, except in case of a substantial modification of the contract. For contracts 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 boundaries (i.e. coverage periods) of less than 1 year as well as for policies with contract 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 received net of acquisition cash flows paid, less the net amount of premiums 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 Company is to apply both the PAA or GMM models for all reinsurance contracts held, depending on the specific contract boundaries for each reinsurance contracts.

(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:

Statement of financial position

- (i) The Company presents portfolios of Insurance contract separately from portfolios of reinsurance contract held, and portfolios of asset position are further presented separately from portfolios of liability position. Groups of Insurance contracts issued will include any assets for Insurance acquisition cash flows. Policy loans (which were previously reported within financing receivables), Insurance receivables and payables will be assessed on net portfolio position and reported within Insurance Contract Liabilities or Assets as these are Insurance contract related balances. Reinsurance receivables and payables, reinsurance assets and liabilities will be assessed on a net portfolio position and reported within Reinsurance Contract Liabilities or Assets as these are reinsurance contract related. Under MFRS 4, contracts were not split and presented by asset and liability position.

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

(g) Presentation and disclosure (contd.)

- (ii) Under MFRS17, Unallocated Surplus of Participating Funds, which represents the surplus yet to be declared to Shareholders/policyholders 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 Company. Under MFRS4, these Participating reserves were recognised as part of the Insurance Contract Liabilities.
- (iii) Under MFRS 17, Insurance/Reinsurance finance reserve created as part of the equity which is to cater the impact of changes in market discount rates on the insurance contract and reinsurance contract 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 or net claims incurred shown on the profit or loss. Under MFRS 17, the Company separately presents Insurance service results which consisting of insurance revenue, Insurance service expense and Insurance finance income and expenses. Income or expenses from reinsurance contracts held need to be presented separately from the expenses or income from Insurance contracts issued. Under MFRS 4, the Company reported premium income, gross claims and benefits, changes in Insurance contract liabilities, benefits and expenses ceded to reinsurers and changes in reinsurance assets.

(i) Insurance Service Results

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

(g) Presentation and disclosure (contd.)

(ii) Insurance finance income or expenses

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

The Company disaggregates Insurance finance income or expenses on Insurance contracts 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 and related reinsurance assets and liabilities are reflected at fair value in order to minimise accounting mismatches between the accounting for financial assets and Insurance liabilities. The Company's financial assets not backing the Insurance issued portfolios are predominantly measured at FVOCI.

(h) Insurance acquisition cash flows

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

(h) Insurance acquisition cash flows (contd.)

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

- An impairment test at the level of an existing or future group of Insurance contracts; and
- An additional impairment test specifically covering the Insurance 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 Company 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.

(i) Loss components

The Company has grouped contracts/certificates that are onerous at initial recognition separately from contracts 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 Company 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 Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying Insurance contracts.

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 that the Company expects to recover from the group of reinsurance contracts 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 and is nil when loss component of the onerous group of underlying Insurance contracts is nil.

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

(j) Transition

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

- Identified, recognised and measured each group of Insurance and reinsurance contracts as if MFRS 17 had always applied (unless impracticable), using the full retrospective approach;
- Identified, recognised and measured assets for Insurance 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"). 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 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 Company. 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.

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

(j) Transition (contd.)

(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 Company has ascertained the Insurance contract certificate portfolios to which the Company will apply the transition approaches above.

Amendment to MFRS 9 as a result of MFRS 17 implementation

The Company has adopted MFRS 9 from the financial year ended 31 December 2018. In doing so, the Company 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"), the Company is in the midst of assessing the reclassification require for eligible financial assets to match against the Insurance contract liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

Financial Effect arising from the adoption of MFRS 17 *Insurance Contract*

The Company'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 Company 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 Company 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 Company as at 31 December 2022 and on the components of profit or loss for the period ended 30 June 2022 are presented below:

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

	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
<u>Assets:</u>					
Financing receivables	265,034	(241,321)	-	-	23,713
Reinsurance contract assets	109,080	(15,472)	-	-	93,608
Insurance receivables	25,335	(25,335)	-	-	-
Other assets	154,498	(15,669)	-	-	138,829

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

Financial Effect arising from the adoption of MFRS 17 *Insurance Contract* (contd.)

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

	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
<u>Equities:</u>					
Insurance/Reinsurance finance reserve	-	-	(11,421)	-	(11,421)
FVOCI reserves	(23,749)	(9,622)	-	-	(33,371)
Revaluation reserve	54,465	24,431	-	-	78,896
Retained Profits	1,418,905	10,258,728	(10,054,421)	(41,399)	1,581,813
<u>Liabilities:</u>					
Insurance contract liabilities	10,670,647	(10,414,677)	10,119,353	-	10,375,323
Insurance payables	21,584	(21,584)	-	-	-
Other liabilities	457,523	(188,584)	-	-	268,939
Deferred tax liabilities	304,774	-	-	41,399	346,173

3. SIGNIFICANT ACCOUNTING POLICIES ("CONTD.")

3.1 Changes in accounting policies and disclosure (contd.)

Financial Effect arising from the adoption of MFRS 17 *Insurance Contract* (contd.)

(c) Financial impact from adoption of MFRS 17

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

Nature of the measurement adjustments	Description
Remapping/ Removal of MFRS 4	<p>The items include:</p> <p>a) Insurance receivables, insurance payables, reinsurance contract assets, insurance contract liabilities and other payables were removed on transition and to be replaced within MFRS 17 equivalents.</p> <p>b) Under MFRS 4, asset revaluation reserves and fair value reserves of participating policyholders' funds of RM28.1 million were reported within insurance contract liabilities. Under MFRS 17, these balances are reported as part of the restricted equity of the Company.</p>
Remeasurement effect of MFRS 17	<p><u>a) Transition CSM</u></p> <p>CSM is a component of the insurance contract liabilities and represents the future unearned profit associated with insurance contracts which will be released to profit or loss over the insurance coverage period.</p> <p><u>b) Fulfilment Cash Flows</u></p> <p>The measurement of the Insurance contract assets/liabilities under MFRS17 is based on groups of Insurance contract and includes a liabilities for fulfilling the contractual obligations associated with the Insurance contract, such as premiums, expenses, and Insurance benefits and claims. These are recorded within the fulfilment cash flows component of the Insurance contract liabilities, together with the risk adjustment.</p>
Tax effect	Deferred tax were reported, 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 Effect arising from the adoption of MFRS 17 *Insurance Contract* (contd.)

(d) Income statement for the financial period ended 30 June 2022

	As previously stated for the period ended 30 June 2022 RM'000	Classification and measurement* RM'000	As restated for the period ended 30 June 2022 RM'000
Profit before taxation	51,505	(5,346)	46,159
Net profit/(loss) for the financial period	37,259	(2,214)	35,045
Other comprehensive income/ (loss) for the period, net of tax	(47,064)	18,620	(28,444)

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

The estimates of future cash flows reflect the Company'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 are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows 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 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.

ii) Discount rates

The Company 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 payout on policy cancellation or insurance claim.

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)

iii) Risk adjustments for non-financial risk

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

Under a confidence level technique, the Company 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.

iv) Contractual service margin

The CSM of a group of contracts 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 in the group, determined by considering for each contract 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 Company was not materially affected by any seasonal or cyclical fluctuations during the interim financial period ended 30 June 2023.

However, as is common for Insurer, surplus for Life 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 Company'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 278sen per ordinary share on 100,000,000 ordinary shares amounting to RM278,000,000.00 for 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 Company during the interim financial period ended 30 June 2023.

13. INVESTMENTS

	30.6.2023 RM'000	31.12.2022 RM'000
Malaysian government papers	1,147,803	1,058,602
Equity securities	1,526,982	1,586,941
Debt securities	7,573,123	7,352,602
Unit and property trust funds	756,739	665,404
Structured products	206,667	155,582
Deposits with financial institutions	532,012	570,789
	<u>11,743,326</u>	<u>11,389,920</u>

The Company financial investments are summarised by categories as follows:

Fair value through profit and loss ("FVTPL")(Note a)		
- Designated upon initial recognition (Note a)(i)	6,829,821	6,558,166
- Held for trading ("HFT")(Note a)(ii)	2,857,233	2,805,108
Fair value through other comprehensive income ("FVOCI")(Note b)	1,524,260	1,455,857
Amortised Cost ("AC")(Note c)	532,012	570,789
	<u>11,743,326</u>	<u>11,389,920</u>

The following investments mature after 12 months:

FVTPL		
- Designated upon initial recognition	6,514,115	6,341,290
- Held for trading ("HFT")	707,785	607,497
FVOCI	1,404,295	1,383,336
	<u>8,626,195</u>	<u>8,332,123</u>

(a) FVTPL

(i) Designated upon initial recognition

At fair value

Malaysian government papers	733,066	680,093
Debt securities:		
Unquoted in Malaysia	5,791,978	5,630,031
Unquoted outside Malaysia	98,159	92,549
Structured products	206,618	155,493
Total financial assets designated as FVTPL upon initial recognition	<u>6,829,821</u>	<u>6,558,166</u>

13. INVESTMENTS (CONTD.)

(a) FVTPL (CONTD.)

	30.6.2023 RM'000	31.12.2022 RM'000
(ii) HFT		
<u>At fair value</u>		
Malaysian government papers	141,492	76,180
Equity securities		
Quoted in Malaysia	1,249,699	1,374,477
Quoted outside Malaysia	60,783	58,621
Unquoted in Malaysia	81,322	81,322
Debt securities:		
Unquoted in Malaysia	567,149	549,015
Unit and property trust funds:		
Quoted in Malaysia	25,559	23,423
Quoted outside Malaysia	731,180	641,981
Structured products	49	89
Total HFT financial assets	2,857,233	2,805,108

(b) FVOCI

<u>At fair value</u>		
Malaysian government papers	273,245	302,329
Equity securities*:		
Quoted in Malaysia	135,178	72,521
Debt securities:		
Unquoted in Malaysia	1,115,837	1,081,007
Total FVOCI financial assets	1,524,260	1,455,857

* The Company has elected to recognise these equity investments at fair value through other comprehensive income as these investments are held as long term strategic investments that are not expected to be sold in the short term to medium term. Gains or losses on the derecognition of these equity investments are not transferred to profit or loss.

13. INVESTMENTS (CONTD.)

(b) FVOCI (CONTD.)

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

30.6.2023	Stage 1	Stage 2	Stage 3	
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	ECL
	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	58	365	-	423
Net adjustment of loss allowance	22	(95)	-	(73)
New financial assets originated of purchased	3	-	-	3
Financial assets that have been derecognised	(2)	-	-	(2)
At 30 June 2023	81	270	-	351

31.12.2022	Stage 1	Stage 2	Stage 3	
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	not credit	credit	ECL
	RM'000	impaired	impaired	RM'000
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	41	323	-	364
Net adjustment of loss allowance	2	42	-	44
New financial assets originated of purchased	20	-	-	20
Financial assets that have been derecognised	(5)	-	-	(5)
At 31 December 2022	58	365	-	423

(c) AC

	30.6.2023	31.12.2022
	RM'000	RM'000
<u>At cost</u>		
Fixed and call deposits with:		
Licensed financial institutions	522,012	495,146
Other licensed financial institutions	10,000	75,643
Total AC financial assets	532,012	570,789

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

14. REINSURANCE CONTRACT ASSETS AND INSURANCE CONTRACT LIABILITIES

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

30.6.2023

	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			
Insurance contracts	-	-	-	(10,560,446)	(229,837)	(10,790,283)	-	(10,790,283)	(10,790,283)
Reinsurance contracts held	18,521	83,410	101,931	-	-	-	101,931	-	101,931

**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			
Insurance contracts	-	-	-	(10,161,283)	(214,040)	(10,375,323)	-	(10,375,323)	(10,375,323)
Reinsurance contracts held	36,118	57,490	93,608	-	-	-	93,608	-	93,608

14. REINSURANCE CONTRACT ASSETS AND INSURANCE CONTRACT LIABILITIES

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:

	30.6.2023			31.12.2022 (Restated)		
	LRC	LIC	Total	LRC	LIC	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening Insurance contract liabilities	10,161,283	214,040	10,375,323	10,174,457	209,872	10,384,329
Opening Insurance contract assets	-	-	-	(1,000)	-	(1,000)
Net opening insurance contract liabilities	10,161,283	214,040	10,375,323	10,173,457	209,872	10,383,329
<u>Changes in the statement of profit or loss and OCI</u>						
Insurance Revenue	(265,507)	(1,533)	(267,040)	(511,103)	(2,290)	(513,393)
Insurance service expenses	38,506	135,294	173,800	76,860	265,011	341,871
Insurance Service Result	(227,001)	133,761	(93,240)	(434,243)	262,721	(171,522)
Finance expenses from Insurance contract issued	572,100	6	572,106	48,826	2,825	51,651
Investment components	(372,551)	16,186	(356,365)	(676,950)	11,783	(665,167)
Total amount recognised in profit or loss and OCI	(27,452)	149,953	122,501	(1,062,367)	277,329	(785,038)
Net Cash Flows	426,615	(134,156)	292,459	1,050,193	(273,161)	777,032
Closing insurance contract liabilities	10,560,446	229,837	10,790,283	10,161,283	214,040	10,375,323

14. REINSURANCE CONTRACT ASSETS AND INSURANCE CONTRACT LIABILITIES

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

	30.6.2023			31.12.2022 (Restated)		
	ARC RM'000	AIC RM'000	Total RM'000	ARC RM'000	AIC RM'000	Total RM'000
Opening reinsurance contract assets	36,118	57,490	93,608	67,937	19,069	87,006
<u>Changes in the statement of profit or loss and OCI</u>						
Net income/(expense) from reinsurance contract	(22,072)	26,595	4,523	(35,053)	34,992	(61)
Finance income from reinsurance contract	3,940	-	3,940	1,276	-	1,276
Total amount recognised in profit or loss and OCI	(18,132)	26,595	8,463	(33,777)	34,992	1,215
Net Cash flows	535	(675)	(140)	1,958	3,429	5,387
Closing reinsurance contract assets	18,521	83,410	101,931	36,118	57,490	93,608

15. OTHER ASSETS

	30.6.2023	31.12.2022
	RM'000	(Restated) RM'000
Sundry receivables, deposits and prepayments	9,448	6,548
Allowance for impairment losses	(253)	(253)
	<u>9,195</u>	<u>6,295</u>
Income due and accrued	130,551	122,356
Allowance for impairment losses	(445)	(483)
	<u>130,106</u>	<u>121,873</u>
Amounts due from*: (Note 36(ii))		
- Other related companies within the EIHSB Group	105	21
- Other related companies within the MAHB Group	2,773	3,527
- Other related companies within the Maybank Group	4	4
Amount due from stockbrokers	508	6,743
Amount due from fund manager	24	366
	<u>3,414</u>	<u>10,661</u>
Total other assets	<u>142,715</u>	<u>138,829</u>

15. OTHER ASSETS (CONTD.)

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

	Not credit-impaired RM'000	Credit impaired RM'000	Total** RM'000
<u>Gross carrying amount</u>			
At 1 January 2021	138,580	10,365	148,945
Decrease	(3,444)	(6,961)	(10,405)
At 31 December 2022	135,136	3,404	138,540
Increase	1,401	613	2,014
At 30 June 2023	136,537	4,017	140,554
<u>Lifetime ECL</u>			
At 1 January 2021	80	334	414
Increase	74	248	322
At 31 December 2022	154	582	736
(Decrease)/increase	(55)	17	(38)
At 30 June 2023	99	599	698

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

** Movement for impairment losses for other assets is net of prepayments.

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

16. RESERVES

		30.6.2023	31.12.2022 (Restated)
	Note	RM'000	RM'000
Reserves:			
FVOCI Reserve	(i)	24,540	(33,371)
Insurance/Reinsurance finance reserve	(ii)	(47,920)	(11,421)
Revaluation reserve	(iii)	78,896	78,896
		<u>55,516</u>	<u>34,104</u>
Retained profits:			
Distributable	(iv)	201,861	478,829
Non distributable Life Funds surplus	(v)	1,224,217	1,102,984
		<u>1,426,078</u>	<u>1,581,813</u>
Total reserves		<u>1,481,594</u>	<u>1,615,917</u>

- (i) The FVOCI reserve of the Company arose from changes in the fair values of the financial assets which are measured at fair value through other comprehensive income.
- (ii) The insurance/reinsurance finance reserve represents the impact of changes in market discount rates on the insurance and reinsurance contract assets and liabilities.
- (iii) The revaluation reserve of the Company 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.
- (iv) The entire distributable profits of the Company may be distributed to the shareholders, subject to certain regulatory and legal requirements in the respective countries.
- (v) Non-distributable Life fund surplus represents the unallocated surplus from the 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.

17. OTHER LIABILITIES

	30.6.2023	31.12.2022 (Restated)
	RM'000	RM'000
Premium deposits	10,519	8,207
Dividend payable to policyholders	72,267	69,596
Lease liabilities	80	98
Provision for restoration costs	1	1
Amount due to*: (Note 36(ii))		
- Ultimate holding company	9,342	7,353
- Penultimate holding company	229	5
- Immediate holding company	1,617	1,081
- Other related companies within the Maybank Group	42	42
Amounts due to stockbrokers	34,538	549
Sundry payables and accrued liabilities	135,054	182,007
	<u>263,689</u>	<u>268,939</u>

* 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.

18. INSURANCE REVENUE

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Insurance revenue from contracts not measure under the PAA		
Amounts relating to changes in liabilities for remaining coverage		
- Amount of CSM recognised in profit or loss	49,751	43,134
- Change in risk adjustment for non financial risk	20,538	20,340
- Expected incurred claims and other insurance service expenses	168,805	164,985
Allocation of the portion of premiums that relate to the recovery of insurance acquisition	14,897	12,419
Experience adjustments for premium receipts	(2,947)	(3,393)
	<hr/> 251,044	<hr/> 237,485
Insurance revenue from contracts measure under the PAA		
Release of premiums for current period (PAA)	15,996	12,931
Total Insurance Revenue	<hr/> 267,040	<hr/> 250,416

19. INSURANCE SERVICE EXPENSES

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Incurring claims and other directly attributable expenses	139,126	132,813
Changes that relate to the past service - adjustment to the LIC	(3,501)	5,538
Losses on onerous contracts and reversal of those losses	403	1,765
Insurance acquisition cash flow amortisation	16,872	14,055
Others	20,900	21,937
Total insurance service expenses	173,800	176,108

20. NET INCOME FROM REINSURANCE CONTRACT HELD

The table below presents the analysis of the net expenses from reinsurance contract held recognised in the period.

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Reinsurance expenses from contract not measured under PAA		
Amount relating to the changes in the asset for remaining coverage		
- expected claims and other expenses recovery incurred in the period	17,495	11,555
- 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/loss	1,584	246
	<u>21,424</u>	<u>13,799</u>
Reinsurance expenses from contracts measured under PAA	647	719
Other incurred directly attributable expenses	(114)	112
Claims recovered	(10,734)	(15,103)
Changes that relate to the past service - adjustment to incurred claims.	(15,746)	(3,454)
	<u>(25,947)</u>	<u>(17,726)</u>
Total net income from reinsurance contracts held	<u>(4,523)</u>	<u>(3,927)</u>

21. INTEREST REVENUE FROM FINANCIAL ASSETS NOT MEASURE AT FVTPL

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Interest income		
(i) Financial Assets at FVOCI		
Investment		
-Malaysian government papers	6,024	6,021
-Debt securities	26,412	22,090
(ii) Financial Assets at AC		
Investment		
-Deposits with financial institutions	11,299	6,769
Financing receivables		
-Staff loans	190	166
-Non-staff loans	21	62
Total interest revenue from financial assets not measure at FVTPL	43,946	35,108

22. NET FAIR VALUE GAIN/(LOSS) ON FINANCIAL ASSETS MEASURED AT FVTPL

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Realised gains/(losses) on disposal on financial investment	5,691	(21,159)
Fair value gains/(losses) on:		
Investment		
-Malaysian government papers	35,786	(47,620)
-Equity securities	(27,022)	(173,097)
-Debt securities	234,159	(401,642)
-Unit and property trust funds	65,624	(121,206)
-Structured products	1,084	(3,441)
-Derivatives	(38)	277
Total net fair value gain/(loss) on financial assets measured at FVTPL	315,284	(767,888)

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Financial Assets at FVOCI		
-Malaysian government papers	(2,309)	475
-Debt securities	(1,665)	58
Total net fair value (losses)/gains on derecognition of financial assets measured at FVOCI	<u>(3,974)</u>	<u>533</u>

24. OTHER INVESTMENT INCOME

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Dividend/distribution income:		
Equity securities	31,791	27,095
Unit and property trust	617	655
Interest/profit income at FVTPL:		
Investment	175,694	166,504
Rental income	38,412	30,455
Rental related expenses	(14,030)	(11,536)
Net amortisation of premiums	(4,901)	(1,999)
Investment related expenses, net	(1,466)	(1,133)
Total other investment income	<u>226,117</u>	<u>210,041</u>

25. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Reversal losses on investments	<u>(72)</u>	<u>(45)</u>

26. FINANCE (EXPENSES)/INCOME FROM INSURANCE CONTRACT ISSUED

An analysis of net insurance finance expenses

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Finance (expenses)/income from insurance contracts issued		
Changes in fair value of underlying assets of contracts measured under the VFA	(496,976)	429,469
Changes in financial risk on LIC claims reserve component - Direct	(5)	(5)
Changes in financial risk on LIC Risk adjustment components - Direct	(1)	(1)
Interest accreted using current financial assumption	(7,000)	(1,952)
Effect of changes in interest rates and other financial assumptions	(61,799)	84,661
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates/ Interest accreted using locked-in-rate	(6,325)	(21,250)
Finance (expenses)/income from insurance contracts issued	<u>(572,106)</u>	<u>490,922</u>
Represented by:		
Amount recognised in profit and loss	(533,693)	430,803
Amount recognised in OCI	(38,413)	60,119
	<u>(572,106)</u>	<u>490,922</u>

27. FINANCE INCOME/(EXPENSES) FROM REINSURANCE CONTRACT HELD

An analysis of net reinsurance finance expenses

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Finance income/(expenses) from reinsurance contracts held		
Interest accreted using current financial assumption	1,187	663
Effect of changes in interest rates and other financial assumptions	2,753	(3,619)
Changes in risk non-performance reinsurer	-	(5)
Finance income from reinsurance contracts held	<u>3,940</u>	<u>(2,961)</u>
Represented by:		
Amount recognised in profit and loss	3,940	(2,961)
Amount recognised in OCI	-	-
	<u>3,940</u>	<u>(2,961)</u>

28. OTHER INCOME

	1.1.2023 to 30.6.2023	1.1.2022 to 30.6.2022 (Restated)
Reversal/(impairment) losses on:		
- financing receivables	(98)	367
- other assets	38	(941)
Sundry income	3,125	3,106
Total other income	<u>3,065</u>	<u>2,532</u>

29. OTHER EXPENSES

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

	<----- 1.1.2023 to 30.06.2023 ----->				<----- 1.1.2022 to 30.06.2022 (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	26,765	23,848	-	50,613	28,415	17,897	-	46,312
Employee benefits expense (a)	16,229	33,800	1,270	51,299	14,669	31,879	1,228	47,776
Directors' remuneration	(26)	-	470	444	11	-	463	474
Shariah Committee's remuneration	-	1	-	1	-	-	-	-
Auditors' remuneration:								
- statutory audits	-	224	-	224	32	184	-	216
- regulatory related services	-	34	-	34	-	30	-	30
- other services	-	553	-	553	-	204	-	204
Amortisation of intangible assets	-	4,205	-	4,205	-	3,988	-	3,988
Amortisation of prepaid land lease payments	-	13	-	13	-	13	-	13
Assured medical fees	343	-	-	343	435	-	-	435
Other finance cost	-	2,089	27	2,116	(822)	168	2,324	1,670
Depreciation of property, plant and equipment	-	3,665	-	3,665	-	3,399	-	3,399
Right-of-use expenses:								
-Depreciation	-	18	-	18	-	17	-	17
-Lease liabilities interest	-	1	-	1	-	1	-	1
Other management fees	122	11	-	133	1,128	22	-	1,150
Outside Services & Others	-	267	-	267	-	-	-	-
Professional fees	-	53	-	53	-	351	-	351
Short term leases	732	1,583	5	2,320	-	(6)	6	-
Small value assets	-	(1)	-	(1)	-	-	-	-
Office facilities expenses	-	516	-	516	7	356	-	363
Electronic data processing expenses	495	1,486	-	1,981	-	1,134	-	1,134
Information technology outsourcing	981	265	-	1,246	3,091	336	-	3,427
Postage and stamp duties	253	473	2	728	181	236	2	419

29. OTHER EXPENSES (CONTD.)

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

	<----- 1.1.2023 to 30.06.2023 ----->				<----- 1.1.2022 to 30.06.2022 (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
Printing and stationery	-	299	-	299	-	215	-	215
Promotional and marketing cost	10,664	33	65	10,762	8,018	629	240	8,887
Rental of offices/premises	-	-	-	-	-	2,181	-	2,181
Training expenses	359	540	-	899	287	439	1	727
Utilities, assessment and maintenance	-	984	1	985	-	730	1	731
Entertainment	-	-	60	60	-	-	66	66
Travelling expenses	295	229	25	549	110	81	-	191
Legal fees	-	19	-	19	-	141	-	141
Licence, Subscription and Levies	-	533	-	533	-	-	-	-
Contract staff services	148	877	2	1,027	-	-	-	-
Policy Related Expenses	1,438	3,617	1	5,056	(2,446)	584	1,863	1
Others	-	(1,798)	-	(1,798)	3,547	-	-	3,547
	<u>32,033</u>	<u>54,589</u>	<u>1,928</u>	<u>88,550</u>	<u>28,248</u>	<u>47,312</u>	<u>6,194</u>	<u>81,754</u>
Other operating expenses								
Sundry expenditure	-	1,108	2,947	4,055	-	1,050	2,143	3,193
	<u>-</u>	<u>1,108</u>	<u>2,947</u>	<u>4,055</u>	<u>-</u>	<u>1,050</u>	<u>2,143</u>	<u>3,193</u>
Total other expenses	<u>58,798</u>	<u>79,545</u>	<u>4,875</u>	<u>143,218</u>	<u>56,663</u>	<u>66,259</u>	<u>8,337</u>	<u>131,259</u>

29. OTHER EXPENSES (CONTD.)

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
(a) Employee Benefits Expense:		
Wages, salaries and bonuses	44,109	41,079
Employees Provident Fund ("EPF")	6,149	5,697
Social Security Contributions ("SOCSO")	291	242
Employees' Share Grant Plan ("ESGP")	750	758
	<u>51,299</u>	<u>47,776</u>
(b) The details of remuneration of CEO during the period are as follows:		
Salary	435	403
EPF	129	118
Shared-based compensation	-	49
Other emoluments	388	344
	<u>952</u>	<u>914</u>

30. DIRECTORS' FEES AND REMUNERATION

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Non-executive directors:		
Fees	370	390
Other emoluments	74	84
Total directors' fee and remuneration	444	474

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

	Fees RM'000	Other emoluments RM'000	Total RM'000
1.1.2023 to 30.6.2023			
Non-executive directors:			
Datuk Mohd Najib Bin Abdullah	90	12	102
Mr. Philippe Pol Arthur Latour	60	10	70
Mr. Frank Johan Gerard Van Kempen	60	10	70
Mr. Wong Pakshong Kat			
Jeong Colin Stewart	60	13	73
Puan Norazilla Binti Md Tahir (resigned w.e.f. 1 May 2023)	40	14	54
Dr Ariffin Yahaya	60	15	75
Total remuneration of the directors	370	74	444

1.1.2022 to 30.6.2022

Non-executive directors:			
Datuk Mohd Najib Bin Abdullah	90	14	104
Mr. Philippe Pol Arthur Latour	60	12	72
Mr. Frank Johan Gerard Van Kempen	60	12	72
Mr. Wong Pakshong Kat			
Jeong Colin Stewart	60	14	74
Puan Norazilla Binti Md Tahir	60	17	77
Dr Ariffin Yahaya	60	15	75
Total remuneration of the directors	390	84	474

31. TAX EXPENSE INCURRED ON BEHALF OF POLICYHOLDERS

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
<u>Income tax:</u>		
Current financial period	16,682	13,492
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	29,621	(54,720)
	<u>46,303</u>	<u>(41,228)</u>

The income tax for borne by policyholders are calculated based on the statutory rate of 8% (2022: 8%) of the estimated assessable investment income net of allowable deductions for the financial period.

32. 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:

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
<u>Income tax:</u>		
Current financial period	763	1,545
<u>Deferred taxation:</u>		
Relating to origination and reversal of temporary differences	36,722	9,569
	<u>37,485</u>	<u>11,114</u>

Statement of Comprehensive Income:

Deferred income tax related to other comprehensive income:

- Fair value changes on debt securities at FVOCI	8,352	(11,109)
- Fair value changes on equity securities at FVOCI	(544)	(632)
- Insurance/Reinsurance finance reserve	(1,914)	3,198
	<u>5,894</u>	<u>(8,543)</u>

32. TAXATION (CONTD.)

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 Company are as follows:

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Profit before taxation	159,750	46,159
Taxation at 24% statutory tax rate (2022: 24%)	38,340	11,079
Income not subject to tax	(134)	(106)
Expenses not deductible for tax purposes	433	933
Deficit arising form Annuity Non-Par fund not subject to tax	(1,154)	(792)
Tax expense for the financial period	37,485	11,114

33. 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 Company by the weighted average number of ordinary shares in issue during the financial period.

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Profit attributable to ordinary equity holders	<u>122,265</u>	<u>35,045</u>
Weighted average number of ordinary shares in issue (Units '000)	<u>100,000</u>	<u>100,000</u>
Basic and diluted earnings per share (sen)	<u>122.27</u>	<u>35.05</u>

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

34. OPERATING LEASE COMMITMENTS

The Company as a lessor

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:

	30.6.2023 RM'000	30.6.2022 RM'000
Not later than one year	47,373	57,499
Between one and five years	83,479	80,841
	<u>130,852</u>	<u>138,340</u>

35. OTHER COMMITMENTS AND CONTINGENCIES

	30.6.2023 RM'000	30.6.2022 RM'000
Approved and contracted for:		
Property, plant and equipment	-	20
Intangible assets	1,318	3,706
	<u>1,318</u>	<u>3,726</u>
Approved but not contracted for:		
Property, plant and equipment	18,452	31,481
	<u>18,452</u>	<u>31,481</u>

36. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Company if 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 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 Company either directly or indirectly. The key management personnel includes the Directors and Chief Executive Officers of the Company.

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 Company with related parties during the financial period were as follows:

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
<u>Income/(expenses):</u>		
Ultimate holding company:		
Commission and fee expenses	(34,071)	(31,434)
Dividend income	1,000	853
Interest income	123	35
Rental income	2,759	2,815
Other income	-	30
Other expenses	(2,818)	(1,196)
ESGP	(1,106)	(1,000)
Immediate holding company:		
Rental income	549	402
Dividend paid	(278,000)	(171,050)
Shared service costs	(9,063)	(8,565)
Remuneration of a seconded employee	(68)	(49)

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
<u>Income/(expenses)(contd.):</u>		
Penultimate holding company:		
Other expenses	(646)	(698)
Fellow subsidiaries within the MAHB Group:		
Rental income	3,441	3,326
Rental expenses	(924)	(1,047)
Other income	19	86
Other expenses	(426)	-
Shared service income	19,766	21,983
Fellow subsidiaries within the EIHSB Group:		
Rental income	625	577
Shared service costs	(5)	(104)
Other related companies within the Maybank Group:		
Interest income	7908	4,948
Rental income	2,625	2,598
Information technology outsourcing	-	(3,427)
Other expenses	-	(94)
Companies with significant influence over the Maybank Group:		
Gross insurance premium income	1,343	57
Claims paid	(437)	(1,458)

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	Note	30.6.2023 RM'000	31.12.2022 RM'000
Ultimate holding company:			
Fixed and call deposits		3,637	1,104
Quoted shares		29,016	29,187
Derivatives		(136)	19
Bank balances*		(7,058)	17,289
Income due and accrued		3	2
Amount due to ultimate holding company	17	(9,342)	(7,353)
Provision for custodian fee		(43)	(217)
* The Company has no overdraft facility. The credit balance due to short tenure overnight placement under Maybank's Liquidity Concentration Services to minimise idle cash balances.			
Immediate holding company:			
Amount due to holding company	17	(1,617)	(1,081)
Penultimate holding company:			
Amount due to penultimate holding company	17	(229)	(5)
Fellow subsidiaries within the MAHB Group:			
Amount due from other related companies	15	2,773	3,527
Fellow subsidiaries within the EIHSB Group:			
Amount due from other related companies	15	105	21
Other related companies within the Maybank Group:			
Fixed and call deposits		437,196	430,939
Income due and accrued		3,335	1,103
Amount due from other related companies	15	4	4
Amount due to other related companies	17	(42)	(42)
Companies with significant influence over the Maybank Group:			
Insurance receivables		1,557	584
Insurance payables		(41)	(84)

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTD.)

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

	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 RM'000
Short-term employee benefits		
- Fees	370	390
- Salaries, allowances and bonuses	873	713
- Contribution to EPF	129	118
- Other emoluments	23	167
	<u>1,395</u>	<u>1,388</u>

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

	30.6.2023 RM'000	31.12.2022 RM'000
Award date		
At 1 January	84	56
Awarded	-	28
At 30 June/ 31 December	<u>84</u>	<u>84</u>

37. 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.

37. FAIR VALUE MEASUREMENTS (CONTD.)

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

	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	
30.6.2023				
<u>Assets</u>				
Investment properties	-	-	980,729	980,729
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	733,066	-	733,066
Debt securities and structured products	-	6,096,755	-	6,096,755
(ii) Held-for-trading ("HFT")				
Malaysian government papers	-	141,492	-	141,492
Equity securities	1,310,482	-	81,322	1,391,804
Unit and property trust funds	25,559	731,180	-	756,739
Debt securities and structured products	-	567,198	-	567,198
Financial investments at FVOCI				
Malaysian government papers	-	273,245	-	273,245
Equity securities	135,178	-	-	135,178
Debt securities and structured products	-	1,115,837	-	1,115,837
Derivative assets	-	606	-	606
Total assets	1,471,219	9,659,379	1,062,051	12,192,649
<u>Liabilities</u>				
Derivative liabilities	-	136	-	136
Total liabilities	-	136	-	136

37. FAIR VALUE MEASUREMENTS (CONTD.)

(b) Fair value measurements and classification within the fair value hierarchy (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	
31.12.2022				
<u>Assets</u>				
Investment properties	-	-	980,395	980,395
Financial investments at FVTPL				
(i) Designated upon initial recognition				
Malaysian government papers	-	680,093	-	680,093
Debt securities and structured products	-	5,878,073	-	5,878,073
(ii) Held-for-trading ("HFT")				
Malaysian government papers	-	76,180	-	76,180
Equity securities	1,433,098	-	81,322	1,514,420
Unit and property trust funds	23,423	641,981	-	665,404
Debt securities and structured products	-	549,104	-	549,104
Financial investments at FVOCI				
Malaysian government papers	-	302,329	-	302,329
Equity securities	72,521	-	-	72,521
Debt securities and structured products	-	1,081,007	-	1,081,007
Derivative assets	-	508	-	508
Total assets	1,529,042	9,209,275	1,061,717	11,800,034

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

Assets and liabilities of the Company are recognised in the financial statements on a recurring basis. 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 Company during the financial period ended 30 June 2023 and 31 December 2022.

37. FAIR VALUE MEASUREMENTS (CONTD.)

(d) Movements of Level 3 assets and financial investments

	Assets and financial investments measured at fair value		
	Investment properties RM'000	Designated at FVTPL RM'000	Total RM'000
30.6.2023			
At 1 January	980,395	81,322	1,061,717
Purchases	334	-	334
At 30 June	980,729	81,322	1,062,051
31.12.2022			
At 1 January	971,170	77,846	1,049,016
Recognised in income statement:			
Fair value gains	8,645	3,476	12,121
Purchases	580	-	580
At 31 December	980,395	81,322	1,061,717
Total gains recognised in income statement for assets and financial instruments measured at fair value at the end of the reporting period	8,645	3,476	12,121

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

The Company'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.

37. FAIR VALUE MEASUREMENTS (CONTD.)

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

(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 Company 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.

	Valuation method	Significant unobservable inputs	Range
30.6.2023			
Building	Income capitalisation	Rental per square foot	RM3.70 to RM10.25
Shop lots	Comparison	Sales price per square foot for similar properties	RM63.00 to RM1,145.45
31.12.2022			
Building	Income capitalisation	Rental per square foot	RM3.70 to RM10.25
Shop lots	Comparison	Sales price per square foot for similar properties	RM63.00 to RM1,145.45

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.

37. FAIR VALUE MEASUREMENTS (CONTD.)

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

(ii) Unquoted equity instruments

All unquoted equity instruments of 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 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) -----→		
30.6.2023	+5%	4,066	3,837	2,683
	-5%	(4,066)	(3,837)	(2,683)
31.12.2022	+5%	4,066	3,837	2,683
	-5%	(4,066)	(3,837)	(2,683)

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

38. REGULATORY CAPITAL REQUIREMENT

The capital structure of the Company as at 30 June 2023 and 31 December 2022, as prescribed under the RBC Framework, is provided below:

	30.6.2023 RM'000	31.12.2022 RM'000
Eligible Tier 1 Capital		
Paid up share capital	100,000	100,000
Retained earnings	3,324,671	3,324,759
	<u>3,424,671</u>	<u>3,424,759</u>
 Tier 2 Capital		
Revaluation reserve	90,362	90,362
FVOCI reserve	18,935	(40,123)
	<u>109,297</u>	<u>50,239</u>
 Amount deducted from capital	<u>(48,758)</u>	<u>(54,003)</u>
 Total Capital Available	<u>3,485,210</u>	<u>3,420,995</u>

39. FINANCIAL INFORMATION - BY INSURANCE BUSINESS

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

	SHF		Life		Total	
	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
<u>Assets:</u>						
Property, plant and equipment	-	-	28,980	29,222	28,980	29,222
Investment properties	-	-	980,729	980,395	980,729	980,395
Prepaid land lease payments	-	-	724	737	724	737
Right-of-use assets ("ROU assets")	-	-	80	98	80	98
Intangible assets	-	-	44,137	45,251	44,137	45,251
Investments	299,609	397,595	11,443,717	10,992,325	11,743,326	11,389,920
Financing receivables	21,790	21,941	1,838	1,772	23,628	23,713
Reinsurance contract assets	-	-	101,931	93,608	101,931	93,608
Other assets	4,634	3,322	138,081	135,507	142,715	138,829
Derivative assets	-	-	606	508	606	508
Current tax assets	683	-	(378)	-	305	-
Cash and bank balances	-	-	4,695	25,629	4,695	25,629
Total Assets	326,716	422,858	12,745,140	12,305,052	13,071,856	12,727,910
<u>Equity and liabilities:</u>						
Share capital	100,000	100,000	-	-	100,000	100,000
Reserves	1,529,514	1,627,338	-	-	1,529,514	1,627,338
Insurance/reinsurance finance reserve	(47,920)	(11,421)	-	-	(47,920)	(11,421)
Total Equity	1,581,594	1,715,917	-	-	1,581,594	1,715,917

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

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

	SHF		Life		Total	
	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
<u>Liabilities:</u>						
Insurance contract liabilities	(74)	5,106	10,790,357	10,370,217	10,790,283	10,375,323
Derivative liabilities	-	-	136	-	136	-
Deferred tax liabilities, net	(7,030)	(11,160)	427,354	357,333	420,324	346,173
Other liabilities ¹	(1,263,244)	(1,312,783)	1,526,933	1,581,722	263,689	268,939
Current tax liabilities	15,470	25,778	360	(4,220)	15,830	21,558
Total Liabilities	(1,254,878)	(1,293,059)	12,745,140	12,305,052	11,490,262	11,011,993
Total Equity and Liabilities	326,716	422,858	12,745,140	12,305,052	13,071,856	12,727,910

¹ Included in other liabilities are the interfund balances elimination, amount due from life fund to shareholder's fund of RM1,304,000,000 (2022: RM1,315,000,000) which is unsecured, not subject to any interest elements and are repayable in short term.

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

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

	SHF		Life		Total	
	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Insurance revenue	655	(196)	266,385	250,612	267,040	250,416
Insurance service expenses	(2,611)	(1,440)	(171,189)	(174,668)	(173,800)	(176,108)
Net expenses from reinsurance contracts held	-	-	4,523	3,927	4,523	3,927
Insurance service result	(1,956)	(1,636)	99,719	79,871	97,763	78,235
Interest/profit revenue from financial assets not measured at FVTPL	7,956	8,319	35,990	26,789	43,946	35,108
Net fair value gain/(loss) on financial assets measured at FVTPL	(237)	(1,454)	315,521	(766,434)	315,284	(767,888)
Net fair value gains/(loss) on derecognition of financial assets measured at FVOCI	(3,974)	86	-	447	(3,974)	533
Other investment income	(147)	(414)	226,264	210,455	226,117	210,041
Net impairment loss on financial assets	18	(10)	54	55	72	45
Net foreign exchange income/(expenses)	-	9	58,408	26,811	58,408	26,820
Net investment income	3,616	6,536	636,237	(501,877)	639,853	(495,341)

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

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

	SHF		Life		Total	
	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000	1.1.2023 to 30.6.2023 RM'000	1.1.2022 to 30.6.2022 (Restated) RM'000
Finance income/(expenses) from insurance contract	3	(144)	(533,696)	430,947	(533,693)	430,803
Finance income/(expenses) from reinsurance contract	-	-	3,940	(2,961)	3,940	(2,961)
Net Insurance financial result	3	(144)	(529,756)	427,986	(529,753)	427,842
Other incomes	1,525	2,066	1,540	466	3,065	2,532
Other expenses	(1,437)	(5,834)	(3,438)	(2,503)	(4,875)	(8,337)
Tax expense incurred on behalf of policyholders	-	-	(46,303)	41,228	(46,303)	41,228
Other income / expenses	88	(3,768)	(48,201)	39,191	(48,113)	35,423
Profit before taxation	1,751	988	157,999	45,171	159,750	46,159
Taxation	(719)	(1,065)	(36,766)	(10,049)	(37,485)	(11,114)
Net profit/(loss) for the financial period	1,032	(77)	121,233	35,122	122,265	35,045