

Registration No.

200701032867 (790895-D)

**AIA BHD.**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023**

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FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023**

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**UNAUDITED CONDENSED INCOME STATEMENT  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023**

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>6 months period ended 30.06.2023</u>	<u>6 months period ended 30.06.2022 Restated</u>	<u>6 months period ended 30.06.2023</u>	<u>6 months period ended 30.06.2022 Restated</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Insurance revenue	11	3,537,157	3,269,575	2,929,439	2,726,940
Insurance service expenses	12	(2,746,064)	(2,174,767)	(2,252,423)	(1,877,063)
Net revenue/(expenses) from reinsurance contracts		52,809	(121,290)	46,866	(106,085)
<b>Insurance service result</b>		<u>843,902</u>	<u>973,518</u>	<u>723,882</u>	<u>743,792</u>
Interest revenue on:					
Financial assets not measured at fair value through profit or loss		302,075	272,990	291,517	265,340
Financial assets measured at fair value through profit or loss		574,666	558,705	555,382	541,367
Other investment income/(expenses)		774,463	(2,837,617)	724,465	(2,636,807)
Movement in impairment loss on financial assets		906	(6,830)	648	(6,353)
<b>Investment return</b>		<u>1,652,110</u>	<u>(2,012,752)</u>	<u>1,572,012</u>	<u>(1,836,453)</u>
Net finance (expenses)/income from insurance contracts		(1,309,176)	1,450,561	(1,250,508)	1,391,636
Net finance expenses from reinsurance contracts		(2,886)	(4,765)	(4,192)	(5,194)
<b>Net Investment result</b>	13	<u>340,048</u>	<u>(566,956)</u>	<u>317,312</u>	<u>(450,011)</u>
Other operating revenue		28,099	43,286	64,234	63,187
Other operation expenses		(156,112)	(185,286)	(167,705)	(163,481)
<b>Profit before share of losses from associate</b>		<u>1,055,937</u>	<u>264,562</u>	<u>937,723</u>	<u>193,487</u>
Share of losses from associate		(65)	(225)	-	-
<b>Profit before tax</b>		<u>1,055,872</u>	<u>264,337</u>	<u>937,723</u>	<u>193,487</u>

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**UNAUDITED CONDENSED INCOME STATEMENT  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023 (Continued)**

	<b>Group</b>		<b>Company</b>	
	<b>6 months period ended 30.06.2023</b>	<b>6 months period ended 30.06.2022 Restated</b>	<b>6 months period ended 30.06.2023</b>	<b>6 months period ended 30.06.2022 Restated</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before tax</b>	1,055,872	264,337	937,723	193,487
Tax (expense)/credit attributable to policyholders	(65,247)	194,422	(60,826)	180,830
<b>Profit before tax attributable to shareholders</b>	<u>990,625</u>	<u>458,759</u>	<u>876,897</u>	<u>374,317</u>
Tax (expense)/credit	(252,425)	78,860	(213,824)	95,432
Tax expense/ (credit) attributable to policyholders	65,247	(194,422)	60,826	(180,830)
Tax expense attributable to shareholders	(187,178)	(115,562)	(152,998)	(85,398)
<b>Profit after tax for the period</b>	<u>803,447</u>	<u>343,197</u>	<u>723,899</u>	<u>288,919</u>
Profit attributable to:				
Owners of the parent	778,687	323,760	723,899	288,919
Non-controlling interest	24,760	19,437	-	-
	<u>803,447</u>	<u>343,197</u>	<u>723,899</u>	<u>288,919</u>
Basic earnings per share (sen)	<u>406</u>	<u>169</u>		

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**UNAUDITED CONDENSED INCOME STATEMENT  
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	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>6 months period ended 30.06.2023</u>	<u>6 months period ended 30.06.2022 Restated</u>	<u>6 months period ended 30.06.2023</u>	<u>6 months period ended 30.06.2022 Restated</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Profit after tax for the period</b>		803,447	343,197	723,899	288,919
<b>Other comprehensive income/(expense):</b>					
Items that may be subsequently reclassified to profit or loss					
Net fair value gains/(losses) on financial assets at fair value through other comprehensive income		298,942	(541,642)	282,372	(517,052)
Net realised losses on financial assets at fair value through other comprehensive income reclassified to profit or loss		(3,734)	(6,055)	(2,554)	(8,740)
Deferred taxation		(76,250)	143,329	(72,361)	136,732
Change in fair value reserve		218,958	(404,368)	207,457	(389,060)
Items that will not be subsequently reclassified to profit or loss					
Change in property revaluation reserve – deferred taxation		(407)	(130)	(407)	(130)
Post employee benefit obligations – deferred taxation		(1)	43	(1)	43

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**UNAUDITED CONDENSED INCOME STATEMENT  
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	<b>Group</b>		<b>Company</b>	
	<b>6 months period ended 30.06.2023</b>	<b>6 months period ended 30.06.2022 Restated</b>	<b>6 months period ended 30.06.2023</b>	<b>6 months period ended 30.06.2022 Restated</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Items that will not be subsequently reclassified to profit or loss (continued)</u>				
Change in insurance finance reserve	(238,067)	174,710	(238,311)	174,861
Deferred taxation	41,336	(30,112)	41,394	(30,148)
Change in insurance finance reserve	(196,731)	144,598	(196,917)	144,713
<b>Total other comprehensive income/(expenses) – net of tax</b>	<b>21,819</b>	<b>(259,857)</b>	<b>10,132</b>	<b>(244,434)</b>
<b>Total comprehensive income for the period</b>	<b>825,266</b>	<b>83,340</b>	<b>734,031</b>	<b>44,485</b>
Total comprehensive income attributable to:				
Owners of the parent	798,262	66,850	734,031	44,485
Non-controlling interest	27,004	16,490	-	-
	<b>825,266</b>	<b>83,340</b>	<b>734,031</b>	<b>44,485</b>

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

	<u>Note</u>	<u>Group</u>			<u>Company</u>		
		<u>30.06.2023</u>	<u>31.12.2022</u>	<u>01.01.2022</u>	<u>30.06.2023</u>	<u>31.12.2022</u>	<u>01.01.2022</u>
		<u>RM'000</u>	<u>Restated</u> <u>RM'000</u>	<u>Restated</u> <u>RM'000</u>	<u>RM'000</u>	<u>Restated</u> <u>RM'000</u>	<u>Restated</u> <u>RM'000</u>
<b><u>ASSETS</u></b>							
Intangible assets		405,720	358,769	262,784	387,747	341,474	250,093
Investment in subsidiaries		-	-	-	597,859	597,859	597,859
Investments in associate		2,690	2,756	8,049	88	88	88
Property, plant and equipment		468,524	486,807	517,817	467,688	485,841	516,236
Investment properties		348,388	346,990	345,200	348,388	346,990	345,200
Insurance contract assets	17	25,637	23,633	14,957	-	-	-
Reinsurance contract assets	17	144,803	125,703	125,988	8,114	3,796	14,163
Financial investments:	16						
Amortised cost		2,054,717	2,054,631	2,173,482	2,005,198	2,003,200	2,128,220
Fair value through other comprehensive income		9,653,426	9,543,531	9,651,930	8,800,885	8,726,802	8,959,785
Fair value through profit or loss		47,226,558	45,325,769	44,824,450	44,331,624	42,579,163	42,560,189
Deferred tax assets		3,592	4,172	692	-	-	-
Current tax recoverable		307,831	285,611	199,131	304,511	279,109	194,135
Other assets		677,506	704,217	610,555	569,683	622,463	524,273
Cash and cash equivalents		2,900,604	3,076,488	3,384,795	2,382,744	2,689,063	2,940,143
<b>Total assets</b>		<b>64,219,996</b>	<b>62,339,077</b>	<b>62,119,830</b>	<b>60,204,529</b>	<b>58,675,848</b>	<b>59,030,384</b>

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**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 JUNE 2023 (Continued)**

	Note	Group			Company		
		30.06.2023	31.12.2022	01.01.2022	30.06.2023	31.12.2022	01.01.2022
		RM'000	Restated RM'000	Restated RM'000	RM'000	Restated RM'000	Restated RM'000
<b>LIABILITIES</b>							
Insurance contract liabilities	17	51,419,734	50,301,151	50,301,224	48,635,996	47,738,948	48,118,953
Reinsurance contract liabilities	17	72,487	190,855	511,049	72,487	190,856	506,513
Derivative financial liabilities		32,942	9,284	14,245	32,943	9,284	14,246
Provisions		37,879	36,733	36,160	37,879	36,733	36,160
Deferred tax liabilities		1,722,023	1,548,782	1,609,250	1,496,232	1,351,155	1,448,520
Current tax liabilities		3,807	-	443	-	-	-
Other liabilities		1,035,090	599,503	574,905	917,375	489,286	465,418
<b>Total liabilities</b>		<b>54,323,962</b>	<b>52,686,308</b>	<b>53,047,276</b>	<b>51,192,912</b>	<b>49,816,262</b>	<b>50,589,810</b>
<b>EQUITY</b>							
Share capital		810,000	810,000	810,000	810,000	810,000	810,000
Retained earnings		8,512,484	8,315,798	7,637,335	7,948,083	7,806,185	7,259,144
Other comprehensive income:							
Fair value reserve		213,599	(3,174)	227,680	207,207	(250)	221,719
Property revaluation reserve		168,288	168,695	165,436	168,288	168,695	165,436
Insurance finance reserve		(122,233)	74,557	(15,725)	(121,961)	74,956	(15,725)
Total equity attributable to:							
Owners of the parent		9,582,138	9,365,876	8,824,726	9,011,617	8,859,586	8,440,574
Non-controlling interest		313,896	286,893	247,828	-	-	-
<b>Total equity</b>		<b>9,896,034</b>	<b>9,652,769</b>	<b>9,072,554</b>	<b>9,011,617</b>	<b>8,859,586</b>	<b>8,440,574</b>
<b>Total equity and liabilities</b>		<b>64,219,996</b>	<b>62,339,077</b>	<b>62,119,830</b>	<b>60,204,529</b>	<b>58,675,848</b>	<b>59,030,384</b>



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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
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Group	Attributable to owners of the Company							Non-controlling interest	Total
	Non-distributable					Retained earnings*	Total		
	Share capital	Fair value reserve	Property revaluation reserve	Insurance finance reserve	Share-based reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2023									
- as previously reported	810,000	(63,126)	31,964	-	-	4,319,519	5,098,357	122,024	5,220,381
Changes in accounting policies	-	59,952	136,731	74,557	-	3,996,279	4,267,519	164,869	4,432,388
At 1 January 2022									
- as restated	810,000	(3,174)	168,695	74,557	-	8,315,798	9,365,876	286,893	9,652,769
Profit after tax for the period	-	-	-	-	-	778,687	778,687	24,760	803,447
Other comprehensive income for the period	-	216,773	(407)	(196,790)	-	(1)	19,575	2,244	21,819
Total comprehensive income for the period	-	216,773	(407)	(196,790)	-	778,686	798,262	27,004	825,266
Share based compensation:									
- value of employee service	-	-	-	-	4,809	-	-	-	4,809
- repayment to ultimate parent company	-	-	-	-	(4,809)	-	-	-	(4,809)
Dividend paid	-	-	-	-	-	(582,000)	(582,000)	-	(582,000)
At 30 June 2023	810,000	213,599	168,288	(122,233)	-	8,512,484	9,582,138	313,896	9,896,034

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Group	Attributable to owners of the Company								Non-controlling interest RM'000	Total RM'000
	Non-distributable					Retained earnings* RM'000	Total RM'000			
	Share capital RM'000	Fair value reserve RM'000	Property revaluation reserve RM'000	Insurance finance reserve RM'000	Share-based reserve RM'000					
At 1 January 2022 - as previously reported	810,000	182,919	31,597	-	-	4,021,628	5,046,144	114,290	5,160,434	
Changes in accounting policies	-	44,761	133,839	(15,725)	-	3,615,707	3,778,582	133,538	3,912,120	
At 1 January 2022 - as restated	810,000	227,680	165,436	(15,725)	-	7,637,335	8,824,726	247,828	9,072,554	
Profit after tax for the period	-	-	-	-	-	323,760	323,760	19,437	343,197	
Other comprehensive income for the period	-	(401,421)	(130)	144,598	-	43	(256,910)	(2,947)	(259,857)	
Total comprehensive income for the period	-	(401,421)	(130)	144,598	-	323,803	66,850	16,490	83,340	
Share based compensation:										
- value of employee service	-	-	-	-	3,984	-	-	-	3,984	
- repayment to ultimate parent company	-	-	-	-	(3,984)	-	-	-	(3,984)	
Dividend paid	-	-	-	-	-	(534,000)	(534,000)	-	(534,000)	
At 30 June 2022	810,000	(173,741)	165,306	128,873	-	7,427,138	8,357,576	264,318	8,621,894	

\* Included in retained earnings is RM6,814 million (2022: RM5,666 million) which comprise surplus from the Life Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company.

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023**

<u>Company</u>	Non-distributable					Retained earnings*	Total
	Share capital	Fair value reserve	Property revaluation reserve	Insurance finance reserve	Share-based reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023 - as previously reported	810,000	(44,858)	31,964	-	-	4,245,744	5,042,850
Changes in accounting policies	-	44,608	136,731	74,956	-	3,560,441	3,816,736
At 1 January 2023 - as restated	810,000	(250)	168,695	74,956	-	7,806,185	8,859,586
Profit after tax for the period	-	-	-	-	-	723,899	723,899
Other comprehensive income for the period	-	207,457	(407)	(196,917)	-	(1)	(10,132)
Total comprehensive income for the period	-	207,457	(407)	(196,917)	-	723,898	734,031
Share based compensation:							
- value of employee services	-	-	-	-	4,809	-	4,809
- repayment to ultimate parent company	-	-	-	-	(4,809)	-	(4,809)
Dividend paid	-	-	-	-	-	(582,000)	(582,000)
At 30 June 2023	810,000	207,207	168,288	(121,961)	-	7,948,083	9,011,617

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
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<u>Company</u>	Non-distributable					Retained earnings*	Total
	Share capital	Fair value reserve	Property revaluation reserve	Insurance finance reserve	Share-based reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022 - as previously reported	810,000	188,560	31,597	-	-	4,000,185	5,030,342
Changes in accounting policies	-	33,159	133,839	(15,725)	-	3,258,962	3,410,235
At 1 January 2022 - as restated	810,000	221,719	165,436	(15,725)	-	7,259,147	8,440,577
Profit after tax for the period	-	-	-	-	-	288,919	288,919
Other comprehensive income for the period	-	(389,060)	(130)	144,713	-	43	(244,434)
Total comprehensive income for the period	-	(389,060)	(130)	144,713	-	288,962	44,485
Share based compensation:							
- value of employee services	-	-	-	-	3,984	-	3,984
- repayment to ultimate parent company	-	-	-	-	(3,984)	-	(3,984)
Dividend paid	-	-	-	-	-	(534,000)	(534,000)
At 30 June 2022	810,000	(167,341)	165,306	128,988	-	7,014,109	7,951,062

\* Included in retained earnings is RM6,814 million (2022: RM5,666 million) which comprise surplus from the Life Fund (net of deferred tax). This amount is only distributable to the shareholders upon the actual transfer of surplus from the Life Fund to the Shareholder's Fund as approved by the Appointed Actuary and Board of Directors of the Company.

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOW  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023**

	<u>6 months period ended 30.06.2023</u>	<u>Group 6 months period ended 30.06.2022 Restated</u>	<u>6 months period ended 30.06.2023</u>	<u>Company 6 months period ended 30.06.2022 Restated</u>
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit before taxation</b>	<b>990,625</b>	<b>458,759</b>	<b>876,897</b>	<b>374,317</b>
Tax expense attributable to policyholders	65,247	(194,422)	60,826	(180,830)
Rental, interest and dividend income	(1,209,354)	(1,162,719)	(1,185,253)	(1,100,809)
Realised losses/(gains)	1,008	27,561	(2,487)	8,785
Fair value (gains) / losses	(432,562)	3,015,009	(381,068)	2,814,352
(Reversal of) / allowance for impairment losses	(603)	7,486	(648)	6,353
Interest expense on lease liabilities	1,639	1,864	1,661	1,979
Depreciation				
- property, plant and equipment	13,253	14,490	12,983	14,140
- right of use assets	10,941	10,221	10,921	11,014
Amortisation				
- premium on investments	16,801	19,401	12,202	13,392
- intangible assets	19,002	19,951	16,614	17,869
Share of losses from associate	65	225	-	-
Write off of property, plant and equipment	-	310	-	310
Gains on sale of property, plant and equipment	(81)	(79)	(81)	-

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FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023**

	<b>Group</b>		<b>Company</b>	
	<b>6 months period ended 30.06.2023</b>	<b>6 months period ended 30.06.2022 Restated</b>	<b>6 months period ended 30.06.2023</b>	<b>6 months period ended 30.06.2022 Restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Changes in working capital:</b>				
Increase in FVOCI and FVTPL financial assets	(1,299,785)	(1,660,151)	(1,192,092)	(1,290,396)
Increase in insurance contract assets	(2,004)	(257)	-	-
Increase in reinsurance contract assets	(19,099)	(172,346)	(4,318)	(182,968)
Decrease/(increase) in other assets	52,639	(80,440)	50,537	(68,537)
Decrease in amortised cost financial assets	82,150	78,304	86,582	80,755
Decrease/(increase) in insurance contract liabilities	880,467	(1,552,586)	658,736	(1,622,767)
(Increase)/decrease in reinsurance contract liabilities	(118,369)	72,007	(118,369)	72,007
Decrease in other liabilities	357,246	399,876	438,940	331,141
Decrease in provisions	1,146	1,045	1,146	1,045
Cash used in operating activities	<u>(589,628)</u>	<u>(696,491)</u>	<u>(656,264)</u>	<u>(698,848)</u>
Income taxes paid	(133,715)	(151,236)	(125,523)	(135,052)
Rental income received	18,846	17,644	18,846	17,644
Interest income received	864,241	898,345	781,297	828,885
Interest paid	(1,637)	(1,862)	(1,668)	(1,979)
Dividend income received	297,370	234,377	305,319	262,314
<b>Net cash inflows from operating activities</b>	<u>455,477</u>	<u>300,777</u>	<u>322,007</u>	<u>272,964</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of intangible assets	(65,953)	(46,591)	(62,887)	(41,680)
Purchase of property, plant and equipment	(6,248)	(5,259)	(6,224)	(5,105)
Purchase of investment properties	(927)	(3,339)	(927)	(3,339)
Proceed from disposal of property, plant and equipment	554	109	554	29
Settlement of derivative instruments	34,008	14,754	34,008	14,754
<b>Net cash outflows from investing activities</b>	<u>(38,566)</u>	<u>(40,326)</u>	<u>(35,476)</u>	<u>(35,341)</u>

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOW  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023**

	<b>Group</b>		<b>Company</b>	
	<b>6 months period ended 30.06.2023</b>	<b>6 months period ended 30.06.2022 Restated</b>	<b>6 months period ended 30.06.2023</b>	<b>6 months period ended 30.06.2022 Restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment for lease liabilities	(10,795)	(9,634)	(10,850)	(10,538)
Dividends paid	(582,000)	(534,000)	(582,000)	(534,000)
<b>Net cash outflows from financing activities</b>	<b>(592,795)</b>	<b>(543,634)</b>	<b>(592,850)</b>	<b>(544,538)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(175,884)</b>	<b>(283,183)</b>	<b>(306,319)</b>	<b>(306,915)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>3,076,488</b>	<b>3,384,795</b>	<b>2,689,063</b>	<b>2,940,143</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>2,900,604</b>	<b>3,101,612</b>	<b>2,382,744</b>	<b>2,633,228</b>
<b><u>Cash and cash equivalents comprised:</u></b>				
Cash and bank balances	797,477	574,708	525,009	380,648
Fixed and call deposits with licensed financial institutions	2,103,127	2,526,904	1,857,735	2,252,580
	<b>2,900,604</b>	<b>3,101,612</b>	<b>2,382,744</b>	<b>2,633,228</b>

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

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## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023**

### **1 CORPORATE INFORMATION**

AIA Bhd. is engaged principally in the underwriting of life insurance business, including investment-linked business. The principal activities of the subsidiaries are engaged in the management of family takaful, including investment-linked business, underwriting of all classes of general insurance business, investment holding and managing private retirement scheme and asset management business. AIA Bhd. and its subsidiaries, being AIA General Berhad, AIA Public Takaful Bhd., AIA Health Service Sdn. Bhd. and AIA Pension and Asset Management Sdn. Bhd. (collectively refer to “the Group”).

There have been no significant changes in these activities during the period.

The Company is a public limited liability company, incorporated on 4 October 2007 under the Companies Act 2016 and the Financial Services Act, 2013 (“FSA”) and domiciled in Malaysia. The registered office and principal place of business of the Company are located at Level 29, Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur and Menara AIA, 99 Jalan Ampang, 50450 Kuala Lumpur respectively.

The immediate holding company of the Company is Orange Policy Sdn. Bhd. (“OPSB”), whose ultimate holding company is AIA Group Limited, a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong Limited.

The interim financial statements are authorised for issue by the Board of Directors on 18 August 2023.

### **2 Basis of preparation**

The condensed interim financial statements of the Group and the Company are prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting.

The Group and the Company have adopted the MFRS framework issued by the Malaysian Accounting Standards Board (“MASB”) and Revised Guidelines on Financial Reporting for Insurers issued by Bank Negara Malaysia (“BNM”).

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

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Group and the Company for the interim condensed consolidated financial statements are consistent with those adopted by the Group’s consolidated audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following.



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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Changes in accounting policies and effects arising from adoption of revised MFRS**

**(a) Standards, amendments to published standards and interpretations to existing standards that are effective and relevant to the Group's financial year ending 31 December 2023**

- (i) The following accounting standards, amendments and interpretations are effective for the financial year ending 31 December 2023:
- MFRS 9, Financial Instruments
  - MFRS 17, Insurance Contracts
  - Amendments to MFRS 17 Insurance Contracts
  - Amendment to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Accounting policies and additional information on the qualitative and quantitative effects of the adoption of the new and revised accounting standards on the Group's interim condensed consolidated financial statements are provided in note 3.2 – 3.3 and 20.

- (ii) The following relevant new amendments to standards have been adopted for the first time for the financial year ending 31 December 2023 and have no material impact to the Group:
- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on disclosure of accounting policies and definition of accounting estimates
  - Amendments to MFRS 112 on "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
  - Amendments to MFRS 112 on International Tax Reform - Pillar Two Model Rules

**(b) Standards, amendments to published standards and interpretations to existing standards that are relevant to the Group but are not effective for the financial year ended 31 December 2023 and have not been early adopted.**

The Group will apply the new standards, amendments to standards and interpretations in the following period and not expected to have a material impact on the financial position or results.

- Amendments to MFRS 101 "Classification of liabilities as current or non-current" ('2020 amendments') and "Non-current Liabilities with Covenants" ('2022 amendments');
- Amendments to MFRS 16, Lease Liability in a Sale and Leaseback.
- Amendments to MFRS 107 "Statement of Cash Flows" and MFRS 7 "Financial Instruments: Disclosures"

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Changes in accounting policies and effects arising from adoption of revised MFRS (continued)**

The preparation of the interim condensed consolidated financial statements in conformity with MFRS 134 requires management to make judgement on estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with MFRS.

**3.2 Insurance contracts and reinsurance contracts held**

Consistent accounting policies for the measurement and recognition of insurance, reinsurance and investment contracts have been adopted throughout the Group. The Group has elected an accounting policy where the estimates made in previous interim financial statements are not changed when applying MFRS 17 in subsequent interim periods or in the annual reporting period.

**3.2.1 Insurance contracts and reinsurance contracts held classification**

The Group classifies its contracts written as either insurance contracts or investment contracts, depending on the level of insurance risk. Contracts under which the Group transfers significant insurance risk are classified as insurance contracts, while those contracts which have the legal form of insurance contracts but do not transfer significant insurance risk are classified as financial liabilities and are referred to as 'investment contracts'.

In the event that a scenario (other than those lacking commercial substance) exists in which an insured event would require the Group to pay significant additional benefits to its customers and has a possibility of incurring a loss on a present value basis, the contract is considered as transferring significant insurance risk and is accounted for as an insurance contract. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance contracts and reinsurance contracts held can also expose the Group to financial risk. For investment contracts that do not contain DPF, MFRS 9, Financial Instruments, and, if the contract includes an investment management element, MFRS 15, Revenue from Contracts with Customers, are applied. Once a contract has been classified as an insurance, reinsurance or investment contract, reclassification is not subsequently performed unless the terms of the agreement are later amended.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.1 Insurance contracts and reinsurance contracts held classification (continued)

Certain contracts with DPF supplement the amount of guaranteed benefits due to policyholders. These contracts are distinct from other insurance and investment contracts as the Group has discretion in the amount and/or timing of the benefits declared, and how such benefits are allocated between groups of policyholders. Policyholders may be entitled to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are expected to be a significant portion of the total contractual benefits;
- the timing or amount of which are contractually at the discretion of the Group; and
- that are contractually based on:
  - the returns on a specified pool of contracts or a specified type of contract;
  - realised and/or unrealised investment returns on a specified pool of assets held by the Group; or
  - the profit or loss of the Group, fund or other entity that issues the contract.

Approximately 90% of surpluses in the DPF funds must be distributed to the policyholders as a group in accordance with the relevant terms under the FSA. The Group has the discretion over the amount and timing of the distribution of these surpluses to policyholders.

3.2.2 Separating components from insurance contracts and reinsurance contracts held

At inception, the Group separates the following components from an insurance contract or a reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance contract or a reinsurance contract held as a stand-alone instrument; and
- distinct investment components — i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Group separates any promises to transfer distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Group provides a significant service of integrating the good or service with the insurance component.

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## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 Insurance contracts and reinsurance contracts held (continued)**

##### **3.2.3 Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held**

###### Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into semi-annual cohorts and each semi-annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the portfolio.

##### **3.2.3 Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held (continued)**

###### Insurance contracts (continued)

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

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

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

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### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 Insurance contracts and reinsurance contracts held (continued)**

##### **3.2.3 Level of aggregation and recognition of group of insurance contracts and reinsurance contracts held (continued)**

###### Reinsurance contracts held

Reinsurance contracts held by the Group cover underlying insurance contracts.

A group of reinsurance contracts held is recognised on the following dates:

- Reinsurance contracts held that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised.
- Other reinsurance contracts held: The beginning of the coverage period of the group of reinsurance contracts held. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract held was entered into on or before that earlier date, then the group of reinsurance contracts held is recognised on that earlier date.
- Reinsurance contracts acquired: The date of acquisition.

##### **3.2.4 Fulfilment cash flows and contract boundaries**

###### **Fulfilment cash flows**

Fulfilment cash flows comprise:

- Estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

Further details of the related methodology and assumptions in respect of estimation of fulfilment cash flows are provided in note 17.

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### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 Insurance contracts and reinsurance contracts held (continued)**

##### **3.2.4 Fulfilment cash flows and contract boundaries (continued)**

###### **Contract boundaries**

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

###### Insurance contracts

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group 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 for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

###### Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

At each reporting date, the contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

**3.2.5 Insurance acquisition cash flows**

Insurance acquisition cash flows are allocated to groups of contracts using a systematic and rational allocation method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Insurance acquisition cash flows arising before the recognition of the related groups of contracts are recognised as an asset. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the related groups of contracts.

When the Group acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at the fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

**Recoverability assessment**

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

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

The Group recognises any reversal of impairment losses in profit or loss when the impairment conditions no longer exist or have improved.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

**3.2.6 Measurement – insurance contracts not measured under premium allocation approach (“PAA”)**

**3.2.6.1 Initial measurement**

On initial recognition, the Group measures a group of contracts as the total of: (a) the fulfilment cash flows, which comprise estimates of future cash flows, an adjustment to reflect time value of money and associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin (CSM).

The measurement of the fulfilment cash flows of a group of contracts does not reflect the Group's non-performance risk.

The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of contracts, if the total of the fulfilment cash flows, any cash flows arising at that date and any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflows, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups and are excluded from insurance revenue.



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### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 Insurance contracts and reinsurance contracts held (continued)**

##### 3.2.6 Measurement – insurance contracts not measured under PAA (continued)

###### 3.2.6.1 Initial measurement (continued)

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

###### 3.2.6.2 Subsequent measurement

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

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

- Changes relating to future services are adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous);
- Changes relating to current or past services are recognised in the insurance service result in profit or loss;
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows are recognised as insurance finance income or expenses.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.6 Measurement – insurance contracts not measured under PAA (continued)

3.2.6.2 Subsequent measurement (continued)

The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted mainly for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised in insurance service expenses and recognised as a loss component in LRC ; or
  - any decreases in the fulfilment cash flows adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM; and
- the amount recognised as insurance revenue for service provided in the period.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.6 Measurement – insurance contracts not measured under PAA (continued)

3.3.6.2 Subsequent measurement (continued)

Insurance contracts without direct participation features (continued)

Changes in fulfilment cash flows that relate to future services mainly comprise:

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the LRC, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the period, determined as the payment expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the period;
- differences between (a) any loan to a policyholder expected to become repayable in the period, determined as the repayment expected at the start of the period plus any insurance finance income or expenses related to that expected repayment before it becomes repayable; and (b) the actual amount that becomes repayable in the period; and
- changes in the risk adjustment for non-financial risk that relate to future services.

To determine how to identify a change in discretionary cash flows, the basis is generally determined at inception of the contract. Changes in cash flows arising from the Group's discretion are regarded as relating to future services and accordingly adjust the CSM, these cash flows are determined based on the relevant contract terms, dividend and bonus philosophy.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.6 Measurement – insurance contracts not measured under PAA (continued)

3.2.6.2 Subsequent measurement (continued)

Insurance contracts with direct participation features

Contracts with direct participation features are contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Group provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage. When measuring a group of contracts with direct participation features, the Group adjusts the fulfilment cash flows for the changes in the obligation to pay policyholders an amount equal to the policyholder's share of the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted mainly for:
  - the CSM of any new contracts that are added to the group in the period;
  - the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
    - a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM. The excess is recognised in insurance service expenses and recognised as a loss component in LRC; or
    - an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future service, which adjust the loss component in the LRC and the corresponding amount is recognised in insurance service expenses. If the loss component is reduced to zero, the excess reinstates the CSM; and
  - the amount recognised as insurance revenue for service provided in the period.

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### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 Insurance contracts and reinsurance contracts held (continued)**

##### 3.2.6 Measurement – insurance contracts not measured under PAA (continued)

##### 3.2.6.2 Subsequent measurement (continued)

###### Insurance contracts with direct participation features (continued)

Changes in fulfilment cash flows not varying based on the return on underlying items that relate to future services include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items — e.g. the effect of financial guarantees.

##### 3.2.7 Measurement – insurance contracts measured under the PAA

The Group generally uses the PAA to simplify the measurement of groups of contracts in the following circumstances:

- insurance contracts and reinsurance contracts held where the coverage period of each contract in the group of contracts is one year or less; or
- the Group reasonably expects that the resulting measurement of the LRC would not differ materially from the result of applying the accounting policies of contracts not measured under PAA.

##### 3.2.7.1 Initial measurement

On initial recognition of each group of contracts, the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for amounts arising from the derecognition of any assets or liabilities previously recognizes for cash flows related to the group. The Group has elected the accounting policy choice to defer insurance acquisition cash flows through the LRC.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.7 Measurement – insurance contracts measured under the PAA (continued)

3.2.7.2 Subsequent measurement

Subsequently, the carrying amount of the LRC is increased by (i) any premiums received; and (ii) any amortisation of the insurance acquisition cash flows, and decreased by (i) insurance acquisition cash flows paid; (ii) the amount recognised as insurance revenue for coverage provided; and (iii) any investment component paid or transferred to the liability of incurred claims. On initial recognition of each group of contracts, the Group expects that the time gap between providing each part of the coverage and the related premium due date is not significant. Accordingly, the Group has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the LRC. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the LIC is also adjusted for the time value of money and the effect of financial risk.

The Group recognises the LIC of a group of Insurance contracts for the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted (at current rates) unless the cash flows are expected to be paid in one year or less from the date the claims are incurred.

3.2.8 Reinsurance contracts held

For groups of reinsurance contracts held, the Group applies the same accounting policies as that applied to insurance contracts without direct participation features, with the following modifications.

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

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

**3.2.8 Reinsurance contracts held (continued)**

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

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) the amount arising from assets or liabilities previously recognised for cash flows related to the group, before the group is recognised, (c) cash flows arising from the contracts in the group at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the reinsurance, then the Group recognizes the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the reporting period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates determined on initial recognition that are applied to nominal cash flows;
- income recognised in profit or loss in respect of a loss recognised for onerous underlying contracts to that group. A loss-recovery component is established or adjusted in the remaining coverage of reinsurance contracts held for the amount of income recognised;
- reversals of a loss-recovery to the extent that they are not changes in the fulfilment cash flows of the group;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless the changes result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component; and
- the amount recognised in profit or loss for the services received in the period.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.8 Reinsurance contracts held (continued)

Reinsurance of onerous underlying insurance contracts

The Group adjusts the CSM of the group to which a reinsurance contract held belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts held.

For reinsurance contracts acquired in a transfer of contracts or a business combination covering onerous underlying contracts, the adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts at the date of acquisition; and
- the percentage of claims on the underlying contracts that the Group expects at the date of acquisition to recover from the reinsurance contracts held.

For reinsurance contracts acquired in a business combination, the adjustment to the CSM reduces goodwill or increases a gain on a bargain purchase.

If the reinsurance contract held covers only some of the insurance contracts included in an onerous group of contracts, then the Group uses a systematic and rational method to determine a portion of losses on the onerous group of contracts containing the insurance contracts covered by the reinsurance contract held.

A loss-recovery component is established or adjusted in the remaining coverage of reinsurance contracts held, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.

Reinsurance contracts held measured under PAA

The Group applies the same accounting policies to measure a group of reinsurance contracts held. If a loss-recovery component is established for a group of reinsurance contracts held measured under the PAA, the Group adjusts the carrying amount of the asset instead of adjusting the CSM.



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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

**3.2.9 Transition approaches**

The Group adopts both the modified retrospective approach and the fair value approach when it is impracticable to use a fully retrospective approach in determining transition amounts at the MFRS 17 transition date.

Contracts measured under the modified retrospective approach

The objective of this approach was to achieve the closest outcome to retrospective application using reasonable and supportable information available without undue cost and effort. The Group applied each of the following modifications only to the extent that it did not have reasonable and supportable information to apply MFRS 17 retrospectively.

*Contracts without direct participation features*

For relevant groups of contracts without direct participation features,

- The future cash flows on initial recognition were estimated by adjusting the cash flows that were known to have occurred.
- For some groups of contracts, the risk adjustment for non-financial risk on initial recognition was determined by adjusting the amount at 1 January 2022 for the expected release of risk before 1 January 2022. The expected release of risk was determined with reference to the release of risk for similar insurance contracts that the Group issued at 1 January 2022.
- When any of these modifications was used to determine the CSM (or the loss component) at initial recognition:
  - the amount of the CSM recognised in profit or loss before 1 January 2022 was determined by comparing the remaining coverage units at 1 January 2022 with the coverage units provided under the group of contracts before that date; and
  - the amount allocated to the loss component before 1 January 2022 determined using the proportion of the loss component relative to the total estimate of the present value of the future cash outflows and the risk adjustment for non-financial risk on initial recognition.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.9 Transition approaches (continued)

Contracts measured under the modified retrospective approach (continued)

*Contracts with direct participation features*

For relevant groups of contracts with direct participation features.

- The Group determined the CSM (or the loss component) at 1 January 2022 by calculating a proxy for the total CSM for all services to be provided under the group that equal to the fair value of the underlying items at 1 January 2022 minus the fulfilment cash flows at 1 January 2022, adjusted for:
  - amounts charged to policyholders (including charges deducted from the underlying items) before 1 January 2022;
  - amounts paid before 1 January 2022 that would not have varied based on the underlying items;
  - the change in the risk adjustment for non-financial risk caused by the release from risk before 1 January 2022, which was estimated based on an analysis of similar contracts that the Group issued at 1 January 2022; and
  - insurance acquisition cash flows arising before 1 January 2022 that were allocated to the group.
- If the calculation resulted in a CSM, then the Group measured the CSM at 1 January 2022 by deducting the CSM related to services provided before 1 January 2022. The CSM related to services provided before 1 January 2022 was determined by comparing the coverage units at 1 January 2022 with the coverage units provided under the group of contracts before that date.
- If the calculation resulted in a loss component, then the Group adjusted the loss component to zero and increased the LRC excluding the loss component by the same amount at 1 January 2022.
- The amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 was determined to be equal to the cumulative amount recognised in the other comprehensive income on the underlying items.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.9 Transition approaches (continued)

Contracts measured under the fair value approach

For the groups of contracts that measured under the fair value approach, the Group determined the CSM or loss component of the LRC at 1 January 2022 as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.

The fair value of groups of contracts is primarily determined by using present value technique from the perspective of a market participant with considerations of the followings:

- estimate of future cash flows that a market participant would expect to incur or receive in fulfilling the liabilities;
- time value of money, represented by the risk-free interest rate plus a spread based on the characteristic of the liabilities;
- premiums that a market participant would require for bearing uncertainty inherent in the cash flows in relation to non-financial risks and compensation that a market participant would require to assume the obligations;
- the non-performance risk relating to that liabilities;
- other factors that a market participant would take into account in the circumstances.

To the extent possible, the Group maximised the use of relevant market data and information of market transactions. For the unobservable inputs, the Group used the best information available in the circumstances, which might include the entity's own data.

For all contracts measured under the fair value approach, the Group used reasonable and supportable information available at 1 January 2022 to determine:

- how to identify groups of contracts;
- whether a contract meets the definition of a contract with or without direct participation features; and
- how to identify discretionary cash flows for contracts without direct participation features.

For contracts acquired in a transfer of contracts or a business combination before 2022, the Group classified liabilities for settlement of claims as liabilities for incurred claims, even though the claims might have been incurred before the contracts were acquired.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.9 Transition approaches (continued)

Contracts measured under the fair value approach (continued)

Some groups of contracts measured under the fair value approach contain contracts issued more than one year apart, the discount rates on initial recognition were determined at 1 January 2022 instead of at the date of initial recognition.

For some groups of reinsurance contracts held covering onerous underlying contracts, the Group established a loss-recovery component at 1 January 2022. The Group determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and
- the percentage of claims on the underlying contracts that the Group expected to recover from the reinsurance contracts held.

For some groups of contracts,

- the discount rates at 1 January 2022 was used instead of the discount rates on initial recognition and incurred claims;
- the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 was determined to be zero for contracts without direct participating features and to be equal to the cumulative amount recognised in the other comprehensive income on the underlying items for direct participating contracts.

**Insurance acquisition cash flows – Fair value approach**

The Group measured an asset for insurance acquisition cash flows under the fair value approach at an amount equal to the insurance acquisition cash flows that it would incur at 1 January 2022 for the rights to obtain:

- recoveries of insurance acquisition cash flows from premiums of contracts issued before 1 January 2022 but not yet recognised at that date, and future contracts that are renewals of such contracts;
- future contracts that are renewals of contracts recognised at 1 January 2022; and
- other future contracts after 1 January 2022 without paying again insurance acquisition cash flows that the Group has already paid.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.10 Derecognition and contract modification

The Group derecognises a contract when it is extinguished — i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On the derecognition of a contract in a group of contracts not measured under PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows that relate to future service, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group.

If a contract is derecognised because it is transferred to third party, then the CSM is also adjusted for the premium charged by the third party, unless the contract is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the issuer received the premium that it would have charged less any additional premium charged for the modification.

3.2.11 Presentation

Portfolios of insurance contracts and reinsurance contracts held in an asset position are presented separately from those in a liability position. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.11 Presentation (continued)

The Group disaggregates amounts recognised in the income statement and the statement of comprehensive income into (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

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

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

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

3.2.11.1 Insurance revenue — insurance contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations — i.e. as it provides services under groups of contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the LRC that relate to services for which the Group expects to receive consideration, excludes expected investment components and mainly comprises the following items.

- A release of the CSM, measured based on coverage units provided;
- Changes in the risk adjustment for non-financial risk relating to current services;
- Claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the period; and
- Other amounts, including experience adjustments for premium receipts for current or past services and amounts related to incurred policyholder tax expenses.

For insurance acquisition cash flows recovery, the Group allocates a portion of premiums related to the recovery in a systematic way based on the passage of time over the expected coverage of a group of contracts. The allocated amount is recognised as insurance revenue with the same amount recognised as insurance service expenses.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.11 Presentation (continued)

3.2.11.2 Release of the CSM — insurance contracts not measured under the PAA

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the reporting period (before any allocation) equally to each coverage unit provided in the current period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the current period. The number of coverage units is the quantity of services provided by the contracts in the group, determined considering for each contract the quantity of benefits provided and its expected coverage period.

3.2.11.3 Insurance revenue — insurance contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium for providing services in the period. The Group allocates the expected premium to each period on the following bases:

- the passage of time; or
- the expected timing of incurred insurance service expenses, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time.

3.2.11.4 Loss components — insurance contracts not measured under the PAA

For contracts not measured under the PAA, the Group establishes a loss component of the LRC for onerous groups of contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the LRC excluding the loss component on a systematic basis.

Changes in estimates of fulfilment cash flows relating to future services and changes in the Group's share of the fair value of underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates or reinstates the CSM for the group of contracts.

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### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 Insurance contracts and reinsurance contracts held (continued)**

##### 3.2.11 Presentation (continued)

##### 3.2.11.5 Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and mainly comprise the following items:

- Incurred claims and other insurance service expenses;
- Amortisation of insurance acquisition cash flows: for contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

##### 3.2.11.6 Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises a portion of ceding premiums as reinsurance expenses within net expenses from reinsurance contracts held for the coverage or other services received by the Group under groups of reinsurance contracts held. For contracts not measured under the PAA, the allocated ceding premiums, being the total of the changes in the asset for remaining coverage, represent the amount of which the Group expects to pay for the coverage or other services received under groups of reinsurance contracts held.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.



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### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.2 Insurance contracts and reinsurance contracts held (continued)**

##### 3.2.11 Presentation (continued)

##### 3.2.11.6 Net expenses from reinsurance contracts held (continued)

For a group of reinsurance contracts held covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract held covering those contracts is entered into before or at the same time as those contracts are entered into; and
- for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

##### 3.2.11.7 Insurance finance income or expenses

Insurance finance income or expenses comprise changes in the carrying amounts of groups of insurance contracts and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein. This includes changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

For certain portfolios, the Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined as follows:

- Contracts for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders: for insurance finance income or expenses arising from the estimates of future cash flows, using either a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield) or an allocation that is based on the amounts credited in the period and expected to be credited in future period; and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts. This selection of the rate applied is based on the characteristics of contracts.
- Contracts for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholders: the discount rates determined on initial recognition of the group of contracts.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Insurance contracts and reinsurance contracts held (continued)**

3.2.11 Presentation (continued)

3.2.11.7 Insurance finance income or expenses (continued)

Amounts presented in other comprehensive income are accumulated in the insurance finance reserve. If the Group derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated other comprehensive income for the contract are reclassified to profit or loss.

The Group presents insurance finance income or expenses for all other contracts in profit or loss.

**3.3 Financial instruments**

**3.3.1 Classification of and designation of financial instruments**

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified at the beginning of the reporting period during which the business model has changed following the change in business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Financial instruments (continued)**

**3.3.1 Classification of and designation of financial instruments**

On initial recognition of an equity security that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss comprise two categories:

- financial assets or liabilities mandatorily classified as at fair value through profit or loss; and
- financial assets or liabilities designated at fair value through profit or loss upon initial recognition.

Management designates financial assets and liabilities at fair value through profit or loss if this eliminates a measurement or recognition inconsistency or if the liabilities are actively managed on a fair value basis, including among others debt securities held in participating funds and other participating business with distinct portfolios.

Dividend income from equity instruments measured at fair value through profit or loss is recognised in other investment revenue in the consolidated income statement, generally when the security becomes ex-dividend. Interest revenue is recognised on an accrued basis. For all financial assets and liabilities measured at fair value through profit or loss, changes in fair value are recognised in profit or loss as part of net investment result.

Transaction costs in respect of financial assets and liabilities at fair value through profit or loss are expensed as they are incurred.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Financial instruments (continued)**

**3.3.1 Classification of and designation of financial instruments (continued)**

Financial assets at fair value through other comprehensive income

These principally consist of the Group's debt securities (other than those backing participating funds and unit-linked contracts). These financial assets are initially recognised at fair value plus attributable transaction costs and are subsequently measured at fair value. The difference between their cost and par value is amortised. Interest revenue is recognised in investment return in the consolidated income statement using the effective interest method.

Unrealised gains and losses on securities are analysed between differences resulting from foreign currency translation, and other fair value changes. Foreign currency translation differences are calculated as if they were carried at amortised cost and so are recognised in the consolidated income statement as other investment return. For impairments, reference is made to the section "Impairment of financial assets".

Changes in the fair value of securities, except for impairment losses and relevant foreign exchange gains and losses, are recognised in other comprehensive income. Impairment losses and relevant foreign exchange gains and losses are recognised in the consolidated income statement.

Realised gains and losses on financial assets

Realised gains and losses on financial assets measured at fair value through profit or loss excludes any interest revenue or dividend income.

Realised gains and losses on financial assets measured at fair value through other comprehensive income are determined as the difference between the sale proceeds and its original cost or amortised cost as appropriate. Amortised cost is determined by specific identification.

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## **NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.3 Financial instruments (continued)**

##### **3.3.1 Classification of and designation of financial instruments (continued)**

###### Recognition of financial instruments

Purchases and sales of financial instruments are recognised on the trade date, which is the date at which the Group commits to purchase or sell the assets.

###### Derecognition, contract modification and offset

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it derecognises the financial asset if it no longer has control over the asset. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which the Group is exposed to changes in the fair value of the asset.

Financial liabilities are generally derecognised when their contractual obligations expire or are discharged or cancelled.

If the terms of a financial instrument are modified, then the Group evaluates whether the cash flows of the modified financial instrument are substantially different. If the cash flows are substantially different, in which case, a new financial instrument based on the modified terms is recognised at fair value. If a financial instrument measured at amortised cost is modified but not substantially, then it is not derecognised.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

###### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments held for cash management purposes, which have maturities at acquisition of three months or less, or are convertible into known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents also include cash received as collateral for derivative transactions, and repo and reverse repo transactions, as well as cash and cash equivalents held for the benefit of policyholders in connection with unit-linked products. Cash and cash equivalents that are not mandatorily measured at fair value through profit or loss are measured at amortised cost using the effective interest method.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Financial instruments (continued)**

**3.3.1 Classification of and designation of financial instruments (continued)**

Financial assets measured at amortised cost

Other than cash and cash equivalents, financial assets measured at amortised cost primarily include debt securities, loans and deposits, and receivables. These financial assets are initially recognised at fair value plus transaction costs. Subsequently, they are carried at amortised cost using the effective interest method less any impairment losses. Interest revenue from debt securities at measured at amortised cost is recognised in investment return in the consolidated income statement using the effective interest method.

**3.3.2 Fair values of non-derivative financial instruments**

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, having regard to the specific characteristics of the asset or liability concerned, assuming that the transfer takes place in the most advantageous market to which the Group has access. The fair values of financial instruments traded in active markets (such as financial instruments at fair value through profit or loss and fair value through other comprehensive income) are based on quoted market prices at the date of the consolidated statement of financial position. The quoted market price used for financial assets held by the Group is the current bid price, which is considered to be the price within the bid-ask spread that is most representative of the fair value in the circumstances. The fair values of financial instruments that are not traded in active markets are determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions at the date of each consolidated statement of financial position. The objective of using a valuation technique is to estimate the price at which an orderly transaction would take place between market participants at the date of the consolidated statement of financial position.

Financial instruments carried at fair value are measured using a fair value hierarchy described in note 16.

**3.3.3 Impairment of financial assets**

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost and debt securities measured at fair value through other comprehensive income. Loss allowances are measured at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- financial assets that are determined to have low credit risk at reporting date; and
- financial assets (other than trade receivables or lease receivables) for which credit risk has not increased significantly since initial recognition.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Financial instruments (continued)**

**3.3.3 Impairment of financial assets (continued)**

Loss allowances for other receivables and lease receivables are always measured at an amount equal to lifetime ECL. Lifetime ECL are the ECL that result from possible default events over the expected life of the financial instrument, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses and are measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive; and
- other financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

Loss allowances for ECL of financial assets measured at amortised cost are deducted from the gross carrying amount the assets, and loss allowance for debt securities measured at fair value through other comprehensive income are recognised in other comprehensive income and do not reduce the carrying amount of the financial assets in the statement of financial position.

The gross carrying amount of financial assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**3.3.4 Derivative financial instruments**

Derivative financial instruments primarily include foreign exchange contracts and interest rate swaps that derive their value mainly from underlying foreign exchange rates and interest rates. All derivatives are initially recognised in the consolidated statement of financial position at their fair value, which represents their cost excluding transaction costs, which are expensed, giving rise to a day one loss. They are subsequently remeasured at their fair value, with movements in this value recognised in profit or loss. Fair values are obtained from quoted market prices or, if these are not available, by using valuation techniques such as discounted cash flow models or option pricing models. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Financial instruments (continued)**

**3.3.4 Derivative financial instruments (continued)**

**Embedded derivatives**

Embedded derivatives are derivatives embedded within other non-derivative host financial instruments to create hybrid instruments. Where the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host instrument that is not a financial asset within the scope of MFRS 9, and where the hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss, the embedded derivative is bifurcated and carried at fair value as a derivative in accordance with MFRS 9.

**3.4 Critical accounting estimates and judgements in applying accounting policies**

In the preparation of the interim condensed consolidated financial statements, management has made judgements and estimates in applying accounting policies in respect of the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the judgements made by management that have the most significant effect on the amounts recognised in the interim condensed consolidated financial statements:

**3.4.1 Level of aggregation and recognition of group of insurance contracts**

For contracts issued to which the Group does not apply the premium allocation approach, the judgements exercised in determining whether contracts are onerous on initial recognition or those that have no significant possibility of becoming onerous subsequently are:

- based on the likelihood of changes in assumptions which, if they occurred, would result in the contracts becoming onerous; and
- using information about profitability estimation for the relevant group of products.

The accounting policy on level of aggregation and recognition of group of insurance contracts is described in note 3.2.3.



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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Critical accounting estimates and judgements in applying accounting policies (continued)**

**3.4.2 Measurement of insurance contracts not measured under the premium allocation approach**

The asset or liability for groups of insurance contracts is measured as the total of fulfilment cash flows and CSM.

The fulfilment cash flows of insurance contracts represent the present value of estimated future cash outflows, less the present value of estimated future cash inflows and adjusted for a provision for the risk adjustment for non-financial risk. The assumptions used and the techniques for estimating fulfilment cash flows and risk adjustments for non-financial risk are based on actual experience and policy form. The Group exercises significant judgement in making appropriate assumptions and techniques.

CSM represents the unearned profits that the Group will recognise as it provides services under the insurance contracts in a group. The amounts of CSM recognised in profit or loss are determined by identifying the coverage units in the group, allocating the CSM at the end of period equally to each coverage unit provided in the current period and expected to be provided in the future. The number of coverage units in a group is the quantity of the services provided by the contracts in the group, determined by considering for each contract the quantity of the services provided under a contract and its expected coverage duration. The Group exercises judgements in determining the quantity of the services provided under a contract which will affect the amounts recognised in the consolidated financial statements as insurance revenue from insurance contracts issued.

The judgements exercised in the valuation of insurance contracts affect the amounts recognised in the consolidated financial statements as assets or liabilities of insurance contracts. Further details of the related accounting policies are provided in notes 3.2.6.

**3.4.3 Determination of coverage unit**

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage duration and time value of money.

The quantity of services provided by insurance contracts could include insurance coverage, investment-return service and investment-related service, as applicable. In assessing the services provided by insurance contracts, the terms and benefit features of the contracts are considered.

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### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.4 Critical accounting estimates and judgements in applying accounting policies (continued)**

##### **3.4.3 Determination of coverage unit (continued)**

For contracts providing predominately insurance coverage, the quantity of services is determined for the contract as a whole based on the expected maximum benefits less investment component. For contracts providing multiple services, the quantity of services is determined based on the benefits provided to policyholder for each service with the relative weighting considered in the calculation through the use of factors. Relevant elements are considered in determining the quantity of service including among others, benefit payments and premiums. The Group applies judgement in these determinations.

Expected coverage duration is derived based on the likelihood of an insured event occurring to the extent they affect the expected duration of contracts in the group. Determining the expected coverage duration is judgemental since it involves making an expectation of when claims and lapse will occur.

##### **3.4.4 Transition to MFRS 17**

The Group applied MFRS 17 for annual reporting period beginning on 1 January 2023. The Group has determined that it was impracticable to apply the full retrospective approach for some groups of contracts because certain historical information was not available or was not available without undue cost and effort that would enable it to be used under this approach. Therefore, the Group applied the modified retrospective or fair value approaches for these groups of contracts. The Group exercises judgements in determining the transition approaches, applying the transition methods and measuring the transition impacts on the transition date, which will affect the amounts recognised in the consolidated financial statements on the transition date. Further details of the related accounting policies and information on the date of initial application are provided in notes 3.2.9 and 19.

##### **3.4.5 Valuation of investment properties and properties held for own use**

The Group uses independent professional valuers to determine the fair value of properties on the basis of highest and best use of the properties that is physically possible, legally permissible and financially feasible. In most cases, current use of the properties are considered to be its highest and best use. Different valuation approaches may be adopted to reach the fair value of a property. Under the market data approach, records of recent sales and offerings of similar properties are analysed and comparisons are made for factors such as size, location, quality and prospective use.

For investment properties, the discounted cash flow approach is used by reference to net rental income allowing for reversionary income potential to estimate the fair value of the properties. In some occasions, the cost approach is used as well to calculate the fair value which reflects the cost that would be required to replace the service capacity of the property.

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**4 SEASONALITY OR CYCLICALITY**

The business operations of the Group and of the Company were not significantly affected by seasonality or cyclical factors during the interim financial period.

**5 UNUSUAL ITEMS**

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

**6 CHANGES IN ESTIMATES**

There were no material changes in the basis used for the accounting estimates for the current financial period ended 30 June 2023.

**7 ISSUES, REPURCHASES AND REPAYMENTS OF DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase and repayment of debt and equity securities during the current financial period ended 30 June 2022.

**8 DIVIDEND**

The members had, on 15 June 2023, approved a final dividend for the financial year ended 31 December 2022 as follows:

In respect of the financial year ended 31 December 2022:

	RM'000
Final single-tier dividend of RM3.0335 per ordinary share on 191,859,543 ordinary shares, payable on 16 Jun 2023, 13 July 2023 and 16 August 2023	582,000

**9 CHANGES IN THE COMPOSITION OF THE GROUP**

There was no change in the composition of the Group and the Company during the period under review.

**10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD**

There were no material events subsequent to the end of the period under review that has not been reported in the interim financial statements for the current financial period to date, except for the Board has approved to pay a final dividend of RM 582 million or RM3.0335 per ordinary share on 191,859,543 ordinary shares for the financial year ended 31 December 2022. The payment of the final dividend was completed on 16 August 2023.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
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**11 INSURANCE REVENUE**

	<u>Group</u>		<u>Company</u>	
	<u>30.06.2023</u>	<u>30.06.2022</u>	<u>30.06.2023</u>	<u>30.06.2022</u>
	RM'000	RM'000	RM'000	RM'000
<b>Contracts not measured under the PAA</b>				
Amounts related to changes in liabilities for remaining coverage				
Contractual service margin recognised for services provided	702,586	683,211	567,664	506,234
Change in risk adjustment for non-financial risk for risk expired	29,240	31,989	22,829	26,543
Expected incurred claims and other insurance service expenses	1,788,272	1,700,091	1,486,342	1,420,519
Others	60,135	24,542	60,224	44,418
Recovery of insurance acquisition cash flows	211,665	128,577	126,178	101,237
	<u>2,791,898</u>	<u>2,568,410</u>	<u>2,263,237</u>	<u>2,098,951</u>
<b>Contracts measured under the PAA</b>	745,259	701,165	666,202	627,989
<b>Total insurance revenue</b>	<u><u>3,537,157</u></u>	<u><u>3,269,575</u></u>	<u><u>2,929,439</u></u>	<u><u>2,726,940</u></u>

**12 INSURANCE SERVICE EXPENSES**

	<u>Group</u>		<u>Company</u>	
	<u>30.06.2023</u>	<u>30.06.2022</u>	<u>30.06.2023</u>	<u>30.06.2022</u>
	RM'000	RM'000	RM'000	RM'000
Incurring claims and other insurance service expenses	2,703,782	2,165,004	2,304,730	2,013,604
Amortisation of insurance acquisition cash flows	296,096	210,181	191,121	166,093
Losses and reversal of losses on onerous contract	14,362	8,854	5,714	3,853
Adjustments to liabilities for incurred claims	(268,176)	(209,272)	(249,142)	(306,487)
<b>Total insurance service expenses</b>	<u><u>2,746,064</u></u>	<u><u>2,174,767</u></u>	<u><u>2,252,423</u></u>	<u><u>1,877,063</u></u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
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**13 NET INVESTMENT RESULT**

**A. Net investment income in profit or loss**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Investment return</b>				
Interest revenue on financial assets	876,741	831,695	846,899	806,707
Other investment revenue	774,463	(2,837,617)	724,465	(2,636,807)
Net impairment movement on financial assets	906	(6,830)	648	(6,353)
<b>Total investment return</b>	<b>1,652,110</b>	<b>(2,012,752)</b>	<b>1,572,012</b>	<b>(1,836,453)</b>
<b>Net finance expenses from insurance contracts</b>				
Changes in fair value of underlying items of contracts with direct participation features	(1,331,405)	1,799,746	(1,261,905)	1,663,964
Interest accreted	(297,359)	(275,100)	(293,188)	(272,393)
Effect of changes in interest rates and other financial assumptions	302,988	(123,809)	287,941	(48,875)
Effect of measuring changes in estimates at current rates and adjusting the CSM at the rates on initial recognition	16,600	49,724	16,644	48,940
<b>Total net finance (expenses) / income from insurance contracts</b>	<b>(1,309,176)</b>	<b>1,450,561</b>	<b>(1,250,508)</b>	<b>1,391,636</b>
<b>Net finance expenses from reinsurance contracts held</b>				
Interest accreted	(2,865)	(4,759)	(4,171)	(5,188)
Net foreign exchange loss	(21)	(6)	(21)	(6)
<b>Total net finance expenses from reinsurance contracts held</b>	<b>(2,886)</b>	<b>(4,765)</b>	<b>(4,192)</b>	<b>(5,194)</b>
<b>Net investment result</b>	<b>340,048</b>	<b>(566,956)</b>	<b>317,312</b>	<b>(450,011)</b>

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**13 NET INVESTMENT RESULT (CONTINUED)**

**B. Interest revenue on financial assets and other investment revenue**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Interest revenue on financial assets</b>				
Financial assets measured at amortised cost	94,079	77,394	89,846	75,996
Financial assets measured at fair value through other comprehensive income	207,996	195,596	201,671	189,344
Financial assets designated at fair value through profit or loss	484,589	476,253	484,589	476,253
Financial assets measured mandatorily at fair value through profit or loss	90,077	82,452	70,793	65,114
<b>Total interest revenue on financial assets</b>	<b>876,741</b>	<b>831,695</b>	<b>846,899</b>	<b>806,707</b>

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**13 NET INVESTMENT RESULT (CONTINUED)**

**B. Interest revenue on financial assets and other investment revenue (continued)**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.2023</b>	<b>30.06.2022</b>	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Other investment revenue</b>				
Dividend income	356,651	309,273	337,306	308,318
Rental income	18,846	17,644	18,846	17,645
	375,497	326,917	356,152	325,963
<b>Net gains/(losses) of financial assets not at fair value through profit or loss</b>				
Measured at fair value through other comprehensive income	2,363	(9,621)	2,554	(8,739)
Measured at amortised cost	5	3	-	-
<b>At fair value through profit or loss</b>				
<b>Net gains/(losses) of financial assets designated at fair value through profit or loss</b>	614,158	(1,226,578)	614,158	(1,226,578)
<b>Net gains/(losses) of financial instruments mandatorily at fair value through profit or loss</b>	(540,555)	(1,964,659)	(550,035)	(1,945,168)
Net gains/(losses) of debt investments	95,091	(124,476)	(95,097)	(124,378)
Net losses of equity shares and interests in investment funds	(554,517)	(1,812,815)	(564,003)	(1,793,421)
Net fair value movement on derivatives	(81,129)	(27,368)	(81,129)	(27,369)
<b>Net gains/(losses) of other financial instruments at fair value through profit or loss</b>				
Net foreign exchange gains	301,248	216,446	301,555	217,720
Other net realised gains / (losses)	21,747	(180,125)	81	(5)
<b>Net gains/(losses)</b>	398,966	(3,164,534)	368,313	(2,962,770)
<b>Total other investment revenue</b>	774,463	(2,837,617)	724,465	(2,636,807)

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**14 BASIC EARNINGS PER SHARE**

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

	<b>Group</b>	
	<b>30.06.2023</b>	<b>30.06.2022</b>
Profit after tax attributable to the shareholders (RM'000)	778,687	323,760
Weighted average number of shares in issue during the period ('000)	191,860	191,860
Basic earnings per share (sen)	<u>406</u>	<u>169</u>

**15 REGULATORY CAPITAL REQUIREMENT**

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

	<b>Company</b>	
	<b>30.06.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Eligible Tier 1 Capital</u></b>		
Share capital (paid up)	810,000	810,000
Reserves, including retained earnings	10,509,915	10,779,431
	<u>11,319,915</u>	<u>11,589,431</u>
<b><u>Tier 2 Capital</u></b>		
Revaluation reserves	204,194	204,194
Fair value reserves	247,570	(52,529)
	<u>451,764</u>	<u>151,665</u>
Amount deducted from capital	(985,606)	(953,139)
Total capital available	<u><u>10,786,073</u></u>	<u><u>10,787,957</u></u>



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**16 FINANCIAL INVESTMENT**

**Debt securities**

Debt securities by type comprise the following:

<b><u>Group</u></b>	<b>30 Jun 2023</b>		<b>31 Dec 2022</b>	
	<b>FVTPL</b>	<b>FVOCI</b>	<b>FVTPL</b>	<b>FVOCI</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Government bonds	9,080,215	2,397,823	7,886,346	2,514,081
Corporate bonds	20,327,027	7,255,603	20,012,375	7,029,450
<b>Total</b>	<b>29,407,242</b>	<b>9,653,426</b>	<b>27,898,721</b>	<b>9,543,531</b>
<b><u>Company</u></b>				
Government bonds	7,705,060	2,287,610	6,411,345	2,369,296
Corporate bonds	18,563,172	6,513,275	18,437,513	6,357,506
<b>Total</b>	<b>26,268,232</b>	<b>8,800,885</b>	<b>24,848,858</b>	<b>8,726,802</b>

**Equity shares and interest in investment funds**

Equity shares and interests in investment funds by type comprise the following:

<b><u>Group</u></b>	<b>30 Jun 2023</b>		<b>31 Dec 2022</b>	
	<b>FVTPL</b>		<b>FVTPL</b>	
	<b>RM'000</b>		<b>RM'000</b>	
Equity shares				
- Quoted	13,508,691		13,342,343	
- Unquoted	835,693		858,924	
Mutual funds	3,185,368		3,075,855	
Warrants	979		3,452	
Real Estate Investment Schemes (REITs)	286,267		133,810	
<b>Total</b>	<b>17,816,998</b>		<b>17,414,382</b>	

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**16 FINANCIAL INVESTMENT (CONTINUED)**

**Equity shares and interest in investment funds (continued)**

Equity shares and interests in investment funds by type comprise the following: (continued)

<b><u>Company</u></b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
	<b>FVTPL</b>	<b>FVTPL</b>
	<b>RM'000</b>	<b>RM'000</b>
Equity shares		
- Quoted	12,720,325	12,574,526
- Unquoted	813,548	826,818
Mutual funds	4,250,872	4,189,150
Warrants	979	3,452
Real Estate Investment Scheme (REITs)	275,352	123,694
<b>Total</b>	<b>18,061,076</b>	<b>17,717,640</b>

**Derivative**

	<b>Group</b>		<b>Company</b>	
	<b>FVTPL</b>	<b>FVTPL</b>	<b>FVTPL</b>	<b>FVTPL</b>
	<b>30.06.2023</b>	<b>31.12.2022</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Foreign exchange contract	2,316	12,665	2,316	12,665

**Loans and deposits**

<b>Amortised cost</b>	<b>Group</b>		<b>Company</b>	
	<b>30.06.2023</b>	<b>31.12.2022</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Loans</b>				
Mortgage loans	2,027,622	2,024,580	2,026,961	2,023,526
Other loans	1,483	2,001	1,269	1,580
Loss allowance for loans	(23,065)	(22,148)	(23,032)	(21,906)
<b>Deposits</b>	<b>48,677</b>	<b>50,198</b>	<b>-</b>	<b>-</b>
	<b>2,054,717</b>	<b>2,054,631</b>	<b>2,005,198</b>	<b>2,003,200</b>

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**16 FINANCIAL INVESTMENT (CONTINUED)**

**Inputs, assumptions, and techniques used for estimating impairment**

**Significant increase in credit risk**

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's experience, expert credit assessment and forward-looking information.

The Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the internal rating as at the reporting date with the internal rating as at the date of initial recognition of the exposure. Where external credit ratings are available, internal ratings are assigned consistent with such ratings in accordance with the Group's credit risk assessment framework. Where external credit ratings are not readily available, an internal rating methodology has been adopted.

The Group monitors changes in credit risk by tracking the change in internal rating of the exposure. The Group also monitors relevant information, including price movements of securities, and assess whether such information signifies a change in credit risk.

The Group has assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'. The Group considers this to be BBB-, Baa3 or higher based on Standard and Poor's, Fitch and Moody's ratings, which is equivalent to an internal risk grade of 4- or higher.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the debtor.

**Modified financial assets**

The contractual terms of a financial asset may be modified for a number of reasons including changing market conditions and other factors not related to a current or potential credit deterioration of the debtor. An existing financial asset whose terms have been modified may be derecognised and the renegotiated asset recognised as a new financial asset at fair value in accordance with the accounting policies.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of significant increases in credit risk is assessed based on the change in internal reporting as at the reporting date and the date of initial recognition. The internal rating at reporting date is rated based on the modified contractual terms while the initial rating is rated based on the original contractual terms.

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**16 FINANCIAL INVESTMENT (CONTINUED)**

**Inputs, assumptions, and techniques used for estimating impairment (Continued)**

**Definition of default**

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to mitigating actions. The criteria of “default” are consistent with those of “credit-impaired”.

**Incorporation of forward-looking information**

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on management knowledge and consideration of a variety of external actual and forecast information. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published, supranational organisations, and selected private-sector and academic forecasters.

The base case represents a best estimate and the other scenarios represent more optimistic and more pessimistic outcomes.

The Group has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationship between macro-economic variables and key drivers of credit risk.

**Measurement of ECL**

The key inputs into the measurement of ECL are the term structures of PD, loss given default (LGD) and exposure at default (EAD).

To determine lifetime and 12-month PDs, the Group uses leverages on the internal rating and convert it into probability of default based on the level of rating and obligor characteristics like industry type and country. The PDs are adjusted to reflect forward-looking information as described above. Changes in the rating at the reporting date for a counterparty or exposure lead to a change in the estimate of the associated PD.

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**16 FINANCIAL INVESTMENT (CONTINUED)**

**Inputs, assumptions, and techniques used for estimating impairment (continued)**

**Measurement of ECL (continued)**

LGD is the magnitude of the likely loss if there is a default. The Group leverages on recovery statistics to calculate LGD. The LGD models consider a number of factors including among others, the structure, collateral and seniority of the claim, that are integral to the financial asset. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any debtor's extension options) over which it is exposed to credit risk.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include instrument type, credit risk gradings, collateral type, date of initial recognition, remaining term to maturity and industry of debtor.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external information that the Group uses to derive the default rates of its portfolios.

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**16 FINANCIAL INVESTMENT (CONTINUED)**

**Inputs, assumptions, and techniques used for estimating impairment (continued)**

**Credit-impaired financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for impairment regularly. This requires the exercise of significant judgement. The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is credit-impaired. Objective evidence that a financial asset, or a group of assets, is credit-impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- the restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- it becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

A financial asset that has been renegotiated due to a deterioration in the debtor's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

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**16 FINANCIAL INVESTMENT (CONTINUED)**

**FAIR VALUE MEASUREMENT**

**Fair value of financial investment**

The Group classifies all financial assets as either at fair value through profit or loss - mandatory and by designated), or as at fair value through other comprehensive income, or at amortised cost.

**Fair value hierarchy for fair value measurement on a recurring basis**

A summary of assets and liabilities carried at fair value on a recurring basis according to fair value hierarchy is given below:

<u>Group</u>	<u>Fair value hierarchy</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>30 June 2023</b>				
<b>Recurring fair value measurements</b>				
<b>Non-financial assets</b>				
Property held for own use	-	-	334,889	334,889
Investment property	-	-	348,388	348,388
<b>Financial assets</b>				
<b>At fair value through other comprehensive income</b>				
Debt securities	-	9,653,426	-	9,653,426
<b>At fair value through profit or loss</b>				
Debt securities	-	29,407,242	-	29,407,242
Equity shares and interests in investment funds	16,696,845	611,319	508,834	17,816,998
<b>Total assets on a recurring fair value measurement basis</b>	<b>16,696,845</b>	<b>39,671,987</b>	<b>1,192,111</b>	<b>57,560,943</b>

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**16 FINANCIAL INVESTMENT (CONTINUED)**

Fair value hierarchy for fair value measurement on a recurring basis (continued)

<u>Group</u>	<u>Fair value hierarchy</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>31 December 2022</b>				
<b>Recurring fair value measurements</b>				
<b>Non-financial assets</b>				
Property held for own use	-	-	339,290	339,290
Investment property	-	-	346,990	346,990
<b>Financial assets</b>				
<b>At fair value through other comprehensive income</b>				
Debt securities	-	9,543,531	-	9,543,531
<b>At fair value through profit or loss</b>				
<b>Debt securities</b>				
Equity shares and interests in investment funds	16,563,042	360,576	490,761	17,414,382
Derivative financial instruments				
Foreign exchange contracts	-	-	3,381	3,381
<b>Total assets on a recurring fair value measurement basis</b>	<u>16,563,042</u>	<u>37,802,828</u>	<u>1,180,422</u>	<u>55,546,295</u>



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**16 FINANCIAL INVESTMENT (CONTINUED)**

**Fair value hierarchy for fair value measurement on a recurring basis (continued)**

<u>Company</u>	<u>Fair value hierarchy</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>30 June 2023</b>				
<b>Recurring fair value measurements</b>				
<b>Non-financial assets</b>				
Property held for own use	-	-	334,889	334,889
Investment property	-	-	348,388	348,388
<b>Financial assets</b>				
<b>At fair value through other comprehensive income</b>				
Debt securities	-	8,800,885	-	8,800,885
<b>At fair value through profit or loss</b>				
Debt securities	-	26,268,232	-	26,268,232
Equity shares and interests in investment funds	15,797,583	1,754,659	508,834	18,061,076
<b>Total assets on a recurring fair value measurement basis</b>	<u>15,797,583</u>	<u>36,823,776</u>	<u>1,192,111</u>	<u>53,813,470</u>

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**16 FINANCIAL INVESTMENT (CONTINUED)**

Fair value hierarchy for fair value measurement on a recurring basis (continued)

<u>Company</u>	<u>Fair value hierarchy</u>			<u>Total</u> RM'000
	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	
<b>31 December 2022</b>				
<b>Recurring fair value measurements</b>				
<b>Non-financial assets</b>				
Property held for own use	-	-	339,290	339,290
Investment property	-	-	346,990	346,990
<b>Financial assets</b>				
<b>At fair value through other comprehensive income</b>				
Debt securities	-	8,726,802	-	8,726,802
<b>At fair value through profit or loss</b>				
Debt securities	-	24,848,858	-	24,848,858
Equity shares and interests in investment funds	15,702,777	1,524,101	490,761	17,717,639
Derivative financial instruments				
- Foreign exchange contracts	-	-	3,381	3,381
<b>Total assets on a recurring fair value measurement basis</b>	<u>15,702,777</u>	<u>35,099,761</u>	<u>1,180,422</u>	<u>51,982,960</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
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**16 FINANCIAL INVESTMENT (CONTINUED)**

Level 3 financial assets and liabilities

RM'000	Property held for own use	Investment property	Equity shares and interests in investment funds	Derivative financial assets/ (liabilities)
<b>At 1 January 2023</b>	<b>436,537</b>	<b>346,990</b>	<b>490,761</b>	<b>3,381</b>
Total gains/(losses)	(14,852)	928	18,195	(34,007)
Transfer to investment property	(470)	470	-	-
Purchases	-	-	1,211	-
Sales	-	-	(1,333)	-
<b>At 30 June 2023</b>	<b>421,215</b>	<b>348,388</b>	<b>508,834</b>	<b>(30,626)</b>

**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD**

Insurance contracts and reinsurance contracts held

At 30 June 2023	Assets RM'000	Liabilities RM'000	Group Net RM'000
Insurance contracts liabilities not measured under the PAA	3,838	50,955,325	50,959,163
Insurance contracts liabilities measured under the PAA	-	657,729	657,729
Assets for insurance acquisition cash flows not measured under the PAA	(29,475)	(193,320)	(222,795)
	<u>(25,637)</u>	<u>51,419,734</u>	<u>51,394,097</u>
Reinsurance contracts liabilities not measured under the PAA	(103,616)	72,487	(31,129)
Reinsurance contracts liabilities measured under the PAA	(41,187)	-	(41,187)
	<u>(144,803)</u>	<u>72,487</u>	<u>(72,316)</u>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Insurance contracts and reinsurance contracts held (continued)**

	<b>Assets</b>		<b>Liabilities</b>		<b>Group Net</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 December 2022</b>						
Insurance contracts liabilities not measured under the PAA	4,393		49,927,897		49,932,290	
Insurance contracts liabilities measured under the PAA	-		554,837		554,837	
Assets for insurance acquisition cash flows not measured under the PAA	(28,026)		(181,583)		(209,609)	
	(23,633)		50,301,151		50,277,518	
Reinsurance contracts liabilities not measured under the PAA	(87,704)		190,855		103,151	
Reinsurance contracts liabilities measured under the PAA	(37,999)		-		(37,999)	
	(125,703)		190,855		65,152	
						<b>Company</b>
	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 30 June 2023</b>						
Insurance contracts liabilities not measured under the PAA	-		48,140,560		48,140,560	
Insurance contracts liabilities measured under the PAA	-		506,071		506,071	
Assets for insurance acquisition cash flows not measured under the PAA	-		(10,635)		(10,635)	
	-		48,635,996		48,635,996	
Reinsurance contracts liabilities not measured under the PAA	2,251		72,487		74,738	
Reinsurance contracts liabilities measured under the PAA	(10,365)		-		(10,365)	
	(8,114)		72,487		64,373	

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Insurance contracts and reinsurance contracts held (continued)**

			<b>Company</b>
	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
<b>At 31 December 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Insurance contracts liabilities not measured under the PAA	-	47,336,535	47,336,535
Insurance contracts liabilities measured under the PAA	-	411,536	411,536
Assets for insurance acquisition cash flows not measured under the PAA	-	(9,123)	(9,123)
	<u>-</u>	<u>47,738,948</u>	<u>47,738,948</u>
Reinsurance contracts liabilities not measured under the PAA	7,540	190,856	198,396
Reinsurance contracts liabilities measured under the PAA	(11,336)	-	(11,336)
	<u>(3,796)</u>	<u>190,856</u>	<u>187,060</u>

**Movement in carrying amounts**

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held changed during the year as a result of cash flows and amounts recognised in the income statement and statement of comprehensive income. The Group presents a table separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the income statement and statement of comprehensive income. A second reconciliation is presented for contracts not measured under the premium allocation approach, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contractual service margin.

The estimates of the present value of the future cash flows from insurance and reinsurance contract assets represent the Group's maximum exposure to credit risk from these assets.

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach

Group	30 June 2023				31 December 2022			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	(15,043)	1,522	17,914	4,393	(15,126)	-	25,099	9,973
Opening liabilities	48,030,018	6,458	1,891,421	49,927,897	48,010,106	3,570	1,820,963	49,834,639
<b>Net opening balance</b>	<b>48,014,975</b>	<b>7,980</b>	<b>1,909,335</b>	<b>49,932,290</b>	<b>47,994,980</b>	<b>3,570</b>	<b>1,846,062</b>	<b>49,844,612</b>
Insurance revenue	(2,791,898)	-	-	(2,791,898)	(5,328,251)	-	-	(5,328,251)
<b>Insurance service expenses</b>								
Incurred claims and other insurance service expenses	-	(5,650)	2,073,445	2,067,795	-	(5,456)	3,555,531	3,550,075
Amortisation of insurance acquisition cash flows	211,665	-	-	211,665	327,223	-	-	327,223
Losses and reversal of losses on onerous contracts	-	14,362	-	14,362	-	9,492	-	9,492
Adjustments to liabilities for incurred claims	-	-	(195,463)	(195,463)	-	-	(176,112)	(176,112)
<b>Total insurance service expenses</b>	<b>211,665</b>	<b>8,712</b>	<b>1,877,982</b>	<b>2,098,359</b>	<b>327,223</b>	<b>4,036</b>	<b>3,379,419</b>	<b>3,710,678</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

Group	30 June 2023				31 December 2022			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment components	(1,856,910)	-	1,856,910	-	(3,421,377)	-	3,421,377	-
<b>Insurance service result</b>	(4,437,143)	8,712	3,734,892	(693,539)	(8,422,405)	4,036	6,800,796	(1,617,573)
Net finance expenses from insurance contracts	1,527,235	743	19,526	1,547,504	87,614	374	51	88,039
<b>Total changes in the income statement and statement of comprehensive income</b>	(2,909,908)	9,455	3,754,418	853,965	(8,334,791)	4,410	6,800,847	(1,529,534)

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

Group	30 June 2023				31 December 2022			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Cash flows</b>								
Premium received	5,269,110	-	-	5,269,110	10,578,433	-	-	10,578,433
Claims and other insurance service expenses paid, including investment components	-	-	(3,970,715)	(3,970,715)	-	-	(6,991,219)	(6,991,219)
Insurance acquisition cash flows paid	(1,202,280)	-	-	(1,202,280)	(2,164,409)	-	-	(2,164,409)
Other amounts received	-	-	121,792	121,792	-	-	279,682	279,682
<b>Total cash flows</b>	<b>4,066,830</b>	<b>-</b>	<b>(3,848,923)</b>	<b>217,907</b>	<b>8,414,024</b>	<b>-</b>	<b>(6,711,537)</b>	<b>1,702,487</b>
<b>Adjusted for:</b>								
Non-cash operating expenses	(15,500)	-	(19,366)	(34,866)	(39,594)	-	(26,037)	(65,631)
Other non-cash items	(10,133)	-	-	(10,133)	(19,644)	-	-	(19,644)
<b>Total non-cash items</b>	<b>(25,633)</b>	<b>-</b>	<b>(19,366)</b>	<b>(44,999)</b>	<b>(59,238)</b>	<b>-</b>	<b>(26,037)</b>	<b>(85,275)</b>
<b>Net closing balance</b>	<b>49,146,264</b>	<b>17,435</b>	<b>1,795,464</b>	<b>50,959,163</b>	<b>48,014,975</b>	<b>7,980</b>	<b>1,909,335</b>	<b>49,932,290</b>
Closing assets	(13,107)	3,398	13,547	3,838	(15,043)	1,522	17,914	4,393
Closing liabilities	49,159,371	14,037	1,781,917	50,955,325	48,030,018	6,458	1,891,421	49,927,897
<b>Net closing balance</b>	<b>49,146,264</b>	<b>17,435</b>	<b>1,795,464</b>	<b>50,959,163</b>	<b>48,014,975</b>	<b>7,980</b>	<b>1,909,335</b>	<b>49,932,290</b>



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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

Company	30 June 2023				31 December 2022			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	-	-	-	-	-	-	-	-
Opening liabilities	45,750,239	5,683	1,580,613	47,336,535	46,104,827	3,462	1,541,074	47,649,363
<b>Net opening balance</b>	45,750,239	5,683	1,580,613	47,336,535	46,104,827	3,462	1,541,074	47,649,363
Insurance revenue	(2,263,237)	-	-	(2,263,237)	(4,273,027)	-	-	(4,273,027)
<b>Insurance service expenses</b>								
Incurred claims and other insurance service expenses	-	(2,125)	1,737,622	1,735,497	-	(4,890)	3,001,115	2,996,225
Amortisation of insurance acquisition cash flows	126,178	-	-	126,178	217,678	-	-	217,678
Losses and reversal of losses on onerous contracts	-	5,714	-	5,714	-	6,871	-	6,871
Adjustments to liabilities for incurred claims	-	-	(185,010)	(185,010)	-	-	(138,771)	(138,771)
<b>Total insurance service expenses</b>	126,178	3,589	1,552,612	1,682,379	217,678	1,981	2,862,344	3,082,003

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

Company	30 June 2023				31 December 2022			
	Liabilities for remaining coverage			Liabilities for incurred claims	Liabilities for remaining coverage			Liabilities for incurred claims
	Excluding loss component	Loss component	Total		Excluding loss component	Loss component	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment components	(1,757,790)	-	1,757,790	-	(3,266,921)	-	3,266,921	-
<b>Insurance service result</b>	(3,894,849)	3,589	3,310,402	(580,858)	(7,322,270)	1,981	6,129,265	(1,191,024)
Net finance expenses from insurance contracts	1,469,530	157	19,132	1,488,819	6,229	240	(7)	6,462
<b>Total changes in the income statement and statement of comprehensive income</b>	(2,425,319)	3,746	3,329,534	907,961	(7,316,041)	2,221	6,129,258	(1,184,562)

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(a) Analysis by remaining coverage and incurred claims of insurance contracts not measured under the premium allocation approach (continued)

Company	30 June 2023				31 December 2022			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component			Excluding loss component	Loss component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cash flows</b>								
Premium received	4,318,239	-	-	4,318,239	8,664,870	-	-	8,664,870
Claims and other insurance service expenses paid, including investment components	-	-	(3,577,889)	(3,577,889)	-	-	(6,345,227)	(6,345,227)
Insurance acquisition cash flows paid	(931,093)	-	-	(931,093)	(1,663,294)	-	-	(1,663,294)
Other amounts received	-	-	121,040	121,040	-	-	279,784	279,784
<b>Total cash flows</b>	<b>3,387,146</b>	<b>-</b>	<b>(3,456,849)</b>	<b>(69,703)</b>	<b>7,001,576</b>	<b>-</b>	<b>(6,065,443)</b>	<b>936,133</b>
<b>Adjusted for:</b>								
Non-cash operating expenses	(14,345)	-	(18,720)	(33,065)	(37,982)	-	(24,276)	(62,258)
Other non-cash items	(1,168)	-	-	(1,168)	(2,141)	-	-	(2,141)
<b>Total non-cash items</b>	<b>(15,513)</b>	<b>-</b>	<b>(18,720)</b>	<b>(34,233)</b>	<b>(40,123)</b>	<b>-</b>	<b>(24,276)</b>	<b>(64,399)</b>
<b>Net closing balance</b>	<b>46,696,553</b>	<b>9,429</b>	<b>1,434,578</b>	<b>48,140,560</b>	<b>45,750,239</b>	<b>5,683</b>	<b>1,580,613</b>	<b>47,336,535</b>
Closing assets	-	-	-	-	-	-	-	-
Closing liabilities	46,696,553	9,429	1,434,578	48,140,560	45,750,239	5,683	1,580,613	47,336,535
<b>Net closing balance</b>	<b>46,696,553</b>	<b>9,429</b>	<b>1,434,578</b>	<b>48,140,560</b>	<b>45,750,239</b>	<b>5,683</b>	<b>1,580,613</b>	<b>47,336,535</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach

Group	30 June 2023						Total RM'000
	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM			
				Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Opening assets	(5,033)	1,486	7,940	-	231	7,710	4,393
Opening liabilities	38,054,361	1,089,162	10,784,374	4,332,953	3,223,446	3,227,974	49,927,897
<b>Net opening balance</b>	<b>38,049,328</b>	<b>1,090,648</b>	<b>10,792,314</b>	<b>4,332,953</b>	<b>3,223,677</b>	<b>3,235,684</b>	<b>49,932,290</b>
Changes that relate to current services							
CSM recognised for services provided	-	-	(702,587)	(231,627)	(186,170)	(284,790)	(702,587)
Change in risk adjustment for non-financial risk	-	8,792	-	-	-	-	8,792
Experience adjustments	220,168	-	-	-	-	-	220,168
Revenue recognised for incurred policyholder tax expenses	(66,178)	-	-	-	-	-	(66,178)
Changes that relate to future services							
Contracts initially recognised in the year	(1,074,484)	73,425	1,061,836	-	-	1,061,836	60,777
Changes in estimates that adjust the CSM	248,824	(2,030)	(246,794)	7,784	14,279	(268,857)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(47,982)	1,566	-	-	-	-	(46,416)
Changes that relate to past services	(120,949)	(47,146)	-	-	-	-	(168,095)
<b>Total insurance service result</b>	<b>(840,601)</b>	<b>34,607</b>	<b>112,455</b>	<b>(223,843)</b>	<b>(171,891)</b>	<b>508,189</b>	<b>(693,539)</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Group	30 June 2023						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM			Total
				Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Net finance expenses from insurance contracts	1,402,223	-	145,281	69,639	34,873	40,769	1,547,504
<b>Total changes in the income statement and statement of comprehensive income</b>	561,622	34,607	257,736	(154,204)	(137,018)	548,958	853,965
Cash flows	217,907	-	-	-	-	-	217,907
Non-cash operating expenses	(34,866)	-	-	-	-	-	(34,866)
Other non-cash items	(10,133)	-	-	-	-	-	(10,133)
<b>Net closing balance</b>	38,783,858	1,125,255	11,050,050	4,178,750	3,086,660	3,784,641	50,959,163
Closing assets	(6,374)	1,285	8,927	-	167	8,760	3,838
Closing liabilities	38,790,232	1,123,970	11,041,123	4,178,750	3,086,493	3,775,881	50,955,325
<b>Net closing balance</b>	38,783,858	1,125,255	11,050,050	4,178,750	3,086,660	3,784,641	50,959,163

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Group	31 December 2022						Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM		Other contracts	
RM'000				RM'000	RM'000		Contracts under modified retrospective approach
Opening assets	(13,298)	2,224	21,047	-	21,047	-	9,973
Opening liabilities	38,336,898	1,071,805	10,425,936	4,786,073	3,834,079	1,805,784	49,834,639
<b>Net opening balance</b>	<b>38,323,600</b>	<b>1,074,029</b>	<b>10,446,983</b>	<b>4,786,073</b>	<b>3,855,126</b>	<b>1,805,784</b>	<b>49,844,612</b>
Changes that relate to current services							
CSM recognised for services provided	-	-	(1,361,458)	(484,207)	(492,188)	(385,063)	(1,361,458)
Change in risk adjustment for non-financial risk	-	(12,831)	-	-	-	-	(12,831)
Experience adjustments	(5,425)	-	-	-	-	-	(5,425)
Revenue recognized for incurred policyholder tax expenses	(104,116)	-	-	-	-	-	(104,116)
Changes that relate to future services							
Contracts initially recognised in the year	(2,428,793)	140,118	2,312,803	-	-	2,312,803	24,128
Changes in estimates that adjust the CSM	975,488	(73,143)	(902,345)	(115,650)	(233,721)	(552,974)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(15,433)	797	-	-	-	-	(14,636)
Changes that relate to past services	(104,913)	(38,322)	-	-	-	-	(143,235)
<b>Total insurance service result</b>	<b>(1,683,192)</b>	<b>16,619</b>	<b>49,000</b>	<b>(599,857)</b>	<b>(725,909)</b>	<b>1,374,766</b>	<b>(1,617,573)</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Group	31 December 2022						Total RM'000
	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM		Other contracts RM'000	
				Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000		
Net finance expenses from insurance contracts	(208,292)	-	296,331	146,737	94,460	55,134	88,039
<b>Total changes in the income statement and statement of comprehensive income</b>	(1,891,484)	16,619	345,331	(453,120)	(631,449)	1,429,900	(1,529,534)
Cash flows	1,702,487	-	-	-	-	-	1,702,487
Non-cash operating expenses	(65,631)	-	-	-	-	-	(65,631)
Other non-cash items	(19,644)	-	-	-	-	-	(19,644)
<b>Net closing balance</b>	38,049,328	1,090,648	10,792,314	4,332,953	3,223,677	3,235,684	49,932,290
Closing assets	(5,033)	1,486	7,940	-	231	7,710	4,393
Closing liabilities	38,054,361	1,089,162	10,784,374	4,332,953	3,223,446	3,227,974	49,927,897
<b>Net closing balance</b>	38,049,328	1,090,648	10,792,314	4,332,953	3,223,677	3,235,684	49,932,290

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Company	30 June 2023						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM			Total
				Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Opening assets	-	-	-	-	-	-	-
Opening liabilities	36,561,110	973,459	9,801,966	4,332,953	2,829,581	2,639,432	47,336,535
<b>Net opening balance</b>	<b>36,561,110</b>	<b>973,459</b>	<b>9,801,966</b>	<b>4,332,953</b>	<b>2,829,581</b>	<b>2,639,432</b>	<b>47,336,535</b>
Changes that relate to current services							
CSM recognised for services provided	-	-	(567,665)	(231,627)	(164,311)	(171,727)	(567,665)
Change in risk adjustment for non-financial risk	-	5,237	-	-	-	-	5,237
Experience adjustments	222,301	-	-	-	-	-	222,301
Revenue recognized for incurred policyholder tax expenses	(61,437)	-	-	-	-	-	(61,437)
Changes that relate to future services							
Contracts initially recognised in the year	(946,918)	59,495	896,204	-	-	896,204	8,781
Changes in estimates that adjust the CSM	227,930	725	(228,655)	7,784	10,808	(247,247)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(4,183)	1,116	-	-	-	-	(3,067)
Changes that relate to past services	(148,320)	(36,688)	-	-	-	-	(185,008)
<b>Total insurance service result</b>	<b>(710,627)</b>	<b>29,885</b>	<b>99,884</b>	<b>(223,843)</b>	<b>(153,503)</b>	<b>477,230</b>	<b>(580,858)</b>



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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Company	30 June 2023						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM			Total
				Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net finance expenses from insurance contracts	1,345,263	-	143,556	69,639	34,772	39,145	1,488,819
<b>Total changes in the income statement and statement of comprehensive income</b>	634,636	29,885	243,440	(154,204)	(118,731)	516,375	907,961
Cash flows	(69,703)	-	-	-	-	-	(69,703)
Non-cash operating expenses	(33,065)	-	-	-	-	-	(33,065)
Other non-cash items	(1,168)	-	-	-	-	-	(1,168)
<b>Net closing balance</b>	37,091,810	1,003,344	10,045,406	4,178,749	2,710,850	3,155,807	48,140,560
Closing assets	-	-	-	-	-	-	-
Closing liabilities	37,091,810	1,003,344	10,045,406	4,178,749	2,710,850	3,155,807	48,140,560
<b>Net closing balance</b>	37,091,810	1,003,344	10,045,406	4,178,749	2,710,850	3,155,807	48,140,560

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Company	31 December 2022						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM			Total
				Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Opening assets	-	-	-	-	-	-	-
Opening liabilities	37,147,929	962,499	9,538,935	4,786,073	3,371,816	1,381,046	47,649,363
<b>Net opening balance</b>	<b>37,147,929</b>	<b>962,499</b>	<b>9,538,935</b>	<b>4,786,073</b>	<b>3,371,816</b>	<b>1,381,046</b>	<b>47,649,363</b>
Changes that relate to current services							
CSM recognised for services provided	-	-	(1,038,583)	(484,207)	(342,147)	(212,229)	(1,038,583)
Change in risk adjustment for non-financial risk	-	(10,336)	-	-	-	-	(10,336)
Experience adjustments	87,266	-	-	-	-	-	87,266
Revenue recognised for incurred policyholder tax expenses	(97,470)	-	-	-	-	-	(97,470)
Changes that relate to future services							
Contracts initially recognised in the year	(1,953,801)	112,131	1,859,630	-	-	1,859,630	17,960
Changes in estimates that adjust the CSM	912,994	(62,589)	(850,406)	(115,650)	(293,018)	(441,738)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(11,256)	167	-	-	-	-	(11,089)
Changes that relate to past services	(110,358)	(28,413)	-	-	-	-	(138,771)
<b>Total insurance service result</b>	<b>(1,172,625)</b>	<b>10,960</b>	<b>(29,359)</b>	<b>(599,857)</b>	<b>(635,165)</b>	<b>1,205,663</b>	<b>(1,191,024)</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(b) Analysis by measurement component of insurance contracts not measured under the premium allocation approach (continued)

Company	31 December 2022						Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM		Other contracts	
				Contracts under modified retrospective approach	Contracts under fair value approach		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Net finance expenses from insurance contracts	(285,928)	-	292,390	146,737	92,930	52,723	6,462
<b>Total changes in the income statement and statement of comprehensive income</b>	(1,458,553)	10,960	263,031	(453,120)	(542,235)	1,258,386	(1,184,562)
Cash flows	936,133	-	-	-	-	-	936,133
Non-cash operating expenses	(62,258)	-	-	-	-	-	(62,258)
Other non-cash items	(2,141)	-	-	-	-	-	(2,141)
<b>Net closing balance</b>	36,561,110	973,459	9,801,966	4,332,953	2,829,581	2,639,432	47,336,535
Closing assets	-	-	-	-	-	-	-
Closing liabilities	36,561,110	973,459	9,801,966	4,332,953	2,829,581	2,639,432	47,336,535
<b>Net closing balance</b>	36,561,110	973,459	9,801,966	4,332,953	2,829,581	2,639,432	47,336,535

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(c) Analysis by remaining coverage and incurred claims of reinsurance contracts held

Group	30 June 2023				31 December 2022			
	Asset for remaining coverage		Asset for incurred claims	Total	Asset for remaining coverage		Asset for incurred claims	Total
Excluding loss-recovery component	Loss recovery component	Excluding loss-recovery component			Loss recovery component	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	225,749	-	(138,045)	87,704	56,626	-	32,551	89,177
Opening liabilities	(735,888)	-	545,033	(190,855)	(939,850)	-	428,801	(511,049)
<b>Net opening balance</b>	<b>(510,139)</b>	<b>-</b>	<b>406,988</b>	<b>(103,151)</b>	<b>(883,224)</b>	<b>-</b>	<b>461,352</b>	<b>(421,872)</b>
<b>Changes in the income statement and statement of comprehensive income</b>								
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(589,940)	-	649,218	59,278	(992,452)	-	996,764	4,312
<b>Net expenses from reinsurance contracts held</b>	<b>(589,940)</b>	<b>-</b>	<b>649,218</b>	<b>59,278</b>	<b>(992,452)</b>	<b>-</b>	<b>996,764</b>	<b>4,312</b>
Net finance income from reinsurance contracts held	(2,863)	-	-	(2,863)	(5,889)	-	-	(5,889)

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Movement in carrying amounts (continued)

(c) Analysis by remaining coverage and incurred claims of reinsurance contracts held (continued)

Group	30 June 2023				31 December 2022			
	Asset for remaining coverage		Asset for incurred claims	Total	Asset for remaining coverage		Asset for incurred claims	Total
Excluding loss-recovery component	Loss recovery component	Excluding loss-recovery component			Loss recovery component	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Total changes in the income statement and statement of comprehensive income</b>	(592,803)	-	649,218	56,415	(998,341)	-	996,764	(1,577)
<b>Cash flows</b>								
Premiums paid	694,098	-	-	694,098	1,371,426	-	-	1,371,426
Amounts received	-	-	(617,884)	(617,884)	-	-	(1,018,458)	(1,018,458)
Other amounts paid	-	-	1,548	1,548	-	-	(32,920)	(32,920)
<b>Total cash flows</b>	694,098	-	(616,336)	77,762	1,371,426	-	(1,051,378)	320,048
<b>Adjusted for :</b>								
Non-cash operating expenses	-	-	103	103	-	-	250	250
<b>Total non-cash items</b>	-	-	103	103	-	-	250	250
<b>Net closing balance</b>	(408,844)	-	439,973	31,129	(510,139)	-	406,988	(103,151)
Closing assets	250,591	-	(146,975)	103,616	225,749	-	(138,045)	87,704
Closing liabilities	(659,435)	-	586,948	(72,487)	(735,888)	-	545,033	(190,855)
<b>Net closing balance</b>	(408,844)	-	439,973	31,129	(510,139)	-	406,988	(103,151)

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(c) Analysis by remaining coverage and incurred claims of reinsurance contracts held (continued)

Company	30 June 2023				31 December 2022			
	Asset for remaining coverage		Asset for incurred claims	Total	Asset for remaining coverage		Asset for incurred claims	Total
	Excluding loss-recovery component	Loss recovery component			Excluding loss-recovery component	Loss recovery component		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Opening assets	176,370	-	(183,910)	(7,540)	-	-	-	
Opening liabilities	(735,887)	-	545,031	(190,856)	(931,050)	-	424,537	
<b>Net opening balance</b>	<b>(559,517)</b>	<b>-</b>	<b>361,121</b>	<b>(198,396)</b>	<b>(931,050)</b>	<b>-</b>	<b>424,537</b>	
<b>Changes in the income statement and statement of comprehensive income</b>								
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(556,586)	-	614,083	57,497	(932,603)	-	945,364	
<b>Net expenses from reinsurance contracts held</b>	<b>(556,586)</b>	<b>-</b>	<b>614,083</b>	<b>57,497</b>	<b>(932,603)</b>	<b>-</b>	<b>945,364</b>	
Net finance income from reinsurance contracts held	(4,171)	-	-	(4,171)	(6,089)	-	(6,089)	

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(c) Analysis by remaining coverage and incurred claims of reinsurance contracts held (continued)

Company	30 June 2023				31 December 2022			
	Asset for remaining coverage			Asset for incurred claims	Asset for remaining coverage			Asset for incurred claims
	Excluding loss-recovery component	Loss recovery component	Total		Excluding loss-recovery component	Loss recovery component	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Total changes in the income statement and statement of comprehensive income</b>	(560,757)	-	614,083	53,326	(938,692)	-	945,364	6,672
<b>Cash flows</b>								
Premiums paid	665,855	-	-	665,855	1,310,225	-	-	1,310,225
Amounts received	-	-	(596,920)	(596,920)	-	-	(1,011,366)	(1,011,366)
Other amounts paid	-	-	1,301	1,301	-	-	2,349	2,349
<b>Total cash flows</b>	665,855	-	(595,619)	70,236	1,310,225	-	(1,009,017)	301,208
<b>Adjusted for :</b>								
Non-cash operating expenses	-	-	96	96	-	-	237	237
<b>Total non-cash items</b>	-	-	96	96	-	-	237	237
<b>Net closing balance</b>	(454,419)	-	379,682	(74,738)	(559,517)	-	361,121	(198,396)
Closing assets	205,016	-	(207,267)	(2,251)	176,370	-	(183,910)	(7,540)
Closing liabilities	(659,435)	-	586,948	(72,487)	(735,887)	-	545,031	(190,856)
<b>Net closing balance</b>	(454,419)	-	379,681	(74,738)	(559,517)	-	361,121	(198,396)

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach

Group	30 June 2023						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM		Other contracts	Total
				Contracts under modified retrospective approach	Contracts under fair value approach		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	158,287	-	(70,583)	-	(70,583)	-	87,704
Opening liabilities	(288,310)	-	97,455	-	97,455	-	(190,855)
<b>Net opening balance</b>	<b>(130,023)</b>	<b>-</b>	<b>26,872</b>	<b>-</b>	<b>26,872</b>	<b>-</b>	<b>(103,151)</b>
Changes that relate to current services							
CSM recognised for services received	-	-	(5,997)	-	(5,997)	-	(5,997)
Experience adjustments	281,627	-	-	-	-	-	281,627
Changes that relate to future services	-	-	-	-	-	-	-
Changes that relate to past services	(216,352)	-	-	-	-	-	(216,352)
<b>Total net (expenses) / income from reinsurance contracts held</b>	<b>65,275</b>	<b>-</b>	<b>(5,997)</b>	<b>-</b>	<b>(5,997)</b>	<b>-</b>	<b>59,278</b>
Net finance expenses from insurance contracts	(3,313)	-	450	-	450	-	(2,863)
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>61,962</b>	<b>-</b>	<b>(5,547)</b>	<b>-</b>	<b>(5,547)</b>	<b>-</b>	<b>56,415</b>



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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (continued)

Group	30 June 2023						Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM		Other contracts	
RM'000				RM'000	RM'000		Contracts under modified retrospective approach
Cash flows	77,762	-	-	-	-	-	77,762
Non-cash operating expenses	103	-	-	-	-	-	103
<b>Net closing balance</b>	<b>9,804</b>	<b>-</b>	<b>21,325</b>	<b>-</b>	<b>21,325</b>	<b>-</b>	<b>31,129</b>
Closing assets	173,141	-	(69,525)	-	(69,525)	-	103,616
Closing liabilities	(163,337)	-	90,850	-	90,850	-	(72,487)
<b>Net closing balance</b>	<b>9,804</b>	<b>-</b>	<b>21,325</b>	<b>-</b>	<b>21,325</b>	<b>-</b>	<b>31,129</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (continued)

Group	31 December 2022						Total RM'000
	CSM					Other contracts RM'000	
	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000		
Opening assets	162,343	-	(73,166)	-	(73,166)	-	89,177
Opening liabilities	(625,891)	-	114,842	-	114,842	-	(511,049)
<b>Net opening balance</b>	<b>(463,548)</b>	<b>-</b>	<b>41,676</b>	<b>-</b>	<b>41,676</b>	<b>-</b>	<b>(421,872)</b>
Changes that relate to current services							
CSM recognised for services received	-	-	(16,735)	-	(16,735)	-	(16,735)
Experience adjustments	208,750	-	-	-	-	-	208,750
Changes that relate to future services							
Changes that relate to past services	(187,703)	-	-	-	-	-	(187,703)
<b>Total insurance service result</b>	<b>21,047</b>	<b>-</b>	<b>(16,735)</b>	<b>-</b>	<b>(16,735)</b>	<b>-</b>	<b>4,312</b>
Net finance expenses from insurance contracts	(7,820)	-	1,931	-	1,931	-	(5,889)
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>13,227</b>	<b>-</b>	<b>(14,804)</b>	<b>-</b>	<b>(14,804)</b>	<b>-</b>	<b>(1,577)</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (continued)

Group	31 December 2022						Total RM'000
	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM			
				Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000	Other contracts RM'000	
Cash flows	320,048	-	-	-	-	-	320,048
Non-cash operating expenses	250	-	-	-	-	-	250
<b>Net closing balance</b>	<b>(130,023)</b>	<b>-</b>	<b>26,872</b>	<b>-</b>	<b>26,872</b>	<b>-</b>	<b>(103,151)</b>
Closing assets	158,287	-	(70,583)	-	(70,583)	-	87,704
Closing liabilities	(288,310)	-	97,455	-	97,455	-	(190,855)
<b>Net closing balance</b>	<b>(130,023)</b>	<b>-</b>	<b>26,872</b>	<b>-</b>	<b>26,872</b>	<b>-</b>	<b>(103,151)</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (continued)

Company	30 June 2023						Total RM'000
	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM		Other contracts RM'000	
				Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000		
Opening assets	(7,540)	-	-	-	-	-	(7,540)
Opening liabilities	(288,312)	-	97,456	-	97,456	-	(190,856)
<b>Net opening balance</b>	<b>(295,852)</b>	<b>-</b>	<b>97,456</b>	<b>-</b>	<b>97,456</b>	<b>-</b>	<b>(198,396)</b>
Changes that relate to current services							
CSM recognised for services received	-	-	(8,912)	-	(8,192)	-	(8,192)
Experience adjustments	277,654						277,654
Changes that relate to future services	-	-	-	-	-	-	-
Changes that relate to past services	(211,965)	-	-	-	-	-	(211,965)
<b>Total insurance service result</b>	<b>65,689</b>	<b>-</b>	<b>(8,192)</b>	<b>-</b>	<b>(8,192)</b>	<b>-</b>	<b>57,497</b>
Net finance expenses from insurance contracts	(5,759)	-	1,588	-	1,588	-	(4,171)
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>59,930</b>	<b>-</b>	<b>(6,604)</b>	<b>-</b>	<b>(6,604)</b>	<b>-</b>	<b>53,326</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (continued)

Company	30 June 2023						Total RM'000
	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	Total CSM RM'000	CSM		Other contracts RM'000	
				Contracts under modified retrospective approach RM'000	Contracts under fair value approach RM'000		
Cash flows	70,236	-	-	-	-	-	70,236
Non-cash operating expenses	96	-	-	-	-	-	96
<b>Net closing balance</b>	<b>(165,590)</b>	<b>-</b>	<b>90,582</b>	<b>-</b>	<b>90,582</b>	<b>-</b>	<b>(74,738)</b>
Closing assets	(2,251)	-	-	-	-	-	(2,251)
Closing liabilities	(163,339)	-	90,852	-	90,852	-	(72,487)
<b>Net closing balance</b>	<b>(165,590)</b>	<b>-</b>	<b>90,582</b>	<b>-</b>	<b>90,582</b>	<b>-</b>	<b>(74,738)</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (continued)

Company	31 December 2022						
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM			Total
				Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Opening assets	-	-	-	-	-	-	-
Opening liabilities	(621,519)	-	115,006	-	115,006	-	(506,513)
<b>Net opening balance</b>	(621,519)	-	115,006	-	115,006	-	(506,513)
Changes that relate to current services							
CSM recognised for services received	-	-	(21,200)	-	(21,200)	-	(21,200)
Experience adjustments	221,873	-	-	-	-	-	221,873
Changes that relate to future services	-	-	-	-	-	-	-
Changes that relate to past services	(187,912)	-	-	-	-	-	(187,912)
<b>Total insurance service result</b>	33,961	-	(21,200)	-	(21,200)	-	12,761
Net finance expenses from insurance contracts	(9,739)	-	3,650	-	3,650	-	(6,089)
<b>Total changes in the income statement and statement of comprehensive income</b>	24,222	-	(17,550)	-	(17,550)	-	6,672

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(d) Analysis by measurement component of reinsurance contracts not measured under the premium allocation approach (continued)

Company	31 December 2022						Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total CSM	CSM			
				Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Cash flows	301,208	-	-	-	-	-	301,208
Non-cash operating expenses	237	-	-	-	-	-	237
<b>Net closing balance</b>	<b>(295,852)</b>	<b>-</b>	<b>97,456</b>	<b>-</b>	<b>97,456</b>	<b>-</b>	<b>(198,396)</b>
Closing assets	(7,540)	-	-	-	-	-	(7,540)
Closing liabilities	(288,312)	-	97,456	-	97,456	-	(190,856)
<b>Net closing balance</b>	<b>(295,852)</b>	<b>-</b>	<b>97,456</b>	<b>-</b>	<b>97,456</b>	<b>-</b>	<b>(198,396)</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach

Group	30 June 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	
RM'000	RM'000	RM'000	RM'000		
Opening assets	-	-	-	-	-
Opening liabilities	259,404	-	276,433	19,000	554,837
<b>Net opening balance</b>	259,404	-	276,433	19,000	554,837
Insurance revenue	(745,259)	-	-	-	(745,259)
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	-	-	622,103	13,883	635,986
Amortisation of insurance acquisition cash flows	84,431	-	-	-	84,431
Adjustments to liabilities for incurred claims	-	-	(59,857)	(12,856)	(72,713)
<b>Total insurance service expenses</b>	84,431	-	562,246	1,027	647,704
Investment components	(327)	-	327	-	-
<b>Insurance service result</b>	(661,155)	-	562,573	1,027	(97,555)



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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Group	30 June 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
RM'000	RM'000	RM'000	RM'000		
<b>Total changes in the income statement and statement of comprehensive income</b>	(661,155)	-	562,573	1,027	(97,555)
<b>Cash flows</b>					
Premium received	872,010	-	-	-	872,010
Claims and other insurance service expenses paid, including investment components	-	-	(570,495)	-	(570,495)
Insurance acquisition cash flows paid	(97,738)	-	-	-	(97,738)
<b>Total cash flows</b>	<b>774,272</b>	<b>-</b>	<b>(570,495)</b>	<b>-</b>	<b>203,777</b>
<b>Adjusted for:</b>					
Non-cash operating expenses	(1,718)	-	(1,612)	-	(3,330)
<b>Net closing balance</b>	<b>370,803</b>	<b>-</b>	<b>266,899</b>	<b>20,027</b>	<b>657,729</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Group	31 December 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss component RM'000	Loss component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
Opening assets	-	-	-	-	
Opening liabilities	265,103	-	340,436	22,782	628,321
<b>Net opening balance</b>	265,103	-	340,436	22,782	628,321
Insurance revenue	(1,417,024)	-	-	-	(1,417,024)
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	-	-	1,026,833	16,106	1,042,939
Amortisation of insurance acquisition cash flows	162,940	-	-	-	162,940
Adjustments to liabilities for incurred claims	-	-	(61,955)	(19,888)	(81,843)
<b>Total insurance service expenses</b>	162,940	-	964,878	(3,782)	1,124,036
Investment components	(98)	-	98	-	-
<b>Insurance service result</b>	(1,254,182)	-	964,976	(3,782)	(292,988)

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Group	31 December 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Total changes in the income statement and statement of comprehensive income</b>	(1,254,182)	-	964,976	(3,782)	(292,988)
<b>Cash flows</b>					
Premium received	1,411,295	-	-	-	1,411,295
Claims and other insurance service expenses paid, including investment components	-	-	(1,025,937)	-	(1,025,937)
Insurance acquisition cash flows paid	(158,935)	-	-	-	(158,935)
<b>Total cash flows</b>	<b>1,252,360</b>	<b>-</b>	<b>(1,025,937)</b>	<b>-</b>	<b>226,423</b>
<b>Adjusted for:</b>					
Non-cash operating expenses	(3,877)	-	(3,042)	-	(6,919)
<b>Net closing balance</b>	<b>259,404</b>	<b>-</b>	<b>276,433</b>	<b>19,000</b>	<b>554,837</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Company	30 June 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
RM'000	RM'000	RM'000	RM'000		
Opening assets	-	-	-	-	-
Opening liabilities	213,640	-	187,856	10,040	411,536
<b>Net opening balance</b>	213,640	-	187,856	10,040	411,536
Insurance revenue	(666,202)	-	-	-	(666,202)
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	-	-	559,328	9,906	569,234
Amortisation of insurance acquisition cash flows	64,943	-	-	-	64,943
Adjustments to liabilities for incurred claims	-	-	(54,775)	(9,357)	(64,132)
<b>Total insurance service expenses</b>	64,943	-	504,553	549	570,045
Investment components	(327)	-	327	-	-
<b>Insurance service result</b>	(601,586)	-	504,880	549	(96,157)

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Company	30 June 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
RM'000	RM'000	RM'000	RM'000		
<b>Total changes in the income statement and statement of comprehensive income</b>	(601,586)	-	504,880	549	(96,157)
<b>Cash flows</b>					
Premium received	780,857	-	-	-	780,857
Claims and other insurance service expenses paid, including investment components	-	-	(511,760)	-	(511,760)
Insurance acquisition cash flows paid	(75,356)	-	-	-	(75,356)
<b>Total cash flows</b>	705,501	-	(511,760)	-	193,741
<b>Adjusted for:</b>					
Non-cash operating expenses	(1,510)	-	(1,539)	-	(3,049)
<b>Net closing balance</b>	316,045	-	179,437	10,589	506,071

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Company	31 December 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
RM'000	RM'000	RM'000	RM'000		
Opening assets	-	-	-	-	-
Opening liabilities	224,401	-	239,282	11,274	474,957
<b>Net opening balance</b>	224,401	-	239,282	11,274	474,957
Insurance revenue	(1,262,285)	-	-	-	(1,262,285)
<b>Insurance service expenses</b>					
Incurred claims and other insurance service expenses	-	-	924,386	9,828	934,214
Amortisation of insurance acquisition cash flows	130,072	-	-	-	130,072
Adjustments to liabilities for incurred claims	-	-	(42,355)	(11,062)	(53,417)
<b>Total insurance service expenses</b>	130,072	-	882,031	(1,234)	1,010,869
Investment components	(98)	-	98	-	-
<b>Insurance service result</b>	(1,132,311)	-	882,129	(1,234)	(251,416)

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(e) Analysis by remaining coverage and incurred claims of insurance contracts measured under the premium allocation approach (continued)

Company	31 December 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
RM'000	RM'000	RM'000	RM'000		
<b>Total changes in the income statement and statement of comprehensive income</b>	(1,132,311)	-	882,129	(1,234)	(251,416)
<b>Cash flows</b>					
Premium received	1,246,600	-	-	-	1,246,600
Claims and other insurance service expenses paid, including investment components	-	-	(930,696)	-	(930,696)
Insurance acquisition cash flows paid	(121,559)	-	-	-	(121,559)
<b>Total cash flows</b>	<b>1,125,041</b>	<b>-</b>	<b>(930,696)</b>	<b>-</b>	<b>194,345</b>
<b>Adjusted for:</b>					
Non-cash operating expenses	(3,491)	-	(2,859)	-	(6,350)
<b>Net closing balance</b>	<b>213,640</b>	<b>-</b>	<b>187,856</b>	<b>10,040</b>	<b>411,536</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(f) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach

Group

	30 June 2023				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
RM'000	RM'000	RM'000	RM'000		
Opening assets	(98,730)	-	136,728	-	37,998
Opening liabilities	-	-	-	-	-
<b>Net opening balance</b>	<b>(98,730)</b>	<b>-</b>	<b>136,728</b>	<b>-</b>	<b>37,998</b>
<b>Changes in the income statement and statement of comprehensive income</b>	-	-	-	-	-
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(86,165)	-	79,695	-	(6,470)
<b>Net expenses from reinsurance contracts held</b>	<b>(86,165)</b>	<b>-</b>	<b>79,695</b>	<b>-</b>	<b>(6,470)</b>
Net finance income from reinsurance contracts held	(21)	-	-	-	(21)
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(86,186)</b>	<b>-</b>	<b>79,695</b>	<b>-</b>	<b>(6,491)</b>



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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(f) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

Group	30 June 2023				Total RM'000
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
<b>Cash flows</b>					
Premiums paid	54,338	-	-	-	54,338
Amounts received	-	-	(45,108)	-	(45,108)
Other amounts paid	-	-	435	-	435
<b>Total cash flows</b>	<b>54,338</b>	<b>-</b>	<b>(44,673)</b>	<b>-</b>	<b>9,665</b>
<b>Adjusted for:</b>					
Non-cash operating expenses	-	-	15	-	15
<b>Net closing balance</b>	<b>(130,578)</b>	<b>-</b>	<b>171,765</b>	<b>-</b>	<b>41,187</b>
Closing assets	(130,578)	-	171,765	-	41,187
Closing liabilities	-	-	-	-	-
<b>Net closing balance</b>	<b>(130,578)</b>	<b>-</b>	<b>171,765</b>	<b>-</b>	<b>41,187</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(f) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

Group	31 December 2022				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	(31,120)	-	65,911	2,020	36,811
Opening liabilities	-	-	-	-	-
<b>Net opening balance</b>	<b>(31,120)</b>	<b>-</b>	<b>65,911</b>	<b>2,020</b>	<b>36,811</b>
<b>Changes in the income statement and statement of comprehensive income</b>					
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(144,765)	-	118,842	(2,020)	(27,943)
<b>Net expenses from reinsurance contracts held</b>	<b>(144,765)</b>	<b>-</b>	<b>118,842</b>	<b>(2,020)</b>	<b>(27,943)</b>
Net finance income from reinsurance contracts held	24	-	-	-	24
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(144,741)</b>	<b>-</b>	<b>118,842</b>	<b>(2,020)</b>	<b>(27,919)</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(f) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

Group

	31 December 2022				
	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
<b>Cash flows</b>					
Premiums paid	77,131	-	-	-	77,131
Amounts received	-	-	(48,498)	-	(48,498)
Other amounts paid	-	-	434	-	434
<b>Total cash flows</b>	<b>77,131</b>	<b>-</b>	<b>(48,064)</b>	<b>-</b>	<b>29,067</b>
<b>Adjusted for :</b>					
Non-cash operating expenses	-	-	40	-	40
<b>Net closing balance</b>	<b>(98,730)</b>	<b>-</b>	<b>136,729</b>	<b>-</b>	<b>37,999</b>
Closing assets	(98,730)	-	136,729	-	37,999
Closing liabilities	-	-	-	-	-
<b>Net closing balance</b>	<b>(98,730)</b>	<b>-</b>	<b>136,729</b>	<b>-</b>	<b>37,999</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(f) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

Company	30 June 2023				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
RM'000	RM'000	RM'000	RM'000		
Opening assets	(88,462)	-	99,798	-	11,336
Opening liabilities	-	-	-	-	-
<b>Net opening balance</b>	<b>(88,462)</b>	<b>-</b>	<b>99,798</b>	<b>-</b>	<b>11,336</b>
<b>Changes in the income statement and statement of comprehensive income</b>					
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(78,747)	-	68,116	-	(10,631)
<b>Net expenses from reinsurance contracts held</b>	<b>(78,747)</b>	<b>-</b>	<b>68,116</b>	<b>-</b>	<b>(10,631)</b>
Net finance income from reinsurance contracts held	(21)	-	-	-	(21)
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(78,768)</b>	<b>-</b>	<b>68,116</b>	<b>-</b>	<b>(10,652)</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(f) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

Company

	30 June 2023				
	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
<b>Cash flows</b>					
Premiums paid	53,427	-	-	-	53,427
Amounts received	-	-	(43,945)	-	(43,945)
Other amounts paid	-	-	185	-	185
<b>Total cash flows</b>	53,427	-	(43,760)	-	9,667
<b>Adjusted for :</b>					
Non-cash operating expenses	-	-	14	-	14
<b>Net closing balance</b>	(113,803)	-	124,168	-	10,365
Closing assets	(113,803)	-	124,168	-	10,365
Closing liabilities	-	-	-	-	-
<b>Net closing balance</b>	(113,803)	-	124,168	-	10,365

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(f) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

Company	31 December 2022				
	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
RM'000	RM'000	RM'000	RM'000	RM'000	
Opening assets	(35,217)	-	49,171	209	14,163
Opening liabilities	-	-	-	-	-
<b>Net opening balance</b>	<b>(35,217)</b>	<b>-</b>	<b>49,171</b>	<b>209</b>	<b>14,163</b>
<b>Changes in the income statement and statement of comprehensive income</b>					
Net expenses from reinsurance contracts held (excluding effect of changes in non-performance risk of reinsurers)	(131,088)	-	98,356	(209)	(32,941)
<b>Net expenses from reinsurance contracts held</b>	<b>(131,088)</b>	<b>-</b>	<b>98,356</b>	<b>(209)</b>	<b>(32,941)</b>
Net finance income from reinsurance contracts held	24	-	-	-	24
<b>Total changes in the income statement and statement of comprehensive income</b>	<b>(131,064)</b>	<b>-</b>	<b>98,356</b>	<b>(209)</b>	<b>(32,917)</b>

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(f) Analysis by measurement component of reinsurance contracts held measured under the premium allocation approach (continued)

Company	31 December 2022				
	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Excluding loss recovery component RM'000	Loss recovery component RM'000	Estimates of present value of future cash flows RM'000	Risk adjustment for non- financial risk RM'000	
<b>Cash flows</b>					
Premiums paid	77,819	-	-	-	77,819
Amounts received	-	-	(48,049)	-	(48,049)
Other amounts paid	-	-	291	-	291
<b>Total cash flows</b>	77,819	-	(47,758)	-	30,061
<b>Adjusted for :</b>					
Non-cash operating expenses	-	-	29	-	29
<b>Net closing balance</b>	(88,462)	-	99,798	-	11,336
Closing assets	(88,462)	-	99,798	-	11,336
Closing liabilities					
<b>Net closing balance</b>	(88,462)	-	99,798	-	11,336

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

Movement in carrying amounts (continued)

(g) Reconciliation of assets for insurance acquisition cash flows not measured under the premium allocation approach

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2023</b>	<b>31 December 2022</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Opening balance</b>	209,609	186,666	9,123	5,367
Assets recognised for insurance acquisition cash flows paid during the period	23,319	42,587	2,680	5,897
Allocation to groups of insurance contracts	(10,133)	(19,644)	(1,168)	(2,141)
<b>Net closing balance</b>	<b>222,795</b>	<b>209,609</b>	<b>10,635</b>	<b>9,123</b>
Closing assets	29,475	28,026	-	-
Closing liabilities	193,320	181,583	10,635	9,123
<b>Net closing balance</b>	<b>222,795</b>	<b>209,609</b>	<b>10,635</b>	<b>9,123</b>



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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Fulfilment cash flows**

Estimates of future cash flows

The Group's objective in estimating future cash flows is to determine the expected value or probability-weighted mean of the full range of possible outcomes. The Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date and the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Cash flows are within the boundary of a contract if they arise from substantive right and obligations that existing during the reporting period. They relate directly to the fulfilment of the contract, including those for which the Group 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 arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary.

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.

Methodology and assumptions

*Mortality*

Assumptions have been developed by the Group based on recent historical experience, and expectations of current and expected future experience including mortality improvement. Where historical experience is not credible, reference has been made to pricing assumptions supplemented by market data, where available.

Mortality assumptions have been expressed as a percentage of either standard industry experience tables or, where experience is sufficiently credible, as a percentage of tables that have been developed internally by the Group.

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Fulfilment cash flows (Continued)**

*Morbidity*

Assumptions have been developed by the Group based on recent historical experience, and expectations of current and expected future experience. Morbidity rate assumptions have been expressed as a percentage of standard industry experience tables or as expected claims ratios.

*Persistency*

Persistency covers the assumptions required, where relevant, for policy lapse (including surrender), premium persistency, premium holidays, partial withdrawals, policy loan take up and repayment and retirement rates for pension products.

Assumptions have been developed by the Group based on recent historical experience, and best estimate expectations of expected future experience. Persistency assumptions would vary by policy year and product type with different rates for regular and single premium products where appropriate.

Where experience for a particular product was not credible enough to allow any meaningful analysis to be performed, experience for similar products was used as a basis for future persistency experience assumptions.

In the case of surrenders, the valuation assumes that current surrender value bases will continue to apply in the future.

*Expenses*

The expense assumptions have been set based on the most recent expense analysis. The purpose of the expense analysis is to allocate total expenses between acquisition, maintenance and other activities that, and then to allocate these acquisition and maintenance expenses that can be directly attributed to the portfolio of insurance contracts to derive unit cost assumptions.

Where the expenses associated with certain activities have been identified as being one-off, these expenses have been excluded from the expense analysis.

Expenses assumptions have been determined for acquisition and maintenance activities that can be directly attributed to the portfolio of insurance contracts, split by product type, and unit costs expressed as a percentage of premiums, sum assured and an amount per policy. Where relevant, expense assumptions have been calculated per distribution channel.

Expense assumptions do not make allowance for any anticipated future expense savings as a result of any strategic initiatives aimed at improving policy administration and claims handling efficiency. Assumptions for commission rates and other sales-related payments have been set in line with actual experience.

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Fulfilment cash flows (Continued)**

*Reinsurance*

Reinsurance assumptions have been developed by the Group based on the reinsurance arrangements in-force as at the reporting date and the recent historical and expected future experience.

*Policyholder dividends, profit sharing and interest crediting*

The projected policyholder dividends, profit sharing and interest crediting assumptions set by the Group reflect contractual and regulatory requirements, policyholders' reasonable expectations (where clearly defined) and the Group's best estimate of future policies, strategies and operations consistent with the investment return assumptions.

*An adjustment to reflect the time value of money and the financial risks related to future cash flows*

The Group adjusts the estimate of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The cash flows are discounted by the discount rates reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.

The top-down approach has been primarily adopted for the derivation of discount rates. A top-down approach starts with considering a yield curve that reflects the current market rates of return of a reference portfolio of assets that have similar characteristic of the insurance contracts, and adjust this downwards to eliminate any factors not relevant to the insurance contract (primarily the allowance for credit risk). The assessment of credit risk premium is done on external and internal ratings when the reference portfolio contains assets which are rated. Alternatively, a bottom-up approach could be used under which discount rates are determined by adjusting the liquid risk-free yield curve to reflect the liquidity characteristics of the insurance contracts.

In constructing the discount rates, market observable rates are used up to the last available market data point which is reliable and also relevant in reflecting the characteristic of the insurance contracts. The market observable rates are extrapolated between this point and an ultimate forward rate derived using long-term estimates by applying generally accepted technique such as Smith-Wilson method etc.

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**17. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)**

**Risk adjustments for non-financial risk**

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts, consistent with the way that non-financial risk is managed. Risk adjustments are determined separately from estimates from the present value of future cash flows, using the confidence level technique.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at 75th percentile (the target confidence level) over the expected present value of the future cash flows.

**Contractual service margin**

The CSM of a group of contracts is recognised as insurance revenue in each period based on the number of coverage units provided in the period, which is determined by considering for each contract the quantity of the services provided, its expected coverage duration and time value of money.

For a group of contracts that is onerous at the start of a reporting period and becomes profitable subsequently that CSM is recognised during the reporting period, the total amount of recognised CSM is released to profit or loss if there are no more future coverage units.

**Investment components**

The Group identifies the investment component of an insurance contract by determining the amount that it would be required to repay to the policyholder in all circumstances, regardless of whether an insured event occurs. Investment components are excluded from insurance revenue and insurance service expenses. Generally, for relevant contracts, surrender value would be determined as an investment component.

**18. OPERATING SEGMENTS**

The Group's principal activities are life insurance business, general insurance business, family takaful business and others.

The life insurance business offers a wide range of participating and non-participating whole life, term assurance, endowment as well as investment-linked products.

The General insurance business offers general insurance products which include personal accident, motor, fire and other classes.

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**18. OPERATING SEGMENTS (CONTINUED)**

**INCOME STATEMENT BY REPORTABLE SEGMENTS**

6 months period ended 30 June 2023

<b>Group</b>	<b>Life Insurance Business</b>	<b>General Insurance Business</b>	<b>Family Takaful Business</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Insurance service result	723,882	28,938	91,082	-	843,902
Net Investment result	317,312	17,437	32,900	(27,601)	340,048
Other operating revenue	64,234	-	-	(36,135)	28,099
Other operating expenses	(167,705)	(14,612)	(10,430)	36,635	(156,112)
Share of losses from associate	-	-	-	(65)	(65)
<b>Profit before tax</b>	<b>937,723</b>	<b>31,763</b>	<b>113,552</b>	<b>(27,166)</b>	<b>1,055,872</b>
Tax expense	(213,824)	(6,748)	(31,012)	(841)	(252,425)
<b>Profit after tax for the period</b>	<b>723,899</b>	<b>25,015</b>	<b>82,540</b>	<b>(28,007)</b>	<b>803,447</b>
<b>Profit attributable to:</b>					
Owners of the parent	723,899	25,015	57,780	(28,007)	778,687
Non-controlling interest	-	-	24,760	-	24,760
	<u>723,899</u>	<u>25,015</u>	<u>82,540</u>	<u>(28,007)</u>	<u>803,447</u>

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**18. OPERATING SEGMENTS (CONTINUED)**

**STATEMENT OF COMPREHENSIVE INCOME BY REPORTABLE SEGMENTS**

6 months period ended 30 June 2023

<u>Group</u>	<u>Life Insurance Business</u> RM'000	<u>General Insurance Business</u> RM'000	<u>Family Takaful Business</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<b>Other comprehensive income:</b>					
Total other comprehensive expense- net of tax for the period	10,132	4,205	7,482	-	21,819
Total comprehensive income for the period	734,031	29,220	90,022	(28,007)	825,266
Total comprehensive income attributable to:					
Owners of the parent	734,031	29,220	63,018	(28,007)	798,262
Non-controlling interest	-	-	27,004	-	27,004
	<u>734,031</u>	<u>29,220</u>	<u>90,022</u>	<u>(28,007)</u>	<u>825,266</u>

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**18. OPERATING SEGMENTS (CONTINUED)**

**INCOME STATEMENT BY REPORTABLE SEGMENTS**

6 months period ended 30 June 2022

<u>Group</u>	<u>Life Insurance Business</u>	<u>General Insurance Business</u>	<u>Family Takaful Business</u>	<u>Others</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Insurance service result	743,792	66,550	163,176	-	973,518
Net Investment result	(450,011)	(2,266)	(71,180)	(43,499)	(566,956)
Other operating revenue	63,187	-	-	(19,901)	43,286
Other operating expenses	(163,481)	(21,898)	(24,350)	24,443	(185,286)
Share of losses from associate	-	-	-	(225)	(225)
Profit before tax	193,487	42,386	67,646	(39,182)	264,337
Tax credit / (expense)	95,432	(12,221)	(2,857)	(1,494)	78,860
Profit after tax for the period	288,919	30,165	64,789	(40,676)	343,197
Profit attributable to:					
Owners of the parent	288,919	30,165	45,352	(40,676)	323,760
Non-controlling interest	-	-	19,437	-	19,437
	<u>288,919</u>	<u>30,165</u>	<u>64,789</u>	<u>(40,676)</u>	<u>343,197</u>

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**18. OPERATING SEGMENTS (CONTINUED)**

**STATEMENT OF COMPREHENSIVE INCOME BY REPORTABLE SEGMENTS**

6 months period ended 30 June 2022

<u>Group</u>	<u>Life Insurance Business</u> RM'000	<u>General Insurance Business</u> RM'000	<u>Family Takaful Business</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Other comprehensive income:					
Total other comprehensive expense- net of tax for the period	(244,434)	(5,455)	(9,968)	-	(259,857)
Total comprehensive income for the period	44,485	24,710	54,821	(40,676)	83,340
Total comprehensive income attributable to:					
Owners of the parent	44,485	24,710	38,331	(40,676)	66,850
Non-controlling interest	-	-	16,490	-	16,490
	<u>44,485</u>	<u>24,710</u>	<u>54,821</u>	<u>(40,676)</u>	<u>83,340</u>



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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
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18. OPERATING SEGMENTS (CONTINUED)

STATEMENTS OF FINANCIAL POSITION BY REPORTABLE SEGMENTS

**30 June 2023**

<b><u>Group</u></b>	<b><u>Life Insurance Business</u></b>	<b><u>General Insurance Business</u></b>	<b><u>Family Takaful Business</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
<b>Total Assets</b>	60,204,529	648,332	3,840,298	(473,164)	64,219,996
<b>Total Liabilities</b>	51,192,912	255,194	2,793,979	81,876	54,323,962
<b>Total Equity</b>	9,011,617	393,138	1,046,319	(555,040)	9,896,034
<b>Total equity and liabilities</b>	60,204,529	648,332	3,840,298	(473,164)	64,219,996

**31 December 2022**

<b><u>Group</u></b>	<b><u>Life Insurance Business</u></b>	<b><u>General Insurance Business</u></b>	<b><u>Family Takaful Business</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
<b>Total Assets</b>	58,675,848	634,535	3,521,454	(492,759)	62,339,077
<b>Total Liabilities</b>	49,816,262	240,617	2,565,145	64,285	52,686,308
<b>Total Equity</b>	8,859,586	393,918	956,309	(557,044)	9,652,769
<b>Total equity and liabilities</b>	58,675,848	634,535	3,521,454	(492,759)	62,339,077

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**19. EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS**

**MFRS 17 Insurance contracts**

Recognition, measurement and presentation of insurance contracts

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

Under MFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are excluded from insurance revenue and insurance service expenses.

Insurance finance income or expenses, disaggregated between profit or loss and other comprehensive income are presented separately from insurance revenue and insurance service expenses.

The Group applies the premium allocation approach to simplify the measurement of certain contracts. When measuring liabilities for remaining coverage, the premium allocation approach is similar to the Group's previous accounting treatment; however, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk, as appropriate.

Previously, all acquisition costs were expensed off. Under MFRS 17, insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented as part of the carrying amount of the related portfolio of contracts and are subsequently derecognised when respective groups of contracts are recognised and hence included in the CSM measurement of that group.

Income and expenses from reinsurance contracts held other than insurance finance income or expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

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### **19. EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

#### **MFRS 17 Insurance contracts (continued)**

##### Transition

Changes in accounting policies resulting from the adoption of MFRS 17 have been applied full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022, the Group:

- identified, recognised and measured each group of insurance contracts and reinsurance contracts held as if MFRS 17 had always applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if MFRS 17 had always been applied, except that the recoverability assessment was not applied before 1 January 2022;
- derecognised previously reported balances that would not have existed if MFRS 17 had always been applied. These included insurance receivables and payables, policy loans and its accrued interest revenue and provisions that are attributable to existing insurance contracts, etc. Under MFRS 17, these are included in the measurement of the insurance contracts; and
- recognised any resulting net difference in equity.

##### Insurance contracts and reinsurance contracts held

For certain groups of contracts, the Group applied the modified retrospective approach or the fair value approach in MFRS 17 to identify, recognise and measure certain groups of contracts at 1 January 2022 because it was impracticable to apply the full retrospective approach.

The Group considered the full retrospective approach impracticable for contracts in these segments under any of the following circumstances.

- The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons.
- The full retrospective approach required assumptions about what Group management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight, the application of full retrospective approach is considered as impracticable if such assumptions and estimates were not determinable.

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**19. EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

**MFRS 17 Insurance contracts (continued)**

**Assets for insurance acquisition cash flows**

The Group also applied the fair value approach to identify, recognise and measure certain assets for insurance acquisition cash flows at 1 January 2022.

It was impracticable to apply the full retrospective approach because:

- data had not been collected with sufficient granularity;
- information required to identify fixed and variable overheads as relating to acquisition activities and to allocate them to groups of contracts was not available; or
- original assumptions about the manner in which the Group would have expected insurance acquisition cash flows to be recovered, which were required to allocate them to renewals, could not be made without the use of hindsight.

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**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

**MFRS 9 Financial Instruments**

Classification of financial assets and financial liabilities

MFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. MFRS 9 eliminates the previous MFRS 139 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Under MFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of MFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

MFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

Impairment of financial assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with a forward-looking 'expected credit loss' model. The new impairment model applies to financial assets measured at amortised cost, debt securities at fair value through other comprehensive income and lease receivables. Under MFRS 9, credit losses are recognised earlier than under MFRS 139.

Transition

Changes in accounting policies resulting from the adoption of MFRS 9 have been applied retrospectively, except as described below.

- The comparative period has been restated. As permitted under MFRS 17, the Group has elected to apply classification overlay in the comparative period presented. The classification overlay has been applied to all financial assets that had been derecognised before 1 January 2023 based on how those assets are expected to be classified on initial application of MFRS 9. In applying the classification overlay to financial assets derecognised during the comparative period, the Group has applied the impairment requirements of MFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2023.
- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at fair value through profit or loss.
- If an investment in a debt security had low credit risk at 1 January 2023, then the Group determined that the credit risk on the asset had not increased significantly since initial recognition.

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**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

**MFRS 9 Financial Instruments (continued)**

Effect of initial application

*Classification of financial assets and liabilities*

The table below shows the original measurement category and carrying amount under MFRS139 and the new measurement category and carrying amount under MFRS 9 for each class of the Group's financial assets and financial liabilities.

<u>Group</u>	<u>Classification under</u>		<u>Carrying amount under</u>	
	<u>MFRS139</u>	<u>MFRS 9</u>	<u>MFRS139</u>	<u>MFRS 9</u>
			<u>31.12.2022</u>	<u>01.01.2023</u>
			<u>RM'000</u>	<u>RM'000</u>
<b>Financial Assets</b>				
Debt securities	FVTPL (designated)	FVTPL (mandatory)	3,080,713	3,080,713
Debt securities	FVTPL (designated)	FVTPL (designated)	23,194,040	23,194,040
Debt securities	Available-for-sale	FVTPL (mandatory)	1,264,406	1,264,406
Debt securities	Available-for-sale	FVTPL (designated)	1,501	1,501
Debt securities	Available-for-sale	FVOCI	9,206,020	9,206,020
Debt securities	FVTPL (designated)	FVOCI	137,230	137,230
Equity shares	FVTPL (designated)	FVTPL (mandatory)	13,289,142	13,289,142
Mutual funds	FVTPL (designated)	FVTPL (mandatory)	3,679,534	3,679,534
Derivative assets	FVTPL (held for trading)	FVTPL (mandatory)	15,801	15,801
Cash and cash equivalents	Loans and receivables	Amortised cost	3,076,488	3,076,488
<b>Total financial assets</b>			<b><u>56,944,875</u></b>	<b><u>56,944,875</u></b>
<b>Financial Liabilities</b>				
Derivative liabilities	FVTPL (held for trading)	FVTPL (mandatory)	(9,284)	(9,284)
<b>Total financial liabilities</b>			<b><u>(9,284)</u></b>	<b><u>(9,284)</u></b>

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**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

**MFRS 9 Financial Instruments (continued)**

Effect of initial application

*Classification of financial assets and liabilities (continued)*

The table below shows the original measurement category and carrying amount under MFRS139 and the new measurement category and carrying amount under MFRS 9 for each class of the Group's financial assets and financial liabilities.

<u>Company</u>	<u>Classification under</u>		<u>Carrying amount under</u>	
	<u>MFRS139</u>	<u>MFRS 9</u>	<u>MFRS139</u>	<u>MFRS 9</u>
			<u>31.12.2022</u>	<u>01.01.2023</u>
			<u>RM'000</u>	<u>RM'000</u>
<b>Financial Assets</b>				
Debt securities	FVTPL (designated)	FVTPL (mandatory)	3,068,943	3,068,943
Debt securities	FVTPL (designated)	FVTPL (designated)	21,684,063	21,684,063
Debt securities	Available-for-sale	FVTPL (mandatory)	1,036,907	1,036,907
Debt securities	Available-for-sale	FVOCI	8,726,801	8,726,801
Equity shares	FVTPL (designated)	FVTPL (mandatory)	13,174,557	13,174,557
Mutual funds	FVTPL (designated)	FVTPL (mandatory)	3,678,077	3,678,077
Derivative assets	FVTPL (held for trading)	FVTPL (mandatory)	15,801	15,801
Cash and cash equivalents	Loans and receivables	Amortised cost	2,689,063	2,689,063
<b>Total financial assets</b>			<u>54,074,212</u>	<u>54,074,212</u>
<b>Financial Liabilities</b>				
Derivative liabilities	FVTPL (held for trading)	FVTPL (mandatory)	(9,284)	(9,284)
<b>Total financial liabilities</b>			<u>(9,284)</u>	<u>(9,284)</u>

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**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

**MFRS 9 Financial Instruments (continued)**

Effect of initial application (continued)

The Group's accounting policies on the classification of financial instruments under MFRS 9 are set out in note 3.3.1. The application of these policies resulted in the reclassifications set out in the table above and explained below.

- a. Under MFRS 139, certain debt securities were designated as at fair value through profit or loss because the Group managed them on a fair value basis or such designation eliminates or significantly reduces a measurement or recognition inconsistency. Under MFRS 9, these assets are mandatorily measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets or their contractual cash flows do not represent solely payments of principal and interest on the principal amount outstanding.
- b. Under MFRS 139, certain debt securities that were classified as available-for-sale financial assets; under MFRS 9, a portion of these assets are mandatorily measured at fair value through profit or loss either because their contractual cash flows do not solely payment of principal and interest on the principal amount outstanding or they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Some of these debt securities are designated as at fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise, while others are classified as fair value through other comprehensive income based on the criteria in MFRS 9.
- c. There are some debt securities being designated as at fair value through profit or loss under MFRS 139. The Group has revoked the designation to measure them at fair value through profit or loss upon the adoption of MFRS 9 because there is no longer a significant accounting mismatch arising from the securities as a result of adoption of MFRS 17. These assets are classified as fair value through other comprehensive income based on the criteria in MFRS 9.
- d. Under MFRS 139, equity shares and interest in investment funds were designated as at fair value through profit or loss because they are managed on a fair value basis. Under MFRS 9, these assets are mandatorily measured at fair value through profit or loss because they do not give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding and the Group has not elected to measure them at fair value through other comprehensive income.



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**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

**MFRS 9 Financial Instruments (continued)**

Effect of initial application (continued)

The following table summarises the effects of the reclassification of (i) debt securities measured at fair value through profit or loss to fair value through other comprehensive income categories as a result of the transition of MFRS 9.

	<b>Group 2023</b>	<b>Company 2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Reclassification from FVTPL to FVOCI</b>		
Fair value at 30 June	104,931	-
Fair value gains that would have been recognised in the profit or loss during the period if the financial asset had not been reclassified	2,438	-
Effective interest rate determined on 1 January	4%	-
Total amortised cost of the financial assets which are included to determine the "effective interest rate" above	146,252	-
Interest revenue recognised	2,754	-

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

**MFRS 9 Financial Instruments (continued)**

Effect of initial application (continued)

*Impairment of financial assets*

The following table reconciles the closing impairment allowance in accordance with MFRS 139 as at 31 December 2022 with the opening loss allowance determined in accordance with MFRS 9 as at 1 January 2023

<b>Group</b>	<b>MFRS 139</b> <b>31.12.2022</b> <b>RM'000</b>	<b>Remeasurement</b>  <b>RM'000</b>	<b>MFRS 9</b> <b>01.01.2023</b> <b>RM'000</b>
Debt securities at FVOCI under MFRS 9:			
from available-for-sale under MFRS 139	-	29,326	29,326
from fair value through profit or loss under MFRS 139	-	564	564
Financial assets at amortised cost under MFRS 9:			
from loans and receivables under MFRS 139	41,128	(19,189)	21,939
<b>Company</b>			
Debt securities at FVOCI under MFRS 9:			
from available-for-sale under MFRS 139	-	26,123	26,123
Financial assets at amortised cost under MFRS 9:			
from loans and receivables under MFRS 139	41,128	(19,222)	21,906

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**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the condensed consolidated statement of financial position of the Group at 31 December 2022.

<u>Group</u>	<u>As previously reported</u>	<u>Classification and measurement</u>	<u>As restated</u>
	<b>31.12.2022</b>		<b>1.1.2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	389,433	97,374	486,807
Right of use assets	97,374	(97,374)	-
Investment properties	346,990	-	346,990
Intangible assets	358,769	-	358,769
Investment in associate	2,756	-	2,756
Available-for-sale financial assets	10,765,424	(10,765,424)	-
Fair value through other comprehensive income			
financial investments	-	9,543,531	9,543,531
Fair value through profit or loss			
financial investments	44,494,923	830,846	45,325,769
Amortised cost financial investments	-	2,054,631	2,054,631
Derivative financial instrument	3,381	(3,381)	-
Loan and receivables	3,596,731	(3,596,732)	-
Reinsurance assets	615,664	(615,664)	-
Insurance contract assets	-	23,633	23,633
Reinsurance contract assets	-	125,703	125,703
Insurance receivables	334,523	(334,523)	-
Deferred tax assets	16,993	(12,821)	4,172
Current tax assets	287,434	(1,825)	285,611
Other assets	-	704,217	704,217
Cash and bank balances	3,076,488	-	3,076,488
<b>Total assets</b>	<b>64,386,883</b>	<b>(2,047,806)</b>	<b>62,339,077</b>
Share capital	810,000	-	810,000
Retained earnings	4,319,519	3,996,279	8,315,798
Revaluation reserve	31,964	136,731	168,695
Fair value reserve	(63,126)	59,952	(3,174)
Insurance finance reserve	-	74,557	74,557
Non-controlling interest	122,024	164,869	286,893
<b>Total equity</b>	<b>5,220,381</b>	<b>4,432,388</b>	<b>9,652,769</b>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the condensed consolidated statement of financial position of the Group at 31 December 2022.

<u>Group</u>	<u>As previously reported</u> <u>31.12.2022</u> <u>RM'000</u>	<u>Classification and measurement</u> <u>RM'000</u>	<u>As restated</u> <u>1.1.2023</u> <u>RM'000</u>
Insurance contract liabilities	49,213,302	1,087,849	50,301,151
Reinsurance contract liabilities	-	190,855	190,855
Deferred tax liabilities	539,605	1,009,177	1,548,782
Insurance payable	8,217,698	(8,217,698)	-
Derivative financial instrument	-	9,284	9,284
Current tax liabilities	1,820	(1,820)	-
Provision	-	36,733	36,733
Other payables	1,089,389	(1,089,389)	-
Other liabilities	-	599,503	599,503
Lease liabilities	104,688	(104,688)	-
<b>Total liabilities</b>	<u>59,166,502</u>	<u>(6,480,194)</u>	<u>52,686,308</u>
<b>Total equity and liabilities</b>	<u>64,386,883</u>	<u>(2,047,806)</u>	<u>62,339,077</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the condensed consolidated statement of financial position of the Company at 31 December 2022.

<u>Company</u>	<u>As previously reported</u>	<u>Classification and measurement</u>	<u>As restated</u>
	<b>31.12.2022</b>		<b>1.1.2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	388,594	97,247	485,841
Right of use assets	97,247	(97,247)	-
Investment properties	346,990	-	346,990
Intangible assets	341,474	-	341,474
Investment in subsidiaries	597,859	-	597,859
Investment in associate	88	-	88
Available-for-sale financial assets	9,862,004	(9,862,004)	-
Fair value through other comprehensive income financial investments	-	8,726,802	8,726,802
Fair value through profit or loss financial investments	41,795,195	783,968	42,579,163
Amortised cost financial assets	-	2,003,200	2,003,200
Derivative financial instrument	3,381	(3,381)	-
Loan and receivables	3,515,447	(3,515,447)	-
Reinsurance assets	533,342	(533,342)	-
Reinsurance contract assets	-	3,796	3,796
Insurance receivables	267,422	(267,422)	-
Current tax assets	279,109	-	279,109
Other assets	-	622,463	622,463
Cash and bank balances	2,689,063	-	2,689,063
<b>Total assets</b>	<b>60,717,215</b>	<b>(2,041,367)</b>	<b>58,675,848</b>
Share capital	810,000	-	810,000
Retained earnings	4,245,744	3,560,441	7,806,185
Revaluation reserve	31,964	136,731	168,695
Fair value reserve	(44,858)	44,608	(250)
Insurance finance reserve	-	74,956	74,956
<b>Total equity</b>	<b>5,042,850</b>	<b>3,816,736</b>	<b>8,859,586</b>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the condensed consolidated statement of financial position of the Company at 31 December 2022.

<u>Company</u>	<u>As previously reported</u>	<u>Classification and measurement</u>	<u>As restated</u>
	<u>31.12.2022</u>		<u>1.1.2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Insurance contract liabilities	45,965,246	1,773,702	47,738,948
Reinsurance contract liabilities	-	190,856	190,856
Deferred tax liabilities	539,601	811,554	1,351,155
Insurance payable	8,183,185	(8,183,185)	-
Derivative financial instrument	-	9,284	9,284
Provision	-	36,733	36,733
Other payables	881,582	(881,582)	-
Other liabilities	-	489,286	489,286
Lease liabilities	104,751	(104,751)	-
<b>Total liabilities</b>	<u>55,674,365</u>	<u>(5,858,103)</u>	<u>49,816,262</u>
<b>Total equity and liabilities</b>	<u>60,717,215</u>	<u>(2,041,367)</u>	<u>58,675,848</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**19 EFFECTS OF ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)**

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statement of total comprehensive income of the Group at 30 June 2022.

**Statement of Total Comprehensive Income**

<u>Group</u>	<b>As previously reported</b>	<b>Classification and measurement</b>	<b>As restated</b>
	<b>30 Jun 2022</b>		<b>30 Jun 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the period</b>	636,309	(293,112)	343,197
Other comprehensive income			
Fair value reserve, net of tax	(444,688)	40,320	(404,368)
Asset revaluation reserve, net of tax	(130)	-	(130)
Post employment benefit obligations, net of tax	43	-	43
Insurance finance expense, net of tax	-	144,598	144,598
<b>Other comprehensive losses for the period</b>	<b>(444,775)</b>	<b>184,918</b>	<b>(259,857)</b>
<b>Total comprehensive income for the period</b>	<b>191,534</b>	<b>(108,194)</b>	<b>83,340</b>
<u>Company</u>	<b>As previously reported</b>	<b>Classification and measurement</b>	<b>As restated</b>
	<b>30 Jun 2022</b>		<b>30 Jun 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the period</b>	662,421	(373,502)	288,919
Other comprehensive income			
Fair value reserve, net of tax	(425,191)	36,131	(389,060)
Asset revaluation reserve, net of tax	(130)	-	(130)
Post employment benefit obligations, net of tax	43	-	43
Insurance finance expense, net of tax	-	144,713	144,713
<b>Other comprehensive loss for the period</b>	<b>(425,278)</b>	<b>180,844</b>	<b>(244,434)</b>
<b>Total comprehensive income for the period</b>	<b>237,143</b>	<b>(192,658)</b>	<b>44,485</b>