Great Eastern Life Assurance (Malaysia) Berhad

198201013982 (93745-A)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2022

198201013982 (93745-A)

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The Company is engaged principally in the underwriting of life insurance business including investments-linked business.

RESULTS

	RM'000
Net profit for the year	1,265,966

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

ULTIMATE HOLDING COMPANY

The ultimate holding company is Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), a public listed company incorporated in the Republic of Singapore.

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DIVIDENDS

The amount of dividends paid by the Company since 31 December 2021 were as follows:

	RM'000
In respect of financial year ended 31 December 2021:	
Final single tier dividend of RM3.20 per ordinary share on 100,000,005 ordinary shares declared on 13 April 2022 and paid on 28 April 2022	320,000
In respect of financial year ended 31 December 2022:	
Interim single tier dividend of RM5.89 per ordinary share on 100,000,005 ordinary shares declared on 26 July 2022 and paid on 29 September 2022	589,000
	909,000

At the forthcoming Annual General Meeting, a second and final single tier dividend in respect of the current financial year ended 31 December 2022 on 100,000,005 ordinary shares amounting to a total dividend of RM385,000,019 (RM3.85 per share) will be proposed for shareholder's approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in the shareholder's equity as an appropriation of retained profits in the next financial year ending 31 December 2023.

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Mr Norman Ka Cheung Ip (Chairman)
Mr Tan Yam Pin
Mr Koh Poh Tiong
Mr Khor Hock Seng
Mr Ng Hon Soon
Mr Siew Kah Toong
Mr Ou Shian Waei
Mr Foong Soo Hah (Appointed on 1 March 2022)

In accordance with Clause 70 of the Company's Constitution, Mr Norman Ka Cheung Ip, Mr Ng Hon Soon and Mr Ou Shian Waei respectively would retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the options over shares in the Company's ultimate holding company as disclosed in this report.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company amounting to RM1,428,000 as shown in Note 25(b) and 32(b) to the financial statements) by reason of a contract made by the Company or a related corporation with any 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 required to be disclosed under Fifth Schedule, Part 1 Section 3 of the Companies Act 2016.

A Director and officer's liability insurance has been entered into by Great Eastern Capital (Malaysia) Sdn Bhd ("GEC") on behalf of all the directors and officers within the GEC Group for the financial year ended 31 December 2022 pursuant to Section 289 of the Companies Act 2016. The cost of insurance effected amounted to RM166,386.

DIRECTORS' INTERESTS

According to the register of Directors’ shareholdings, the interests of Directors in office at the end of the financial year in shares and options over shares in the Company's ultimate holding company, Oversea-Chinese Banking Corporation Limited ("OCBC Bank") during the financial year were as follows:

	Shareholdings in which Directors have a direct interest			
	1.1.2022	**Acquired**	**Disposed**	**31.12.2022**
(a) Ordinary shares in the capital of OCBC Bank				
Mr Norman Ka Cheung Ip	4,614	-	-	4,614
Mr Khor Hock Seng	586,596	109,380	(135,000)	560,976
Mr Siew Kah Toong	4,474	-	-	4,474
Mr Foong Soo Hah	4,064	22,500	(14,500)	12,064

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DIRECTORS' INTERESTS (CONT'D.)

	Shareholdings in which Directors are deemed to have an interest			
	1.1.2022	**Granted**	**Vested**	**31.12.2022**
Mr Norman Ka Cheung Ip	10,340	-	-	10,340 [(1)]
Mr Khor Hock Seng	266,086	123,361	(109,380)	280,067 [(2)]

Notes:

(1) Deemed interest arising from shareholdings by Spouse.
(2) Deemed interest arising from the OCBC Deferred Share Plan.

	Shareholdings in which Directors have a direct interest			
	1.1.2022	**Acquired**	**Disposed**	**31.12.2022**
(b) 5.1% non cumulative non convertible Preference Shares in OCBC Capital Corporation (2008)				
Mr Tan Yam Pin	2,000	-	-	2,000

			Options held by Directors in their own name			
	Expiry Date	**Exercise Price S$**	**1.1.2022**	**Granted**	**Exercised**	**31.12.2022**
(c) Options to subscribe for ordinary shares in the capital of OCBC Bank						
Mr Khor Hock Seng	22.3.2027	9.60	150,000	-	-	150,000
	21.3.2028	13.34	122,135	-	-	122,135

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

CORPORATE GOVERNANCE DISCLOSURES

The Company has taken concerted steps to comply with Bank Negara Malaysia's ("BNM") Policy Document on Corporate Governance issued on 3 August 2016. The Company is committed to the standards and practices prescribed in this policy document.

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OTHER STATUTORY INFORMATION

(a) Before the statement of financial position, statement of profit or loss and statement of comprehensive income of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) it necessary to write-off any bad debts or the amount of provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

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OTHER STATUTORY INFORMATION (CONT'D.)

(f) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

(g) Before the statement of financial position and statement of profit or loss of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for its insurance liabilities in accordance with the valuation method specified in Part D of the Risk-Based Capital Framework for insurers issued by BNM.

For the purpose of paragraphs (e) and (f) above, contingent and other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Company.

AUDITORS' REMUNERATION

Details of auditors' remuneration amounting to RM2,317,000 are set out in Note 25 to the financial statements.

There was no indemnity given to, or insurance effected for auditors of the Company in respect of the liability for any act or omission in their capacity as auditors of the Company during the financial year.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept appointment as auditors.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 MAR 2023

Ng Hon Soon

Siew Kah Toong

Kuala Lumpur

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CORPORATE GOVERNANCE DISCLOSURES (as referred to in the Directors' Report)

The Board of Directors (the “Board”) of Great Eastern Life Assurance (Malaysia) Berhad (the “Company”) together with the Management places great importance on high standards of corporate governance and are committed to upholding values of integrity, honesty and proper corporate conduct at all times in the business operations and dealings of the Company.

The Company adopts corporate governance practices as guided by the Bank Negara Malaysia (“BNM”) Policy Document on Corporate Governance issued on 3 August 2016 (the “CG PD”) and continues to enhance its standards of the overall governance.

BOARD MATTERS

The Board's Conduct of Affairs

The prime stewardship responsibility of the Board is to ensure the viability and sustainability of the Company and to ensure that it is managed in the best interests of the Company as a whole while taking into account the interests of the shareholders and other stakeholders. The Company has a Board Charter approved by the Board.

The Board provides strategic directions to, and oversight of the operations of the Company. The principal roles and functions of the Board, as set out in the Board Charter include the following:

(a) reviewing and approving the overall business strategy as well as the organisation structure of the Company as developed and recommended by the Management;

(b) ensuring that the decisions and investments are consistent with the long-term strategic goals of the Company and reasonable standards of fair dealing with all stakeholders;

(c) ensuring that the interests of shareholders, policyholders and other stakeholders are taken into account in managing the Company’s business;

(d) ensuring that the necessary human resources are in place for the Company to achieve its objectives;

(e) ensuring that the Company operates in accordance with the relevant laws and regulations, as well as policies, processes and guidelines approved by the Board, so as to preserve its financial integrity;

(f) reviewing and approving any transaction for the acquisition or disposal of assets that is material to the Company;

(g) overseeing and approving of the Company’s risk appetite to be consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;

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BOARD MATTERS (CONT'D.)

The Board's Conduct of Affairs (Cont'd.)

The Board provides strategic directions to, and oversight of the operations of the Company. The principal roles and functions of the Board, as set out in the Board Charter include the following (Cont'd.):

(h) overseeing, through the Board Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures, and system of internal controls;

(i) overseeing, through the Board Risk Management Committee, the establishment and operation of an independent risk management system for managing risks on an enterprise-wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and with appropriate independent reporting lines), and the quality of the risk management processes and systems;

(j) overseeing through the Board Nominations and Remuneration Committee, the selection, performance, remuneration and succession planning of the Senior Officers[1] and Non-Senior Officers[2], such that the Board is satisfied with their collective competence to effectively lead the operations of the Company;

(k) establishing corporate values and standards, emphasizing integrity, honesty and proper conduct at all times, with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;

(l) overseeing, through the Board Nominations and Remuneration Committee, the design and operation of an appropriate remuneration framework and ensuring that the remuneration practices are aligned with the remuneration framework;

(m) reviewing Management’s performance and ensuring that Management formulates policies and processes to promote fair practices and high standards of business conduct by staff;

(n) maintaining records of all meetings of the Board and Board Committees, especially with regards to records of discussions on key deliberations and decisions taken;

(o) overseeing the implementation of the Company’s governance and internal control frameworks, and periodically reviewing the frameworks to ensure they remain appropriate in light of material changes to the size, nature and complexity of the Company’s operations;

Notes:

1 Senior Officers of the Company referred throughout this Corporate Governance Disclosures are the Senior Management Team and such other executives as the Board and/or regulator should determine.

2 Non-Senior Officers of the Company referred throughout this Corporate Governance Disclosures are officers with rank of Senior Vice Presidents and above who are not members of the Senior Management Team, and officers who are categorised as Other Material Risk Takers.

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BOARD MATTERS (CONT'D.)

The Board's Conduct of Affairs (Cont'd.)

The Board provides strategic directions to, and oversight of the operations of the Company. The principal roles and functions of the Board, as set out in the Board Charter include the following (Cont'd.):

(p) promoting sustainability through appropriate environmental, social and governance considerations in the Company’s business strategies;

(q) overseeing and approving of the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and to maintain or preserve critical operations and services when they come under stress; and

(r) promoting timely and effective communications between the Company and BNM on matters affecting or that may affect the safety and soundness of the Company.

Conflicts of Interest

The Company has implemented a Directors’ Conflict of Interest (“COI”) Guide which sets out the procedures to address actual or potential conflicts of interest of the Directors. The COI Guide serves to safeguard against the risk that a Director’s decision may be unduly influenced by other secondary interests, instead of the interests of the Company. Pursuant to the COI Guide, the Directors of the Company shall disclose to the Board the nature and extent of their interest whether directly or indirectly, in a material transaction or material arrangement with the Company.

Directors with conflicts of interest would recuse themselves from discussions and decisions involving the issues of conflict.

Board Approval

The Company has adopted internal guidelines on matters that require Board approval. Matters requiring Board approval include but are not limited to the overall business strategy and direction, significant policies governing the operations of the Company, strategic or significant acquisitions and disposal of assets by the Company, corporate restructuring, major corporate initiatives and other activities of a significant nature, dividend policy and dividend declaration, all material related party transactions, authority levels for the Company’s core functions and outsourcing of core business functions.

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below the threshold limits to Board Committees and Management to optimise operational efficiency.

BOARD MATTERS (CONT'D.)

Board Committees

While the Board has ultimate responsibility for the affairs of the Company, it has established a number of Board Committees to assist it in carrying out more effective oversight of the operations and business affairs of the Company. These Board Committees consist of the Board Audit Committee, Board Nominations and Remuneration Committee, and Board Risk Management Committee. All the Board Committees have been constituted with clear Board-approved terms of reference.

The Board Committees, in carrying out their responsibilities in accordance with their respective terms of reference, are also actively involved in assisting the Board to ensure compliance with good corporate governance practices by the Company. Minutes of the Board Committees' meetings, which provide a fair and accurate record of the discussions, key deliberations and decisions taken during the meetings, are maintained and circulated to the Board. The composition and details of principal roles and responsibilities of the Board Committees are set out below.

Board Audit Committee

Under the CG PD, the Board Audit Committee is required to comprise at least three Non-Executive Directors, with a majority of them being Independent Directors. The Board Audit Committee must be chaired by an Independent Director who is not the Chairman of the Company.

The Board Audit Committee comprises the following Directors:
- Mr Siew Kah Toong, Chairman
- Mr Ng Hon Soon, Member
- Mr Ou Shian Waei, Member

All the Members (including the Chairman) are Independent Directors.

The Board Audit Committee has explicit authority to investigate any matters within its terms of reference and has the full co-operation of and access to Management. The Board Audit Committee has full discretion to invite any Director or Senior Officer to attend its meetings. It has resources to enable it to discharge its functions properly.

The functions performed by the Board Audit Committee and details of the Board Audit Committee's activities during 2022 included the following:

(a) Reviewed with the Internal Auditors –

  (i) their audit plan, evaluation of the system of internal controls and audit reports;

  (ii) the scope and results of the internal audits; and

  (iii) the assistance given by the officers of the Company to the internal auditors.

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BOARD MATTERS (CONT'D.)

Board Audit Committee (Cont'd.)

(b) Reviewed with the External Auditors –

(i) their audit plan prior to the commencement of the annual audit;

(ii) the interim financial statements and the audited financial statements of the Company for the financial year and the auditors' report thereon for submission to the Board for consideration and approval thereafter;

(iii) the scope and results of the audit procedures and cost effectiveness, and their independence and objectivity taking into consideration factors including the nature and extent of non-audit services provided by them (if any);

(iv) the implications and impact of new or proposed changes in financial reporting standards, accounting policies and regulatory requirements on the financial statements together with the Senior Officers;

(v) any significant financial reporting issues, to ensure the integrity of the financial statements of the Company; and

(vi) the assistance given by the officers of the Company, including the internal auditors, to the external auditors.

(c) Reviewed the adequacy, independence and effectiveness of the internal audit function of the Company.

(d) Maintained an appropriate relationship with both the internal and external auditors.

(e) Recommended the re-appointment of the external auditors to the Board.

(f) Recommended the remuneration and terms of engagement of the external auditors to the Board.

(g) Reviewed and updated the Board on all related-party transactions.

(h) Monitored compliance with the COI Guide.

The Board Audit Committee, in performing its functions, meets at least once annually with the internal and external auditors in separate sessions without the presence of Management, to consider any other matters which may be raised privately.

The Board Audit Committee held a total of six meetings in 2022. By invitation, the Board Audit Committee meetings were also attended by the internal and external auditors, Executive Director, Group Chief Financial Officer, Group Chief Internal Auditor and relevant Senior Officers.

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BOARD MATTERS (CONT'D.)

Board Nominations and Remuneration Committee

Under the CG PD, the Board Nominations and Remuneration Committee is required to comprise at least three Non-Executive Directors with a majority of them being Independent Directors. The Board Nominations and Remuneration Committee must be chaired by an Independent Director, who is not the Chairman of the Company.

The Board Nominations and Remuneration Committee comprises the following Directors:
- Mr Tan Yam Pin, Chairman
- Mr Norman Ka Cheung Ip, Member
- Mr Koh Poh Tiong, Member

All the Members (including the Chairman) are Independent Directors.

The responsibilities of the Board Nominations and Remuneration Committee are set out in its Board-approved terms of reference. The Board Nominations and Remuneration Committee reviews the Board and Board Committee compositions annually. It is responsible for identifying candidates for directorship, reviewing and recommending nominations and re-nominations of Directors on the Board and Board Committees. It also reviews nominations and dismissals or resignations of Senior Officer and Non-Senior Officer positions in the Company.

The Board Nominations and Remuneration Committee is also responsible to recommend to the Board for endorsement a framework of Directors' fees, as well as remuneration of the Senior Officers and Non-Senior Officers. For Senior Officers and Non-Senior Officers, the framework covers all aspects of total compensation packages, including basic salary, various performance bonus, allowances, deferred share awards and benefits. The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the Board Nominations and Remuneration Committee and the Board. The Board Nominations and Remuneration Committee also ensures that the Company's remuneration policies and practices are aligned with the approved framework and that remuneration packages are appropriate to attract, retain and motivate the Senior Officers and Non-Senior Officers without being excessive.

The Board Nominations and Remuneration Committee held a total of six meetings in 2022.

Board Risk Management Committee

Under the CG PD, the Board Risk Management Committee is required to comprise at least three Non-Executive Directors, with a majority of them being Independent Directors. The Board Risk Management Committee must be chaired by an Independent Director, who is not the Chairman of the Company.

The Board Risk Management Committee comprises the following Directors:
- Mr Ng Hon Soon, Chairman
- Mr Norman Ka Cheung Ip, Member
- Mr Ou Shian Waei, Member
- Mr Foong Soo Hah, Member (Appointed on 1 March 2022)

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BOARD MATTERS (CONT'D.)

Board Risk Management Committee (Cont'd.)

All the Members (including the Chairman) are Independent Directors.

The Board Risk Management Committee is responsible for overseeing all risk management and compliance matters (strategic, market, credit, liquidity, insurance, operational, technology, cyber security, information/data loss, regulatory and compliance, sustainability and any other category of risks); as well as technology-related matters as delegated by the Board or as deemed necessary by the Board Risk Management Committee.

It reviews the overall risk management philosophy, including the risk profile, risk tolerance level, and risk and capital management strategy, in line with the overall corporate strategy and risk appetite as set and approved by the Board. The Board Risk Management Committee also assists the Board in monitoring the effectiveness and adequacy of the risk management processes and systems set up by the Company. It oversees the cultivation of a strong risk culture that promotes risk awareness and sound risk taking.

The Board Risk Management Committee performs its functions pursuant to its Board-approved terms of reference. The terms of reference include endorsement or approval of (where applicable) frameworks, policies and charters; strategies for effective risk management of various risk exposures including those arising from investment management and asset-liability management; as well as review of other financial transactions that exceed the authority limits of the Management Committees. Material investment-related activities and transactions are reviewed by the Board Risk Management Committee and recommended to the Board for information or approval, as applicable.

It reviews the appointment, annual performance evaluation, remuneration and termination of the (i) Head, Risk Management and (ii) Head, Compliance as both of these positions report directly to the Board Risk Management Committee. Its recommendation is then submitted to the Board Nominations and Remuneration Committee for endorsement, and the Board for approval.

The Board Risk Management Committee meets with the Head, Risk Management and the Head, Compliance at least once a year without the presence of Management to discuss matters, which may be raised privately.

The Risk Management Department is adequately staffed by experienced and qualified employees who are sufficiently independent to perform their duties objectively. The Department regularly engages Senior Officers to develop enterprise-wide risk controls and risk mitigation procedures.

The Board Risk Management Committee held a total of eight meetings (comprising six scheduled and two ad hoc meetings) in 2022.

The Company’s enterprise risk governance, risk management objectives and policies and other pertinent details are disclosed in Note 34 of the Notes to the Financial Statements.

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BOARD MATTERS (CONT'D.)

Meetings and Directors' Attendance

The Board meets regularly during the year to review the business performance and key activities of the Company, and to consider significant business proposals presented by the Management. All members of the Board participate actively in Board discussions and decisions are taken objectively in the interests of the Company. The Board guides Management with strategic directions to achieve its stated goals and Management remains accountable to the Board. Where warranted by particular circumstances, *ad hoc* Board or Board Committee meetings will be convened. In 2022, the Board convened eight scheduled and two *ad hoc* Board meetings.

The contributions of the Board members go beyond attendance at meetings. They individually or collectively engage with other Board members and Management outside formal meetings in their oversight of the affairs of the Company.

Meetings of the Board and Board Committees via telephone, video conference, or any other similar communications equipment are permitted by the Company's Constitution. If a Director is unable to attend a Board or Board Committee meeting, he will still be able to access all the papers and materials to be tabled for discussion at that meeting. Directors are provided with complete, adequate and timely information related to agenda items before each meeting. Directors are also equipped with electronic tablets that allow secured access to Board and Board Committee meeting materials.

All Directors have complied with the minimum requirement of 75% attendance at Board meetings as stipulated in the CG PD and Board Charter.

The number of meetings of the Board and Board Committees held in 2022 and the attendance of the Directors at those meetings are tabulated below:

Directors' attendance at Board and Board Committee meetings in 2022

	Board				Board Risk Management Committee			
	No. of Meetings				No. of Meetings			
	Scheduled		*Ad hoc*		Scheduled		*Ad hoc*	
Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Norman Ka Cheung Ip	8	8	2	2	6	6	2	2
Mr Tan Yam Pin	8	8	2	2	-	-	-	-
Mr Koh Poh Tiong	8	8	2	2	-	-	-	-
Mr Khor Hock Seng	8	8	2	2	-	-	-	-
Mr Ng Hon Soon	8	8	2	2	6	6	2	2
Mr Siew Kah Toong	8	8	2	2	-	-	-	-
Mr Ou Shian Waei	8	8	2	2	6	6	2	2
Mr Foong Soo Hah[1]	6	6	2	2	5	5	2	2

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BOARD MATTERS (CONT'D.)

Directors' attendance at Board and Board Committee meetings in 2022 (Cont'd.)

	Board Nominations and Remuneration Committee		Board Audit Committee	
	No. of Meetings		No. of Meetings	
	Scheduled		Scheduled	
Name of Director	**Held**	**Attended**	**Held**	**Attended**
Mr Norman Ka Cheung Ip	6	6	-	-
Mr Tan Yam Pin	6	6	-	-
Mr Koh Poh Tiong	6	6	-	-
Mr Khor Hock Seng	-	-	-	-
Mr Ng Hon Soon	-	-	6	6
Mr Siew Kah Toong	-	-	6	6
Mr Ou Shian Waei	-	-	6	6
Mr Foong Soo Hah(1)	-	-	-	-

Notes:

(1) Appointed as Director and Member of the Board Risk Management Committee on 1 March 2022.

(-) Not applicable to the Non-Member of the respective Board Committees.

Directors' attendance at the Annual General Meeting is not included in the above table.

There was two Joint Board Audit Committee – Board Risk Management Committee meeting held in 2022. Directors' attendance at this meeting is not included in the above table.

The number of meetings indicated in "Held" above reflects the number of meetings held during the time the respective Directors held office.

Total number of ad hoc meetings held in 2022 – Board: 2; Board Risk Management Committee: 2

Access to Information

The Board members are provided with relevant and timely information by Management on matters to be discussed or considered at meetings of the Board and Board Committees. For matters requiring approval, information furnished by Management usually includes background explanatory information, relevant facts and/or analysis to support the proposal, implications or merits of the case, risk analysis and mitigating strategies, the budget (if applicable) and Management's recommendation. The Senior Officers who are responsible to provide additional information and insight or provide clarifications to queries raised are usually invited to the meeting for discussion on such matters. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board or Board Committees, where relevant. All Board and Board Committees' members have unfettered access to information, which the Company is in possession of or has access to, for the purpose of carrying out their responsibilities.

Directors have separate and independent access to the Company Secretary and Senior Officers of the Company at all times.

BOARD MATTERS (CONT'D.)

Access to Information (Cont'd.)

The Company Secretary attends all Board meetings and prepares minutes of Board proceedings. She assists the Chairman to ensure that appropriate Board procedures are followed and that applicable regulations are complied with. Under the direction of the Chairman, she ensures good information flows within the Board and Board Committees, and between Senior Officers and Directors. The Company Secretary also facilitates the orientation of new Directors and professional development of Directors, as required. The appointment and removal of the Company Secretary is considered to be a matter for the Board as a whole.

The Directors may take independent professional advice as and when necessary to enable them to discharge their duties effectively. Similarly, the Board and Board Committees may obtain professional advice, whenever necessary and appropriate, so as to effectively discharge their roles and responsibilities. All engagements of external advisers are at the Company’s expense.

Board Orientation and Development

A formal appointment letter will be issued to a newly appointed Director, together with a Director’s Orientation Kit which will include key information of the Company, the terms of reference of the Board and Board Committees, duties and obligations of Directors as well as relevant rules and regulations. As part of the induction programme for new Directors, the Senior Officers will conduct briefing sessions on the Company’s principal activities, business operations, staff strengths, and applicable rules and regulations. The Company constantly reviews and improves on the contents of such briefings to new Directors to take into account any new legislative changes which affect the Directors and to enable them to have a more comprehensive understanding of the Company, the insurance business and practices, and the Company’s financial statements.

The Board Nominations and Remuneration Committee ensures there is a professional development programme for all Directors, so that they are equipped with the appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively. The Company arranges for new Directors to be briefed on areas such as accounting, risk management, insurance, cybersecurity and ESG matters; and facilitates their attendance at the mandatory “Financial Institutions Directors’ Education (“FIDE”) Core Programme within one year from their date of appointment. Industry-related and topical articles are regularly circulated to Directors as part of the Directors’ continuous development programme. The Board Nominations and Remuneration Committee also encourages the Directors to be continually updated on developments affecting the insurance industry by offering them attendance at appropriate courses, conferences and seminars conducted by professional bodies within the industry or other professional organisations including programmes conducted by the FIDE FORUM, at their convenience. The Company has dedicated sufficient resources towards the on-going development of its Directors. The Company arranges for and funds the training and development programmes for existing and new Directors. The Company also maintains formal records of the training and development received by its Directors.

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BOARD MATTERS (CONT'D.)

Board Orientation and Development (Cont'd.)

From time to time, in collaboration with the Board Nominations and Remuneration Committee, the Board Risk Management Committee organises Board Educational Series, with briefings or presentations by external professionals, consultants or Management staff on topics relevant to the insurance industry and provides updates on developments in the industry locally.

During the financial year, the Directors, collectively or on their own, attended the following seminars, courses and briefings organised by professional bodies and regulatory authorities as well as those conducted in-house, which were mostly conducted virtually/online:

- The Emerging Trends Threats and Risks to the Financial Services Industry - Managing Global Risk Investment and Payment System *(hybrid)*
- FIDE FORUM-ICA: Can We Win the War against Financial Crime
- Board Educational Series:
  - ➢ Climate Impact X
  - ➢ Digital Transformation Strategy & Roadmap
  - ➢ Directors’ Guide to Crisis Management & Leadership During Crisis
  - ➢ Implementation of MFRS 17: Transition and Other Updates
  - ➢ Lesson Learnt from Past Cyber Incidents – Role of Board Members and Management
  - ➢ Reach For Great Towards Bespoke Servicing
  - ➢ Top 5 Cyber Attacks & How to Protect Against It
  - ➢ Transaction Monitoring - A Better Way to Fight Money Laundering
  - ➢ Understanding Climate Terminologies
  - ➢ Withdrawal Syndrome after Sugar Rush
  - ➢ Malaysia Equity Market Review & Outlook
- Webinar:
  - ➢ FIDE FORUM on MetaFinance: The Next Frontier of the Global Economy
  - ➢ ICDM : Environmental, Social and Governance ("ESG") Series 2022 - Demystifying ESG: From Aspirations to Action
    - Plan Your ESG Journey: Lessons for the Boardroom
    - ESG + 'T' : Global Megatrends to Watch Out For
  - ➢ FIDE FORUM Leadership Perspectives Forum on Board Effectiveness in conjunction with BEE Launch *(hybrid)*
  - ➢ FIDE FORUM - CGM Conversations with Chairmen: A Standing Item in Board Agendas
  - ➢ PIDM-FIDE FORUM on Recovery and Resolution Planning Sharing Session

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BOARD COMPOSITION AND GUIDANCE

Board Membership

The Company's present Board of eight Directors comprises a Non-Executive Chairman, Mr Norman Ka Cheung Ip, six Non-Executive Directors and one Executive Director. The six Non-Executive Directors are Mr Tan Yam Pin, Mr Koh Poh Tiong, Mr Ng Hon Soon, Mr Siew Kah Toong, Mr Ou Shian Waei and Mr Foong Soo Hah. Mr Khor Hock Seng is the Executive Director.

All appointments and re-appointments of Directors of the Company are subject to the approval of BNM.

Key Information on Directors

Key information on the Directors' qualifications, background, directorships and appointments are provided under the section "Board of Directors" of the Company's Annual Report[3]. The Directors' membership in various Board Committees is also set out therein. Information on their shareholdings in the Company's ultimate holding company, Oversea-Chinese Banking Corporation Limited ("OCBC Bank") are disclosed in the Directors' Report that accompanies the Company's Financial Statements for the financial year ended 31 December 2022 ("FY2022"). The Directors do not hold any shares in the Company or its penultimate holding company, Great Eastern Holdings Limited ("GEH").

Board Composition and Independence

The Company determines the independence of its Directors in accordance with the requirements of the CG PD. Under the CG PD, an Independent Director must be independent in character and judgement, and free from associations or circumstances that may impair the exercise of his or her independent judgement. An Independent Director of the Company must be one who himself/herself or any person linked to him has not been an executive of the Company in the last two years, is not a substantial shareholder of the Company or any of its affiliates, and has no significant business or other contractual relationship with the Company or any of its affiliates within the last two years; and has not served for more than nine years on the Board[4]. Each Director is required to abstain from the Board Nominations and Remuneration Committee's and the Board's deliberations respectively on his own independence.

Under the CG PD, the Board is required to comprise a majority of Independent Directors at all times.

Note:

3 Available at the Company's website at https://www.greateasternlife.com/my/en/index.html.

4 CG PD provides for tenure limits of independent directors to generally not exceed nine years.

BOARD COMPOSITION AND GUIDANCE (CONT'D.)

Board Composition and Independence (Cont'd.)

The Board Nominations and Remuneration Committee determines annually whether a Director is independent. Taking into consideration the definition of “independence” of a Director under the CG PD, the Board Nominations and Remuneration Committee has determined that the Company’s Independent Directors are currently Mr Norman Ka Cheung Ip, Mr Tan Yam Pin, Mr Koh Poh Tiong, Mr Ng Hon Soon, Mr Siew Kah Toong, Mr Ou Shian Waei and Mr Foong Soo Hah.

Mr Khor Hock Seng is an Executive Director as he is the Group Chief Executive Officer of GEH.

The current Board complies with the requirements on Board composition and Board independence under the CG PD. The Company’s Board comprises a majority of Independent Directors, with seven Independent Directors out of the eight Board members.

The Board, through its Board Nominations and Remuneration Committee, is of the view that the current Board and Board Committees are of an appropriate size to facilitate effective decision making, taking into account the scope and nature of the operations of the Company.

Further, the Board Nominations and Remuneration Committee also assesses the diversity of its members’ competency profiles, and determines the collective skills required to discharge its responsibilities effectively.

The Company’s Board members have diverse backgrounds, experience 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 core competencies to the Company, including industry knowledge in insurance, investment and asset management, banking, accounting, finance, strategy formulation, information technology, management experience, risk management and familiarity with regulatory requirements. The diversity of experience and competencies of the Directors enhance the effectiveness of the Board in discharging its responsibilities. Directors who serve on Board Committees have an appropriate mix of skills and capabilities, taking into account the skill set required for Board Committees to perform their respective roles and responsibilities.

With the knowledge, objectivity and balance contributed by the Non-Executive Directors, the Board constructively challenges and enhances proposals on strategy, reviews the performance of Management against agreed goals and objectives, and monitors the reporting of performances.

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer ("CEO") are not related to each other. The roles of the Chairman, Mr Norman Ka Cheung Ip, and the CEO, YBhg Dato Koh Yaw Hui, are distinct and separate, with clear division of responsibilities between them to ensure an appropriate balance of power, increased accountability and greater independence in decision making.

The principal responsibilities of the Chairman include leading the Board to ensure it effectively discharges its roles and responsibilities, approving agendas of Board meetings, monitoring the quality and timeliness of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between the Board and Management, and promotes high standards of corporate governance with the full support of other Directors, the Company Secretary and Management.

The CEO manages the Company and oversees the Company's operations and implementation of its strategies, plans and policies to achieve planned corporate performance and financial goals. His management of the Company's businesses, including implementing the Board's decisions, is carried out with the assistance of the Senior Officers of the Company. Collectively, they are responsible for the day-to-day operations and administration of the Company, ensuring, *inter alia,* operational and organisational efficiency, profitable performance, regulatory compliance, good corporate governance and effective risk management. The Board reviews the CEO's performance against his performance targets annually.

BOARD MEMBERSHIP

Process for Appointment of New Directors and Re-appointment of Existing Directors

The Board Nominations and Remuneration Committee has a key role in carrying out the formal and transparent process established for the appointment and re-appointment of Directors to the Board. Proposals for the appointment of new Directors and re-appointment of existing Directors are reviewed by the Board Nominations and Remuneration Committee. The Board Nominations and Remuneration Committee meets with the candidates to assess their suitability and commitment. Amongst others, the Board Nominations and Remuneration Committee takes into consideration the candidate's professional qualifications, integrity, financial and commercial business experience, and field of expertise relevant to the Company, as well as his or her potential to contribute to the effectiveness of the Board and to complement the skills, knowledge and expertise of the Board. Competent individuals are nominated for the Board's consideration, before submitting the application to BNM for approval.

The proposed candidate is required to confirm that he or she is not an active politician as defined in the CG PD. Further, he must not have prior involvement as an external auditor for the Company either in the capacity of an officer who is directly involved in the Company's engagement or partner of the external auditor firm; until at least two years after he ceases to be an officer or partner of the external auditor firm or the firm last served as an auditor of the Company. The proposed candidate is expected to provide such confirmation to BNM prior to his/her respective appointment and re-appointment as Director.

BOARD MEMBERSHIP (CONT'D.)

Process for Appointment of New Directors and Re-appointment of Existing Directors (Cont'd.)

In addition, the Board Nominations and Remuneration Committee further determines the proposed candidate's independence status under the CG PD and ensures that the proposed candidate will satisfy the criteria under the CG PD in that his or her appointment or re-appointment will not result in non-compliance with any of the composition requirements for the Board and Board Committees, and that he or she is a fit and proper person for the office, taking into account his or her track record, age, experience, capabilities, skills and other relevant factors as may be determined by the Board Nominations and Remuneration Committee. Such reviews are also conducted on an annual basis to ensure that each Director remains qualified for the office based on the above criteria.

Re-election and Re-appointment of Directors at Annual General Meeting

All Directors of the Board are required to retire from office at regular intervals, at least once every three years. At each Annual General Meeting of the Company, one-third of the Directors, being those who have served longest in office since their re-election, are required to retire by rotation in accordance with the Company's Constitution. Pursuant to the Company's Constitution, newly appointed Directors will hold office until the next Annual General Meeting and, if eligible, can stand for re-election. Retiring Directors are eligible for re-election when re-nominated by the Board Nominations and Remuneration Committee, taking into account their expertise, knowledge and commitment, and their contributions to Board discussions and to the effectiveness of the Board.

The Directors who are retiring by rotation under Clause 70 of the Company's Constitution and standing for re-election at the 2023 Annual General Meeting are Mr Norman Ka Cheung Ip, Mr Ng Hon Soon and Mr Ou Shian Waei.

Directors are expected to set aside adequate time for their oversight of matters relating to the Company. Directors provide declarations of changes on their other appointments which are disseminated to all Board members. The Company has established guidelines on meeting attendance and the extent of other appointments outside of the Company that a Director may assume. Each of the Directors' listed company directorships and principal commitments are provided under the section "Board of Directors" of this Annual Report[3]. The Board Nominations and Remuneration Committee annually assesses each Director's attendance record and meeting participation to determine if a Director is able to and has been diligently discharging his or her duties as a Director of the Company.

Note:
3 Available at the Company's website at https://www.greateasternlife.com/my/en/index.html.

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BOARD MEMBERSHIP (CONT'D.)

Board Performance

The Board has an annual performance evaluation process, carried out by the Board Nominations and Remuneration Committee, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director. Each Director evaluates the performance of the Board and Board Committees. The assessment of the contributions of individual directors to the effectiveness of the Board is also performed annually. Such assessments are made against established performance criteria consistent with those approved by the Board and used in the previous year.

An external party is engaged to facilitate the Board Evaluation process and to provide the Board with an independent perspective of the Board's performance, including benchmarks against peer boards and industry best practices. In 2022, the Board Nominations and Remuneration Committee engaged Aon Malaysia Sdn Bhd ("Aon") to facilitate the Board Evaluation process. Aon and its consultants are independent and not related to the Company or its Directors.

The 2022 Board Evaluation questionnaire focused on areas such as competency and independence, information quality and timeliness, conduct of meetings, environmental, social and corporate governance, managing performance, succession planning, Directors' development, internal controls and risk management as well as Board Committees.

The purpose of the evaluation is to increase the overall effectiveness of the Board. The Board has found the evaluation process useful and constructive since its implementation. This collective process has also provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and the Board Committees.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure on Remuneration

The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality personnel.

In considering its recommendations to the Board and in approving remuneration, the Board Nominations and Remuneration Committee ensures that remuneration policies are in line with the Company's strategic objectives, Code of Conduct and corporate values, and do not give rise to conflicts between objectives of the Company and interests of individual Directors, Senior Officers and Non-Senior Officers.

The Board Nominations and Remuneration Committee is tasked to review and recommend to the Board the general remuneration policy framework as well as the specific remuneration of each Director and for each Senior Officers and Non-Senior Officers. No Director is involved in the deliberations regarding any remuneration, compensation or any form of benefits to be granted to himself/herself.

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REMUNERATION MATTERS (CONT'D.)

Level and Mix of Remuneration

Remuneration of Non-Executive Directors

The Non-Executive Directors are paid Directors' fees, which take into account factors such as the Directors' contributions, effort and time spent, attendance at and frequency of meetings, the respective responsibilities of Directors including the Board Committees on which they serve, market practices and the need to pay competitive fees to attract, retain and motivate Directors.

The Board Nominations and Remuneration Committee performs an annual review of the Directors' fee structure and of the computation of the aggregate Directors' fees based on the earlier Board-approved fee structure, before recommending any proposed changes to the Board for endorsement. The Directors' fees proposed by the Board each year are subject to the shareholders' approval at the Company's Annual General Meeting.

The Board Nominations and Remuneration Committee has considered the market practices for Non-Executive Director remuneration, and on its recommendation, the Board has decided to use the same fee structure for computing the fee for each Non-Executive Director for the FY2022 as that used in the previous financial year (in the following table):

		Annual Retainer
Board	Chairman	RM130,000
	Member	RM65,000
Board Committees	Chairman: • Board Audit Committee • Board Risk Management Committee	RM50,900
	Member: • Board Audit Committee • Board Risk Management Committee	RM25,400
	Chairman: • Board Nominations and Remuneration Committee	RM45,000
	Member: • Board Nominations and Remuneration Committee	RM27,000
Attendance fees per Board or Board Committee meeting		RM2,600

Attendance fees are paid to Non-Executive Directors to recognise their contributions and time spent in attending meetings.

Remuneration Policy in respect of Senior Officers and Non-Senior Officers

The remuneration policy is approved by the Board and is subject to annual review taking into account changes in the remuneration practices and/or regulator's requirements from time to time.

REMUNERATION MATTERS (CONT'D.)

Remuneration Policy in respect of Senior Officers and Non-Senior Officers (Cont'd)

The remuneration of the CEO, the Senior Officers and Non-Senior Officers of the Company are reviewed annually by the Board Nominations and Remuneration Committee, based on the overall remuneration framework approved by the Board. Currently, there are 13 identified Senior Officers and 7 identified Non-Senior Officers under the purview of the Board Nominations and Remuneration Committee.

Staff engaged in all control functions including Compliance, Risk Management, Actuarial Valuation, Audit and others do not carry business profit targets in their goal sheets, and hence are compensated independently of the business profit achievements. Their compensation is dependent on the achievement of key results in their respective domain.

Pursuant to the CG PD, Other Material Risk Takers is defined to include an officer who can materially commit or control significant amounts of the Company's resources or whose actions are likely to have a significant impact on the Company's risk profile. There are 6 identified Other Material Risk Takers who are subject to risk control Key Performance Indicators ("KPIs") and risk adjusted variable compensation.

In such annual reviews, the Board Nominations and Remuneration Committee takes into consideration factors such as market competitiveness and market benchmark, and that the remuneration is commensurate with individual performance and contribution. The Board Nominations and Remuneration Committee also takes into account the time horizon of risks, such as ensuring that all variable compensation payments shall not be fully paid over short periods when risks are realised over longer periods.

As part of the Company's continuous efforts to create sustainable value for stakeholders through broad-based growth across its core markets, delivering sustained earnings, driving core competencies of disciplined risk management, prudent investment and continued upgrading of technology and people, and ensuring sustainable business practices, the performance measures set for each business unit embeds these objectives, which match their functions and are consistent with the Company's risk appetite. In determining the remuneration of Senior Officers and Non-Senior Officers, risk and control indicators as well as audit findings and compliance issues are taken into account when assessing their overall performance, in addition to their achievement in business and operation performance. Senior Officers and Non-Senior Officers are remunerated based on the achievements of their own performance measures and the demonstration of core values and competencies, while taking into account market compensation data for their respective job roles.

Disclosure on Remuneration

To ensure that its remuneration packages are competitive, the Company regularly reviews salary levels and benefits packages based on market data provided by recognised consultants who conduct surveys on comparative groups in the financial sector. The determination of the Company's variable compensation pool is fully discretionary and the factors taken into consideration include financial and non-financial metrics such as the Company's performance, risk indicators and compliance issues, market condition and competitive market practices.

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REMUNERATION MATTERS (CONT'D.)

Disclosure on Remuneration (Cont'd.)

The total compensation packages for Senior Officers and Non-Senior Officers comprise basic salary, various performance-related variable compensation, allowances, deferred share awards and benefits.

The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the Board Nominations and Remuneration Committee and the Board. Senior Officers are subject to an additional performance measurement approach by embedding corporate governance indicator for more prudent risk taking.

The annual budget for salary increment and performance-related variable compensation are reviewed and endorsed by the Board Nominations and Remuneration Committee and is submitted to the Board for approval.

As a consequence of the financial crisis in recent years, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking. While the Company has adopted compensation practices that take into account the principles and implementation standards issued by the Financial Stability Forum for Sound Compensation Practices, it also continues to review its compensation practices on an on-going basis to further ensure that decisions made are conducive for sustained business performance. In its deliberations, the Board Nominations and Remuneration Committee also takes into account the remuneration principles, practices and standards issued by the regulator from time to time.

Senior Officers and Non-Senior Officers through annual self-declaration commit not to undertake activities (such as personal hedging strategies and liability-related insurance) that will undermine the risk alignment effects embedded in their remuneration.

In collaboration with the Board Nominations and Remuneration Committee, the Company has designed and developed its Performance Assessment and Remuneration Framework, which takes into consideration the prevailing regulatory requirements, and with the inputs from the Senior Officers. The Performance Assessment and Remuneration Framework is independently reviewed by the Joint Board Audit Committee and Board Risk Management Committee. The Board Risk Management Committee may with the assistance of Risk Management Department assess how the Performance Assessment and Remuneration Framework affects the Company’s risk profile.

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REMUNERATION MATTERS (CONT'D.)

Disclosure on Remuneration (Cont'd.)

The Company's variable compensation varies in line with its financial performance and corporate governance requirements.

Share-based incentives

The Company does not have any share option scheme or share plan in place. Instead, the Company's ultimate holding company, OCBC Bank, grants share awards pursuant to the OCBC Deferred Share Plan to selected senior executives of the Company. All grants and awards are subject to cancellation and clawback if it is determined that they were made on the basis of materially inaccurate financial statements and/or the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Company's risk profile/rating, which takes into consideration the risks that could have a long-term negative impact to the Company.

Disclosure of Directors' and CEO Remuneration

The total Directors' and CEO's Remuneration in respect of FY2022 is shown under Note 25(b) of the Notes to the Financial Statements. Non-Executive Directors will be paid Directors' Fees totaling RM1,425,533.34 in respect of FY2022, subject to shareholders' approval at the 2023 Annual General Meeting.

Disclosure of Senior Officers and Non-Senior Officers

The details of the remuneration granted to the eligible Senior Officers and Non-Senior Officers are disclosed in the table below:

Total value of remuneration awards for FY2022:

	Unrestricted		Deferred	
	No. of pax	RM	No. of pax	Units
Fixed remuneration				
- Cash-based	21*	11,207,749.24	-	-
- Other	1	35,200.00	-	-
Variable remuneration				
- Cash-based	21*	4,170,000.00		
- Shares and share-linked instruments	16	2,962,393.99	13	62,064 units (Deferred Share, Share Option and Employee Share Purchase Plan)
- Other	21*	2,709,876.40	-	-

** The headcount included the cessation of a Senior Officer during the year.*

INTERNAL CONTROL FRAMEWORK

The internal control framework comprises among others, the infrastructure in the form of risk oversight committees at the Board and Management level; frameworks, policies and procedures; risk and compliance self-assessment processes for all business units to assess and manage the adequacy and effectiveness of their systems of internal controls and their level of compliance with applicable rules and regulations; and a monitoring and reporting process.

Risk Management

The Board is responsible for the governance of risk. It sets the tone for the Company's risks culture and monitors, through the Board Risk Management Committee, the effectiveness and adequacy of the risk management processes and systems of the Company. The Board approves the Company's risk appetite and has oversight of the risk activities to ensure that the Company's strategic intent, operating environment, internal control mechanisms and capital sufficiency are consistent with the Company's risk appetite and regulatory standards. Further details of the Enterprise Risk Management Framework implemented by the Company are set out in Note 34 of the Notes to the Financial Statements.

The Board emphasises the importance of institutionalising a strong risk culture within the Company. As a subset of the broader organisational culture, a strong risk culture supports appropriate risk awareness, bolsters effective risk management and promotes sound risk taking to ensure the Company's risk profile remains within its risk appetite. The Board also approves the risk culture principles and, along with it, the set of desired risk culture behaviours to support the target risk culture throughout the Company.

Annually, an Own Risk and Solvency Assessment report is submitted to apprise the Board Risk Management Committee and the Board of the Company's risk profile, the manner in which the Company determines its solvency and the various measures put in place to ensure that the solvency requirements are met at all times.

Internal Controls

The Board is responsible for ensuring that the Company's system of internal controls is adequate to safeguard stakeholders' interests and the Company's assets. The Company has in place, self-assessment processes for all business units to assess the adequacy and effectiveness of their systems and processes of internal controls, and their level of compliance with applicable rules and regulations. The results of the evaluation are reviewed by the Senior Officers, who in turn would provide an annual assurance to the CEO on the adequacy and effectiveness of the Company's operational risk management and internal control systems and compliance with the relevant statutory and regulatory requirements. This self-assessment process is further supplemented by an annual assurance report on risk management and internal controls, co-ordinated by Risk Management and tabled to the Board Audit Committee, the Board Risk Management Committee and the Board for notation.

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INTERNAL CONTROL FRAMEWORK (CONT'D)

Internal Controls (Cont'd.)

The system of internal controls provides reasonable but not absolute assurance that the Company would not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. Therefore, the Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Infrastructure

While the Board is ultimately responsible for the management of risks within the Company, there are risk oversight committees that facilitate in depth review of the risks associated with specific aspects of the business such as the Board Risk Management Committee, the Board Audit Committee, the Senior Management Team, the Asset Liability Committee, the Information Technology Steering Committee and the Product Development Committee. The duties and scope of work of these committees are documented in their respective terms of reference.

The authority delegated by the Board to the Board Committees and the CEO are formalised in the Company's Authority Grid. Other documents that guide on the delegation of the CEO's authority include underwriting limits, claim limits and investment limits.

The segregation of duties is paramount in ensuring that members of staff are not assigned potential conflicting responsibilities that relate to matters such as approvals, disbursements and administration of policies, execution and recording of investments, operational and internal audit/compliance functions, underwriting and credit controls.

Frameworks, Policies and Procedures

The Company has established risk management frameworks and policies that set forth the means by which the Company shall evaluate and manage the risks inherent in the business. The frameworks outline the common risk management process across all risk types within the Company.

A number of policies and procedures have also been put in place to guide and facilitate consistency in application across the board. These cover key risk areas such as:

- Investments
- Insurance operations
- Technology information and cyber
- Fraud and market conduct
- Anti-money laundering and countering the financing of terrorism
- Capital management, capital contingency and stress testing
- Related party and interested party transactions
- Third party service providers
- Outsourcing
- Reinsurance management

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INTERNAL CONTROL FRAMEWORK (CONT'D)

Frameworks, Policies and Procedures (Cont'd.)

A number of policies and procedures have also been put in place to guide and facilitate consistency in application across the board. These cover key risk areas such as (cont'd.):

- Business continuity management
- Anti-bribery and corruption
- Personal data protection
- Environment (including Climate)

The frameworks, policies and procedures are reviewed each year to ensure continued relevance and to capture the latest regulatory, statutory and Group requirements. They are then approved by the Board, or the relevant Board Committee or Management Committee.

Monitoring and Reporting

An Enterprise Risk Dashboard that features the Company's risk profile from various perspectives namely strategic risk, financial risk, operational risk, technology risk, market conduct and compliance risk as well as climate risk, is submitted to the Board, Board Risk Management Committee and Senior Management Team for notation.

Regulatory breaches, risk concerns and operational incidents are reported in the Enterprise Risk Dashboard while investment breaches are reported via the limits report and compliance assurance reports. The respective business units are required to provide the corrective and preventive measures once a regulatory breach or operational incident is discovered. The Company has a process to collate statistics for a number of Key Risk Indicators for reporting internally as well as to BNM on a regular basis.

Stress test scenarios and the corresponding stress factors are developed and reviewed by the Board annually and thereafter, the scenarios and factors are used to stress the financial positions.

Whistleblowing Policy

The Company has a whistleblowing policy in place whereby employees of the Company and external parties may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence. The whistleblowing policy and procedures for raising such concerns are clearly communicated to employees. All whistleblowing incidents are reported to the Board Audit Committee. Concerns expressed anonymously are considered and investigated on the basis of their merits. The Board Audit Committee ensures that arrangements are in place for the independent investigation of such matters and appropriate follow-up actions. If fraud is determined, appropriate remedial actions are taken and the Board Audit Committee is updated regularly on their status. The whistleblower has protection against reprisals provided he has acted in good faith. The Board Audit Committee Chairman is responsible for the effective implementation of the whistleblowing policy, which includes evaluating periodic reports that monitor and assess how concerns are escalated and dealt with, and overseeing the periodic review of the effectiveness of the policy.

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INTERNAL CONTROL FRAMEWORK (CONT'D)

Internal Audit

The internal audit function ("Internal Audit") serves to provide the Board and Management with independent and objective assessments of the adequacy and effectiveness of the governance, risk management and internal control processes as designed and implemented by Management. The Internal Audit Charter is approved by the Board. Internal Audit resides in-house and is independent of the activities it audits. Internal Audit is staffed by executives with relevant qualifications and experience, and the Board Audit Committee ensures that the Internal Audit is adequately resourced. The Chief Internal Auditor reports to the Chairman of the Board Audit Committee and administratively to the CEO. Her annual remuneration and evaluation are approved by the Board Audit Committee.

The work undertaken by Internal Audit involves the assessment of the adequacy and effectiveness of the Company's risk management and internal control environment, including ascertaining if the internal controls are sufficient in ensuring that significant financial, managerial and operating information is accurate, reliable and timely, operations and programs are effective and efficient, and assets are safeguarded. Internal Audit has unrestricted access to the Board, Board Audit Committee, and all functions, records, property and personnel of the Company. Internal Audit meets the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

RELATED PARTY TRANSACTIONS

The Company has implemented policies and procedures on related party transactions covering the definitions of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving, monitoring whenever necessary, and writing-off of such transactions. All related party transactions are conducted on reasonable commercial terms and in the ordinary course of business. The terms and conditions of such transactions are carried out on an arm's length basis. Directors with conflict of interest are excluded from the approval process of granting and managing related party transactions. Material related party transactions and the write-off of material related party transactions are reported to the Board Audit Committee for review and to the Board for approval.

Details of the Company's related party transactions during FY2022 are set out in Note 32 of the Notes to the Financial Statements.

ETHICAL STANDARDS

The Directors and Management are committed to promoting and maintaining values which emphasise integrity, honesty and proper conduct at all times in the business operations and dealings of the Company. The Company has adopted a Code of Conduct that sets out the guiding principles and minimum standards expected of its employees such as the highest standards of conduct and professional integrity. The Code of Conduct also provides guidance on areas such as responsible stewardship of the Company's resources, the Company's position against fraudulent conduct, conflicts of interests and the appropriate disclosures to be made, and maintaining confidentiality of information. The Code of Conduct is available on the Company's staff intranet.

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

ETHICAL STANDARDS (CONT'D.)

The Company has a suite of policies in place for proper governance and management that staff have to comply with. All policies are prepared and aligned with the Company’s risk management and internal control systems and processes, including Management's self-assessment and independent audits.

The Company treats feedback and complaints from its customers seriously, and has instituted channels whereby customers may provide feedback or complaints. The Company aims to resolve feedback and complaints professionally and fairly in accordance with the service standards indicated on its website.

198201013982 (93745-A)

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

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

We, Ng Hon Soon and Siew Kah Toong, being two of the Directors of Great Eastern Life Assurance (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 33 to 198 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated **2 8 MAR 2023**

Ng Hon Soon

Siew Kah Toong

Kuala Lumpur

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

I, Loke Chang Yueh, being the officer primarily responsible for the financial management of Great Eastern Life Assurance (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 198 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.

Subscribed and solemnly declared
by the abovenamed Loke Chang Yueh
at Kuala Lumpur in the Federal Territory
on **2 8 MAR 2023**

Loke Chang Yueh

Before me,

PESURUHJAYA SUMPAH
W 919
THANGAPERUMAL
A/L ANDIMUTHU
01.02.2022-31.12.2024
MALAYSIA

220, JALAN TUN SAMBANTHAN,
50470 KUALA LUMPUR.

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Assets			
Property and equipment			
- Owned	3(a)	289,836	303,982
- Right-of-use assets	3(b)	17,430	18,276
Intangible assets	4	168,714	162,177
Investment properties	5	976,500	1,214,270
Non-current assets held-for-sale	6	238,000	-
Investments	7	85,101,662	84,148,012
Derivatives	13	1,167	7,331
Reinsurance assets	8	145,796	128,057
Insurance receivables	9	242,392	354,683
Other receivables	10	735,788	741,786
Cash and cash equivalents		4,337,732	4,510,191
Total assets		92,255,017	91,588,765
Equity			
Share capital	11	100,000	100,000
Retained earnings		4,509,226	4,183,941
Other comprehensive income fair value reserves		(48,024)	(54,664)
Total equity		4,561,202	4,229,277
Liabilities			
Insurance contract liabilities	12	84,888,621	84,633,108
Derivatives	13	20,208	23,764
Agents' retirement benefits	14	948,623	884,985
Deferred tax liabilities	15	502,713	586,011
Other financial liabilities	16	136,355	45,232
Insurance payables	17	418,563	376,654
Provision for taxation		131,808	200,427
Lease liabilities	3(c)	2,346	2,941
Other payables	18	644,578	606,366
Total liabilities		87,693,815	87,359,488
Total equity and liabilities		92,255,017	91,588,765

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

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

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Gross earned premiums	19(a)	9,821,920	9,674,518
Earned premiums ceded to reinsurers	19(b)	(319,872)	(230,839)
Net earned premiums		9,502,048	9,443,679
Net investment income	20	3,685,734	3,468,283
Net realised gains and losses	21	(78,905)	(277,041)
Net fair value gains and losses	22	(2,768,202)	(3,239,534)
(Increase)/decrease in provision for impairment of:			
Insurance receivables	9	(389)	(2,331)
Other receivables	10	117	380
Investments		17,571	(24,584)
Fees and commission income	23	9,473	4,314
Other operating revenue		140,572	1,274
Other revenue		1,005,971	(69,239)
Gross benefits and claims paid	24(a)	(7,811,694)	(6,560,566)
Claims ceded to reinsurers	24(b)	376,118	364,894
Gross change in contract liabilities	24(c)	564,637	172,691
Change in contract liabilities ceded to reinsurers	24(d)	9,104	(13,171)
Net benefits and claims		(6,861,835)	(6,036,152)
Fees and commission expenses		(1,415,080)	(1,328,262)
Management expenses	25	(566,159)	(541,879)
Other operating expenses		(1,550)	(6,098)
Taxation attributable to life insurance business	26(a)	72,634	75,844
Other expenses		(1,910,155)	(1,800,395)
Profit before taxation attributable to shareholders		1,736,029	1,537,893
Taxation		(397,429)	(254,990)
Taxation attributable to life insurance business		(72,634)	(75,844)
Taxation attributable to shareholders	26(b)	(470,063)	(330,834)
Net profit for the year		1,265,966	1,207,059
Earnings per share (sen)			
Basic and diluted	27	1,266	1,207

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

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 RM'000	2021 RM'000
Net profit for the year	1,265,966	1,207,059
Other comprehensive loss:		
Other comprehensive income/(loss) that will not be reclassified to statement of profit or loss in subsequent periods:		
Net gain/(loss) on equity instrument designated at fair value through other comprehensive income ("FVOCI")	6,633	(37,504)
Tax effects thereon	185	6,289
Net other comprehensive income/(loss) that will not be reclassified to statement of profit or loss in subsequent periods (net of tax)	6,818	(31,215)
Other comprehensive loss that may be reclassified to statement of profit or loss in subsequent periods:		
Debt instruments at FVOCI:		
Net loss arising during the year	(41,256)	(86,145)
Changes in allowance for Expected Credit Loss ("ECL")	(7,259)	6,624
Net realised gain/(loss) transferred to statement of profit or loss	12,185	(912)
	(36,330)	(80,433)
Tax effects thereon	4,471	8,133
Net other comprehensive loss that may be reclassified to statement of profit or loss in subsequent periods (net of tax)	(31,859)	(72,300)
Other comprehensive loss for the year, net of tax	(25,041)	(103,515)
Total comprehensive income for the year, net of tax	1,240,925	1,103,544

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

		Non-Distributable				Distributable		
	Share Capital	Fair Value Reserves			Retained Earnings			Total Equity
		Non-participating Fund	Shareholder's Fund	Sub-total	Non-participating Fund*	Shareholder's Fund	Sub-total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	100,000	56,251	(16,704)	39,547	985,297	2,600,889	3,586,186	3,725,733
Net profit for the year	-	-	-	-	1,000,415	206,644	1,207,059	1,207,059
Other comprehensive loss for the year	-	(79,824)	(23,691)	(103,515)	-	-	-	(103,515)
Total comprehensive (loss)/income for the year	-	(79,824)	(23,691)	(103,515)	1,000,415	206,644	1,207,059	1,103,544
Transfer of fair value reserve of equity instruments designated at FVOCI (net of tax) (Note 7(b))	-	4,317	4,987	9,304	(4,317)	(4,987)	(9,304)	-
Transfer from non-participating fund as recommended by Appointed Actuary (net of tax)	-	-	-	-	(877,800)	877,800	-	-
Dividends paid during the year (Note 28)	-	-	-	-	-	(600,000)	(600,000)	(600,000)
At 31 December 2021	100,000	(19,256)	(35,408)	(54,664)	1,103,595	3,080,346	4,183,941	4,229,277
At 1 January 2022	100,000	(19,256)	(35,408)	(54,664)	1,103,595	3,080,346	4,183,941	4,229,277
Net profit for the year	-	-	-	-	1,120,985	144,981	1,265,966	1,265,966
Other comprehensive loss for the year	-	(14,209)	(10,832)	(25,041)	-	-	-	(25,041)
Total comprehensive (loss)/income for the year	-	(14,209)	(10,832)	(25,041)	1,120,985	144,981	1,265,966	1,240,925
Transfer of fair value reserve of equity instruments designated at FVOCI (net of tax) (Note 7(b))	-	18,090	13,591	31,681	(18,090)	(13,591)	(31,681)	-
Transfer from non-participating fund as recommended by Appointed Actuary (net of tax)	-	-	-	-	(852,720)	852,720	-	-
Dividends paid during the year (Note 28)	-	-	-	-	-	(909,000)	(909,000)	(909,000)
At 31 December 2022	100,000	(15,375)	(32,649)	(48,024)	1,353,770	3,155,456	4,509,226	4,561,202

* The non-distributable retained earnings represent the unallocated surplus from the Non-participating Funds. In accordance with Section 83 *Withdrawal from insurance funds* of the Financial Services Act, 2013, the unallocated surplus of Non-participating Funds is only available for distribution to the shareholder upon approval/recommendation by the Appointed Actuary.

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

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

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Operating activities			
Cash used in operating activities	29	(2,364,819)	(1,297,204)
Dividend/distribution income received		1,287,169	1,248,134
Interest/profit income received		2,391,945	2,310,427
Rental income on investment properties received		71,044	69,971
Agents' retirement benefits paid	14	(52,690)	(57,038)
Income tax paid		(544,691)	(600,160)
Net cash flows generated from operating activities		787,958	1,674,130
Investing activities			
Proceeds from disposal of property and equipment		115	5
Purchase of property and equipment	3(a)	(9,628)	(106,396)
Purchase of intangible assets	4	(39,037)	(475)
Proceeds from disposal of intangible assets	4	181	441
Purchase of investment properties	5	(2,096)	(539)
Net cash flows used in investing activities		(50,465)	(106,964)
Financing activities			
Dividends paid to equity holder	28	(909,000)	(600,000)
Payment of principal portion of lease liabilities	3(c)	(952)	(1,117)
Net cash flows used in financing activities		(909,952)	(601,117)
Net (decrease)/increase in cash and cash equivalents		(172,459)	966,049
Cash and cash equivalents at beginning of year		4,510,191	3,544,142
Cash and cash equivalents at end of year		4,337,732	4,510,191
Cash and cash equivalents comprise of:			
Cash and bank balances		2,328,732	1,541,191
Short term deposits with original maturity periods of less than 3 months		2,009,000	2,969,000
		4,337,732	4,510,191
Reconciliation of liabilities arising from financing activities:			
Lease liabilities			
Beginning of year		2,941	3,827
Additions		280	187
Payment of lease liabilities		(952)	(1,117)
Interest expense on lease liabilities (Note 25)		77	44
End of year	3(c)	2,346	2,941

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 20, Menara Great Eastern, 303 Jalan Ampang, 50450 Kuala Lumpur.

The principal activity of the Company is the underwriting of life insurance business including investment-linked business.

There has been no significant change in the principal activity during the financial year.

The immediate holding company is Great Eastern Capital (Malaysia) Sdn Bhd, a company incorporated in Malaysia. The intermediate holding company is Great Eastern Life Assurance Company Limited, a company incorporated in the Republic of Singapore. The ultimate holding company is Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), a public-listed company incorporated in the Republic of Singapore.

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 March 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

At the beginning of the current financial year, the Company had adopted the amended MFRSs and new MFRSs as described fully in Note 2.3.

The financial statements of the Company have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The Company has met the minimum capital requirements as prescribed by the Risk-based Capital ("RBC") Framework as at the reporting date.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property and Equipment and Depreciation

Property and equipment comprise of owned and leased assets. Leased assets refer to right-of-use assets as described in Leases Note 2.2(d)(i).

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The initial cost of property and equipment comprises its purchase price, including non-refundable taxes and any costs to enhance the working condition of the asset for its intended use.

Expenditure incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is charged to the statement of profit or loss in the period in which the costs are incurred. Where the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property and equipment.

Depreciation of property and equipment is calculated on a straight-line basis to write off the cost of each amount to its residual value over its estimated useful life. No depreciation is provided for freehold land as it has an unlimited useful life and capital work in progress as it is not ready for active use. The annual depreciation rates are:

Buildings - Owner occupied properties	2 %
Motor vehicles	20 %
Office machinery	6 - 20 %
Office furniture and fittings	10 %
Computer equipment	10 - 33 %

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

Leasehold buildings are depreciated over their estimated useful lives or over the remaining lease term of the leasehold land on which the building resides, if the remaining lease term of the leasehold land is shorter than the estimated useful life of the building. The right-of-use assets are depreciated on straight-line basis over the earlier of its useful life or the term of the lease (refer note 2.2(d)(i)).

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Property and Equipment and Depreciation (Cont'd.)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing proceeds with the carrying amounts and are included in the statement of profit or loss.

Included in the Life Insurance Fund's property and equipment are freehold land, and leasehold and freehold buildings occupied for own use for the operations of the Company.

In line with the adoption of MFRS 16 Leases, the Company has reclassified its leasehold prepaid land lease payment to right-of-use assets as described in Note 3(b). Prepaid land lease payment refers to long term lease with an unexpired period of fifty years or more.

(b) Investment Properties

Investment properties are properties that are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Non-current assets held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(d) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration – i.e. the customer has the right to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Leases (Cont'd.)

(i) As Lessee

The Company recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made or before the commencement date, any indirect costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company generally uses its incremental borrowing rate as the discount rate.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment (see Note 2.2(a)). In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured to reflect any lease modifications or reassessments.

The Company presents its right-of-use assets in 'property and equipment' and 'lease liabilities' in the statement of financial position.

<u>Short-term leases and leases of low-value assets</u>
The Company has elected not to recognise right-of-use assets and leases liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment property owned by the Company. Refer to Note 2.2(b) for accounting policy on investment property.

The Company presents ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Leases (Cont'd.)

(ii) As Lessor

The Company classifies all leases for which it is a lessor as operating leases, because each of these leases does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are reported as rental income. The accounting policy for rental income is set out in Note 2.2(p).

(e) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(e) Intangible Assets (Cont'd.)

Intangible Assets of the Company comprise of the following:

- A portal (“Distribution Platform”) developed to sell or distribute the Company’s products digitally. This Distribution Platform is recognized at cost on initial recognition. Following initial recognition, this Distribution Platform is amortised on a straight-line basis over its estimated useful life of 6.5 years.

- Software intangible assets are capitalised on a basis of the costs incurred to acquire and bring to use the specific software. Software development costs are incurred for the development of software for systems. These costs are amortised over a period of 3-10 years or 10-33% on a straight-line basis from the date of system commissioning.

Amortisation of an asset begins when it is available for use and calculated on a straight line basis over the estimated useful life of an asset. No amortisation is provided for capital work in progress as asset are not yet available for use.

Cost associated with maintaining computer software programmes are recognized as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(f) Investments and Financial Assets

Initial Recognition and Measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial assets. The Company determines the classification of its financial assets and liabilities at initial recognition.

At initial recognition, the Company measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs for financial assets carried at fair value through profit or loss are recognised as expense in the statement of profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) Investments and Financial Assets (Cont'd.)

Initial Recognition and Measurement (Cont'd.)

Classification

On initial recognition, a financial asset is classified as measured at Amortised Cost ("AC"), FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at FVTPL:
- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt security is measured at FVOCI only if it meets both of the following conditions and is not designated as measured at FVTPL:
- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity security that is not held for trading may by irrevocable election, be designated and measured at FVOCI. This election is made on an investment-by-investment basis. The Company has designated certain equity securities held for strategic purposes as measured at FVOCI.

A financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI may, by irrevocable election, be designated and measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Company has designated certain debt securities which are held with the intent to hold to collect contractual cash flows and sell to be measured at FVTPL.

All other financial assets are measured as FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) Investments and Financial Assets (Cont'd.)

Initial Recognition and Measurement (Cont'd.)

Business model assessment

The Company assesses the objective of the business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The business model assessment is based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If the cash flows after initial recognition are realised in a way that is different from the Company’s original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) Investments and Financial Assets (Cont'd.)

Initial Recognition and Measurement (Cont'd.)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers the following key aspects:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Company's claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Subsequent measurement

I Debt Instruments

Subsequent measurement of debt instruments depends on the Company’s business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised Cost ("AC")

Debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Gains or losses are also recognised in statement of profit or loss when the assets are derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) Investments and Financial Assets (Cont'd.)

Subsequent measurement (Cont'd.)

I Debt Instruments (Cont'd.)

(ii) Fair value through other comprehensive income ("FVOCI")

Debt instruments that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Any gains or losses from changes in fair value are recognised in other comprehensive income and accumulated in fair value reserve. Impairment, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in statement of profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to statement of profit or loss when the financial asset is de-recognised.

(iii) Fair value through profit or loss ("FVTPL")

Debt instruments that do not meet the criteria for classification as amortised cost or FVOCI are measured at FVTPL. Any gains or losses from changes in fair value and interest are recognised in the statement of profit or loss.

Fair value changes of financial assets at FVTPL are analysed between change resulting from foreign currency fluctuation and other fair value changes. Foreign currency fluctuation and other fair value changes are included under other operating income/(expense) and fair value gains/(losses) in the statement of profit or loss respectively.

II Equity Instruments

The Company subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than held for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the statement of profit or loss, including upon disposal. Equity instruments designated at FVOCI are not subject to impairment assessment. Dividends, when representing a return from such investments are to be recognised in the statement of profit or loss when the Company's right to receive payments is established.

Changes in fair value of financial assets at FVTPL are recognised in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) Investments and Financial Assets (Cont'd.)

Subsequent measurement (Cont'd.)

III Derivatives and Hedging Activities

The Company applies economic hedge for currency and foreign exchange risks involving derivatives such as cross currency swap and forward currency contracts. All derivatives are carried as financial asset when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. Fair value adjustments and realised gains and losses are recognised in the statement of profit or loss.

IV Loans and Receivables ("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 cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

Subsequent to initial recognition, LAR are measured at amortised cost, using the effective yield method, less allowance for impairment. Gains and losses are recognised in the statement of profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

(g) Insurance Receivables

Insurance receivables are recognised when due. They are measured at initial recognition at the fair value received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using effective interest method. A loss allowance is measured at an amount equal to lifetime expected credit losses with the impairment loss recognised in the statement of profit or loss.

Subsequent increases in the recoverable amount of the insurance receivable are treated as reversal of the previous expected credit loss impairment amount.

Insurance receivables are derecognised when the derecognition criteria for financial assets have been met.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(h) Financial Liabilities and Insurance Payables

Financial liabilities and insurance payables are recognised on the statement of financial position when the Company becomes a party to the contractual obligations of the financial instrument.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains and losses recognised in the statement of profit or loss. Net gains or losses on derivatives include exchange differences.

The Company has not designated any financial liabilities at FVTPL.

(ii) Other financial liabilities

Other financial liabilities are recognised when due and measured on initial recognition at the fair value of the consideration received plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

(iii) Agents' Retirement Benefits

Agents' Retirement Benefit ("ARB") is considered a financial instrument as it gives rise to a financial asset in one entity and a financial liability of another entity. The contractual obligation to pay ARB arises from the agency agreement i.e. Life Assurance Sales Representative Agreements ("Agreements") signed between the Company and insurance agents, thus creating a financial liabilty for the Company.

The carrying amount for ARB is calculated in accordance with the terms and conditions in the respective Agreements. The carrying amount for ARB is initially recognised at fair value and subsequent to initial recognition, it is measured at amortised cost. The accrued interest is recognised in statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(h) Financial Liabilities and Insurance Payables (Cont'd.)

(iii) Agents' Retirement Benefits (Cont'd.)

The terms and conditions of the Agreements stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the Company shall allocate to the agent a deferred benefit/retirement benefit.

The deferred benefit/retirement benefit accumulated at the reporting date includes an element of accrued interest, which is calculated at the Participating fund rate of return for the year/dividend rate as announced by the Employees' Provident Fund ("EPF") for that year.

The accrued deferred benefit shall only become payable provided the Agreements have been in force for certain continuous contract years.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains or losses are recognised in the statement of profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(i) Fair Value Measurement

The Company measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 7(a).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Fair Value Measurement (Cont'd.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable including quotes from brokers and market makers, discounted cash flows and other valuation techniques commonly used by market participants

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the Properties Department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. A valuation is done on an annual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Fair Value Measurement (Cont'd.)

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

The Company and its appointed external valuers also compares the changes in the fair value of each property with relevant external sources to determine whether the change is reasonable.

The valuation results, as performed by the Company's external valuers, are presented to the Board in the year the valuation is performed.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(j) Impairment of Financial Assets

The Company recognises loss allowances for expected credit losses ("ECL") on the following financial instruments that are not measured at FVTPL:

(i) Debt instruments measured at FVOCI;
(ii) Loans and receivables measured at amortised cost;
(iii) Loan commitments; and
(iv) Debt instruments measured at amortised cost.

The Company assesses on a forward looking basis the ECL associated with its loans and debt instruments carried at amortised cost and FVOCI and its loan commitments. For trade and insurance receivables, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses. The Company recognises a loss allowance for ECL at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company measures loss allowances at an amount equal to lifetime ECL, except for financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL represent the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Impairment of Financial Assets (Cont'd.)

Not credit-impaired financial assets

For financial assets that are not credit-impaired at the reporting date, the ECL is the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Modified financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected modification will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset; or

- If the expected modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets measured at amortised cost and debt financial assets measured at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company considers factors as evidence that a financial instrument is credit impaired:

- Significant financial difficulty of the counterparty or issuer;
- A breach of contract such as default or past due event;
- The restructuring of a loan or receivable of the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(j) Impairment of Financial Assets (Cont'd.)

Credit-impaired financial assets (Cont'd.)

For financial assets that are credit-impaired at the reporting date: the ECL is the difference between the gross carrying amount and the present value of estimated future cash flows.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(k) Derecognition of Financial Assets and Liabilities

A financial asset is derecognised when:

- The contractual right to receive cash flows from the financial asset has expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flow in full without material delay to a third party under a ‘pass through’ arrangement and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(k) Derecognition of Financial Assets and Liabilities (Cont'd.)

On derecognition of a financial asset in its entirety except for equity securities measured at FVOCI, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of asset derecognised) and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in the statement of profit or loss.

On derecognition of equity securities measured at FVOCI, any cumulative gain/loss recognised in other comprehensive income is not recognised in the statement of profit or loss, but retained in other comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(l) Impairment of Non-Financial Assets

The carrying amount of non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of the fair value less cost of disposal and the value in use, which is measured by reference to discounted cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is recognised in the statement of profit or loss in the period in which it arises. Subsequent increases 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. A reversal of impairment loss is recognised in the statement of profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Insurance Contract

(i) Product Classification

Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Company (the insurer) has 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. As a general guideline, the Company determines whether it has significant insurance risk, by considering whether upon the insured event the Company is required to pay additional benefits.

Investment contracts are those contracts that transfer significant financial risk but do not transfer significant insurance 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 rates, 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.

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 and investment 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) The amount or timing is contractually at the discretion of the issuer.

(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

- The profit or loss of the company, fund or other entity that issues the contract

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Insurance Contract (Cont'd.)

(i) Product Classification (Cont'd.)

Surpluses in the DPF funds can be distributed on an approximate 90/10 basis in accordance with BNM's guidelines - Management of Insurance Funds to the policyholders and the shareholder respectively. The Company has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities, including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance or investment contract liabilities, as appropriate.

For financial options and guarantees which are not closely related to the host insurance contract and/or investment contracts with DPF, bifurcation is required to measure these embedded derivatives separately at fair value through profit or loss. However, bifurcation is not required if the embedded derivative is itself an insurance contract and/or investment contract with DPF, or if the host insurance contract and/or investment contract itself is measured at fair value through profit or loss.

For the purpose of product classification, the Company adopts maximum policy benefits as the proxy for insurance risk and cash surrender value or discounted maturity value as the proxy for realisable value of the insurance contract. The Company defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at inception of the insurance contract. Based on this definition, all policy contracts issued by the Company are considered insurance contracts as at the date of this statement of financial position.

(ii) Types of Insurance Contracts

Insurance contract liabilities are classified into principal components as follows:

(a) Life Assurance contract liabilities comprising:

- Participating Fund contract liabilities;
- Non Participating Fund contract liabilities; and
- Investment Linked Fund contract liabilities.

(b) Reinsurance contracts

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Insurance Contract (Cont'd.)

(iii) Life Assurance Contract Liabilities

Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective insurance contracts and are based on regulatory guidelines. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserve as the case may be, are recognised in the statement of profit or loss of the respective funds.

The valuation of insurance contract liabilities is determined according to BNM's RBC Framework for Insurers and MFRS 4 *Insurance Contracts* ("MFRS 4"). The RBC Framework for Insurers issued by BNM meets the requirement of the Liability Adequacy Test under MFRS 4.

The Company performs liability adequacy tests on its life insurance liabilities to ensure that the carrying amount of provisions is sufficient to cover estimated future cash flows. When performing the liability adequacy test, the Company discounts all contractual cash flows and compares this amount against the carrying value of the liability. Any deficiency is charged to the statement of profit or loss.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. 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 expected future management and distribution expenses, less the present value of future gross consideration 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 liability in respect of a participating insurance contract is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities at the fund level derived as stated above.

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 policyholders, are set as the liabilities if the accumulated amount is higher than the amounts as calculated using the gross premium valuation method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Insurance Contract (Cont'd.)

(iii) Life Assurance Contract Liabilities (Cont'd.)

In the case of short-term life policies 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 Company.

<u>Risk transfer</u>

The Company issues a variety of short and long duration insurance contracts which transfer risks from the policyholders to the Company to protect policyholders from the consequences of insured events such as death, disability, illness, accident, including survival. These contracts may transfer both insurance and investment risk or insurance risk alone, from the policyholders to the Company.

For non-participating policy contracts, both insurance and investment risks are transferred from policyholders to the Company. For non-participating policy contracts other than medical insurance policy contracts, the payout to policyholders upon occurrence of the insured event is pre-determined and the transfer of risk is absolute. For medical insurance policy contracts, the payout is dependent on the actual medical cost incurred upon occurrence of the insured event.

Contracts which transfer significant insurance risk alone from policyholders to the Company are commonly known as investment-linked policies. As part of the pricing for these contracts, the Company includes certain charges and fees to cover for expenses and insured risk. The net investment returns derived from the variety of investment funds as selected by the policyholder accrue directly to the policyholder.

<u>Subsequent measurement of life insurance contract liabilities</u>

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Insurance Contract (Cont'd.)

(iii) Life Assurance Contract Liabilities (Cont'd.)

<u>Derecognition of life insurance contract liabilities</u>

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

<u>Insurance contracts and investment contracts with DPF</u>

A significant portion of insurance contracts issued by the Company contain discretionary participating features. These contracts are classified as participating policies. In addition to the guaranteed benefits payable upon occurrence of an insured event associated with human life such as death or disability, the contract entitles the policyholder to receive benefits which could vary according to investment performance of the fund. The Company does not recognise the guaranteed portion separately from the discretionary participating feature.

(n) Reinsurance Contracts

The Company cedes insurance risk in the normal course of its life insurance business. Reinsurance assets represent amounts receivable in respect of ceded insurance liabilities. These amounts are estimated in a manner consistent with the reinsured insurance contract liabilities, the outstanding claims provision or settled claims associated with the reinsurance contracts. Reinsurance assets arising from ceding of in-force book and gross onerous contracts are recognized in the same period when the gross liabilities are accrued.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the financial year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive part or all outstanding amounts due under the terms of the contract. The impairment loss is recorded in the statement of profit or loss. Gains or losses on reinsurance are recognised in the statement of profit or loss immediately at the date of contract and are not amortised.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Premiums and claims are presented on a gross basis for ceded reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(o) Life Insurance Underwriting Results

The surplus transferable from the Life Insurance Fund to the statement of profit or loss is based on the surplus determined by an annual actuarial valuation of the long term liabilities to policyholders.

(i) Gross Premium Income

Premium is recognised as soon as the amount of the premium can be reliably measured. First year premium is recognised from inception date and subsequent premium is recognised when it is due. For single premium business, revenue is recognised on the date on which the policy is effective. Premiums from the investment-linked business are recognised as revenue when payment is received.

At the end of the financial year, all due premiums are accounted for to the extent that they can be reliably measured. Premium not received on due date are recognised as revenue in the statement of profit or loss and reported as outstanding premiums in the statement of financial position.

(ii) Reinsurance Premiums

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

(iii) Creation of Units

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, are reflected in the statement of profit or loss. Net creation of units is recognised on a receipt basis.

(iv) Commission and Agency Expenses

Commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, net of income derived from reinsurers in the course of ceding of premium to reinsurers, are charged to the statement of profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(o) Life Insurance Underwriting Results (Cont'd.)

(v) Claims and Policy Benefits

Claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or when the insurer is notified.

Policy benefits are recognised in the accounts when the policyholder exercises the option to deposit the cash bonus and survival benefit with the Company when the benefits fall due. Policy benefits bear fixed interest rates as determined by the Company from time to time.

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

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

(b) 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;

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

(d) bonus on non-participating life policies upon declaration.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(p) Other Revenue Recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield of the asset.

Rental is recognised on an accrual basis.

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

All sales of investments are recognised on their trade dates i.e., the date the Company commits to sell the assets. Gains or losses arising from the sale of investments are calculated as the difference between net sales proceeds and the original or carrying amount and are credited or charged to the statement of profit or loss.

(q) Fees and Commission Income

Fees and commission income comprise mainly of management fee and reinsurance commission income. Management fee includes income earned from provision of investment management services for investment linked businesses. These fees income are recognised as revenue over the period in which the services are rendered.

(r) Foreign Currencies

(i) Functional and Presentation Currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(r) Foreign Currencies (Cont'd.)

(ii) Foreign Currency Transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency ("foreign currencies") are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in the statement of profit or loss. Exchange differences on equity investments classified as Fair Value Through Comprehensive Income financial assets are included in the fair value reserve in equity.

The principal exchange rates of foreign currency ruling at reporting date used are as follows:

	2022 RM	2021 RM
Singapore Dollar	3.28	3.09
United States Dollar	4.40	4.16
British Pound	5.29	5.63
Australian Dollar	2.99	3.03
Hong Kong Dollar	0.56	0.53
Japanese Yen	0.03	0.04
China Yuan	0.63	0.66

(s) Income Tax

Income tax in the statement of profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

In addition to paying tax on shareholder's profit, the life insurance business pays tax on policyholders' investment returns at a tax rate of 8%. Tax on policyholders is recognised as an expense and disclosed separately under taxation of life insurance business in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(s) Income Tax (Cont'd.)

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the statement of profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(t) Employee Benefits

(i) Defined Contribution Plans Under Statutory Regulations

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the statement of profit or loss as incurred.

(ii) Employee Leave Entitlements

An employee's entitlement to annual leave is estimated and accrued according to the Company’s Human Resource policy.

(iii) Share Options

Senior executives of the Company are granted share options in the OCBC Bank's Share Option Scheme as consideration for services rendered. Options granted generally vest in one-third increments over a 3-year period and expire between 5 and 10 years from date of grant. The cost of these equity-settled share based payment transactions with the senior executives is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. The cost is recognised in the statement of profit or loss of the respective insurance funds, with a corresponding increase in the intercompany balance with the ultimate holding company, over the vesting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(t) Employee Benefits (Cont'd.)

(iii) Share Options (Cont'd.)

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Company or the senior executives, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the statement of profit or loss upon cancellation.

The Company has ceased granting OCBC share options to eligible executives with effect from FY2019.

(iv) Deferred Share Plan

In addition to the OCBC Bank's Share Option Scheme, certain employees within the Company are granted OCBC shares under the OCBC Deferred Share Plan ("DSP"). For deferred share awards granted as part of variable performance bonus, half of the share awards will vest two years from the grant date and the remaining half will vest at the end of three years from the grant date. The cost of the DSP is recognised in the statement of profit or loss on the straight-line basis over the vesting period of the DSP.

At each reporting date, the cumulative expense is adjusted for the estimated number of shares granted under the DSP that have vested and/or lapsed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(u) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments with original maturity of three months or less from the date of acquisition, or are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

(v) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provision is discounted using a current pre-tax rate that reflects the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(w) 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 expenses are not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(x) Investment in subsidiary

A subsidiary is an entity over which the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's financial statements, investment in subsidiary, which relates to investment in collective investment scheme, is carried at fair value.

On disposal of such investment, the difference between the net disposal proceeds and its carrying amount is recognised as gain or loss on disposal in the statement of profit or loss.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following standards, amendments to standards and interpretation of standards:

On 1 January 2022, the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2022.

- Amendments to MFRS 116 *Proceeds before Intended Use*
- Amendments to MFRS 3 *Reference to the Conceptual Framework*
- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRSs 2018 – 2020 Cycle)*
- Annual Improvements to Illustrative Example accompanying MFRS 16 *Leases: Lease Incentives*
- Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 9 *Financial Instruments Fees in the 10 per cent Test for Derecognition of Financial Liabilities (Annual Improvements to MFRSs 2018 – 2020 Cycle)*

The adoption of the above standards and pronouncements did not have any significant impact on the financial statements of the Company.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following are standards, amendments to standards and interpretations to standards issued by MASB, but not yet effective, up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards, amendments to standards and interpretations to standards, if applicable, when they become effective:

Effective for financial periods beginning on or after 1 January 2023

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

Deferred

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Management expects that the adoption of the above standards, amendments to standards and interpretations to standards issued by MASB, but not yet effective, will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 17 *Insurance Contracts*

The Company will apply MFRS 17 for the first time on 1 January 2023. It is a comprehensive new accounting standard for insurance and reinsurance contracts covering recognition, measurement, presentation and disclosure, and is expected to have a material impact on the Company's financial statements in the period of initial application.

A. MFRS 17 Insurance Contracts

MFRS 17 replaces MFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023. The nature and effects of the changes in the Company accounting policies are summarised below.

i. Identifying contracts in the scope of MFRS 17

MFRS 17 establishes specific principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held by the Company.

The key principles of MFRS 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards; and
- Divides the insurance and reinsurance contracts into groups they will recognise and measure.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

ii. Level of aggregation

Under MFRS 17, insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into quarterly cohorts (by quarters) for life insurance into three groups based on the expected profitability of the contracts:

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

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts into quarterly cohorts (by quarters) for life reinsurance treaties:
(i) contracts for which there is a net gain at initial recognition, if any;
(ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio, if any.

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

The level of aggregation of MFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as a Contractual Service Margin ("CSM"), against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under MFRS 4 (i.e. portfolio of contracts level), the level of aggregation under MFRS 17 is more granular and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

iii. Contract Boundary

Under MFRS 17, the measurement of a group of insurance contracts includes all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

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

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

For life insurance contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by the Company by considering all the risks covered for the policyholder by the Company, that the Company would consider when underwriting equivalent contracts on the renewal dates for the remaining service.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

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

Cash flows that are not directly attributable to a portfolio of insurance contracts, are recognised in other operating expenses as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

iv. Measurement - Overview

MFRS 17 introduces a measurement model based on the estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM. For an explanation of how the Company will apply the measurement model, see Note 2.4A(v).

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

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

To avoid accounting mismatches between these contracts and their underlying items, the Company will adopt the consequential amendments introduced by MFRS 17 to other standards to measure owner-occupied properties that are underlying items as assets at fair value through profit or loss (“FVTPL”). Currently, the owner-occupied properties are measured at cost less accumulated depreciation less any impairment losses.

All other insurance and all reinsurance contracts are expected to be classified as contracts without direct participation features.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

v. Measurement – contracts not measured under the PAA

On initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash flows, and (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

If the total is a net outflow, then the group is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised.

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

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

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

v. Measurement – contracts not measured under the PAA (Cont'd.)

Contractual Service Margin ("CSM") (Cont'd.)

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

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

Subsequent Measurement

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

v. Measurement – contracts not measured under the PAA (Cont'd.)

Subsequent Measurement (Cont'd.)

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

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

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

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

The risk adjustment for non-financial risk will represent the amount of risk being transferred by the Company to the reinsurer.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

v. Measurement – contracts not measured under the PAA (Cont'd.)

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

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

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

Under MFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related insurance contracts.

MFRS 17 will require the Company to assess at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired.

<u>Impact assessment</u>
Under MFRS 17, all profits will be recognised in profit or loss over the life of the contracts, and this will primarily be driven by the timing of the recognition in profit or loss of the CSM as services are provided and the risk adjustment for non-financial risk as the related risk expires. The Company expects that, even though the total profit recognised over the lifetime of the contracts will not change, it will emerge differently under MFRS 17. This is mainly because, for certain Life contracts, all profits are currently recognised in profit or loss on initial recognition of the contracts. The different timing of profit recognition will result in an increase in liabilities on adoption of MFRS 17 because a portion of profits previously recognised and accumulated in equity under MFRS 4 will be included in the measurement of the liabilities under MFRS 17.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

v. Measurement – contracts not measured under the PAA (Cont'd.)

Impact assessment (Cont'd.)

The increase in liabilities for Life contracts on transition to MFRS 17 can mainly be attributed to the following.

Changes from MFRS 4	Impact on equity on transition to MFRS 17
The estimates of the present value of future cash flows will increase as a result of a reduction in the discount rates because of the MFRS 17 requirements to measure future cash flows using current discount rates.	Decrease
The risk adjustment for non-financial risk under MFRS 17 will be lower than the risk margin under MFRS 4 as a result of (a) recalibration of the measurement techniques to confirm with the MFRS 17 requirements, and (b) exclusion of financial risk and general operational risk from MFRS 17 risk adjustment for non-financial risk.	Increase
A CSM, determined using the transition approaches described under (2.4B), will be recognised for the unearned profit for these contracts.	Decrease

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

vi. Measurement – Significant Judgements and Estimates

The Company makes estimates, assumptions and judgements in its estimates of future cash flows, discount rates used, risk adjustments for non-financial risk, and CSM. The Company is still in the midst of finalizing the judgements and estimation techniques employed, which are subject to change until the Company finalizes its first financial statements.

vii. Presentation and disclosure

Under MFRS 17, for presentation in the balance sheet, the Company will aggregate portfolios of insurance and reinsurance contracts held and present separately:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

vii. Presentation and disclosure (Cont'd.)

The descriptions of the line items in the Statement of Profit or Loss will change significantly compared with the Company's current practice. Under MFRS 4, the Company reports the following line items: premiums, claims, maturities, surrenders and annuities and change in insurance contract liabilities. MFRS 17 requires separate presentation of:

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

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

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

Insurance service result comprises insurance revenue and insurance service expenses.

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

The requirements of MFRS 17 to recognise insurance revenue over the coverage period will result in slower revenue recognition compared with the Company's current practice of recognising revenue when the related premiums are written. Many insurance premiums include an investment (that is, deposit) component – an amount that will be paid to policyholders or their beneficiaries in all circumstances, regardless of whether an insured event occurs. The receipt and repayment of these non-distinct investment components do not relate to the provision of insurance services; therefore, such amounts are not presented as part of the insurer's revenue or insurance service expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

vii. Presentation and disclosure (Cont'd.)

<u>Insurance service expense</u>

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

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

<u>Insurance finance income or expenses</u>
Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:
(a) the effect of the time value of money and changes in the time value of money; and
(b) the effect of financial risk and changes in financial risk.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

A. MFRS 17 Insurance Contracts (Cont'd.)

vii. Presentation and disclosure (Cont'd.)

Insurance finance income or expenses (Cont'd.)

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

Disclosure
MFRS 17 requires extensive new disclosures about amounts recognised in the financial statements, including detailed reconciliations of contracts, effects of newly recognised contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying MFRS 17. There will also be expanded disclosures about the nature and extent of risks from insurance contracts and reinsurance contracts. Disclosures will generally be made at a more granular level than under MFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements.

B. Transition

The Company will restate the comparative information based on the transition approaches taken on adoption of MFRS 17.

Changes in accounting policies resulting from the adoption of MFRS 17 will be applied using the full retrospective approach to the extent practicable. The full retrospective approach was applied to insurance contracts that were originated less than one year prior to the effective date. The modified retrospective approach will be applied to certain groups of insurance contracts that were originated less than 10 years prior to the transition date. The fair value approach will be applied to the remaining insurance contracts in force at transition date.

Modified Retrospective Approach

The modified retrospective approach will be applied to certain groups of insurance contracts that were originated less than 10 years prior to the transition date. The application of the full retrospective approach on transition for these portfolios was determined to be impracticable for the Company, as obtaining all required historical data was not possible without undue cost and effort.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

B. Transition (Cont'd.)

Modified Retrospective Approach (Cont'd.)

The Company will be applying the following procedures to determine the CSM at initial recognition for these contracts:

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

The CSM at the transition date has been further determined by:

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

Fair Value Approach

The Company will apply the fair value approach to the remaining insurance contracts, as obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. Under the fair value approach, the Company determines the CSM of the liability for remaining coverage at the date of transition, as the difference between the fair value of a group of insurance contracts, measured in accordance with MFRS 13 *Fair Value Measurement*, and its fulfilment cash flows (“FCF”) at that date.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS 17 *Insurance Contracts (Cont'd.)*

B. Transition (Cont'd.)

Fair Value Approach (Cont'd.)

For the application of the fair value approach, the Company will use reasonable and supportable information available at the transition date in order to:
- Identify groups of insurance contracts
- Determine whether any contracts are direct participating insurance contracts
- Identify any discretionary cash flows for insurance contracts without direct participation features

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

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

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

Redesignation of Financial Assets and Classification Overlay
MFRS 17 allows for entities that had applied MFRS 9 to annual periods before the initial application of MFRS 17, to redesignate its financial assets to address possible accounting mismatches between financial assets and insurance contract liabilities. A transition option will be elected to apply classification overly for the financial assets as if the classification and measurement requirements of MFRS 9 had been applied to those financial assets during the comparative period. At the transition date, certain debt instruments which were previously presented at fair value through profit or loss will be reclassified to fair value through other comprehensive income.

Election of Fair Value Model for Owner-Occupied Properties
MFRS 17 introduced consequential amendments to MFRS 116 to measure owner-occupied properties that are underlying items of groups of insurance contracts with direct participation features using the fair value model in accordance with MFRS 140. In accordance with MFRS 108, this constitutes a change in accounting policy and is applied retrospectively. On transition date at 1 January 2022 , certain owner-occupied properties which were previously held at cost, will be measured at fair value, resulting in an increase in opening retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical Judgements Made in Applying Accounting Policies

The following are judgements made by management in the process of applying the Company's accounting policies that have significant effect on the amounts recognised in the financial statements.

(i) Classification Between Investment Properties and Property and Equipment (Notes 3 and 5)

The Company has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies to be classified as an investment property. Investment property is a property held to earn rental or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Impairment of Financial Assets (Note 34(g))

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(a) Critical Judgements Made in Applying Accounting Policies (Cont'd.)

(iii) Insurance Contract Classification (Note 12)

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Company. The Company exercises judgement about the level of insurance risk transferred. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. These additional benefits include claims liability and assessment costs, but exclude loss of the ability to charge the policyholder for future services. The assessment covers the whole of the expected term of the contract where such additional benefits could be payable.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Valuation of Life Insurance Contract Liabilities (Note 12)

The estimation of the ultimate liability arising from claims made under life insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the Company will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, disabilities, morbidities, voluntary terminations, investment returns and administration expenses. The Company relies on standard industry and reinsurance tables which represent historical experiences, and makes appropriate adjustments for its respective risk exposures in deriving the mortality, disability and morbidity estimates. These estimates provide the basis in the valuation of the future benefits to be paid to policyholders and ensure adequate provision of reserve which are monitored against current and future premiums. For those contracts that insure risk on longevity and disability, estimates are made based on recent past experience and emerging trends. Epidemics and changing patterns of lifestyle could result in significant changes to the expected future exposures. At each reporting date, these estimates are assessed for adequacy and changes will be reflected as adjustments to the insurance contract liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) Key Sources of Estimation Uncertainty (Cont'd.)

(ii) Agents' Retirement Benefits (Note 14)

The carrying amount for ARB is calculated in accordance with the terms and conditions of the agreement, which stipulate that upon the agent maintaining his position for the qualifying year and achieving the required personal sales and minimum new business, the Company shall allocate to the agent a deferred benefit/retirement benefit. Interest will be accrued based on an estimated rate at the end of the financial year on the deferred benefit/retirement benefit accumulated with adjustment made subsequent to the year end when the participating fund rate of return is known or when the dividend rate is declared by the EPF.

The Company will adjust the carrying amount amount of ARB to reflect the actual and revised estimated cash flows, to cover estimated liability for future benefits payable. The ARB shall become vested and payable upon fulfilment of the stipulated conditions.

Judgement is required to:

(i) determine whether the Agreements contain significant insurance risk; and
(ii) estimate the changes in ARB to be made, based upon the likely fulfilment of the conditions and occurrence of the claimable event.

At each reporting year, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the carrying amount.

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3. PROPERTY AND EQUIPMENT

(a) OWNED

	Properties								
	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land RM'000	Capital Work-in-Progress RM'000	Motor Vehicles RM'000	Office Machinery RM'000	Office Furniture and Fittings RM'000	Computer Equipment RM'000	Total RM'000
Cost									
At 1 January 2022	11,907	341,363	100,933	49	1,750	90,645	38,602	255,713	840,962
Additions	-	-	-	25	200	1,483	821	7,099	9,628
Disposals	-	-	-	-	(329)	-	(26)	(739)	(1,094)
Reclassification	-	-	-	-	-	-	-	-	-
Transfer to investment properties (Note 5)	-	-	-	(25)	-	-	-	-	(25)
Write-offs	-	-	-	(49)	-	-	-	-	(49)
At 31 December 2022	11,907	341,363	100,933	-	1,621	92,128	39,397	262,073	849,422
Accumulated Depreciation and Impairment									
At 1 January 2022	-	154,231	33,666	-	1,241	85,097	27,631	235,114	536,980
Depreciation charge for the year (Note 25)	-	8,849	-	-	214	2,278	2,190	10,146	23,677
Disposals	-	-	-	-	(329)	-	(3)	(739)	(1,071)
At 31 December 2022	-	163,080	33,666	-	1,126	87,375	29,818	244,521	559,586
Net Book Value									
At 31 December 2022	11,907	178,283	67,267	-	495	4,753	9,579	17,552	289,836

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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3. PROPERTY AND EQUIPMENT (CONT'D.)

(a) OWNED (CONT'D.)

	Properties								
	Freehold Land RM'000	Buildings on Freehold Land RM'000	Buildings on Leasehold Land RM'000	Capital Work-in-Progress RM'000	Motor Vehicles RM'000	Office Machinery RM'000	Office Furniture and Fittings RM'000	Computer Equipment RM'000	Total RM'000
Cost									
At 1 January 2021	11,907	341,213	100,933	81,602	1,750	89,980	37,850	647,144	1,312,379
Additions	-	-	-	39,838	-	668	752	65,138	106,396
Disposals	-	-	-	-	-	(3)	-	-	(3)
Reclassification	-	150	-	(150)	-	-	-	(456,569)	(456,569)
Transfer to investment properties (Note 5)	-	-	-	(119,715)	-	-	-	-	(119,715)
Write-offs	-	-	-	(1,526)	-	-	-	-	(1,526)
At 31 December 2021	11,907	341,363	100,933	49	1,750	90,645	38,602	255,713	840,962
Accumulated Depreciation and Impairment									
At 1 January 2021	-	147,399	31,649	-	1,043	82,259	25,329	493,522	781,201
Depreciation charge for the year (Note 25)	-	6,832	2,017	-	198	2,838	2,302	10,527	24,714
Reclassification	-	-	-	-	-	-	-	(268,935)	(268,935)
At 31 December 2021	-	154,231	33,666	-	1,241	85,097	27,631	235,114	536,980
Net Book Value									
At 31 December 2021	11,907	187,132	67,267	49	509	5,548	10,971	20,599	303,982

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3. PROPERTY AND EQUIPMENT (CONT'D.)

(a) OWNED (CONT'D.)

Included in property and equipment are the cost of fully depreciated assets which are still in use amounting to RM328,286,001 (2021: RM318,904,394).

Included in property and equipment are properties with a total net book value amounting to RM30,340,984 (2021: RM31,034,330) for which title deeds are still in the process of being transferred to the Life Insurance Fund.

(b) RIGHT-OF-USE ASSETS

	Long Term Leasehold Land RM'000	Other Right-of-Use Assets RM'000	Total RM'000
Cost			
At 1 January 2022	17,906	5,523	23,429
Additions	-	281	281
At 31 December 2022	17,906	5,804	23,710
Accumulated amortisation/depreciation			
At 1 January 2022	(2,067)	(3,086)	(5,153)
Charge for the year (Note 25)	(138)	(989)	(1,127)
At 31 December 2022	(2,205)	(4,075)	(6,280)
Net Book Value			
At 31 December 2022	15,701	1,729	17,430
Cost			
At 1 January 2021	17,906	5,336	23,242
Additions	-	187	187
At 31 December 2021	17,906	5,523	23,429
Accumulated amortisation/depreciation			
At 1 January 2021	(1,929)	(1,947)	(3,876)
Charge for the year (Note 25)	(138)	(1,139)	(1,277)
At 31 December 2021	(2,067)	(3,086)	(5,153)
Net Book Value			
At 31 December 2021	15,839	2,437	18,276

3. PROPERTY AND EQUIPMENT (CONT'D.)

(b) RIGHT-OF-USE ASSETS (CONT'D.)

This note provides information for leases where the Company is a lessee.

The Company has entered into operating lease agreements for computer equipment and office rental. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 3 years. Several of these lease contracts also include extension and termination options.

The Company also has certain leases of office equipment and carparks with lease terms of 12 months or less and leases with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognised in profit or loss:

	2022 RM'000	2021 RM'000
Depreciation expense of right-of-use assets	989	1,139
Interest expense on lease liabilities	77	44
Expense relating to leases of low-value assets	80	104
Expense relating to short-term leases	4	6
Total amount recognised in profit or loss	**1,150**	1,293

The total cash outflow for leases in 2022 was RM1,036,171 (2021: RM1,226,675).

(c) LEASE LIABILITIES

	Lease Liabilities: Buildings RM'000	Lease Liabilities: Office equipment RM'000	Total RM'000
Lease liabilities			
At 1 January 2022	1,887	1,054	2,941
Additions	280	-	280
Payment of lease liabilities	(496)	(456)	(952)
Interest expense on lease liabilities (Note 25)	33	44	77
At 31 December 2022	1,704	642	2,346
Lease liabilities			
At 1 January 2021	2,262	1,565	3,827
Additions	187	-	187
Payment of lease liabilities	(537)	(580)	(1,117)
Interest (income)/expense on lease liabilities (Note 25)	(25)	69	44
At 31 December 2021	1,887	1,054	2,941

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4. INTANGIBLE ASSETS

	Distribution Platform RM'000	Computer Software RM'000	Total RM'000
Cost			
At 1 January 2022	4,372	456,603	460,975
Additions	-	39,037	39,037
Disposals	-	(181)	(181)
At 31 December 2022	4,372	495,459	499,831
Accumulated Amortisation			
At 1 January 2022	(1,401)	(297,397)	(298,798)
Amortisation for the year (Note 25)	(673)	(31,646)	(32,319)
At 31 December 2022	(2,074)	(329,043)	(331,117)
Net Book Value			
At 31 December 2022	2,298	166,416	168,714
Cost			
At 1 January 2021	4,372	-	4,372
Additions	-	475	475
Disposals	-	(441)	(441)
Reclassification	-	456,569	456,569
At 31 December 2021	4,372	456,603	460,975
Accumulated Amortisation			
At 1 January 2021	(728)	-	(728)
Amortisation for the year (Note 25)	(673)	(28,487)	(29,160)
Disposals	-	25	25
Reclassification	-	(268,935)	(268,935)
At 31 December 2021	(1,401)	(297,397)	(298,798)
Net Book Value			
At 31 December 2021	2,971	159,206	162,177

5. INVESTMENT PROPERTIES

	2022 RM'000	2021 RM'000
At 1 January	1,214,270	1,129,470
Additions	2,096	539
Transfer from property and equipment (Note 3)	25	119,715
Transfer to non-current assets held-for-sale (Note 6)	(238,000)	-
Fair value loss (Note 22)	(1,891)	(35,454)
At 31 December	976,500	1,214,270

The Company's investment properties consist of commercial and residential properties in Malaysia.

As at 31 December 2022, the fair values of the properties are based on valuations performed by Messrs. C H Williams Talhar & Wong Sdn. Bhd. (2021: Messrs. C H Williams Talhar & Wong Sdn. Bhd.), an accredited independent firm of property valuers. The property valuers are specialists in valuing these types of investment properties. The valuation models applied are in accordance with that recommended by the International Valuation Standards Committee and meets the requirements of MFRS 13 *Fair Value Measurements*.

The amount of rental income and expenses recorded in the statement of profit or loss in respect of investment properties of the Company, is as follows:

	2022 RM'000	2021 RM'000
Rental income derived from investment properties	43,421	47,922
Direct operating expenses (including repairs and maintenance) incurred in generating rental income	(18,782)	(18,885)
	24,639	29,037

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value disclosures for investment properties have been provided in Note 35.

The Company has determined that the highest and best use of the properties used for commercial and residential purposes is its current use.

6. NON-CURRENT ASSETS HELD-FOR-SALE

	2022 RM'000	2021 RM'000
At 1 January		
Transferred from investment properties, at fair value (Note 5)	238,000	-
At 31 December	238,000	-

During the financial year, the Company had one property classified as held-for-sale.

The Company has signed a sale and purchase agreement (“SPA”) for the disposal of an investment property and the sale is expected to be completed in 2023.

The Company has performed an internal valuation exercise to determine the need for any impairment losses to be recognised to reflect the fair value of the properties. The fair value of the properties is categorised under Level 3 of the fair value hierarchy of MFRS 13 *Fair Value Measurements.*

The Level 3 inputs or unobservable inputs include:
- Rental per square foot per month
- Rental growth rate (upon revisionary)
- Long-term vacancy rate
- Discount rate
- Estimated Value per square foot

The significant unobservable input is the average value per square feet of the properties. The value of unobservable input used were in the range of RM2.50 to RM5.80 per square foot as 31 December 2022 (2021: RM2.50 to RM5.40 per square foot). The fair value would increase/(decrease) if the value per square feet used is higher/(lower).

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7. INVESTMENTS

	2022				2021			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
Malaysian government securities	181,327	10,509,234	652,141	11,342,702	83,880	9,487,774	477,719	10,049,373
Debt securities	773,355	35,354,446	2,327,372	38,455,173	519,168	34,636,990	1,974,321	37,130,479
Equity securities	574,844	17,603,224	7,940,555	26,118,623	539,408	18,186,551	7,988,419	26,714,378
Unit and property trust funds	-	2,243,937	195,843	2,439,780	-	3,051,586	225,965	3,277,551
Loans	3,044	5,125,509	-	5,128,553	1,979	5,400,426	-	5,402,405
Investment in subsidiary:								
Collective investment scheme	613,089	1,003,742	-	1,616,831	834,858	738,968	-	1,573,826
	2,145,659	71,840,092	11,115,911	85,101,662	1,979,293	71,502,295	10,666,424	84,148,012
The Company's financial investments are summarised by categories as follows:								
AC (Note 7(a))	3,044	5,125,509	-	5,128,553	1,979	5,400,426	-	5,402,405
FVOCI (Note 7(b))	1,430,688	2,868,518	-	4,299,206	1,073,779	2,509,988	-	3,583,767
FVTPL (Note 7(c))	711,927	63,846,065	11,115,911	75,673,903	903,535	63,591,881	10,666,424	75,161,840
	2,145,659	71,840,092	11,115,911	85,101,662	1,979,293	71,502,295	10,666,424	84,148,012
The following investments mature after 12 months:								
AC	2,287	445,882	-	448,169	1,979	524,610	-	526,589
FVOCI	814,577	2,092,819	-	2,907,396	510,101	1,787,957	-	2,298,058
FVTPL	95,808	42,043,064	3,170,164	45,309,036	51,529	38,646,497	2,625,096	41,323,122
	912,672	44,581,765	3,170,164	48,664,601	563,609	40,959,064	2,625,096	44,147,769

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

(a) AC

	2022				2021			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
At Amortised Cost:								
Policy loans	-	4,656,520	-	4,656,520	-	4,630,062	-	4,630,062
Mortgage loans	-	37	-	37	-	300,697	-	300,697
Secured loans	-	1,675	-	1,675	-	1,443	-	1,443
Unsecured loans	3,044	487,378	-	490,422	1,979	498,638	-	500,617
	3,044	5,145,610	-	5,148,654	1,979	5,430,840	-	5,432,819
Provision for expected credit loss ("ECL") (Note 34(g))	-	(20,101)	-	(20,101)	-	(30,414)	-	(30,414)
	3,044	5,125,509	-	5,128,553	1,979	5,400,426	-	5,402,405

The carrying value of the policy loans, secured loans and unsecured loans are reasonable approximations of fair value due to the insignificant impact of discounting.

The fair values of the mortgage loans have been established by comparing current market interest rates for similar financial instruments to the rates offered when the mortgage loans were first recognised together with appropriate market credit adjustments.

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7. INVESTMENTS (CONT'D.)

(b) FVOCI

	2022				2021			
	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
At Fair Value:								
Equity securities:								
Quoted in Malaysia								
- Kuala Lumpur Stock Exchange	387,292	305,159	-	692,451	329,691	295,163	-	624,854
Quoted outside Malaysia								
- Singapore Exchange	52,708	146,691	-	199,399	84,057	151,518	-	235,575
- Hong Kong Exchange	121,011	162,992	-	284,003	99,537	148,316	-	247,853
Unquoted in Malaysia	-	65,840	-	65,840	-	75,271	-	75,271
Malaysian government securities	181,327	523,416	-	704,743	83,880	500,259	-	584,139
Debt securities:								
Unquoted in Malaysia	688,350	1,664,420	-	2,352,770	476,614	1,339,461	-	1,816,075
	1,430,688	2,868,518	-	4,299,206	1,073,779	2,509,988	-	3,583,767

During the financial year ended 31 December 2022, the Company sold listed equity securities as the underlying investments are no longer aligned with the Company's long-term investment strategy. These investments had a fair value of RM278,240,503 (2021: RM264,272,862) at the date of disposal. The cumulative loss on disposal (net of tax) of RM31,681,000 (2021: cumulative loss on disposal (net of tax) of RM9,304,000) was reclassified from fair value reserve to retained earnings.

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7. INVESTMENTS (CONT'D.)

(c) FVTPL

	2022 Shareholder's Fund RM'000	2022 Life Insurance Fund RM'000	2022 Investment-linked RM'000	2022 Total RM'000	2021 Shareholder's Fund RM'000	2021 Life Insurance Fund RM'000	2021 Investment-linked RM'000	2021 Total RM'000
At Fair Value:								
Mandatorily measured:								
Equity securities:								
Quoted in Malaysia	-	13,485,073	7,115,615	20,600,688	-	13,881,857	7,114,692	20,996,549
Quoted outside Malaysia	-	2,977,045	533,145	3,510,190	-	3,140,944	497,444	3,638,388
Unquoted in Malaysia	13,833	353,020	270,314	637,167	26,123	386,686	354,923	767,732
Unquoted outside Malaysia	-	107,404	21,481	128,885	-	106,796	21,360	128,156
Debt securities:								
Quoted in Malaysia	-	-	769	769	-	-	831	831
Quoted outside Malaysia	-	271,132	-	271,132	-	330,486	-	330,486
Unquoted in Malaysia	85,005	2,903,727	179,952	3,168,684	42,554	2,267,907	148,381	2,458,842
Unquoted outside Malaysia	-	104,702	17,541	122,243	-	177,770	29,727	207,497
Unit and property trust funds:								
Quoted in Malaysia	-	345,106	91,458	436,564	-	337,529	132,350	469,879
Quoted outside Malaysia	-	219,977	102,661	322,638	-	229,629	91,447	321,076
Unquoted outside Malaysia	-	1,483,705	1,724	1,485,429	-	2,263,459	2,168	2,265,627
Unquoted in Malaysia	-	195,149	-	195,149	-	220,969	-	220,969
Collective investment schemes - subsidiary								
Unquoted in Malaysia	613,089	1,003,742	-	1,616,831	834,858	738,968	-	1,573,826
	711,927	23,449,782	8,334,660	32,496,369	903,535	24,083,000	8,393,323	33,379,858

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7. INVESTMENTS (CONT'D.)

(c) FVTPL (CONT'D.)

	2022 Shareholder's Fund RM'000	2022 Life Insurance Fund RM'000	2022 Investment-linked RM'000	2022 Total RM'000	2021 Shareholder's Fund RM'000	2021 Life Insurance Fund RM'000	2021 Investment-linked RM'000	2021 Total RM'000
At Fair Value (Cont'd.):								
Designated upon initial recognition:								
Malaysian government securities	-	9,985,818	652,141	10,637,959	-	8,987,515	477,719	9,465,234
Debt securities:								
Unquoted in Malaysia	-	30,410,465	2,129,110	32,539,575	-	30,521,366	1,795,382	32,316,748
	-	40,396,283	2,781,251	43,177,534	-	39,508,881	2,273,101	41,781,982
	711,927	63,846,065	11,115,911	75,673,903	903,535	63,591,881	10,666,424	75,161,840

7. INVESTMENTS (CONT'D.)

(d) Investment in subsidiary - collective investment scheme

	2022 RM'000	2021 RM'000
At fair value:		
FVTPL (Note 7(c))	1,616,831	1,573,826

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

Name of wholesale unit trust fund	Principal activities	% of ownership interest held by the Company 2022	2021
Affin Hwang Wholesale Equity Fund 2 (i)	Investment in equity and collective investment schemes	99.80%	99.80%
Affin Hwang Wholesale Income Fund (ii)	Investment in debt securities and money market	96.50%	93.44%
Aminstitutional Income Bond Fund (iii)	Investment in debt securities and money market	66.60%	70.32%

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

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

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

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

7. INVESTMENTS (CONT'D.)

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

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

The accounting policy on investment in subsidiary is set out in Note 2.2(x).

8. REINSURANCE ASSETS

Life Insurance Fund

	2022 RM'000	2021 RM'000
Reinsurance of insurance contracts (Note 12)	145,796	128,057

9. INSURANCE RECEIVABLES

Life Insurance Fund

	2022 RM'000	2021 RM'000
Due premiums including agents/brokers and co-insurers balances	207,738	193,664
Due from reinsurers	53,331	179,307
	261,069	372,971
Allowance for impairment	(18,677)	(18,288)
	242,392	354,683

9. INSURANCE RECEIVABLES (CONT'D.)

	2022 RM'000	2021 RM'000
Movement in impairment allowance account:		
At 1 January	18,288	15,957
Impairment for the year	389	2,331
At 31 December	18,677	18,288

The carrying amounts disclosed above approximate fair values due to their relatively short term nature.

The Company's amounts due from reinsurers that have been offset against amount due to reinsurers are as follows:

	Gross carrying amount RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
31 December 2022			
Premiums ceded	(166,855)	-	(166,855)
Commissions receivable	-	5,606	5,606
Claims recoveries	-	214,580	214,580
	(166,855)	220,186	53,331
31 December 2021			
Premiums ceded	(88,641)	-	(88,641)
Commissions receivable	-	55,292	55,292
Claims recoveries	-	212,656	212,656
	(88,641)	267,948	179,307

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10. OTHER RECEIVABLES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
At 31 December 2022				
Non-financial assets				
Prepayments	-	5,842	-	5,842
Financial assets				
Income due and accrued	11,801	651,655	53,987	717,443
Other receivables	-	10,599	-	10,599
Amount due from:				
- related companies	2,043	-	-	2,043
- holding company	151	-	-	151
	13,995	662,254	53,987	730,236
Allowance for impairment	-	(290)	-	(290)
	13,995	661,964	53,987	729,946
Total other receivables	13,995	667,806	53,987	735,788
Receivable after 12 months	-	2,562	-	2,562
At 31 December 2021				
Non-financial assets				
Prepayments	-	5,380	-	5,380
Financial assets				
Income due and accrued	8,115	652,766	62,687	723,568
Other receivables	-	11,170	-	11,170
Amount due from:				
- related companies	1,945	-	-	1,945
- holding company	130	-	-	130
	10,190	663,936	62,687	736,813
Allowance for impairment	-	(407)	-	(407)
	10,190	663,529	62,687	736,406
Total other receivables	10,190	668,909	62,687	741,786
Receivable after 12 months	-	2,565	-	2,565

10. OTHER RECEIVABLES (CONT'D.)

Related companies in these financial statements refer to companies within Oversea-Chinese Banking Corporation Limited ("OCBC Group"). The amounts due from related companies and holding company are unsecured, interest-free and are repayable on demand.

	2022 RM'000	2021 RM'000
Movement in impairment allowance account:		
Individual impairment:		
At 1 January	407	787
Reversal of impairment for the year	(117)	(380)
At 31 December	290	407

There were no collectively impaired other receivables for the years ended 31 December 2022 and 2021.

The carrying amounts disclosed above approximate fair values due to their relatively short term nature.

11. SHARE CAPITAL

	2022		2021	
	No. of shares ('000)	RM'000	No. of shares ('000)	RM'000
Ordinary shares				
At beginning and end of year	100,000	100,000	100,000	100,000

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12. INSURANCE CONTRACT LIABILITIES

Life Insurance Fund

	2022 Gross RM'000	2022 Reinsurance RM'000	2022 Net RM'000	2021 Gross RM'000	2021 Reinsurance RM'000	2021 Net RM'000
Provision for outstanding claims	12,802,944	(61,584)	12,741,360	11,982,793	(52,950)	11,929,843
Actuarial liabilities	54,753,939	(84,212)	54,669,727	54,795,690	(75,107)	54,720,583
Unallocated surplus	4,659,290	-	4,659,290	6,101,606	-	6,101,606
Net asset value attributable to unitholders	12,672,448	-	12,672,448	11,753,019	-	11,753,019
	84,888,621	(145,796)	84,742,825	84,633,108	(128,057)	84,505,051

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12. INSURANCE CONTRACT LIABILITIES (CONT'D.)

	Gross			Reinsurance			
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
At 1 January 2022	66,035,656	18,597,452	84,633,108	(23,867)	(104,190)	(128,057)	84,505,051
Premiums received	2,034,585	1,863,790	3,898,375	(65,375)	(254,497)	(319,872)	3,578,503
Liabilities paid for death, maturities, surrenders, benefits and claims	(4,738,931)	(657,615)	(5,396,546)	41,081	335,037	376,118	(5,020,428)
Policy movements	125,097	1,325,315	1,450,412	363	(9,467)	(9,104)	1,441,308
Interest rate	(1,126)	(123,897)	(125,023)	-	-	-	(125,023)
Adjustments due to changes in assumptions:							
Mortality/morbidity	(262,513)	23,156	(239,357)	-	-	-	(239,357)
Expenses	(29,206)	(6,521)	(35,727)	-	-	-	(35,727)
Lapse	2,334	7,116	9,450	-	-	-	9,450
Others	(700,302)	(161,916)	(862,218)	-	-	-	(862,218)
Model change	(17,305)	(221,979)	(239,284)	-	-	-	(239,284)
Claims benefit experience variation	719,234	100,916	820,150	25,042	(89,923)	(64,881)	755,269
Net asset value attributable to unitholders	-	(286,748)	(286,748)	-	-	-	(286,748)
Unallocated deficit	1,262,029	-	1,262,029	-	-	-	1,262,029
At 31 December 2022	64,429,552	20,459,069	84,888,621	(22,756)	(123,040)	(145,796)	84,742,825

Policy benefits bear interest at 4.40% per annum.

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12. INSURANCE CONTRACT LIABILITIES (CONT'D.)

	Gross			Reinsurance			
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net RM'000
At 1 January 2021	67,735,651	16,263,156	83,998,807	(25,579)	(93,794)	(119,373)	83,879,434
Premiums received	2,285,238	1,783,900	4,069,138	(67,370)	(163,468)	(230,838)	3,838,300
Liabilities paid for death, maturities, surrenders, benefits and claims	(4,213,377)	(536,377)	(4,749,754)	47,947	316,947	364,894	(4,384,860)
Policy movements	592,489	1,485,658	2,078,147	692	(8,102)	(7,410)	2,070,737
Interest rate	(5,757)	(395,350)	(401,107)	-	-	-	(401,107)
Adjustments due to changes in assumptions:							
Mortality/morbidity	(305,345)	(11,959)	(317,304)	-	-	-	(317,304)
Expenses	39,942	(13,232)	26,710	-	-	-	26,710
Lapse	226	(2)	224	-	-	-	224
Others	(348,509)	44,221	(304,288)	-	20,582	20,582	(283,706)
Model change	(8,241)	(3,846)	(12,087)	-	-	-	(12,087)
Claims benefit experience variation	726,116	80,876	806,992	20,443	(176,355)	(155,912)	651,080
Net asset value attributable to unitholders	-	(99,593)	(99,593)	-	-	-	(99,593)
Unallocated deficit	(462,777)	-	(462,777)	-	-	-	(462,777)
At 31 December 2021	66,035,656	18,597,452	84,633,108	(23,867)	(104,190)	(128,057)	84,505,051

Policy benefits bear interest at 4.5% per annum.

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13. DERIVATIVES

	Asset		Liability	
	Notional Principal RM'000	Fair Value RM'000	Notional Principal RM'000	Fair Value RM'000
31 December 2022				
Life Insurance Fund				
Derivatives held for trading:				
Currency swaps	56,734	315	265,901	3,948
Bond Forward	50,000	852	710,000	15,650
	106,734	1,167	975,901	19,598
Investment-linked				
Derivatives held for trading:				
Currency swaps	-	-	27,620	544
Forward Foreign Exchange	-	-	17,840	66
	106,734	1,167	1,021,361	20,208
31 December 2021				
Life Insurance Fund				
Derivatives held for trading:				
Currency swaps	137,839	2,023	357,863	17,192
Bond Forward	440,000	5,308	380,000	4,428
	577,839	7,331	737,863	21,620
Investment-linked				
Derivatives held for trading:				
Currency swaps	-	-	48,360	2,143
Forward Foreign Exchange	-	-	486	1
	577,839	7,331	786,709	23,764

14. AGENTS' RETIREMENT BENEFITS

Life Insurance Fund

	2022 RM'000	2021 RM'000
At 1 January	884,985	885,877
Changes in ARB for the year	116,328	56,146
Paid during the year	(52,690)	(57,038)
At 31 December	948,623	884,985
Payable after 12 months	511,580	486,518

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15. DEFERRED TAXATION

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
At 1 January 2022	293,814	268,359	23,838	586,011
Recognised in:				
Statement of Profit or Loss (Note 26)	75,825	(139,079)	(21,253)	(84,507)
Other comprehensive income	1,209	-	-	1,209
At 31 December 2022	370,848	129,280	2,585	502,713
At 1 January 2021	275,181	514,451	42,497	832,129
Recognised in:				
Statement of Profit or Loss (Note 26)	31,106	(246,092)	(18,659)	(233,645)
Other comprehensive income	(12,473)	-	-	(12,473)
At 31 December 2021	293,814	268,359	23,838	586,011

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.

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
Presented after appropriate offsetting as follows:				
At 31 December 2022				
Deferred tax liabilities	392,475	130,885	2,585	525,945
Deferred tax assets	(21,627)	(1,605)	-	(23,232)
	370,848	129,280	2,585	502,713

GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
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15. DEFERRED TAXATION (CONT'D.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
At 31 December 2021				
Deferred tax liabilities	314,133	270,789	23,838	608,760
Deferred tax assets	(20,319)	(2,430)	-	(22,749)
	293,814	268,359	23,838	586,011

The components and movements of deferred tax liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities

	Fair value of investment assets RM'000	Unallocated Surplus of Non-Participating Funds RM'000	Total RM'000
Shareholder's Fund			
At 1 January 2022	-	314,133	314,133
Recognised in statement of profit or loss	-	78,342	78,342
At 31 December 2022	-	392,475	392,475
At 1 January 2021	2,138	275,487	277,625
Transfer to Deferred Tax Asset	(2,138)	-	(2,138)
Recognised in statement of profit or loss	-	38,646	38,646
At 31 December 2021	-	314,133	314,133

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15. DEFERRED TAXATION (CONT'D.)

Deferred Tax Liabilities (Cont'd.)

	Fair value of investment properties RM'000	Fair value of investment assets RM'000	Accelerated capital allowance on property and equipment RM'000	Total RM'000
Life Insurance Fund				
At 1 January 2022	14,611	251,415	4,763	270,789
Recognised in statement of profit or loss	(162)	(138,160)	(1,582)	(139,904)
At 31 December 2022	14,449	113,255	3,181	130,885
At 1 January 2021	17,458	495,143	2,843	515,444
Recognised in statement of profit or loss	(2,847)	(243,728)	1,920	(244,655)
At 31 December 2021	14,611	251,415	4,763	270,789

	Fair value of investment assets RM'000	Total RM'000
Investment-linked		
At 1 January 2022	23,838	23,838
Recognised in statement of profit or loss	(21,253)	(21,253)
At 31 December 2022	2,585	2,585
At 1 January 2021	42,497	42,497
Recognised in statement of profit or loss	(18,659)	(18,659)
At 31 December 2021	23,838	23,838

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15. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax assets during the financial year prior to offsetting are as follows:

Deferred Tax Assets

	Accretion of discounts on investments RM'000	Fair value of investment assets RM'000	Provision for impairment of investments RM'000	Total RM'000
Shareholder's Fund				
At 1 January 2022	(3,090)	(15,257)	(1,972)	(20,319)
Recognised in statement of profit or loss	(182)	(2,335)	-	(2,517)
Recognised in comprehensive income	-	343	866	1,209
At 31 December 2022	(3,272)	(17,249)	(1,106)	(21,627)
At 1 January 2021	(2,444)	-	-	(2,444)
Transfer from Deferred Tax Liabiilties	-	2,138	-	2,138
Recognised in statement of profit or loss	(646)	(6,894)	-	(7,540)
Recognised in comprehensive income	-	(10,501)	(1,972)	(12,473)
At 31 December 2021	(3,090)	(15,257)	(1,972)	(20,319)

	Provision for impairment of investments RM'000
Life Insurance Fund	
At 1 January 2022	(2,430)
Recognised in statement of profit or loss	825
At 31 December 2022	(1,605)
At 1 January 2021	(993)
Recognised in statement of profit or loss	(1,437)
At 31 December 2021	(2,430)

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16. OTHER FINANCIAL LIABILITIES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
31 December 2022				
Outstanding purchases of investment securities	-	115,885	4,663	120,548
Interest payable	-	13,235	2,572	15,807
	-	129,120	7,235	136,355
31 December 2021				
Outstanding purchases of investment securities	-	21,647	8,664	30,311
Interest payable	-	12,833	2,088	14,921
	-	34,480	10,752	45,232

The carrying amounts disclosed above approximate fair values at the reporting date due to their relatively short term nature.

17. INSURANCE PAYABLES

	2022 RM'000	2021 RM'000
Life Insurance Fund		
Due to reinsurers	41,226	26,923
Due to agents and intermediaries	377,337	349,731
	418,563	376,654

17. INSURANCE PAYABLES (CONT'D.)

The carrying amounts disclosed above approximate fair value at the reporting date.

The Company's amount due to reinsurers that have been offset against amount due from reinsurers are as follows:

	Gross carrying amount RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
31 December 2022			
Premiums ceded	169,018	-	169,018
Commissions receivable	-	(2,294)	(2,294)
Claims recoveries	-	(125,498)	(125,498)
	169,018	(127,792)	41,226
31 December 2021			
Premiums ceded	130,801	-	130,801
Commissions receivable	-	(1,992)	(1,992)
Claims recoveries	-	(101,886)	(101,886)
	130,801	(103,878)	26,923

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18. OTHER PAYABLES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
31 December 2022				
Non-financial liabilities				
Accrued expenses	13,019	118,393	66	131,478
Premium suspense	-	58,370	-	58,370
	13,019	176,763	66	189,848
Financial liabilities				
Deposits from tenants	-	18,591	-	18,591
Dividends payable	3,196	-	-	3,196
Advance premium	-	288,350	-	288,350
Amount due to ultimate holding company	1,274	-	-	1,274
Amount due to intermediate holding company	9,786	-	-	9,786
Others	9,562	123,647	324	133,533
	23,818	430,588	324	454,730
Total payables	36,837	607,351	390	644,578
31 December 2021				
Non-financial liabilities				
Accrued expenses	18	127,312	56	127,386
Premium suspense	-	50,408	-	50,408
	18	177,720	56	177,794
Financial liabilities				
Deposits from tenants	-	19,695	-	19,695
Dividends payable	3,188	-	-	3,188
Advance premium	-	291,480	-	291,480
Amount due to ultimate holding company	594	-	-	594
Amount due to intermediate holding company	21,514	-	-	21,514
Others	13,252	78,787	62	92,101
	38,548	389,962	62	428,572
Total payables	38,566	567,682	118	606,366

18. OTHER PAYABLES (CONT'D.)

The amounts due to intermediate holding and ultimate holding companies are unsecured, interest-free and are repayable on demand.

19. NET EARNED PREMIUMS

Life Insurance Fund

	2022 RM'000	2021 RM'000
(a) Gross earned premiums		
Life insurance contracts	9,821,920	9,674,518
(b) Earned premiums ceded to reinsurers		
Life insurance contracts	(319,872)	(230,839)
Net earned premiums	9,502,048	9,443,679

20. NET INVESTMENT INCOME

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2022			
Rental income from:			
- investment properties	-	43,421	43,421
- owner occupied properties	-	24,215	24,215
Financial assets at FVTPL			
- mandatorily measured:			
Interest income	4,059	109,279	113,338
Dividend income:			
- equity securities quoted in Malaysia	20,291	909,841	930,132
- equity securities quoted outside Malaysia	-	219,971	219,971
- equity securities unquoted in Malaysia	849	42,869	43,718
- equity securities unquoted outside Malaysia	-	10,687	10,687
- designated upon initial recognition:			
Interest income	-	1,742,728	1,742,728

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20. NET INVESTMENT INCOME (CONT'D.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2022 (Cont'd.)			
Financial assets at FVOCI:			
Interest income	32,960	79,786	112,746
Dividend income*:			
- equity securities quoted in Malaysia	21,282	18,382	39,664
- equity securities quoted outside Malaysia	15,573	18,296	33,869
- equity securities unquoted in Malaysia	-	12,337	12,337
LAR interest income	29	332,617	332,646
Cash and bank balances interest income	6,395	104,050	110,445
Gross investment income	101,438	3,668,479	3,769,917
Less: investment expenses	(133)	(84,050)	(84,183)
	101,305	3,584,429	3,685,734

* During the year ended 31 December 2022, dividend income earned in respect of equity investments measured at FVOCI were as follows:

	RM'000
On investments derecognised during the reporting year	12,289
On investments held at the end of the reporting year	73,581
	85,870

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20. NET INVESTMENT INCOME (CONT'D.)

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2021			
Rental income from:			
- investment properties	-	47,922	47,922
- owner occupied properties	-	23,791	23,791
Financial assets at FVTPL			
- mandatorily measured:			
Interest income	2,126	90,183	92,309
Dividend income:			
- equity securities quoted in Malaysia	29,952	901,582	931,534
- equity securities quoted outside Malaysia	-	154,661	154,661
- equity securities unquoted in Malaysia	1,475	48,711	50,186
- equity securities unquoted outside Malaysia	-	10,055	10,055
- designated upon initial recognition:			
Interest income	-	1,690,280	1,690,280
Financial assets at FVOCI:			
Interest income	22,100	60,207	82,307
Dividend income*:			
- equity securities quoted in Malaysia	22,362	16,599	38,961
- equity securities quoted outside Malaysia	11,673	14,638	26,311
- equity securities unquoted in Malaysia	-	1,324	1,324
LAR interest income	45	333,298	333,343
Cash and bank balances interest income	4,644	73,938	78,582
Gross investment income	94,377	3,467,189	3,561,566
Less: investment expenses	(216)	(93,067)	(93,283)
	94,161	3,374,122	3,468,283

* During the year ended 31 December 2021, dividend income earned in respect of equity investments measured at FVOCI were as follows:

	RM'000
On investments derecognised during the reporting year	9,809
On investments held at the end of the reporting year	56,787
	66,596

Included in rental income from properties is contingent rent for the year amounting to RM97,153 (2021: RM Nil). Contingent rental arrangements are computed based on sales or profit achieved by tenants.

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21. NET REALISED GAINS AND LOSSES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2022			
Property and equipment			
Realised gains	-	92	92
FVOCI financial assets*			
Realised losses:			
Debt securities:			
- unquoted in Malaysia	(741)	(11,444)	(12,185)
Total realised losses for FVOCI financial assets	(741)	(11,444)	(12,185)
FVTPL financial assets			
Realised (losses)/gains:			
Mandatorily measured:			
Debt securities:			
- unquoted in Malaysia	150	17	167
Equity securities:			
- quoted in Malaysia	(1,393)	(62,945)	(64,338)
- quoted outside Malaysia	-	(9,622)	(9,622)
- unquoted in Malaysia	(2)	65	63
- unquoted outside Malaysia	-	(4,783)	(4,783)
	(1,245)	(77,268)	(78,513)
Designated upon initial recognition:			
Debt securities:			
- unquoted in Malaysia	-	11,701	11,701
	-	11,701	11,701
Total net realised losses for FVTPL financial assets	(1,245)	(65,567)	(66,812)
Total net realised losses	(1,986)	(76,919)	(78,905)

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21. NET REALISED GAINS AND LOSSES (CONT'D.)

2021	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
Property and equipment			
Realised gains	-	5	5
FVOCI financial assets*			
Realised (losses)/gains:			
Debt securities:			
- unquoted in Malaysia	(1,480)	2,392	912
Total realised (losses)/gains for FVOCI financial assets	(1,480)	2,392	912
FVTPL financial assets			
Realised (losses)/gains:			
Mandatorily measured:			
Debt securities:			
- unquoted in Malaysia	(497)	(50,090)	(50,587)
Equity securities:			
- quoted in Malaysia	-	(194,738)	(194,738)
- quoted outside Malaysia	-	(31,366)	(31,366)
- unquoted in Malaysia	(15)	601	586
- unquoted outside Malaysia	-	44	44
	(512)	(275,549)	(276,061)
Designated upon initial recognition:			
Debt securities:			
- unquoted in Malaysia	-	15,042	15,042
- unquoted outside Malaysia	-	(16,939)	(16,939)
	-	(1,897)	(1,897)
Total net realised losses for FVTPL financial assets	(512)	(277,446)	(277,958)
Total net realised losses	(1,992)	(275,049)	(277,041)

* Included in realised gains/(losses) from FVOCI financial assets of the Life Insurance Fund is net realised loss of RM11,443,998 (2021: realised gain of RM2,391,605) arising from the Non-participating Fund.

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22. NET FAIR VALUE GAINS AND LOSSES

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2022			
Investment properties (Note 5)	-	(1,891)	(1,891)
Financial investments - FVTPL:			
- mandatorily measured	(11,558)	(1,731,958)	(1,743,516)
- designated upon initial recognition	-	(1,022,795)	(1,022,795)
	(11,558)	(2,756,644)	(2,768,202)
2021			
Investment properties (Note 5)	-	(35,454)	(35,454)
Financial investments - FVTPL:			
- mandatorily measured	(27,234)	(842,034)	(869,268)
- designated upon initial recognition	-	(2,334,812)	(2,334,812)
	(27,234)	(3,212,300)	(3,239,534)

23. FEES AND COMMISSION INCOME

Life Insurance Fund

	2022 RM'000	2021 RM'000
Reinsurance commission income	9,473	4,314

24. NET BENEFITS AND CLAIMS

Life Insurance Fund

	2022 RM'000	2021 RM'000
(a) Gross benefits and claims paid		
Life insurance contracts:		
Death	(730,014)	(714,585)
Maturity	(850,828)	(745,435)
Surrender	(2,187,551)	(1,735,573)
Cash bonus	(1,503,402)	(1,354,185)
Others	(2,539,899)	(2,010,788)
	(7,811,694)	(6,560,566)

24. NET BENEFITS AND CLAIMS (CONT'D.)

Life Insurance Fund (Cont'd.)

	2022 RM'000	2021 RM'000
(b) Claims ceded to reinsurers		
Life insurance contracts	376,118	364,894
(c) Gross change in contract liabilities		
Life insurance contracts	564,637	172,691
(d) Change in contract liabilities ceded to reinsurers		
Life insurance contracts	9,104	(13,171)

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25. MANAGEMENT EXPENSES

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2022				
Employee benefits expense	25(a)	319	269,625	269,944
Non-executive directors' remuneration	25(b)	-	1,428	1,428
Auditors' remuneration:				
- statutory audits		11	710	721
- regulatory related fees		-	308	308
- other services		-	1,288	1,288
Depreciation of:				
- property and equipment	3(a)	-	23,677	23,677
- right-of-use assets	3(b)	-	989	989
Amortisation of:				
- right-of-use assets	3(b)	-	138	138
- intangible assets	4	673	31,646	32,319
Rental of properties		41	446	487
Advertising and promotion		417	20,616	21,033
Finance charges		154	49,874	50,028
Group service fees		-	3,131	3,131
IT and computer expenses		-	69,475	69,475
Policyholder expenses		501	12,090	12,591
Postal and telecommunication		-	15,051	15,051
Printing and stationery		-	793	793
Professional fees		1	13,426	13,427
Repairs and maintenance		-	2,806	2,806
Transport and travelling		-	1,135	1,135
Utilities		-	4,261	4,261
Interest expense on lease liabilities		-	77	77
Expense relating to leases of low-value assets		-	80	80
Expense relating to short-term leases		-	4	4
Others		26,844	14,124	40,968
		28,961	537,198	566,159

(a) Employee Benefits Expense

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
Wages and salaries	319	210,732	211,051
Short term accumulating compensated absences	-	144	144
Social security contributions	-	1,571	1,571
Defined contribution plans - EPF	-	34,329	34,329
Other employee benefits expense	-	22,849	22,849
	319	269,625	269,944

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25. MANAGEMENT EXPENSES (CONT'D.)

(b) CEO and Directors' Remuneration

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

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2022			
CEO:			
Salaries and other emoluments	-	4,368	4,368
Bonus	-	1,020	1,020
Estimated money value of benefits-in-kind	-	35	35
	-	5,423	5,423
Non-executive:			
Fees	-	1,428	1,428
Total directors' remuneration	-	6,851	6,851
Represented by:			
Directors' fees	-	1,428	1,428
Amount included in employee benefits expense	-	5,423	5,423
	-	6,851	6,851

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25. MANAGEMENT EXPENSES (CONT'D.)

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2021				
Employee benefits expense	25(a)	265	263,691	263,956
Non-executive directors' remuneration	25(b)	-	1,289	1,289
Auditors' remuneration:				
- statutory audits		11	648	659
- regulatory related fees		-	289	289
Depreciation of:				
- property and equipment	3(a)	-	24,714	24,714
- right-of-use assets	3(b)	-	1,139	1,139
Amortisation of:				
- right-of-use assets	3(b)	-	138	138
- intangible assets	4	673	28,462	29,135
Rental of properties		34	396	430
Advertising and promotion		6,572	17,477	24,049
Finance charges		236	60,512	60,748
Group service fees		-	4,450	4,450
IT and computer expenses		-	53,872	53,872
Policyholder expenses		10,289	10,712	21,001
Postal and telecommunication		-	13,845	13,845
Printing and stationery		-	813	813
Professional fees		-	14,180	14,180
Repairs and maintenance		-	3,109	3,109
Transport and travelling		-	353	353
Utilities		-	3,315	3,315
Interest expense on lease liabilities		-	44	44
Expense relating to leases of low-value assets		-	104	104
Expense relating to short-term leases		-	6	6
Others		11,581	8,660	20,241
		29,661	512,218	541,879

(a) Employee Benefits Expense

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
Wages and salaries	265	216,303	216,568
Short term accumulating compensated absences	-	(24)	(24)
Social security contributions	-	1,459	1,459
Defined contribution plans - EPF	-	35,556	35,556
Other employee benefits expense	-	10,397	10,397
	265	263,691	263,956

25. MANAGEMENT EXPENSES (CONT'D.)

(b) CEO and Directors' Remuneration

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

	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Total RM'000
2021			
CEO:			
Salaries and other emoluments	-	3,292	3,292
Bonus	-	977	977
Estimated money value of benefits-in-kind	-	35	35
	-	4,304	4,304
Non-executive:			
Fees	-	1,289	1,289
Total directors' remuneration	-	5,593	5,593
Represented by:			
Directors' fees	-	1,289	1,289
Amount included in employee benefits expense	-	4,304	4,304
	-	5,593	5,593

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

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

	Number of Directors 2022	Number of Directors 2021
Non-Executive Directors		
Below RM50,000	-	-
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	3	3
RM200,001 - RM250,000	2	2
RM250,001 - RM300,000	1	1

The Executive Director does not receive any director fees.

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25. MANAGEMENT EXPENSES (CONT'D.)

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

Name		Salaries RM'000	Bonus RM'000	2022 Benefits in kind RM'000	Fees RM'000	Total RM'000
Y Bhg Dato Koh Yaw Hui	CEO	4,368	1,020	35	-	5,423
Total CEO's remuneration		4,368	1,020	35	-	5,423
	Status of directorship					
Mr Norman Ka Cheung Ip	Non - Executive	-	-	-	277	277
Mr Tan Yam Pin	Non - Executive	-	-	-	189	189
Mr Koh Poh Tiong	Non - Executive	-	-	-	169	169
Mr Siew Kah Toong	Non - Executive	-	-	-	198	198
Mr Ng Hon Soon	Non - Executive	-	-	-	241	241
Mr Ou Shian Waei	Non - Executive	-	-	-	210	210
Mr Foong Soo Hah	Non - Executive	-	-	-	144	144
Total Non-Executive Directors' remuneration		-	-	-	1,428	1,428
Total remuneration		4,368	1,020	35	1,428	6,851

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25. MANAGEMENT EXPENSES (CONT'D.)

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

Name		Salaries RM'000	Bonus RM'000	2021 Benefits in kind RM'000	Fees RM'000	Total RM'000
Y Bhg Dato Koh Yaw Hui	CEO	3,292	977	35	-	4,304
Total CEO's remuneration		3,292	977	35	-	4,304
	Status of directorship					
Mr Norman Ka Cheung Ip	Non - Executive	-	-	-	282	282
Mr Tan Yam Pin	Non - Executive	-	-	-	184	184
Mr Koh Poh Tiong	Non - Executive	-	-	-	166	166
Mr Siew Kah Toong	Non - Executive	-	-	-	195	195
Mr Ng Hon Soon	Non - Executive	-	-	-	246	246
Mr Ou Shian Waei	Non - Executive	-	-	-	216	216
Total Non-Executive Directors' remuneration		-	-	-	1,289	1,289
Total remuneration		3,292	977	35	1,289	5,593

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26. TAXATION

	Note	2022 RM'000	2021 RM'000
Taxation of life insurance business	(a)	(72,634)	(75,844)
Taxation of the Company	(b)	470,063	330,834
		397,429	254,990

(a) Taxation of life insurance business

	Note	2022 RM'000	2021 RM'000
Current income tax:			
Malaysian income tax		158,255	184,672
(Over)/under provided in prior years		(74,006)	1,168
Tax on foreign dividend income		3,449	3,067
		87,698	188,907
Deferred tax:			
Relating to origination and reversal of temporary differences			
- Life Insurance Fund	15	(139,079)	(246,092)
- Investment-linked	15	(21,253)	(18,659)
		(72,634)	(75,844)

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

The income tax for the life fund is calculated based on tax rate of 8% (2021: 8%) of the assessable investment income net of allowable deductions for the financial year.

The overprovision for 2022 is mainly due to tax recoverable from profit commission and reinsurance allowance arising from confirmation by Ministry of Finance on 25 February 2022 that such items should not be regarded as incidental income and not subject to tax under Section 60(8) of Income Tax Act 1967.

(b) Taxation of the Company

	2022 RM'000	2021 RM'000
Current income tax:		
Malaysian income tax	458,241	338,723
Over provided in prior years	(15,802)	-
Tax on foreign dividend income	635	441
Double taxation relief	(48,836)	(39,436)
	394,238	299,728
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 15)	75,825	31,106
	470,063	330,834

26. TAXATION (CONT'D.)

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

The current income tax is calculated at 24% (2021: 24%) of the estimated assessable profit for the financial year.

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

The deferred tax for the Shareholder's Fund is calculated based on the tax rate of 33% (2021: 24%).

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

	2022 RM'000	2021 RM'000
Profit before taxation	1,736,029	1,537,893
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	416,647	369,094
Income not subject to tax	(9,549)	(12,402)
Cukai makmur	118,326	-
Expenses not deductible for tax purposes	9,277	13,578
Overprovided in prior years	(15,802)	-
S110B tax relief	(48,836)	(39,436)
Tax expense for the year	470,063	330,834

27. EARNINGS PER SHARE - BASIC AND DILUTED

Earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holder of the Company by the number of ordinary shares in issue during the year.

	2022	2021
Profit attributable to ordinary equity holder (RM'000)	1,265,966	1,207,059
Number of shares in issue ('000)	100,000	100,000
Basic earnings per share (sen)	1,266	1,207

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

28. DIVIDENDS

	2022 RM'000	2021 RM'000
Recognised during the financial year:		
Dividend on ordinary shares:		
- Final single tier dividend for 2021 of RM3.20 (2020: RM2.50) per share	320,000	250,000
- Interim single tier dividend for 2022 of RM5.89 (2021: RM3.50) per share	589,000	350,000
	909,000	600,000

At the forthcoming Annual General Meeting, a second and final single tier dividend in respect of the current financial year ended 31 December 2022 on 100,000,005 ordinary shares amounting to a total dividend of RM385,000,019 (RM3.85 per share) will be proposed for shareholder's approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in the shareholder's equity as an appropriation of retained profits in the next financial year ending 31 December 2023.

29. CASH USED IN OPERATING ACTIVITIES

	Note	2022 RM'000	2021 RM'000
Profit before taxation attributable to shareholders		1,736,029	1,537,893
Adjustments for:			
Taxation attributable to life insurance business	26(a)	(72,634)	(75,844)
Investment income	20	(3,769,917)	(3,561,566)
Realised losses recorded in the statement of profit or loss		78,905	277,041
Fair value losses recorded in the statement of profit or loss	22	2,768,202	3,239,534
Depreciation of:			
- property and equipment	3(a), 25	23,677	24,714
- right-of-use assets	3(b), 25	989	1,139
Amortisation of:			
- right-of-use assets	3(b), 25	138	138
- intangible assets	4, 25	32,319	29,135

29. CASH USED IN OPERATING ACTIVITIES (CONT'D.)

	Note	2022 RM'000	2021 RM'000
Impairment loss on/(write-back of):			
Insurance and other receivables	9, 10	272	1,951
Investments		(17,571)	24,584
Changes in agents' retirement benefit	14	116,328	56,146
Property and equipment written-off	3(a)	49	1,526
Realised foreign exchange gain on disposal of investments		(36,705)	(15,114)
Unrealised exchange gain on derivatives		(2,022)	(15,971)
Unrealised exchange (gain)/loss on investments		(99,612)	41,251
Finance cost	3(c)	77	44
Cash flow before working capital changes		758,524	1,566,601
Changes in working capital:			
Purchases of FVTPL financial investments		(39,255,919)	(25,573,485)
Proceeds from disposals/maturities of FVTPL financial investments		36,053,058	22,362,040
Purchases of FVOCI financial investments		(3,511,103)	(2,265,580)
Proceeds from disposals/maturities of FVOCI financial investments		2,754,512	1,845,501
Decrease in LAR		284,164	251,111
Increase in right-of-use assets		(281)	(187)
Increase in reinsurance assets		(17,739)	(8,684)
Decrease/(increase) in insurance receivables		76,309	(72,381)
Decrease in other receivables		31,026	197,852
Increase in insurance contract liabilities		255,513	634,301
Increase/(decrease) in other financial liabilities		91,123	(225,939)
Increase/(decrease) in insurance payables		77,502	(14,005)
Increase in lease liabilities		280	187
Increase in other payables		38,212	5,464
Cash used in operating activities		(2,364,819)	(1,297,204)

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

30. OPERATING LEASE ARRANGEMENTS

(a) The Company as lessee

The Company has recognised right-of-use assets for these leases, except for short term and low-value leases, see Note 25 and Note 2.2(d)(i) for further information.

Future minimum lease payments payable under non-cancellable operating leases contracted for as at 31 December but not recognised as liabilities, are payable as follows:

	2022 RM'000	2021 RM'000
Not later than 1 year	(48)	(73)
Later than 1 year and not later than 5 years	(40)	(68)
	(88)	(141)

(b) The Company as lessor

The Company, as lessor, has entered into operating lease agreements on its investment properties portfolio and certain self-occupied properties. These leases have remaining lease terms of between 1 and 5 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions and certain contracts include contingent rental arrangements computed based on sales achieved by tenants.

The rental income including contingent rent recognised in the statement of profit or loss during the financial year are disclosed in Note 20.

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

	2022 RM'000	2021 RM'000
Not later than 1 year	50,969	54,829
Later than 1 year and not later than 5 years	36,215	43,247
	87,184	98,076

31. COMMITMENTS AND OTHER CONTINGENCIES

(a) Capital commitments

	2022 RM'000	2021 RM'000
Capital expenditure		
Approved and contracted for:		
- Investment properties	4,501	6,291
- Property and equipment	70,906	42,077
Approved but not contracted for:		
- Investment properties	9,830	8,581
	85,237	56,949

32. RELATED PARTY DISCLOSURES

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

	2022 RM'000	2021 RM'000
Transactions with related parties during the year:		
Income/(expense):		
Property rentals received (note i)		
- OCBC Bank (Malaysia) Berhad	839	839
- Great Eastern General Insurance (Malaysia) Berhad	3,072	3,097
- Great Eastern Takaful Berhad	1,446	1,404

32. RELATED PARTY DISCLOSURES (CONT'D.)

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

	2022 RM'000	2021 RM'000
Transactions with related parties during the year (Cont'd.):		
Income/(expense) (Cont'd.):		
Service charges paid (note ii)		
- OCBC Bank (Malaysia) Berhad	(33,275)	(49,711)
- E2 Power Sdn Bhd	(8,239)	(5,659)
- E2 Power Pte Ltd	(3,341)	(3,683)
- OCBC Wing Hang Bank (China) Limited	(277)	-
Service charges received (note ii)		
- Great Eastern General Insurance (Malaysia) Berhad	7,667	7,396
- Great Eastern Takaful Berhad	13,677	16,076
Premium paid (note iii)		
- Great Eastern General Insurance (Malaysia) Berhad	(2,015)	(2,007)
Premium received (note iii)		
- Great Eastern General Insurance (Malaysia) Berhad	1,215	1,285
- OCBC Bank (Malaysia) Berhad	54,432	37,595
- PAC Lease Berhad	417	485
- BOS Wealth Management Malaysia Berhad (formerly Pacific Mutual Fund Bhd)	170	-
- Key Management Personnel	1,646	1,607
Claims paid		
- Key Management Personnel	(1,876)	(1,135)

32. RELATED PARTY DISCLOSURES (CONT'D.)

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

	2022 RM'000	2021 RM'000
Transactions with related parties during the year (Cont'd.):		
Income/(expense) (Cont'd.):		
Commission received		
- Great Eastern General Insurance (Malaysia) Berhad	288	294
Commission fees paid		
- OCBC Bank (Malaysia) Berhad	(52,578)	(62,868)
- OCBC Securities Private Limited	(330)	(486)
- PAC Lease Berhad	(26)	(33)
- Axiata Digital Capital Sdn Bhd	(3)	(10)
Interest income (note iv)		
- OCBC Bank (Malaysia) Berhad	20,346	18,297
- OCBC Al-Amin Bank Berhad	533	2,530
- PAC Lease Berhad	1,640	1,071
Dividend income (note v)		
- Affin Hwang Wholesale Income Fund	21,444	30,320
- Aminstitutional Income Bond	10,829	8,742
Bank charges		
- OCBC Bank (Malaysia) Berhad	(189)	(555)
Other services		
- OCBC Bank (Malaysia) Berhad	-	(3)
Policy payments		
- OCBC Bank (Malaysia) Berhad	-	(1,390)
Employee Share Purchase Plan		
- Oversea-Chinese Banking Corporation Ltd.	(750)	(847)
Employee Share Option Scheme paid		
- Oversea-Chinese Banking Corporation Ltd.	-	(6)
Deferred Share Plan		
- Oversea-Chinese Banking Corporation Ltd.	(1,532)	(1,452)

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32. RELATED PARTY DISCLOSURES (CONT'D.)

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

	2022 RM'000	2021 RM'000
Transactions with related parties during the year (Cont'd.):		
Income/(expense) (Cont'd.):		
Charges for group services (note vi)		
- The Great Eastern Life Assurance Company Limited	(9,300)	(11,115)
Disposal of investment from		
- Affin Hwang Wholesale Income Fund	235,000	-
Purchase of investments from		
- Great Eastern General Insurance (Malaysia) Berhad	-	(5,039)
- Affin Hwang Wholesale Income Fund	(272,444)	(30,320)
- Aminstitutional Income Bond	(46,591)	(8,689)
- PAC Lease Berhad	(800,189)	(623,854)
- Affin Hwang Wholesale Equity Fund 2	-	(485,000)
Maturity of medium term note		
- PAC Lease Berhad	802,000	625,000
Redemption of Structure Deposit		
- OCBC Bank (Malaysia) Berhad	-	146,000
Purchase of Equity Linked Note		
- OCBC Bank (Malaysia) Berhad	-	(250,000)
Purchase of Structured Deposit		
- OCBC Bank (Malaysia) Berhad	(94,000)	-
Realised losses arising from the sales and maturity of Synthetic cash flow swap arrangement		
- OCBC Bank (Malaysia) Berhad	-	(38,262)
Marketing and promotion expenses		
- Axiata Digital eCode Sdn Bhd	(8)	(20)
Mobilisation fee for digital sales		
- Axiata Digital Capital Sdn Bhd	-	(11,500)
Rebate on Management Fee		
- Lion Global Investors Limited	6,733	7,706

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32. RELATED PARTY DISCLOSURES (CONT'D.)

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

	2022 RM'000	2021 RM'000
Balances with related parties at year end:		
Due from/(due to):		
Investment in wholesale unit trust fund		
- Affin Hwang Wholesale Income Fund	813,236	781,142
- Aminstitutional Income Bond	351,575	306,617
- Affin Hwang Wholesale Equity Fund 2	452,020	486,067
Investment in medium term note		
- Pac Lease Berhad	49,341	49,871
Investment in Structure Deposit		
- OCBC Bank (Malaysia) Berhad	87,786	-
Investment in Equity Linked Note		
- OCBC Bank (Malaysia) Berhad	233,764	250,463
Cash and bank balances		
- OCBC Bank (Malaysia) Berhad	128,794	179,413
- OCBC Al-Amin Bank Berhad	38,356	14,113
Fixed deposits and repurchase agreements		
- OCBC Bank (Malaysia) Berhad	500,000	1,070,000
- OCBC Al-Amin Bank Berhad	-	119,000
Accrued interest		
- OCBC Bank (Malaysia) Berhad	1,332	592
- OCBC Al-Amin Bank Berhad	-	52
- Pac Lease Berhad	625	634
Amount due (to)/from related companies:		
- Great Eastern General Insurance (Malaysia) Berhad	(2,059)	(2,723)
- Great Eastern Takaful Berhad	4,101	4,667
Amount due to ultimate holding company:		
- Oversea-Chinese Banking Corporation Ltd	(1,274)	(594)
Amount due to intermediate holding company:		
- The Great Eastern Life Assurance Company Limited	(9,786)	(21,514)
Amount due to holding company:		
- Great Eastern Capital (Malaysia) Sdn Bhd	(3,045)	(3,058)

32. RELATED PARTY DISCLOSURES (CONT'D.)

Related companies are companies within the OCBC Group:

(i) Rental of property to related parties are made according to normal market prices, terms and conditions.

(ii) Payment of service charges to/from related parties are made according to normal market prices.

(iii) The sale and purchase of insurance policies to/from related companies are made according to normal market prices and at terms and conditions no more favourable than those to other customers and employees.

(iv) The interest income arose mainly from investment in fixed deposits, repurchase agreements, other debt securities and medium term notes which are made according to prevailing market rates, terms and conditions.

(v) The dividend income arose from investment in wholesale unit trust fund which are made according to prevailing market terms and conditions.

(vi) Payment of group function costs based on allocation rates governed by corporate service agreement and in line with Malaysian Transfer Pricing Guidelines and Organisation for Economic Co-operation and Development ("OECD") Transfer Pricing Guidelines. Group function services are derived from the immediate parent company in Singapore.

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

Geographical Location	Type of Services	2022 RM'000	2021 RM'000
Singapore	Group service charges for services rendered, which include those in respect of finance, legal, actuarial, support, human resources, operations, investment management, IT, internal audit and risk management services.	9,300	11,115
		9,300	11,115

32. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of Key Management Personnel

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

	2022 RM'000	2021 RM'000
Non-Executive Directors' fees	1,428	1,289
Short-term employee benefits	12,094	12,001
Post-employments benefits:		
Defined contribution plan - EPF	1,752	1,737
Share-based payment	2,855	1,857
	18,129	16,884
Share-based payment (in units)	51,453	49,857
Included in the total key management personnel remuneration are:		
CEO's and Directors' remuneration (Note 25(b))	6,851	5,593

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

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33. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	FVTPL RM'000	FVOCI RM'000	AC RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
2022							
Assets							
Property and equipment							
- Owned	3(a)	-	-	-	-	289,836	289,836
- Right-of-use assets	3(b)	-	-	-	-	17,430	17,430
Intangible assets	4	-	-	-	-	168,714	168,714
Investment properties	5	-	-	-	-	976,500	976,500
Non-current assets held-for-sale	6	-	-	-	-	238,000	238,000
Investments	7	75,673,903	4,299,206	5,128,553	85,101,662	-	85,101,662
Derivatives	13	1,167	-	-	1,167	-	1,167
Reinsurance assets	8	-	-	-	-	145,796	145,796
Insurance receivables	9	-	-	242,392	242,392	-	242,392
Other receivables	10	-	-	729,946	729,946	5,842	735,788
Cash and cash equivalents		-	-	4,337,732	4,337,732	-	4,337,732
Total assets		75,675,070	4,299,206	10,438,623	90,412,899	1,842,118	92,255,017

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33. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

	Note	FVTPL RM'000	AC RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
2022 (cont'd.)							
Liabilities							
Insurance contract liabilities	12	-	-	-	-	84,888,621	84,888,621
Derivatives	13	20,208	-	-	20,208	-	20,208
Agents' retirement benefits	14	-	948,623	-	948,623	-	948,623
Deferred tax liabilities	15	-	-	-	-	502,713	502,713
Other financial liabilities	16	-	-	136,355	136,355	-	136,355
Insurance payables	17	-	-	418,563	418,563	-	418,563
Provision for taxation		-	-	-	-	131,808	131,808
Lease liabilities	3(c)	-	-	-	-	2,346	2,346
Other payables	18	-	-	454,730	454,730	189,848	644,578
Total liabilities		20,208	948,623	1,009,648	1,978,479	85,715,336	87,693,815

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33. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

	Note	FVTPL RM'000	FVOCI RM'000	AC RM'000	Sub-total RM'000	Assets not in scope of MFRS 9 RM'000	Total RM'000
2021							
Assets							
Property and equipment							
- Owned	3(a)	-	-	-	-	303,982	303,982
- Right-of-use assets	3(b)	-	-	-	-	18,276	18,276
Intangible Assets	4	-	-	-	-	162,177	162,177
Investment properties	5	-	-	-	-	1,214,270	1,214,270
Investments	7	75,161,840	3,583,767	5,402,405	84,148,012	-	84,148,012
Derivatives	13	7,331	-	-	7,331	-	7,331
Reinsurance assets	8	-	-	-	-	128,057	128,057
Insurance receivables	9	-	-	354,683	354,683	-	354,683
Other receivables	10	-	-	736,406	736,406	5,380	741,786
Cash and cash equivalents		-	-	4,510,191	4,510,191	-	4,510,191
Total assets		75,169,171	3,583,767	11,003,685	89,756,623	1,832,142	91,588,765

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33. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

	Note	FVTPL RM'000	AC RM'000	Other financial liabilities RM'000	Sub-total RM'000	Liabilities not in scope of MFRS 9 RM'000	Total RM'000
2021 (cont'd.)							
Liabilities							
Insurance contract liabilities	12	-	-	-	-	84,633,108	84,633,108
Derivatives	13	23,764	-	-	23,764	-	23,764
Agents' retirement benefits	14	-	884,985	-	884,985	-	884,985
Deferred tax liabilities	15	-	-	-	-	586,011	586,011
Other financial liabilities	16	-	-	45,232	45,232	-	45,232
Insurance payables	17	-	-	376,654	376,654	-	376,654
Provision for taxation		-	-	-	-	200,427	200,427
Lease liabilities	3(c)	-	-	-	-	2,941	2,941
Other payables	18	-	-	428,572	428,572	177,794	606,366
Total liabilities		23,764	884,985	850,458	1,759,207	85,600,281	87,359,488

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES

Governance Framework

Managing risk is an integral part of the Company's core business. As stated in the Enterprise Risk Management ("ERM") Framework, the Company shall:

- Operate within parameters and limits that have been set based on the risk appetite approved by the Board; and
- Pursue appropriate risk-adjusted returns.

The Risk Management Department spearheads the development and implementation of the ERM Framework for the Company.

The Board Risk Management Committee ("BRMC"), constituted in 2003, provides the oversight on the risk management initiatives. Detailed risk management and oversight activities are undertaken by the following Management Committees comprising the Chief Executive Officer and key Senior Management Executives:

- Senior Management Team ("SMT")
- Asset-Liability Committee ("ALC")
- Product Development Committee ("PDC")
- IT Steering Committee ("ITSC")
- Financial Crime Committee ("FCC")

The SMT is responsible for providing leadership, direction and functional oversight with regards to all matters of the Company. The SMT is also responsible for ensuring compliance and alignment with governance and oversight frameworks, i.e. standards and guidelines, and ensuring the business operates within the risk appetite in delivering annual business targets.

The ALC is responsible for balance sheet management. Specifically, the ALC reviews and formulates technical frameworks, policies and methodologies relating to balance sheet management.

The PDC oversees the product development and launch process. In addition, the PDC regularly reviews and monitors the performance of new and existing products.

The ITSC is responsible for providing the overall strategic direction and approval of all IT related initiatives to support the Company's strategic growth into the future.

The FCC provides an independent oversight of fraud investigation and anti-money laundering/counter financing of terrorism ("AML/CFT") review, and ensures that investigations and reviews are conducted in a manner that is fair, consistent and transparent.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Regulatory Framework

Insurers are regulated by the Financial Services Act 2013 ("FSA") which came into force on 30 June 2013, and other relevant regulations issued by regulators from time to time.

Capital Management Framework

The Company's capital management policy aims to support balance sheet growth by maintaining a strong capital position with sufficient buffer to meet obligations to policyholders and regulatory requirements, and to make strategic investments for business growth. The Company has had no significant changes in the policies and processes relating to its capital structure during the year.

Under the Risk-Based Capital Framework for Insurers ("RBC"), the insurer has to maintain a capital adequacy level that commensurates with its risk profiles. The Capital Adequacy Ratios of the Company remained at well above the minimum capital requirement of 130% under the RBC Framework as prescribed by BNM.

The Internal Capital Adequacy Assessment Process ("ICAAP") Framework came into effect on 1 September 2012. Under this Framework, the Company has to ensure adequate capital to meet its capital requirements on an ongoing basis. The key elements supporting the Framework include Board and Senior Management oversight, comprehensive risk assessment, individual target capital level and stress testing, sound capital management as well as ongoing monitoring, reporting and review of capital position. Capital management and contingencies policies have been further developed and refined under the Framework to outline the approaches and principles under which the Company's capital will be monitored and managed, as well as the corrective actions to be implemented at various critical capital levels. In addition, a risk appetite statement has been established to outline the Company's capacity to take on risks to achieve its business objectives while managing the expectations of key stakeholders.

The following sections provide details regarding the exposure to the key risks faced by the Company and the objectives, policies and processes for the management of these risks. There has been no major change to the Company's exposure to these key risks or the manner in which it manages and measures these risks.

Insurance Risk

The principal activity of the Company is in the underwriting of life insurance business including investment-linked business.

The Company's underwriting strategy is designed to ensure that these risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification of policyholders across industry sectors and geography, selective use of medical screening in order to ensure that product pricing takes into account the current health conditions and family medical history, and regular review of the actual claims experience as well as detailed claims handling procedures. Underwriting limits are also set in place to enforce appropriate risk selection criteria.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Insurance Risk (Cont'd.)

Insurance risk comprises both actuarial and underwriting risks resulting from the pricing and acceptance of insurance contracts. Should the actual claims experience be worse than the assumptions used in pricing the products and establishing the provisions and liabilities for claims, there may be potential shortfalls in provision for future claims and expenses. Assumptions that may cause insurance risks to be underestimated include assumptions on policy lapses, mortality, morbidity and expenses.

The Company utilises reinsurance arrangements to manage mortality and morbidity risks. The Company's reinsurance management strategy and policy are reviewed annually by the SMT, BRMC, and the Board as appropriate. Reinsurance structures are set based on the type of risk. Catastrophe reinsurance is procured to limit catastrophic losses.

Only reinsurers meeting a minimum credit rating of Standard & Poor's "A-", or its equivalent, including internal credit rating, are considered. The Company limits its risk to any one reinsurer by ceding different risks to different reinsurers or to a panel of reinsurers. There are risks ceded to a reinsurer that does not meet this criterion but this is confined to older policies. The Company no longer cede risks to the reinsurer since imposing this control.

The SMT reviews the actual experience of mortality, morbidity, lapses and surrenders, as well as expenses to ensure that the policies, guidelines and limits put in place to manage these risks remain adequate and appropriate.

A substantial portion of the Company's life insurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonuses payable to the policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when the investment markets perform below expectations, or claims experience is higher than expected.

For investment-linked business, the risk exposure for the Company is predominantly limited to the underwriting aspect as investment risks are borne by the policyholders. Nevertheless, the fees earned by the Company for managing the investment-linked funds would fluctuate with the changes in underlying fund values.

Stress Testing ("ST") is performed in accordance with BNM requirements. The purpose of the ST is to test the solvency of the life insurance funds under various scenarios (i.e. Chinese Government Crackdown on Strategic Sectors, Local Economic Slump and Inflation Amidst Recovery, and Prolonged Covid-19 Pandemic) according to regulatory guidelines on stress testing, simulating drastic changes in major parameters such as new business volume, market volatilities, expense patterns, mortality/morbidity patterns and lapse rates.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Insurance Risk (Cont'd.)

Table 34(A): The table below shows the concentration of actuarial liabilities and net asset value attributable to the policyholders by type of contract as at the reporting date:

	Gross			Reinsurance			
	With DPF RM'000	Without DPF RM'000	Total RM'000	With DPF RM'000	Without DPF RM'000	Total RM'000	Net Total RM'000
2022							
Whole life	38,590,277	12,360,901	50,951,178	(17,084)	(39,116)	(56,200)	50,894,978
Endowment	8,753,914	6,979,530	15,733,444	(613)	(4,462)	(5,075)	15,728,369
Term	(108)	212,868	212,760	(55)	(20,051)	(20,106)	192,654
Accident and health	4,272	(118,430)	(114,158)	(9)	(3)	(12)	(114,170)
Annuity	-	199,932	199,932	-	-	-	199,932
Others	198,553	244,678	443,231	(2,498)	(321)	(2,819)	440,412
Total	47,546,908	19,879,479	67,426,387	(20,259)	(63,953)	(84,212)	67,342,175
2021							
Whole life	38,849,461	11,651,707	50,501,168	(16,610)	(37,780)	(54,390)	50,446,778
Endowment	9,368,967	5,841,861	15,210,828	(662)	(7,146)	(7,808)	15,203,020
Term	(387)	204,152	203,765	(82)	(9,262)	(9,344)	194,421
Accident and health	4,477	(28,114)	(23,637)	(10)	(4)	(14)	(23,651)
Annuity	-	187,095	187,095	-	-	-	187,095
Others	207,413	262,077	469,490	(3,256)	(295)	(3,551)	465,939
Total	48,429,931	18,118,778	66,548,709	(20,620)	(54,487)	(75,107)	66,473,602

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Insurance Risk (Cont'd.)

Sensitivity analysis

The sensitivity analysis below shows the impact of change in key parameters on the value of gross and net insurance contract liabilities, surplus of life insurance funds, profit before taxation and shareholder's equity.

Sensitivity analysis produced is based on parameters set out as follows:

	Change in Assumptions
(a) Scenario 1 – Mortality and major illness	+ 25% for all future years
(b) Scenario 2 – Mortality and major illness	- 25% for all future years
(c) Scenario 3 – Health and disability	+ 25% for all future years
(d) Scenario 4 – Health and disability	- 25% for all future years
(e) Scenario 5 – Lapse and surrender rates	+ 25% for all future years
(f) Scenario 6 – Lapse and surrender rates	- 25% for all future years
(g) Scenario 7 – Expenses	+ 30% for all future years

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Insurance Risk (Cont'd.)

Sensitivity analysis (Cont'd.)

Table 34(B): The table below shows the insurance risk sensitivity analysis on the gross and net insurance contract liabilities, surplus of life insurance funds, profit before taxation and shareholder's equity.

	Impact on Gross Liabilities RM'000	Impact on Net Liabilities RM'000	Impact on Surplus RM'000	Impact on Profit Before Taxation RM'000	Impact on Equity* RM'000
	← Increase/(Decrease)		→	← (Decrease)/Increase	→
2022					
Scenario 1 – Mortality and major illness	1,652,001	1,652,001	(1,652,001)	(544,887)	(414,114)
Scenario 2 – Mortality and major illness	(1,666,799)	(1,666,799)	1,666,799	469,623	356,914
Scenario 3 – Health and disability	179,862	179,862	(179,862)	(54,484)	(41,408)
Scenario 4 – Health and disability	(179,762)	(179,762)	179,762	53,283	40,495
Scenario 5 – Lapse and surrender rates	(386,948)	(386,948)	386,948	(119,817)	(91,061)
Scenario 6 – Lapse and surrender rates	337,388	337,388	(337,388)	310,125	235,695
Scenario 7 – Expenses	418,252	418,252	(418,252)	(160,075)	(121,657)
2021					
Scenario 1 – Mortality and major illness	1,676,116	1,676,116	(1,676,116)	(540,534)	(410,806)
Scenario 2 – Mortality and major illness	(1,716,369)	(1,716,369)	1,716,369	487,198	370,271
Scenario 3 – Health and disability	214,707	214,707	(214,707)	(86,148)	(65,473)
Scenario 4 – Health and disability	(210,656)	(210,656)	210,656	80,990	61,552
Scenario 5 – Lapse and surrender rates	(458,498)	(458,498)	458,498	(96,779)	(73,552)
Scenario 6 – Lapse and surrender rates	467,187	467,187	(467,187)	236,399	179,663
Scenario 7 – Expenses	416,585	416,585	(416,585)	(131,108)	(99,642)

* Impact on equity is after taxation of 24% (2021: 24%).

The above analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net insurance contract liabilities, surplus of life insurance fund, profit before taxation and shareholder's equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions have to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. The method used and significant assumptions made for deriving sensitivity information have not changed from the previous year.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risk

Market risk arises when the market values of assets and liabilities are adversely affected by changes in financial markets. Changes in interest rates, foreign exchange rates, equity prices and alternative investment prices can impact present and future investment earnings of the insurance operations as well as shareholder's equity.

The Company is exposed to market risk in the Shareholder’s Fund as well as market mismatch risk between the assets and liabilities of the Life Insurance Funds. The ALC actively manages market risk through setting and monitoring of the investment policy, asset allocation, portfolio construction, risk measurement and approving hedging strategies. In the case of the investment linked funds, investment risks are borne by the policyholders.

Investment limits are monitored at various levels to ensure that all investment activities are conducted within the Company's risk appetite and in line with the Company’s risk management principles and philosophies. Compliance with established limits forms an integral part of the risk governance and financial reporting framework. The approach adopted by the Company in managing the various types of risk, including interest rate risk, foreign exchange risk, equity price risk, credit spread risk, alternative investment risk, liquidity risk, credit risk and concentration risk, is briefly described as follows:

(a) Interest rate risk (including asset liability mismatch)

The Company is exposed to interest rate risk through (i) investments in fixed income instruments and money market instruments and (ii) insurance contract liabilities in the Life Insurance Funds. Since the Shareholder’s Fund has exposure to investments in fixed income instruments but no exposure to insurance contract liabilities, it will incur an economic loss when interest rates rise. For the Life Insurance Funds, given the long duration of contract liabilities and the uncertainty of cash flows, it is difficult to source assets that will perfectly match the insurance contract liabilities. This results in a net interest rate risk or asset liability mismatch risk, which is managed and monitored by the ALC. The Life Insurance Funds are likely to incur economic loss when interest rates drop since the duration of insurance contract liabilities are generally longer than the duration of the fixed income assets (Refer to Table 34(F)).

(b) Foreign currency risk

Investments denominated in foreign currencies are limited to 10% of individual funds regardless of country, subject to the foreign investments being in jurisdictions with sovereign ratings at least equivalent to that of Malaysia, as prescribed by the regulator. In addition, net foreign currency exposure at the Company-level is limited to 10% of the total invested assets. (Refer to Table 34(C)).

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(b) Foreign currency risk (Cont'd.)

Table 34(C): The table below shows the foreign exchange position of the Company's financial/insurance assets and liabilities by major currencies.

	RM RM'000	SGD RM'000	USD RM'000	Others RM'000	Total RM'000
2022					
Assets					
Property and equipment					
- Owned	289,836	-	-	-	289,836
- Right-of-use assets	17,430	-	-	-	17,430
Intangible assets	168,714	-	-	-	168,714
Investment properties	976,500	-	-	-	976,500
Non-current assets held-for	238,000	-	-	-	238,000
Investments					
Malaysian government securities	11,342,702	-	-	-	11,342,702
Debt securities	38,061,797	-	-	393,376	38,455,173
Equity securities	21,996,146	1,309,719	314,644	2,498,114	26,118,623
Unit and property trust funds	631,714	196,657	100,380	1,511,029	2,439,780
Investment in subsidiary:					
Collective investment schemes	1,616,831	-	-	-	1,616,831
Loans	5,128,553	-	-	-	5,128,553
Derivatives	852	-	-	315	1,167
Reinsurance assets	145,796	-	-	-	145,796
Insurance receivables	242,392	-	-	-	242,392
Other receivables	730,314	-	2,935	2,539	735,788
Cash and cash equivalents	4,310,220	5,485	12,210	9,817	4,337,732
Total assets	85,897,797	1,511,861	430,169	4,415,190	92,255,017
Liabilities					
Insurance contract liabilities	84,888,621	-	-	-	84,888,621
Derivatives	15,650	-	383	4,175	20,208
Agents' retirement benefits	948,623	-	-	-	948,623
Deferred tax liabilities	502,713	-	-	-	502,713
Other financial liabilities	114,397	-	273	21,685	136,355
Insurance payables	418,563	-	-	-	418,563
Provision for taxation	131,808	-	-	-	131,808
Lease liabilities	2,346	-	-	-	2,346
Other payables	644,578	-	-	-	644,578
Total liabilities	87,667,299	-	656	25,860	87,693,815

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(b) Foreign currency risk (Cont'd.)

Table 34(C): The table below shows the foreign exchange position of the Company's financial/insurance assets and liabilities by major currencies. (Cont'd.)

	RM RM'000	SGD RM'000	USD RM'000	Others RM'000	Total RM'000
2021					
Assets					
Property and equipment					
- Owned	303,982	-	-	-	303,982
- Right-of-use assets	18,276	-	-	-	18,276
Intangible assets	162,177	-	-	-	162,177
Investment properties	1,214,270	-	-	-	1,214,270
Investments					
Malaysian government securities	10,049,373	-	-	-	10,049,373
Debt securities	36,592,497	-	-	537,982	37,130,479
Equity securities	22,464,406	1,423,968	618,787	2,207,217	26,714,378
Unit and property trust funds	690,849	224,370	66,204	2,296,128	3,277,551
Investment in subsidiary:					
Collective investment schemes	1,573,826	-	-	-	1,573,826
Loans	5,402,405	-	-	-	5,402,405
Derivatives	5,308	-	2,023	-	7,331
Reinsurance assets	128,057	-	-	-	128,057
Insurance receivables	354,683	-	-	-	354,683
Other receivables	725,853	5,064	7,757	3,112	741,786
Cash and cash equivalents	4,425,122	1,483	19,931	63,655	4,510,191
Total assets	84,111,084	1,654,885	714,702	5,108,094	91,588,765
Liabilities					
Insurance contract liabilities	84,633,108	-	-	-	84,633,108
Derivatives	4,428	-	577	18,759	23,764
Agents' retirement benefits	884,985	-	-	-	884,985
Deferred tax liabilities	586,011	-	-	-	586,011
Other financial liabilities	6,351	92	14,685	24,104	45,232
Insurance payables	376,654	-	-	-	376,654
Provision for taxation	200,427	-	-	-	200,427
Lease liabilities	2,941	-	-	-	2,941
Other payables	606,366	-	-	-	606,366
Total liabilities	87,301,271	92	15,262	42,863	87,359,488

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risk (Cont'd.)

(c) Equity price risk

Exposure to equity price risk exists in investment assets through equity direct investment, and fund investments, where the Company bears the volatility in returns and investment performance risk. Equity price risk also exists in investment-linked products where revenues of the insurance operations are linked to the performances of underlying equity funds since this has an impact on the level of fees earned.

A robust monitoring process is in place to manage equity risk by having appropriate risk management strategies to limit the downside risk at certain pre-determined levels. Limits are set for single security holdings as a percentage of equity holdings.

(d) Credit spread risk

Exposure to credit spread risk exists in the Company’s investments in corporate bonds. Credit spread is the difference between the corporate yields against the risk-free rate of the similar tenure. When spreads widen, it generally implies that the market is factoring a deterioration in the creditworthiness of the bonds. A widening in credit spreads will generally result in a fall in the values of the Company’s bond portfolio.

(e) Alternative investment risk

The Company is exposed to alternative investment risk through investments in real estate. Due to the special nature of this risk, every property deal is reviewed by the BRMC regardless of its value, but subject to the approval by the Board. The relevant Management Committees ~~assists~~ assist in deliberating matters relating to property, including property investment policy, risk management, performance, expenditure, operations and facilities management.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risk (Cont'd.)

(f) Liquidity risk

Liquidity risk arises when a company is unable to meet the cash flow needs of its financial liabilities, or if the assets backing the liabilities cannot be sold quickly enough to meet its financial obligations without incurring significant losses. For an insurance company, the greatest liquidity needs typically arise from its insurance liabilities. Demands 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 mass surrender of insurance policies due to 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 asset-liability 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 contract liabilities consist of renewal premiums, expenses, commissions, claims, maturities and surrenders. Renewal premiums, expenses, 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, investment diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in certain insurance contracts also protects the Company from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates (Refer to Table 34(D1) and (D2)).

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(f) Liquidity risk (Cont'd.)

Maturity profiles

Table 34(D1): The following table shows the maturity profile of the Company's financial/insurance liabilities and the expected recovery or settlement of financial/insurance assets based on the remaining undiscounted contractual cash flows.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on the estimated timing of net cash outflows from the recognised insurance liabilities.

Investment-linked liabilities are repayable or transferable on demand and are included in the "up to a year" column.

	Carrying value RM'000	Up to a Year* RM'000	1 - 5 Years RM'000	> 5 Years RM'000	No maturity date RM'000	Total RM'000
2022						
Investments:						
AC	5,128,553	58,252	506,527	46,671	4,656,520	5,267,970
FVOCI	4,299,206	313,821	1,883,137	1,888,162	1,241,694	5,326,814
FVTPL	75,673,903	4,190,230	22,556,056	37,562,802	29,840,121	94,149,209
Derivatives	1,167	852	315	-	-	1,167
Reinsurance assets	145,796	84,212	-	-	61,584	145,796
Insurance receivables	242,392	240,928	2,988	(1,524)	-	242,392
Other receivables	729,946	632,522	2,562	-	94,862	729,946
Cash and cash equivalents	4,337,732	4,337,732	-	-	-	4,337,732
Total undiscounted financial/insurance assets	90,558,695	9,858,549	24,951,585	39,496,111	35,894,781	110,201,026

* Expected utilisation or settlement within 12 months from the reporting date.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(f) Liquidity risk (Cont'd.)

Maturity profiles (Cont'd.)

Table 34(D1): The following table shows the maturity profile of the Company's financial/insurance liabilities and the expected recovery or settlement of financial/insurance assets based on the remaining undiscounted contractual cash flows. (Cont'd.)

	Carrying value RM'000	Up to a Year* RM'000	1 - 5 Years RM'000	> 5 Years RM'000	No maturity date RM'000	Total RM'000
2022 (Cont'd.)						
Insurance contract liabilities:						
With DPF	64,429,559	2,631,001	9,640,863	35,275,045	16,882,650	64,429,559
Without DPF	20,459,062	17,444,990	355,786	2,078,702	579,584	20,459,062
Derivatives	20,208	15,716	4,492	-	-	20,208
Agents' retirement benefits	948,623	437,044	185,896	325,683	-	948,623
Other financial liabilities	136,355	136,355	-	-	-	136,355
Insurance payables	418,563	378,977	39,586	-	-	418,563
Lease liabilities	2,346	952	1,479	114	-	2,545
Other payables	454,730	436,139	18,591	-	-	454,730
Total undiscounted financial/insurance liabilities	86,869,446	21,481,174	10,246,693	37,679,544	17,462,234	86,869,645
Total liquidity surplus/(gap)	3,689,249	(11,622,625)	14,704,892	1,816,567	18,432,547	23,331,381

* Expected utilisation or settlement within 12 months from the reporting date.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(f) Liquidity risk (Cont'd.)

Maturity profiles (Cont'd.)

Table 34(D1): The following table shows the maturity profile of the Company's financial/insurance liabilities and the expected recovery or settlement of financial/insurance assets based on the remaining undiscounted contractual cash flows. (Cont'd.)

	Carrying value RM'000	Up to a Year* RM'000	1 - 5 Years RM'000	> 5 Years RM'000	No maturity date RM'000	Total RM'000
2021						
Investments:						
AC	5,402,405	295,093	387,855	286,121	4,630,062	5,599,131
FVOCI	3,583,767	223,754	1,464,024	1,514,984	1,183,554	4,386,316
FVTPL	75,161,840	6,113,938	17,656,810	35,123,367	31,150,785	90,044,900
Derivatives	7,331	7,331	-	-	-	7,331
Reinsurance assets	128,057	75,108	-	-	52,949	128,057
Insurance receivables	354,683	353,017	2,152	(486)	-	354,683
Other receivables	736,406	638,383	2,565	-	95,458	736,406
Cash and cash equivalents	4,510,191	4,510,191	-	-	-	4,510,191
Total undiscounted financial/insurance assets	89,884,680	12,216,815	19,513,406	36,923,986	37,112,808	105,767,015

* Expected utilisation or settlement within 12 months from the reporting date.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(f) Liquidity risk (Cont'd.)

Maturity profiles (Cont'd.)

Table 34(D1): The following table shows the maturity profile of the Company's financial/insurance liabilities and the expected recovery or settlement of financial/insurance assets based on the remaining undiscounted contractual cash flows. (Cont'd.)

	Carrying value RM'000	Up to a Year* RM'000	1 - 5 Years RM'000	> 5 Years RM'000	No maturity date RM'000	Total RM'000
2021 (Cont'd.)						
Insurance contract liabilities:						
With DPF	66,035,662	2,849,932	9,658,438	35,921,561	17,605,731	66,035,662
Without DPF	18,597,446	15,433,472	499,749	2,185,557	478,668	18,597,446
Derivatives	23,764	4,853	18,911	-	-	23,764
Agents' retirement benefits	884,985	398,467	181,351	305,167	-	884,985
Other financial liabilities	45,232	45,232	-	-	-	45,232
Insurance payables	376,654	354,259	22,395	-	-	376,654
Lease liabilities	2,941	976	2,029	174	-	3,179
Other payables	428,572	408,877	19,695	-	-	428,572
Total undiscounted financial/insurance liabilities	86,395,256	19,496,068	10,402,568	38,412,459	18,084,399	86,395,494
Total liquidity surplus/(gap)	3,489,424	(7,279,253)	9,110,838	(1,488,473)	19,028,409	19,371,521

* Expected utilisation or settlement within 12 months from the reporting date.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risk (cont'd.)

Maturity analysis on expected maturity bases

Table 34(D2): The following table shows the current, non-current and investment-linked classification of assets and liabilities of the Company.

	Current* RM'000	Non-current RM'000	Investment-linked RM'000	Total RM'000
2022				
Property and equipment				
- Owned	-	289,836	-	289,836
- Right-of-use assets	-	17,430	-	17,430
Intangible assets	-	168,714	-	168,714
Investment properties	-	976,500	-	976,500
Non-current assets held-for-sa	-	238,000	-	238,000
Investments:				
AC	4,680,385	448,168	-	5,128,553
FVOCI	150,115	4,149,091	-	4,299,206
FVTPL	23,341,590	41,216,402	11,115,911	75,673,903
Derivatives	852	315	-	1,167
Reinsurance assets	145,796	-	-	145,796
Insurance receivables	240,928	1,464	-	242,392
Other receivables	679,239	2,562	53,987	735,788
Cash and cash equivalents	2,869,826	-	1,467,906	4,337,732
Total assets	32,108,731	47,508,482	12,637,804	92,255,017
Insurance contract liabilities:				
With DPF	19,513,651	44,915,908	-	64,429,559
Without DPF	5,352,127	2,434,488	12,672,447	20,459,062
Derivatives	15,151	4,492	565	20,208
Agents' retirement benefits	437,043	511,580	-	948,623
Deferred tax liabilities	500,127	-	2,586	502,713
Other financial liabilities	129,120	-	7,235	136,355
Insurance payables	378,977	39,586	-	418,563
Provision for taxation	131,808	-	-	131,808
Lease liabilities	996	1,350	-	2,346
Other payables	625,597	18,591	390	644,578
Total liabilities	27,084,597	47,925,995	12,683,223	87,693,815

* Expected utilisation or settlement within 12 months from the reporting date.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risk (Cont'd.)

Maturity analysis on expected maturity bases (Cont'd.)

Table 34(D2): The following table shows the current, non-current and investment-linked classification of assets and liabilities of the Company. (Cont'd.)

	Current* RM'000	Non-current RM'000	Investment-linked RM'000	Total RM'000
2021				
Property and equipment				
- Owned	-	303,982	-	303,982
- Right-of-use assets	-	18,276	-	18,276
Intangible assets	-	162,177	-	162,177
Investment properties	-	1,214,270	-	1,214,270
Investments:				
AC	4,875,759	526,646	-	5,402,405
FVOCI	102,155	3,481,612	-	3,583,767
FVTPL	26,734,457	37,760,959	10,666,424	75,161,840
Derivatives	7,331	-	-	7,331
Reinsurance assets	128,057	-	-	128,057
Insurance receivables	353,017	1,666	-	354,683
Other receivables	676,533	2,566	62,687	741,786
Cash and cash equivalents	3,462,153	-	1,048,038	4,510,191
Total assets	36,339,462	43,472,154	11,777,149	91,588,765
Insurance contract liabilities:				
With DPF	20,455,663	45,579,999	-	66,035,662
Without DPF	4,159,120	2,685,307	11,753,019	18,597,446
Derivatives	4,694	16,927	2,143	23,764
Agents' retirement benefits	398,467	486,518	-	884,985
Deferred tax liabilities	562,173	-	23,838	586,011
Other financial liabilities	34,479	-	10,753	45,232
Insurance payables	354,259	22,395	-	376,654
Provision for taxation	189,249	-	11,178	200,427
Lease liabilities	1,086	1,855	-	2,941
Other payables	586,553	19,695	118	606,366
Total liabilities	26,745,743	48,812,696	11,801,049	87,359,488

* Expected utilisation or settlement within 12 months from the reporting date.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risk (Cont'd.)

(g) Credit risk

Credit risk is the risk that one party to a financial contract will cause financial loss to the other party by failing to discharge an obligation. The Company is exposed to credit risk mainly through (i) investment in cash, deposits and bonds, (ii) corporate lending activities, (iii) exposure to counterparty's credit in derivatives transactions and reinsurance contracts and (iv) non-payment of premiums. For all four types of exposures, financial loss may materialise as a result of credit default by the borrower or counterparty. For investment in bonds, financial loss may materialise as a result of the widening credit spread or downgrade of credit rating.

The task of evaluating and monitoring credit risk arising from financial instruments is undertaken by the Credit Risk Committee ("CRC"), which in turn reports to the ALC. The Company has internal limits by issuer and counterparty according to their investment credit ratings, which are actively monitored to manage the credit and concentration risk, and are being reviewed on a regular basis. The creditworthiness of reinsurers, issuers and banks is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information (Refer to Table 34(E1) and (E2)).

Reinsurance arrangements are placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year.

Credit risk in respect of non-payment of premiums by customers predominantly persists during the grace period specified in the policy document until the policy is either paid up or terminated. Credit risk in respect of group insurance outstanding premium is being actively monitored and guided by strict credit control guidelines.

The Company issues investment-linked policies in which policyholders bear the investment risk of assets held in investment-linked funds as the policy benefits are directly linked to the values of these assets. Therefore, the Company has no material credit or market risk on investment-linked financial assets.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risk (Cont'd.)

(g) Credit risk (Cont'd.)

For corporate lending, the amount and type of collateral required depends on the assessment of the credit risk of the counterparty. Credit risk is mitigated by entering into collateral agreements and collaterals are revalued on a regular basis. The Company monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation, whenever applicable. The fair value of collateral, held by the Company as a lender, for which it is entitled to sell or pledge in the event of default is as follows:

RM'000	Type of Collateral	Carrying Amount of Loans	Fair Value of Collateral
2022			
Mortgage loans	Properties	37	80
Secured loans			
- Vehicle loans	Vehicle	1,675	1,675
Policy loans	Cash value of policies	4,656,520	10,378,923
		4,658,232	10,380,678
2021			
Mortgage loans	Properties	299,782	824,380
Secured loans			
- Vehicle loans	Vehicle	1,443	1,443
Policy loans	Cash value of policies	4,630,062	10,256,509
		4,931,287	11,082,332

Transactions are conducted under terms and conditions that are usual and customary to standard securities borrowing and lending activities.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)
Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

Table 34(E1): The table below shows the maximum exposure to credit risk for the components of the Statement of Financial Position. For derivatives, the fair value shown on the Statement of Financial Position represents the current risk exposure but not the maximum risk exposure that would arise in the future as a result of the change in value.

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
2022					
LAR at amortised cost:	7(a)				
Policy loans		-	4,656,520	-	4,656,520
Mortgage loans		-	37	-	37
Secured loans		-	1,675	-	1,675
Unsecured loans		3,044	487,378	-	490,422
Financial investments at FVOCI:	7(b)				
Malaysian government securities		181,327	523,416	-	704,743
Debt securities		688,350	1,664,420	-	2,352,770
Financial investments at FVTPL:	7(c)				
Malaysian government securities		-	9,985,818	652,141	10,637,959
Debt securities		85,005	33,690,026	2,327,372	36,102,403
Derivatives	13	-	1,167	-	1,167
Reinsurance assets	8	-	145,796	-	145,796
Insurance receivables	9	-	242,392	-	242,392
Other receivables	10	13,995	661,964	53,987	729,946
		971,721	52,060,609	3,033,500	56,065,830

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

Table 34(E1): The table below shows the maximum exposure to credit risk for the components of the Statement of Financial Position. For derivatives, the fair value shown on the Statement of Financial Position represents the current risk exposure but not the maximum risk exposure that would arise in the future as a result of the change in value. (Cont'd.)

	Note	Shareholder's Fund RM'000	Life Insurance Fund RM'000	Investment-linked RM'000	Total RM'000
2021					
LAR at amortised cost:	7(a)				
Policy loans		-	4,630,062	-	4,630,062
Mortgage loans		-	300,697	-	300,697
Secured loans		-	1,443	-	1,443
Unsecured loans		1,979	498,638	-	500,617
Financial investments at FVOCI:	7(b)				
Malaysian government securities		83,880	500,259	-	584,139
Debt securities		476,614	1,339,461	-	1,816,075
Financial investments at FVTPL:	7(c)				
Malaysian government securities		-	8,987,515	477,719	9,465,234
Debt securities		42,554	33,297,529	1,974,321	35,314,404
Derivatives	13	-	7,331	-	7,331
Reinsurance assets	8	-	128,057	-	128,057
Insurance receivables	9	-	354,683	-	354,683
Other receivables	10	10,190	663,529	62,687	736,406
		615,217	50,709,204	2,514,727	53,839,148

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

Table 34(E2): The following table sets out information about the credit quality of financial assets measured at amortised cost and debt securities at FVOCI for which ECL was provided. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives.

For explanation of the terms: '12-month ECL', 'lifetime ECL' and 'credit-impaired', refer to Note 2.2 (j).

	12-month ECL RM'000	Lifetime ECL not credit Impaired RM'000	Lifetime ECL credit Impaired RM'000	Total RM'000
2022				
Loans at amortised cost				
Government guaranteed loan	-	-	-	-
Investment Grade* (BBB to AAA)	63,153	424,206	-	487,359
	63,153	424,206	-	487,359
Loss allowance	(127)	(19,974)	-	(20,101)
Carrying amount	63,026	404,232	-	467,258
Debt securities at FVOCI				
Government guaranteed and Low risk bonds	1,027,281	-	-	1,027,281
Investment Grade* (BBB to AAA)	1,940,160	90,072	-	2,030,232
	2,967,441	90,072	-	3,057,513

* Based on internal rating grades which are equivalent to grades of external rating agencies.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

Table 34(E2): The following table sets out information about the credit quality of financial assets measured at amortised cost and debt securities at FVOCI for which ECL was provided. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives. (Cont'd.)

For explanation of the terms: '12-month ECL', 'lifetime ECL' and 'credit-impaired', refer to Note 2.2 (j).

	12-month ECL RM'000	Lifetime ECL not credit Impaired RM'000	Lifetime ECL credit Impaired RM'000	Total RM'000
2021				
Loans at amortised cost				
Government guaranteed loan	-	-	-	-
Investment Grade* (BBB to AAA)	421,591	377,424	-	799,015
	421,591	377,424	-	799,015
Loss allowance	(1,168)	(29,246)	-	(30,414)
Carrying amount	420,423	348,178	-	768,601
Debt securities at FVOCI				
Government guaranteed and Low risk bonds	914,250	-	-	914,250
Investment Grade* (BBB to AAA)	1,365,254	120,710	-	1,485,964
	2,279,504	120,710	-	2,400,214

* Based on internal rating grades which are equivalent to grades of external rating agencies.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

Table 34(E2): The following table sets out the credit analysis for financial assets.

	Neither past-due nor impaired						
	Government guaranteed and low risk bonds RM'000	Investment grade* (BBB to AAA) RM'000	Non-Investment grade* (C to BB) RM'000	Not rated RM'000	Investment-linked RM'000	Not subject to credit risk RM'000	Total RM'000
2022							
Financial investments at AC:							
Policy loans	-	-	-	4,656,520	-	-	4,656,520
Mortgage loans	-	-	-	37	-	-	37
Secured loans	-	-	-	1,675	-	-	1,675
Unsecured loans	-	-	-	3,063	-	-	3,063
Financial investments at FVTPL:							
Malaysian government securities	9,985,818	-	-	-	652,141	-	10,637,959
Debt securities	11,883,930	21,891,101	-	-	2,327,372	-	36,102,403
Equity securities	-	-	-	-	7,940,555	16,936,375	24,876,930
Unit and property trust funds	-	-	-	-	195,843	2,243,937	2,439,780
Collective investment schemes - subsidiary	-	-	-	-	-	1,616,831	1,616,831
Derivatives	-	1,167	-	-	-	-	1,167
Reinsurance assets	-	145,796	-	-	-	-	145,796
Insurance receivables	-	-	-	242,392	-	-	242,392
Tax recoverable	-	-	-	-	-	-	-
Other receivables	233,785	267,796	-	174,379	53,986	-	729,946
Cash and cash equivalents	-	2,869,826	-	-	1,467,906	-	4,337,732
Total credit risk exposure	22,103,533	25,175,686	-	5,078,066	12,637,803	20,797,143	85,792,231

* Based on internal rating grades which are equivalent to grades of external rating agencies.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

Table 34(E2): The following table sets out the credit analysis for financial assets. (Cont'd.)

	Neither past-due nor impaired						
	Government guaranteed and low risk bonds RM'000	Investment grade* (BBB to AAA) RM'000	Non-Investment grade* (C to BB) RM'000	Not rated RM'000	Investment-linked RM'000	Not subject to credit risk RM'000	Total RM'000
2021							
Financial investments at AC:							
Policy loans	-	-	-	4,630,062	-	-	4,630,062
Mortgage loans	-	-	-	41	-	-	41
Secured loans	-	-	-	1,443	-	-	1,443
Unsecured loans	-	-	-	2,258	-	-	2,258
Financial investments at FVTPL:							
Malaysian government securities	8,987,515	-	-	-	477,719	-	9,465,234
Debt securities	11,884,672	21,455,411	-	-	1,974,321	-	35,314,404
Equity securities	-	-	-	-	7,988,419	17,542,406	25,530,825
Unit and property trust funds	-	-	-	-	225,965	3,051,586	3,277,551
Collective investment schemes - subsidiary	-	-	-	-	-	1,573,826	1,573,826
Derivatives	-	7,331	-	-	-	-	7,331
Reinsurance assets	-	128,057	-	-	-	-	128,057
Insurance receivables	-	-	-	354,683	-	-	354,683
Other receivables	194,998	290,715	-	188,006	62,687	-	736,406
Cash and cash equivalents	-	3,462,153	-	-	1,048,038	-	4,510,191
Total credit risk exposure	21,067,185	25,343,667	-	5,176,493	11,777,149	22,167,818	85,532,312

* Based on internal rating grades which are equivalent to grades of external rating agencies.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

This disclosure below relates to MFRS 9 which came into effect in 2018.

Amounts arising from Expected Credit Loss ("ECL")

Measurement of ECL - Explanation of inputs, assumptions and estimation techniques

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

These parameters are derived from the statistical models which are internally developed by the Company based on the historical data. They are adjusted to reflect forward-looking information.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12M PD"), or over the remaining lifetime ('Lifetime PD') of the obligation. They are estimates at a certain date, which are calculated based on the statistical rating models. These statistical models are based on internally and externally compiled data comprising both quantitative and qualitative factors.

If a counterparty or exposure migrates between rating classes, this will lead to a change in the estimate of the associated PD. The ECL considers the contractual maturities of exposures.

LGD is the magnitude of the likely loss if there is a default. LGD is expressed as a percentage per loss per unit of exposure at the time of default and varies by type and seniority of claims, availability and quality of collateral, legal enforceability of processes in the jurisdiction, industry of borrower and prevailing market conditions. They are estimates at a certain date, which are calculated based on the statistical rating models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current and potential future exposure to the counterparty. The EAD of a financial asset is its gross carrying amount.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

Amounts arising from Expected Credit Loss ("ECL") (Cont'd.)

Measurement of ECL - Explanation of inputs, assumptions and estimation techniques (Cont'd.)

The ECL is determined by projecting PD, LGD and EAD for each individual exposure. These three components are multiplied together and adjusted for forward-looking information. This is then discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The trade and lease receivables are in scope for ECL impairment provisions using the simplified assumption of lifetime ECL.

Significant increase in credit risk

To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

A movement of an instrument's credit rating along the rating scale will represent changes in credit risk, measured by the change in PD.

The criteria for assessing whether credit risk has increased significantly will be determined by both quantitative changes in 12M PDs and qualitative factors. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative model, the 12M PD is determined to have increased by more than 100% since origination. The criteria as described above would only apply if the financial instrument does not have an investment grade rating.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

Significant increase in credit risk (Cont'd.)

Using its experienced credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative factors that are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. The Company uses the watch-list as an additional trigger for the identification of significant increase in credit risk.

The Company considers “low credit risk” to be an investment grade credit rating using a combination of internal and external credit rating models.

Definition of default

The Company considers a financial asset to be in default by assessing the following criteria:

Quantitative criteria

For insurance receivables, the counterparty fails to make a contractual payment 6 months after it falls due (i.e. after expiration of the maximum granted credit terms). For bonds and loans, the instrument is in overdue status and there are non-payments on another debt obligation of the same issuer to the Company.

Qualitative criteria

The counterparty is either bankrupt or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty; distressed exchange, merger or amalgamation without assumption, restructuring with expected principal haircut or a breach in material loan covenant that is not rectified within a given timeframe.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Company's expected loss calculations.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

Significant increase in credit risk (Cont'd.)

Incorporating of forward-looking information

The Company incorporates forward-looking information in both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and in its measurement of ECL. The Company has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Experienced judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are obtained from publicly available economic databases published on a quarterly basis and provide the best estimate view of the economy over the next four to five years, and based on such information, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach is used. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and the components of LGD and EAD.

In addition to the base economic scenario, the Company uses multiple scenarios to ensure non-linear risks are captured. The number of scenarios and their respective scenario attributes are reviewed at each reporting date. At 31 December 2022, the Company concluded that two particular scenarios are capable of capturing non-linear risks inherent in all portfolios. The scenario weightings are determined by expert judgement, taking into account the range of possible outcomes presented by the chosen scenarios. The assessment of significant increase in credit risk is performed using the 12M PD under each scenario multiplied by the associated scenario weights. This determines whether the financial instrument is in Stage 1, 2 or 3, and hence whether 12M or lifetime ECL should be applied. Following this assessment, the Company measures ECL as either a probability-weighted 12M ECL (Stage 1), or a probability-weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weight (as opposed to weighting the inputs).

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(g) Credit risk (Cont'd.)

Significant increase in credit risk (Cont'd.)

Incorporating of forward-looking information (Cont'd.)

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and the actual outcomes may be significantly different from those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Company for the year ended 31 December 2022.

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

(g) Credit risk (Cont'd.)

Loss allowance - Provision for ECL

Table 34(E3): The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

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

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

(g) Credit risk (Cont'd.)

Loss allowance - Provision for ECL

Table 34(E3): The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. (Cont'd.)

	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
2021				
Loans at amortised cost				
Opening balance	1,671	10,783	-	12,454
Net remeasurement of loss allowance	509	814	-	1,323
New financial assets purchased	83	-	-	83
Financial assets that have been derecognised	(103)	(61)	-	(164)
Changes in models/risk parameters	(992)	17,710	-	16,718
Closing balance	1,168	29,246	-	30,414

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

(g) Credit risk (Cont'd.)

Loss allowance - Provision for ECL

Table 34(E3): The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. (Cont'd.)

	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
2022				
Debt investment securities at FVOCI				
Opening balance	9,333	8,177	-	17,510
Transfer to lifetime ECL not credit-impaired	(28)	28	-	-
Additional loss allowance due to transfer	-	443	-	443
Net remeasurement of loss allowance	218	107	-	325
New financial assets purchased	1,705	-	-	1,705
Financial assets that have been derecognised	(1,234)	(1,204)	-	(2,438)
Changes in models/risk parameters	521	151	-	672
Management overlay	(5,163)	(2,802)	-	(7,965)
Closing balance	5,352	4,900	-	10,252

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

(g) Credit risk (Cont'd.)

Loss allowance - Provision for ECL

Table 34(E3): The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. (Cont'd.)

	12-month ECL RM'000	Lifetime ECL not credit impaired RM'000	Lifetime ECL credit impaired RM'000	Total RM'000
2021				
Debt investment securities at FVOCI				
Opening balance	9,819	1,067	-	10,886
Transfer to lifetime ECL not credit-impaired	(489)	489	-	-
Additional loss allowance due to transfer	-	2,895	-	2,895
Net remeasurement of loss allowance	108	171	-	279
New financial assets purchased	1,596	-	-	1,596
Financial assets that have been derecognised	(2,782)	(176)	-	(2,958)
Changes in models/risk parameters	1,081	3,731	-	4,812
Closing balance	9,333	8,177	-	17,510

The above loss allowance as at 31 December 2022 for debt securities at FVOCI is not recognised in the statement of financial position because the carrying amount of debt securities at FVOCI is their fair value.

The carrying amount of outstanding premiums as at 31 December 2022 is RM53,859,171 (2021: RM48,875,253). The ECL relating to outstanding premiums as at 31 December 2022 was RM18,676,512 (2021: RM18,288,092). The reversal of credit loss recognised in the Statement of Profit or Loss during the year was RM388,420 (2021: RM2,331,002).

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(h) Concentration risk

An important element of managing both market and credit risk is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage this risk. These limits are reviewed on a regular basis by the ALC. The Company's exposures are within the concentration limits set by the regulator. The Company actively manages its asset mix to ensure that there is no significant concentration of market and credit risk.

(i) Sensitivity analysis on financial risks

The sensitivity analysis below shows the impact on the Company's net profit after taxation by applying possible shocks to each key variable, with all other variables held constant. While the co-movement of key variables can significantly affect the fair values and/or amortised cost of financial assets, to demonstrate the impact due to changes in each key variable, the variables are changed individually.

The impact on net profit after taxation represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the statement of profit or loss, and changes in valuation of insurance contract liabilities. The impact on equity represents the impact on net profit after taxation and the effect on changes in fair value of financial assets measured at FVOCI.

Table 34(F):

2022 RM (millions)		Impact on Gross Actuarial Liabilities	Impact on Net Actuarial Liabilities	Impact on Profit After Taxation	Impact on Equity*
Change in variables					
a) Equity					
+/-20%	- STI	0.0	0.0	+/-0.0	+/-30.3
	- KLCI	0.0	0.0	+/-0.0	+/-123.0
b) Alternative Investment					
+/-10%		0.0	0.0	+/-2.2	+/-7.7
c) Foreign Currency					
+/-5%		0.0	0.0	+/-0.0	+/-0.0

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34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(i) Sensitivity analysis on financial risks (Cont'd.)

Table 34(F) (Cont'd.):

2022 (Cont'd.) RM (millions)	Impact on Gross Actuarial Liabilities	Impact on Net Actuarial Liabilities	Impact on Profit After Taxation	Impact on Equity*
Change in variables				
d) Interest Rate	← (Decrease)/Increase			→
MGS Yield curve +100 bps	(695.0)	(695.0)	51.3	(118.4)
MGS Yield curve -100 bps	881.0	881.0	(119.3)	64.6
PAR Yield curve +100 bps	(3,989.4)	(3,989.4)	0.0	0.0
PAR Yield curve -100 bps	4,947.3	4,947.3	0.0	0.0
e) Credit Spread				
Spread +100 bps	0.0	0.0	(108.5)	(242.9)
Spread - 100 bps	0.0	0.0	119.7	262.8
2021 RM (millions)				
Change in variables				
a) Equity				
+/-20% - STI	0.0	0.0	+/-0.0	+/-35.8
- KLCI	0.0	0.0	+/-0.0	+/-102.1
b) Alternative Investment				
+/-10%	0.0	0.0	+/-2.2	+/-7.7
c) Foreign Currency				
+/-5%	0.0	0.0	+/-0.0	+/-0.0

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Market and Credit Risks (Cont'd.)

(i) Sensitivity analysis on financial risks (Cont'd.)

Table 34(F) (Cont'd.):

2021 (Cont'd.) RM (millions)	Impact on Gross Actuarial Liabilities	Impact on Net Actuarial Liabilities	Impact on Profit After Taxation	Impact on Equity*
Change in variables				
d) Interest Rate	← (Decrease)/Increase →			
MGS Yield curve +100 bps	(745.7)	(745.7)	55.6	(118.4)
MGS Yield curve -100 bps	931.9	931.9	(120.0)	66.4
PAR Yield curve +100 bps	(4,050.7)	(4,050.7)	0.0	0.0
PAR Yield curve -100 bps	5,029.6	5,029.6	0.0	0.0
e) Credit Spread				
Spread +100 bps	0.0	0.0	(111.0)	(245.9)
Spread - 100 bps	0.0	0.0	122.9	264.6

* The impact on equity reflects the after taxation impact, when applicable.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Operational, Market Conduct and Compliance Risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the Company’s objectives arising from inadequate or failed internal processes and systems, human factors or external events.

Market conduct risk is an event or action that may potentially impact partly or completely the achievement of the Company’s objectives arising from its personnel and intermediaries not conducting themselves in accordance with the ethical standards and in compliance with the relevant laws and regulations governing insurance and investment product for pre-sales, during sales and after sales process. It is synonymous with professional behaviour and customer's protection. There are four areas in which the Company continuously strengthens:

- Fit and Proper;
- Sales Advisory Process;
- Training and Competency; and
- Business Conduct.

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the Company’s objectives as a result of its failure to comply with the following applicable laws, regulations and standards:

- Laws, regulations and rules governing insurance business and regulated financial licensed-activities undertaken by the Company;
- Codes of practice promoted by industry associations of which the Company is a member of; and
- Any other applicable regulations which do not specifically govern the licensed activities undertaken by the Company but can expose the organisation to legal, regulatory or reputational loss.

The day-to-day management of operational, market conduct and compliance risks is effected through the maintenance of comprehensive internal controls, supported by an infrastructure of systems and procedures to monitor processes and transactions. The SMT regularly reviews and monitors these issues at its monthly meetings. The Internal Audit team regularly reviews the systems of internal control to assess their ongoing relevance and effectiveness, and reports at least quarterly to the Board Audit Committee. As an added measure, the risk appetite statement explicitly sets the Company's tolerance level to financial loss arising from operational, market conduct and compliance risks.

Technology, Information and Cyber Risks

Technology risk is defined as risk related to any potential adverse outcome, damage, loss, disruption, violation, system/hardware failure, and capacity deficiency arising from the use of technologies such as electronic hardware/devices, software, and online networks and telecomunication systems.

34. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVE AND POLICIES (CONT'D.)

Technology, Information and Cyber Risks (Cont'd.)

Information Risk is defined as risk related to confidentiality, integrity and availability of information (in physical or digital form).

Cyber Risk is defined as risk related to acts perpetrated by malicious threat actors including internal sabotage, espionage, malicious attacks, hacking incidents, fraudulent conduct using information and communication technologies.

The Company adopts a risk based approach in managing technology risks relating to IT disruption, cyber threats, data loss and third parties. Key risk indicators related to technology, information and cyber risks are reported to the Board on a regular basis. Independent assessment is performed by the Internal Audit team on the adequacy and effectiveness of the processes to manage technology, information and cyber risks. The risk appetite statement also explicitly sets the Company's tolerance level to financial loss arising from technology risks.

Sustainability risk

Sustainability risk is defined as any environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and enterprise value. The Company has integrated ESG considerations into the investment activities.

At present, the Company manages social and governance-related risk through existing frameworks and policies. In order to build resilience as the world transits to a low-carbon economy, the Company has formalised the Environmental Risk Management Policy which sets forth guiding principles and minimum standards in managing environmental risk within the Company. Environmental risk arises from the potential adverse impact to the Company's business, operations and balance sheet due to changes in the environment that impact economic activities and human well-being. Environmental issues that are of concern include climate change, loss of biodiversity, pollution and changes in land use. Environmental risk can manifest in three dimensions of risk as follows:

- Physical risk – impact of weather events and long-term or widespread environmental changes. It arises from acute (event-driven) and chronic (long term shift) climate-related events that damage property, reduce productivity and disrupt trade.
- Transition risk – arises from the process of adjustment to an environmentally sustainable economy, including change in public policies, disruptive technological developments, and shifts in consumer and investor preferences.
- Liability risk – arises from legal risk and claims on damages and losses incurred from inaction or lack of action that results in the effects of physical and transition risks.

The Company’s risk assessment considers the financial and non-financial impacts from physical and transition risks arising from climate change. With this, the organisation has put in place processes, methodology, and both qualitative and quantitative tools to identify and assess environmental risk for investment portfolios. For investment portfolio, the objective is to build resilient investment portfolios whilst striking a balance between ESG considerations, impact and financial returns.

35. FAIR VALUES OF ASSETS AND LIABILITIES

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

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

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

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

- The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market bid prices and closing prices as appropriate for assets at the close of business on the reporting date.

- For investments in quoted unit and real estate investment trusts, fair value is determined by reference to published net asset values. Investments in equity that do not have quoted market prices in an active market will be stated at adjusted net asset value.

- For financial instruments where there is no active market such as unquoted fixed income securities i.e. unquoted bonds, fair value is obtained from Bond Pricing Agency Malaysia Sdn. Bhd. ("BPAM") while for foreign bonds, fair value is obtained from ICE Data Service (IDC).

- For unquoted and unrated bonds, fair value is obtained from Bond Pricing Agency Malaysia Sdn. Bhd. ("BPAM").

- For structured deposits and derivatives, the fair value is obtained from Markit and banks.

- For investment properties, the fair value is obtained from valuations as performed by the external valuers using the income method and comparison method.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

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

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

	Date of valuation	Level 1 Quoted Market Price RM'000	Level 2 Valuation Techniques - Market Observable Inputs RM'000	Level 3 Valuation Techniques - Unobservable Inputs RM'000	Total Fair Value RM'000
2022					
(a) Assets measured at fair value:					
Financial assets:					
FVOCI financial assets (Note 7(b)):					
Equity securities:					
Quoted in Malaysia					
- Kuala Lumpur Stock Exchange	31 December 2022	692,451	-	-	692,451
Quoted outside Malaysia					
- Singapore Exchange	31 December 2022	199,399	-	-	199,399
- Hong Kong Exchange	31 December 2022	284,003	-	-	284,003
Unquoted in Malaysia	31 December 2022	-	-	65,840	65,840
Malaysian government securities	31 December 2022	-	704,743	-	704,743
Debt securities:					
Unquoted in Malaysia	31 December 2022	-	2,352,770	-	2,352,770
FVTPL financial assets (Note 7(c)):					
Mandatorily measured					
Equity securities:					
Quoted in Malaysia	31 December 2022	20,600,688	-	-	20,600,688
Quoted outside Malaysia	31 December 2022	3,510,190	-	-	3,510,190
Unquoted in Malaysia	31 December 2022	-	565,599	71,568	637,167
Unquoted outside Malaysia	31 December 2022	-	128,885	-	128,885
Debt securities:					
Quoted in Malaysia	31 December 2022	769	-	-	769
Quoted outside Malaysia	31 December 2022	271,132	-	-	271,132
Unquoted in Malaysia	31 December 2022	-	3,168,684	-	3,168,684
Unquoted outside Malaysia	31 December 2022	-	122,243	-	122,243
Unit and property trust funds:					
Quoted in Malaysia	31 December 2022	436,564	-	-	436,564
Quoted outside Malaysia	31 December 2022	322,638	-	-	322,638
Unquoted outside Malaysia	31 December 2022	-	1,398,369	87,060	1,485,429
Unquoted in Malaysia	31 December 2022	-	195,149	-	195,149
Investment in subsidiary:					
Collective investment schemes					
Unquoted in Malaysia	31 December 2022	-	1,616,831	-	1,616,831

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

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

	Date of valuation	Level 1 Quoted Market Price RM'000	Level 2 Valuation Techniques - Market Observable Inputs RM'000	Level 3 Valuation Techniques - Unobservable Inputs RM'000	Total Fair Value RM'000
2022 (Cont'd.)					
(a) Assets measured at fair value: (Cont'd.)					
Financial assets: (Cont'd.)					
FVTPL financial assets (Note 7(c)): (Cont'd):					
Designated upon initial recognition:					
Malaysian government securities	31 December 2022	-	10,637,959	-	10,637,959
Debt securities:					
Unquoted in Malaysia	31 December 2022	-	32,510,175	29,400	32,539,575
Financial assets		26,317,834	53,401,407	253,868	79,973,109
Derivatives (Note 13):					
Currency swaps	31 December 2022	-	315	-	315
Bond Forward	31 December 2022	-	852	-	852
		-	1,167	-	1,167
Non financial assets:					
Investment Properties (Note 5):					
Commercial	16 November 2022	-	-	744,500	744,500
Residential	16 November 2022	-	-	232,000	232,000
		-	-	976,500	976,500
Non-current assets held-for-sale (Note 6):					
Commercial	16 November 2022	-	-	238,000	238,000
		-	-	238,000	238,000
(b) Liabilities measured at fair value:					
Financial liabilities					
Derivatives (Note 13):					
Currency swaps	31 December 2022	-	4,492	-	4,492
Bond Forward	31 December 2022	-	15,650	-	15,650
Forward Foreign Exchange	31 December 2022	66	-	-	66
		66	20,142	-	20,208

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

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

	Date of valuation	Level 1 Quoted Market Price RM'000	Level 2 Valuation Techniques - Market Observable Inputs RM'000	Level 3 Valuation Techniques - Unobservable Inputs RM'000	Total Fair Value RM'000
2021					
(a) Assets measured at fair value:					
Financial assets:					
FVOCI financial assets (Note 7(b)):					
Equity securities:					
Quoted in Malaysia					
- Kuala Lumpur Stock Exchange	31 December 2021	624,854	-	-	624,854
Quoted outside Malaysia					
- Singapore Exchange	31 December 2021	235,575	-	-	235,575
- Hong Kong Exchange	31 December 2021	247,853	-	-	247,853
Unquoted in Malaysia	31 December 2021	-	-	75,271	75,271
Malaysian government securities	31 December 2021	-	584,139	-	584,139
Debt securities:					
Unquoted in Malaysia	31 December 2021	-	1,816,075	-	1,816,075
FVTPL financial assets (Note 7(c)):					
Mandatorily measured					
Equity securities:					
Quoted in Malaysia	31 December 2021	20,996,549	-	-	20,996,549
Quoted outside Malaysia	31 December 2021	3,638,388	-	-	3,638,388
Unquoted in Malaysia	31 December 2021	-	692,267	75,465	767,732
Unquoted outside Malaysia	31 December 2021	-	128,156	-	128,156
Debt securities:					
Quoted in Malaysia	31 December 2021	831	-	-	831
Quoted outside Malaysia	31 December 2021	330,486	-	-	330,486
Unquoted in Malaysia	31 December 2021	-	2,458,842	-	2,458,842
Unquoted outside Malaysia	31 December 2021	-	207,497	-	207,497
Unit and property trust funds:					
Quoted in Malaysia	31 December 2021	469,879	-	-	469,879
Quoted outside Malaysia	31 December 2021	321,076	-	-	321,076
Unquoted outside Malaysia	31 December 2021	-	2,224,493	41,134	2,265,627
Unquoted in Malaysia	31 December 2021	-	220,969	-	220,969
Investment in subsidiary:					
Collective investment schemes					
Unquoted in Malaysia	31 December 2021	-	1,573,826	-	1,573,826

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

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

	Date of valuation	Level 1 Quoted Market Price RM'000	Level 2 Valuation Techniques - Market Observable Inputs RM'000	Level 3 Valuation Techniques - Unobservable Inputs RM'000	Total Fair Value RM'000
2021 (Cont'd.)					
(a) Assets measured at fair value: (Cont'd.)					
Financial assets: (Cont'd.)					
FVTPL financial assets (Note 7(c)): (Cont'd):					
Designated upon initial recognition:					
Malaysian government securities	31 December 2021	-	9,465,234	-	9,465,234
Debt securities:					
Unquoted in Malaysia	31 December 2021	-	32,316,748	-	32,316,748
Financial assets		26,865,491	51,688,246	191,870	78,745,607
Derivatives (Note 13):					
Currency swaps	31 December 2021	-	2,023	-	2,023
Bond Forward	31 December 2021	-	5,308	-	5,308
		-	7,331	-	7,331
Non financial assets:					
Investment Properties (Note 5):					
Commercial	19 November 2021	-	-	982,270	982,270
Residential	19 November 2021	-	-	232,000	232,000
Non financial assets		-	-	1,214,270	1,214,270
(b) Liabilities measured at fair value:					
Financial liabilities					
Derivatives (Note 13):					
Currency swaps	31 December 2021	-	19,335	-	19,335
Bond Forward	31 December 2021	-	4,428	-	4,428
Forward Foreign Exchange	31 December 2021	1	-	-	1
		1	23,763	-	23,764

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

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

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

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

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

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

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

Description	Fair value as at 31 December 2021 RM'000	Valuation techniques	Unobservable inputs	Range (weighted average)
Investment properties				
Commercial properties	238,000	Income approach	Rental per square foot ("p.s.f.") per month	RM2.50 - RM5.40
			Rental growth rate (upon Revisionary)	0.00%
			Long-term vacancy rate	12.50%
			Discount rate	5.75% - 6.00%
Commercial properties	545,000	Income approach	Estimated Value p.s.f	RM1,191
Commercial properties	199,270	Comparison approach	Estimated Value p.s.f	RM33 - RM1,250
Residential properties	225,000	Comparison approach	Estimated Value p.s.f	RM639 - RM727
Residential properties	7,000	Comparison approach	Estimated Value p.s.f	RM40
FVOCI financial assets				
Unquoted equities	75,271	Adjusted net asset value[1]	Net tangible assets	not applicable
FVTPL financial assets				
Unquoted equities	75,465	Adjusted net asset value[1]	Net tangible assets	not applicable
Private equity fund	41,134	Adjusted net asset value[1]	Net tangible assets	not applicable

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

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

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

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

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

Fair value measurements using significant unobservable inputs (Level 3)

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

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

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

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

Fair value measurements using significant unobservable inputs (Level 3)

	FVOCI	FVTPL					
	Financial assets Unquoted equities	Financial assets Unquoted equities	Financial assets Private equities	Financial assets Unquoted debt securities	Investment properties	Non-current assets held-for-sale	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2021							
Opening balance	78,203	83,330	-	-	1,129,470	-	1,291,003
Total gain for the year:							
Changes in fair value							
- Included in statement of profit or loss	-	15,636	(885)	-	(35,454)	-	(20,703)
- Included in other comprehensive income	(2,932)	-	-	-	-	-	(2,932)
Addition for the year:							
Additions	-	-	45,787	-	539	-	46,326
Transfer from property and equipment	-	-	-	-	119,715	-	119,715
Disposal for the year:							
Disposals	-	(23,501)	(3,768)	-	-	-	(27,269)
Closing balance	75,271	75,465	41,134	-	1,214,270	-	1,406,140

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

Fair value Hierarchy

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

Level 1 Assets/liabilities are those of which market values are determined in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those process represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 Assets/liabilities are those of which market values are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These type of assets/liabilities includes assets/liabilities of which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets/financial liabilities with fair values based on broker quotes, investments in private equity funds with fair values obtained from counterparties and assets/liabilities that are valued using the Company's own model whereby the majority of assumptions are market observable.

Level 3 Assets/liabilities are those of which market values are measured using a valuation technique based on assumptions formed from unobservable inputs. Unobservable inputs are inputs not supported by market data, but which are set on the basis that they represent what is reasonable given the prevailing market conditions.

There have been no transfers of assets between Level 1 and Level 2 of the fair value hierarchy during the financial years ended 31 December 2022 and 31 December 2021.

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36. REGULATORY CAPITAL REQUIREMENT

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

	2022 RM'000	2021 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	100,000	100,000
Reserves, including retained earnings	20,363,699	21,147,437
	20,463,699	21,247,437
Tier 2 Capital		
Eligible reserves	(48,024)	(54,665)
Deductions: Intangible assets & deferred tax assets	203,463	185,066
Total Capital Available	20,212,212	21,007,706

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37. INSURANCE FUNDS

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

Statement of Financial Position by Funds
As at 31 December 2022

	Shareholder's Fund		Life Insurance 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								
Financial investments	2,145,658	1,979,292	82,956,004	82,168,720	-	-	85,101,662	84,148,012
Reinsurance assets	-	-	145,796	128,057	-	-	145,796	128,057
Insurance receivables	-	-	242,392	354,683	-	-	242,392	354,683
Other assets	2,741,555	2,484,145	6,740,767	6,925,522	(2,717,155)	(2,451,654)	6,765,167	6,958,013
	4,887,213	4,463,437	90,084,959	89,576,982	(2,717,155)	(2,451,654)	92,255,017	91,588,765
Equity, Policyholders' Fund and Liabilities								
Total Equity	4,561,202	4,229,277	-	-	-	-	4,561,202	4,229,277
Insurance contract liabilities	-	-	84,888,621	84,633,108	-	-	84,888,621	84,633,108
Other liabilities	326,011	234,160	5,196,338	4,943,874	(2,717,155)	(2,451,654)	2,805,194	2,726,380
Total Policyholders' Fund and Liabilities	326,011	234,160	90,084,959	89,576,982	(2,717,155)	(2,451,654)	87,693,815	87,359,488
	4,887,213	4,463,437	90,084,959	89,576,982	(2,717,155)	(2,451,654)	92,255,017	91,588,765

* Refers to elimination of Interfund balances.

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37. INSURANCE FUNDS (CONT'D.)

Statement of Profit or Loss by Funds
For the year ended 31 December 2022

	Shareholder's Fund		Life Insurance 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 premiums	-	-	9,828,726	9,681,128	(6,806)	(6,610)	9,821,920	9,674,518
Premiums ceded to reinsurers	-	-	(319,872)	(230,839)	-	-	(319,872)	(230,839)
Net earned premiums	-	-	9,508,854	9,450,289	(6,806)	(6,610)	9,502,048	9,443,679
Investment income	101,305	94,162	3,584,429	3,374,121	-	-	3,685,734	3,468,283
Fee and commission income	-	-	9,473	4,314	-	-	9,473	4,314
Gains and losses and other operating revenue	(10,699)	(30,425)	(2,678,537)	(3,511,411)	-	-	(2,689,236)	(3,541,836)
Other revenue	90,606	63,737	915,365	(132,976)	-	-	1,005,971	(69,239)
Gross benefits and claims paid	-	-	(7,811,694)	(6,560,566)	-	-	(7,811,694)	(6,560,566)
Claims ceded to reinsurers	-	-	376,118	364,894	-	-	376,118	364,894
Gross change in contract liabilities	-	-	564,637	172,691	-	-	564,637	172,691
Change in contract liabilities ceded to reinsurers	-	-	9,104	(13,171)	-	-	9,104	(13,171)
Net benefits and claims	-	-	(6,861,835)	(6,036,152)	-	-	(6,861,835)	(6,036,152)
Depreciation and amortisation	(673)	(673)	(56,450)	(54,452)	-	-	(57,123)	(55,125)
Other operating and management expenses	(72,400)	(67,813)	(1,860,072)	(1,759,911)	6,806	6,610	(1,925,666)	(1,821,114)
Taxation attributable to life insurance business	-	-	72,634	75,844	-	-	72,634	75,844
Other expenses	(73,073)	(68,486)	(1,843,888)	(1,738,519)	6,806	6,610	(1,910,155)	(1,800,395)
Profit from operations	17,533	(4,749)	1,718,496	1,542,642	-	-	1,736,029	1,537,893
Transfer from Life Insurance Fund*	1,718,496	1,542,642	(1,718,496)	(1,542,642)	-	-	-	-
Profit before taxation	1,736,029	1,537,893	-	-	-	-	1,736,029	1,537,893
Taxation attributable to shareholders	(470,063)	(330,834)	-	-	-	-	(470,063)	(330,834)
Net profit for the year	1,265,966	1,207,059	-	-	-	-	1,265,966	1,207,059

* The amount transferred from the Life Insurance Fund to the Shareholder's Fund is net of tax.
** Refers to elimination of interfund transactions.

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37. INSURANCE FUNDS (CONT'D.)

Information on Cash Flows by Funds
for the year ended 31 December 2022

	Shareholder's Fund		Life Insurance Fund		Total	
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flow from:						
Operating activities	914,080	557,785	(126,122)	1,116,345	787,958	1,674,130
Investing activities	-	-	(50,465)	(106,964)	(50,465)	(106,964)
Financing activities	(909,000)	(600,000)	(952)	(1,117)	(909,952)	(601,117)
Increase/(decrease) in cash and cash equivalents	5,080	(42,215)	(177,539)	1,008,264	(172,459)	966,049
Cash and cash equivalents:						
At beginning of year	20,872	63,087	4,489,319	3,481,055	4,510,191	3,544,142
At end of year	25,952	20,872	4,311,780	4,489,319	4,337,732	4,510,191

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)
Registration No. 198201013982 (93745-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Great Eastern Life Assurance (Malaysia) Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and cash flow for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 33 to 198.

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 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, which we obtained prior to the date of this auditors' report, and Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Company and our auditors' report thereon.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(CONTINUED)
(Incorporated in Malaysia)
Registration No. 198201013982 (93745-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Our opinion on the financial statements 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 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 Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 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 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(CONTINUED)
(Incorporated in Malaysia)
Registration No. 198201013982 (93745-A)

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 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 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 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 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 Company to cease to continue as a going concern.

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

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 GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD
(CONTINUED)
(Incorporated in Malaysia)
Registration No. 198201013982 (93745-A)

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
28 March 2023