Registration No.

199801001430 (457556-X)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.

(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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DIRECTORS' REPORT

The Directors are pleased to submit their report to the member together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the Group and the Company is the underwriting of all classes of life insurance business, including investment-linked business. There has been no significant change in the nature of this activity during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	163,473	163,456

DIVIDENDS

The amount of dividend declared and paid by the Group and the Company since the end of the previous financial year was as follows:

	RM'000
In respect of the financial year ended 31 December 2021:	
Final single tier dividend of 35.398 sen per ordinary shares, paid on 27 June 2022	80,000

SHARE CAPITAL

There was no issuance of new ordinary shares during the financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

PROVISION FOR INSURANCE LIABILITIES

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps to ascertain that there was adequate provision for the insurance liabilities in accordance with the valuation methods specified in Part D of the Risk-Based Capital Framework ("RBC Framework") issued by Bank Negara Malaysia ("BNM") for insurers.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the Directors of the Group and the Company are not aware of any circumstances which would render the amounts written off for bad debts or the amounts of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of the Group and the Company have been written down to an amount which the current assets might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and the Company that has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

For the purpose of this paragraph, contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group and the Company.

DIRECTORS' REPORT (CONTINUED)

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

CORPORATE GOVERNANCE DISCLOSURE

A. BOARD OF DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Dato' Dr Yahya Bin Awang *	Chairman, Non-Independent Non-Executive Director
Tan Sri Azlan Bin Mohd Zainol ^	Chairman, Independent Director
Datuk Leong Kam Weng	Independent Director
Chuah Sue Yin	Independent Director
U Chen Hock	Independent Director
Tang Loo Chuan	Executive Director

* Tan Sri Dato' Dr Yahya Bin Awang retired on 2 July 2022.

^ Tan Sri Azlan Bin Mohd Zainol was appointed as the Chairman of the Board of Directors ("Board") on 1 September 2022 and passed away on 12 January 2023.

The Board has the overall responsibility for promoting sustainable growth and financial soundness of the Group and the Company, and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board's decisions on the Group and the Company and their customers, officers and the general public.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

The Board is responsible for:

(a) reviewing and approving the strategic plan for the Group and the Company including the 3-year IT and cybersecurity strategic plans;

(b) reviewing and approving the Group and the Company's overall risk strategy, risk appetite including the technology risk appetite; and oversee their implementation;

(c) identifying principal risks and ensure the implementation of appropriate systems to manage these risks, including application of immediate remedial measures should the need arise;

(d) ensuring the Group and the Company maintains an appropriate level and quality of capital for their risk profile and business plan;

(e) approving and overseeing the effective implementation of sound and robust Technology Risk Management Framework ("TRMF") and Cyber Resilience Framework ("CRF"), and ensure the risk assessments undertaken in relation to material technology applications submitted to BNM are robust and comprehensive.

(f) overseeing the conduct of the Group and the Company's business, including that of participating business, to ensure sound management by the senior management and to evaluate whether the business is properly managed towards achieving corporate objectives, and that the Group and the Company's dealings with shareholders, policyholders, claimants and creditors are conducted in a fair and equitable manner;

(g) safeguarding the integrity and credibility of the Group and the Company, including ensuring that the senior management and all levels of employees conduct business with highest level of moral behavior and in a manner that instills public confidence;

(h) providing a clear framework of objectives and policies for the senior management to operate, including the setting of authority limits and reporting lines;

(i) reviewing and be responsible for the adequacy and integrity of the Group and the Company's internal control systems and management information systems, including policies and procedures for compliance with applicable laws, regulations, rules, directives and guidelines;

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

The Board is responsible for: (continued)

(j) developing, implementing and maintaining an effective communications policy that enables both the Board and the senior management to communicate effectively with their shareholders, stakeholders and public;

(k) safeguarding the interests of policyholders and shareholders with trustworthy, prudent, efficient and able administration; and

(l) adhering to sound corporate governance principles in the appointment or reappointment of Directors, Chief Executive Officer and Company Secretary, the structure and composition of the Board and the individual Board committees as well as relevant disclosures.

The detailed responsibilities of the Board is set out in the Board Charter, which is available at the website, www.tokiomarine.com.

A1 Composition of the Board

The Board is made up of 3 Independent Non-Executive Directors and 1 Executive Director. The appointments and re-appointments of all Board members were approved by BNM.

The Board comprises members from diverse backgrounds and qualifications and bring a wide range of financial and commercial experience to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and competencies to the Group and the Company. This composition is the right mix for proper governance of and the Group and the Company.

All members of the Board complied with BNM's requirements on the minimum criteria of "A Fit and Proper Person" as prescribed under the Financial Services Act, 2013 ("FSA 2013").

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows:

Datuk Leong Kam Weng – Independent Director
Working experience: Datuk Leong was appointed as a Director of our Company on 1 July 2015. He is the chairman of the Audit Committee, Nominating Committee and Remuneration Committee and a member of the Risk Management and Compliance Committee. Datuk Leong graduated with a Bachelor of Economics degree and a Bachelor of Laws degree from Monash University, Australia in April 1986 and May 1988 respectively. He is a Chartered Accountant of the Malaysian Institute of Accountants since October 2004 and a Fellow of CPA Australia since September 2013. He was called to the Malaysian Bar in January 1989 and is a certified mediator on the panel of the Malaysian Mediation Centre, Bar Council Malaysia. Datuk Leong was practising as an advocate and solicitor in Chooi & Co from January 1989 to January 1992, after which he joined TA Securities Sdn Bhd as the Manager of the Legal Department to manage and oversee the legal affairs for the TA Enterprise Berhad and TA Global Berhad group of companies in February 1992. He became the Senior Manager / Head of the Legal Department of TA Securities Sdn. Bhd. in July 1993. Between November 1993 and October 1995, he was also made the Vice President of the International Division of TA Enterprise Berhad where his responsibilities include the identification of investment opportunities in the Asia Pacific region, and the negotiation and implementation of such investments. Datuk Leong subsequently took on the position of General Manager cum Executive Director in Credit Leasing Corporation Sdn Bhd (which was, at the time, a wholly-owned subsidiary of TA Enterprise Berhad) from November 1995 to February 1997, where he oversaw and managed the operations of the company. From March 1997 to June 1998, he joined TA Bank of Philippines Inc as an Executive Director where he assisted the Chief Executive Officer in the management of the bank, in particular in relation to corporate finance matters. He was also a member of the bank's Assets and Lending Committee which oversaw the approval of loans and the determination of lending policies and interest rates. He returned to Malaysia and became the Chief Executive Officer of TA Securities Berhad from June 1998 to July 1999. Since July 1999, he has been a Partner at a law firm, Messrs Iza Ng Yeoh & Kit and is now the Joint Managing Partner of the said law firm. Datuk Leong currently holds directorships in a number of public and private companies, including Malayan United Industries Berhad, Only World Group Holdings Berhad, Asian Outreach (Malaysia) Bhd, Xin Hwa Holdings Berhad, Pecca Group Berhad and Keep Linked Sdn Bhd.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows: (continued)

Chuah Sue Yin – Independent Director

Working experience:

Ms. Chuah was appointed as a Director of our Company on 8 May 2016. She is the chairperson of the Risk Management and Compliance Committee and a member of the Audit Committee, Nominating Committee and Remuneration Committee.

Ms. Chuah graduated with a Bachelor of Science with Honours in Management Science from the University of Warwick, United Kingdom in July 1994. She is a Chartered Accountant of the Malaysian Institute of Accountants since April 1999 and a Fellow member of the Institute of Chartered Accountants in England & Wales since April 2012. She is also an associate of the Malaysian Institute of Taxation (now known as Chartered Tax Institute of Malaysia) since August 2007.

Further, Ms. Chuah is an approved company auditor under the Companies Act, 2016, a Registered Auditor of Public Interest Entity under the Securities Commission Malaysia Act, 1993, an Auditor of Co-operative Societies under the Co-operatives Societies Act, 1993, a Registered ASEAN Chartered Professional Accountant, a tax agent under the Income Tax Act, 1967.

Ms. Chuah began her career in September 1994 as a Senior Accountant in Coopers & Lybrand Birmingham, United Kingdom where she performed and managed various audit assignments. Thereafter, she joined PricewaterhouseCoopers London, United Kingdom as the Supervisor of the Risk Assurance Division from September 1997 to December 1998 where she performed and managed various risk management and computer audit assignments. She subsequently returned to Malaysia and joined PCCO PLT as a Senior Manager from January 1999 to April 2004. She became a Partner of PCCO PLT in April 2004 and since April 2007, she has been the Managing Partner of PCCO PLT. She oversees the finance and operations of the firm and she is involved in providing services such as financial accounting and reporting, internal and external audits and due diligence services.

She has also been the Director of PCCO Management Services Sdn Bhd ("PCCO Management") since January 1999 and PCCO Tax Services Sdn Bhd ("PCCO Tax") since April 2004. Further, she has been the Managing Director of PCCO Tax and PCCO Management since April 2007, where she oversees the finance and operations of the companies, For PCCO Tax, she is involved in providing tax compliance and tax consultancy services for direct and indirect tax, and as for PCCO Management, she is involved in providing financial accounting and reporting, internal audit, due diligence and human resource related services.

Ms. Chuah currently holds directorships in a number of public and private companies including BP Plastics Holding Bhd, PCCO Management and PCCO Tax.

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows: (continued)

Tang Loo Chuan – Executive Director
Working experience: Mr. Tang was appointed as a Director of our Company on 8 May 2016. He is a member of the Nominating Committee. He was a Non-Independent Non-Executive Director and also a member of the Remuneration Committee and the Risk Management and Compliance Committee until 7 May 2018. On 8 May 2018, he was redesignated to Non-Independent Executive Director and on the same day, relinquished his position as member of the Remuneration Committee and the Risk Management and Compliance Committee following BNM's approval for his re-appointment. Mr. Tang graduated from Nanyang Technological University, Singapore with a Bachelor of Business (specialising in Actuarial Science) in May 1994. Since July 2003, he is a Fellow of the Institute of Actuaries, United Kingdom (now known as Institute & Faculty of Actuaries). He began his career in May 1994 as a Senior Actuarial Assistant in the Insurance Corporation of Singapore Limited where he oversaw product pricing and valuation functions as well as the customisation of actuarial valuation software. He subsequently joined The Asia Life Assurance Society Limited (Singapore) as the Actuarial Manager from May 1997 to May 2002 where he oversaw product pricing, product development and stress test reporting. He then took on the position of an Actuarial Manager in John Hancock Life Assurance Company Limited from May 2002 to May 2004 where he oversaw product pricing, product development, stress test reporting and experience studies. Mr. Tang subsequently joined Manulife (Singapore) Pte Limited (following the merger of Manulife (Singapore) Pte Ltd and John Hancock Life Assurance Company Ltd in 2004) as the Vice President and Appointed Actuary, from May 2004 to May 2008, where he was the head of pricing and local risk-based capital reporting. From June 2008 to March 2010, Mr. Tang was the Appointed Actuary of UOB Life Assurance Ltd (now Pru Life Assurance Ltd) where he oversaw product pricing, product development, local risk-based capital framework, stress test reporting, reinsurance and participating fund governance. He was also a member of the company's investment committee and bancassurance committee. He subsequently joined AXA Life Insurance Singapore Pte Ltd from June 2010 to September 2011 as the Chief Actuary and Appointed Actuary where he similarly oversaw product pricing, local risk-based capital framework, stress test reporting, reinsurance, par fund governance and asset liability management. During the same period, he was also a member the Agency Compensation Review Workgroup and the Local Investment Committee of AXA Life Insurance Singapore Pte Ltd. He then joined Aviva Ltd from October 2011 to January 2015 as an Appointed Actuary, where he was also the deputy to the chief financial officer and oversaw product pricing, local risk-based capital framework, capital management, stress test reporting, reinsurance, participating fund governance, asset liability management and experience studies.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows: (continued)

Tang Loo Chuan – Executive Director (continued)
Working experience: (continued) Since January 2015, he has been the Senior Vice President of the Life Actuarial Department of Tokio Marine Asia Pte. Ltd. ("TMAP"). He is also a corporate representative of Tokio Marine Life Insurance Singapore Ltd. ("TMLIS") in the Company. Mr. Tang is currently the Chief Life Officer of TMAP. Mr. Tang oversees, among other things, product pricing, capital management policy, investment policy, participating fund governance and experience studies. He is a member of the Executive Committee of TMAP, and Asset Liability Management & Investment Committee of TMLIS. He also plays a regional role in establishing the business strategies for the Tokio Marine Group's life insurance business (outside Japan). Mr. Tang currently holds directorships in a number of life insurance companies, namely PT Tokio Marine Life Insurance Indonesia, Edelweiss Tokio Life Insurance Company Limited and TMLIS.

U Chen Hock – Independent Director
Working experience: Mr U brings over 36 years of extensive experience in corporate, commercial, investment, and consumer banking to our Company. He was appointed as a Director on 1 April 2020 and currently serves as a member of the Audit Committee, Nominating Committee, Remuneration Committee, and Risk Management and Compliance Committee. Mr. U holds a Bachelor of Economics and Management (Hon) degree from the National University of Malaysia (UKM). He is also a Certified Financial Planner (CFP), an accreditation awarded by the Financial Planning Standards Board, USA. To further his leadership and management skills, Mr. U has attended numerous Senior Executive Leadership Programmes at INSEAD, London Business School, Duke Corporate Education, and IMD. Prior to joining our Company, Mr. U had a distinguished banking career at a global banking group, where he held senior leadership roles in Malaysia and Taiwan, as well as at its Asia Pacific Headquarters in Hong Kong. During his tenure, he gained valuable experience in various banking sectors, including corporate, commercial, investment, and consumer banking. Mr. U left the global banking group in 2010 to explore new opportunities and further enhance his skills.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A1 Composition of the Board (continued)

The profiles of the Board members are as follows: (continued)

U Chen Hock – Independent Director (continued)
Working experience: (continued) Following his overseas stint, Mr U returned to Malaysia to join a local investment bank where he was appointed as its Chief Executive Officer. Following a corporate exercise involving the merger of the investment bank with one of the largest Malaysian banking groups, Mr U took up a new role as an Executive Director of the enlarged banking group, first with overall responsibilities for its Group International Banking Division and thereafter for its Group Retail Banking business. Mr U was Chairman of the Financial Planning Association Of Malaysia for 2 terms between 2005 and 2007. Mr U is an Independent Non Executive Director of Ambank Malaysia Berhad since July 2018 where he also serves as its Risk Management Committee Chairman and a member of its Audit & Examination Committee.

None of the Directors hold any share in the Group and the Company.

All Directors are required to attend the in-house orientation and education programmes within 3 months from his/her date5 of appointment and the Financial Institutions Directors' Education Programme developed by BNM and Perbadanan Insurans Deposit Malaysia in collaboration with the International Centre for Leadership in Finance within one year from his/her date of appointment.

In order to keep the Directors abreast with the dynamic and complex business environments as well as new statutory and regulatory requirements, a budget for Directors' trainings is provided each year by the Group and the Company. During the financial year, in-house trainings on Climate Change Risk and Cyber Security Risk Awareness had been conducted for Directors. All Directors had attended various training programmes/seminars during the financial year and the Nominating Committee reviewed the list of training programmes/seminars attended by the Directors and was satisfied with the training programmes/seminars attended by the Directors.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A2 Board Meetings

The Board held six (6) meetings during the financial year and the attendance of the Board members was as follows:

Board of Directors	Number of meetings attended
Tan Sri Dato' Dr Yahya Bin Awang	2/3 *
Tan Sri Azlan Bin Mohd Zainol	2/2 ^
Datuk Leong Kam Weng	6/6
Chuah Sue Yin	6/6
U Chen Hock	6/6
Tang Loo Chuan	6/6

* Tan Sri Dato' Dr Yahya Bin Awang retired on 2 July 2022.

^ Tan Sri Azlan Bin Mohd Zainol was appointed as the Chairman of the Board on 1 September 2022 and he had attended 2 out of 2 meetings held after his appointment. He passed away on 12 January 2023.

A3 Board Committees

The Board has established the following four (4) Board Committees operating on the terms of reference approved by the Board, to assist the Board in the execution of its responsibilities.

Nominating Committee ("NC")

The composition of the NC as at the date of this report are as follows:

Datuk Leong Kam Weng	Chairman, Independent Director
Chuah Sue Yin	Independent Director
Tang Loo Chuan	Executive Director
U Chen Hock	Independent Director

The NC is responsible for:

(a) establishing a mechanism for formal assessment and carry out annual evaluation to assess the performance and the effectiveness of the Board as a whole, the contribution by each Director to the effectiveness of the Board, the contribution of the Board's various committees, and the performance of the Chief Executive Officer;

(b) establishing the minimum requirements for the Board and the Chief Executive Officer to perform their responsibilities effectively;

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

Nominating Committee ("NC") (continued)

The NC is responsible for: (continued)

(c) recommending and assessing the nominees for directorship, nominees for Board Committees membership, as well as nominees for the Chief Executive Officer or senior management or Company Secretary. This includes assessing the Directors and the Chief Executive Officer or senior management or Company Secretary proposed for re-appointment where applicable, before an application is submitted to BNM;

(d) recommending to the Board the removal of a Director or Chief Executive Officer or Company Secretary if he/she is ineffective, errant or negligent in discharging his/her responsibilities;

(e) ensuring Directors, Chief Executive Officer, senior management and Company Secretary are assessed under the Fit and Proper requirements at time of appointment, on an annual basis or as and when circumstance changed that may affect the ability to meet the minimum requirements;

(f) assisting the Board in regular review of succession plans for the Board and Board Committees; and

(g) ensuring that all Directors undergo appropriate induction programmes and regularly review the training needs for Directors to ensure the Directors received continuous training.

The detailed terms of reference of the NC is set out in the Board Charter, which is available at the website, www.tokiomarine.com.

The NC held five (5) meetings during the financial year and the attendance of the NC members was as follows:

Members of the NC	Number of meetings attended:
Datuk Leong Kam Weng	5/5
Tan Sri Dato' Dr Yahya Bin Awang	2/3 *
Chuah Sue Yin	5/5
Tang Loo Chuan	5/5
U Chen Hock	5/5

* Tan Sri Dato' Dr Yahya Bin Awang retired on 2 July 2022.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

Remuneration Committee ("RC")

The composition of the RC as at the date of this report are as follows:

Datuk Leong Kam Weng	Chairman, Independent Director
Chuah Sue Yin	Independent Director
U Chen Hock	Independent Director

The RC is responsible for:

(a) recommending and periodically review the remuneration of Directors on the Board, particularly on whether the remuneration remains appropriate to each director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken; and

(b) recommending and periodically review the remuneration framework for the Group and the Company, where the framework should:

(i) be in line with the business and risk strategies, corporate values and long-term interests of the Group and the Company;

(ii) promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Group and the Company as a whole, taking into account the interests of customers; and

(iii) be designed and implemented with input from the control functions and the Risk Management and Compliance Committee to ensure that risk exposures and risk outcomes are adequately considered.

The detailed terms of reference of the RC is set out in the Board Charter, which is available at the website, www.tokiomarine.com.

The RC held two (2) meetings during the financial year and the attendance of the RC members was as follows:

Members of the RC	Number of meetings attended
Datuk Leong Kam Weng	2/2
Tan Sri Dato' Dr Yahya Bin Awang	0/1 *
Chuah Sue Yin	2/2
U Chen Hock	1/1 ^

* Tan Sri Dato' Dr Yahya Bin Awang retired on 2 July 2022.

^ Mr. U Chen Hock was appointed as a member of RC on 1 September 2022.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

<u>Audit Committee ("AC")</u>

The composition of the AC as at the date of this report are as follows:

Datuk Leong Kam Weng	Chairman, Independent Director
Chuah Sue Yin	Independent Director
U Chen Hock	Independent Director

The AC is established pursuant to the requirements of BNM/RH/PD/029-9: Guidelines on Corporate Governance to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information to ensure reliable and transparent financial reporting and oversee the effectiveness of internal audit function and external auditor. In doing so, the AC is providing an avenue for external and internal auditors to effectively voice their findings.

The AC is responsible for:

(a) appointing the external auditors having regarded their independence, objectivity, performance, nature and scope of audit, as well as approving the terms of audit engagement and any provision of non-audit services by them where required;

(b) reviewing the audit plans, findings and recommendations by the external auditors and statutory financial statements of the Group and the Company, including the discussion of the results and findings arising from the external audits and ensuring that senior management is taking necessary corrective actions in a timely manner to address external audit findings and recommendation;

(c) considering any related-party transactions that may arise within the Group and the Company or Tokio Marine group of companies;

(d) reviewing the adequacy of the scope, functions and resources of internal audit function to perform audits including technology audits, given the size and complexity of the Group and the Company's operations; and

(e) reviewing the internal audit programme and findings of the internal audit process and where necessary, ensuring that appropriate actions are taken to address control weaknesses non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions.

The detailed terms of reference of the AC is set out in the Board Charter, which is available at the website, www.tokiomarine.com.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

Audit Committee ("AC") (continued)

The AC held four (4) meetings during the financial year and the attendance of the AC members was as follows:

Members of the AC	Number of meetings attended
Datuk Leong Kam Weng	4/4
Tan Sri Dato' Dr Yahya Bin Awang	1/2 *
Chuah Sue Yin	4/4
U Chen Hock	4/4

* Tan Sri Dato' Dr Yahya Bin Awang retired on 2 July 2022.

Risk Management and Compliance Committee ("RMCC")

The composition of the RMCC as at the date of this report are as follows:

Chuah Sue Yin	Chairperson, Independent Director
Datuk Leong Kam Weng	Independent Director
U Chen Hock	Independent Director

The RMCC is responsible for:

(a) reviewing and recommending risk management strategies, policies, risk appetite and risk tolerance levels including the technology risk appetite for the Board's approval;

(b) reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as to the extent to which these are operating effectively;

(c) reviewing and overseeing the adequacy of the 3-year IT and cybersecurity strategic plans. These plans shall be periodically reviewed, at least once every three (3) years;

(d) reviewing and recommending to the Board the technology-related frameworks including technology risk management framework (TRMF) , cyber resilience framework (CRF) and Cloud Strategy and Policy (CSP), and ensure the risk assessments undertaken in relation to material technology projects are robust and comprehensive;

(e) reviewing reports from management on risk exposure, risk portfolio composition and risk management activities and ensure that these are within the risk appetite set by the Board. This including monitoring the Group and the Company's technology risk against its approved technology risk appetite;

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

A. BOARD OF DIRECTORS (CONTINUED)

A3 Board Committees (continued)

Risk Management and Compliance Committee ("RMCC") (continued)

(f) reviewing and evaluating the adequacy and effectiveness of the overall management of compliance risk on yearly basis;

(g) reviewing the management of any compliance and risk management incidents reported to and managed by the Management as well as to provide oversight on compliance reporting requirements; and

(h) ensuring that adequate infrastructure, resources and systems are in place for effective Compliance and Risk Management. This includes ensuring that the staff responsible for managing Compliance and Risk Management are duly empowered to perform their responsibilities independently.

The detailed terms of reference of the RMCC is set out in the Board Charter, which is available at the website, www.tokiomarine.com.

The RMCC held four (4) meetings during the financial year and the attendance of the RMCC members was as follows:

Members of the RMCC	Number of meetings attended
Chuah Sue Yin	4/4
Tan Sri Dato' Dr Yahya Bin Awang	1/2 *
Datuk Leong Kam Weng	4/4
U Chen Hock	4/4

* Tan Sri Dato' Dr Yahya Bin Awang retired on 2 July 2022.

The RMCC is supported by the Group and the Company's senior management, the Compliance Department and the Risk Management Department.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

B. INTERNAL CONTROL FRAMEWORK

B1 Responsibility

The Board is responsible for the adequacy and effectiveness of the Group and the Company's risk management and internal control framework, including policies and procedures for compliance with applicable laws, regulations, rules, directives and guidelines. The framework is established to manage rather than eliminate risks and is designed to provide reasonable assurance against any occurrence of loss or non-compliances.

At the Board level, the responsibilities for the oversight of the risk management and internal control framework have been delegated to the Board RMCC and Board AC. The responsibilities are clearly defined in the respective committees' Terms of Reference.

B2 Authority & Responsibility

The Management Committee of the Group and the Company, led by the Chief Executive Officer, is responsible for implementation of the risk management and internal control framework. The Group and the Company have clearly defined lines of authority to supervise and monitor the business operations of the Group and the Company. Limits of authority have been established and approved by the Board. Various sub-committees have been formed to manage specific areas such as Asset & Liability Management, Claims, Underwriting, Information Technology ("IT") and Business Continuity. Roles and responsibilities for each committee are clearly defined in the respective committees' Terms of Reference.

B3 Planning, Monitoring & Reporting

The Group and the Company undergo a strategic planning and budgeting process to establish the annual business plan and performance targets which is recommended to the Board for approval. The Management Committee is responsible for implementing strategies to achieve the targets as well as adherence to established policies and procedures. Financial and operational reports are reviewed by the Management Committee on a monthly basis to allow timely response and actions to mitigate any potential risks. Reports are tabled and presented to the Board at least quarterly highlighting the performance of the Group and the Company as well as any updates on risk management, compliance and audit matters.

B4 Policies & Procedures

Policies and procedures have been established to ensure adequacy of internal controls as well as compliance with relevant laws and regulations. These policies and procedures are reviewed periodically to ensure the documents continue to be updated and aligned with business strategies and processes. The effectiveness in implementation of the policies and procedures is regularly reviewed by the governance functions of the Group and the Company. Key policies that have been established for the purpose of governance include the Risk Management Framework and Compliance Policy.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

B. INTERNAL CONTROL FRAMEWORK (CONTINUED)

B4 Policies & Procedures (continued)

The key policies and procedures for:

(a) Risk Management function
- (i) Risk Management Framework ("RMF");
- (ii) Risk Appetite Framework ("RAF");
- (iii) Operational Risk Management Framework ("ORMF");
- (iv) Business Continuity Management related policies and procedures ("BCM Documents");
- (v) Technology Risk Management Framework ("TRMF");
- (vi) Cyber Resilience Framework ("CRF");
- (vii) Cloud Strategy and Policy ("CSP"); and
- (viii) Credit Risk Management Framework ("CRMF")

These frameworks/policies are reviewed annually or from time to time to ensure continued relevance and to reflect latest regulatory and group requirements.

The above framework and policies are reviewed on an annual basis to ensure all relevant and latest requirements are considered and included. The framework and policies will be presented to Risk Management and Compliance Committee for endorsement before the Board's approval. During the financial year, there was no significant changes made to the framework except for some minor updates in the Technology Risk Management Framework, Cyber Resilience Framework and Cloud Strategy and Policy to enhance the clarity on the expected requirements and also for reference purposes.

(b) Compliance function

- (i) Compliance Policy;
- (ii) Anti-Money Laundering Counter Financing of Terrorism Procedural Manual;
- (iii) Anti-Bribery and Corruption Policy;
- (iv) Personal Data Protection Policy;
- (v) Fit & Proper Policy;
- (vi) Compliance and Risk Management Incidents Reporting policy; and
- (vii) Whistleblowing Policy

These frameworks/policies are reviewed annually or from time to time to ensure continued relevance and to reflect latest regulatory and group requirements. These will be tabled to the Risk Management and Compliance Committee for endorsement before the Board's approval.

B. INTERNAL CONTROL FRAMEWORK (CONTINUED)

B5 Three Lines of Defense

In accordance with the Group and the Company's RMF, the Group and the Company use the three lines of defense model to ensure the effectiveness of the risk management and internal control framework. The three lines of defense model provides clarity on roles and responsibilities as well as accountability in management of risk.

Line of Defense	**Financial Segregation**	**Responsibilities**
First Line	Risk taking units: Senior Management Business Units	• Day-to-day management of risks inherent in their business decisions and activities; and • Putting in place tools and techniques, including monitoring and reporting, for managing risks in their activities.
Second Line	Independent risk oversight and control units that oversee and review the first line's activities: • Risk Management • Compliance	Risk Management: • Responsible for developing the risk management framework, setting policies and methodologies for risk management process. Compliance: • Responsible for developing and implementing the compliance framework, policies and methodologies for managing compliance risk.
Third Line	Internal Audit	Responsible for providing the Board an independent and objective assurance on the adequacy and effectiveness of governance, risk management and internal control process within the Group and the Company.

B6 Internal Audit

The purpose of internal audit is to provide an independent, objective assurance and consulting activity designed to add value and improve the Group and the Company's operations. It helps the Group and the Company to accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness of governance, risk management and internal control processes within the Group and the Company.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

C. REMUNERATION POLICY

The Remuneration Policy forms a key component of the governance and incentive structure. This covers all the employees in the Group and the Company at the headquarter and branches.

The objectives of the Policy are to:

(a) serve as a guide for the performance assessment and compensation matters of the employee through which the Board ensures the remuneration is aligned with the culture, objectives and strategy of the Group and the Company; and

(b) attract, develop and retain high performing and motivated employees.

The overall Remuneration Policy for the Group and the Company is set to:

(a) be in line with the business and risk strategies, corporate values and long-term interests of the Group and the Company;

(b) promote prudent risk-taking behaviour and encourage individuals to act in the interests of the Group and the Company as a whole, taking into account the interests of its customers; and

(c) take into account any input from the control functions and the Board RMCC to ensure that risk exposures and risk outcomes are adequately considered.

At the start of the year, the Board reviews, considers and approves the Corporate Key Performance Indicators ("KPI") and performance bonus pool for the year. The KPI is set by taking into account the business and risk strategies, long-term interest, time horizon of risks and corporate values of the Group and the Company and the performance bonus pool will depend on the actual achievement rate at the end of the financial year. The KPI set is measured by financial metrics linked to business growth, distribution strategies and value creation and non-financial metrics linked to customers' (including employees, customers and intermediaries) engagement. In the financial year ended 31 December 2022, new metrics introduced included those linked to capital management, expense management and corporate governance.

Subsequent to the Board's approval, the Chief Executive Officer will cascade the KPI to the direct reports; who then cascade to their respective departments. The KPI shall be set in accordance to the level of accountability, roles and responsibilities of the individual employee.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

C. REMUNERATION POLICY (CONTINUED)

After the financial year ended, the Management will present the performance of the Group and the Company against the Corporate KPIs set and the resulting performance bonus pool. Performance bonus is not guaranteed and shall be subject to the performance of the Group and the Company, the department and the individual employees. If the Group and the Company's performance metrics are weak compared to the Corporate KPIs set, the adjustments will be made accordingly to the performance bonus pool. Staff is appraised against the KPIs set for them. Performance bonus is linked to the contribution of the department and the individual staff to the overall performance of the Group and the Company.

To safeguard the independence and authority of individuals engaged in control functions, the remuneration of such individuals is based principally on the achievement of control functions objectives, and determined in a manner that is independent from the business lines. KPIs of the Appointed Actuary, the Head of Internal Audit, the Head of Risk Management and the Head of Compliance are based on the functions' objectives.

The Group and the Company remunerate the staff in the form of cash where the components comprised of fixed salary and variable performance bonus. The variable performance bonus is not guaranteed and is subject to the performance of the Group and the Company, the department and the individual employee.

The Group and the Company continue to review its Remuneration Policy on an ongoing basis taking into consideration current market practices as well as the guidelines issued by the regulators and have introduced an additional remuneration component as follows:

The Long Term Incentive Plan ("LTI") is a multi-year remuneration framework developed as contingent bonus upon meeting the performance metrics set and such reward is paid 3 years after the assessment period. By aligning key executives' interest with the long term value creation within the risk appetite and the deferment of LTI payment, the LTI Plan would fulfil the regulatory requirement on the adoption of a multi-year remuneration framework for senior management and other material risk takers. In addition, LTI Plan is an effective way to reward, motivate and retain talents who have contributed to the long term value creation of the Group and the Company.

As of 31 December 2022, the Group and the Company have 21 (2021: 14) senior management members comprising of Chief Executive Officer and his direct reports. In addition, other material risk takers identified by the Group and the Company comprise of the Head of Fixed Income and Head of Equity. The quantitative remuneration disclosure for the senior management members for the financial year ended 31 December 2022 is shown in the table below. All the senior management members received variable remuneration for the financial year; none of the members receive any guaranteed bonus, severance payments or sign-on award during the financial year.

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

C. REMUNERATION POLICY (CONTINUED)

The remuneration paid and accrued to the Board members, senior management members and other material risk takers during the financial year ended 31 December 2022 are shown in the following tables:

		Fixed Remuneration			Variable Remuneration			
Name	Directorship/Designation	Cash-based	Shares and share-linked instrument	Others	Cash-based	Shares and share-linked instrument	Others	Total value of remuneration awards for the financial year
Tan Sri Dato' Dr Yahya Bin Awang	Chairman / Director	85	-	-	2	-	-	87
Tan Sri Azlan Bin Mohd Zainol	Non Executive Director	40	-	-	2	-	-	42
Datuk Leong Kam Weng	Non Executive Director	130	-	-	6	-	-	136
Chuah Sue Yin	Non Executive Director	120	-	-	6	-	-	126
U Chen Hock	Non Executive Director	103	-	-	6	-	-	109

		Fixed Remuneration			Variable Remuneration			
Name	No of Headcount	Cash-based	Shares and Share-linked instrument	Others	Cash-based	Shares and share-linked instrument	Others	Total value of remuneration awards for the financial year
Senior management members and other material risk takers	21	11,200	-	-	5,889	-	-	17,089

The quantitative remuneration disclosure for the Chief Executive Officer is disclosed in Note 24(a) to the financial statements.

No deferred fixed remuneration, shares and share-linked instrument was paid and accrued to the Board members, senior management members and other material risk takers during the financial year ended 31 December 2022.

DIRECTORS' REPORT (CONTINUED)

FINANCIAL REPORTING

The Board has the overall responsibilities to ensure that accounting records are properly kept and that the Group and the Company's financial statements are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Group and the Company meet all prescriptive requirements under this section relating to proper records, annual reports, public disclosure and statutory reporting.

SUBSIDIARIES

The Company do not have any subsidiary except for investment in controlled structured entities as disclosed in Note 8 of the financial statements. There is no director in the controlled structured entities.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Group and the Company or its holding company or subsidiaries of the holding company during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Group and the Company are a party, with the object or objects of enabling Directors of the Group and the Company to acquire benefits by means of the acquisition of shares in or debentures of the Group and the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Group and the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits-in-kind shown in page 22 of the Directors' Report) by reason of a contract made by the Group and the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' REPORT (CONTINUED)

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Group and the Company were RM10,000,000 (2021: RM10,000,000) and RM18,900 (2021: RM18,900) respectively.

IMMEDIATE AND ULTIMATE HOLDING CORPORATION

The Directors regard Tokio Marine Life Insurance Singapore Ltd., a company incorporated in Singapore, as the Group and the Company's immediate holding company and Tokio Marine Holdings, Inc., a company incorporated in Japan, as the ultimate holding company.

SUBSEQUENT EVENTS

There were no material events subsequent to or from the reporting date that require disclosures or adjustments to the financial statements.

AUDITORS' REMUNERATION

There is no indemnity given or insurance effected for any auditor of the Group and the Company. The auditors' remuneration for the financial year is as follows:

	Group RM'000	Company RM'000
Statutory audit	572	560
Other audit services	1,627	1,627
Non-audit services	50	50

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 23 March 2023. Signed on behalf of the Board of Directors:

DATUK LEONG KAM WENG
DIRECTOR

CHUAH SUE YIN
DIRECTOR

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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

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

We, Datuk Leong Kam Weng and Chuah Sue Yin, two of the Directors of Tokio Marine Life Insurance Malaysia Bhd., state that, in the opinion of the Directors, the financial statements set out on pages 32 to 154 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2022 and financial performance and the cash flow of the Group and the Company for the financial year ended 31 December 2022 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 23 March 2023.

DATUK LEONG KAM WENG
DIRECTOR

CHUAH SUE YIN
DIRECTOR

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

I, Toi See Jong, the officer primarily responsible for the financial management of Tokio Marine Life Insurance Malaysia Bhd., do solemnly and sincerely declare that the financial statements set out on pages 32 to 154 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

TOI SEE JONG

Subscribed and solemnly declared by the abovenamed Toi See Jong at Kuala Lumpur in Malaysia on 23 March 2023.

Before me:

PESURUHJAYA SUMPAH
No. W 540
Dr. T. YOKHESWAREM
PhD., MBA.
1-1-2022 – 31-12-2024
MALAYSIA

COMMISSIONER FOR OATH
Unit A11-1 & 2, Megan Avenue 1,
No. 189, Jalan Tun Razak,
50400 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)
Registration No. 199801001430 (457556-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Tokio Marine Life Insurance Malaysia Bhd. ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss, statements of total comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 32 to 154.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF TOKIO MARINE LIFE INSURANCE MALAYSIA BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199801001430 (457556-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF TOKIO MARINE LIFE INSURANCE MALAYSIA BHD. (CONTINUED)
(Incorporated in Malaysia)
Registration No. 199801001430 (457556-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(CONTINUED)
(Incorporated in Malaysia)
Registration No. 199801001430 (457556-X)

OTHER MATTERS

This report is made solely to the member of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LIEW CHI MIN
03529/09/2024 J
Chartered Accountant

Kuala Lumpur
23 March 2023

Registration No.
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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
ASSETS					
Property, plant and equipment	3	162,614	163,170	162,614	163,170
Right-of-use assets	4	10,556	10,883	10,556	10,883
Investment properties	5	169,430	174,345	169,430	174,345
Intangible assets	6	44,637	65,952	44,637	65,952
Financial investments					
Available-for-sale ("AFS") financial assets	7a	5,881,155	5,920,191	5,883,639	5,925,683
Fair value through profit or loss ("FVTPL") financial assets	7b	1,801,312	1,860,259	1,802,217	1,860,981
Held-to-maturity ("HTM") financial assets	7c	930,275	931,288	930,275	931,288
Loans and receivables ("LAR")	7d	370,471	384,094	370,471	384,094
Reinsurance assets	9	19,237	22,198	19,237	22,198
Tax recoverable		28,810	10,282	28,810	10,282
Insurance receivables	10	20,881	21,394	20,881	21,394
Other receivables	11	29,459	10,286	29,446	9,647
Cash and cash equivalents		733,321	469,479	727,768	462,721
TOTAL ASSETS		10,202,158	10,043,821	10,199,981	10,042,638
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES					
Share capital	12	226,000	226,000	226,000	226,000
Retained earnings	13	996,129	912,656	996,626	913,170
Available-for-sale reserve		(5,316)	40,416	(5,813)	39,902
Asset revaluation reserve		3,663	3,526	3,663	3,526
TOTAL EQUITY		1,220,476	1,182,598	1,220,476	1,182,598
Insurance contract liabilities	14	7,934,026	7,872,214	7,933,215	7,872,027
Insurance payables	15	668,780	614,502	668,780	614,502
Lease liabilities		983	1,337	983	1,337
Other payables	16	87,742	74,708	86,846	74,646
Other financial liabilities		470	934	-	-
Provision for agency long association benefits	17	39,888	36,719	39,888	36,719
Current tax liabilities		-	2,653	-	2,653
Deferred tax liabilities	18	249,793	258,156	249,793	258,156
TOTAL POLICYHOLDERS' FUNDS AND LIABILITIES		8,981,682	8,861,223	8,979,505	8,860,040
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES		10,202,158	10,043,821	10,199,981	10,042,638

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

Registration No.
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TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Gross earned premium revenue		1,686,416	1,561,133	1,686,416	1,561,133
Premiums ceded to reinsurers		(48,933)	(46,800)	(48,933)	(46,800)
Net earned revenue		1,637,483	1,514,333	1,637,483	1,514,333
Investment income	19	381,721	363,348	381,576	363,332
Net realised gains	20	24,033	66,392	23,712	66,258
Net fair value losses	21	(228,606)	(36,016)	(229,150)	(37,031)
Commission income	22	3,548	2,274	3,548	2,274
Other income		180,696	395,998	179,686	394,833
Gross benefits and claims paid		(1,072,872)	(1,147,024)	(1,072,872)	(1,147,023)
Claims ceded to reinsurers		32,857	30,760	32,857	30,760
Gross change to insurance contract liabilities		(206,424)	(149,024)	(205,800)	(148,348)
Net insurance benefits and claims		(1,246,439)	(1,265,288)	(1,245,815)	(1,264,611)
Commission and agency expenses		(164,635)	(155,901)	(164,635)	(155,901)
Management expenses	24	(189,026)	(170,772)	(188,490)	(170,240)
Other operating expenses	23	(1,653)	(916)	(1,820)	(865)
Other expenses		(355,314)	(327,589)	(354,945)	(327,006)
Profit before taxation		216,426	317,454	216,409	317,549
Taxation	25	(52,953)	(87,088)	(52,953)	(87,088)
Net profit for the financial year		163,473	230,366	163,456	230,461
Basic earnings per share (sen)	26	72.33	101.93	72.33	101.97

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

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Net profit for the financial year		163,473	230,366	163,456	230,461
Other comprehensive (loss)/income:					
Items that will be reclassified subsequently to profit or loss					
Fair value change on available-for-sale financial assets:					
Net losses arising during the financial year		(260,021)	(183,434)	(260,325)	(183,663)
Realised gains transferred to profit or loss	20	(78,383)	(117,072)	(78,062)	(116,938)
Impairment losses transferred to profit or loss	20	61,678	50,680	61,678	50,680
Tax effects thereon		33,688	37,548	33,688	37,548
Fair value losses, net of tax		(243,038)	(212,278)	(243,021)	(212,373)
Change in insurance contract liabilities arising from net fair value losses	14	197,306	141,235	197,306	141,235
Net fair value change		(45,732)	(71,043)	(45,715)	(71,138)
Items that will not be reclassified subsequently to profit or loss					
Asset revaluation reserve:					
Gross asset revaluation surplus	3,4	2,606	3,175	2,606	3,175
Tax effects thereon		(243)	(302)	(243)	(302)
Asset revaluation surplus, net of tax		2,363	2,873	2,363	2,873
Change in insurance contract liabilities arising from net asset revaluation surplus	14	(2,226)	(2,681)	(2,226)	(2,681)
Net asset revaluation surplus		137	192	137	192
Total other comprehensive loss		(45,595)	(70,851)	(45,578)	(70,946)
Total comprehensive income for the financial year		117,878	159,515	117,878	159,515

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

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

			Non-Distributable		Distributable	
Group	Note	Share capital	Available -for-sale reserve	Asset revaluation reserve	Retained earnings*	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Issued and fully paid ordinary shares:						
At 1 January 2021		226,000	111,459	3,334	687,290	1,028,083
Total comprehensive (loss)/income for the financial year		-	(71,043)	192	230,366	159,515
Dividend paid	27	-	-	-	(5,000)	(5,000)
At 31 December 2021		226,000	40,416	3,526	912,656	1,182,598
Issued and fully paid ordinary shares:						
At 1 January 2022		226,000	40,416	3,526	912,656	1,182,598
Total comprehensive (loss)/income for the financial year		-	(45,732)	137	163,473	117,878
Dividend paid	27	-	-	-	(80,000)	(80,000)
At 31 December 2022		226,000	(5,316)	3,663	996,129	1,220,476

* Included in the retained earnings as at 31 December 2022 is unallocated surplus in the non-discretionary participation features ("non-DPF") fund (net of deferred tax) of RM985,911,000 (2021: RM829,428,000). These amounts are only distributable upon the actual recommended transfer from non-DPF fund to the Shareholders' Fund by the Appointed Actuary.

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Company	Note	Share capital RM'000	Non-Distributable Available -for-sale reserve RM'000	Non-Distributable Asset revaluation reserve RM'000	Distributable Retained earnings* RM'000	Total RM'000
Issued and fully paid ordinary shares:						
At 1 January 2021		226,000	111,040	3,334	687,709	1,028,083
Total comprehensive (loss)/income for the financial year		-	(71,138)	192	230,461	159,515
Dividend paid	27	-	-	-	(5,000)	(5,000)
At 31 December 2021		226,000	39,902	3,526	913,170	1,182,598
Issued and fully paid ordinary shares:						
At 1 January 2022		226,000	39,902	3,526	913,170	1,182,598
Total comprehensive (loss)/income for the financial year		-	(45,715)	137	163,456	117,878
Dividend paid	27	-	-	-	(80,000)	(80,000)
At 31 December 2022		226,000	(5,813)	3,663	996,626	1,220,476

* Included in the retained earnings as at 31 December 2022 is unallocated surplus in the non-discretionary participation features ("non-DPF") fund (net of deferred tax) of RM985,911,000 (2021: RM829,428,000). These amounts are only distributable upon the actual recommended transfer from non-DPF fund to the Shareholders' Fund by the Appointed Actuary.

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

Registration No.

199801001430 (457556-X)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit for the financial year		163,473	230,366	163,456	230,461
Adjustments for non-cash items:					
Investment income	19	(381,721)	(363,348)	(381,576)	(363,332)
Interest expense for lease liabilities	24	91	63	91	63
Realised gains of AFS financial assets	20	(78,383)	(117,072)	(78,062)	(116,938)
Gain on disposal of investment properties	20	(7,328)	-	(7,328)	-
Fair value losses of FVTPL financial assets	21	228,609	35,744	229,153	36,759
Fair value (gains)/ losses of investment properties	21	(15)	256	(15)	256
Loss on early redemption of HTM financial assets	21	12	16	12	16
Depreciation of property, plant and equipment	24	5,906	6,334	5,906	6,334
Depreciation of right-of-use assets	24	682	676	682	676
Write-offs of property, plant and equipment	23	3	7	3	7
Write-offs of intangible assets	23	1,529	-	1,529	-
Amortisation of intangible assets	24	21,669	21,597	21,669	21,597
Impairment of AFS financial assets	20	61,678	50,680	61,678	50,680
Write back of impairment of insurance receivables	23	(39)	(171)	(39)	(171)
(Write back of impairment)/ impairment loss of loan receivables	23	(27)	10	(27)	10
Impairment loss of other receivables	23	569	1,185	569	1,185
Write-offs/(recovery of write-offs) of insurance receivables	23	57	(1)	57	(1)
Provision for agency long association benefits	17	5,776	6,065	5,776	6,065
Taxation	25	52,953	87,088	52,953	87,088

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Changes in working capital:					
Purchases of financial assets		(1,929,530)	(1,698,191)	(1,906,503)	(1,683,898)
Proceeds from maturity and disposal of financial assets		1,536,079	1,267,576	1,515,144	1,247,849
Decrease in loans		13,623	43,025	13,623	43,025
Decrease/(increase) in reinsurance assets		2,961	(3,109)	2,961	(3,109)
Decrease in insurance receivables		552	2,399	552	2,399
Decrease in other receivables		85	4,620	85	4,620
Increase in insurance contract liabilities		256,892	219,455	256,268	218,778
Increase in insurance payables		54,278	56,963	54,278	56,963
(Decrease)/increase in other payables		(4,628)	463	(7,835)	(1,100)
		5,806	(147,304)	5,060	(153,718)
Dividend income received		77,664	83,449	77,510	83,358
Interest income received		301,357	284,255	299,564	282,323
Rental income received		7,743	4,818	7,743	4,818
Agency long association benefits paid	17	(2,607)	(3,360)	(2,607)	(3,360)
Income tax paid		(49,051)	(51,194)	(49,051)	(51,194)
Fee paid		(584)	(542)	-	-
Net cash inflows from operating activities		340,328	170,122	338,219	162,227
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(2,902)	(1,534)	(2,902)	(1,534)
Proceeds from disposal of investment properties		12,258	-	12,258	-
Purchase of intangible assets	6	(1,883)	(5,253)	(1,883)	(5,253)
Net cash inflows/(outflows)from investing activities		7,473	(6,787)	7,473	(6,787)

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	27	(80,000)	(5,000)	(80,000)	(5,000)
Payment to lease liabilities		(645)	(615)	(645)	(615)
Cash proceed from unit created		11,886	3,429	-	-
Cash paid for unit cancelled		(15,200)	(7,403)	-	-
Net cash outflows from financing activities		(83,959)	(9,589)	(80,645)	(5,615)
Net increase in cash and cash equivalents		263,842	153,746	265,047	149,825
Cash and cash equivalents at 1 January		469,479	315,733	462,721	312,896
Cash and cash equivalents at 31 December		733,321	469,479	727,768	462,721
Cash and cash equivalents comprise:					
Cash and bank balances		46,111	44,359	45,005	43,690
Fixed and call deposits with maturity of less than three months		687,210	425,120	682,763	419,031
		733,321	469,479	727,768	462,721

An analysis of changes in liabilities arising from financing activities is as follows:

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Lease liabilities					
As at 1 January		1,337	458	1,337	458
Lease additions (Note 4)		200	1,431	200	1,431
Interest expense for lease liabilities		91	63	91	63
Payment to lease liabilities		(645)	(615)	(645)	(615)
As at 31 December		983	1,337	983	1,337

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

1 PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Group and the Company are principally engaged in the underwriting of all classes of life insurance business, including investment-linked business. There were no significant changes in the nature of this activity during the financial years relevant to these financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 23, Menara Tokio Marine Life, 189, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia. The principal place of business of the Company is located at Ground Floor, Menara Tokio Marine Life, 189 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

The Directors regard Tokio Marine Life Insurance Singapore Ltd., a company incorporated in Singapore, as the Company's immediate holding company and Tokio Marine Holdings, Inc., a company incorporated in Japan, as the ultimate holding company.

2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

2.1 (a) Basis of Preparation

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

Insurance liabilities have been computed in accordance with the valuation methods specified in the RBC Framework issued by BNM. The Company has met the minimum capital requirements as prescribed by the RBC Framework as at the date of the statement of financial position.

The preparation of financial statements in conformity with MFRS requires the Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 2.3 to the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. The Company has determined that the investment in structured securities, such as unit trust investments that the Company has interests in are structured entities.

(ii) Change in ownership interest in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. The difference between fair value of any consideration paid and relevant shares equivalent of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost with change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(b) Investment in subsidiaries

In the Company's separate financial statements, investments in subsidiaries (including structured entities) are carried at fair value in accordance with MFRS 139 "Financial Instruments: Recognition and Measurement". On disposal of investment in subsidiaries, the difference between the disposal proceeds and the carrying amounts of the investment is recognised in the profit or loss.

(c) Business combination

The purchase method of accounting is used to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than fair value of the acquired net assets, the difference is recognized directly in the profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently shown at fair value less accumulated depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the assets, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(d) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss.

Freehold land is not depreciated as it has an infinite life. Depreciation is provided so as to write off the cost of other property, plant and equipment on a straight line basis to their residual values over the expected useful lives of the assets. The expected useful lives of the assets are summarised as follows:

Motor vehicles	5 years
Office equipment, furniture and fittings	10 years
Computer equipment	4 years
Renovation	10 years
Leasehold land	Lease period ranging from 63 to 914 years
Leasehold buildings	Lease period subject to a maximum of 50 years
Freehold buildings	50 years

The difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Depreciation on assets under construction commences when the assets are ready for their intended use. Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting year.

At each date of the statement of financial position, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.2(g) on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are credited or charged to profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(e) Investment properties

Investment properties, comprising principally land and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group and the Company.

Investment properties are initially stated at cost including related and incidental expenditure incurred, and are subsequently carried at fair value, representing open market value determined by independent professional valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair values of investment properties are reviewed annually by an independent professional valuer. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Changes in fair values are recognised in profit or loss.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the statement of financial position). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the financial year of the retirement or disposal.

Right-of-use assets that meet the definition of investment property in accordance with MFRS 140 is presented in the statement of financial position as investment property. Subsequent measurement of the right-of-use asset is consistent with those investment properties owned by the Group and the Company.

(f) Intangible assets

All intangible assets are stated at cost less accumulated amortisation and impairment losses.

(i) Computer software

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Capitalised internal-use software costs include external direct costs of materials and services consumed in developing or obtaining the software, payroll and payroll-related costs for employees who are directly associated with and who devote substantial time to the project. Capitalisation of these costs ceases no later than the point at which the project is substantially completed and ready for its intended purpose. These costs are amortised over their expected useful life of 4 years on a straight-line basis, with the useful lives being reviewed annually.

Depreciation on assets under construction commences when the assets are ready for their intended use.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(f) Intangible assets (continued)

(i) Computer software (continued)

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group and the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

The assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. See accounting policy Note 2.2(g) on impairment of non-financial assets.

(ii) Exclusive bancassurance agreement

The exclusive bancassurance agreement provides the Group and the Company with an exclusive right to the use of the bancassurance network of a bank. The fee for this right is amortised over its useful life of 5 years using the straight line method. The asset is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. See accounting policy Note 2.2(g) on impairment of non-financial assets.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(g) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment losses, whenever events or changes in circumstances indicate that the carrying amount may be impaired. An impairment loss is recognised for the amount by which the carrying value of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. Recoverable amount is estimated for an individual asset, or, if it is not possible, for the cash-generating unit. Assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

A subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(h) Financial investments

The Group and the Company classify their investments into financial assets at Fair value through profit or loss ("FVTPL"), Held-to-maturity ("HTM"), Loans and receivables ("LAR") and Available for sale ("AFS") financial assets.

The classification depends on the purpose for which the investments were acquired or originated. Management determines the classification of its investments at initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date which is the date that the Group and the Company commit to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulation or convention in the market place.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(h) Financial investments (continued)

(i) Financial assets at FVTPL

Financial assets at FVTPL include held-for-trading (“HFT”) financial assets and those designated at FVTPL at inception. Investments typically bought with the intention to sell in the near future are classified as HFT. For investments designated at FVTPL, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gains and losses are recognised in profit or loss.

(ii) HTM financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Group and the Company have the positive intention and ability to hold until maturity. These investments are initially recognised at fair value. After initial measurement, HTM financial assets are measured at amortised cost, using the effective yield method, less impairment losses. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) LAR

LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at fair value. After initial measurement, LAR are measured at amortised cost, using the effective yield method, less impairment losses. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(h) Financial investments (continued)

(iv) AFS financial assets

AFS financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. These investments are initially recorded at fair value. After initial measurement, AFS financial assets are remeasured at fair value.

Fair value gains and losses of monetary and non-monetary securities are reported as a separate component of equity until the investment is derecognised or investment is determined to be impaired. Fair value gains and losses of monetary securities denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are reported as a separate component of equity until the investment is derecognised.

On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity is transferred to profit or loss.

(i) Fair value of financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the date of the statement of financial position.

For investments in unit and real estate investment trusts, fair value is determined by reference to published bid values.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(i) Fair value of financial instruments (continued)

For financial instruments where there is not an active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

Certain financial instruments are valued using pricing models that consider, among other factors, contractual and market prices, co-relation, time value of money, credit risk, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and over-night deposits with financial institutions is their carrying value. The carrying value is the cost of the deposit/placement and accrued interest/profit. The fair value of fixed interest/yield-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the date of the statement of financial position.

If investments in equity instruments do not have quoted market price in an active market and whose fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition of financial assets are also included in the cost of the financial assets except for FVTPL financial assets, where the transaction cost are expensed in profit or loss as they are incurred.

The carrying values of financial assets and financial liabilities with maturity period of less than one year are assumed to approximate their fair values.

(j) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense will not be offset in profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and the Company.

As at 31 December 2022, the Group and the Company do not offset its financial assets with financial liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(k) Impairment of financial instruments

The Group and the Company assess at each date of the statement of financial position whether there is objective evidence that a security is impaired. A security is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the security that can be reliably estimated.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate/yield. The carrying amount of the asset is reduced and the loss is recorded in profit or loss.

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each date of the statement of the financial position.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at fair value

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals in respect of equity instruments classified as AFS are not recognised in profit or loss. Reversals of impairment losses on debt instruments classified as AFS are reversed through profit or loss if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(l) Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group and the Company have also transferred substantially all risks and rewards of ownership.

(m) Insurance contracts

The Group and the Company issue contracts that transfer mainly insurance risk.

Insurance risk is the risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rate, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Group and the Company (the insurer) have accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Such contracts may also transfer financial risk. As a general guideline, the Group and the Company determine whether they have significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Investment contracts are those contracts that do not transfer significant insurance risk. Currently, the Group and the Company do not issue any investment contracts.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its life-time, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance contracts are further classified as being either with or without discretionary participation features (“DPF”). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

(i) likely to be a significant portion of the total contractual benefits;

(ii) whose amount or timing is contractually at the discretion of the issuer; and

(iii) that are contractually based on the:

- performance of 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 issuer; or
- the profit or loss of the Group and the Company, fund or other entity that issues the contract.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(m) Insurance contracts (continued)

Local statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF surplus) and within which the Group and the Company may exercise its discretion as to the quantum and timing of their payment to contract holders. At least 90% of the surplus must be attributed to the contract holders as a group (which can include future contract holders), while the amount and timing of the distribution to individual contract holders is at the discretion of the Group and the Company, approved by the Board of Directors based on the advice of the Appointed Actuary.

The recognition and measurement of the insurance contracts are set out in Note 2.2(o) and Note 2.2(q).

(n) Reinsurance

Contracts entered into by the Group and the Company with reinsurers under which the Group and the Company are compensated for losses on one or more contracts issued by the Group and the Company and that meet the classification requirements for insurance contracts in Note 2.2(m) to the financial statements are classified as ceded reinsurance contracts.

Premium ceded and claims reimbursed are recognised in the same accounting period as the original policies to which the reinsurance relates.

The benefits to which the Group and the Company are entitled under its reinsurance contracts are recognised as reinsurance assets. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Group and the Company from their obligations to policyholders. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. An allowance for impairment loss is established using the same method used for all financial assets carried at amortised cost. These processes are described in Note 2.2(k) to the financial statements.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(o) Life insurance contracts

Premiums

Premium income is recognised as soon as the amount of the premium can be reliably measured. First premium is recognised from inception date and subsequent premium is recognised when it is due.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured.

Premium income of the investment-linked funds is in respect of the net creation of units which represents premiums paid by policyholders as payment for a new contract or subsequent payments to increase the amount of that contract. Net creation of units is recognised on a receipt basis.

Reinsurance premiums

Gross reinsurance premiums are recognised as an expense when payable or on the date which the policy is effective.

Commission and agency expenses

Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies are charged to the income statement in the financial year in which they are incurred.

Benefits, claims and expenses

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

Benefits and claims arising on life insurance policies including settlement costs, less reinsurance recoveries, are accounted for using the case basis method and for this purpose, the benefits payable under a life insurance policy are recognised as follows:

(i) maturity or other policy benefit payments due on specified dates are treated as claims payable on the due dates;

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

(iii) benefits payable under investment-linked contract include net cancellation of units and are recognised as surrender; and

(iv) bonus on DPF policy upon its declaration.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(o) Life insurance contracts (continued)

Insurance fund

The surplus transferable from the life fund to the shareholders’ fund is based on the surplus determined by an annual actuarial valuation of the long term liabilities to policyholders. In the event the actuarial valuation indicates that a transfer is required from the shareholders' fund, the transfer from the shareholders’ fund to the life insurance fund is made in the financial year of the actuarial valuation.

(p) Insurance receivables

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

If there is objective evidence that the insurance receivable is impaired, the Group and the Company reduce the carrying amount of the insurance receivable accordingly and recognise that impairment loss in profit or loss. The Group and the Company gather the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.2(k) to the financial statements.

Insurance receivables are derecognised when the derecognition criteria for financial assets, as described in Note 2.2(l) to the financial statements, have been met.

(q) Life insurance contract liabilities

Life insurance contract liabilities are recognised when contracts are entered into and premiums are charged.

Life insurance contract liabilities comprise (i) provision for outstanding claims, (ii) actuarial liabilities, (iii) unallocated surplus, (iv) AFS fair value adjustment, (v) asset revaluation surplus adjustment and (vi) net asset value attributable to unitholders.

(i) Provision for outstanding claims

Provision for outstanding claims represent the amounts payable under a life insurance policy in respect of claims including settlement costs, are accounted for using the case-by-case method as set out above under benefits, claims and expenses.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(q) Life insurance contract liabilities (continued)

(ii) Actuarial liabilities

These liabilities are measured by using a prospective actuarial valuation method. The liability is determined as the sum of the present value of future guaranteed and, in the case of a participating life policy, appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision of risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefits liabilities of participating life policies, and non-unit liabilities of investment-linked policies. The valuation basis, including the determination of the appropriate risk discount rate, is in accordance with Appendix VII: Valuation Basis for Life Insurance Liabilities of the RBC Framework, and any related circulars and guidelines issued by BNM.

The reinsurance recoverable of the liabilities is insignificant and hence is not accounted for in the measurement of the liabilities.

The liability in respect of policies of a participating insurance fund shall be taken as the higher of the guaranteed benefits liabilities or the total benefits liabilities at the fund level (derived in the method as stated in the above paragraph) as stipulated under paragraph 3.2, Appendix VII of the RBC Framework.

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

Where policies or extensions of a policy are collectively treated as an asset at the fund level under the valuation method adopted, the value of such asset is eliminated through zerorisation.

In the case of a 1-year life policy or a 1-year extension to a life policy covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group and the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(q) Life insurance contract liabilities (continued)

(ii) Actuarial liabilities (continued)

Adjustments to the liabilities at each reporting date are recorded in profit or loss. Profits originated from margins of adverse deviations on run-off contracts, are recognised in profit or loss over the life of the contract, whereas losses are fully recognised in profit or loss during the first year of run-off.

The liability is derecognised when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognised actuarial liabilities are adequate, by using an existing liability adequacy test based on the RBC Framework.

(iii) Unallocated surplus

Surpluses in the DPF are distributable to policyholders and shareholders in accordance with the relevant terms under the insurance contracts. The Group and the Company, however, have the discretion over the amount and timing of the distribution of these surpluses to policyholders and shareholders. Unallocated surpluses of the DPF where the amount of surplus allocation to either policyholders or shareholders has yet to be determined by the end of the financial year is held within insurance contract liabilities.

(iv) AFS fair value adjustment

Where unrealised fair value gains and losses arise on AFS financial assets of the DPF fund, the adjustment to the life insurance contract liabilities equal to the effect that the realisation of those gains or losses at the end of the reporting period would have on those liabilities is recognised directly in other comprehensive income.

(v) Asset revaluation surplus adjustment

Where asset revaluation surplus arises on the self-occupied properties of the DPF fund, the adjustment to the life insurance contract liabilities equal to the effect that the realisation of those surpluses at the end of the reporting period would have on those liabilities is recognised directly in other comprehensive income.

The surpluses arising from the revaluation of the DPF’s assets may be distributed by way of bonuses to life policyholders, subject to the limit that the amount distributed should not be more than 30% of the addition to revaluation surplus or 10% of the market value of the revalued property, whichever is lower.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(q) Life insurance contract liabilities (continued)

(vi) Net asset value attributable to unitholders

The unit liability of investment-link contract is equal to the net asset value of the investment-linked funds, which represents net premium received and investment returns credited to the policy less deduction for mortality and morbidity costs and expense charges.

(r) Other revenue recognition

Interest income for all interest-bearing financial instruments including financial instruments measured at FVTPL, are recognised within investment income in profit or loss using the effective interest rate method. When a receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continue unwinding the discount as interest income.

Rental income from investment properties is recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established.

Gains or losses arising on disposal of investments are credited or charged to profit or loss.

Commission income comprises of reinsurance commission income are credited to profit or loss over the period in which they are earned.

Insurance contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services to be provided in future periods, they are deferred and recognised over those future periods.

(s) Leases

Leases are recognised as right-of-use (‘ROU’) asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are lessees, they have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(s) Leases (continued)

(i) Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on lease liabilities.

(ii) ROU assets

ROU assets are initially measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The Group and the Company apply the fair value model to ROU assets that meet the definition of investment property of MFRS140 consistent with those investment properties owned by the Group and the Company. Refer to accounting policy Note 2.2 (e) on investment property.

The Group and the Company present ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment property are presented as a separate line in the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(s) Leases (continued)

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- The exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee’s incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the management expenses in profit or loss.

(iv) Reassessment of lease liabilities

A change in lease payments (including rent concession), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(s) Leases (continued)

(v) Short term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of office equipment and IT equipment. Payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in profit or loss.

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfer substantially all the risks and rewards incidental to ownership of the underlying asset to lessee. As part of this assessment, the Group and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the assets.

(a) Operating leases

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset to lessee.

The Group and the Company recognise lease payment received under operating lease as lease income on a straight-line basis over the lease term.

(b) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group and the Company allocate the consideration in the contract to the lease and to non-lease component based on the standalone selling prices in accordance with the principles in MFRS 15 “Revenue from Contracts with Customers”.

(t) Income taxes

Current tax expense is determined according to the tax laws of the jurisdiction in which the Group and the Company operate and include all taxes based upon the taxable profits. The tax expense on the Life Fund is based on the method prescribed under the Income Tax Act, 1967 for life insurance business. Current tax is recognised in profit or loss.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purpose and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(t) Income taxes (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred tax assets is realised or the deferred tax liability is settled.

Deferred tax is recognised in profit or loss except when it arises from a transaction which is recognised in other comprehensive income, in which case, the deferred tax is also charged or credited to other comprehensive income.

The Group and the Company presumed investment property measured at fair value will be recovered entirely through sale. Accordingly, deferred tax assets or liabilities arising on such investment property are measured at the tax rate of 8% when the Group and the Company sell the property.

(u) Foreign currencies

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in RM, which is the Group and the Company’s functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(v) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and bonuses are accrued in the financial year in which the associated services are rendered by employees of the Group and the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(v) Employee benefits (continued)

(ii) Post-employment benefits

Defined contribution plan

The Group and the Company's contributions to the Employees' Provident Fund ("EPF"), the national defined contribution plan, are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(w) Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but discloses their existence where inflows of economic benefits are probable, but not virtually certain.

(x) Dividends

Dividends are recognised as liabilities when the obligation to pay is established in which the dividends are declared and approved by the Group and the Company's shareholder and the regulator. No provision is made for a proposed dividend.

(y) Provisions for agency long association benefits

Provisions for agency long association benefits is recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of Significant Accounting Policies (continued)

(z) Insurance payables and other payables

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

(aa) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, and fixed and call deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. It excludes deposits which are held for investment purpose.

(ab) Statement of cash flows

The Group and the Company classify the cash flows for the purchase and disposal of financial investments as operating cash flows, as the purchases are funded from cash flows 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 operating activities.

(ac) Share capital

Ordinary shares are classified as equity. Incremental costs that are directly attributable to the issuance of new shares are recognised as equity, net of tax.

(ad) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These factors could include:

(a) Critical judgements in applying the Group and the Company's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group and the Company. However, the Directors are of the opinion that there are currently no accounting policies which require significant judgement to be exercised.

(b) Key sources of estimation, uncertainty and assumptions

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

<u>Actuarial liabilities of life policyholders' fund</u>

The principles on which the valuation of the actuarial liabilities of life insurance contracts was determined by the Appointed Actuary having regard to the statutory requirements determined by BNM.

The actuarial valuation was carried out using a prospective cash flow method, known as gross premium valuation method. The policy liabilities are determined first by projecting future cash flows using realistic assumptions and then discounting these cash flow streams at appropriate interest rates. For participating policies, the policy liability includes provision for future payments arising for both guaranteed and non-guaranteed benefits. Additional provision may be required in the valuation assumptions to allow for any adverse deviation from the best estimate experience and to reflect the inherent uncertainty of the best estimate of the actuarial liabilities held.

The Group and the Company conducted a sensitivity analysis on the gross actuarial liabilities as at 31 December 2022, based on the change in one specific assumption while holding all other assumptions constant as disclosed in Note 33 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant Accounting Judgements, Estimates and Assumptions (continued)

Consolidation of investment in collective investment schemes

The Company assesses the requirements under MFRS 10 – Consolidated Financial Statements and accounting policies in Note 2.2 on its investments in collective investment schemes as at 31 December 2022. The considerations on which the Company assesses control over its investment in collective investment schemes (covering both wholesale or retail funds) include but not limited to the following:

- whether the Company, being the unit holder, has the practical ability to summon for a unitholders' meeting or any other alternative mechanism to remove the Trustee or the Manager of the collective investment schemes;
- whether the Company has the ability to change the investment objectives / mandates of the collective investment schemes to affect the collective investment schemes' investment strategies and returns;
- any rights arising from other contractual arrangements; and
- whether the Company is exposed to, or has rights to variable returns from its investment in collective investment schemes.

The Company's assessment and conclusion on whether the Company has control over collective investment schemes are included in Note 8 to the financial statements.

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company

(a) The standards applicable for the first time for the financial year beginning on 1 January 2022:

(i) Amendments to MFRS 3 "Reference to the Conceptual Framework"

(ii) Amendments to MFRS 116 "Proceeds before Intended Use"

(iii) Amendments to MFRS 137 "Onerous Contracts – Cost of Fulfilling a Contract"

(iv) Amendment to Amendment to MFRS 16 "COVID-19-Related Rent Concessions beyond 30 June 2021"

(v) Annual Improvements to Illustrative Example accompanying MFRS 16 "Leases: Lease Incentives"

(vi) Annual Improvements to MFRS 9 Financial Instruments " Fees in the 10 per cent Test for Derecognition of Financial Liabilities"

The application of the new standards, amendments to the standards and interpretations effective for the financial year beginning on or after 1 January 2022 are not expected to have material financial impact to the current or future periods.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company (continued)

(b) The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years:

Financial year beginning after 1 January 2023

(i) MFRS 17 'Insurance Contracts'

MFRS 17 replaces the guidance in MFRS 4, Insurance Contracts.

IFRS 17 was issued in May 2017 by the International Accounting Standards Board ("IASB") to be effective for years beginning on 1 January 2021. Amendments to the standards were issued in June 2020 and include a two years' deferral of the effective date to 1 January 2023, to be applied retrospectively. If full retrospective application to a group of contracts is impracticable, the modified retrospective or fair value transition methods may be used. In August 2017, the Malaysian Accounting Standards Board ("MASB") issued the MFRS 17 Insurance Contract, which is equivalent to the IFRS 17.

MFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes MFRS 4.

MFRS 17 provides comprehensive guidance on accounting for insurance contracts issued, reinsurance contracts held, and investment contracts with discretionary participation features. It introduces three new measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance entity performance. The general measurement model, also known as the building block approach, consists of the fulfillment cash flows and the contractual service margin. The fulfillment cash flows represent the risk-adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. The contractual service margin ("CSM") represents the unearned profit from in-force contracts that an entity will recognise as it provides services over the coverage period.

At inception, the CSM cannot be negative. If the fulfillment cash flows lead to a negative CSM at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit or loss. At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfillment cash flows related to future services and the CSM, while the liability for incurred claims consists of the fulfillment cash flows related to past services. The CSM gets adjusted for changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts. A release from the CSM is recognised in profit or loss for each period to reflect the services provided in that period based on "coverage units".

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company (continued)

(b) The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years:

Financial year beginning after 1 January 2023 (continued)

(i) MFRS 17 'Insurance Contracts' (continued)

MFRS 17 only provides principle-based guidance on how to determine these coverage units. The Group and the Company has assessed the nature of contracts underwritten and selected appropriate coverage units to reflect underlying quantities and timing of benefits provided. The variable fee approach is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts. An insurance contract has a direct participation feature if the following three requirements are met:

a. the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;

b. the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and

c. the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

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

The premium allocation approach is a simplified approach for the measurement of the liability of remaining coverage an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time. The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company (continued)

(b) The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years:

<u>Financial year beginning after 1 January 2023</u> (continued)

(i) MFRS 17 'Insurance Contracts' (continued)

In the statement of financial position, insurance related receivables will no longer be presented separately but as part of the insurance liabilities. This change in presentation will lead to a reduction in total assets, offset by a reduction in total liabilities. The amounts presented in the statement of profit or loss needs to be disaggregated into an insurance service result, consisting of the insurance revenue and the insurance service expenses, and insurance finance income and expenses. Income or expenses from reinsurance contracts held need to be presented separately from the expenses or income from insurance contracts issued.

For long-duration life insurance contracts, MFRS 17 is expected to have a significant impact on actuarial modeling, as more granular cash flow projections and regular updates of all assumptions will be required, either impacting profit or loss or the contractual service margin. The Group and the Company expects that direct participating business, where the rules on profit sharing are defined by legal/contractual rights, will qualify for the variable fee approach eligibility. Indirect participating business, where the payments to the policyholder depend on the investment performance but there are no fixed rules on how the performance is passed on to the policyholders, as well as non-participating business, i.e. business without policyholder participation, including savings and risk business, will be accounted for under the general measurement model.

The Group and the Company will continue to have investment-linked insurance contracts, which are contracts with significant insurance risk, e.g. via death or other insurance riders. The Group and the Company expects investment-linked insurance contracts to be eligible for the variable fee approach. Shareholder's share of unrealised capital gains will be part of the insurance liabilities accounted for under the variable fee approach.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company (continued)

(b) The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years:

Financial year beginning after 1 January 2023 (continued)

(i) MFRS 17 'Insurance Contracts' (continued)

In the statement of profit or loss, the release of the CSM and the risk adjustment for non-financial risk will become the main components for the profit before tax of the life insurance and investment-linked business. Besides the qualitative impacts described above, the Group and the Company is currently assessing the quantitative impact of the application of MFRS 17. The final figures will also depend on the application of the transition approaches. MFRS 17 has to be applied retrospectively unless this is impracticable. Fulfillment cash flows are determined prospectively at every reporting date, including the date of initial application. However, the CSM is rolled-forward over time, a split of profits between equity ("earned profits") and contractual service margin ("unearned profits") is required, but is often very challenging due to the long-term nature of some life insurance contracts.

The objective of the modified retrospective approach is to use reasonable and supportable information available without undue cost or effort to achieve the closest possible outcome to full retrospective application. To the extent a retrospective determination is not possible, certain modifications are allowed. Under the fair value approach, the CSM of a group of contracts at transition is determined as the difference between the fair value of this group at transition determined in accordance with MFRS 13 and the corresponding MFRS 17 fulfillment cash flows measured at transition. Besides the determination of the contractual service margin, another crucial topic at transition is the determination of historic interest rates.

After making reasonable efforts to gather necessary historical information, the Group and the Company has determined that for certain groups of contracts, information such as the expectation of the contract's profitability at initial recognition, historical interest rates and historical cash flows were not available or not available in a form that would enable it to be used without undue cost and effort. It was therefore impracticable to apply the full retrospective approach. Depending on extent to which historical data is available, the Group and the Company has adopted a combination of modified retrospective and fair value approaches.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company (continued)

(b) The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years:

Financial year beginning after 1 January 2023 (continued)

(i) MFRS 17 'Insurance Contracts' (continued)

For both insurance contracts issued and reinsurance contracts held, the Group and the Company intends to adopt the standard using the full retrospective approach for all contracts in 2022. Prior to 2022, a combination of modified retrospective and/or fair value approach were adopted based on data availability.

Although the MFRS 17 implementation project has made significant progress, as of the date of the financial statements, the quantitative effects on the Group and the Company's comparatives as at 1 January 2022 and 1 January 2023 for the purpose of the financial statements for the financial year ending 31 December 2023 prepared under MFRS 17 are being reviewed and refined.

Based on the preliminary assessment undertaken, the adoption of MFRS 17 is expected to decrease the Group's and the Company's total equity as at 1 January 2022. The Group and the Company will restate the comparative information on adoption of MFRS 17.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company (continued)

(b) The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years: (continued)

Financial year beginning after 1 January 2023 (continued)

(ii) MFRS 9, Financial Instruments

MFRS 9 ‘Financial Instruments’ will replace MFRS 139 ‘Financial Instruments: Recognition and Measurement’.

Classification and measurements

In July 2014, IASB issued the new IFRS 9: Financial Instruments which is intended to replace the existing standard on financial instruments, IAS 39 Financial Instruments: Recognition and Measurement. Hence, in Malaysia, MASB adopted the new standard, MFRS 9 and replaces MFRS 139 accordingly.

As insurance companies are allowed under Amendments to MFRS 4 Insurance Contract Liabilities: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts to defer adoption of MFRS 9 until 1 January 2023, in line with the adoption of MFRS 17 Insurance Contracts. The Group and Company applied the temporary exemption as allowed under the Amendments to MFRS 4 as the Group and Company meet the predominance “insurance related industry” test.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI").

The classification of financial assets depends on the Group and Company’s business model of managing the financial assets in order to generate cashflows (“business model test”) and the contractual cashflow characteristics of the financial instruments, Solely Payments of Principal and Interest (“SPPI test”). The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The SPPI test determines whether the contractual cash flows are solely for payments of principal and interest.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company (continued)

(b) The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years: (continued)

Financial year beginning after 1 January 2023 (continued)

(ii) MFRS 9, Financial Instruments (continued)

Classification and measurements (continued)

A financial asset is measured at FVOCI if its business model is both to hold the asset to collect contractual cash flows and to sell the financial asset. In addition, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal. These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are re-measured at fair value. All fair value adjustments are recognised through OCI. Debt instruments at FVOCI are subject to impairment assessment. The Group and the Company classify debt instruments as financial assets at FVOCI, except for financial assets for investment-linked funds which remain as FVTPL.

Financial assets are classified as FVTPL if the financial assets are held for trading or are managed on a fair value basis (including derivatives). Other financial assets with contractual cash flow that are not solely payments of principal and interest, regardless of its business model are classified as FVTPL. Debt securities which do not pass SPPI test are recognised as FVTPL.

Certain financial assets that otherwise meets the requirements to be either measured at amortised cost or at FVOCI, may irrevocably be designated at FVTPL on initial recognition, when such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These investments are initially recorded at fair value and transaction costs are expensed in the profit or loss. Subsequent to initial recognition, these investments are remeasured at fair value. All subsequent fair value adjustments are recognised through profit or loss.

The Group and Company classify equity securities, real estate investment trusts and unit trust funds as financial assets at FVTPL.

Impairment of financial assets

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company (continued)

(b) The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years: (continued)

Financial year beginning after 1 January 2023 (continued)

(ii) MFRS 9, Financial Instruments (continued)

Impairment of financial assets (continued)

The new impairment model requires the recognition of impairment allowances based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, lease receivables, loan commitments, financial guarantee contracts and other loan commitments.

Under MFRS 9, impairment will be measured on each reporting date according to a three-stage ECL impairment model:

Stage 1: 12-month ECL

For financial assets that have no significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the 12-month ECL that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months) will be recognised in profit or loss.

Stage 2: Lifetime ECL – Non-credit impaired

For financial assets that have significant increase in credit risks since initial recognition but do not have objective evidence of impairment, a lifetime ECL that results from all possible default events over the expected life of the financial assets will be recognised in profit or loss. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company is exposed to credit risk.

Stage 3: Impairment – Credit impaired

Financial assets are assessed as credit impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that are credit impaired, impairment will be recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company (continued)

(b) The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years: (continued)

Financial year beginning after 1 January 2023 (continued)

(ii) MFRS 9, Financial Instruments (continued)

Impairment of financial assets (continued)

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

The Group and Company shall apply the new MFRS 9 rules retrospectively from 1 January 2023, with the practical expedients permitted under the standard. Comparatives for 2022 will not be restated. The Company is still in the midst of finalising the financial impact in relation to the adoption of MFRS 9.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards, amendments to published standards and interpretations to existing standards that are applicable and relevant to the Group and the Company (continued)

(b) The Group and the Company will apply the new standards, amendments to published standards and interpretations that are issued but not yet effective in the following financial years: (continued)

Financial year beginning after 1 January 2023 (continued)

(iii) Amendments to MFRS 101 “Classification of Liabilities as Current or Non-Current”

Amendments to MFRS 101 of “Classification of Liabilities as Current or Non-Current” clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

The amendments shall be applied retrospectively.

(iv) Amendments to MFRS 101 and MFRS Practice Statement 2 "Disclosure of Accounting Policies"

(v) Amendments to MFRS 108 "Definition of Accounting Estimates"

(vi) Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

Other than MFRS 9 and MFRS 17, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Group and the Company in the year of initial application.

3 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles RM'000	Office equipment furniture and fittings RM'000	Computer equipment RM'000	Renovation RM'000	Freehold land RM'000	Freehold buildings RM'000	Total RM'000
Group/Company							
Cost/Valuation							
At 1 January 2022	918	7,639	12,552	23,067	79,378	71,869	195,423
Additions	-	120	2,060	722	-	-	2,902
Write-offs	-	(17)	(5)	-	-	-	(22)
Revaluation surplus for the financial year	-	-	-	-	61	2,390	2,451
Elimination of accumulated depreciation arising from revaluation	-	-	-	-	-	(2,390)	(2,390)
At 31 December 2022	918	7,742	14,607	23,789	79,439	71,869	198,364
Cost	918	7,742	14,607	23,789	-	-	47,056
Valuation	-	-	-	-	79,439	71,869	151,308
At 31 December 2022	918	7,742	14,607	23,789	79,439	71,869	198,364

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group/Company	Motor vehicles RM'000	Office equipment furniture and fittings RM'000	Computer equipment RM'000	Renovation RM'000	Freehold land RM'000	Freehold buildings RM'000	Total RM'000
Accumulated depreciation							
At 1 January 2022	852	5,152	9,017	17,232	-	-	32,253
Charge for the financial year (Note 24)	66	522	1,858	1,070	-	2,390	5,906
Write-offs	-	(13)	(6)	-	-	-	(19)
Elimination of accumulated depreciation arising from revaluation	-	-	-	-	-	(2,390)	(2,390)
At 31 December 2022	918	5,661	10,869	18,302	-	-	35,750
Net book value							
At 31 December 2022	-	2,081	3,738	5,487	79,439	71,869	162,614

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM'000	Office equipment furniture and fittings RM'000	Computer equipment RM'000	Renovation RM'000	Freehold land RM'000	Freehold buildings RM'000	Total RM'000
Group/Company							
Cost/Valuation							
At 1 January 2021	918	7,511	12,030	22,928	79,445	72,004	194,836
Additions	-	151	1,244	139	-	-	1,534
Write-offs	-	(23)	(722)	-	-	-	(745)
Transferred to investment properties (Note 5)	-	-	-	-	(90)	(135)	(225)
Revaluation surplus for the financial year	-	-	-	-	23	2,992	3,015
Elimination of accumulated depreciation arising from revaluation	-	-	-	-	-	(2,992)	(2,992)
At 31 December 2021	918	7,639	12,552	23,067	79,378	71,869	195,423
Cost	918	7,639	12,552	23,067	-	-	44,176
Valuation	-	-	-	-	79,378	71,869	151,247
At 31 December 2021	918	7,639	12,552	23,067	79,378	71,869	195,423

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles RM'000	Office equipment furniture and fittings RM'000	Computer equipment RM'000	Renovation RM'000	Freehold land RM'000	Freehold buildings RM'000	Total RM'000
Group/Company							
Accumulated depreciation							
At 1 January 2021	781	4,664	8,049	16,155	-	-	29,649
Charge for the financial year (Note 24)	71	505	1,689	1,077	-	2,992	6,334
Write-offs	-	(17)	(721)	-	-	-	(738)
Elimination of accumulated depreciation arising from revaluation	-	-	-	-	-	(2,992)	(2,992)
At 31 December 2021	852	5,152	9,017	17,232	-	-	32,253
Net book value							
At 31 December 2021	66	2,487	3,535	5,835	79,378	71,869	163,170

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net book value of revalued land and buildings, had these assets been carried at cost less accumulated depreciation is as follows:

Group/Company

	Freehold land RM'000	Freehold buildings RM'000	Total RM'000
At 31 December 2022	15,728	48,043	63,771
At 31 December 2021	15,728	49,703	65,431

The fair value hierarchy of the self-occupied properties is as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2022				
Recurring fair value measurements				
- Freehold land	-	-	79,439	79,439
- Buildings	-	-	71,869	71,869
	-	-	151,308	151,308
31 December 2021				
Recurring fair value measurements				
- Freehold land	-	-	79,378	79,378
- Buildings	-	-	71,869	71,869
	-	-	151,247	151,247

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group and the Company engaged external, independent and qualified valuer to determine the fair value of the Group and the Company's land and buildings annually. As at 31 December 2022, the fair values of the self-occupied properties have been determined by Raine & Horne International Zaki + Partners Sdn. Bhd.

The main level 3 inputs used by the Group and the Company is term yield, reversionary yield and average price per square feet derived and evaluated by Raine & Horne International Zaki + Partners Sdn. Bhd. based on comparable transactions and industry data.

The self-occupied properties of the Group and the Company were valued by an independent professional valuer based on the following parameters:

Description	Fair value (RM'000)	Valuation technique	Unobservable Inputs	Input	Sensitivity in term yield and reversionary yield +/- 25 basis point (RM'000)	Sensitivity in average price per square fee +/- 5% (RM'000)
31 December 2022						
Self-occupied properties	151,308	Investment method and comparison method	Term yield	6.00%	+378	-
			Reversionary yield	6.50%	-378	-
			Average price per square feet	RM250 to RM865	-	+7,565 7,565
31 December 2021						
Self-occupied properties	151,247	Investment method and comparison method	Term yield	6.00%	+378	-
			Reversionary yield	6.50%	-378	-
			Average price per square feet	RM250 to RM916	-	+7,562 -7,562

4 RIGHT-OF-USE ASSETS

Group/Company

	Office equipment RM'000	Building RM'000	Leasehold land and building RM'000	Total RM'000
Net book value				
At 1 January 2022	531	795	9,557	10,883
Addition	-	200	-	200
Charge for the financial year (Note 24)	(159)	(403)	(120)	(682)
Revaluation surplus for the financial year	-	-	155	155
At 31 December 2022	372	592	9,592	10,556
Net book value				
At 1 January 2021	180	274	9,155	9,609
Addition	503	928	-	1,431
Charge for the financial year (Note 24)	(152)	(407)	(117)	(676)
Transferred from investment properties (Note 5)	-	-	359	359
Revaluation surplus for the financial year	-	-	160	160
At 31 December 2021	531	795	9,557	10,883

5 INVESTMENT PROPERTIES

	Group/Company RM'000
At 1 January 2022	174,345
Disposals	(4,930)
Fair value changes for the financial year (Note 21)	15
At 31 December 2022	169,430
At 1 January 2021	174,735
Transferred to right of use assets (Note 4)	(359)
Transferred from property, plant and equipment (Note 3)	225
Fair value changes for the financial year (Note 21)	(256)
At 31 December 2021	174,345

The fair value hierarchy of the investment properties is as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2022				
Recurring fair value measurements				
- Freehold land	-	-	115,221	115,221
- Leasehold land	-	-	5,852	5,852
- Buildings	-	-	48,357	48,357
	-	-	169,430	169,430
31 December 2021				
Recurring fair value measurements				
- Freehold land	-	-	120,191	120,191
- Leasehold land	-	-	5,821	5,821
- Buildings	-	-	48,333	48,333
	-	-	174,345	174,345

5 INVESTMENT PROPERTIES (CONTINUED)

The Group and the Company engaged external, independent and qualified valuers to determine the fair value of the Group and the Company's land and buildings annually. As at 31 December 2022, the fair values of the investment properties have been determined by Raine & Horne International Zaki + Partners Sdn. Bhd.

The main level 3 input used by the Group and the Company are average price per square feet derived and evaluated by Raine & Horne International Zaki + Partners Sdn. Bhd. based on comparable transactions and industry data.

The investment properties of the Group and the Company were valued by an independent professional valuer based on the following parameters:

Description	Fair value (RM'000)	Valuation technique	Unobservable Inputs	Input	Sensitivity in average price per square feet +/- 5% (RM'000)
31 December 2022					
Investment properties	169,430	Comparison method	Average price per square feet	RM12 to RM1,166	+8,472 -8,472
31 December 2021					
Investment properties	174,345	Comparison method	Average price per square feet	RM12 to RM1,167	+8,717 -8,717

The rental income and direct operating expenses arising from investment properties that have been recognised in profit or loss during the financial year are as follows:

	Group/Company	
	2022 RM'000	2021 RM'000
Rental income	8,937	8,546
Direct operating expenses	(1,613)	(4,154)
Net rental income from investment properties (Note 19)	7,324	4,392

6 INTANGIBLE ASSETS

	Bancassurance fee RM'000	Computer software RM'000	Total RM'000
Group/Company			
Net book value			
2022			
At 1 January 2022	50,400	15,552	65,952
Additions	-	1,883	1,883
Write-offs (Note 23)	-	(1,529)	(1,529)
Amortisation charged to profit or loss (Note 24)	(16,800)	(4,869)	(21,669)
At 31 December 2022	33,600	11,037	44,637
Cost	270,646	53,056	323,702
Accumulated amortisation	(237,046)	(42,019)	(279,065)
At 31 December 2022	33,600	11,037	44,637
2021			
At 1 January 2021	67,200	15,096	82,296
Additions	-	5,253	5,253
Amortisation charged to profit or loss (Note 24)	(16,800)	(4,797)	(21,597)
At 31 December 2021	50,400	15,552	65,952
Cost	270,646	54,674	325,320
Accumulated amortisation	(220,246)	(39,122)	(259,368)
At 31 December 2021	50,400	15,552	65,952

Included in the net book value of computer software, there are software under development phase amounting to RM1,429,000 as at 31 December 2022 (2021: RM874,000).

6 INTANGIBLE ASSETS (CONTINUED)

Included in the intangible assets is the bancassurance fee in relation to the exclusive Bancassurance Agreement which is effective from 1 January 2015 for the distribution of the Company's insurance products.

The Company conducts impairment assessment during the year in accordance with its accounting policies in Note 2.2(g). In the impairment assessment conducted by the Company, the future economic benefits that are attributable to the Bancassurance Agreement was valued at the present value of Value of New Business ("VONB") to be derived from the remaining tenure of the agreement of 2 years, using the discounted cash flow model.

The key assumptions used in the present value of VONB in respect of Bancassurance Agreement are as follows:

Key assumptions:	2022	2021
Projected sales growth rate in annualised premium equivalent ("APE")		
• Year 2022	-	(7%)
• Year 2023	7%	3%
• Year 2024	1%	4%
Risk discount rate	8.9%	8.9%

As at 31 December 2022, the recoverable amount exceeds the carrying value of the bancassurance fee.

Sensitivity to changes in key assumptions

Management considers that it is not reasonably possible for the abovementioned key assumptions to change so significantly that would result in impairment.

7 FINANCIAL INVESTMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian government securities	613,646	606,251	587,756	581,139
Malaysian government guaranteed bonds	1,881,310	1,681,051	1,881,310	1,681,051
Government investment issues	481,538	453,110	466,890	436,149
Corporate debt securities	2,936,497	2,929,141	2,936,497	2,929,141
Equity securities	1,928,455	2,210,043	1,914,305	2,195,021
Collective investment schemes	771,296	832,142	771,296	830,767
Controlled structured entities (Note 8)	-	-	58,077	64,684
Loans	370,471	384,094	370,471	384,094
	8,983,213	9,095,832	8,986,602	9,102,046

7 FINANCIAL INVESTMENTS (CONTINUED)

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
AFS financial assets	5,881,155	5,920,191	5,883,639	5,925,683
FVTPL financial assets	1,801,312	1,860,259	1,802,217	1,860,981
HTM financial assets	930,275	931,288	930,275	931,288
Loans and receivables	370,471	384,094	370,471	384,094
	8,983,213	9,095,832	8,986,602	9,102,046

7a AFS FINANCIAL ASSETS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At fair value:				
Malaysian government securities	331,028	332,379	305,138	307,267
Malaysian government guaranteed bonds	1,412,807	1,210,556	1,412,807	1,210,556
Government investment issues	317,360	277,399	302,712	260,438
Corporate debt securities	2,371,209	2,389,154	2,371,209	2,389,154
Equity securities	1,273,005	1,560,891	1,273,005	1,560,891
Collective investment schemes	175,746	149,812	175,746	149,812
Controlled structured entities (Note 8)	-	-	43,022	47,565
	5,881,155	5,920,191	5,883,639	5,925,683
Current	1,777,307	2,101,548	1,814,261	2,138,969
Non-current	4,103,848	3,818,643	4,069,378	3,786,714
	5,881,155	5,920,191	5,883,639	5,925,683

7 FINANCIAL INVESTMENTS (CONTINUED)

7a AFS FINANCIAL ASSETS (continued)

Movement in impairment allowance accounts:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Allowance for impairment loss:				
At 1 January	117,223	141,641	117,223	141,641
Transferred to realised gain upon disposal	(73,894)	(75,098)	(73,894)	(75,098)
Impairment loss during the financial year (Note 20)	61,678	50,680	61,678	50,680
At 31 December	105,007	117,223	105,007	117,223

The impairment losses arose on equity securities for which there have been significant or prolonged decline in fair value.

7b FVTPL FINANCIAL ASSETS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At fair value:				
Malaysian government securities	50,108	41,524	50,108	41,524
Malaysian government guaranteed bonds	29,618	30,541	29,618	30,541
Government investment issues	47,437	58,878	47,437	58,878
Corporate debt securities	423,149	397,834	423,149	397,834
Equity securities	655,450	649,152	641,300	634,130
Collective investment schemes	595,550	682,330	595,550	680,955
Controlled structured entities (Note 8)	-	-	15,055	17,119
	1,801,312	1,860,259	1,802,217	1,860,981
Current	1,281,498	1,377,453	1,282,403	1,378,175
Non-current	519,814	482,806	519,814	482,806
	1,801,312	1,860,259	1,802,217	1,860,981

7 FINANCIAL INVESTMENTS (CONTINUED)

7c HTM FINANCIAL ASSETS

	Group/Company	
	2022	2021
	RM'000	RM'000
At amortised cost:		
Malaysian government securities	232,510	232,348
Malaysian government guaranteed bonds	438,885	439,954
Government investment issues	116,741	116,833
Corporate debt securities	142,139	142,153
	930,275	931,288
Current	-	-
Non-current	930,275	931,288
	930,275	931,288
At fair value:		
Malaysian government securities	236,999	245,699
Malaysian government guaranteed bonds	457,668	473,637
Government investment issues	120,923	124,976
Corporate debt securities	146,165	151,320
	961,755	995,632

7 FINANCIAL INVESTMENTS (CONTINUED)

7d LOANS AND RECEIVABLES

	Group/Company	
	2022	2021
	RM'000	RM'000
At amortised cost:		
Secured:		
Policy loans	369,781	383,167
Mortgage loans	690	726
Other loans	-	201
	370,471	384,094

The carrying values of loans and receivables approximate the fair values at the date of the statement of financial position.

	Group/Company	
	2022	2021
	RM'000	RM'000
Current	-	287
Non-current	370,471	383,807
	370,471	384,094

7 FINANCIAL INVESTMENTS (CONTINUED)

7e MOVEMENTS IN THE CARRYING VALUES OF FINANCIAL INSTRUMENTS

	AFS RM'000	FVTPL RM'000	HTM RM'000	LAR RM'000	Total RM'000
Group					
At 1 January 2021	5,990,575	1,551,132	952,551	427,129	8,921,387
Purchases	1,154,987	544,427	-	-	1,699,414
Maturities	(249,550)	(10,000)	(20,000)	-	(279,550)
Disposals	(796,751)	(190,279)	(1,000)	-	(988,030)
Decrease in loans	-	-	-	(43,035)	(43,035)
Movement of investment income accrued	1,264	723	(198)	-	1,789
Fair value gains/(losses) recorded in:					
- Profit or loss	66,392	(35,744)	(16)	-	30,632
- Other comprehensive loss	(249,826)	-	-	-	(249,826)
Accretion/(amortisation) adjustment (Note 19)	3,100	-	(49)	-	3,051
At 31 December 2021	5,920,191	1,860,259	931,288	384,094	9,095,832
Purchases	1,453,080	487,442	-	-	1,940,522
Maturities	(487,744)	(45,000)	-	-	(532,744)
Disposals	(748,562)	(273,291)	(1,000)	-	(1,022,853)
Decrease in loans	-	-	-	(13,623)	(13,623)
Movement of investment income accrued	1,765	511	(22)	-	2,254
Fair value gains/(losses) recorded in:					
- Profit or loss	16,705	(228,609)	(12)	-	(211,916)
- Other comprehensive loss	(276,726)	-	-	-	(276,726)
Accretion adjustment (Note 19)	2,446	-	21	-	2,467
At 31 December 2022	5,881,155	1,801,312	930,275	370,471	8,983,213

7 FINANCIAL INVESTMENTS (CONTINUED)

7e MOVEMENTS IN THE CARRYING VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Company	AFS RM'000	FVTPL RM'000	HTM RM'000	LAR RM'000	Total RM'000
At 1 January 2021	5,992,772	1,550,959	952,551	427,129	8,923,411
Purchases	1,145,639	539,482	-	-	1,685,121
Maturities	(249,550)	(10,000)	(20,000)	-	(279,550)
Disposals	(783,879)	(183,424)	(1,000)	-	(968,303)
Decrease in loans	-	-	-	(43,035)	(43,035)
Movement of investment income accrued	1,264	723	(198)	-	1,789
Fair value gains/(losses) recorded in:					
- Profit or loss	66,258	(36,759)	(16)	-	29,483
- Other comprehensive loss	(249,921)	-	-	-	(249,921)
Accretion/(amortisation) adjustment (Note 19)	3,100	-	(49)	-	3,051
At 31 December 2021	5,925,683	1,860,981	931,288	384,094	9,102,046
Purchases	1,432,273	485,222	-	-	1,917,495
Maturities	(487,744)	(45,000)	-	-	(532,744)
Disposals	(730,574)	(270,344)	(1,000)	-	(1,001,918)
Decrease in loans	-	-	-	(13,623)	(13,623)
Movement of investment income accrued	1,695	511	(22)	-	2,184
Fair value gains/(losses) recorded in:					
- Profit or loss	16,384	(229,153)	(12)	-	(212,781)
- Other comprehensive loss	(276,709)	-	-	-	(276,709)
Accretion adjustment (Note 19)	2,631	-	21	-	2,652
At 31 December 2022	5,883,639	1,802,217	930,275	370,471	8,986,602

7 FINANCIAL INVESTMENTS (CONTINUED)

7f FAIR VALUES OF FINANCIAL INSTRUMENTS

The following tables show financial investments recorded at fair value analysed by the different basis of fair values as follows:

	AFS RM'000	FVTPL RM'000	HTM RM'000	Total RM'000
Group				
31 December 2022				
Level 1	1,162,435	617,324	-	1,779,759
Level 2	4,699,218	1,183,988	961,755	6,844,961
Level 3	19,502	-	-	19,502
	5,881,155	1,801,312	961,755	8,644,222
31 December 2021				
Level 1	1,419,768	606,869	-	2,026,637
Level 2	4,482,024	1,253,390	995,632	6,731,046
Level 3	18,399	-	-	18,399
	5,920,191	1,860,259	995,632	8,776,082
Company				
31 December 2022				
Level 1	1,162,435	603,174	-	1,765,609
Level 2	4,701,702	1,199,043	961,755	6,862,500
Level 3	19,502	-	-	19,502
	5,883,639	1,802,217	961,755	8,647,611
31 December 2021				
Level 1	1,419,768	590,472	-	2,010,240
Level 2	4,487,516	1,270,509	995,632	6,753,657
Level 3	18,399	-	-	18,399
	5,925,683	1,860,981	995,632	8,782,296

7 FINANCIAL INVESTMENTS (CONTINUED)

7f FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 1 financial instruments are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, secondary market via dealer and broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions that are instruments for which pricing is obtained via pricing services but where prices have not been determined in an active market, instruments with fair values based on broker quotes, investment in unit and property trusts with fair values obtained via fund managers and instruments that are valued using the Group and the Company's own models whereby the majority of assumptions are market observable.

Level 3 financial instruments are determined in whole or in part using a valuation technique based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset class in this category are unquoted equity securities. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the instrument at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group and the Company. Therefore, unobservable inputs reflect the Group and the Company's own assumptions about the assumptions that market participants would use in pricing the instrument (including assumptions about risk). These inputs are developed based on the best information available, which might include the Group and the Company's own data.

The following table presents the changes in Level 3 instruments:

	AFS	
	2022 RM'000	2021 RM'000
Group/Company		
At the beginning of the financial year	18,399	15,898
Fair value gains recognized in other comprehensive income	1,103	2,501
At the end of the financial year	19,502	18,399

8 CONTROLLED STRUCTURED ENTITIES

The Company has determined that its investment in a wholesale unit trust fund and a retail fund amounting to RM43.0 million (2021: RM47.6 million) and RM15.1 million (2021: RM17.1 million) respectively as disclosed in Note 7 to the financial statements as investment in structured entities ("investee funds"). The Company invests in the investee funds whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The investee funds are managed by RHB Asset Management Sdn Bhd and apply various investment strategies to accomplish their respective investment objectives. The investee funds finance their operations through the creation of investee fund units which entitles the holder to variable returns and fair values in the respective investee fund's net assets.

The Company holds 100% of RHB Income Plus Fund 8 and 97% of RHB Leisure, Lifestyle and Luxury Fund respectively (2021: 100% of RHB Income Plus Fund 8 and 95% of RHB Leisure, Lifestyle and Luxury Fund). All funds were established in Malaysia and the Company has control over these investee funds. The Company is exposed to, or has rights to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

As the Company has control over these investee funds which are considered controlled structured entities, these structured entities are consolidated at Group level.

All investee funds are audited by PricewaterhouseCoopers PLT.

RHB Income Plus Fund 8, a wholesale unit trust fund, is classified as available-for-sale investment and the change in fair value of the investee fund is included in the statement of total comprehensive income in the Company's separate financial statements. RHB Leisure, Lifestyle and Luxury Fund, a retail unit trust fund, is classified as fair value through profit or loss investment and the change in fair value of the investee fund is recognised in the statement of profit or loss in the Company's separate financial statements.

8 CONTROLLED STRUCTURED ENTITIES (CONTINUED)

The Company's exposure to the investments in the investee funds is disclosed below.

	2022 RM'000	2021 RM'000
Fair value of underlying net assets:		
Cash equivalents	1,106	669
Deposits with licensed financial institutions	4,447	6,089
Investments - Unquoted fixed income securities	40,162	42,073
Investments - Quoted investments - foreign	12,884	15,022
Investments - Collective investment schemes - foreign	1,266	1,375
Other payables	(896)	(62)
	58,969	65,166

The Company's maximum exposure to loss from its interests in the investee funds is equal to the fair value of its investment in the investee funds.

9 REINSURANCE ASSETS

	Group/Company	
	2022 RM'000	2021 RM'000
Reinsurance of insurance contracts	19,237	22,198

10 INSURANCE RECEIVABLES

	Group/Company	
	2022 RM'000	2021 RM'000
Due premiums including agents/brokers balances	20,883	19,797
Due from reinsurers and cedants	96	1,734
	20,979	21,531
Accumulated impairment loss (Note 34)	(98)	(137)
	20,881	21,394

The carrying values disclosed above approximate the fair values at the date of the statement of financial position, and are receivable within one year.

11 OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amount due from related parties (Note 30)	33	30	33	30
Investment income receivable	4,436	3,459	4,436	3,446
Outstanding proceeds from sale of investments	19,518	4	19,518	4
Prepayment of expenses	1,092	1,097	1,092	1,097
Deposits	710	534	710	534
Others	7,926	8,849	7,913	8,223
	33,715	13,973	33,702	13,334
Accumulated impairment loss (Note 34)	(4,256)	(3,687)	(4,256)	(3,687)
	29,459	10,286	29,446	9,647

The carrying values of financial receivables disclosed above approximate the fair values at the date of the statement of financial position, and are receivable within one year.

12 SHARE CAPITAL

	Number of shares '000	RM'000
Group/Company		
Ordinary shares issued and fully paid up:		
At the beginning and end of the financial year	226,000	226,000

The holder of ordinary shares is entitled to receive dividends or declared from time-to-time and is entitled to one vote per share at general meetings of the Group and the Company.

13 RETAINED EARNINGS

Under the single-tier system which came into effect from the year of assessment 2008 onwards, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system will be tax exempt in the hands of shareholders.

The Company may distribute single tier exempt dividend to its shareholder out of its retained earnings. Pursuant to Section 51(1) of the Financial Services Act, 2013, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

14 INSURANCE CONTRACT LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	Gross	Gross	Gross	Gross
	RM'000	RM'000	RM'000	RM'000
Life insurance contract liabilities	7,934,026	7,872,214	7,933,215	7,872,027

The life insurance contract liabilities and the movements are further analysed as follows:

	Group		Company	
	2022	2021	2022	2021
	Gross	Gross	Gross	Gross
	RM'000	RM'000	RM'000	RM'000
Actuarial liabilities	5,789,018	5,676,135	5,789,018	5,676,135
Unallocated surplus	359,517	373,595	359,517	373,595
Provision for outstanding claims	390,303	339,835	390,303	339,835
Available-for-sale fair value adjustment	167,654	364,960	167,654	364,960
Asset revaluation surplus adjustment	51,613	49,387	51,613	49,387
Net asset value attributable to unitholders (Note 36)	1,175,921	1,068,302	1,175,110	1,068,115
	7,934,026	7,872,214	7,933,215	7,872,027

14 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross		
	With DPF RM'000	Without DPF RM'000	Total RM'000
Group			
At 1 January 2022	5,168,536	2,703,678	7,872,214
Premiums received	216,531	1,469,916	1,686,447
Liabilities paid for death, maturities, surrenders, benefits and claims	(516,392)	(559,204)	(1,075,596)
Benefits and claims experience variation	8,412	(244,747)	(236,335)
Policy movements	119,465	(184,912)	(65,447)
Adjustments due to changes in assumptions:			
Mortality/morbidity	7,670	4,375	12,045
Lapse and surrender rates	-	91	91
Expenses	(2,003)	3,691	1,688
Unit fund growth rate	-	916	916
Others	-	(930)	(930)
Movement in unallocated deficit	(14,078)	-	(14,078)
Available-for-sale fair value adjustment	(197,306)	-	(197,306)
Net asset value attributable to unitholders	-	(102,377)	(102,377)
Movement in provision for outstanding claims	28,784	21,684	50,468
Asset revaluation surplus adjustment	2,226	-	2,226
At 31 December 2022	4,821,845	3,112,181	7,934,026
At 1 January 2021	5,466,715	2,324,598	7,791,313
Premiums received	281,517	1,280,759	1,562,276
Liabilities paid for death, maturities, surrenders, benefits and claims	(667,101)	(476,833)	(1,143,934)
Benefits and claims experience variation	(5,514)	(275,317)	(280,831)
Policy movements	212,296	(181,339)	30,957
Adjustments due to changes in assumptions:			
Mortality/morbidity	-	(22,959)	(22,959)
Expenses	(512)	5,831	5,319
Unit fund growth rate	-	(3)	(3)
Others	-	(51)	(51)
Movement in unallocated deficit	(9,611)	-	(9,611)
Available-for-sale fair value adjustment	(141,235)	-	(141,235)
Net asset value attributable to unitholders	-	7,861	7,861
Movement in provision for outstanding claims	29,300	41,131	70,431
Asset revaluation surplus adjustment	2,681	-	2,681
At 31 December 2021	5,168,536	2,703,678	7,872,214

14 INSURANCE CONTRACT LIABILITIES (CONTINUED)

	Gross		
	With DPF RM'000	Without DPF RM'000	Total RM'000
Company			
At 1 January 2022	5,168,536	2,703,491	7,872,027
Premiums received	216,531	1,469,916	1,686,447
Liabilities paid for death, maturities, surrenders, benefits and claims	(516,392)	(559,204)	(1,075,596)
Benefits and claims experience variation	8,412	(244,747)	(236,335)
Policy movements	119,465	(184,912)	(65,447)
Adjustments due to changes in assumptions:			
Mortality/morbidity	7,670	4,375	12,045
Lapse and surrender rates	-	91	91
Expenses	(2,003)	3,691	1,688
Unit fund growth rate	-	916	916
Others	-	(930)	(930)
Movement in unallocated deficit	(14,078)	-	(14,078)
Available-for-sale fair value adjustment	(197,306)	-	(197,306)
Net asset value attributable to unitholders	-	(103,001)	(103,001)
Movement in provision for outstanding claims	28,784	21,684	50,468
Asset revaluation surplus adjustment	2,226	-	2,226
At 31 December 2022	4,821,845	3,111,370	7,933,215
At 1 January 2021	5,466,715	2,325,088	7,791,803
Premiums received	281,517	1,280,759	1,562,276
Liabilities paid for death, maturities, surrenders, benefits and claims	(667,101)	(476,833)	(1,143,934)
Benefits and claims experience variation	(5,514)	(275,317)	(280,831)
Policy movements	212,296	(181,339)	30,957
Adjustments due to changes in assumptions:			
Mortality/morbidity	-	(22,959)	(22,959)
Expenses	(512)	5,831	5,319
Unit fund growth rate	-	(3)	(3)
Others	-	(51)	(51)
Movement in unallocated deficit	(9,611)	-	(9,611)
Available-for-sale fair value adjustment	(141,235)	-	(141,235)
Net asset value attributable to unitholders	-	7,184	7,184
Movement in provision for outstanding claims	29,300	41,131	70,431
Asset revaluation surplus adjustment	2,681	-	2,681
At 31 December 2021	5,168,536	2,703,491	7,872,027

15 INSURANCE PAYABLES

	Group/Company	
	2022	2021
	RM'000	RM'000
Due to agents, brokers and insureds	189,632	158,666
Due to reinsurers and cedants	18,210	18,314
Cash bonus and interest outstanding	460,938	437,522
	668,780	614,502

The carrying values disclosed above approximate the fair values at the date of the statement of financial position, and are payable within one year.

16 OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amount due to related parties (Note 30)	598	926	598	926
Outstanding payable on purchases of investment securities	10,992	1,223	10,992	1,223
Tenant deposits	2,861	2,683	2,861	2,683
Staff related accrued expenses	30,311	25,650	30,311	25,650
Other accrued expenses	34,517	32,530	34,517	32,530
Other payables	8,463	11,696	7,567	11,634
	87,742	74,708	86,846	74,646

The carrying values disclosed above approximate the fair values at the date of the statement of financial position, and are payable within one year.

17 PROVISION FOR AGENCY LONG ASSOCIATION BENEFITS

	Group/Company	
	2022	2021
	RM'000	RM'000
At 1 January	36,719	34,014
Charged to profit or loss	5,776	6,065
Paid during the financial year	(2,607)	(3,360)
At 31 December	39,888	36,719
Payable within 12 months	14,475	13,401
Payable after 12 months	25,413	23,318
	39,888	36,719

18 DEFERRED TAX LIABILITIES

	Group/Company	
	2022	2021
	RM'000	RM'000
At 1 January	258,156	258,114
Recognised in:		
Profit or loss (Note 25)	25,082	37,288
Other comprehensive loss	(33,445)	(37,246)
At 31 December	249,793	258,156

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

18 DEFERRED TAX LIABILITIES (CONTINUED)

	Unallocated surplus arising from non-DPF RM'000	Property, plant and equipment RM'000	Self-occupied properties RM'000	Investment properties RM'000	Financial investments RM'000	Total RM'000
Group/Company						
At 1 January 2021	149,982	355	5,257	13,328	89,192	258,114
Recognised in:						
Profit or loss (Note 25)	38,499	224	-	(20)	(1,415)	37,288
Other comprehensive (loss)/income	-	-	302	-	(37,548)	(37,246)
At 31 December 2021	188,481	579	5,559	13,308	50,229	258,156
Recognised in:						
Profit or loss (Note 25)	39,120	(105)	-	(393)	(13,540)	25,082
Other comprehensive (loss)/income	-	-	243	-	(33,688)	(33,445)
At 31 December 2022	227,601	474	5,802	12,915	3,001	249,793

19 INVESTMENT INCOME

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net rental income from investment properties (Note 5)	7,324	4,392	7,324	4,392
FVTPL financial assets				
Interest	26,402	23,195	26,370	23,180
Dividend	23,804	21,517	23,651	21,403
AFS financial assets				
Interest	193,924	183,726	192,092	182,144
Dividend	53,004	56,003	54,691	57,698
Accretion of discounts – net (Note 7e)	2,446	3,100	2,631	3,100
HTM financial assets				
Interest	44,091	44,883	44,091	44,883
Accretion of discounts/ (amortization on premiums) – net (Note 7e)	21	(49)	21	(49)
Interest from loans	26,288	28,134	26,288	28,134
Interest from fixed and call deposits	13,484	5,728	13,484	5,728
	390,788	370,629	390,643	370,613
Less: Investment expenses	(9,067)	(7,281)	(9,067)	(7,281)
	381,721	363,348	381,576	363,332

20 NET REALISED GAINS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Realised gains:				
AFS financial assets				
- Equity securities	77,474	108,261	77,153	108,127
- Debt securities	909	8,811	909	8,811
	78,383	117,072	78,062	116,938
Impairment loss of AFS financial assets (Note 7a)	(61,678)	(50,680)	(61,678)	(50,680)
Gain on disposal of investment properties	7,328	-	7,328	-
Net gains on disposal of AFS financial assets	24,033	66,392	23,712	66,258

21 NET FAIR VALUE LOSSES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Investment properties – fair value (Note 5)	15	(256)	15	(256)
FVTPL financial assets (Note 7e)	(228,609)	(35,744)	(229,153)	(36,759)
Early redemption of HTM financial assets by issuers (Note 7e)	(12)	(16)	(12)	(16)
	(228,606)	(36,016)	(229,150)	(37,031)

22 COMMISSION INCOME

	Group/Company	
	2022	2021
	RM'000	RM'000
Reinsurance commission income	3,548	2,274

23 OTHER OPERATING EXPENSES – NET

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Write-back of impairment/ (impairment loss) of loan receivables	27	(10)	27	(10)
Write-back of impairment of insurance receivables (Note 34)	39	171	39	171
Impairment loss of other receivables	(569)	(1,185)	(569)	(1,185)
(Write-offs)/recovery of write-offs of insurance receivables	(57)	1	(57)	1
Write-offs of property, plant and equipment	(3)	(7)	(3)	(7)
Write-offs of intangible asset (Note 6)	(1,529)	-	(1,529)	-
Others	439	114	272	165
	(1,653)	(916)	(1,820)	(865)

24 MANAGEMENT EXPENSES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Staff salaries and bonuses	75,074	69,210	75,074	69,210
Contribution to Employees' Provident Fund	10,936	9,796	10,936	9,796
Others	2,769	2,349	2,769	2,349
Staff costs	88,779	81,355	88,779	81,355
Directors' remuneration (Note 30(c))	500	543	500	543
Depreciation of property, plant and equipment (Note 3)	5,906	6,334	5,906	6,334
Depreciation for right-of-use assets (Note 4)	682	676	682	676
Amortisation of intangible assets (Note 6)	21,669	21,597	21,669	21,597
Auditors' remuneration				
- statutory audit	572	530	560	519
- other audit services	1,627	533	1,627	533
- non-audit services	50	37	50	37
Printing and stationery	925	591	925	591
Postage, telephone and telex	781	786	781	786
Information technology expenses	9,781	8,850	9,781	8,850
Advertising and marketing expenses	1,650	804	1,650	804
Rental of properties	3,611	-	3,611	-
Management fees	1,430	1,420	1,430	1,420
Training related expenses	1,574	1,428	1,574	1,428
Interest expense for lease liabilities	91	63	91	63
Medical administration fee	3,369	3,944	3,369	3,944
Collection charges	5,146	4,990	5,146	4,990
Repairs and maintenance	3,134	2,630	3,134	2,630
Property related expenses	970	1,511	970	1,511
Distribution related expenses	29,031	26,797	29,031	26,797
Others	7,748	5,353	7,224	4,832
	99,747	88,874	99,211	88,342
Total	189,026	170,772	188,490	170,240

Included in staff costs are the remuneration, including benefits-in-kind, attributable to the Chief Executive Officer of the Group and the Company during the financial year which amounted to RM5.71 million (2021: RM5.15 million).

24 MANAGEMENT EXPENSES (CONTINUED)

(a) The total remuneration of the Chief Executive Officer during the financial year is as follows:

	Group/Company	
	2022	2021
	RM'000	RM'000
Salaries and other remuneration	2,740	2,640
Benefits-in-kind	34	34
Bonus	2,940	2,473
	5,714	5,147

(b) The details of remuneration of the Directors during the financial year are as follows:

	Fees	Other emoluments	Total
	RM'000	RM'000	RM'000
Group/Company			
31 December 2022			
Non-executive Directors:			
- Tan Sri Dato' Dr Yahya Bin Awang	85	2	87
- Tan Sri Azlan Bin Mohd Zainol	40	2	42
- Datuk Leong Kam Weng	130	6	136
- Chuah Sue Yin	120	6	126
- U Chen Hock	103	6	109
	478	22	500
31 December 2021			
Non-executive Directors:			
- Tan Sri Dato' Dr Yahya Bin Awang	170	5	175
- Datuk Leong Kam Weng	130	6	136
- Chuah Sue Yin	120	6	126
- U Chen Hock	100	6	106
	520	23	543

25 TAXATION

	Group/Company	
	2022	2021
	RM'000	RM'000
Current tax	27,871	49,800
Deferred tax (Note 18)	25,082	37,288
Taxation	52,953	87,088
Current tax		
Current financial year	28,306	48,716
(Over)/under-provision in prior financial years	(435)	1,084
	27,871	49,800
Deferred tax		
Origination and reversal of temporary differences (Note 18)	25,082	37,288
Taxation	52,953	87,088

The explanation of the relationship between taxation, and profit before taxation and change in insurance contract liabilities is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	216,426	317,454	216,409	317,549
Tax calculated at the Malaysian tax rate of 24% (2021: 24%)	51,942	76,189	51,938	76,212
Tax on investment income of policyholders' and unitholder funds	8,305	25,338	8,309	25,315
Tax rate differential in respect of unallocated surplus	(7,955)	(8,072)	(7,955)	(8,072)
Expenses not deductible for tax purposes	5,475	5,437	5,475	5,437
Section 110B tax credit	(1,410)	(5,251)	(1,410)	(5,251)
Income not subject to tax	(2,969)	(7,637)	(2,969)	(7,637)
(Over)/under-provision of tax in prior financial years	(435)	1,084	(435)	1,084
Tax expense for the financial year	52,953	87,088	52,953	87,088

25 TAXATION (CONTINUED)

The tax expense of the Life Fund is based on the method prescribed under the Income Tax Act, 1967 for the life business, where the income tax in the Life Fund is calculated at 8% on investment income. The income tax for the Shareholders' Fund is calculated based on the tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

In 2008, the Ministry of Finance has gazetted an order on the allowance of income tax set-off/credit for the tax charged on the surplus transferred from the Life Fund to the Shareholders' Fund with effect from year of assessment 2008 under Section 110B of the Income Tax Act, 1967.

The Group and the Company adopted IC Interpretation 23 'Uncertainty over Income Tax Treatments' for financial year beginning on or after 1 January 2019. The IFRS Interpretations Committee developed IFRIC 23 to clarify the accounting for uncertainties in income taxes. This interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under MFRS 112.

On 25 February 2022, the Ministry of Finance ("MOF") has confirmed that reinsurance discount and experience refund under reinsurance contracts are amounts received by life insurers in connection with the life insurance policies reinsured, hence these should not be regarded as incidental income in nature under Section 60(8) of the Income Tax Act 1967 and are not subject to income tax.

As this case is now resolved, there is no unfavorable impact towards the Group and the Company's books.

26 BASIC EARNINGS PER SHARE (SEN)

The earnings per share has been calculated based on the net profit for the financial year and the weighted average number of ordinary shares of the Group and the Company in issue during the financial year.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit attributable to ordinary equity holders	163,473	230,366	163,456	230,461
Weighted average number of shares in issue	226,000	226,000	226,000	226,000
Basic earnings per share (sen)	72.33	101.93	72.33	101.97

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

No diluted earnings per share is disclosed in these financial statements as there are no dilutive potential ordinary shares.

27 DIVIDENDS PAID

Group/Company

	2022 RM'000
In respect of the financial year ended 31 December 2021:	
Final single tier dividend of 35.398 sen per ordinary shares, paid on 27 June 2022	80,000

	2021 RM'000
In respect of the financial year ended 31 December 2020:	
Final single tier dividend of 2.21 sen per ordinary shares, paid on 28 June 2021	5,000

28 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	Group/Company	
	2022 RM'000	2021 RM'000
Authorised and contracted but not provided for:		
- Computer hardware and software	1,668	1,487
- Renovation	1,186	333
	2,854	1,820

29 OPERATING LEASE COMMITMENTS

	Group/Company	
	2022	2021
	RM'000	RM'000
Commitments under non-cancellable operating leases where the Group and the Company is a lessee:		
Payable within one year	40	709
Payable after one year	30	984
	70	1,693
Commitments under non-cancellable operating leases where the Group and the Company is a lessor:		
Receivable within one year	8,156	7,387
Receivable after one year	5,471	3,314
	13,627	10,701

30 RELATED PARTY DISCLOSURES

The related parties of, and their relationship with the Group and the Company, are as follows:

	Country of incorporation	Relationship
Tokio Marine Holdings, Inc. ("TMH")	Japan	Ultimate holding corporation
Tokio Marine & Nichido Life Insurance Co., Ltd. ("TMNL")	Japan	Subsidiary of ultimate holding corporation
Tokio Marine & Nichido Fire Insurance Co., Ltd. ("TMNF")	Japan	Subsidiary of ultimate holding corporation
Tokio Marine Life Insurance Singapore Ltd. ("TMLIS")	Singapore	Holding corporation
Tokio Marine Asia Pte. Ltd. ("TMAP")	Singapore	Subsidiary of ultimate holding corporation
Tokio Marine Asset Management International Pte. Ltd. ("TMAMI")	Singapore	Subsidiary of ultimate holding corporation
Tokio Marine Insurans (Malaysia) Berhad ("TMIM")	Malaysia	Subsidiary of ultimate holding corporation
Key management personnel	-	Key management personnel includes the Directors, Chief Executive Officer ("CEO") and senior management who report directly to the CEO

In the normal course of business, the Group and the Company undertake at agreed terms and prices, various transactions with its holding and ultimate holding corporations and other corporations deemed related parties by virtue of them being members of Tokio Marine Holdings, Inc. group of corporations.

30 RELATED PARTY DISCLOSURES (CONTINUED)

The related party balances as at the date of the statement of financial position and significant related party transactions arising from normal business transactions during the financial year are set out below.

	Group/Company 2022 RM'000	Group/Company 2021 RM'000
(a) Related party balances		
Other receivables (Note 11)		
Amount due from TMIM	33	30
Other payables (Note 16)		
Amount due to TMAP	423	751
Amount due to TMIM	175	175
(b) Significant related party transactions		
Income/(expense):		
Transactions with TMIM:		
Cost sharing of Secretarial Services	187	105
Premiums paid/payable – Non-life insurance	(466)	(544)
Premiums received/receivable – Group insurance	374	345
Office rental income	452	477
Transactions with TMAP:		
General service fee	(735)	(723)
Cost sharing of system subscription and license fees paid/payable	(1,017)	(1,204)
Transactions with TMLIS:		
Reinsurance arrangements	11	5

30 RELATED PARTY DISCLOSURES (CONTINUED)

	Group/Company	
	2022	2021
	RM'000	RM'000
(c) Key management compensation		
Salaries and bonuses	14,364	14,160
Directors' remuneration (Note 24)	500	543
Contribution to Employees' Provident Fund	2,134	2,117
Other allowances	456	560
Benefits-in-kind	135	64
	17,589	17,444

31 RISK MANAGEMENT FRAMEWORK

The Group and the Company being a member of the Tokio Marine Holdings, Inc. Group of Companies take into consideration the risk management philosophy and business strategy of Tokio Marine Group when managing the risk of the Group and the Company. The Group and the Company aim to assume risks that are consistent with maintaining their solvency and supporting their business objectives. The Group and the Company are selective in their approach to risk taking, striking a balance between risk accepted and the reward they can derive from accepting that risk.

The Board of Directors is responsible for the overall establishment, supervision and review of all risk management processes in the Group and the Company. The Board is assisted by the Group and the Company's Risk Management and Compliance Committee in the identification, evaluation and assessment of risks in the Group and the Company.

The compositions, functions and the responsibilities of Risk Management and Compliance Committee are explained in the Directors' Report.

The Group and the Company's risk management strategy includes maintaining sound, robust and effective risk management processes which are appropriate to the nature, scale and complexity of the Group and the Company's life insurance business to safeguard the interests of Company's shareholders as well as to protect the Group and the Company's policyholders' interests. The risks are classified into broad categories to streamline the risk management processes and are not meant to be restrictive as to the risk identification and evaluation process.

31 RISK MANAGEMENT FRAMEWORK (CONTINUED)

The following are the four broad categories of risks faced by the Group and the Company:

A. Business Risks

Business risks arise from the Group and the Company's business strategy, the environment in which the Group and the Company operate, and their ability to provide suitable products and services to customers. The Group and the Company provide insurance protection against risks such as mortality and morbidity risks.

Within the business risks, insurance risk has significant impact on business results. Insurance risks arise with respect to the adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of a number of insurance risk drivers. This includes adverse mortality, longevity, morbidity, persistency and expense experience. The definition and management of insurance risks are explained in Note 33 to the financial statements.

The Group and the Company have in place various risk management techniques to control and optimise the Group and the Company's exposure to business risks in pursuit of the Group and the Company's business objectives. New risks are assessed before they are considered for acceptance.

B. Financial Risks

Financial risks pertain to credit risks, liquidity risks and market risks. Credit risks is the risk of loss for the Group and the Company's business, or of adverse change in the financial situation resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors in the form of default or other significant credit event.

Liquidity risk refers to the possibility of the Group and the Company having insufficient cash resources to meet their financial obligations as they fall due under business as usual and stress scenarios.

The Group and the Company are exposed to market risk arising from their investment in debt securities, equities and properties. Changes in interest rates, foreign exchange rates, and equity prices will impact the financial position of the Group and the Company as any reaction to market changes will affect the present and future earnings of the Group and the Company for the life insurance operations and shareholders' equity. The definition and management of financial risks are explained in Note 34 to the financial statements.

31 RISK MANAGEMENT FRAMEWORK (CONTINUED)

The following are the four broad categories of risks faced by the Group and the Company: (continued)

C. Operational Risks

Operational risks may arise from inadequate or failed internal processes and controls, from personnel and systems, or from external events such as sudden disasters crippling the operations of the Group and the Company. Such risks, although difficult to quantify, have the potential to impose significant costs and disruption to the financial soundness and ongoing business of the Group and the Company. Business continuity risks are the risks of not being able to resume normal business operations in view of disruption which include civil, economic, natural disasters, etc. Such risks may cause the Group and the Company to be unable to continue business as a going concern due to significant financial losses or the destruction of lives and infrastructures arising from natural catastrophes. The Group and the Company have put in place measures to control and minimize the Group and the Company's exposure to operational risks.

D. Technology Risks

Technology risks emanating from the use of IT and the Internet. These risks arise from failures or breaches of IT systems, applications, platforms or infrastructure, which could result in financial loss, disruptions in, our services or operations, or reputational harm. The Group and the Company are committed to minimize the exposure and impact of technology risk by putting in measures and controls to ensure confidentiality, availability of information and information processing facilities including critical systems and infrastructure to be protected against cyberattacks, fraudulent activities, information loss and other security risks and threats arising internally and externally.

32 CAPITAL MANAGEMENT

The Group and the Company's capital management objective is to maintain a strong capital position with optimum buffer to meet obligations towards policyholders and to comply with the required capital requirements.

A. Investment Management

The investment portfolio of the Group and the Company which forms the largest asset pool is managed by an investment team through setting of investment policy and strategic asset allocation. The investment limits are set and monitored at various levels to ensure that all investment activities are within the guidelines set by the local statutory requirements governed by BNM.

32 CAPITAL MANAGEMENT (CONTINUED)

B. Regulatory Capital Framework

Regulatory capital is the minimum amount of assets that must be held throughout the financial year to meet statutory solvency requirements governed under the RBC Framework. As part of the statutory requirements, the Company is required to provide its capital position on a quarterly basis to BNM.

The capital structure of the Company, consisting of all funds, as at the date of statements of financial position, as prescribed under the RBC Framework is provided below:

	Note	Group/Company 2022 RM'000	Group/Company 2021 RM'000
Eligible Tier 1 Capital			
Share capital (paid-up)	12	226,000	226,000
Reserves, including retained earnings		2,359,662	2,262,182
Tier 2 Capital		216,749	469,577
Amount deducted from capital		(44,637)	(65,952)
Total capital available		2,757,774	2,891,807

The Company has met both the minimum and internal capital requirements specified in the RBC Framework for the financial years ended 31 December 2021 and 31 December 2022.

33 INSURANCE RISKS

The risk under any one life insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group and the Company face under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits will vary from year to year from the estimate. A more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. Stress testing on the financial condition is conducted regularly to assess its ability to withstand adverse deviations in various assumptions. A dynamic solvency testing is performed annually to monitor its solvency position.

33 INSURANCE RISKS (CONTINUED)

Concentration of life insurance contract liabilities

The table below shows the concentration of life insurance contract liabilities (comprise actuarial liabilities, unallocated surplus, provision for outstanding claims and net asset value attributable to unitholders) by types of contract:

			Gross
	With DPF	Without DPF	Total
	RM'000	RM'000	RM'000
Group			
31 December 2022			
Whole of life	2,452,414	711,651	3,164,065
Endowment	1,866,776	882,866	2,749,642
Term-mortgage	-	373,410	373,410
Term-others	-	348,263	348,263
Medical and health	-	5,658	5,658
Riders	26,765	478,204	504,969
Other plans	256,623	312,129	568,752
Total	4,602,578	3,112,181	7,714,759
31 December 2021			
Whole of life	2,452,064	679,540	3,131,604
Endowment	2,052,085	721,894	2,773,979
Term-mortgage	-	353,530	353,530
Term-others	-	325,687	325,687
Medical and health	-	10,487	10,487
Riders	23,032	316,990	340,022
Other plans	227,009	295,549	522,558
Total	4,754,190	2,703,677	7,457,867

There is no annuity business in force as at 31 December 2022 and 31 December 2021.

33 INSURANCE RISKS (CONTINUED)

Concentration of life insurance contract liabilities (continued)

The table below shows the concentration of life insurance contract liabilities (comprise actuarial liabilities, unallocated surplus, provision for outstanding claims and net asset value attributable to unitholders) by types of contract:

	With DPF	Without DPF	Gross Total
	RM'000	RM'000	RM'000
Company			
31 December 2022			
Whole of life	2,452,414	711,651	3,164,065
Endowment	1,866,776	882,055	2,748,831
Term-mortgage	-	373,410	373,410
Term-others	-	348,263	348,263
Medical and health	-	5,658	5,658
Riders	26,765	478,204	504,969
Other plans	256,623	312,129	568,752
Total	4,602,578	3,111,370	7,713,948
31 December 2021			
Whole of life	2,452,064	679,540	3,131,604
Endowment	2,052,085	721,894	2,773,979
Term-mortgage	-	353,530	353,530
Term-others	-	325,687	325,687
Medical and health	-	10,487	10,487
Riders	23,032	316,990	340,022
Other plans	227,009	295,362	522,371
Total	4,754,190	2,703,490	7,457,680

There is no annuity business in force as at 31 December 2022 and 31 December 2021.

33 INSURANCE RISKS (CONTINUED)

Key assumptions

Material judgement is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. All assumptions are reviewed and updated, if necessary, each financial year in order to value insurance contract liabilities that reflect the Group and the Company's experience. The assumptions are required to be on best estimate basis, where actual experience has equal chance of being better or worse than estimated.

(a) Mortality and morbidity

Mortality assumptions used are based on annual investigation into their respective mortality experience over the recent financial years, and are expressed as a percentage of a standard mortality table.

The morbidity assumptions for dread disease benefits are based on a percentage of the reinsurer's risk premium rates.

(b) Lapse and surrender rates

Lapse and surrender assumptions are based on an annual investigation into their respective withdrawal experience over the recent financial years, and are expressed as rates of withdrawal, split by duration in-force.

(c) Discount rate

For the participating business, discount rates used to value insurance contract liabilities is determined based on the best estimate investment returns.

To determine the best estimate investment returns, the Group and the Company have broken down the assets in the fund as at the reporting date into various asset classes, and have applied long term expected returns to each class. A weighted average rate of investment return is then derived by combining different proportions of the various asset classes.

Contract liabilities for non-participating business and guaranteed liabilities of the participating business are computed by discounting policy cash flows using risk-free interest rates. The risk-free rates used are derived from the gross yields to redemption of benchmark government securities as at the date of valuation.

33 INSURANCE RISKS (CONTINUED)

Sensitivities

The Group and the Company conducted a sensitivity analysis on the actuarial liabilities as at the date of the statements of financial position, based on the change in one specific assumption while holding all other assumptions constant. Sensitivity information will also vary according to the current economic assumptions.

Assumption	Change in assumption	Impact on gross actuarial liabilities	Impact on profit after tax	Impact on equity
		RM'000	RM'000	RM'000
31 December 2022				
Worsening of mortality/morbidity	+25%	174,060	(116,373)	(116,373)
Improvement in mortality/morbidity	−25%	(168,409)	109,895	109,895
Worsening of lapse and surrender rates	+25%	(103,664)	16,319	16,319
Improvement in lapse and surrender rates	−25%	123,552	(18,289)	(18,289)
Increase in discount rate	100 basis points upward shift	(463,727)	127,176	127,176
Decrease in discount rate	100 basis points downward shift	570,917	(148,629)	(148,629)
Worsening of expense	+25%	82,130	(38,179)	(38,179)
Improvement in expense	−25%	(79,747)	36,586	36,586
31 December 2021				
Worsening of mortality/morbidity	+25%	164,416	(109,154)	(109,154)
Improvement in mortality/morbidity	−25%	(158,867)	102,702	102,702
Worsening of lapse and surrender rates	+25%	(96,227)	12,365	12,365
Improvement in lapse and surrender rates	−25%	117,726	(15,174)	(15,174)
Increase in discount rate	100 basis points upward shift	(429,332)	107,090	107,090
Decrease in discount rate	100 basis points downward shift	548,438	(126,473)	(126,473)
Worsening of expense	+25%	82,292	(37,056)	(37,056)
Improvement in expense	−25%	(79,529)	35,320	35,320

The method used and significant assumptions made for deriving sensitivity information did not change from the previous financial year.

34 FINANCIAL RISKS

The Group and the Company are exposed to a range of financial risks, including credit risk, liquidity risk and market risk.

Financial risks of investment-linked investment is not further provided and analysed as the financial risks in respect of investment-linked investments are generally wholly borne by the policyholders, and do not directly affect the profit before tax of the Group and the Company. Furthermore, investment-linked policyholders are responsible for allocation of the policy values amongst investment options offered by the Group and the Company. Although profit before tax is not affected by investment-linked investments, the investment return from such financial investments is included in the Group and the Company’s profit or loss, as the Group and the Company has selected the fair value option for all investment-linked investments with corresponding change in insurance contract liabilities for investment-linked contracts.

Credit Risk

The Group and the Company are exposed to credit risk through investments in cash, money market and debt instruments, lending activities and exposure to counterparty’s credit in reinsurance contracts.

For all three types of exposures, financial loss may materialise as a result of default by the borrower or counterparty. For investments in cash, money market and debt instruments, financial loss may also materialise as a result of a default by the issuer on coupon payment or principal amount. The Group and the Company have internal limits by issuer or counterparty and by investment grades. These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis by the management.

The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

The Group and the Company manage its lending activities by extending loans against collateral pledged to the Group and the Company. Regular monitoring and review of the payments of loans are performed by the Group and the Company to identify any non-performing loans. Any non-performing loan identified is communicated to the management. Appropriate actions will be taken for the possible course of recovery and provision of these loans.

There were no significant changes to the credit risk management of the Group and the Company.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

34 FINANCIAL RISKS (CONTINUED)

Credit Risk (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying financial assets in accordance with the Group and the Company's credit ratings of counterparties:

	Neither past due nor impaired investment grade				
	(AAA to A-) RM'000	(BBB to B-) RM'000	Not rated RM'000	Impaired RM'000	Total RM'000
Group					
31 December 2022					
AFS financial assets					
Debt securities	2,315,400	-	2,117,004	-	4,432,404
FVTPL financial assets					
Debt securities	423,148	-	127,164	-	550,312
HTM financial assets					
Debt securities	142,139	-	788,136	-	930,275
Loans and receivables	-	-	370,471	-	370,471
Reinsurance assets	17,880	1,357	-	-	19,237
Insurance receivables	-	-	20,881	98	20,979
Other receivables*	-	-	28,367	4,256	32,623
Cash and cash equivalents	733,214	-	107	-	733,321
Allowance for impairment	-	-	-	(4,354)	(4,354)
	3,631,781	1,357	3,452,130	-	7,085,268
31 December 2021					
AFS financial assets					
Debt securities	2,332,359	-	1,877,129	-	4,209,488
FVTPL financial assets					
Debt securities	397,834	-	130,943	-	528,777
HTM financial assets-					
Debt securities	142,153	-	789,135	-	931,288
Loans and receivables	-	-	384,094	-	384,094
Reinsurance assets	21,210	988	-	-	22,198
Insurance receivables	-	-	21,394	137	21,531
Other receivables*	-	-	9,189	3,687	12,876
Cash and cash equivalents	469,422	-	57	-	469,479
Allowance for impairment	-	-	-	(3,824)	(3,824)
	3,362,978	988	3,211,941	-	6,575,907

There is no past due but not impaired financial assets during the financial year ended 31 December 2022 and 31 December 2021.

* Exclude prepayments of RM1,092,000 as at 31 December 2022 (2021: RM1,097,000).

34 FINANCIAL RISKS (CONTINUED)

Credit Risk (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying financial assets in accordance with the Group and the Company's credit ratings of counterparties:

	Neither past due nor impaired investment grade (AAA to A-) RM'000	(BBB to B-) RM'000	Not rated RM'000	Impaired RM'000	Total RM'000
Company					
31 December 2022					
AFS financial assets					
Debt securities	2,315,400	-	2,076,466	-	4,391,866
FVTPL financial assets					
Debt securities	423,148	-	127,164	-	550,312
HTM financial assets					
Debt securities	142,139	-	788,136	-	930,275
Loans and receivables	-	-	370,471	-	370,471
Reinsurance assets	17,880	1,357	-	-	19,237
Insurance receivables	-	-	20,881	98	20,979
Other receivables*	-	-	28,354	4,256	32,610
Cash and cash equivalents	727,661	-	107	-	727,768
Allowance for impairment	-	-	-	(4,354)	(4,354)
	3,626,228	1,357	3,411,579	-	7,039,164
31 December 2021					
AFS financial assets					
Debt securities	2,332,359	-	1,835,056	-	4,167,415
FVTPL financial assets					
Debt securities	397,834	-	130,943	-	528,777
HTM financial assets					
Debt securities	142,153	-	789,135	-	931,288
Loans and receivables	-	-	384,094	-	384,094
Reinsurance assets	21,210	988	-	-	22,198
Insurance receivables	-	-	21,394	137	21,531
Other receivables*	-	-	8,550	3,687	12,237
Cash and cash equivalents	462,664	-	57	-	462,721
Allowance for impairment	-	-	-	(3,824)	(3,824)
	3,356,220	988	3,169,229	-	6,526,437

There is no past due but not impaired financial assets during the financial year ended 31 December 2022 and 31 December 2021.

* Exclude prepayments of RM1,092,000 as at 31 December 2022 (2021: RM1,097,000).

34 FINANCIAL RISKS (CONTINUED)

Credit Risk (continued)

The financial assets are classified according to the credit rating by rating agencies approved by BNM. The creditworthiness of the debt securities is assessed by way of credit reviews performed on the issuers on an annual basis.

The financial assets which are not rated mainly comprise Malaysian government securities, corporate debt securities guaranteed by the Federal Government of Malaysia and loans. The corporate debt securities, although not rated are issued or guaranteed by the Federal Government of Malaysia which carry minimal credit risk.

The Group and the Company's loans receivable include policy loans, mortgage loans and other secured loans to staff and policyholders. Policy loans and mortgage loans are generally secured by collateral. The amount of loan is based on the valuation of collateral as well as an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of the types of collateral and the valuation parameters. The type of collaterals, held by the Group and the Company as lender, for which it is entitled to in the event of default is as follows:

Group/Company

	Type of collaterals	Carrying value 2022	Carrying value 2021
		RM'000	RM'000
Policy loans	Cash surrender value	369,781	383,167
Mortgage loans	Properties	690	726
		370,471	383,893

Impairment of insurance receivables and other receivables are performed based on a collective assessment. No collateral is held as security for any impaired assets. The Group and the Company record impairment loss for insurance receivables and other receivables in separate allowance accounts. A reconciliation of the allowance for impairment losses for insurance receivables and other receivables are as follows:

Group/Company

	Impairment of insurance receivables	
	2022	2021
	RM'000	RM'000
At 1 January	137	308
Decrease during the financial year	(39)	(171)
At 31 December	98	137

	Impairment of other receivables	
	2022	2021
	RM'000	RM'000
At 1 January	3,687	2,502
Increase during the financial year	569	1,185
At 31 December	4,256	3,687

34 FINANCIAL RISKS (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The liquidity demands of the Group and the Company are met through ongoing operations which include continuous premium income and investment income. The expected liquidity needs are often met through projection of outflows from the in-force insurance policy contract liabilities; the liabilities include renewal commissions, claims and other benefits (maturity and surrender). Whilst the nature of these outflows is deemed to be largely stable and can be assumed at outset, the Group and the Company remains susceptible to exceptional experiences (surrender or catastrophic events) for its insurance portfolio. Also, the Group and the Company may be subject to unexpected liquidity tightening due to adverse implications from the wider economic factors (domestic or global) or undue volatilities and unexpected losses experienced within investments.

Liquidity risk is reduced by having insurance contract liabilities that are well diversified by product and policyholder. The Group and the Company design insurance products to encourage policyholders to maintain their policies-in-force, thereby generating a diversified and stable flow of recurring premium income.

The Group and the Company adopt prudent liquidity risk management by monitoring daily liquidity and cash movements to ensure liquidity is available and cash is employed optimally.

Demand for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders. Expected liquidity demands are managed through a combination of treasury, investment and capital management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although it has been quite stable over the past several years. Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects the Group and the Company from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

34 FINANCIAL RISKS (CONTINUED)

Liquidity Risk (continued)

Maturity profiles of financial assets

The table below summarises the maturity profile of the financial assets of the Group and the Company.

	Up to 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Group					
31 December 2022					
AFS financial assets	328,553	1,405,233	2,698,615	1,448,754	5,881,155
FVTPL financial assets	30,498	229,672	290,142	1,251,000	1,801,312
HTM financial assets	20,367	87,822	822,086	-	930,275
Loans and receivables	-	-	-	370,471	370,471
Reinsurance assets	19,237	-	-	-	19,237
Insurance receivables	20,881	-	-	-	20,881
Other receivables*	28,367	-	-	-	28,367
Cash and cash equivalents	733,321	-	-	-	733,321
Total financial assets	1,181,224	1,722,727	3,810,843	3,070,225	9,785,019
31 December 2021					
AFS financial assets	390,845	1,204,727	2,613,916	1,710,703	5,920,191
FVTPL financial assets	45,971	191,023	291,783	1,331,482	1,860,259
HTM financial assets	-	70,200	861,088	-	931,288
Loans and receivables	287	327	313	383,167	384,094
Reinsurance assets	22,198	-	-	-	22,198
Insurance receivables	21,394	-	-	-	21,394
Other receivables*	9,189	-	-	-	9,189
Cash and cash equivalents	469,479	-	-	-	469,479
Total financial assets	959,363	1,466,277	3,767,100	3,425,352	9,618,092

* Exclude prepayments of RM1,092,000 at 31 December 2022 (2021: RM1,097,000).

34 FINANCIAL RISKS (CONTINUED)

Liquidity Risk (continued)

Maturity profiles of financial assets (continued)

The table below summarises the maturity profile of the financial assets of the Group and the Company.

	Up to 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	Total RM'000
Company					
31 December 2022					
AFS financial assets	322,485	1,402,205	2,667,173	1,491,776	5,883,639
FVTPL financial assets	30,498	229,672	290,142	1,251,905	1,802,217
HTM financial assets	20,367	87,822	822,086	-	930,275
Loans and receivables	-	-	-	370,471	370,471
Reinsurance assets	19,237	-	-	-	19,237
Insurance receivables	20,881	-	-	-	20,881
Other receivables*	28,354	-	-	-	28,354
Cash and cash equivalents	727,768	-	-	-	727,768
Total financial assets	1.169,590	1,719,699	3,779,401	3,114,152	9,782,842
31 December 2021					
AFS financial assets	380,701	1,197,539	2,589,175	1,758,268	5,925,683
FVTPL financial assets	45,971	191,023	291,783	1,332,204	1,860,981
HTM financial assets	-	70,200	861,088	-	931,288
Loans and receivables	287	327	313	383,167	384,094
Reinsurance assets	22,198	-	-	-	22,198
Insurance receivables	21,394	-	-	-	21,394
Other receivables*	8,550	-	-	-	8,550
Cash and cash equivalents	462,721	-	-	-	462,721
Total financial assets	941,822	1,459,089	3,742,359	3,473,639	9,616,909

* Exclude prepayments of RM1,092,000 at 31 December 2022 (2021: RM1,097,000).

34 FINANCIAL RISKS (CONTINUED)

Liquidity Risk (continued)

Maturity profiles of financial liabilities

The table below summarises the maturity profile of the financial liabilities of the Group and the Company based on remaining undiscounted contractual obligations. For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash flows from the recognised insurance liabilities.

	Up to 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000	Total RM'000
Group				
31 December 2022				
Insurance contract liabilities*:				
With DPF	435,174	546,398	3,621,006	4,602,578
Without DPF	1,502,552	85,076	1,524,553	3,112,181
Insurance payables	668,780	-	-	668,780
Lease liabilities	983	-	-	983
Other payables	87,742	-	-	87,742
Other financial liabilities	470	-	-	470
Provision for agency long association benefits	14,475	6,042	19,371	39,888
Total financial liabilities	2,710,176	637,516	5,164,930	8,512,622
31 December 2021				
Insurance contract liabilities*:				
With DPF	417,895	618,704	3,717,591	4,754,190
Without DPF	1,382,436	81,465	1,239,776	2,703,677
Insurance payables	614,502	-	-	614,502
Lease liabilities	1,337	-	-	1,337
Other payables	74,708	-	-	74,708
Other financial liabilities	934	-	-	934
Provision for agency long association benefits	13,401	5,830	17,488	36,719
Total financial liabilities	2,505,213	705,999	4,974,855	8,186,067

* Excluding AFS fair value adjustment and asset revaluation surplus adjustment.

Investment-linked liabilities are repayable or transferable on demand and are included in the "up to 1 year" column. Repayments which are subject to notice are treated as if notice was to be given immediately.

34 FINANCIAL RISKS (CONTINUED)

Liquidity Risk (continued)

Maturity profiles of financial liabilities (continued)

The table below summarises the maturity profile of the financial liabilities of the Group and the Company based on remaining undiscounted contractual obligations. For insurance contract liabilities, maturity profiles are determined based on estimated timing of net cash flows from the recognised insurance liabilities.

	Up to 1 year RM'000	1 – 5 years RM'000	Over 5 years RM'000	Total RM'000
Company				
31 December 2022				
Insurance contract liabilities*:				
With DPF	435,174	546,398	3,621,006	4,602,578
Without DPF	1,501,741	85,076	1,524,553	3,111,370
Insurance payables	668,780	-	-	668,780
Lease liabilities	983	-	-	983
Other payables	86,846	-	-	86,846
Provision for agency long association benefits	14,475	6,042	19,371	39,888
Total financial liabilities	2,707,999	637,516	5,164,930	8,510,445
31 December 2021				
Insurance contract liabilities*:				
With DPF	417,895	618,704	3,717,591	4,754,190
Without DPF	1,382,249	81,465	1,239,776	2,703,490
Insurance payables	614,502	-	-	614,502
Lease liabilities	1,337	-	-	1,337
Other payables	74,646	-	-	74,646
Provision for agency long association benefits	13,401	5,830	17,488	36,719
Total financial liabilities	2,504,030	705,999	4,974,855	8,184,884

* Excluding AFS fair value adjustment and asset revaluation surplus adjustment.

Investment-linked liabilities are repayable or transferable on demand and are included in the "up to 1 year" column. Repayments which are subject to notice are treated as if notice was to be given immediately.

34 FINANCIAL RISKS (CONTINUED)

Market Risk

(a) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and the Company's primary transactions are carried out in Ringgit Malaysia ("RM"). The Group and the Company are exposed to foreign exchange risk primarily from transactions denominated in foreign currencies such as United States Dollar ("USD") and others pertaining to investment activities. The management manages foreign currency risk by setting limits and monitoring the exposure to foreign currency on a regular basis.

As the Group and the Company's business is conducted primarily in Malaysia, the Group and the Company's financial assets are also primarily maintained in Malaysia as required under the Financial Services Act, 2013, and hence, primarily denominated in the same currency (the local RM) as its insurance contract liabilities. Thus, the main foreign exchange risk from recognised assets and liabilities arises from transactions other than those in which insurance contract liabilities are expected to be settled. Currency risk arising from investments in foreign currency instruments is generally not hedged as the Group and the Company's exposure is minimal.

The analysis below summarises the currency exposure of the Group and the Company.

31 December 2022

				'000
	USD	RM	Others	Total
Group				
Financial assets				
AFS financial assets	-	5,881,155	-	5,881,155
FVTPL financial assets	559,158	1,242,154	-	1,801,312
HTM financial assets	-	930,275	-	930,275
Loans and receivables	-	370,471	-	370,471
Reinsurance assets	-	19,237	-	19,237
Insurance receivables	-	20,881	-	20,881
Other receivables*	-	28,367	-	28,367
Cash and cash equivalents	-	733,305	16	733,321
	559,158	9,225,845	16	9,785,019
Financial liabilities				
Insurance contract liabilities**	-	7,714,759	-	7,714,759
Insurance payables	-	668,780	-	668,780
Lease liabilities	-	983	-	983
Other payables	-	87,742	-	87,742
Other financial liabilities	-	470	-	470
Provision for agency long association benefits	-	39,888	-	39,888
	-	8,512,622	-	8,512,622

34 FINANCIAL RISKS (CONTINUED)

Market Risk (continued)

(a) Currency Risk (continued)

31 December 2021

	USD	RM	Others	’000 Total
Group				
AFS financial assets	-	5,920,191	-	5,920,191
FVTPL financial assets	649,847	1,210,412	-	1,860,259
HTM financial assets	-	931,288	-	931,288
Loans and receivables	-	384,094	-	384,094
Reinsurance assets	-	22,198	-	22,198
Insurance receivables	-	21,394	-	21,394
Other receivables*	-	9,189	-	9,189
Cash and cash equivalents	-	469,463	16	469,479
	649,847	8,968,229	16	9,618,092
Financial liabilities				
Insurance contract liabilities**	-	7,457,867	-	7,457,867
Insurance payables	-	614,502	-	614,502
Lease liabilities	-	1,337	-	1,337
Other payables	-	74,708	-	74,708
Other financial liabilities	-	934	-	934
Provision for agency long association benefits	-	36,719	-	36,719
	-	8,186,067	-	8,186,067

* Exclude prepayments of RM1,092,000 as at 31 December 2022 (2021: RM1,097,000).
** Excluding AFS fair value adjustment and asset revaluation surplus adjustment.

The potential impacts arising from currency risk are deemed insignificant. Accordingly, no sensitivity analysis is being disclosed.

34 FINANCIAL RISKS (CONTINUED)

Market Risk

(a) Currency Risk (continued)

The analysis below summarises the currency exposure of the Group and the Company.

31 December 2022

				'000
	USD	RM	Others	Total
Company				
Financial assets				
AFS financial assets	-	5,883,639	-	5,883,639
FVTPL financial assets	545,008	1,257,209	-	1,802,217
HTM financial assets	-	930,275	-	930,275
Loans and receivables	-	370,471	-	370,471
Reinsurance assets	-	19,237	-	19,237
Insurance receivables	-	20,881	-	20,881
Other receivables*	-	28,354	-	28,354
Cash and cash equivalents	-	727,752	16	727,768
	545,008	9,237,818	16	9,782,842
Financial liabilities				
Insurance contract liabilities**	-	7,713,948	-	7,713,948
Insurance payables	-	668,780	-	668,780
Lease liabilities	-	983	-	983
Other payables	-	86,846	-	86,846
Provision for agency long association benefits	-	39,888	-	39,888
	-	8,510,445	-	8,510,445

34 FINANCIAL RISKS (CONTINUED)

Market Risk (continued)

(a) Currency Risk (continued)

31 December 2021

Company	USD	RM	Others	'000 Total
Financial assets				
AFS financial assets	-	5,925,683	-	5,925,683
FVTPL financial assets	633,451	1,227,530	-	1,860,981
HTM financial assets	-	931,288	-	931,288
Loans and receivables	-	384,094	-	384,094
Reinsurance assets	-	22,198	-	22,198
Insurance receivables	-	21,394	-	21,394
Other receivables*	-	8,550	-	8,550
Cash and cash equivalents	-	462,705	16	462,721
	633,451	8,983,442	16	9,616,909
Financial liabilities				
Insurance contract liabilities**	-	7,457,680	-	7,457,680
Insurance payables	-	614,502	-	614,502
Lease liabilities	-	1,337	-	1,337
Other payables	-	74,646	-	74,646
Provision for agency long association benefits	-	36,719	-	36,719
	-	8,184,884	-	8,184,884

* Exclude prepayments of RM1,092,000 as at 31 December 2022 (2021: RM1,097,000).
** Excluding AFS fair value adjustment and asset revaluation surplus adjustment.

The potential impacts arising from currency risk are deemed insignificant. Accordingly, no sensitivity analysis is being disclosed.

34 FINANCIAL RISKS (CONTINUED)

Market Risk (continued)

(b) Interest Rate/Profit Yield Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate/profit yield.

A study of movement in risk-free rate is undertaken for the market. A 60 (2021: 60) basis point movement in the interest rate market is considered to be reasonable basis for interest rate sensitivity analysis. Investments in debt securities held-to-maturity are excluded as these are accounted for at amortised cost, and their carrying amounts are not sensitive to changes in the level of interest rates.

For investment-linked funds, the risk exposure to the Group and the Company is limited only to the underwriting aspect as all investment risks are borne by the policyholders.

The analysis below summarises the Group and the Company’s sensitivity analysis.

Change in variables	Impact on insurance contract liabilities RM’000	Impact on profit after tax RM’000	Impact on equity RM’000
31 December 2022			
+60 basis points	(74,861)	(4,584)	(77,678)
−60 basis points	80,505	4,848	83,841
31 December 2021			
+60 basis points	(70,553)	(4,964)	(71,061)
−60 basis points	75,590	5,281	76,898

34 FINANCIAL RISKS (CONTINUED)

Market Risk (continued)

(c) Price Risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Group and the Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment in securities not held for the account of investment-linked business.

The Group and the Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector, market and issuer, having regard also to such limits stipulated by BNM. The Group and the Company complies with BNM stipulated limits during the financial year, and has no significant concentration of price risk.

The analysis below summarises the Group and the Company's price risk analysis.

Market indices	Change in variables	Impact on insurance contract liabilities RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
31 December 2022				
Bursa Malaysia	+10%	142,787	6,223	10,958
Bursa Malaysia	-10%	(142,787)	(7,051)	(10,958)
31 December 2021				
Bursa Malaysia	+10%	139,268	2,819	8,794
Bursa Malaysia	-10%	(139,268)	(3,005)	(8,794)

35 INSURANCE FUND

The Group and the Company's activities are organised by funds and segregated into the Life Fund and Shareholders' Fund ("SHF") in accordance with the Financial Services Act, 2013 and Insurance Regulations, 1996. The Group and the Company's statement of financial position and statement of comprehensive income have been further analysed by funds which includes Life Fund and the SHF. The Life insurance business offers a wide range of participating and non-participating Whole of Life, Term Assurance, Endowment and Investment-linked products.

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (Chief Operating decision maker). The Group and the Company have two operating segments comprises Life Fund and Shareholders' Fund in Malaysia.

35 INSURANCE FUNDS (CONTINUED)

Statement of Financial Position by Funds

Group	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS								
Property, plant and equipment	-	-	162,614	163,170	-	-	162,614	163,170
Right-of-use assets	-	-	10,556	10,883	-	-	10,556	10,883
Investment properties	-	-	169,430	174,345	-	-	169,430	174,345
Intangible assets	33,600	50,400	11,037	15,552	-	-	44,637	65,952
Financial investments								
AFS financial assets	152,582	140,190	5,728,573	5,780,001	-	-	5,881,155	5,920,191
FVTPL financial assets	-	-	1,801,312	1,860,259	-	-	1,801,312	1,860,259
HTM financial assets	-	-	930,275	931,288	-	-	930,275	931,288
Loans and receivables	146	383	370,325	383,711	-	-	370,471	384,094
Reinsurance assets	-	-	19,237	22,198	-	-	19,237	22,198
(Current tax liabilities)/tax recoverable	(2,698)	-	31,508	10,282	-	-	28,810	10,282
Insurance receivables	-	-	20,881	21,394	-	-	20,881	21,394
Other receivables	46,255	122,444	25,508	5,517	(42,304)	(117,675)	29,459	10,286
Cash and bank balances	5,039	7,842	728,282	461,637	-	-	733,321	469,479
TOTAL ASSETS	234,924	321,259	10,009,538	9,840,237	(42,304)	(117,675)	10,202,158	10,043,821

35 INSURANCE FUNDS (CONTINUED)

Statement of Financial Position by Funds (continued)

Group	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES								
Share capital	226,000	226,000	-	-	-	-	226,000	226,000
Retained earnings	10,218	83,228	985,911	829,428	-	-	996,129	912,656
Available-for-sale reserve	(188)	(3,266)	(5,128)	43,682	-	-	(5,316)	40,416
Asset revaluation reserve	-	-	3,663	3,526	-	-	3,663	3,526
TOTAL EQUITY	236,030	305,962	984,446	876,636	-	-	1,220,476	1,182,598
Insurance contract liabilities	-	-	7,934,026	7,872,214	-	-	7,934,026	7,872,214
Insurance payables	-	-	668,780	614,502	-	-	668,780	614,502
Lease liabilities	-	-	983	1,337	-	-	983	1,337
Other financial liabilities	1	1	469	933	-	-	470	934
Other payables	18	22	130,028	192,361	(42,304)	(117,675)	87,742	74,708
Provision for agency long association benefits	-	-	39,888	36,719	-	-	39,888	36,719
Current tax liabilities/(tax recoverable)	-	16,468	-	(13,815)	-	-	-	2,653
Deferred tax (assets)/liabilities	(1,125)	(1,194)	250,918	259,350	-	-	249,793	258,156
TOTAL POLICYHOLDERS' FUNDS AND LIABILITIES	(1,106)	15,297	9,025,092	8,963,601	(42,304)	(117,675)	8,981,682	8,861,223

TOKIO MARINE LIFE INSURANCE MALAYSIA BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022 (CONTINUED)

35 INSURANCE FUNDS (CONTINUED)

Statement of Financial Position by Funds (continued)

Group	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES	234,924	321,259	10,009,538	9,840,237	(42,304)	(117,675)	10,202,158	10,043,821
Additional information:								
Purchase of property, plant and Equipment	-	-	2,902	1,534	-	-	2,902	1,534
Purchase of intangible assets	-	-	1,883	5,253	-	-	1,883	5,253

35 INSURANCE FUNDS (CONTINUED)

Statement of total Comprehensive Income by Funds

Group	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross earned premium revenue	-	-	1,686,416	1,561,133	-	-	1,686,416	1,561,133
Premiums ceded to reinsurers	-	-	(48,933)	(46,800)	-	-	(48,933)	(46,800)
Net earned revenue	-	-	1,637,483	1,514,333	-	-	1,637,483	1,514,333
Investment income	3,685	5,045	378,036	358,303	-	-	381,721	363,348
Net realised (losses)/gains	(4,175)	1,809	28,208	64,583	-	-	24,033	66,392
Net fair value losses	-	-	(228,606)	(36,016)	-	-	(228,606)	(36,016)
Commission income	-	-	3,548	2,274	-	-	3,548	2,274
Other (expense)/income	(490)	6,854	181,186	389,144	-	-	180,696	395,998
Gross benefits and claims paid	-	-	(1,072,872)	(1,147,024)	-	-	(1,072,872)	(1,147,024)
Claims ceded to reinsurers	-	-	32,857	30,760	-	-	32,857	30,760
Gross change to insurance contract liabilities	-	-	(206,424)	(149,024)	-	-	(206,424)	(149,024)
Net insurance benefits and claims	-	-	(1,246,439)	(1,265,288)	-	-	(1,246,439)	(1,265,288)

35 INSURANCE FUNDS (CONTINUED)

Statement of total Comprehensive Income by Funds (continued)

Group	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Commission and agency expenses	(5,030)	(3,716)	(159,605)	(152,185)	-	-	(164,635)	(155,901)
Management expenses	(20,181)	(19,000)	(168,845)	(151,772)	-	-	(189,026)	(170,772)
Other operating (expenses)/income- net	(703)	(1,195)	(950)	279	-	-	(1,653)	(916)
Other expenses	(25,914)	(23,911)	(329,400)	(303,678)	-	-	(355,314)	(327,589)
Inter-fund transfer:								
From Life Fund to SHF	41,000	115,637	(41,000)	(115,637)	-	-	-	-
Profit before taxation	14,596	98,580	201,830	218,874	-	-	216,426	317,454
Taxation	(7,606)	(22,213)	(45,347)	(64,875)	-	-	(52,953)	(87,088)
Net profit for the financial year	6,990	76,367	156,483	153,999	-	-	163,473	230,366

35 INSURANCE FUNDS (CONTINUED)

Statement of total Comprehensive Income by Funds (continued)

Group	Shareholders' Fund 2022 RM'000	Shareholders' Fund 2021 RM'000	Life Fund 2022 RM'000	Life Fund 2021 RM'000	Inter-fund elimination 2022 RM'000	Inter-fund elimination 2021 RM'000	Total 2022 RM'000	Total 2021 RM'000
Other comprehensive (loss)/income:								
Items that will be reclassified subsequently to profit or loss								
Fair value change on available-for-sale financial assets:								
Net losses arising during financial year	(120)	(5,784)	(259,901)	(177,650)	-	-	(260,021)	(183,434)
Realised losses/(gains) transferred to profit or loss	390	(1,809)	(78,773)	(115,263)	-	-	(78,383)	(117,072)
Impairment losses transferred to profit or loss	3,785	-	57,893	50,680	-	-	61,678	50,680
Tax effects thereon	(977)	1,845	34,665	35,703	-	-	33,688	37,548
Fair value gains/(losses), net of tax	3,078	(5,748)	(246,116)	(206,530)	-	-	(243,038)	(212,278)
Change in insurance contract liabilities arising from net fair value losses	-	-	197,306	141,235	-	-	197,306	141,235
Net fair value change	3,078	(5,748)	(48,810)	(65,295)	-	-	(45,732)	(71,043)

35 INSURANCE FUNDS (CONTINUED)

Statement of total Comprehensive Income by Funds (continued)

Group	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other comprehensive income: (continued)								
Items that will not be reclassified subsequently to profit or loss								
Asset revaluation reserve:								
Gross asset revaluation surplus	-	-	2,606	3,175	-	-	2,606	3,175
Tax effects thereon	-	-	(243)	(302)	-	-	(243)	(302)
Asset revaluation surplus, net of tax	-	-	2,363	2,873	-	-	2,363	2,873
Change in insurance contract liabilities arising from net asset revaluation surplus	-	-	(2,226)	(2,681)	-	-	(2,226)	(2,681)
Net asset revaluation surplus	-	-	137	192	-	-	137	192
Total other comprehensive income/(loss)	3,078	(5,748)	(48,673)	(65,103)	-	-	(45,595)	(70,851)
Total comprehensive income for the financial year	10,068	70,619	107,810	88,896	-	-	117,878	159,515

35 INSURANCE FUNDS (CONTINUED)

Statement of total Comprehensive Income by Funds (continued)

Group	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Additional information:								
Interest income	2,065	1,903	302,124	283,763	-	-	304,189	285,666
Interest expenses	-	-	(901)	(815)	-	-	(901)	(815)
Depreciation	-	-	(6,588)	(7,010)	-	-	(6,588)	(7,010)
Amortisation	(16,800)	(16,800)	(4,869)	(4,797)	-	-	(21,669)	(21,597)
	(14,735)	(14,897)	289,766	271,141	-	-	275,031	256,244

35 INSURANCE FUNDS (CONTINUED)

Statement of Financial Position by Funds (continued)

Company	Shareholders' Fund 2022 RM'000	Shareholders' Fund 2021 RM'000	Life Fund 2022 RM'000	Life Fund 2021 RM'000	Inter-fund elimination 2022 RM'000	Inter-fund elimination 2021 RM'000	Total 2022 RM'000	Total 2021 RM'000
ASSETS								
Property, plant and equipment	-	-	162,614	163,170	-	-	162,614	163,170
Right-of-use assets	-	-	10,556	10,883	-	-	10,556	10,883
Investment properties	-	-	169,430	174,345	-	-	169,430	174,345
Intangible assets	33,600	50,400	11,037	15,552	-	-	44,637	65,952
Financial investments								
AFS financial assets	155,066	145,682	5,728,573	5,780,001	-	-	5,883,639	5,925,683
FVTPL financial assets	-	-	1,802,217	1,860,981	-	-	1,802,217	1,860,981
HTM financial assets	-	-	930,275	931,288	-	-	930,275	931,288
Loans and receivables	146	383	370,325	383,711	-	-	370,471	384,094
Reinsurance assets	-	-	19,237	22,198	-	-	19,237	22,198
Tax recoverable	(2,698)	-	31,508	10,282	-	-	28,810	10,282
Insurance receivables	-	-	20,881	21,394	-	-	20,881	21,394
Other receivables	46,255	122,444	25,495	4,878	(42,304)	(117,675)	29,446	9,647
Cash and bank balances	2,536	2,326	725,232	460,395	-	-	727,768	462,721
TOTAL ASSETS	234,905	321,235	10,007,380	9,839,078	(42,304)	(117,675)	10,199,981	10,042,638
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES								
Share capital	226,000	226,000	-	-	-	-	226,000	226,000
Retained earnings	10,715	83,742	985,911	829,428	-	-	996,626	913,170
Available-for-sale reserve	(685)	(3,780)	(5,128)	43,682	-	-	(5,813)	39,902
Asset revaluation reserve	-	-	3,663	3,526	-	-	3,663	3,526
TOTAL EQUITY	236,030	305,962	984,446	876,636	-	-	1,220,476	1,182,598

35 INSURANCE FUNDS (CONTINUED)

Statement of Financial Position by Funds (continued)

Company	Shareholders' Fund 2022 RM'000	Shareholders' Fund 2021 RM'000	Life Fund 2022 RM'000	Life Fund 2021 RM'000	Inter-fund elimination 2022 RM'000	Inter-fund elimination 2021 RM'000	Total 2022 RM'000	Total 2021 RM'000
Insurance contract liabilities	-	-	7,933,215	7,872,027	-	-	7,933,215	7,872,027
Insurance payables	-	-	668,780	614,502	-	-	668,780	614,502
Lease liabilities	-	-	983	1,337	-	-	983	1,337
Other payables	-	-	129,150	192,321	(42,304)	(117,675)	86,846	74,646
Provision for agency long association benefits	-	-	39,888	36,719	-	-	39,888	36,719
Current tax liabilities/(tax recoverable)	-	16,467	-	(13,814)	-	-	-	2,653
Deferred tax (assets)/liabilities	(1,125)	(1,194)	250,918	259,350	-	-	249,793	258,156
TOTAL POLICYHOLDERS' FUNDS AND LIABILITIES	(1,125)	15,273	9,022,934	8,962,442	(42,304)	(117,675)	8,979,505	8,860,040
TOTAL EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES	234,905	321,235	10,007,380	9,839,078	(42,304)	(117,675)	10,199,981	10,042,638

Additional information:

Purchase of property, plant and equipment	-	-	2,902	1,534	-	-	2,902	1,534
Purchase of intangible assets	-	-	1,883	5,253	-	-	1,883	5,253

35 INSURANCE FUNDS (CONTINUED)

Statement of total Comprehensive Income by Funds

Company	Shareholders' Fund 2022 RM'000	Shareholders' Fund 2021 RM'000	Life Fund 2022 RM'000	Life Fund 2021 RM'000	Inter-fund elimination 2022 RM'000	Inter-fund elimination 2021 RM'000	Total 2022 RM'000	Total 2021 RM'000
Gross earned premium revenue	-	-	1,686,416	1,561,133	-	-	1,686,416	1,561,133
Premiums ceded to reinsurers	-	-	(48,933)	(46,800)	-	-	(48,933)	(46,800)
Net earned revenue	-	-	1,637,483	1,514,333	-	-	1,637,483	1,514,333
Investment income	3,725	5,158	377,851	358,174	-	-	381,576	363,332
Net realised gains	(4,496)	1,675	28,208	64,583	-	-	23,712	66,258
Net fair value gains/(losses)	-	-	(229,150)	(37,031)	-	-	(229,150)	(37,031)
Commission income	-	-	3,548	2,274	-	-	3,548	2,274
Other income	(771)	6,833	180,457	388,000	-	-	179,686	394,833
Gross benefits and claims paid	-	-	(1,072,872)	(1,147,024)	-	-	(1,072,872)	(1,147,024)
Claims ceded to reinsurers	-	-	32,857	30,760	-	-	32,857	30,760
Gross change to insurance contract liabilities	-	-	(205,800)	(148,347)	-	-	(205,800)	(148,347)
Net insurance benefits and claims	-	-	(1,245,815)	(1,264,611)	-	-	(1,245,815)	(1,264,611)

35 INSURANCE FUNDS (CONTINUED)

Statement of total Comprehensive Income by Funds (continued)

Company	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Commission and agency expenses	(5,030)	(3,716)	(159,605)	(152,185)	-	-	(164,635)	(155,901)
Management expenses	(20,052)	(18,874)	(168,438)	(151,366)	-	-	(188,490)	(170,240)
Other operating (expenses)/income- net	(568)	(1,205)	(1,252)	340	-	-	(1,820)	(865)
Other expenses	(25,650)	(23,795)	(329,295)	(303,211)	-	-	(354,945)	(327,006)
Inter-fund transfer:								
From Life Fund to SHF	41,000	115,637	(41,000)	(115,637)	-	-	-	-
Profit before taxation	14,579	98,675	201,830	218,874	-	-	216,409	317,549
Taxation	(7,606)	(22,213)	(45,347)	(64,875)	-	-	(52,953)	(87,088)
Net profit for the financial year	6,973	76,462	156,483	153,999	-	-	163,456	230,461

35 INSURANCE FUNDS (CONTINUED)

Statement of total Comprehensive Income by Funds (continued)

Company	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(loss):								
Items that will be reclassified subsequently to profit or loss								
Fair value change on available-for-sale financial assets:								
Net losses arising during financial year	(424)	(6,013)	(259,901)	(177,650)	-	-	(260,325)	(183,663)
Realised losses/(gains) transferred to profit or loss	711	(1,675)	(78,773)	(115,263)	-	-	(78,062)	(116,938)
Impairment losses transferred to profit or loss	3,785	-	57,893	50,680	-	-	61,678	50,680
Tax effects thereon	(977)	1,845	34,665	35,703	-	-	33,688	37,548
Fair value gains/(losses), net of tax	3,095	(5,843)	(246,116)	(206,530)	-	-	(243,021)	(212,373)
Change in insurance contract liabilities arising from net fair value losses	-	-	197,306	141,235	-	-	197,306	141,235
Net fair value change	3,095	(5,843)	(48,810)	(65,295)	-	-	(45,715)	(71,138)

35 INSURANCE FUNDS (CONTINUED)

Statement of total Comprehensive Income by Funds (continued)

	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
Company	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other comprehensive (loss)/income: (continued)								
Items that will not be reclassified subsequently to profit or loss								
Asset revaluation reserve:								
Gross asset revaluation surplus	-	-	2,606	3,175	-	-	2,606	3,175
Tax effects thereon	-	-	(243)	(302)		-	(243)	(302)
Asset revaluation surplus, net of tax	-	-	2,363	2,873	-	-	2,363	2,873
Change in insurance contract liabilities arising from net asset revaluation surplus	-	-	(2,226)	(2,681)	-	-	(2,226)	(2,681)
Net asset revaluation surplus	-	-	137	192	-	-	137	192
Total other comprehensive income/(loss)	3,095	(5,843)	(48,673)	(65,103)	-	-	(45,578)	(70,946)
Total comprehensive income/ for the financial year	10,068	70,619	107,810	88,896	-	-	117,878	159,515

35 INSURANCE FUNDS (CONTINUED)

Statement of total Comprehensive Income by Funds (continued)

Company	Shareholders' Fund		Life Fund		Inter-fund elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Additional information:								
Interest income	418	321	301,907	283,748	-	-	302,325	284,069
Interest expenses	-	-	(901)	(815)	-	-	(901)	(815)
Depreciation	-	-	(6,588)	(7,010)	-	-	(6,588)	(7,010)
Amortisation	(16,800)	(16,800)	(4,869)	(4,797)	-	-	(21,669)	(21,597)
	(16,382)	(16,479)	289,549	271,126	-	-	273,167	254,647

36 INVESTMENT-LINKED FUND

The statement of financial position and statement of comprehensive income of investment-linked fund represent the assets, liabilities and net asset values of TokioMarine Orient Fund ("TMOF"), TokioMarine Enterprise Fund ("TMEF"), TokioMarine Bond Fund ("TMBF"), TokioMarine Dana Ikhtiar ("TMDI") and TokioMarine Luxury Fund ("TMLX").

The statement of financial position of the investment-linked fund is represented by:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Fair value through profit and loss financial assets	1,032,725	985,384	1,033,630	986,107
Other receivables	5,677	996	5,664	356
Tax recoverable	4,857	-	4,857	-
Deferred tax assets	2,379	-	2,379	-
Cash and cash equivalents	131,635	88,150	128,585	86,908
TOTAL ASSETS	1,177,273	1,074,530	1,175,115	1,073,371
LIABILITIES				
Other payables	883	960	5	921
Other financial liabilities	469	933	-	-
Current tax liabilities	-	972	-	972
Deferred tax liabilities	-	3,363	-	3,363
TOTAL LIABILITIES	1,352	6,228	5	5,256
Net asset value of funds (Note 14)	1,175,921	1,068,302	1,175,110	1,068,115

The statement of financial position has been adjusted for the following assets, liabilities and net asset value of TokioMarine Managed Fund ("TMMF") which have been eliminated as TMMF invested mainly in TMEF and TMBF during the financial year:

	Group/Company	
	2022	2021
	RM'000	RM'000
ASSETS		
Investments in other linked funds of insurer	548,142	490,080
Cash and cash equivalents	2	2
Net asset value of TMMF	548,144	490,082

36 INVESTMENT-LINKED FUND (CONTINUED)

The statement of comprehensive income of the investment-linked fund is represented by:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Investment income	33,400	28,035	33,215	27,906
Fair value losses on investments	(132,836)	(8,629)	(133,381)	(9,643)
Other operating gains/(losses) - net	348	(9)	47	49
Other (losses)/income	(99,088)	19,397	(100,119)	18,312
Management fees	(12,433)	(10,928)	(12,433)	(10,928)
Management expenses	(435)	(434)	(28)	(26)
Other expenses	(12,868)	(11,362)	(12,461)	(10,954)
(Loss)/profit before tax	(111,955)	8,035	(112,579)	7,358
Taxation	9,578	(174)	9,578	(174)
Net (loss)/profit for the financial year	(102,377)	7,861	(103,001)	7,184

The statement of comprehensive income have been adjusted for TokioMarine Managed Fund ("TMMF") which have been eliminated as TMMF invested mainly in TMEF and TMBF during the financial year:

	Group/Company	
	2022 RM'000	2021 RM'000
Fair value (loss)/gains on investments	(40,723)	8,166
Management expenses	(6)	(6)
Net (loss)/profit for the financial year	(40,729)	8,160

37 ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES

The following additional disclosures, required by Amendments to MFRS 4 for entity qualified and elected the temporary exemption from applying MFRS 9, present the Group and the Company's financial assets by their contractual cash flows characteristics, which indicate if they are solely payments of principal and interest on the principal outstanding ("SPPI"):

31 December 2022

Group/Company	**Financial assets with SPPI cash flows (RM'000)**	**All other financial assets (RM'000)**
Fair value at end of reporting date	6,574,163	2,835,607
Fair value changes during the financial year	(127,807)	(332,787)
Gross carrying amount under MFRS 139 by credit risk rating grades as defined in MFRS 7	6,574,163	2,835,607
Financial assets defined in MFRS 9 B5.5.22, to separately disclose the following financial assets that do not have low credit risk:		
- Fair value	-	-
- Gross carrying amount	-	-

31 December 2021

Group/Company	**Financial assets with SPPI cash flows (RM'000)**	**All other financial assets (RM'000)**
Fair value at end of reporting date	5,955,663	3,299,930
Fair value changes during the financial year	(237,062)	(127,071)
Gross carrying amount under MFRS 139 by credit risk rating grades as defined in MFRS 7	5,891,317	3,299,930
Financial assets defined in MFRS 9 B5.5.22, to separately disclose the following financial assets that do not have low credit risk:		
- Fair value	-	-
- Gross carrying amount	-	-

* Insurance receivables, reinsurance assets and policy loans have been excluded from the above assessment as they are under the scope of MFRS 4 'Insurance Contracts'.

* Other than the financial assets included in the table above and assets that are within the scope of MFRS 4 'Insurance Contracts', all other assets in the statement of financial position are non-financial asset.

37 ADDITIONAL DISCLOSURE UNDER AMENDMENTS TO MFRS 4 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Financial assets with SPPI cash flows

Group/Company

	AAA RM'000	AA RM'000	A RM'000	Guaranteed RM'000	Government Unrated RM'000	Total RM'000
31 December 2022						
Investments						
Malaysian Government Securities	-	-	-	-	589,346	589,346
Malaysian Government Guaranteed Bond	-	-	-	1,884,223	-	1,884,223
Government Investment Issues	-	-	-	-	462,621	462,621
Corporate debt securities	1,204,645	1,406,940	208,419	-	55,809	2,875,813
Loans and receivables	-	-	-	-	690	690
Other receivables	-	-	-	-	33,702	33,702
Cash and cash equivalents	481,058	217,325	29,031	-	354	727,768
	1,685,703	1,624,265	237,450	1,884,223	1,142,522	6,574,163
31 December 2021						
Investments						
Malaysian Government Securities	-	-	-	-	578,159	578,159
Malaysian Government Guaranteed Bond	-	-	-	1,664,664	-	1,664,664
Government Investment Issues	-	-	-	-	425,445	425,445
Corporate debt securities	1,037,002	1,431,374	224,832	-	56,546	2,749,754
Loans and receivables	-	-	-	-	927	927
Other receivables	-	-	-	-	9,647	9,647
Cash and cash equivalents	332,866	129,772	-	-	83	462,721
	1,369,868	1,561,146	224,832	1,664,664	1,070,807	5,891,317

All financial assets with SPPI cash flows of the Group and the Company as at 31 December 2022 have low credit risk.