Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2023

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DIRECTORS' REPORT

The Directors are pleased to present this report with the audited financial statements of the Group and the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Group and the Company are engaged principally in underwriting life insurance and investment-linked business. There were no significant changes in the Group's and the Company's principal activities during the financial year.

FINANCIAL RESULTS

	Group/Company RM'000
Net profit for the financial year	98,161

DIVIDENDS

The amount of dividends the Company paid or declared since the end of the previous financial year are as follows:

For the financial year ended 31 December 2022	RM'000
Dividend paid on 30 June 2023:	
- Single-Tier Final Dividend in respect of the Perpetual Non-cumulative Preference Shares of 8.00 sen per RM1.00 share	8,000
- Single-Tier Final Dividend in respect of the Ordinary Shares of 25.62 sen per RM1.00 share	62,000
	70,000

The Directors have not recommended any dividend to be paid for the financial year under review.

DIRECTORS' REPORT (CONTINUED)

RESERVES AND PROVISIONS

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

INSURANCE AND REINSURANCE CONTRACT LIABILITIES

Before the Group and the Company made their financial statements, the Directors took reasonable steps to ascertain that the insurance and reinsurance contract liabilities are adequate in accordance with MFRS 17 Insurance Contracts.

SHARE CAPITAL

The Group and the Company did not issue any shares during the financial year.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

Before the Group and the Company made their financial statements, the Directors took reasonable steps to ensure that any current assets unlikely to be realised in the ordinary course of business would have their values as shown in the accounting records of the Group and the Company to be written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

As of the date of this report, the Directors are not aware of any circumstances that arose which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the Group's and the Company's assets that arose since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability in respect of the Group and the Company that arose since the end of the financial year.

No contingent or other liability of the Group and the Company has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the Group's and the Company's ability to meet its obligations as and when they fall due.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

In the interval between the end of the financial year and the date of this report, no item, transaction, or event arose of a material and unusual nature which is likely, in the opinion of the Directors, to affect substantially the results of the Group's and the Company's operations for the financial year in which this report is made.

DIRECTORS

The Directors who held office since the date of the last report and as of the date of this report are as follows:

Members of the Board	Designation
Dato' Noorazman Bin Abd Aziz	Chairman/ Independent Non-Executive Director
Nigel Robin Hazell	Independent Non-Executive Director
Wong Ah Kow	Independent Non-Executive Director
Yap Seong Yong	Independent Non-Executive Director
Ooi Say Teng	Non-Independent Non-Executive Director
Ingrid Gail Johnson	Executive Director
Natasha Su A/P Sivarajah (appointed on 21 August 2023)	Non-Independent Non-Executive Director
Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz* (retired on 26 June 2023)	Non-Independent Non-Executive Director

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director of the Group and the Company has received or become entitled to receive any benefit (other than Directors' remuneration and benefits disclosed in the Group's and the Company's notes to the financial statements) by reason of a contract made by the Group and the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Corporation in which the Director has a substantial financial interest.

INDEMNITY AND INSURANCE

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The current year's insurance premium amounts to RM61,750.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The Company has kept the Register of Directors' Shareholdings under Section 59 of the Companies Act 2016. None of the Directors in office at the end of the financial year hold shares or have beneficial interests in the shares of the Company or hold shares, options over shares, and debentures or have beneficial interests in the shares, options over shares, and debentures of its related companies during and at the end of the financial year.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and the Company for the financial year is RM843,000. The details of Directors' remuneration are set out in Note 18 to the financial statements.

CORPORATE GOVERNANCE DISCLOSURE

Board of Directors (the Board)

Composition of the Board

The Board currently has seven (7) members, comprising one (1) Independent Non-Executive Chairman, three (3) Independent Director, one (1) Non-Independent Non-Executive Director and one (1) Executive Director, each from diverse backgrounds and qualifications and bring a wealth of knowledge, experience and skills in a wide range of areas, inter alia, business strategy, finance, insurance, risk management and technology to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and competencies to the Company.

Directors' Profiles

Dato' Noorazman Bin Abd. Aziz
Chairman & Independent Non-Executive Director
Aged 68, Male, Malaysian

Date of Appointment: 13 May 2022

Membership of Board Committees:

- Member of Audit Committee
- Member of Nomination and Remuneration Committee
- Member of Risk Management Committee

Dato' Noorazman holds a Bachelor of Science (Finance) from Louisiana State University, USA. He is a member of Chartered Institute of Islamic Finance Professionals (CIIF), a member of the Australian Institute of Corporate Directors (AICD) as well as a member of the Institute of Corporate Directors, Malaysia (ICDM).

Dato' Noorazman has over 38 years of experience in banking & finance, investments and capital markets having served as Executive Director, Investments in Khazanah Nasional Berhad, Co-founder and Managing Director of Fajr Capital Ltd and held key positions in Citigroup, Bank Islam Malaysia Bhd, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA).

In 2005, Dato' Noorazman was named as the winner of the first Asian Banker Achievement Award for Islamic Finance.

Dato' Noorazman is currently the Chairman of the Board of Sun Life Malaysia Takaful Berhad, CTOS Digital Berhad, MUFG Bank (Malaysia) Berhad and a Director of Kumpulan Perangsang Selangor Berhad (KPS). He also chairs the Board of Trustees of Yayasan UEM and the International Centre for Education in Islamic Finance (INCEIF) and sits on the Board of Trustees of OSK Foundation. He is also a member of the Audit Oversight Board in the Securities Commission Malaysia and an Investment Panel member of Kumpulan Wang Persaraan (KWAP).

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors’ Profiles (continued)

Dato’ Noorazman does not have any shareholding in the Company.

Dato’ Noorazman has attended the following trainings during the year:

Training / Conferences
Integrity, Governance and Anti-Corruption Training – Ethics in Leadership, Overcoming Abuse of Position and Conflict of Interest
INCEIF: Eminent Talk Series.
Environmental, Social and Corporate Governance (ESG) – Emerging Risk and Climate Change
In-house training on Climate Change and Environmental Impact.
INCEIF: “Islamic – Finance in Malaysia: Going Forward”.
Financial Crime Compliance Training – Annual FCC Awareness Session
Financial Institutions Directors’ Education Forum Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know.
Task Force on Climate-Related Financial Disclosures.
Sealing Up the Circular Economy for Audit Oversight Members of Securities Commission.
INCEIF: The Grand Design of Islamic Finance – The Tone at the top.
In-house training on Cybersecurity.
INCEIF: Public Lecture on Islam and Inequality - What Economics and Finance from an Islamic Perspective Can Do.
In-house training on 2023 Cyber Drill Exercise.
Board & Investment Panel Training on Sustainability Governance & Reporting Implications of ESG
Board & Investment Panel Training on Cyber Security
Fiduciary Duty on Climate Risk Management by KPMG.
INCEIF: Islamic Finance for Board of Directors Training Programme.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Anti-Trust Training – Ensuring Compliance with Competition Law
Personal Data Protection Training
In-house training on Product Deep Dive Session.
In-house training on Cybersecurity: The Dark Web and Empowering You to Stay Safe in a Digital World.

Mr. Nigel Robin Hazell
Independent Non-Executive Director
Aged 60, Male, British

Date of Appointment: 13 May 2022

Membership of Board Committees:

- Chairman of Risk Management Committee
- Member of Nomination and Remuneration Committee
- Member of Audit Committee

Mr. Hazell obtained his Bachelor of Science (Hons) degree in Mathematics (1st Class Honours) from University of Exeter, England. He became a Fellow of the Institute of Actuaries.

Mr. Hazell has been the Executive Chairman of NRH Holdings Limited (Ltd.) since January 2005. NRH is a group with controlling stakes in hospitality technology, gold mining and digital financial literacy with operational presence in the UK, Vietnam, Thailand and Papua New Guinea. Prior to that, Mr. Hazell was the Asia Chief Financial Officer and Chief Operating Officer, North Asia for Commonwealth Bank of Australia. He was also the Director, Chief Financial Officer and Appointed Actuary of Ayudhya CMG Life, Thailand, the Asia Managing Director, Life & Health of Guardian Royal Exchange and the Chief Actuary of Eagle Star Asia. Mr. Hazell is currently the Chairman of Sun Life Trustee Company Limited and a Director of D&H Systems Ltd, Sabai Technologies Ltd, and Life Transformations Ltd.

Mr. Hazell does not have any shareholding in the Company.

Mr. Hazell has attended the following trainings during the year:

Training / Conferences
In-house training on Climate Change.
Financial Institutions Directors' Education (FIDE) Forum: New regulatory digital tech to handle compliance.
Institute & Faculty of Actuaries: Professional Skills.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

In-house training on Cybersecurity.
In-house training on 2023 Cyber Drill exercise.
Institute & Faculty of Actuaries: How will IFRS17 impact the actuarial industry post implementation?
ICLIF Executive Education Center: Board Oversight of Climate Risks and Opportunities.
Fiduciary Duty on Climate Risk Management by KPMG.
In-house training on Cybersecurity: The Dark Web and Empowering You to Stay Safe in a Digital World.
FIDE: AI and Financial Institutions: Friend or Foe?
Institute & Faculty of Actuaries: Demystifying Enterprise Risk Management.
FIDE: BNM-FIDE FORUM Virtual Dialogue.
In-house training on Product Deep Dive Session.
FIDE/BNM: Cloud Requirements in Risk Management in Technology AI & Machine Learning Adoption in the Industry.
Hong Kong Retirement Schemes Association (HKRSA): Investment Implications of Generative AI.
Mandatory Provident Fund Schemes Authority (MPFA): Embrace, Enrich, Evolve - the future of MPF Tech.

Mr. Wong Ah Kow
Independent Non-Executive Director
Aged 68, Male, Malaysian

Date of Appointment: 22 September 2022

Membership of Board Committees:

- Chairman of Audit Committee
- Member of Risk Management Committee

Mr. Wong holds a Bachelor of Science (Engineering) Degree with Honours from the Imperial College of Science and Technology, University of London, United Kingdom.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

He is a Fellow of both the Chartered Insurance Institute of UK (FCII) and the Malaysian Insurance Institute (FMII).

Mr. Wong has over 40 years of experience in the insurance industry, primarily in senior management roles. He was previously the Director / Chief Executive Officer (CEO) of Asia Capital Reinsurance Malaysia, and prior to that, the Managing Director/CEO of Overseas Assurance Corporation (Malaysia).

Mr. Wong has served on the Boards of Great Eastern Life Assurance (Malaysia), ACR Capital Holdings Pte. Ltd. (Singapore), Asia Capital Reinsurance Group Pte. Ltd. (Singapore), ACR Retakaful (MEA) BSC (Bahrain), ACR Retakaful Holdings Ltd (Dubai) and Malaysian Insurance Institute. He was also a Board Member of Sun Life Malaysia Takaful Berhad from year 2019 until his recent resignation in September 2022.

Mr. Wong is also an Independent Non-Executive Director of Lonpac Insurance Bhd.

Mr. Wong does not have any shareholding in the Company.

Mr. Wong has attended the following trainings during the year:

Training / Conferences
In-house training on Climate Change.
In-house training on 2023 Cyber Drill exercise.
Khazanah Megatrends Forum - Orchestrating a Development Bargain for Sustainable Growth.
ICLIF: Board Oversight of Climate Risks and Opportunities.
Fiduciary Duty on Climate Risk Management by KPMG.
In-house training on Cybersecurity: The Dark Web.
In-house training on Product Deep Dive Session.

Ms. Yap Seong Yong
Independent Non-Executive Director
Aged 59, Female, Malaysian

Date of Appointment: 1 September 2022

Membership of Board Committees:

- Chairperson of Nomination and Remuneration Committee
- Member of Risk Management Committee

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Ms. Yap holds a Bachelor of Arts with Double Majors in Computing & Information Science and Economics from University of Guelph, Ontario, Canada and Ontario High School Diploma from St. John's College.

Ms. Yap was the Technology Managing Director and Corporate Social Responsibility Lead of Accenture Malaysia and has more than 32 years of experience in technology and management information consultancy covering various industries and geographies, namely Malaysia, Hong Kong, China, Thailand, Indonesia and Singapore, where she carved her niche in systems implementation and SAP consulting. From the time of her retirement from Accenture until June 2021, she was the Chief Executive Officer of Cancer Research Malaysia and served on the Board of Governors of the American Malaysian Chamber of Commerce.

She is currently a Director of OCBC Bank (Malaysia) Berhad and PW PAC Sdn. Bhd. as well as a member of the Trustees of World Vision Malaysia.

Ms. Yap does not have any shareholding in the Company.

Ms. Yap has attended the following trainings during the year:

Training / Conferences
In-house training on Climate Change.
FIDE Forum: Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know.
In-house training on SLM 2023 Cyber Drill exercise.
FIDE: Core Module A and B (Insurance).
ICLIF: Board Oversight of Climate Risks and Opportunities.
Fiduciary Duty on Climate Risk Management by KPMG.
FIDE: AI and Financial Institutions: Friend or Foe?
In-house training on Product Deep Dive Session.
In-house training on Cybersecurity: The Dark Web and Empowering You to Stay Safe in a Digital World.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Mr. Ooi Say Teng
Non-Independent Non-Executive Director
Aged 62, Male, Malaysian

Date of Appointment: 12 April 2013

Membership of Board Committees:

- Member of Executive Committee
- Member of Nomination and Remuneration Committee

Mr. Ooi has more than 30 years of experience in the insurance industry as well as extensive management experience having held senior leadership positions with both local and global companies in Malaysia. He holds a Bachelor of Science (Honours) Degree in Actuarial Science from The City University, London and a Diploma in Actuarial Techniques from the Institute of Actuaries, London. He is also a Registered Financial Planner.

Mr. Ooi began his career back in 1983 at MCIS Insurance Berhad, rising through the ranks to Assistant General Manager, Operations before moving on to MBA Life Assurance Berhad (now known as Allianz Life Insurance Berhad) as Deputy General Manager, Operations. He then took on the role as Assistant General Manager of Mayban Life Assurance Berhad where his strong track record and leadership capability saw him then taking on the helmship of UniAsia Life Assurance Berhad as Chief Executive Officer in 2003. In 2010, he joined CIMB Bank Berhad as the Head of CIMB Group Insurance, in which he was instrumental in driving the development of the insurance business in Malaysia, Indonesia and Thailand before being appointed to be the inaugural CEO of Sun Life Malaysia Assurance Berhad in 2013. He had taken over the leadership of Avicennia Capital Sdn Bhd, a holding company for the insurance assets of Khazanah Nasional Berhad which include Sun Life Malaysia. He had also served as the Vice President of LIAM (Life Insurance Association of Malaysia) in 2009, sat on the Board of Directors for Tune Insurance Malaysia Berhad, Labuan Reinsurance (L) Ltd and was the Deputy Chairman for Malaysia Life Reinsurance Berhad.

Mr. Ooi does not have any shareholding in the Company.

Mr. Ooi has attended the following trainings during the year:

Training / Conferences
In-house training on Climate Change.
In-house training on SLM 2023 Cyber Drill exercise.
Fiduciary Duty on Climate Risk Management by KPMG.
ASB: Distinguished Board Leadership Series 2023 - Empowering Change through Diversity, Equity & Inclusion (DEI).
In-house training on Cybersecurity: The Dark Web and Empowering You to Stay Safe in a Digital World.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Ms. Natasha Su A/P Sivarajah
Non-Independent Non-Executive Director
Aged 35, Female, Malaysian

Date of Appointment: 21 August 2023

Ms. Natasha is currently the Senior Vice President of Investments (Financial Institutions Group) at Khazanah Nasional Berhad.

Ms. Natasha holds a Master of Science in Development Studies and a Bachelor's degree in Actuarial Science from the London School of Economics and Political Science (LSE), United Kingdom. She is also a Fellow of the Institute and Faculty of Actuaries of United Kingdom.

Ms. Natasha has over 10 years of experience in the insurance industry. She began her career as an actuarial consultant with Deloitte MCS of United Kingdom. Prior to joining Khazanah as Vice President (VP) within the Investments division, she was the Consulting Actuary of Milliman Advisors Sdn Bhd Within Khazanah, Natasha is part of the Financial Institutions Group sector team which is responsible for Khazanah's investments in banks, insurance companies, and other financial institutions.

Ms. Natasha does not have any shareholding in the Company.

Ms. Natasha has attended the following trainings during the year:

Training / Conferences
ICLIF: Board Oversight of Climate Risks and Opportunities.
Fiduciary Duty on Climate Risk Management by KPMG.
In-house training on Product Deep Dive Session.
In-house training on Cybersecurity: The Dark Web and Empowering You to Stay Safe in a Digital World.

Ms. Ingrid Gail Johnson
Executive Director
Aged 57, Female, British

Date of Appointment: 22 September 2022

Membership of Board Committee:

- Member of Executive Committee

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board of Directors (the Board) (continued)

Directors' Profiles (continued)

Ms. Ingrid is a Chartered Accountant and holds Bachelor of Commerce and Bachelor of Accounting degrees from the University of the Witwatersrand in South Africa and completed the Advanced Management Program at the Harvard Business School. Ingrid's business transformation of Nedbank's Business Banking Cluster (servicing commercial clients) yielded results of such note as to merit a 2009 Harvard Business School case study, still taught in business and leadership courses today.

Ms. Ingrid is Vice Chair of Strategic Partnerships for Sun Life, responsible for leveraging and building global partnerships that drive value creation and strategic advantage for Sun Life and partners worldwide. She is a purpose-driven, senior business leader with a passion for leading transformational change with positive societal impact by developing talent and building a high-performance culture and enduring Client relationships.

Ms. Ingrid has over 30 years of international commercial experience in the insurance, banking and other financial services industries across UK, North America, Sub Saharan Africa and Asia. Ingrid joined Sun Life as President of Sun Life Asia, responsible for one of Sun Life's fastest growing strategic pillars focused on life, health and wealth management in eight Asian markets.

Prior to this, Ms. Ingrid was Group Finance Director and CFO of FTSE listed Old Mutual plc, an organization she served for 26 years. Ingrid spent 21 years with South African listed Nedbank Group, a 53% subsidiary of Old Mutual plc and one of South Africa's four largest banks. During that time, she held several progressively senior roles encompassing both the technical aspects of governance, finance, treasury, risk and capital management with leading large scale sustainable change of the businesses servicing international, corporate, business and retail clients. This culminated in her role as Group Managing Executive: Retail and Business Banking to collaboratively lead 20,000 colleagues in delivering best-in-class client, culture and risk metrics, in addition to achieving sustainable financial performance and advancing leadership diversity.

Ms. Ingrid does not have any shareholding in the Company.

Ms. Ingrid has attended the following trainings during the year:

Training / Conferences
Fiduciary Duty on Climate Risk Management by KPMG.
In-house training on Cybersecurity: The Dark Web and Empowering You to Stay Safe in a Digital World.
In-house training on Compliance training: • 2023 Your Safety and Emergency Preparedness. • 2023 Financial Crime Awareness. • 2023 Business Continuity. • 2023 Workplace Awareness and Respect. • 2023 Protecting Everyone's Information and Data Privacy. • 2023 Security for Mobile Devices.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board Meetings

A total of five (5) Board meetings were held during the financial year in review. All Directors have complied with Bank Negara Malaysia requirements that a Director must attend at least 75% of Board meeting held in the financial year. The details of the meeting attendance are as follow:

Directors	Attendance	%
Dato' Noorazman Bin Abd Aziz	5/5	100%
Nigel Robin Hazell	5/5	100%
Wong Ah Kow	5/5	100%
Yap Seong Yong	5/5	100%
Ooi Say Teng	5/5	100%
Ingrid Gail Johnson	4/5	80%
Natasha Su A/P Sivarajah**	2/2	100%
Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz*	2/2	100%

* Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz retired on 26 June 2023.
**Ms. Natasha Su A/P Sivarajah was appointed to the Board on 21 August 2023.

Roles and Responsibilities of the Board

The Board is responsible for supervising the Management of the business and affairs of the Company. The Board performs the overall stewardship responsibilities either directly or through its Committees. However, it remains fully accountable for any authority delegated to the Committees. The Board has clearly outlined matters that require Board approval and those that have been delegated to management.

Board Committees

The Board established four (4) Board Committees operating on the terms of reference approved by the Board, to assist the Board in the execution of its responsibilities. These Board Committees shall have the authorities to examine particular issues and report to the Board with their observations and recommendations. The ultimate responsibility for the decision on all matters, however, lies with the entire Board.

Audit Committee (AC)

The AC comprises three (3) Independent Directors. Four (4) AC meetings were held during the financial year. The details of each AC member's attendance during the financial year are as follows: -

Members	Attendance	%
Wong Ah Kow	4/4	100%
Dato' Noorazman Bin Abd Aziz	4/4	100%
Nigel Robin Hazell	4/4	100%

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board Committees (continued)

Audit Committee (AC) (continued)

The AC is a standing committee of the Board whose primary functions are to assist the Board with its oversight role with respect to:

i) The integrity of financial statements and information provided to Shareholders and others;
ii) The Company's compliance with applicable financial and regulatory requirements;
iii) The adequacy and effectiveness of the internal control environment implemented and maintained by Management; and
iv) The qualifications, independence and performance of the External Auditors and Chief Internal Auditor who is accountable to the AC, the Board and the Shareholders.

The roles and responsibilities of the AC are set out in its AC Charter which is published on the Company's corporate website at www.sunlifemalaysia.com.

Nomination and Remuneration Committee (NRC)

The NRC comprises three (3) Independent Directors and one (1) Non-Independent Non-Executive Director. Four (4) NRC meetings were held during the financial year The details of each NRC member's attendance during the financial year are as follows: -

Members	Attendance	%
Yap Seong Yong	4/4	100%
Dato' Noorazman Bin Abd Aziz	4/4	100%
Nigel Robin Hazell	4/4	100%
Ooi Say Teng	4/4	100%

The primary purpose of the NRC is to:

i) Establish a documented, formal and transparent procedure for the appointment of Directors and Senior Management, and to assess the effectiveness of Directors, the Board as a whole and the various committees of the Board and the Senior Management; and
ii) Provide a formal and transparent procedure for developing a remuneration policy for Directors and Senior Management and ensuring that their compensation is consistent with the Company's culture, objective and strategy.

The roles and responsibilities of the NRC are set out in its NRC Charter which is published on the Company's corporate website at www.sunlifemalaysia.com.

Risk Management Committee (RMC)

The RMC comprises four (4) Independent Directors. Six (6) RMC meetings were held during the financial year. The details of each RMC member's attendance during the financial year are as follows:

Members	Attendance	%
Nigel Robin Hazell	6/6	100%
Dato' Noorazman Bin Abd Aziz	6/6	100%
Wong Ah Kow	6/6	100%
Yap Seong Yong	6/6	100%

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Board Committees (continued)

Risk Management Committee (RMC) (continued)

The RMC is a standing committee of the Board whose primary objective is to oversee Senior Management's activities in managing the key risk areas of the Company and to ensure that an appropriate risk management process is in place and functioning effectively.

The roles and responsibilities of the RMC are set out in its RMC Charter which is published on the Company's corporate website at www.sunlifemalaysia.com.

Executive Committee (EXCO)

The EXCO composed of an equal number of Directors nominated by each of the Shareholders. The composition of the EXCO is as follows:

Ooi Say Teng
Ingrid Gail Johnson

The EXCO's duties and responsibilities are as follows:

i) Reviews and recommends for approval of certain matters in the Shareholders Agreement before being tabled to the relevant Board Committees (as applicable) and, subsequently, to the Board for deliberation and approval;
ii) Incorporate Environmental, Social and Governance (ESG) and climate-related considerations while performing their duties and responsibilities; and
iii) Performs such other duties and exercises and such other powers as the Board may, from time to time, assign or vest in the EXCO.

The roles and responsibilities of the EXCO are set out in its EXCO Charter which is published on the Company's corporate website at www.sunlifemalaysia.com.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Internal Control Framework

The Board exercises overall responsibility on the Company's internal controls and its effectiveness. At least annually, the Board approves policies and procedures for management and control of risk and capital, reviews compliance with these policies and procedures, reviews internal control and management information systems that provide reasonable assurance for the reliability of the Company's financial information and safeguarding of its assets, and reviews compliance with legislative and regulatory requirements. The Board recognizes that risks cannot be eliminated completely, as such, the systems and processes put in place are aimed at minimizing and managing risk.

The Company has in place a system of governance that embeds a clear ownership of risk, together with risk policies and standards to enable risks to be identified, assessed, measured, managed, monitored, and reported. Continuous assessment of the effectiveness and adequacy of internal controls, which includes an independent examination of controls by the independent Internal Audit function, is carried out regularly to provide reasonable and objective assurance on the design, effectiveness, and implementation of the overall system of internal control and ensure corrective actions, where necessary, are taken in a timely manner. As a custodian of public funds, the Company's dealings with the public are always conducted fairly, honestly, and professionally.

Remuneration Policy

The Company's remuneration programs are designed to meet the following objectives:

- Align to business strategy;
- Provide incentive to achieve strategic business results;
- Support fairness for employees and reward top performer;
- Provide alignment to Shareholders interests, and create a long-term ownership mind-set for members of senior management; and
- Align remuneration outcomes with prudent risk-taking.

Remuneration Principles and Framework

The competitiveness of the Company's remuneration programs is achieved through the completion of periodical benchmarking reviews. Benchmarking reviews are completed to assess the compensation at all salary levels compared to appropriate peer companies to determine the need for adjustments to pay programs.

The total remuneration package for senior management and other material risk takers comprises of fixed pay (base salary and cash allowances), variable compensation plan and benefits. The variable compensation plan comprises of short-term incentive and deferred long-term incentive. The short-term incentive is in the form of annual cash payment and linked to the business performance and contribution by the individual. Deferred long-term incentive is in the form of share units tied to the value of Sun Life Financial publicly traded stock, with the deferral period of three (3) years. The objectives are to focus key contributors on creating long-term value and alignment of interests with the Shareholders.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

Remuneration Policy (continued)

Remuneration Principles and Framework (continued)

The variable compensation plan aims to provide motivation and focus to senior management and employees to add value to the Company, Shareholders and clients, supported through informed and transparent risk-taking. Remuneration for employees is aligned with prudent risk-taking and symmetric with risk outcomes. This includes ensuring that the remuneration is adjusted to account for risk consideration, and determined by both quantitative measures and qualitative judgement, as well as the contribution of the individual and Company's performance. All variable compensation plans are performance based and include appropriate measures of financial performance over different time horizons.

The Company's senior management comprise of the Chief Executive Officer and Chief Officers in the Management Committee. The remuneration of senior management and other material risk takers including base salary and variable compensation are subject to the review and approval by the Nomination and Remuneration Committee and the Board.

The employees in control functions are measured based on clearly defined key performance index to ensure effective oversight of the Company.

Details of quantitative remuneration reward are set out in Note 18 and 27 to the Financial Statements.

The Company's senior management comprise of the Chief Executive Officer and Chief Officers in the Management Committee. The remuneration of senior management and other material risk takers including base salary and variable compensation are subject to the review and approval by the Nomination and Remuneration Committee and the Board.

The employees in control functions are measured based on clearly defined key performance index to ensure effective oversight of the Company.

Details of quantitative remuneration reward are set out in Note 18 and 27 to the Financial Statements.

CORPORATE GOVERNANCE DISCLOSURE (CONTINUED)

HOLDING COMPANIES

The Directors regard Renggis Ventures Sdn Bhd as the immediate holding company, Avicennia Capital Sdn Bhd as the penultimate holding company, and Khazanah Nasional Berhad as the ultimate holding company. Avicennia Capital Sdn Bhd is no longer a financial holding company effective from 2 October 2019. All three companies are incorporated in Malaysia.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and the Company are as follows:

	Group/Company
	RM'000
Fees payable to PricewaterhouseCoopers:	
Statutory audit	
- current financial year	644
Audit related services	500
Tax services	39
	1,183

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), are retiring at the upcoming Annual General Meeting and are not seeking re-appointment.

Signed on behalf of the Board in accordance with the resolution of the Directors dated 21 March 2024.

DATO' NOORAZMAN BIN ABD AZIZ
DIRECTOR

WONG AH KOW
DIRECTOR

Kuala Lumpur

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

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

We, Dato' Noorazman Bin Abd Aziz and Wong Ah Kow, being two of the Directors of Sun Life Malaysia Assurance Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements on pages 25 to 185 are drawn up to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and the financial performance of the Group and of the Company for the financial year ended 31 December 2023, in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 21 March 2024.

DATO' NOORAZMAN BIN ABD AZIZ
DIRECTOR

WONG AH KOW
DIRECTOR

Kuala Lumpur

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

I, Chew Chin Lim, being the Officer primarily responsible for the financial management of Sun Life Malaysia Assurance Berhad, do solemnly and sincerely declare that the financial statements on pages 25 to 185 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the declarations to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHEW CHIN LIM
MIA No. CA10652

Subscribed and solemnly declared by the above named Chew Chin Lim at Kuala Lumpur in the state of Wilayah Persekutuan in Malaysia on 21 March 2024.

Before me,

COMMISIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)
Registration No. 199001005930 (197499-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Sun Life Malaysia Assurance Berhad (the Company) and its structured entity (the Group) give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 25 to 185.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the directors for the financial statements

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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.

OTHER MATTERS

This report is made solely to the members 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

WONG HUI CHERN
03252/05/2024 J
Chartered Accountant

Kuala Lumpur
21 March 2024

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group			Company		
	Note	31.12.2023 RM'000	31.12.2022 RM'000 Restated*	1.1.2022 RM'000 Restated*	31.12.2023 RM'000	31.12.2022 RM'000 Restated*	1.1.2022 RM'000 Restated*
ASSETS							
Property and equipment	3	56,338	57,529	54,577	56,338	57,529	54,577
Intangible assets	4	18,488	14,855	16,632	18,488	14,855	16,632
Right-of-use assets	5	3,492	6,378	9,641	3,492	6,378	9,641
Investments:							
Fair value through profit or loss financial assets	6	2,367,025	2,948,739	2,919,391	2,380,462	2,955,440	2,952,275
Fair value through other comprehensive income financial assets	6	804,369	-	-	804,369	-	-
Amortised cost financial assets	9	82,193	133,207	131,740	68,687	126,436	98,779
Reinsurance contract assets	10	65,569	76,684	102,933	65,569	76,684	102,933
Insurance contract assets	10	13,303	16,694	17,209	13,303	16,694	17,209
Other receivables	11	34,555	30,559	22,420	34,555	30,559	22,420
Current tax assets		1,356	-	-	1,356	-	-
Cash and bank balances		9,875	9,530	12,493	9,865	9,519	12,483
TOTAL ASSETS		3,456,563	3,294,175	3,287,036	3,456,484	3,294,094	3,286,949

* Restated due to adoption of MFRS 17

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

Registration No.
199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	Group 31.12.2023 RM'000	Group 31.12.2022 RM'000 Restated*	Group 1.1.2022 RM'000 Restated*	Company 31.12.2023 RM'000	Company 31.12.2022 RM'000 Restated*	Company 1.1.2022 RM'000 Restated*
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES							
Share capital	12	358,000	358,000	358,000	358,000	358,000	358,000
Retained earnings	13	87,219	81,235	98,361	87,219	81,235	98,361
Reserves		180,695	133,236	151,899	180,695	133,236	151,899
Fair value through other comprehensive income reserve		9,751	-	-	9,751	-	-
TOTAL EQUITY		635,665	572,471	608,260	635,665	572,471	608,260
Insurance contract liabilities	10	2,661,729	2,559,438	2,542,394	2,661,729	2,559,438	2,542,394
Reinsurance contract liabilities	10	8,095	1,743	1,036	8,095	1,743	1,036
Lease liabilities		3,681	6,691	9,964	3,681	6,691	9,964
Other financial liabilities	14	3,704	41,561	2,615	3,704	41,561	2,615
Other payables	15	85,919	80,306	74,378	85,840	80,225	74,291
Current tax liabilities		-	516	1,211	-	516	1,211
Deferred tax liabilities	16	57,770	31,449	47,178	57,770	31,449	47,178
TOTAL LIABILITIES		2,820,898	2,721,704	2,678,776	2,820,819	2,721,623	2,678,689
TOTAL EQUITY, POLICYHOLDERS FUNDS AND LIABILITIES		3,456,563	3,294,175	3,287,036	3,456,484	3,294,094	3,286,949

* Restated due to adoption of MFRS 17

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

Registration No.
199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated*	Company 2023 RM'000	Company 2022 RM'000 Restated*
Insurance revenue	17	360,799	325,105	360,799	325,105
Insurance service expenses	18	(255,450)	(224,618)	(255,450)	(224,618)
Insurance service result before reinsurance contracts held		105,349	100,487	105,349	100,487
Allocation of reinsurance premiums		(97,582)	(97,346)	(97,582)	(97,346)
Amounts recoverable from reinsurers for incurred claims		64,564	63,784	64,564	63,784
Net expense from reinsurance contracts held	19	(33,018)	(33,562)	(33,018)	(33,562)
Insurance service result		72,331	66,925	72,331	66,925
Investment income		120,126	121,283	120,706	110,810
Net realised losses		(220)	-	(220)	-
Net fair value gains/(losses)		100,233	(168,810)	98,895	(159,129)
Net investment income/(losses)	20	220,139	(47,527)	219,381	(48,319)
Insurance finance (expenses)/income for insurance contracts issued		(161,045)	18,904	(161,045)	18,904
Reinsurance finance income/ (expenses) for reinsurance contracts held		3,409	(1,506)	3,409	(1,506)
Net insurance financial result	20	(157,636)	17,398	(157,636)	17,398
Net investment result		62,503	(30,129)	61,745	(30,921)
Other operating income		550	445	550	445
Other operating expenses		(773)	(1,071)	(15)	(279)
Other finance cost		(195)	(310)	(195)	(310)
Other expenses		(418)	(936)	340	(144)

* Restated due to adoption of MFRS 17

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

Registration No.
199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
			Restated*		Restated*
Profit before taxation		134,416	35,860	134,416	35,860
Tax (expense)/credit attributable to policyholders		(15,156)	4,702	(15,156)	4,702
Profit before taxation attributable to Shareholders		119,260	40,562	119,260	40,562
Taxation	21	(36,255)	(1,649)	(36,255)	(1,649)
Tax expense/(credit) attributable to policyholders		15,156	(4,702)	15,156	(4,702)
Tax expense attributable to Shareholders		(21,099)	(6,351)	(21,099)	(6,351)
Net profit for the financial year		98,161	34,211	98,161	34,211
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Fair value change on fair value through other comprehensive income financial assets:					
- Revaluation		29,355	-	29,355	-
- Transfer to profit or loss upon disposal		(162)	-	(162)	-
- Gross fair value changes	6(c)	29,193	-	29,193	-
- Expected credit loss		98	-	98	-
- Deferred taxation	16	(7,457)	-	(7,457)	-
Other comprehensive income for the financial year, net of tax		21,834	-	21,834	-
Total comprehensive income for the financial year		119,995	34,211	119,995	34,211
Basic earnings per share (sen)	22	40.56	14.14	40.56	14.14

* Restated due to adoption of MFRS 17

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

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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	Note	Share Capital	Reserves[1]	FVOCI[2] Reserve	Retained Earnings	Total
						Group/Company
		RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2021 (as previously reported)		358,000	126,914	-	98,361	583,275
Impact of first-time adoption of MFRS 17	26	-	24,985	-	-	24,985
At 1 January 2022 (Restated)		358,000	151,899	-	98,361	608,260
Dividend paid	23	-	-	-	(70,000)	(70,000)
Total comprehensive (loss)/income for the financial year (Restated)		-	(18,663)	-	52,874	34,211
At 31 December 2022 (Restated)/ 1 January 2023		358,000	133,236	-	81,235	572,471
At 31 December 2022 (as previously reported)		358,000	134,357	-	80,670	573,027
Impact of first-time adoption of MFRS 17	26	-	(1,121)	-	565	(556)
At 31 December 2022 (Restated)/ 1 January 2023		358,000	133,236	-	81,235	572,471
Impact of first-time adoption of MFRS 9	26	-	25,129	(12,083)	153	13,199
At 1 January 2023 (Restated)		358,000	158,365	(12,083)	81,388	585,670
Dividend paid	23	-	-	-	(70,000)	(70,000)
Total comprehensive income for the financial year		-	22,330	21,834	75,831	119,995
At 31 December 2023		358,000	180,695	9,751	87,219	635,665

1 Reserves comprise unallocated surpluses from Life fund (net of deferred tax). This amount is only distributable upon the annual recommendation by the Appointed Actuary to transfer the Life fund surplus to the Shareholders' fund.

2 FVOCI refers to Fair Value through Other Comprehensive Income

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

Registration No.

199001005930 (197499-U)

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		Restated*		Restated*
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	98,161	34,211	98,161	34,211
Adjustments for:				
Property and equipment				
- Depreciation	4,293	3,995	4,293	3,995
- Losses/(gains) on disposal	3	(46)	3	(46)
Amortisation of intangible assets	11,939	11,785	11,939	11,785
Amortisation of right-of-use assets	4,130	4,040	4,130	4,040
Amortisation of premiums (net)	982	-	982	-
Net fair value (gains)/losses	(100,233)	168,810	(98,895)	159,129
Realised loss on disposal of financial assets	220	-	220	
Expected credit loss on investments at fair value through other comprehensive income	98	-	98	-
Interest income	(109,050)	(103,162)	(93,789)	(87,639)
Dividend income	(13,899)	(19,706)	(29,740)	(24,756)
Rental income	(400)	(400)	(400)	(400)
Finance cost	195	310	195	310
Taxation	36,255	1,649	36,255	1,649
Short term lease assets expense	82	110	82	110
Low value lease assets expense	26	36	26	36
(Loss)/profit from operations before changes in operating assets and liabilities	(67,198)	101,632	(66,440)	102,424
Decrease/(increase) in fixed and call deposits with licensed financial institutions	51,013	(1,458)	57,749	(27,648)
Increase in receivables	(6,069)	(6,038)	(6,069)	(6,038)
Increase in right-of-use assets	(1,244)	(777)	(1,244)	(777)
Increase in net insurance contract liabilities	105,682	17,559	105,682	17,559
Decrease in net reinsurance contract assets	17,467	26,956	17,467	26,956
(Decrease)/increase in payables	(30,931)	45,673	(30,929)	45,679
Purchase of investments	(565,470)	(906,478)	(491,690)	(577,472)
Proceeds from disposal and maturity of investments	492,208	709,505	410,756	415,857
	(4,542)	(13,426)	(4,718)	(3,460)
Investment income received:				
- Dividend	13,861	19,916	29,702	24,966
- Interest	107,736	101,968	92,072	86,951
- Rental	400	400	400	400
Interest paid	(196)	(309)	(196)	(309)
Taxation paid	(23,807)	(20,384)	(23,807)	(20,384)
Short term and low value lease assets paid	(108)	(157)	(108)	(157)
Net cash generated from operating activities	93,344	88,008	93,345	88,007

* Restated due to adoption of MFRS 17

SUN LIFE MALAYSIA ASSURANCE BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000 Restated*	RM'000	RM'000 Restated*
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment	5	55	5	55
Purchase of property and equipment	(15,692)	(13,470)	(15,692)	(13,470)
Purchase of intangible assets	(2,990)	(3,494)	(2,990)	(3,494)
Net cash used in investing activities	(18,677)	(16,909)	(18,677)	(16,909)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(70,000)	(70,000)	(70,000)	(70,000)
Payment of lease liabilities	(4,322)	(4,062)	(4,322)	(4,062)
Net cash used in financing activities	(74,322)	(74,062)	(74,322)	(74,062)
Net increase/(decrease) in cash and cash equivalents	345	(2,963)	346	(2,964)
Cash and cash equivalents at beginning of the financial year	9,530	12,493	9,519	12,483
Cash and cash equivalents at the financial year	9,875	9,530	9,865	9,519
Cash and cash equivalents comprise:				
Cash and bank balances	9,875	9,530	9,865	9,519

The Group and the Company classify 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 cash flows for payments of benefits and claims incurred for insurance contracts, which are treated accordingly under the operating activities.

* Restated due to adoption of MFRS 17

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1 CORPORATE INFORMATION

The Group and the Company are engaged principally in underwriting life insurance and investment-linked business. There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The Company's registered office and principal place of business is at the 11th Floor, No. 338, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur, Malaysia.

The Directors regard Renggis Ventures Sdn Bhd as the immediate holding company, Avicennia Capital Sdn Bhd as the penultimate holding company, and Khazanah Nasional Berhad as the ultimate holding company. Avicennia Capital Sdn Bhd is no longer a financial holding company, effective from 2 October 2019. All three companies are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 March 2024.

2 MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The Group's and the Company's financial statements were prepared under the historical cost convention, except as disclosed in this summary of significant accounting policies and comply with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards, and the provisions of the Companies Act 2016.

The Company met the minimum capital requirements as prescribed by the Risk-Based Capital Framework (the RBC Framework) as of the date of the statement of financial position.

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

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

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 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards, amendments to published standards and interpretations that are effective:

New standard that is effective and was adopted

The amendments and improvements to published standards and interpretations that the Group and the Company have adopted for the first time for the financial year beginning on or after 1 January 2023 are as follows:

(i) MFRS 17 Insurance Contracts
(ii) Amendments to MFRS 17 Insurance Contracts
(iii) Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendments to MFRS 17 Insurance Contracts)
(iv) MFRS 9 Financial Instruments
(v) Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on “Disclosure of Accounting Policies” and “Definition of Accounting Estimates”
(vi) Amendments to MFRS 112 International Tax Reform—Pillar Two Model Rules

The adoption of these amendments did not have any material impact to the Group’s and the Company’s financial statements, other than as disclosed in Note 26 of the effects on adoption of MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments.

(b) Standards, amendments to published standards and interpretation to existing standards that are not yet effective but available for early adoption:

Several new standards and amendments to standards and interpretations are effective for annual periods after 1 January 2024. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except for the following as set out below:

- Amendments to MFRS 101 “Classification of liabilities as current or non-current” (effective 1 January 2024) clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant)

  In addition, the amendments clarify that when a liability could be settled by the transfer of an entity’s own equity instruments (e.g. a conversion option in a convertible bond), conversion option meeting the definition of an equity instrument in MFRS 132 ‘Financial Instruments: Presentation’ does not impact the current or non-current classification of the convertible instrument.

  The amendments shall be applied retrospectively.

  There is no financial impact of this amendment to the Group and the Company.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) Standards, amendments to published standards and interpretation to existing standards that are not yet effective but available for early adoption (continued):

- Amendments to MFRS 101 "Non-current Liabilities with Covenants" (effective 1 January 2024) specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

  The amendments shall be applied retrospectively.

  There is no financial impact of this amendment to the Group and the Company.

2.2 Summary of material accounting policies

(a) Basis of consolidation

(i) Subsidiaries

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

Group refers to the Company and its investment in structured entities.

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

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

(iii) Disposal of subsidiaries

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(b) Investment in subsidiaries

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

(c) Business combination

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

(d) Property and equipment

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(d) Property and equipment (continued)

After initial recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated as it has an infinite life. Depreciation of other property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, summarised as follows:

Furniture, fittings, and renovation	10 years
Computer equipment	3 years
Office equipment	5 years
Motor vehicles	3 years
Buildings	50 years

Work-in-progress is not depreciated until the asset is ready for its intended use.

The residual values, useful lives, and depreciation methods 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.

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(e) Intangible asset

The Group's and the Company's intangible assets consist of exclusive partnership fee and computer software.

(i) Exclusive partnership fee

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. The exclusive partnership agreement provides the Group and the Company with an exclusive right to the use of the partnership network. The fee for this right is amortised over its partnership agreement term using the straight-line method. The asset is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The partnership fee has been fully impaired in 2020. See accounting policy Note 2.2(h)(iii) on impairment of non-financial assets.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(e) Intangible assets (continued)

(ii) Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs directly associated with identifiable software systems controlled by the Company, and that will probably generate economic benefits exceeding costs beyond 1 year, are recognised as intangible assets. Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives of 3 years to 5 years.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(f) Financial assets

Initial recognition

Financial assets are recognised when the Group and the Company become a party to the contractual provisions of the instrument. At initial recognition, the Group and the Company measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset, except for financial assets recorded at fair value through profit or loss. Management also determines the classification of a financial asset at initial recognition.

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

Classification and measurement

Before 1 January 2023, the Group and the Company classified its financial assets at FVTPL and loans and receivables (LAR), as explained in Note 2(f)(iii) respectively.

From 1 January 2023, the Group and the Company classify financial assets into three primary measurement categories: Fair Value through Profit or Loss (“FVTPL”), Fair Value Through Other Comprehensive Income (“FVOCI”) and amortised cost.

The classification of financial assets is generally based on the Group’s and the Company’s business model in which a financial asset is managed (“business model test”) and its contractual cash flow characteristics (“SPPI test”) as below:

(i) Business model assessment

The business model test determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The Group and the Company determine their business model at the level best reflects how groups of financial assets are managed together to achieve its business objective.

The Group and the Company do not assess the business model on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. The business model is typically observable through the activities that the Group and the Company undertake to achieve the objective of the business model. The observable factors include but not limited to:

- how the performance of the portfolio and the financial assets held within that business model are evaluated and reported to the key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- the expected frequency value and timing of sales are also important aspects of the Group’s and the Company’s assessment;

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(f) Financial assets (continued)

Classification and measurement

(i) Business model assessment (continued)

- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stressed case" scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's and the Company's original expectations, the Group and 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. Any previously recognised gains, loses or interest should not be restated.

(ii) SPPI test

Upon determination of business model, the Group and the Company will assess the contractual terms of financial asset to identify whether they meet the SPPI test.

"Principal" for the purpose of this test is defined as the fair value of the financial assets at initial recognition and may change over the life of the financial assets (for example, if there are repayments of principal or amortisation of premium/discount).

The most significant elements of interest within a lending arrangement are typically, the consideration of the time value of money and credit risk. The Group and the Company apply judgement and consider relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set in assessing the SPPI.

(iii) Classification of financial assets

The categories include financial assets at FVTPL, FVOCI, amortised cost and LAR at amortised cost (policy applicable before 1 January 2023).

Financial assets at FVTPL

Before 1 January 2023, financial assets at FVTPL include financial assets held for trading and those designated at fair value through profit or loss at inception. Financial assets typically bought with the intention to sell in the near future are classified as held-for-trading. For financial assets designated at fair value through profit or loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities, or recognising gains or losses on a different basis, or

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(f) Financial assets (continued)

Classification and measurement

(iii) Classification of financial assets (continued)

Financial assets at FVTPL (continued)

- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

The Group and the Company classify assets acquired for the purpose of selling in the short term as held-for-trading or it is part of a portfolio of identified investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Investments held by investment-linked-funds are designated at FVTPL at inception as they are managed and evaluated on a fair value basis, in accordance with the respective investment strategy and mandate.

From 1 January 2023, financial assets at FVTPL are those financial assets that are held for trading or financial assets that qualify for neither held at Amortised Cost nor at FVOCI. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both collect contractual cash flows and sell. Equity instruments that were not elected for FVOCI will be measured at FVTPL.

After initial recognition, financial assets at FVTPL are measured at fair value. Fair value adjustments and realised gains and losses are recognised in profit or loss. Net gains or losses on financial assets at FVTPL do not include interest and dividend income. Interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of investment income respectively.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(f) Financial assets (continued)

Classification and measurement

(iii) Classification of financial assets (continued)

Financial assets at FVOCI

The Group and the Company apply the new category under MFRS 9 of debt instruments measured at FVOCI when those financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual cash flows represent solely payments of principal and interest.

Included in financial assets at FVOCI are debts instruments which are measured at fair value. Interest and dividend income on financial assets at FVOCI are recognised separately in profit or loss as investment income respectively. Fair value gains and losses of financial assets at FVOCI, net of income tax is recognised directly in other comprehensive income, except for impairment losses.

On derecognition or impairment, the cumulative fair value gains and losses previously reported in other comprehensive income are reclassified to the profit or loss as net realised gains or losses on financial assets at FVOCI.

Financial assets at amortised cost

From 1 January 2023, the Group and the Company measure financial assets at amortised cost for those financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest.

After initial recognition, financial assets at amortised cost are measured at amortised cost using effective interest method, less impairment loss. Interest and dividend income on financial assets at amortised cost are recognised separately in profit or loss as part of other expenses or other income and investment income respectively. On derecognition or impairment, any gains or losses are recognised in profit or loss.

LAR at amortised cost (Policy applicable before 1 January 2023)

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(g) Fair value of financial instruments

The fair value of financial instruments actively traded in organised financial markets is determined by reference to quoted market bid prices for assets on the date of the statement of financial position.

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

For financial instruments where there is no active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm’s length transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and/or option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

For discounted cash flow techniques, estimated future cash flows are based on management’s best estimates and the discount rate used is a market-related rate for a similar instrument. Certain financial instruments are valued using pricing models that consider, among other factors, contractual and market prices, co-relation, time value of money, credit risk, yield curve volatility factors, and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of Government Investment Issues, Cagamas bonds, and unquoted bonds are based on indicative fair market prices/indexes by reference to quotations provided by banks and rating agencies.

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

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 financial assets.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(h) Impairment

(i) Financial assets (Policy applicable from 1 January 2023)

The Group and the Company assess the impairment of financial assets based on an Expected Credit Loss ("ECL") model. 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 as well as 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 ECL model applies to financial assets measured at amortised cost or at FVOCI, which include debts instruments held by the Group and the Company.

MFRS 9 requires the provisioning for a 12-month ECL if, at reporting date, the credit risk of the financial assets has not increased significantly since initial recognition. Otherwise, provisioning for a lifetime ECL is required.

The measurement of ECL involves increased complexity and judgement that include:

(a) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECLs and one that is based on lifetime ECLs. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Group and the Company generally required to apply a three-stage approach based on the change in credit quality since initial recognition:

Stage 1: 12-months ECL – not credit-impaired

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the ECL associated with the probability of default events occurring within next 12 months will be recognised.

Stage 2: Lifetime ECL – not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired, a lifetime ECL will be recognised.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(h) Impairment (continued)

(i) Financial assets (Policy applicable from 1 January 2023) (continued)

(a) Determining a significant increase in credit risk since initial recognition (continued)

Stage 3: Lifetime ECL – credit-impaired

Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that assets have occurred. For financial assets that are credit-impaired, a lifetime ECL will be recognised.

(b) Forward-looking information and ECL measurement

The amount of ECL recognised is based on forward-looking estimates that reflect current and forecast economic conditions. The forward-looking adjustment is interpreted as an adjustment for the expected future economic conditions, as indicated by different macroeconomic factors and/or expert experienced in credit judgement. A forward-looking ECL calculation should be based on an accurate estimation of current and future probability of default (“PD”), exposure at default (“EAD”), loss given default (“LGD”) and discount factors.

Financial assets at FVOCI and amortised cost

In accordance with the three-stage approach, all newly purchased financial assets are classified in Stage 1, except for credit impaired financial assets. It will move from Stage 1 to Stage 2 when there is significant increase in credit risk (“SICR”), and Stage 3 when there is objective evidence of impairment. Finance assets which have experienced a SICR since initial recognition are classified as Stage 2 and are assigned a lifetime ECL.

Financial assets which have not experienced a SICR since initial recognition are classified as Stage 1 and assigned a 12-month ECL. All financial assets are assessed for objective evidence of impairment except for:

- Financial assets measured at FVTPL;
- Equity instruments; and
- Local federal governments and local central banks issued bonds, Treasury Bills and Notes. Low credit risk on the basis that both federal government and central bank have strong capacity in repaying the instruments upon maturity. In addition, there is on past historical lost experiences arising from these government securities in all jurisdictions.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(h) Impairment (continued)

(ii) Financial assets (Policy applicable before 1 January 2023)

The Group and the Company assess at each date of the statement of financial position whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

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

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

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

(iii) Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(h) Impairment (continued)

(iii) Non-financial assets (continued)

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment as of the date of the statement of financial position. The impairment loss is charged to profit or loss unless it reverses a previous revaluation, in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

(i) Derecognition of financial assets

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

(j) Equity instruments

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity.

Dividends

Dividends on ordinary shares and preference shares classified as equity instruments are recognised as a liability and deducted from equity when they are declared.

Dividends for the financial year that are declared after the date of the statement of financial position are dealt with as an event after the date of the statement of financial position.

Reserves

Unallocated surpluses from Life fund, where the amounts of surplus are yet to be allocated or distributed to the Shareholders by the end of the financial year, are classified as equity.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(k) Insurance and reinsurance contracts classification

The Group and the Company issue insurance contracts in the normal course of business, under which they accept significant insurance risk from their policyholders. As a general guideline, the Group and the Company determine whether it has significant insurance risk, by comparing present value of benefits payable after an insured event with present value of benefits payable if the insured event had not occurred. Ratio of 105% and above means the products covered significant insurance risk.

(l) Insurance and reinsurance contracts accounting treatment

(i) Separating components from insurance and reinsurance contracts

The Group and the Company assesses their life insurance and reinsurance contracts held to determine whether they contain components which must be accounted for under another MFRS rather than MFRS 17 (distinct non insurance components). After separating any distinct components, an entity must apply MFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group and the Company's products do not include distinct components that require separation.

MFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance expenses. The surrender options are considered non distinct investment components as the Group and the Company are unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

Some reinsurance contracts held contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive - either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The profit commission components have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(ii) Level of aggregation

MFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Group and the Company are determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group and the Company identify a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group and the Company make an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). MFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Group and the Company have defined portfolios of insurance and reinsurance contracts held based on how the insurance liabilities are managed and the similar risk type covered since the products are subject to similar risks and managed together. The expected profitability of these portfolios at inception is determined based on the existing latest actuarial valuation models which take into consideration existing in force business. In determining groups of contracts, the Company has elected to include in the same group contracts where its ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation.

The groups of contracts for which the modified retrospective and the fair value approach has been adopted on transition include contracts issued more than one year apart. Please refer to the transition approach applied by the Group and the Company in note 26.

The insurance contracts issued portfolios are divided into:
- A group of contracts that are onerous at initial recognition
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently
- A group of the remaining contracts in the portfolio

The reinsurance contracts held portfolios are divided into:
- A group of contracts on which there is a net gain on initial recognition
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition
- A group of the remaining contracts in the portfolio

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(iii) Recognition

The Group and the Company recognises groups of insurance contracts that they issue from the beginning of the coverage period of the group of contracts.

This Group and the Company treat the recognition date be the same for profitable and onerous group of contracts.

The Group and the Company recognise a group of reinsurance contracts held it has entered based on the beginning of the coverage period of the group of reinsurance contracts held. However, the Group and the Company delay the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

Most of the reinsurance contracts held by the Group and the Company provide proportionate cover. Therefore, the Group and the Company do not recognise a proportional reinsurance contract held until at least one underlying direct insurance contract has been recognised.

The Group and the company treat the reinsurance contracts that provide non-proportionate cover to be based on the beginning of the coverage period of the group of reinsurance contracts held.

The Group and the Company add new contracts to the group in the reporting period in which that contract meets the criteria set out above.

(iv) Contract boundary

The Group and the Company include in the measurement of a group of insurance contracts 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 Group and the Company can compel the policyholder to pay the premiums, or in which the Group and the Company have a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group and the Company have the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vi) Contract boundary (continued)

Both of the following criteria are satisfied:

- The Group and the Company have 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

- 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.

(vii) Insurance contracts – Initial and subsequent measurement

MFRS 17 introduces three new measurement models, reflecting a different extent of policyholder participation in investment performance or overall insurance company performance. The general measurement model ("GMM"), also known as the building block approach ("BBA"), consists of the fulfilment cash flows ("FCF") and the contractual service margin ("CSM"), both held as liability for remaining coverage ("LFRC"). The FCF represent the risk-adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected future cash flows, discounting and risk adjustment ("RA") for non-financial risk. The CSM represents the unearned profit from in-force contracts that an entity will recognise as it provides services over the coverage period. The contractual service margin is adjusted for changes in cash flows related to future services (operating assumption change) and grows by interest accretion at locked-in interest rates at initial recognition. A release from the CSM is recognised in profit or loss each period to reflect the services provided in that period. If the CSM is unable to absorb the changes in cash flows related to future services, a loss component is established for the group of contracts.

The variable fee approach ("VFA") is a mandatory modification of the GMM regarding the treatment of the contractual service margin in order to accommodate direct participating contracts, if the following three requirements are met: the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items; the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

For contracts with direct participation features ("DPF"), the contractual service margin is adjusted for changes in the amount of the entity's share of the fair value of the underlying items arising from operating assumption change and adjustment for financial risks.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vii) Insurance contracts – Initial and subsequent measurement (continued)

The premium allocation approach ("PAA") is an optional simplified measurement model in MFRS 17 when the approach provides a measurement which is not materially different from that under the GMM or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the PAA, the LFRC is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

In determining the measurement models, firstly the Group and the Company can choose to use PAA if at the inception of the contract, the coverage period of each insurance contract in the group of insurance contracts is one year or less. Alternatively, the Group and the Company can still apply PAA if they can reasonably expect that such simplification can produce a measurement of the LFRC which would not differ materially as compared to the LFRC computed under the GMM by performing the PAA Eligibility Testing. Should the Group's and the Company's group of insurance contracts fail the PAA and VFA eligibility test, GMM will be used as the measurement model of that group of insurance contracts.

At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the LFRC and the liability of incurred claims ("LFIC").

LFIC consists of fulfilment cash flows related to past services, including claims that have been incurred but not yet reported. The measurement of the LFIC is identical under all three measurement models.

Estimates of future cash flows

The Group and the Company's objective of estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group and the Company estimate future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

The estimate of expected future cash flows includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows
- Claims and benefits
- Payments to policyholders resulting from embedded surrender value options

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vii) Insurance contracts – Initial and subsequent measurement (continued)

- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes

Risk Adjustment for non-financial risk

The RA for non-financial risk represents the compensation that the Group and the Company require for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. The Group and the Company estimate the risk adjustment by referencing to provision of risk margin for adverse deviation (PRAD) technique. The PRAD technique requires the Group and the Company to estimate the probability distribution of the fulfilment cash flows, and the additional provision that it requires at each future date in the cash flow projection to comply with the statutory reserving requirements. Besides that, the Group and the Company have decided to disaggregate the change in RA between the insurance service result and insurance finance income or expenses for GMM measured insurance contracts.

Contractual Service Margin

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group and the Company will recognise as they provide services in the future.

- CSM balances at transition date will be described in next section
- CSM post transition date is determined as the profit at the time of issues

An amount of the CSM releases for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units for the current and future period.
- Recognising in profit or loss the amount allocated to coverage units provided in the current period

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vii) Insurance contracts – Initial and subsequent measurement (continued)

Contractual Service Margin (continued)

The coverage units are the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of life insurance contracts, the quantity of benefits is the face amount over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the insurance contracts issued and the coverage units is the sum at risk covered by reinsurer.

Loss components and loss recovery components

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group and the Company recognise a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group and the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer to note 2(l)(viii).

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the Group and the Company have established a loss-recovery component, the Group and the Company adjust the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts held. Reversals of the loss- recovery component that are not changes in the fulfilment cashflows of the group of reinsurance contracts held adjust the CSM.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(vii) Insurance contracts – Initial and subsequent measurement (continued)

Modification and derecognition

The Group and the Company derecognises insurance contracts when:

- The rights and obligations relating to the contract is extinguished (i.e., discharged, cancelled or expired); or

- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

(viii) Amounts recognised in comprehensive income

The Group and the Company disaggregate the amounts recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses.

The Group and the Company do disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(viii) Amounts recognised in comprehensive income (continued)

The Group and the Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The Group and the Company's insurance revenue depict the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Group and the Company adjusted for financing effect (the time value of money) and excluding any investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Expected Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage
- Amounts related to income tax that are specifically chargeable to the policyholder
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows

For management judgement applied to the amortisation of CSM, please refer to note 2(l)(vii).

Benefits and claims expenses

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

Benefits and claims, including settlement costs, are accounted for using the case-by-case method and, for this purpose, the amounts payable under a life insurance policy are recognised as follows:

- maturity and other policy benefit payments due on specified dates are treated as benefits payable on the due dates;
- 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;
- benefits payable under the Investment-linked fund are in respect of net cancellation of units and are recognised as surrenders; and
- bonus on DPF policy upon its declaration.

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contracts.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(viii) Amounts recognised in comprehensive income (continued)

Loss components

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

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or profitable group of contracts at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims).

Loss-recovery components

As described in note 2(l)(vii), when the Group and the Company recognise a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up after initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

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

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group and the Company expect to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

(viii) Amounts recognised in comprehensive income (continued)

Insurance finance income or expenses

Insurance finance income or expenses (IFIE) comprise the change in the carrying amount of the group of insurance contracts arising from:
- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

The Group and the Company do not disaggregate insurance finance income or expenses between profit or loss and OCI. The Company's financial assets backing the insurance issued portfolios are predominantly measured at fair value basis and measured at fair value through profit or loss. Finance income or expenses on the Group and the Company's issued reinsurance contracts are not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

The Group and 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. Please refer to note 29 for current discount rates.

Net income or expense from reinsurance contracts held

The Group and the Company present separately on the face of the statement of profit or loss and other comprehensive income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group and the Company treat reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(m) Other revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income

Interest income is recognised using the effective interest rate method. When a loan and receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Other interest income, including amortisation of premiums and accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.

Rental income

Rental income is recognised on a time proportion basis.

Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

Realised gains and losses on investments

Realised gains and losses recorded in profit or loss on investments include gains and losses on financial assets. Gains and losses on sale of financial assets are calculated as the difference between net sales proceeds and the original or amortised costs and are recorded on occurrence of the sale transaction.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(n) Taxation

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of taxable profits for the financial year and is measured using the tax rates enacted as of the date of the statement of financial position. Current tax is recognised in profit or loss. In the event of uncertain tax position, the tax is measured using the single best estimate of the most likely outcome.

Deferred tax is provided for, using the liability method. 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 taxable profits will be available against which the deductible temporary differences, unused tax losses, and unused tax credits can be used.

Deferred tax is measured at the tax rates expected to apply in the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted as of the date of the statement of financial position.

Deferred tax is recognised as income or expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in other comprehensive income, in which case the deferred tax is also recognised directly in other comprehensive income.

(o) Provisions

Provisions are recognised when the Group and the Company have 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 date of the statement of financial position and adjusted to reflect the current best estimate.

(p) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by the Group’s and the Company’s employees.

(ii) Post-employment benefits

Defined contribution plan

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(p) Employee benefits (continued)

(iii) Share-based payment plan

Certain employees of the Group and the Company are granted a share-based payment plan as consideration for services rendered.

The share-based payment plan is based on the value of Sun Life Financial Inc.'s (SLF) common shares as disclosed in note 18(c) to the financial statements. The total liabilities for this plan are computed based on the estimated number of SLF's common shares expected to vest at the end of the vesting period. The liabilities are recomputed at the end of each reporting period and are measured at the fair value of SLF's common shares at the reporting date. The liabilities are accrued and expensed on a straight-line basis over the vesting periods. The liabilities are settled in cash at the end of the vesting period.

(q) Contingent liabilities and contingent assets

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

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

(r) Other financial liabilities

Other financial liabilities are recognised when due and measured on initial recognition at fair value less directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective yield method.

(s) Cash and cash equivalents

Cash and cash equivalents consist of cash in-hand and balances at bank and deposits held at call with financial institutions with original maturities of 3 months or less. It excludes deposits which are held for investment purposes.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(t) Leases

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

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

(i) Lease term

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

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

(ii) Right-of-use assets

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

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

While the Group and the Company revalue land and building (presented as part of property and equipment) they own, they have chosen not to revalue the right-of-use building held by the Group and the Company.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of material accounting policies (continued)

(t) Leases (continued)

(iii) Lease liabilities

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

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

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

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

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

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

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

2.3 Material accounting judgements, estimates and assumptions

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting judgements, estimates and assumptions (continued)

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

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

(b) Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty as of the date of the statement of financial position, 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:

Impairment losses on financial assets

The measurement of impairment losses under MFRS 9 across relevant financial assets requires judgement, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by outcome of modelled ECL scenarios and the relevant inputs used.

Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which 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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group and the Company. Such changes are reflected in the assumptions when they occur.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Material accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty and assumptions (continued)

The methods used to measure insurance contracts

The Group and the Company primarily use deterministic projections to estimate the present value of future cash flows based on the current assumptions, reflecting the best estimate at the time of its determination plus a risk adjustment for non-financial risks.

The following assumptions were used when estimating future cash flows:

The main assumptions used relate to mortality, morbidity, investment returns, expenses, lapse and surrender rates, and discount rates. The Group and the Company base mortality and morbidity on established Malaysian industry tables which reflect historical experiences, adjusted when appropriate to reflect the Group's and the Company's unique risk exposure, product characteristics, target markets, and own claims severity and frequency experiences.

Assumptions on future expenses are based on current expense levels, adjusted for expected expense inflation adjustments, if appropriate.

Lapse and surrender rates are based on the Group's and the Company's historical experience of lapses and surrenders.

Discount rate and fund growth rates for non-participating policies, participating policies, and investment-linked policies is based on Malaysian Government Security (MGS) plus illiquidity premium.

The key assumptions above are further described in note 29.

3 PROPERTY AND EQUIPMENT

		Group/Company						
	Note	Furniture, fittings and renovation	Computer equipment	Office equipment	Motor vehicles	Freehold land and buildings	Work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost								
At 1 January 2022		5,716	17,888	2,146	912	43,939	11,050	81,651
Additions		605	2,598	482	378	-	9,407	13,470
Disposals		-	(15)	-	(314)	-	-	(329)
Reclassification		1,912	1,028	242	-	-	(3,182)	-
Reclassification to Intangible Assets	4	-	-	-	-	-	(6,514)	(6,514)
At 31 December 2022/ 1 January 2023		8,233	21,499	2,870	976	43,939	10,761	88,278
Additions		513	1,560	163	333	-	13,123	15,692
Disposals		(198)	(66)	(1,257)	-	-	-	(1,521)
Reclassification		-	13	(13)	-	-	-	-
Reclassification to Intangible Assets	4	-	545	-	-	-	(13,127)	(12,582)
At 31 December 2023		8,548	23,551	1,763	1,309	43,939	10,757	89,867

3 PROPERTY AND EQUIPMENT (CONTINUED)

								Group/Company
	Note	Furniture, fittings and renovation	Computer equipment	Office equipment	Motor vehicles	Freehold land and buildings	Work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation								
At 1 January 2022		4,123	14,849	1,765	911	5,426	-	27,074
Charge for the financial year	18	624	2,654	261	74	382	-	3,995
Disposals		-	(6)	-	(314)	-	-	(320)
At 31 December 2022/ 1 January 2023		4,747	17,497	2,026	671	5,808	-	30,749
Charge for the financial year	18	622	2,848	268	172	383	-	4,293
Disposals		(198)	(58)	(1,257)	-	-	-	(1,513)
Reclassification		-	11	(11)	-	-	-	-
At 31 December 2023		5,171	20,298	1,026	843	6,191	-	33,529
Net carrying amount								
31 December 2023		3,377	3,253	737	466	37,748	10,757	56,338
31 December 2022		3,486	4,002	844	305	38,131	10,761	57,529

4 INTANGIBLE ASSETS

	Note	Group/Company Partnership Fee RM'000	Computer Software RM'000	Total RM'000
Cost				
At 1 January 2022		5,869	74,337	80,206
Addition		-	3,494	3,494
Reclassification from Property and Equipment	3	-	6,514	6,514
At 31 December 2022/1 January 2023		5,869	84,345	90,214
Addition		-	2,990	2,990
Reclassification from Property and Equipment	3	-	12,582	12,582
At 31 December 2023		5,869	99,917	105,786
Accumulated amortisation				
At 1 January 2022		2,163	57,705	59,868
Amortisation charged to profit or loss	18	-	11,785	11,785
At 31 December 2022/1 January 2023		2,163	69,490	71,653
Amortisation charged to profit or loss	18	-	11,939	11,939
At 31 December 2023		2,163	81,429	83,592
Accumulated allowance for impairment loss				
At 1 January 2022		3,706	-	3,706
Allowance for impairment loss		-	-	-
At 31 December 2022/1 January 2023		3,706	-	3,706
Allowance for impairment loss		-	-	-
At 31 December 2023		3,706	-	3,706
Net carrying amount				
31 December 2023		-	18,488	18,488
31 December 2022		-	14,855	14,855

5 RIGHT-OF-USE ASSETS

		Group/Company			
	Note	Information Technology RM'000	Property RM'000	Office equipment RM'000	Total RM'000
At 1 January 2022		6,180	3,236	225	9,641
Addition		400	197	180	777
Amortisation charged to profit and loss	18	(2,572)	(1,348)	(120)	(4,040)
At 31 December 2022/ 1 January 2023		4,008	2,085	285	6,378
Addition		-	974	270	1,244
Amortisation charged to profit and loss	18	(2,672)	(1,330)	(128)	(4,130)
At 31 December 2023		1,336	1,729	427	3,492

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	752,488	693,648	742,489	658,395
Cagamas bonds	-	5,648	-	5,648
Unquoted corporate debt securities	1,652,150	1,623,649	1,337,952	1,328,525
Quoted equity securities	169,885	144,239	169,885	144,239
Unit trust funds	525,874	429,341	525,874	429,341
Controlled structured entities (note 7)	-	-	337,634	337,078
Structured product (note 8)	50,175	52,040	50,175	52,040
Unquoted equity securities	20,822	174	20,822	174
	3,171,394	2,948,739	3,184,831	2,955,440

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

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Fair value through profit or loss (FVTPL)	2,367,025	2,948,739	2,380,462	2,955,440
Fair value through other comprehensive income (FVOCI)	804,369	-	804,369	-
	3,171,394	2,948,739	3,184,831	2,955,440

The following financial assets are expected to be realised after 12 months:

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
FVTPL	1,278,213	1,963,751	1,265,518	1,963,751
FVOCI	781,372	-	781,372	-
	2,059,585	1,963,751	2,046,890	1,963,751

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(a) FVTPL

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	535,801	693,648	525,802	658,395
Cagamas bonds	-	5,648	-	5,648
Unquoted corporate debt securities	1,064,468	1,623,649	750,270	1,328,525
Quoted equity securities	169,885	144,239	169,885	144,239
Unit trust funds	525,874	429,341	525,874	429,341
Controlled structured entities	-	-	337,634	337,078
Structured product	50,175	52,040	50,175	52,040
Unquoted equity securities	20,822	174	20,822	174
	2,367,025	2,948,739	2,380,462	2,955,440

(b) FVOCI

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Malaysian Government Securities	216,687	-	216,687	-
Unquoted corporate debt securities	587,682	-	587,682	-
	804,369	-	804,369	-

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets

			Group
	FVTPL	FVOCI	Total
	RM’000	RM’000	RM’000
At 1 January 2022	2,919,391	-	2,919,391
Purchases	906,478	-	906,478
Maturities	(47,825)	-	(47,825)
Disposals	(683,170)	-	(683,170)
Fair value losses recorded in:			
Profit or loss (note 20 (c))	(147,320)	-	(147,320)
Movement in accrued interest	1,185	-	1,185
At 31 December 2022/ 1 January 2023	2,948,739	-	2,948,739
First time adoption of MFRS 9 (note 26)	(692,628)	712,482	19,854
At 1 January 2023 (Restated)	2,256,111	712,482	2,968,593
Purchases	477,381	88,089	565,470
Maturities	(10,086)	(25,220)	(35,306)
Disposals	(453,976)	-	(453,976)
Fair value gains recorded in:			
Profit or loss (note 20 (c))	97,087	-	97,087
Other comprehensive income	-	29,193	29,193
Movement in accrued interest	508	807	1,315
Amortisation adjustments	-	(982)	(982)
At 31 December 2023	2,367,025	804,369	3,171,394

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(c) Carrying values of financial assets (continued)

			Company
	FVTPL	FVOCI	Total
	RM'000	RM'000	RM'000
At 1 January 2022	2,952,275	-	2,952,275
Purchases	577,472	-	577,472
Maturities	(15,017)	-	(15,017)
Disposals	(414,331)	-	(414,331)
Fair value losses recorded in:			
Profit or loss (note 20 (c))	(145,638)	-	(145,638)
Movement in accrued interest	679	-	679
At 31 December 2022/ 1 January 2023	2,955,440	-	2,955,440
First time adoption of MFRS 9 (note 26)	(692,628)	712,482	19,854
At 1 January 2023 (Restated)	2,262,812	712,482	2,975,294
Purchases	403,601	88,089	491,690
Maturities	(10,086)	(25,220)	(35,306)
Disposals	(373,977)	-	(373,977)
Fair value gains recorded in:			
Profit or loss (note 20 (c))	97,202	-	97,202
Other comprehensive income	-	29,193	29,193
Movement in accrued interest	910	807	1,717
Amortisation adjustments	-	(982)	(982)
At 31 December 2023	2,380,462	804,369	3,184,831

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(d) Fair value hierarchy

The Group and the Company categorise their fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Group's and the Company's valuation techniques for determining the fair value of the financial instruments.

A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three-level hierarchy is defined as follows:

Level 1 – Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Group and the Company can access at the measurement date. Valuations are based on quoted prices reflecting market transactions involving assets or liabilities identical to those being measured.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc) and inputs that are derived from or corroborated by observable market data.

Level 3 – Fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which are not market observable, including assumptions about risk.

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(d) Fair value hierarchy (continued)

The following table presents the Group's and the Company's financial assets that are carried at fair value as at 31 December 2023:

				Group
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31.12.2023				
FVTPL				
Malaysian Government Securities	-	535,801	-	535,801
Unquoted corporate debt securities	-	1,064,468	-	1,064,468
Quoted equity securities	169,885	-	-	169,885
Unit trust funds	525,874	-	-	525,874
Structured product	-	50,175	-	50,175
Unquoted equity securities	-	-	20,822	20,822
FVOCI				
Malaysian Government Securities	-	216,687	-	216,687
Unquoted corporate debt securities	-	587,682	-	587,682
	695,759	2,454,813	20,822	3,171,394
31.12.2022				
FVTPL				
Malaysian Government Securities	-	693,648	-	693,648
Cagamas bonds	-	5,648	-	5,648
Unquoted corporate debt securities	-	1,623,649	-	1,623,649
Quoted equity securities	144,239	-	-	144,239
Unit trust funds	429,341	-	-	429,341
Structured product	-	52,040	-	52,040
Unquoted equity securities	-	-	174	174
	573,580	2,374,985	174	2,948,739

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(d) Fair value hierarchy (continued)

				Company
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31.12.2023				
FVTPL				
Malaysian Government Securities	-	525,802	-	525,802
Unquoted corporate debt securities	-	750,270	-	750,270
Quoted equity securities	169,885	-	-	169,885
Unit trust funds	525,874	-	-	525,874
Controlled structure entities	337,634	-	-	337,634
Structured product	-	50,175	-	50,175
Unquoted equity securities	-	-	20,822	20,822
FVOCI				
Malaysian Government Securities	-	216,687	-	216,687
Unquoted corporate debt securities	-	587,682	-	587,682
	1,033,393	2,130,616	20,822	3,184,831
31.12.2022				
FVTPL				
Malaysian Government Securities	-	658,395	-	658,395
Cagamas bonds	-	5,648	-	5,648
Unquoted corporate debt securities	-	1,328,525	-	1,328,525
Quoted equity securities	144,239	-	-	144,239
Unit trust funds	429,341	-	-	429,341
Controlled structure entities	337,078	-	-	337,078
Structured product	-	52,040	-	52,040
Unquoted equity securities	-	-	174	174
	910,658	2,044,608	174	2,955,440

There are no transfers between Levels 1 and 2 of the fair value hierarchy for the financial year ended 31 December 2023.

6 INVESTMENTS: FAIR VALUE THROUGH PROFIT OR LOSS AND FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME FINANCIAL ASSETS (CONTINUED)

(e) Movement of level 3 financial assets

	Group/Company
	Unquoted equity securities
	RM'000
At 1 January 2023	174
First time adoption of MFRS 9 (note 26)	19,854
At 1 January 2023 (Restated)	20,028
Fair value gains recorded in:	
Profit or loss	794
At 31 December 2023	20,822
Total gains recognised in income statement for financial assets measured at level 3 of the fair value hierarchy at the end of the reporting year	794

(f) Sensitivity of fair value measurements to changes in observables input assumptions

All unquoted equity securities of the Group and the Company at fair value were classified under level 3 due to no quoted market prices in an active market. The fair value of investments in unquoted equity securities are measured based on the adjusted net asset value method by referencing to the annual financial statements of the entities that the Group and the Company invested in.

	Group/Company			
	Change in variable	Impact on carrying value	Impact on profit after taxation	Impact on equity*
		RM'000	RM'000	RM'000
31.12.2023				
Unquoted equity securities	+5%	1,041	776	776
Unquoted equity securities	-5%	(1,041)	(776)	(776)

* Impact on equity reflects adjustments for tax, where applicable.

7 CONTROLLED STRUCTURED ENTITIES

The Company has determined that its investment in wholesale unit trust funds amounting to RM337,634,000 (2022: RM337,078,000) as disclosed in Note 6 to the financial statements as investment in structured entities (investee funds). The Company invests in an investee fund whose objective is to achieve medium to long-term returns while preserving capital and whose investment strategy does not include the use of leverage. The investee fund is managed by Opus Asset Management Sdn Bhd and applies various investment strategies to accomplish the investment objectives. The investee fund finances its operations through the creation of investee fund units which entitles the holder to variable returns and fair values in the investee fund's net assets.

The Company holds 100% of the Opus Income Fund 2, a fund established in Malaysia, and thus has control over the investee fund. The Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The investee funds are classified as FVTPL investments and the change in fair value of the investee fund is included in the statement of comprehensive income in the Company's financial statements.

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

	2023	2022
Number of wholesale unit trust funds	1	1
Average net asset value per unit of wholesale unit trust funds:		
Opus Income Fund 2 (RM)	1.0168	0.9838
Fair value of underlying net assets:	RM'000	RM'000
Malaysian Government Securities	9,999	35,253
Unquoted corporate debt securities	314,199	295,124
Deposits with licensed financial institutions	13,505	6,771
Cash equivalents	10	11
Payables	(79)	(81)
	337,634	337,078
Total fair value gains for the financial year*	6,542	2,492

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

As the Company has control over the investee fund, which is considered a controlled structured entity, the structured entity is consolidated at the Group level. The underlying assets of the structured entity are duly consolidated in the financial statements.

The Company's total fair value gains for the financial year is included in the unrealized gains of the financial assets at FVTPL – designated upon initial recognition in Note 20.

8 STRUCTURED PRODUCT

The structured product is a principal protected note involving an investment structure which performance is linked to an Environmental, Social and Governance (ESG) equity index. The note comprises of two underlying financial instruments, a zero-coupon note and options written on an ESG equity index.

Structured product of the Group and the Company is classified as FVTPL. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The carrying amount of structured product is presented as follows:

	2023	
	Notional amount	Net carrying amount
	RM'000	RM'000
Financial assets at FVTPL		
Index linked notes	50,000	50,175
Total structured product	50,000	50,175

	2022	
	Notional amount	Net carrying amount
	RM'000	RM'000
Financial assets at FVTPL		
Index linked notes	50,000	52,040
Total structured product	50,000	52,040

The net carrying amount of the structured product of the Group and the Company represents the fair value of the products and is derived based on valuation techniques from market observable inputs. They are revalued at the reporting date using such values provided by the respective counterparties and as validated by the Group and the Company.

9 INVESTMENTS: AMORTISED COST FINANCIAL ASSETS

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Fixed and call deposits with licensed financial institutions	82,193	133,207	68,687	126,436
Receivable within 12 months	82,193	133,207	68,687	126,436

The carrying amounts disclosed above approximate the fair values as of the date of the statement of financial position.

There are no fixed and call deposits pledged to a financial institution for a bank guarantee facility as at 31 December 2023 (2022: Nil).

10 INSURANCE AND REINSURANCE CONTRACTS

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

						Group/Company
			31.12.2023			31.12.2022
	Assets	Liabilities	Net	Assets	Liabilities	Net
	RM'000	RM'000	RM'000	RM'000 Restated	RM'000 Restated	RM'000 Restated
Life insurance contracts not measured under the PAA	(13,303)	2,658,641	2,645,338	(16,553)	2,557,393	2,540,840
Life insurance contracts measured under the PAA	-	3,088	3,088	(141)	2,045	1,904
Insurance contract (assets)/liabilities	(13,303)	2,661,729	2,648,426	(16,694)	2,559,438	2,542,744
Reinsurance contracts not measured under the PAA	(62,053)	780	(61,273)	(74,493)	214	(74,279)
Reinsurance contracts measured under the PAA	(3,516)	7,315	3,799	(2,191)	1,529	(662)
Reinsurance contract (assets)/liabilities	(65,569)	8,095	(57,474)	(76,684)	1,743	(74,941)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.1 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts not measured under the PAA

10.1.1 Life insurance contracts issued

The roll-forward of the net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims for portfolios included in life insurance unit, is disclosed in the table below:

	Group/Company									
	31.12.2023					31.12.2022 (Restated)				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January										
Life insurance contract liabilities	2,481,061	2	76,323	7	2,557,393	2,477,213	1	64,176	8	2,541,398
Life insurance contract asset	(18,635)	-	2,082	-	(16,553)	(19,197)	-	1,988	-	(17,209)
Net insurance contract liabilities as at 1 January	2,462,426	2	78,405	7	2,540,840	2,458,016	1	66,164	8	2,524,189
Insurance revenue	(327,305)	-	-	-	(327,305)	(300,764)	-	-	-	(300,764)
Insurance service expenses	55,939	10,580	165,171	(2)	231,688	23,729	3	176,006	(1)	199,737
Investment components	(153,637)	-	153,637	-	-	(108,403)	-	108,403	-	-
Insurance service result	(425,003)	10,580	318,808	(2)	(95,617)	(385,438)	3	284,409	(1)	(101,027)
Insurance finance expenses	161,073	(28)	-	-	161,045	(18,902)	(2)	-	-	(18,904)
Total changes in the statement of profit or loss	(263,930)	10,552	318,808	(2)	65,428	(404,340)	1	284,409	(1)	(119,931)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.1 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts not measured under the PAA (continued)

10.1.1 Life insurance contracts issued (continued)

										Group/Company
					31.12.2023					31.12.2022 (Restated)
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows										
Premiums received	485,952	-	-	-	485,952	525,015	-	-	-	525,015
Claims and other expenses paid including investment components	(131,852)	-	(315,030)	-	(446,882)	(116,265)	-	(272,168)	-	(388,433)
Total cash flows	354,100	-	(315,030)	-	39,070	408,750	-	(272,168)	-	136,582
Net life insurance contract liabilities	2,552,596	10,554	82,183	5	2,645,338	2,462,426	2	78,405	7	2,540,840
At 31 December										
Life insurance contract liabilities	2,568,106	10,554	79,976	5	2,658,641	2,481,061	2	76,323	7	2,557,393
Life insurance contract assets	(15,510)	-	2,207	-	(13,303)	(18,635)	-	2,082	-	(16,553)
Net life insurance contract liabilities as at 31 December	2,552,596	10,554	82,183	5	2,645,338	2,462,426	2	78,405	7	2,540,840

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.1 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts not measured under the PAA (continued)

10.1.2 Reinsurance contracts held

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to reinsurers in the life insurance unit is disclosed in the table below:

	Group/Company									
	31.12.2023					31.12.2022 (Restated)				
	Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January										
Reinsurance contract assets	(3,383)	2	77,874	-	74,493	39,236	-	62,394	-	101,630
Reinsurance contract liabilities	(12)	-	(202)	-	(214)	(52)	-	5	-	(47)
Net reinsurance contract (liabilities)/assets as at 1 January	(3,395)	2	77,672	-	74,279	39,184	-	62,399	-	101,583
Allocation of reinsurance premiums	(92,340)	-	-	-	(92,340)	(91,974)	-	-	-	(91,974)
Amounts recoverable from reinsurers for incurred claims	-	586	65,534	-	66,120	-	2	59,407	-	59,409
Reinsurance investment components	(13)	-	13	-	-	(136)	-	136	-	-
Net income or expense from reinsurance contracts held	(92,353)	586	65,547	-	(26,220)	(92,110)	2	59,543	-	(32,565)
Reinsurance finance income	3,419	-	-	-	3,419	(1,505)	-	-	-	(1,505)
Total changes in the statement of profit or loss	(88,934)	586	65,547	-	(22,801)	(93,615)	2	59,543	-	(34,070)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.1 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts not measured under the PAA (continued)

10.1.2 Reinsurance contracts held (continued)

	31.12.2023					31.12.2022 (Restated)				
	Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
Group/Company	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows										
Premiums paid	46,440	-	-	-	46,440	51,036	-	-	-	51,036
Claims and benefits recovered	-	-	(36,645)	-	(36,645)	-	-	(44,270)	-	(44,270)
Total cash flows	46,440	-	(36,645)	-	9,795	51,036	-	(44,270)	-	6,766
Net reinsurance contract (liabilities)/assets as at 31 December	(45,889)	588	106,574	-	61,273	(3,395)	2	77,672	-	74,279
At 31 December										
Reinsurance contract assets	(45,882)	588	107,347	-	62,053	(3,383)	2	77,874	-	74,493
Reinsurance contract liabilities	(7)	-	(773)	-	(780)	(12)	-	(202)	-	(214)
Net reinsurance contract (liabilities)/assets as at 31 December	(45,889)	588	106,574	-	61,273	(3,395)	2	77,672	-	74,279

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Roll-forward of the net asset or liability for life insurance contracts issued and reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Contracts not measured under the PAA

10.2.1 Life insurance contracts issued

The table below presents a roll-forward of the net asset or liability for insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin for portfolios included in the life insurance unit.

								Group/Company
				31.12.2023				31.12.2022 (Restated)
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January								
Life insurance contract liabilities	2,025,430	135,395	396,568	2,557,393	2,056,999	152,080	332,319	2,541,398
Life insurance contract assets	(33,610)	11,118	5,939	(16,553)	(38,140)	13,173	7,758	(17,209)
Net life insurance contract liabilities as at 1 January	1,991,820	146,513	402,507	2,540,840	2,018,859	165,253	340,077	2,524,189
Changes that relate to current services								
Contractual service margin recognised for services provided	-	-	(36,531)	(36,531)	-	-	(39,445)	(39,445)
Risk adjustment recognised for the risk expired	-	(27,059)	-	(27,059)	-	(40,848)	-	(40,848)
Experience adjustments	4,669	1	(35,261)	(30,591)	18,400	4	(38,974)	(20,570)
	4,669	(27,058)	(71,792)	(94,181)	18,400	(40,844)	(78,419)	(100,863)
Changes that relate to future services								
Contracts initially recognised in the period	(87,131)	22,352	62,650	(2,129)	(67,949)	32,572	33,399	(1,978)
Changes in estimates that adjust the contractual service margin	79,800	1,391	(81,191)	-	(78,386)	(12,335)	90,721	-
Changes in estimates that do not adjust the contractual service margin	11,117	(1,562)	-	9,555	1,978	4	-	1,982
	3,786	22,181	(18,541)	7,426	(144,357)	20,241	124,120	4
Changes that relate to past service								
Adjustments to liabilities for incurred claims	(8,858)	(4)	-	(8,862)	(163)	(5)	-	(168)
Insurance service result	(403)	(4,881)	(90,333)	(95,617)	(126,120)	(20,608)	45,701	(101,027)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Roll-forward of the net asset or liability for life insurance contracts issued and reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Contracts not measured under the PAA (continued)

10.2.1 Life insurance contracts issued (continued)

								Group/Company
				31.12.2023				31.12.2022 (Restated)
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance finance expenses	133,613	8,370	19,062	161,045	(37,501)	1,868	16,729	(18,904)
Total changes in the statement of profit or loss	133,210	3,489	(71,271)	65,428	(163,621)	(18,740)	62,430	(119,931)
Cash flows								
Premiums received	485,952	-	-	485,952	525,015	-	-	525,015
Claims and other expenses paid including investment components	(446,882)	-	-	(446,882)	(388,433)	-	-	(388,433)
Total cash flows	39,070	-	-	39,070	136,582	-	-	136,582
Net life insurance contract liabilities as at 31 December	2,164,100	150,002	331,236	2,645,338	1,991,820	146,513	402,507	2,540,840
At 31 December								
Life insurance contract liabilities	2,187,786	140,939	329,916	2,658,641	2,025,430	135,395	396,568	2,557,393
Life insurance contract assets	(23,686)	9,063	1,320	(13,303)	(33,610)	11,118	5,939	(16,553)
Net life insurance contract liabilities as at 31 December	2,164,100	150,002	331,236	2,645,338	1,991,820	146,513	402,507	2,540,840

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Roll-forward of the net asset or liability for life insurance contracts issued and reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Contracts not measured under the PAA (continued)

10.2.2 Reinsurance contracts held

The table below presents a roll-forward of the net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM for reinsurance held portfolios included in life insurance unit.

								Group/Company
				31.12.2023				31.12.2022 (Restated)
	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total	Estimates of the present value of future cash flows	Risk adjustment	Contractual service margin	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January								
Reinsurance contract assets	(25,936)	44,645	55,784	74,493	80,255	50,029	(28,654)	101,630
Reinsurance contract liabilities	(254)	34	6	(214)	(88)	38	3	(47)
Net reinsurance contract (liabilities)/assets as at 1 January	(26,190)	44,679	55,790	74,279	80,167	50,067	(28,651)	101,583
Changes that relate to current services								
Contractual service margin recognised for services received	-	-	(24,326)	(24,326)	-	-	(19,073)	(19,073)
Risk adjustment recognised for the risk expired	-	(4,387)	-	(4,387)	-	(4,616)	-	(4,616)
Experience adjustments	(6,258)	-	215	(6,043)	(16,304)	-	2,516	(13,788)
	(6,258)	(4,387)	(24,111)	(34,756)	(16,304)	(4,616)	(16,557)	(37,477)
Changes that relate to future services								
Contracts initially recognised in the period	14,018	3,217	(17,370)	(135)	21,966	3,516	(25,987)	(505)
Changes in estimates that adjust the contractual service margin	18,043	(55)	(17,244)	744	(121,337)	(4,784)	126,628	507
	32,061	3,162	(34,614)	609	(99,371)	(1,268)	100,641	2
Changes that relate to past services								
Changes in amounts recoverable arising from changes in liability for incurred claims	7,927	-	-	7,927	4,910	-	-	4,910
Net income/(expenses) from reinsurance contracts held	33,730	(1,225)	(58,725)	(26,220)	(110,765)	(5,884)	84,084	(32,565)
Reinsurance finance (expenses)/income	(1,508)	2,924	2,003	3,419	(2,358)	496	357	(1,505)
Total changes in the statement of profit or loss	32,222	1,699	(56,722)	(22,801)	(113,123)	(5,388)	84,441	(34,070)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.2 Roll-forward of the net asset or liability for life insurance contracts issued and reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and Contractual Service Margin - Contracts not measured under the PAA (continued)

10.2.2 Reinsurance contracts held (continued)

	Group/Company							
	31.12.2023				31.12.2022 (Restated)			
	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	Contractual service margin RM'000	Total RM'000
Cash flows								
Premiums paid	46,440	-	-	46,440	51,036	-	-	51,036
Claims and benefits recovered	(36,645)	-	-	(36,645)	(44,270)	-	-	(44,270)
Total cash flows	9,795	-	-	9,795	6,766	-	-	6,766
Net reinsurance contract (liabilities)/assets as at 31 December	15,827	46,378	(932)	61,273	(26,190)	44,679	55,790	74,279
At 31 December								
Reinsurance contract assets	16,594	46,374	(915)	62,053	(25,936)	44,645	55,784	74,493
Reinsurance contract liabilities	(767)	4	(17)	(780)	(254)	34	6	(214)
Net reinsurance contract (liabilities)/assets as at 31 December	15,827	46,378	(932)	61,273	(26,190)	44,679	55,790	74,279

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.3 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts measured under the PAA

10.3.1 Life insurance contracts issued

The roll-forward of the net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims for portfolios included in life insurance unit, is disclosed in the table below:

Group/Company

	31.12.2023					31.12.2022 (Restated)				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January										
Life insurance contract liabilities	(61)	15	1,899	192	2,045	(659)	-	1,490	165	996
Life insurance contract asset	(141)	-	-	-	(141)	-	-	-	-	-
Net insurance contract liabilities as at 1 January	(202)	15	1,899	192	1,904	(659)	-	1,490	165	996
Insurance revenue	(33,494)	-	-	-	(33,494)	(24,341)	-	-	-	(24,341)
Insurance service expenses	18,364	(2)	5,266	134	23,762	21,633	15	3,206	27	24,881
Investment components	-	-	-	-	-	-	-	-	-	-
Insurance service result	(15,130)	(2)	5,266	134	(9,732)	(2,708)	15	3,206	27	540
Insurance finance expenses	-	-	-	-	-	-	-	-	-	-
Total changes in the statement of profit or loss	(15,130)	(2)	5,266	134	(9,732)	(2,708)	15	3,206	27	540

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.3 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts measured under the PAA (continued)

10.3.1 Life insurance contracts issued (continued)

										Group/Company
					31.12.2023					31.12.2022 (Restated)
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss Component	Loss Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows										
Premiums received	33,700	-	-	-	33,700	24,792	-	-	-	24,792
Claims and other expenses paid including investment components	(18,367)	-	(4,417)	-	(22,784)	(21,627)	-	(2,797)	-	(24,424)
Total cash flows	15,333	-	(4,417)	-	10,916	3,165	-	(2,797)	-	368
Net life insurance contract liabilities	1	13	2,748	326	3,088	(202)	15	1,899	192	1,904
At 31 December										
Life insurance contract liabilities	1	13	2,748	326	3,088	(61)	15	1,899	192	2,045
Life insurance contract assets	-	-	-	-	-	(141)	-	-	-	(141)
Net life insurance contract liabilities as at 31 December	1	13	2,748	326	3,088	(202)	15	1,899	192	1,904

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.3 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts measured under the PAA (continued)

10.3.2 Reinsurance contracts held

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising from business ceded to reinsurers in the life insurance unit is disclosed in the table below:

										Group/Company
					31.12.2023					31.12.2022 (Restated)
	Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January										
Reinsurance contract assets	(1,488)	-	3,679	-	2,191	(1,805)	-	3,108	-	1,303
Reinsurance contract liabilities	(919)	-	(610)	-	(1,529)	(1,478)	-	489	-	(989)
Net reinsurance contract (liabilities)/assets as at 1 January	(2,407)	-	3,069	-	662	(3,283)	-	3,597	-	314
Allocation of reinsurance premiums	(5,242)	-	-	-	(5,242)	(5,372)	-	-	-	(5,372)
Amounts recoverable from reinsurers for incurred claims	-	80	(1,636)	-	(1,556)	-	-	4,375	-	4,375
Reinsurance investment components	(1)	-	1	-	-	(1)	-	1	-	-
Net income or expense from reinsurance contracts held	(5,243)	80	(1,635)	-	(6,798)	(5,373)	-	4,376	-	(997)
Reinsurance finance income	(10)	-	-	-	(10)	(1)	-	-	-	(1)
Total changes in the statement of profit or loss	(5,253)	80	(1,635)	-	(6,808)	(5,374)	-	4,376	-	(998)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.3 Roll-forward of net asset or liability for life insurance contracts issued and reinsurance contracts held showing the liability for remaining coverage and the liability for incurred claims – Contracts measured under the PAA (continued)

10.3.2 Reinsurance contracts held (continued)

Group/Company

	31.12.2023					31.12.2022 (Restated)				
	Assets for remaining coverage		Amount recoverable on incurred claims			Assets for remaining coverage		Amount recoverable on incurred claims		
	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding Loss-recovery Component	Loss recovery Component	Estimates of the present value of future cash flows	Risk adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows										
Premiums paid	5,033	-	-	-	5,033	6,250	-	-	-	6,250
Claims and benefits recovered	-	-	(2,686)	-	(2,686)	-	-	(4,904)	-	(4,904)
Total cash flows	5,033	-	(2,686)	-	2,347	6,250	-	(4,904)	-	1,346
Net reinsurance contract (liabilities)/assets as at 31 December	(2,627)	80	(1,252)	-	(3,799)	(2,407)	-	3,069	-	662
At 31 December										
Reinsurance contract assets	(1,832)	80	5,268	-	3,516	(1,488)	-	3,679	-	2,191
Reinsurance contract liabilities	(795)	-	(6,520)	-	(7,315)	(919)	-	(610)	-	(1,529)
Net reinsurance contract (liabilities)/assets as at 31 December	(2,627)	80	(1,252)	-	(3,799)	(2,407)	-	3,069	-	662

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.4 The impacts on the current period of transition approaches adopted to establishing CSMs

10.4.1 Life insurance contracts issued

The impact on the current period of the transition approaches adopted to establishing CSMs for insurance contracts portfolios included in the life insurance unit is disclosed in the table below:

	Group/Company							
	31.12.2023				31.12.2022 (Restated)			
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Contractual Service Margin as at 1 January	-	362,595	39,912	402,507	-	340,077	-	340,077
Changes that relate to current services								
Contractual service margin recognised for services provided	-	(57,597)	(14,195)	(71,792)	-	(67,678)	(10,741)	(78,419)
Changes that relate to future services								
Contracts initially recognised in the period	-	-	62,650	62,650		-	33,399	33,399
Changes in estimates that adjust the contractual service margin	-	(42,852)	(38,339)	(81,191)	-	74,289	16,432	90,721
Insurance service result	-	(100,449)	10,116	(90,333)	-	6,611	39,090	45,701
Insurance finance expenses	-	15,861	3,201	19,062	-	15,907	822	16,729
Total changes in the statement of profit or loss and OCI	-	(84,588)	13,317	(71,271)	-	22,518	39,912	62,430
Contractual Service Margin as at 31 December	-	278,007	53,229	331,236	-	362,595	39,912	402,507

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.4 The impacts on the current period of transition approaches adopted to establishing CSMs (continued)

10.4.2 Reinsurance contracts held

The impact on the current period of the transition approaches adopted to establishing CSMs for reinsurance contracts held portfolios included in the life insurance unit is disclosed in the table below:

								Group/Company
				31.12.2023				31.12.2022 (Restated)
	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total	Contracts using the modified retrospective approach	Contracts using the fair value approach	All other contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Contractual Service Margin as at 1 January	72,214	-	(16,424)	55,790	(28,651)	-	-	(28,651)
Changes that relate to current services								
Contractual service margin recognised for services received	(27,409)	-	3,298	(24,111)	(17,989)	-	1,432	(16,557)
Changes that relate to future services								
Contracts initially recognised in the period	-	-	(17,370)	(17,370)	-	-	(25,987)	(25,987)
Changes in estimates that adjust the contractual service margin	(17,404)	-	160	(17,244)	118,209	-	8,419	126,628
Changes in the contractual service margin due to recognition of a loss-recovery component from onerous contracts	-	-	-	-	-	-	-	-
Changes in the contractual service due to reversal of a loss-recovery component from onerous underlying contracts	-	-	-	-	-	-	-	-
Reinsurance finance income/(expenses)	2,821	-	(818)	2,003	645	-	(288)	357
Total changes in the statement of profit or loss and OCI	(41,992)	-	(14,730)	(56,722)	100,865	-	(16,424)	84,441
Contractual Service Margin as at 31 December	30,222	-	(31,154)	(932)	72,214	-	(16,424)	55,790

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.5 The components of new business

10.5.1 Life insurance contracts issued

The components of new business for life insurance contracts issued portfolios included in the life insurance unit is disclosed in the table below:

	Group/Company									
	31.12.2023					31.12.2022 (Restated)				
	Contracts Issued		Contracts Acquired			Contracts Issued		Contracts Acquired		
	Non-onerous	Onerous	Non-onerous	Onerous	Total	Non-onerous	Onerous	Non-onerous	Onerous	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Life insurance contract liabilities										
Estimate of present value of future cash outflows, excluding insurance acquisition cash flows	368,875	15,950	-	-	384,825	284,629	1,564	-	-	286,193
Estimates of insurance acquisition cash flows	93,524	11,126	-	-	104,650	123,100	1,150	-	-	124,250
Estimate of present value of future cash outflows	462,399	27,076	-	-	489,475	407,729	2,714	-	-	410,443
Estimates of present value of future cash inflows	(543,992)	(32,613)	-	-	(576,605)	(473,443)	(4,948)	-	-	(478,391)
Risk adjustment	18,943	3,409	-	-	22,352	32,315	257	-	-	32,572
CSM	62,650	-	-	-	62,650	33,399	-	-	-	33,399
Amount included in life insurance contract liabilities for the year	-	(2,128)	-	-	(2,128)	-	(1,977)	-	-	(1,977)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.5 The components of new business (continued)

10.5.2 Reinsurance contracts held

The components of new business for reinsurance contracts held portfolios included in the life insurance unit is disclosed in the table below:

	Group/Company					
	31.12.2023			31.12.2022 (Restated)		
	Contracts Issued	Contracts Acquired	Total	Contracts Issued	Contracts Acquired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Reinsurance contract assets						
Estimate of present value of future cash inflows	(48,241)	-	(48,241)	(60,511)	-	(60,511)
Estimate of present value of future cash outflows	62,191	-	62,191	82,477	-	82,477
Risk Adjustment	3,204	-	3,204	3,516	-	3,516
CSM	(17,321)	-	(17,321)	(25,987)	-	(25,987)
Amount included in reinsurance contract assets for the year	(167)	-	(167)	(505)	-	(505)

10 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

10.6 CSM recognition in profit or loss

The disclosure of when the CSM is expected to be in profit or loss in future years is presented below:

	2023							2022						
	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years	Total	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years	Total
Insurance contracts issued	46,741	32,590	26,293	22,578	19,822	183,212	331,236	49,663	37,169	31,420	27,514	24,335	232,406	402,507
Reinsurance contracts held	(15,768)	(11,470)	(8,130)	(5,406)	(3,105)	44,811	932	(24,124)	(19,078)	(14,553)	(10,894)	(7,847)	20,706	(55,790)

The Group and the Company expect to recognise the CSM in profit or loss for existing contracts as shown in the table above, which represents the coverage period for the contracts in force issued by the Group and the Company.

11 OTHER RECEIVABLES

	Group/Company	
	31.12.2023	31.12.2022
	RM'000	RM'000 Restated
Amount due from fund manager/brokers	506	603
Amount due from related parties	19,905	18,912
Deposits receivable	645	616
Dividend receivable	118	80
Subscription to LIAM shares	-	2,147
Other receivables	13,381	8,201
	34,555	30,559
Receivable within 12 months	34,555	28,412
Receivable after 12 months	-	2,147
	34,555	30,559

Amount due from related parties is unsecured, interest free and has no fixed repayment terms.

The carrying amounts disclosed above approximate the fair values as of the date of the statement of financial position.

12 SHARE CAPITAL

	Group/Company			
	31.12.2023		31.12.2022	
	Number of shares	Nominal value	Number of shares	Nominal value
	'000	RM'000	'000	RM'000
Issued and paid up				
Ordinary shares with no par value:				
At beginning/end of the financial year	242,000	258,000	242,000	258,000
Perpetual non-cumulative preference shares (PPS) with no par value:				
At beginning/end of the financial year	100,000	100,000	100,000	100,000
	342,000	358,000	342,000	358,000

Features of the Perpetual Non-cumulative Preference Shares (PPS)

The PPS is a subordinated and unsecured obligation of the Company and shall rank pari passu among themselves and senior only to the Company's ordinary shares. The PPS shall not represent any fixed charge on the earnings of the Company and shall carry no right to vote at any general meeting of the ordinary Shareholders of the Company.

The PPS confers on the holder the right to receive a non-cumulative gross dividend of 8% per annum, payable annually in arrears after the anniversary of the issue date of the PPS. The payment of dividend on the PPS is at the Company's discretion.

The PPS is not convertible to ordinary shares of the Company and the tenure of the PPS is perpetual and redeemable after year 2013 at the sole option of the Company subject to Bank Negara Malaysia's approval. At the date of this report, the Company has yet to exercise its redemption option.

13 RETAINED EARNINGS

Under the single tier system, there are no restrictions on the Company to frank the payment of dividends out of its entire retained earnings as of the date of the statement of financial position.

The Company may distribute single tier dividend to its Shareholders out of its retained earnings. Pursuant to Section 51(1) of the FSA, the Company is required to obtain BNM's written approval prior to declaring or paying any dividend with effect from the financial year beginning 1 January 2014. Pursuant to the RBC Framework for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividend would impair its Capital Adequacy Ratio position to below its internal target.

14 OTHER FINANCIAL LIABILITIES

	Group/Company	
	31.12.2023	31.12.2022
	RM'000	RM'000 Restated
Outstanding purchases of investment securities	1,850	40,233
Unprocessed proposals	1,822	1,280
Others	32	48
	3,704	41,561
Payable within 12 months	3,704	41,561

The carrying amounts disclosed above approximate the fair values as of the date of the statement of financial position.

15 OTHER PAYABLES

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Deposits	57	57	57	57
Amount due to related parties	186	267	186	267
Amount due to agent and intermediaries	6,929	6,457	6,929	6,457
Accrual for bonus	31,365	30,949	31,365	30,949
Accrual for electronic data processing expenses	1,506	4,037	1,506	4,037
Accrual for sales and marketing expenses	12,545	13,311	12,545	13,311
Accrual for advertising cost	975	851	975	851
Accrual for other expenses	15,184	12,811	15,105	12,730
Others	17,172	11,566	17,172	11,566
	85,919	80,306	85,840	80,225

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

16 DEFERRED TAX LIABILITIES

	Group/Company	
	31.12.2023	31.12.2022
	RM'000	RM'000 Restated
At 1 January	31,449	41,318
Impact of first-time adoption of MFRS 9/MFRS 17 (note 26)	4,508	5,860
At 1 January (Restated)	35,957	47,178
Recognised in:		
Profit or loss (note 21)	14,356	(15,729)
Other comprehensive income	7,457	-
At 31 December	57,770	31,449
Current	219	-
Non-current	57,551	31,449
	57,770	31,449

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.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group/Company	
	31.12.2023	31.12.2022
	RM'000	RM'000 Restated
Deferred tax liabilities	57,770	31,449

16 DEFERRED TAX LIABILITIES (CONTINUED)

	Group/Company						
	Accelerated depreciation	Revaluation FVTPL financial assets	Revaluation FVOCI financial assets	Provision for expenses	Reserves	FVOCI Reserves	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities/(assets)							
At 31 December 2021 (as previously reported)	33	11,741	-	(226)	29,770	-	41,318
Impact of first-time adoption of MFRS 17 (note 26)	-	-	-	-	5,860	-	5,860
At 1 January 2022 (Restated)	33	11,741	-	(226)	35,630	-	47,178
Recognised in:							
Profit or loss	4	(11,349)	-	(7)	(4,377)	-	(15,729)
At 31 December 2022 / 1 January 2023	37	392	-	(233)	31,253	-	31,449
Impact of first-time adoption of MFRS 9 (note 26)	-	2,747	(1,299)	-	5,894	(2,834)	4,508
At 1 January 2023 (Restated)	37	3,139	(1,299)	(233)	37,147	(2,834)	35,957
Recognised in:							
Profit or loss	(249)	9,374	-	(8)	5,239	-	14,356
Other comprehensive income	-	-	2,335	-	-	5,122	7,457
At 31 December 2023	(212)	12,513	1,036	(241)	42,386	2,288	57,770

16 DEFERRED TAX LIABILITIES (CONTINUED)

The composition of deferred tax assets/liabilities before and after appropriate offsetting, is as follows:

	Group/Company	
	31.12.2023	31.12.2022
	RM'000	RM'000 Restated
Subject to income tax		
Deferred tax assets (before offsetting)		
Provision for expenses	241	233
Property and equipment	212	-
	453	233
Offsetting	(453)	(233)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting)		
Property and equipment	-	37
FVTPL Financial assets	12,513	392
FVOCI Financial assets	1,036	-
Reserves	42,386	31,253
FVOCI Reserves	2,288	-
	58,223	31,682
Offsetting	(453)	(233)
Deferred tax liabilities (after offsetting)	57,770	31,449

17 INSURANCE REVENUE

		Group/Company	
		2023	2022
	Note	RM'000	RM'000
Contracts not measured under PAA			
Amounts relating to the changes in the liability for remaining coverage			
Expected insurance service expenses incurred in the year		171,233	192,127
Change in the risk adjustment for non-financial risk		30,492	40,848
Amount of CSM recognised in profit or loss		71,792	78,419
Other amounts including experience adjustments		(2,150)	(34,359)
Amounts relating to recovery of insurance acquisition cash flows		55,938	23,729
Insurance revenue – contracts not measured under PAA	10.1.1	327,305	300,764
Insurance revenue – contracts measured under PAA	10.3.1	33,494	24,341
Total insurance revenue		360,799	325,105

18 INSURANCE SERVICE EXPENSES

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

	Note	Group/Company 2023 RM'000	Group/Company 2022 RM'000 Restated
Employee benefits expense	18(a)	52,391	48,654
Directors' fees and allowance	18(b)	843	807
Auditors' remuneration:			
Statutory audit			
- current financial year		644	429
Audit related services		500	500
Tax services		39	85
Electronic data processing expenses		7,016	6,112
Sales and marketing expenses		41,774	37,526
Advertising cost		4,413	2,323
Depreciation of property and equipment	3	4,293	3,995
Amortisation of intangible assets	4	11,939	11,785
Amortisation of right-of-use assets	5	4,130	4,040
Rental expenses		16	54
Telephone and postage expenses		963	683
Short term leases expense		82	110
Low value lease assets expense		26	36
Others		12,768	14,494
Total management expenses		141,837	131,633
Claims and benefits		115,495	119,793
Fees and commissions		63,456	65,702
Losses and reversal of losses on onerous contracts		10,578	18
		331,366	317,146
Less: Amount attributed to acquisition cash flows		(150,219)	(137,890)
Add: Amortisation of acquisition cash flows		74,303	45,362
		255,450	224,618
Represented by:			
Contracts not measured under PAA	10.1.1	231,688	199,737
Contracts measured under PAA	10.3.1	23,762	24,881
		255,450	224,618

18 INSURANCE SERVICE EXPENSES (CONTINUED)

(a) Employee benefits expense

	Note	Group/Company 2023 RM'000	Group/Company 2022 RM'000
Salaries and bonus		37,432	35,106
Defined contribution plan		5,516	5,177
Share-based payment plan	18(c)	981	1,005
Expatriate allowances		4,089	3,146
Other staff benefits		4,373	4,220
		52,391	48,654

18 INSURANCE SERVICE EXPENSES (CONTINUED)

(b) Directors' and Chief Executive Officer's remuneration

The details of remuneration received and receivable by Directors and Chief Executive Officer during the financial year are as follows: (continued):

	Group/Company					
	Salary and bonus	Defined contribution plan	Benefits-in-kind	Share-based payment plan	Fees and allowance	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023						
Chief Executive Officer:						
Lew Yung Chow	2,951	413	31	633	-	4,028
Executive Director:						
Ms Ingrid Gail Johnson	-	-	-	-	-	-
Non-Executive Directors:						
Dato' Noorazman Bin Abd Aziz	-	-	-	-	200	200
Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz	-	-	-	-	47	47
Mr Ooi Say Teng	-	-	-	-	119	119
Mr Nigel Robin Hazell	-	-	-	-	175	175
Ms Yap Seong Yong	-	-	-	-	151	151
Mr Wong Ah Kow	-	-	-	-	151	151
	2,951	413	31	633	843	4,871

18 INSURANCE SERVICE EXPENSES (CONTINUED)

(b) Directors' and Chief Executive Officer's remuneration (continued)

The details of remuneration received and receivable by Directors and Chief Executive Officer during the financial year are as follows: (continued):

Total value of remuneration awards for the financial year	Fixed Remuneration	Variable Remuneration			
	Cash-based	Cash-based	Shares and share-linked instruments	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Chief Executive Officer:					
Lew Yung Chow	1,775	1,589	633	31	4,028
Executive Director:					
Ms Ingrid Gail Johnson	-	-	-	-	-
Non-Executive directors:					
Dato' Noorazman Bin Abd Aziz	180	20	-	-	200
Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz	44	3	-	-	47
Mr Ooi Say Teng	110	9	-	-	119
Mr Nigel Robin Hazell	155	20	-	-	175
Ms Yap Seong Yong	135	16	-	-	151
Mr Wong Ah Kow	135	16	-	-	151
	2,534	1,673	633	31	4,871

18 INSURANCE SERVICE EXPENSES (CONTINUED)

(b) Directors' and Chief Executive Officer's remuneration (continued)

The details of remuneration received and receivable by Directors and Chief Executive Officer during the financial year are as follows: (continued):

	Group/Company					
	Salary and bonus	Defined contribution plan	Benefits-in-kind	Share-based payment plan	Fees and allowance	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022						
Chief Executive Officer:						
Lew Yung Chow	2,592	363	30	494	-	3,479
Executive Director:						
Ms Ingrid Gail Johnson	-	-	-	-	-	-
Non-Executive Directors:	-	-	-	-		
Dato' Noorazman Bin Abd Aziz	-	-	-	-	128	128
Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz	-	-	-	-	95	95
Mr Ooi Say Teng	-	-	-	-	121	121
Mr Nigel Robin Hazell	-	-	-	-	115	115
Ms Yap Seong Yong	-	-	-	-	45	45
Mr Wong Ah Kow	-	-	-	-	40	40
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	-	-	-	-	61	61
Dato' Mohd Shukri Bin Hussin	-	-	-	-	55	55
Mr Jose Isidro Navato Camacho	-	-	-	-	64	64
Mr Pushpanathan A/L S.A. Kanagarayar	-	-	-	-	83	83
	2,592	363	30	494	807	4,286

18 INSURANCE SERVICE EXPENSES (CONTINUED)

(b) Directors' and Chief Executive Officer's remuneration (continued)

The details of remuneration received and receivable by Directors and Chief Executive Officer during the financial year are as follows: (continued):

	Fixed Remuneration	Variable Remuneration			
Total value of remuneration awards for the financial year	Cash-based	Cash-based	Shares and share-linked instruments	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2022					
Chief Executive Officer:					
Lew Yung Chow	1,682	1,273	494	30	3,479
Executive Director:					
Ms Ingrid Gail Johnson	-	-	-	-	-
Non-Executive directors:					
Dato' Noorazman Bin Abd Aziz	114	14	-	-	128
Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz	90	5	-	-	95
Mr Ooi Say Teng	110	11	-	-	121
Mr Nigel Robin Hazell	102	13	-	-	115
Ms Yap Seong Yong	40	5	-	-	45
Mr Wong Ah Kow	36	4	-	-	40
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	58	3	-	-	61
Dato' Mohd Shukri Bin Hussin	52	3	-	-	55
Mr Jose Isidro Navato Camacho	60	4	-	-	64
Mr Pushpanathan A/L S.A. Kanagarayar	77	6	-	-	83
	2,421	1,341	494	30	4,286

All the remuneration awards above are non-deferred remuneration except for shares and share-linked instruments. During the financial year, there were payments for shares and share-linked instruments amounting to RM1,801,185 (2022: RM2,082,400).

18 INSURANCE SERVICE EXPENSES (CONTINUED)

(c) Share-based payment plan

Expenses arising from the share-based payment transactions recognised during the financial year as part of the employee benefits expense were as follows:

	Group/Company	
	2023	2022
	RM'000	RM'000
Sun Share Unit Plan	981	1,005

Sun Share Units (SSU) are granted to certain employees of the Group and the Company as part of the annual performance reward cycle and has a vesting period of over 36 months from grant date. Each SSU entitles the recipient to receive payment equal to the market value of common shares, plus credited dividends, at the time of vesting, subject to any performance conditions. These SSU expenses are paid out in cash at the end of the vesting period.

19 NET EXPENSE FROM REINSURANCE CONTRACTS HELD

The table below presents an analysis of the net expenses from reinsurance contracts held recognised in the year:

	Note	Group/Company 2023 RM'000	Group/Company 2022 RM'000
Amounts relating to the changes in the assets for remaining coverage			
Expected recovery for insurance service expenses incurred in the year		(63,215)	(73,415)
Change in the risk adjustment for non-financial risk		(4,387)	(4,616)
Net cost recognised in profit or loss		(24,088)	(16,558)
Allocation of reinsurance premiums under PAA		(5,242)	(5,372)
Other amount including experience adjustments		(650)	2,615
Allocation of reinsurance premiums		(97,582)	(97,346)
Amounts recoverable for claims and other expenses incurred in the year			
Amounts recoverable for claims and other expenses incurred		63,898	63,782
Income of Loss-Recovery from Onerous Contracts		666	2
Amounts recoverable from reinsurers		64,564	63,784
Net expense from reinsurance contracts held		(33,018)	(33,562)
Allocation of reinsurance premiums represented by:			
Contracts not measured under PAA	10.1.2	(92,340)	(91,974)
Contracts measured under PAA	10.3.2	(5,242)	(5,372)
		(97,582)	(97,346)
Amounts recoverable from reinsurers represented by:			
Contracts not measured under PAA	10.1.2	66,120	59,409
Contracts measured under PAA	10.3.2	(1,556)	4,375
		64,564	63,784

20 NET INVESTMENT INCOME/(LOSSES) AND NET INSURANCE FINANCIAL RESULT

The table below presents an analysis of net investment income/(losses) and net insurance financial result recognised in profit and loss and OCI during the year:

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000 Restated
(a) Investment Income					
Rental income		400	400	400	400
Amortised cost interest income		2,644	2,413	2,386	2,038
Financial assets at FVTPL					
- Interest income		72,775	100,749	57,772	85,601
- Dividend income		13,899	19,706	29,740	24,756
Financial assets at FVOCI					
- Interest income		33,631	-	33,631	-
- Amortisation of premiums – net		(982)	-	(982)	-
- Impairment		(98)	-	(98)	-
Investment related expenses		(2,143)	(1,985)	(2,143)	(1,985)
		120,126	121,283	120,706	110,810
(b) Net realised losses					
Financial assets at FVOCI					
Unquoted corporate debt securities		(220)	-	(220)	-
		(220)	-	(220)	-
(c) Net fair value gains/ (losses)					
Financial assets at FVTPL					
Unrealised gains/(losses)*	6(c)	97,087	(147,320)	97,202	(145,638)
Realised gains/(losses):					
Malaysian Government Securities		743	(4,279)	-	(554)
Quoted equity securities		856	(4,156)	856	(4,156)
Unquoted corporate debt securities		1,189	(12,370)	307	(6,224)
Unit trust funds		358	(685)	358	(685)
Controlled structured entities		-	-	172	(1,872)
		3,146	(21,490)	1,693	(13,491)
		100,233	(168,810)	98,895	(159,129)
Net investment income		220,139	(47,527)	219,381	(48,319)

20 NET INVESTMENT INCOME/(LOSSES) AND NET INSURANCE FINANCIAL RESULT (CONTINUED)

The table below presents an analysis of net investment income/(losses) and net insurance financial result recognised in profit and loss and OCI during the year: (continued)

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000 Restated
Insurance finance (expenses) /income for insurance contracts issued					
Interest accreted using current financial assumptions		(54,991)	(54,454)	(54,991)	(54,454)
Interest accreted using locked-in rate		(12,554)	(11,230)	(12,554)	(11,230)
Effect of changes in interest rates and other financial assumptions		(41,700)	21,225	(41,700)	21,225
Changes in fair value of underlying assets of contracts measured under the VFA		(55,794)	69,511	(55,794)	69,511
Others		3,994	(6,148)	3,994	(6,148)
Total insurance finance (expenses) /income for insurance contracts issued		(161,045)	18,904	(161,045)	18,904
Reinsurance finance income /(expenses) for reinsurance contracts held					
Interest accreted using current financial assumptions		434	2,257	434	2,257
Interest accreted using locked-in rate		2,003	357	2,003	357
Effect of changes in interest rates and other financial assumptions		1,130	(4,037)	1,130	(4,037)
Others		(158)	(83)	(158)	(83)
Total reinsurance finance income /(expenses) for reinsurance contracts held		3,409	(1,506)	3,409	(1,506)
Net Insurance financial result		(157,636)	17,398	(157,636)	17,398

- Includes fair value gains on controlled structured entities at the Company level amounting to RM6,542,000 (2022: RM2,492,000) as stated in Note 7.

21 TAXATION

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Tax expense on the profit for the financial year:				
Income tax:				
Current tax	20,996	17,813	20,996	17,813
Deferred tax	14,356	(15,729)	14,356	(15,729)
	35,352	2,084	35,352	2,084
Under/(over) provision in prior financial years	903	(435)	903	(435)
	36,255	1,649	36,255	1,649
Tax expense attributable to Shareholders	21,099	6,351	21,099	6,351
Tax expense/(credit) attributable to policyholders	15,156	(4,702)	15,156	(4,702)
	36,255	1,649	36,255	1,649

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to the Group's and the Company's effective income tax rate is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Profit before taxation attributable to Shareholders	119,260	40,562	119,260	40,562
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	28,622	9,735	28,622	9,735
Income not subject to tax	(4,032)	(1,438)	(3,850)	(1,248)
Expenses not deductible for tax purposes	384	337	202	147
Section 110B tax credit set off	(4,778)	(1,848)	(4,778)	(1,848)
Under/(over) provision in prior financial years	903	(435)	903	(435)
	21,099	6,351	21,099	6,351
Tax expense attributable to Shareholders	21,099	6,351	21,099	6,351
Tax expense/(credit) attributable to policyholders	15,156	(4,702)	15,156	(4,702)
	36,255	1,649	36,255	1,649

22 BASIC EARNINGS PER SHARE

The Group's and the Company's basic earnings per share is calculated by dividing the profit for the financial year attributable to the Group's and the Company's ordinary equity holders by the weighted average number of ordinary shares in issue during the financial year.

	Group/Company	
	2023	2022
	RM'000	RM'000 Restated
Profit attributable to ordinary equity holders	98,161	34,211
Weighted average number of shares in issue	242,000	242,000
Basic earnings per share (sen)	40.56	14.14

Diluted earnings per share are not presented as there are no dilutive potential ordinary shares as of the date of the statement of financial position.

23 DIVIDENDS

The amounts of dividends paid or declared by the Company are as follows:

	31.12.2023		31.12.2022	
	RM per share	RM'000	RM per share	RM'000
Dividend in respect of the previous financial year				
Perpetual Non-cumulative Preference Shares	0.08	8,000	0.08	8,000
Ordinary Shares	0.26	62,000	0.26	62,000
		70,000		70,000

The Directors have not recommended any final dividend to be paid for the financial year under review.

24 OPERATING LEASE COMMITMENTS

The future minimum lease payments of the operating lease commitments are as follows:

	Group/Company	
	2023	2022
	RM'000	RM'000
Not later than 1 year	-	143
Later than 1 year and not later than 5 years	-	-
	-	143

25 CAPITAL COMMITMENTS

	Group/Company	
	2023	2022
	RM'000	RM'000
Approved and contracted for:		
Intangible assets	3,369	4,393
Property and equipment	1,249	-
Approved but not contracted for:		
Intangible assets	13,990	3,090
	18,608	7,483

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS

(a) MFRS 17 Insurance Contracts

MFRS 17 Insurance Contracts was issued in May 2017, replacing MFRS 4 Insurance Contracts. The Group and the Company have adopted MFRS 17 Insurance Contracts, including any consequential amendments to other standards and subsequent amendments to MFRS 17, effective 1 January 2023, with corresponding comparative financial information provided for 2022.

Changes to classification and measurement

The adoption of MFRS 17 did not change the classification of the Group's and the Company's insurance contracts. MFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group and the Company. The key principles of MFRS 17 are that the Group and the Company:

- Identify insurance contracts as those under which the Group and the Company accepts significant insurance 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;
- Separate specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards (MFRS 9 for embedded derivatives and investment components or MFRS 15 for non-insurance goods and services);
- Divides the insurance and reinsurance contracts into groups it will recognise and measure; and
- Recognise profit from a group of insurance contracts over each period the Group and the Company provide insurance contract services, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e. loss-making) over the remaining coverage period, the Group and the Company recognise the loss immediately.

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(a) MFRS 17 Insurance Contracts (continued)

<u>Transition</u>

Transition date for the Group and the Company is 1 January 2022.

(i) Full retrospective approach

On transition to MFRS 17, the Group and the Company have applied the full retrospective approach unless impracticable.

The Group and the Company have assessed and concluded that it is impracticable for the Group and the Company to apply full retrospective to transition blocks for both the direct and reinsurance contracts.

The Group and the Company have the accounting choice to apply either the Modified Retrospective Approach or Fair Value Approach.

(ii) Modified retrospective approach

The Group and the Company have applied the modified retrospective approach for all reinsurance contracts, as prior to transition, it grouped its contracts from multiple cohorts and years into a single unit for accounting purposes. The application of the full retrospective approach on transition for these portfolios was determined to be impracticable for the Group and the Company, as obtaining all required historical data and cashflows from the actuarial valuation reports was not possible. Therefore, the Group and the Company have used reasonable and supportable information from its existing reporting systems, which resulted in the closest outcome to the full retrospective approach.

The Group and the Company have aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year.

The Group and the Company have elected to use the simplification in the modified retrospective approach for determining the reinsurance CSM of the liability for remaining coverage at the transition date.

The Group and the Company have used the following procedure to determine the CSM at initial recognition for these contracts:

- Estimated future cash flows at the date of initial recognition as the amount of the future cash flows at 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 transition date.

- Estimated historical discount rates applied to some cash flows in the period prior to transition date using an observable market yield curve for that period.

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(a) MFRS 17 Insurance Contracts (continued)

Transition (continued)

(ii) Modified retrospective approach (continued)

- Estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at transition date retrospectively to initial recognition based on the future expected risk adjustment release trend subsequent to transition date.

The CSM at 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 coverage units provided in the period with the remaining terms coverage units provided under the group of contracts.

The Group and the Company have elected not to disaggregate insurance finance income or expense between amounts included in profit or loss and amounts included in other comprehensive income.

(iii) Fair value approach

The Group and the Company have applied the fair value approach on transition for all direct contracts, as prior to transition, it grouped contracts from multiple cohorts and years into a single unit for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Group and the Company have determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cashflows measured at that date. In determining fair value, the Group and the Company has applied the requirements of MFRS 13 Fair Value Measurement.

The Group and the Company have aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

The discount rate for the group of contracts applying the fair value approach was determined at the transition date.

The Group and the Company have elected not to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income.

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(a) MFRS 17 Insurance Contracts (continued)

Transition (continued)

(iii) Fair value approach (continued)

The Group and the Company have applied the fair value approach on transition for all insurance contracts issued prior to transition date as of 1 January 2022 and applied the modified retrospective approach for all reinsurance contracts held prior to transition date as of 1 January 2022.

Thus, on 1 January 2022, the Group and the Company has identified, recognised, and measured each group of insurance contracts as if MFRS 17 had always; derecognised any existing balances that would not exist had MFRS 17 always applied; and recognised any resulting net difference in equity.

Transition impact from adoption of MFRS 17

The effects as a result of adoption of MFRS 17 were recognised as adjustments to Reserves as at 1 January 2022, which has resulted in an increase of Shareholders' equity as of 1 January 2022 by RM25 million, as summarised below:

- Change in reserving basis (+RM324 million), mainly from Investment-Linked portfolio due to the change from Sterling to Gross Premium Valuation (GPV) basis, and Universal Life portfolio due to recognition of negative reserve for the non-unit fund
- Creation of transition CSM (-RM299 million)

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(a) MFRS 17 Insurance Contracts (continued)

<u>Presentation and disclosure differences</u>

MFRS 17 significantly change how insurance contracts, reinsurance contacts and investment contracts with DPF are presented and disclosed in financial statements. The key presentation and disclosure differences are as follows:

(i) Statements of Financial Position

- Under MFRS 17, portfolios of insurance contracts, reinsurance contracts and investment contracts with DPF are presented separately in the statement of financial position as assets and liabilities. All rights and obligations arising from a portfolio of contracts will be presented on a net basis. Therefore, balances such as insurance receivables and payables, policy loans (which were previously reported within Loans and receivables), insurance claims liabilities (which were reported as separate line items), will no longer be presented separately and will be assessed on net portfolio position and reported within Insurance Contracts Liabilities or Assets as these are insurance contract related balances. Reinsurance receivables and payables, reinsurance assets and liabilities will be assessed on a net portfolio position and reported within Reinsurance Contracts Assets or Liabilities as these are reinsurance contract related. Under MFRS 4, insurance contracts were not split and presented by asset and liability position.

- The components of insurance contracts are presented separately in the notes to the financial statements. These components include carrying amount of FCF, CSM and RA.

(ii) Statements of Comprehensive Income

- Under MFRS 17, amounts recognised in the Statements of Comprehensive Income are disaggregated into an insurance service result (comprising insurance revenue and insurance service expenses), insurance finance income or expenses, and income or expenses from reinsurance contracts held. Under MFRS 4, the Group and the Company reported premium income, gross claims and benefits, changes in insurance contract liabilities, premiums and claims ceded to reinsurers, and change in contract liabilities ceded to reinsurers.

- Investment components will not be included in insurance revenue and insurance service expenses under MFRS 17. As a result, total amounts of revenue and expenses from insurance contracts with investment components will be reduced compared with those recognised under MFRS 4.

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(a) MFRS 17 Insurance Contracts (continued)

Impact of adoption of MFRS 17 on Statement of Financial Position and Statement of Comprehensive Income

The following table sets out the financial impact of adopting MFRS 17 on the statement of financial position as at 1 January 2022.

			Group
	31.12.2021 As previously reported	Classification and measurement	1.1.2022 As restated
ASSETS	RM'000	RM'000	RM'000
Property and equipment	54,577	-	54,577
Intangible assets	16,632	-	16,632
Right-of-use assets	9,641	-	9,641
Investments:			
Fair value through profit or loss financial assets	2,919,391	-	2,919,391
Loans and receivables/Amortised cost financial assets	158,731	(26,991)	131,740
Reinsurance contract assets	124,592	(21,659)	102,933
Insurance contract assets	-	17,209	17,209
Insurance receivables	13,778	(13,778)	-
Other receivables	22,933	(513)	22,420
Cash and bank balances	12,493	-	12,493
TOTAL ASSETS	3,332,768	(45,732)	3,287,036
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital	358,000	-	358,000
Retained earnings	98,361	-	98,361
Reserves	126,914	24,985	151,899
TOTAL EQUITY	583,275	24,985	608,260
Insurance contract liabilities	2,546,173	(3,779)	2,542,394
Reinsurance contract liabilities	-	1,036	1,036
Insurance claims liabilities	55,918	(55,918)	-
Insurance payables	13,758	(13,758)	-
Lease liabilities	9,964	-	9,964
Other financial liabilities	2,755	(140)	2,615
Other payables	78,396	(4,018)	74,378
Current tax liabilities	1,211	-	1,211
Deferred tax liabilities	41,318	5,860	47,178
TOTAL LIABILITIES	2,749,493	(70,717)	2,678,776
TOTAL EQUITY, POLICYHOLDERS FUNDS AND LIABILITIES	3,332,768	(45,732)	3,287,036

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(a) MFRS 17 Insurance Contracts (continued)

Impact of adoption of MFRS 17 on Statement of Financial Position and Statement of Comprehensive Income (continued)

The following table sets out the financial impact of adopting MFRS 17 on the statement of financial position as at 1 January 2022. (continued)

	Company		
	31.12.2021 As previously reported	Classification and measurement	1.1.2022 As restated
ASSETS	RM'000	RM'000	RM'000
Property and equipment	54,577	-	54,577
Intangible assets	16,632	-	16,632
Right-of-use assets	9,641	-	9,641
Investments:			
Fair value through profit or loss financial assets	2,952,275	-	2,952,275
Loans and receivables/Amortised cost financial assets	125,770	(26,991)	98,779
Reinsurance contract assets	124,592	(21,659)	102,933
Insurance contract assets	-	17,209	17,209
Insurance receivables	13,778	(13,778)	-
Other receivables	22,933	(513)	22,420
Cash and bank balances	12,483	-	12,483
TOTAL ASSETS	3,332,681	(45,732)	3,286,949
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital	358,000	-	358,000
Retained earnings	98,361	-	98,361
Reserves	126,914	24,985	151,899
TOTAL EQUITY	583,275	24,985	608,260
Insurance contract liabilities	2,546,173	(3,779)	2,542,394
Reinsurance contract liabilities	-	1,036	1,036
Insurance claims liabilities	55,918	(55,918)	-
Insurance payables	13,758	(13,758)	-
Lease liabilities	9,964	-	9,964
Other financial liabilities	2,755	(140)	2,615
Other payables	78,309	(4,018)	74,291
Current tax liabilities	1,211	-	1,211
Deferred tax liabilities	41,318	5,860	47,178
TOTAL LIABILITIES	2,749,406	(70,717)	2,678,689
TOTAL EQUITY, POLICYHOLDERS FUNDS AND LIABILITIES	3,332,681	(45,732)	3,286,949

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(a) MFRS 17 Insurance Contracts (continued)

Impact of adoption of MFRS 17 on Statement of Financial Position and Statement of Comprehensive Income (continued)

The following table sets out the financial impact of adopting MFRS 17 on the statement of financial position as at 31 December 2022.

			Group
	31.12.2022 As previously reported	Classification and measurement	31.12.2022 As restated
ASSETS	RM'000	RM'000	RM'000
Property and equipment	57,529	-	57,529
Intangible assets	14,855	-	14,855
Right-of-use assets	6,378	-	6,378
Investments:			
Fair value through profit or loss financial assets	2,948,739	-	2,948,739
Loans and receivables/Amortised cost financial assets	162,827	(29,620)	133,207
Reinsurance contract assets	24,845	51,839	76,684
Insurance contract assets	-	16,694	16,694
Insurance receivables	8,649	(8,649)	-
Other receivables	30,701	(142)	30,559
Cash and bank balances	9,530	-	9,530
TOTAL ASSETS	3,264,053	30,122	3,294,175
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital	358,000	-	358,000
Retained earnings	80,670	565	81,235
Reserves	134,357	(1,121)	133,236
TOTAL EQUITY	573,027	(556)	572,471
Insurance contract liabilities	2,433,172	126,266	2,559,438
Reinsurance contract liabilities	-	1,743	1,743
Insurance claims liabilities	67,428	(67,428)	-
Insurance payables	19,211	(19,211)	-
Lease liabilities	6,691	-	6,691
Other financial liabilities	41,846	(285)	41,561
Other payables	90,450	(10,144)	80,306
Current tax liabilities	516	-	516
Deferred tax liabilities	31,712	(263)	31,449
TOTAL LIABILITIES	2,691,026	30,678	2,721,704
TOTAL EQUITY, POLICYHOLDERS FUNDS AND LIABILITIES	3,264,053	30,122	3,294,175

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(a) MFRS 17 Insurance Contracts (continued)

Impact of adoption of MFRS 17 on Statement of Financial Position and Statement of Comprehensive Income (continued)

The following table sets out the financial impact of adopting MFRS 17 on the statement of financial position as at 31 December 2022. (continued)

			Company
	31.12.2022 As previously reported	Classification and measurement	31.12.2022 As restated
ASSETS	RM'000	RM'000	RM'000
Property and equipment	57,529	-	57,529
Intangible assets	14,855	-	14,855
Right-of-use assets	6,378	-	6,378
Investments:			
Fair value through profit or loss financial assets	2,955,440	-	2,955,440
Loans and receivables/ Amortised cost financial assets	156,056	(29,620)	126,436
Reinsurance contract assets	24,845	51,839	76,684
Insurance contract assets	-	16,694	16,694
Insurance receivables	8,649	(8,649)	-
Other receivables	30,701	(142)	30,559
Cash and bank balances	9,519	-	9,519
TOTAL ASSETS	3,263,972	30,122	3,294,094
EQUITY, POLICYHOLDERS' FUNDS AND LIABILITIES			
Share capital	358,000	-	358,000
Retained earnings	80,670	565	81,235
Reserves	134,357	(1,121)	133,236
TOTAL EQUITY	573,027	(556)	572,471
Insurance contract liabilities	2,433,172	126,266	2,559,438
Reinsurance contract liabilities	-	1,743	1,743
Insurance claims liabilities	67,428	(67,428)	-
Insurance payables	19,211	(19,211)	-
Lease liabilities	6,691	-	6,691
Other financial liabilities	41,846	(285)	41,561
Other payables	90,369	(10,144)	80,225
Current tax liabilities	516	-	516
Deferred tax liabilities	31,712	(263)	31,449
TOTAL LIABILITIES	2,690,945	30,678	2,721,623
TOTAL EQUITY, POLICYHOLDERS FUNDS AND LIABILITIES	3,263,972	30,122	3,294,094

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(a) MFRS 17 Insurance Contracts (continued)

Impact of adoption of MFRS 17 on Statement of Financial Position and Statement of Comprehensive Income (continued)

The following table sets out the financial impact of adopting MFRS 17 on the statement of comprehensive income as at 31 December 2022.

	Group/Company		
	31.12.2022 As previously reported	Classification and measurement	31.12.2022 As restated
	RM'000	RM'000	RM'000
Net profit for the financial year	59,752	(25,541)	34,211

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) MFRS 9 Financial Instruments

On 1 January 2023, the Group and the Company adopted MFRS 9 Financial Instruments. This standard was issued in 2014, replacing MFRS 139 Financial Instruments: Recognition and Measurement, for annual periods beginning on or after January 1, 2018. However, the Group and the Company elected, under the amendments to MFRS 4 to apply the temporary exemption from MFRS 9, deferring the initial application date of MFRS 9 to align with the initial application of MFRS 17 on 1 January 2023.

This standard introduced new requirements for classification, measurement and impairment. The accounting policies that relate to the classification, measurement and impairment of financial assets are amended to comply with the standard. In accordance with the transition provisions in the standard, comparatives are not restated and the financial impact of the adoption of the standard is recognised in retained earnings, reserves and FVOCI reserves.

Changes to classification and measurement

The nature of the changes in accounting policies can be summarised as follows:

The classification of financial assets is generally based on the Group's and the Company's business model in which a financial asset is managed and its contractual cash flow characteristics. The MFRS 139 measurement categories for financial assets at FVTPL, financial assets at amortised cost, loans and receivables at amortised cost have been replaced by:

- Financial assets at FVTPL including equity instruments and debt instruments
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition
- Debt instruments at amortised cost

The Group's and the Company's classification of their financial assets are explained in note 2.2(f). The quantitative impact of applying MFRS 9 as at 1 January 2023 is disclosed in note 26(b).

Changes to the impairment calculation

The adoption of MFRS 9 has fundamentally changed the Group's and the Company's accounting for impairment losses for financial assets held at FVOCI or amortised cost by replacing MFRS 139's incurred loss model with a forward-looking ECL model. This requires considerable judgement about how changes in economic factors affect ECL, which will be determined on a probability-weighted basis.

MFRS 9 requires the Group and the Company to record an allowance for ECLs for all debt instruments not held at FVTPL. Details of the Group's and the Company's impairment methodology are disclosed in Note 2.2(h). The quantitative impact of applying MFRS 9 as at 1 January 2023 is disclosed in Note 26(b) below.

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) MFRS 9 Financial Instruments (continued)

Impact of adoption of MFRS 9 on Statement of Financial Position as at 1 January 2023

The following table sets out the financial impact of adopting MFRS 9 on the statement of financial position as at 1 January 2023.

							Group
	FVTPL financial assets	FVOCI financial assets	Other receivables	Deferred tax liabilities	Retained Earnings	Reserves	FVOCI Reserves
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Closing balance as at 31 December 2022 (Restated)	2,948,739	-	30,559	31,449	81,235	133,236	-
Effect on adoption of MFRS 9:							
Change of classification for debt instruments in Universal Life fund from FVTPL to FVOCI	(712,482)	712,482	-	-	-	12,102	(12,102)
Measure unquoted equity security at FVTPL instead of amortised cost	19,854	-	(2,147)	4,509	153	13,045	-
Recognition of ECL impact	-	-	-	(1)	-	(18)	19
	(692,628)	712,482	(2,147)	4,508	153	25,129	(12,083)
Opening balance as at 1 January 2023 (Restated)	2,256,111	712,482	28,412	35,957	81,388	158,365	(12,083)

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) MFRS 9 Financial Instruments (continued)

Impact of adoption of MFRS 9 on Statement of Financial Position as at 1 January 2023 (continued)

The following table sets out the financial impact of adopting MFRS 9 on the statement of financial position as at 1 January 2023. (continued)

	Company						
	FVTPL financial assets	FVOCI financial assets	Other receivables	Deferred tax liabilities	Retained Earnings	Reserves	FVOCI Reserves
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Closing balance as at 31 December 2022 (Restated)	2,955,440	-	30,559	31,449	81,235	133,236	-
Effect on adoption of MFRS 9:							
Change of classification for debt instruments in Universal Life fund from FVTPL to FVOCI	(712,482)	712,482	-	-	-	12,102	(12,102)
Measure unquoted equity security at FVTPL instead of amortised cost	19,854	-	(2,147)	4,509	153	13,045	-
Recognition of ECL impact	-	-	-	(1)	-	(18)	19
	(692,628)	712,482	(2,147)	4,508	153	25,129	(12,083)
Opening balance as at 1 January 2023 (Restated)	2,262,812	712,482	28,412	35,957	81,388	158,365	(12,083)

26 EFFECTS ON ADOPTION OF MFRS 17 INSURANCE CONTRACTS AND MFRS 9 FINANCIAL INSTRUMENTS (CONTINUED)

(b) MFRS 9 Financial Instruments (continued)

Impact of adoption of MFRS 9 on Statement of Financial Position as at 1 January 2023 (continued)

The following table reconciles the aggregate opening loan loss provision allowances under MFRS 139 to the ECL allowances under MFRS 9.

	Group/Company		
	Incurred loss provision under MFRS 139 as at 31.12.2022	Re-measurement	ECLs under MFRS 9 as at 1.1.2023
	RM'000	RM'000	RM'000
Impairment allowance for:			
Debt instruments at FVOCI under MFRS 9	-	23	23

27 SIGNIFICANT RELATED PARTY DISCLOSURES

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

Company	Country of Incorporation	Relationship
Khazanah Nasional Berhad (KNB)	Malaysia	Ultimate holding company
Avicennia Capital Sdn Bhd (ACSB)	Malaysia	Penultimate holding company
Renggis Ventures Sdn Bhd (RVSB)	Malaysia	Immediate holding company
Sun Life Assurance Company of Canada (SLACC)	Canada	Significant Shareholder
Sun Life Financial Inc. (SLF)	Canada	Ultimate holding company of SLACC
CIMB Group Holdings Berhad (CIMBG)	Malaysia	Associate of the ultimate holding company
CIMB Bank Berhad (CIMB Bank)	Malaysia	Subsidiary of CIMBG
Principal Asset Management Berhad (Principal)	Malaysia	Associate of the ultimate holding company
CIMB Islamic Bank Berhad (CIBB)	Malaysia	Subsidiary of CIMBG
Sun Life Financial Asia Service Limited (ASCP)	Philippines	Fellow subsidiary of SLF
Sun Life Global Solutions Pvt. Ltd ("SLGS") (formerly known as Sun Life India Service Centre Pvt. Ltd ("ASCI"))	India	Fellow subsidiary of SLF
Sun Life Malaysia Takaful Berhad (SLMTB)	Malaysia	Fellow subsidiary of the ultimate holding company
Sun Life Capital Management (Canada) Inc. (SLCM)	Canada	Fellow subsidiary of SLF

Key management personnel*

* Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the Group's and the Company's activities either directly or indirectly. The key management personnel of the Company comprise the Board, Chief Executive Officer and the Group's and the Company's Management Committee members.

27 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Related party transactions

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on terms and conditions negotiated between the related parties.

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

		Group/Company	
	Location	2023	2022
(Income)/expenses		RM'000	RM'000
Premiums received from Principal	Malaysia	(136)	(148)
Premiums paid to SLMTB	Malaysia	441	407
Interest earned from deposits in CIMB Bank	Malaysia	(343)	-
Commission paid to CIMB Bank	Malaysia	73,738	74,054
Sales and marketing expenses paid to CIMB Bank	Malaysia	63,954	50,815
Charges paid to CIMB Bank	Malaysia	383	631
Rental income received from CIMB Bank and SLMTB	Malaysia	(400)	(400)
Shared service expenses charged to SLMTB	Malaysia	(143,951)	(127,171)
Charges paid to SLACC	Canada	2,786	3,252
Investment management fee paid to Principal	Malaysia	632	804
Charges paid to ASCP	Philippines	302	279
Reimbursement of expenses received from SLACC	Canada	(4,333)	(1,103)
Charges paid to SLGS	India	2,436	1,329
Charges paid to SLCM	Canada	190	525

(b) Included in the Group's and the Company's statement of financial position are significant related party balances, represented by the following:

	Group/Company	
	2023	2022
	RM'000	RM'000
Amount due from SLMTB	19,841	18,912
Amount due from Principal	187	17
Amount due to SLCM	(63)	(45)
Amount due to SLACC	(1,704)	(753)
Amount due to CIMB Bank and Principal	(7,462)	(8,393)

Amounts due from/(to) related parties are unsecured, non-interest bearing and have no fixed repayment terms.

27 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel

Total compensation paid and payable to the Group's and the Company's key management personnel during the financial year was as follows:

	Group/Company	
	2023	2022
	RM'000	RM'000 Restated
Salaries and other short-term employee benefits	16,245	15,188
Defined contribution plan	2,065	1,922
Fees and allowance	843	807
Shared-based payment plan	981	1,005
	20,134	18,922

The estimated cash value of benefits-in-kind provided to the Group's and the Company's key management personnel amounted to RM91,691 (2022 RM113,512).

(d) Compensation of senior management and other material risk takers

Total value of remuneration awards paid and payable to the Group's and the Company's senior management and other material risk takers during the financial year was as follows:

	Group/Company					
	2023			2022		
	Number of persons RM'000	Unrestricted RM'000	Deferred RM'000	Number of persons RM'000 Restated	Unrestricted RM'000 Restated	Deferred RM'000 Restated
Fixed remuneration cash-based	15	11,678	-	16	10,567	-
Variable remuneration cash-based	15	6,632	-	16	6,543	-
Shares and share-linked remuneration	15	-	981	16	-	1,005
Benefits-in-kind	4	92	-	3	114	-

During the financial year, none of the key management personnel were entitled to sign-on awards. (2022: nil).

28 RISK MANAGEMENT FRAMEWORK

(a) Risk management

The Board recognises that risk management is an integral part of the Group's and the Company's business objectives and it is critical for the Group and the Company to achieve continued profitability and sustainable growth in shareholders' value. In pursuing these objectives, the Group and the Company have put in place a Risk Management Framework (RMF) to manage their risks and opportunities. The Board has established the Risk Management Committee (RMC) with the primary responsibility of ensuring the effective functioning of the RMF. The RMC is supported by management-level committees; namely, the Enterprise Risk Management Committee (ERMC), the Asset and Liability Committee (ALCO) and the Investment Committee that provide oversight responsibilities on operational, financial and insurance risk management in facilitating the optimisation of the Group's and the Company's risk and return profile.

The RMF involves an on-going process of identifying, measuring, managing, monitoring and reporting significant risks affecting the achievement of the Group's and the Company's business objectives. It provides the Board and the management with a tool to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business and regulatory environment and the Group's and the Company's strategies and functional activities throughout the financial year.

The Group and the Company operate a 'three lines of defence' model. Primary responsibility for the application of the RMF lies with business management (the first line of defence). Support for and challenge on the completeness and accuracy of risk assessment, risk reporting and adequacy of mitigation plans are performed by the risk management function (the second line of defence). The design of the RMF is also primarily the responsibility of the second line of defence. Independent and objective assurance on the robustness of the RMF and the appropriateness and effectiveness of internal control is provided by the Internal Audit division (the third line of defence).

To promote a consistent and rigorous approach to risk management, the Group and the Company have a set of formal risk management policies. These risk policies set out the risk management and control standards for the Group's and the Company's operations. As the Group's and the Company's business respond to changing market conditions and customer needs, the management regularly monitor the appropriateness of the Group's and the Company's risk policies to ensure that they remain up-to-date.

(b) Capital management

Capital adequacy risk is defined as the risk that capital is not or will not be sufficient to withstand adverse economic conditions, maintain financial strength or to allow the Group and the Company to take advantage of opportunities for expansion.

The Group's and the Company's capital risk policy is intended to safeguard capital for the benefit of all the stakeholders including the Shareholders, and the policyholders. The interest of the Shareholders is to maximize returns. The interests of participating and other policyholders are also protected under the appropriate regulatory requirements.

28 RISK MANAGEMENT FRAMEWORK (CONTINUED)

(b) Capital management (continued)

The Internal Capital Adequacy Assessment Process (ICAAP) guideline requires the Capital Management Plan (CMP) to specify thresholds for corrective actions. The Group and the Company need to calibrate the acceptable limits of local solvency, i.e. a corridor of acceptable solvency, where a solvency level outside of this corridor would not meet the risk appetite requirement. The Capital Management Plan specifies the different capital levels, escalation process, possible corrective actions, and the frequency of monitoring based on the capital level.

(c) Governance

The risk management policies identify the risks inherent in different elements of the Group and the Company and articulate how these should be managed. The policies include the level of tolerance (or appetite) in relation to each of the inherent risks and where the risk is material, the minimum standards of control the Group and the Company are expected to maintain. From a risk management governance perspective, the RMC has been established to assist the Board in its oversight of risk and risk management in the Group and the Company. The RMC reports and recommends to the Board on the risk management strategies, policies, risk tolerance, risk appetite, review and assessment of the adequacy of the risk management policies and framework, measurement, monitoring and controlling of risks as well as the extent to which these are operating effectively.

(d) Asset-Liability Management (ALM)

ALM is the ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve the Group’s and the Company’s financial and business objectives, given the organization’s risk tolerances and other constraints. ALM is the practice of managing a business so that decisions made and actions taken with respect to assets and liabilities are appropriately coordinated. This ongoing process is critical for the sound management of any financial intermediary or organization that conducts investment activity to support future cash flow needs and capital requirements. While the primary focus is on long-term economic value, ALM also considers stability of reported earnings, tax effects and capital implications.

29 INSURANCE RISK

Insurance risk is the risk that inadequate or inappropriate underwriting, claims management, product design and pricing will expose the Group and the Company to financial loss and may result in the inability to meet its liabilities.

The Group's and the Company's life insurance businesses are exposed to a range of life insurance risks from various products. In providing insurance protection, the Group and the Company manage risks such as mortality (the death of policyholders), morbidity (ill health), persistency, product design and pricing.

The mortality and morbidity risks are managed through the use of reinsurance to transfer excessive risk exposures, using appropriate actuarial techniques as well as other mitigation measures.

Persistency (or lapse) risk is managed through frequent monitoring of experience. Where possible, the potential financial impact of lapses is reduced by the product design. Persistency risk is also mitigated through persistency management, applying best practices in the setting of lapse assumptions, product design requirements, experience monitoring and management actions.

Poorly designed or inadequately priced products can lead to both financial loss and reputation risk to the Group and the Company. Policies have been developed to support the Group and the Company through the product cycle development process, financial analysis and pricing.

29 INSURANCE RISK (CONTINUED)

The table below shows the concentration of actuarial liabilities by type of contract.

	Group/Company					
	2023			2022		
	Gross RM'000	Re-insurance RM'000	Net RM'000	Gross RM'000 Restated	Re-insurance RM'000 Restated	Net RM'000 Restated
Whole life	89,915	(8,451)	81,464	70,983	(8,338)	62,645
Term assurance	(30,351)	(1,206)	(31,557)	(18,030)	(523)	(18,553)
Endowment	830,369	(2,309)	828,060	826,201	(2,569)	823,632
Mortgage	705,840	(21,828)	684,012	675,036	10,928	685,964
Others	29,743	1,677	31,420	11,804	1,688	13,492
	1,625,516	(32,117)	1,593,399	1,565,994	1,186	1,567,180

The entire life insurance contract liabilities are derived from Malaysia.

Key assumptions

Material judgment is required in determining the actuarial liabilities and in the choice of assumptions. Assumptions in use are based on experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

29 INSURANCE RISK (CONTINUED)

Key assumptions (continued)

The key assumptions to which the estimation of actuarial liabilities is particularly sensitive are as follows:

Discount rate and Fund Growth Rate

Discount rate and fund growth rate are based on risk-free rate plus illiquidity premium, to project and discount cash flows for corresponding durations for policies' liabilities calculation.

i. Risk-free rate

The risk-free rates from durations of 1 to 15 years are the Malaysian Government Securities (MGS) yields taken from Bond Web, which is a recognised bond pricing agency in Malaysia. As MGS yields are only available for terms of 1, 2, 3, 5, 7, 10 and 15 years, the yields in between are interpolated.

For durations of 15 years or more, the MGS yields with 15-years term to maturity are used.

The risk-free rates employed are gross of tax on investment income in the life fund.

ii. Illiquidity premium

The illiquidity premium represents the differences between the liquidity characteristics of the financial instruments that underlie the risk-free rates observed in the market and the liquidity characteristics of the insurance contracts.

The illiquidity premium assumptions are determined based on the Group and the company's actual corporate bond assets by considering the yield on corporate bond. The assumptions are 0.11% for Participating fund, 0.03% for Non-Participating fund and 0% for Investment-Linked fund.

29 INSURANCE RISK (CONTINUED)

Key assumptions (continued)

Mortality and morbidity

Best estimate assumptions are based on the Group's and the Company's recent experience studies. Mortality assumption used for the Company's major product is based on a percentage of the industry's mortality table with provision of risk margin for adverse deviation (PRAD) of 8%.

Lapse rate

Best estimate assumptions are based on the Group's and the Company's recent experience studies. Depending on the product type, PRAD is set at a range of 15% to 45% of the best estimate assumptions.

Management expenses

Best estimate assumptions are based on the Group's and the Company's experience. An inflation rate of 4.0% per annum is adopted for each policy expense. The PRAD on expense loading is set at 5% of the best estimate assumptions. Allowance is also made for payment of commission to distributors.

29 INSURANCE RISK (CONTINUED)

Sensitivities

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on contractual service margin, gross and net actuarial liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate actuarial liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions.

	Group/Company				
	Change in best estimate assumptions	Impact on gross actuarial liabilities	Impact on net actuarial liabilities	Impact on profit before tax	Impact on equity
	%	RM'000	RM'000	RM'000	RM'000
2023					
Mortality/morbidity	+10	83,696	14,396	(2,626)	(2,127)
Expenses	+10	20,723	20,724	(3,314)	(2,684)
Lapse and surrender rates	+10	26,766	27,579	(6,729)	(5,451)
Discount rate	-1	110,065	106,695	(120,116)	(97,294)

29 INSURANCE RISK (CONTINUED)

Sensitivities (continued)

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net actuarial liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate actuarial liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions. (continued)

	Group/Company				
	Change in best estimate assumptions	Impact on gross actuarial liabilities	Impact on net actuarial liabilities	Impact on profit before tax	Impact on equity
	%	RM'000	RM'000	RM'000	RM'000
2022 (Restated)					
Mortality/morbidity	+10	81,177	14,868	(416)	(337)
Expenses	+10	20,008	20,010	(157)	(127)
Lapse and surrender rates	+10	29,212	29,654	(361)	(292)
Discount rate	-1	101,052	101,003	(114,762)	(92,957)

29 INSURANCE RISK (CONTINUED)

Sensitivities (continued)

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net actuarial liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate actuarial liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions. (continued)

		Group/Company			
		2023		2022	
	Change in best estimate assumptions	Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance	Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance
	%	RM'000	RM'000	RM'000	RM'000
Mortality/morbidity	+10	(78,634)	(11,750)	(80,264)	(14,453)
Expenses	+10	(17,390)	(17,391)	(19,851)	(19,852)
Lapse and surrender rates	+10	(20,074)	(20,830)	(28,852)	(29,293)
Discount rate	-1	13,422	13,422	13,759	13,759

30 FINANCIAL RISKS

30.1 Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet the payment obligations of the principal and/or interest. Exposure to such risk arises primarily from default risk of corporate bonds purchased.

The Group and the Company manage the exposure to individual counterparties, by measuring exposure against internal and regulatory limits. These limits are governed by BNM's regulatory limits and the Group's and the Company's internal limits, taking into account credit ratings issued by authorised rating agencies. The Group and the Company are also exposed to credit risk through its use of reinsurance. Reinsurance arrangements are only placed with providers who meet the Group's and the Company's counterparty credit standards.

The Group and the Company only purchase corporate bonds of high credit standing (with minimum rating of A-) as rated by authorised rating agencies. The Group and the Company also actively monitor and consider the risk of fall in the value of fixed interest securities from changes in the perceived credit worthiness of the issuer by conducting credit reviews and credit bond analysis on a regular basis as stipulated in the Group's and the Company's Investment Guidelines.

It is the Group's and the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's and the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

The method used in monitoring the credit risk exposure to the Group and the Company did not change from the previous financial year.

The Group and the Company have not provided the credit risk analysis for the financial assets of the investment-linked business. This is due to the fact that in investment-linked business, the liabilities to policyholders are linked to the performance and value of the assets that back those liabilities and Shareholders have no direct exposure to any credit risk in these assets. The Group and the Company actively manage their product mix to ensure that there is no significant concentration of credit risk.

30 FINANCIAL RISK (CONTINUED)

30.1 Credit risk (continued)

30.1.1 Credit exposure

The table below shows the maximum exposure to credit risk for the components on the statement of financial position.

	Group			Company		
2023	Life and Shareholders' funds	Investment-linked funds	Total	Life and Shareholders' funds	Investment-linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amortised cost						
Fixed and call deposits with licensed financial institutions	76,360	5,833	82,193	62,854	5,833	68,687
Financial assets at FVTPL						
Malaysian Government Securities	533,218	2,583	535,801	523,219	2,583	525,802
Unquoted corporate debt securities	1,016,247	48,221	1,064,468	702,049	48,221	750,270
Quoted equity securities	94,593	75,292	169,885	94,593	75,292	169,885
Unit trust funds	-	525,874	525,874	-	525,874	525,874
Controlled structured entities	-	-	-	337,634	-	337,634
Structured product	50,175	-	50,175	50,175	-	50,175
Unquoted equity securities	20,822	-	20,822	20,822	-	20,822
Financial assets at FVOCI						
Malaysian Government Securities	216,687	-	216,687	216,687	-	216,687
Unquoted corporate debt securities	587,682	-	587,682	587,682	-	587,682
Reinsurance contract assets	65,569	-	65,569	65,569	-	65,569
Insurance contract assets	13,303	-	13,303	13,303	-	13,303
Other receivables	32,016	2,539	34,555	32,016	2,539	34,555
Cash and bank balances	9,847	28	9,875	9,837	28	9,865
	2,716,519	660,370	3,376,889	2,716,440	660,370	3,376,810

30 FINANCIAL RISK (CONTINUED)

30.1 Credit risk (continued)

30.1.1 Credit exposure (continued)

The table below shows the maximum exposure to credit risk for the components on the statement of financial position. (continued)

2022 (Restated)	Group			Company		
	Life and Shareholders' funds	Investment-linked funds	Total	Life and Shareholders' funds	Investment-linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amortised cost						
Fixed and call deposits with licensed financial institutions	125,052	8,155	133,207	118,281	8,155	126,436
Financial assets at FVTPL						
Malaysian Government Securities	689,796	3,852	693,648	654,543	3,852	658,395
Cagamas bonds	5,648	-	5,648	5,648	-	5,648
Unquoted corporate debt securities	1,580,543	43,106	1,623,649	1,285,419	43,106	1,328,525
Quoted equity securities	75,268	68,971	144,239	75,268	68,971	144,239
Unit trust funds	-	429,341	429,341	-	429,341	429,341
Controlled structured entities	-	-	-	337,078	-	337,078
Structured product	52,040	-	52,040	52,040	-	52,040
Unquoted equity securities	174	-	174	174	-	174
Reinsurance contract assets	76,684	-	76,684	76,684	-	76,684
Insurance contract assets	16,694	-	16,694	16,694	-	16,694
Other receivables	30,032	527	30,559	30,032	527	30,559
Cash and bank balances	9,519	11	9,530	9,508	11	9,519
	2,661,450	553,963	3,215,413	2,661,369	553,963	3,215,332

30 FINANCIAL RISK (CONTINUED)

30.1 Credit risk (continued)

30.1.1 Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the authorised rating agencies' credit ratings of counterparties.

	Group									
	Neither past due nor impaired									
	AAA	AA	A	BBB	Not rated	Not subject to credit disk	Investment - linked funds	Past due but not impaired	Past due and impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023										
Amortised cost										
Fixed and call deposits with licensed financial institutions	58,846	17,514	-	-	-	-	5,833	-	-	82,193
Financial assets at FVTPL										
Malaysian Government Securities	-	-	-	-	533,218	-	2,583	-	-	535,801
Unquoted corporate debt securities	191,736	286,679	19,867	-	517,965	-	48,221	-	-	1,064,468
Quoted equity securities	-	-	-	-	-	94,593	75,292	-	-	169,885
Unit trust funds	-	-	-	-	-	-	525,874	-	-	525,874
Structured product	-	-	-	-	-	50,175	-	-	-	50,175
Unquoted equity securities	-	-	-	-	-	20,822	-	-	-	20,822
Financial assets at FVOCI										
Malaysian Government Securities	-	-	-	-	216,687	-	-	-	-	216,687
Unquoted corporate debt securities	110,555	236,189	-	-	240,938	-	-	-	-	587,682
Reinsurance contract assets	-	61,726	(6)	-	3,849	-	-	-	-	65,569
Insurance contract assets	-	-	-	-	13,303	-	-	-	-	13,303
Other receivables	-	-	-	-	32,016	-	2,539	-	-	34,555
Cash and bank balances	9,834	13	-	-	-	-	28	-	-	9,875
Total assets	370,971	602,121	19,861	-	1,557,976	165,590	660,370	-	-	3,376,889

30 FINANCIAL RISK (CONTINUED)

30.1 Credit risk (continued)

30.1.1 Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the authorised rating agencies' credit ratings of counterparties. (continued)

										Group
	Neither past due nor impaired									
	AAA	AA	A	BBB	Not rated	Not subject to credit disk	Investment - linked funds	Past due but not impaired	Past due and impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>2022 (Restated)</u>										
<u>Amortised cost</u>										
Fixed and call deposits with licensed financial institutions	79,324	18,096	-	-	27,632	-	8,155	-	-	133,207
<u>Financial assets at FVTPL</u>										
Malaysian Government Securities	-	-	-	-	689,796	-	3,852	-	-	693,648
Cagamas bonds	5,648	-	-	-	-	-	-	-	-	5,648
Unquoted corporate debt securities	219,997	538,698	22,072	2,899	796,877	-	43,106	-	-	1,623,649
Quoted equity securities	-	-	-	-	-	75,268	68,971	-	-	144,239
Unit trust funds	-	-	-	-	-	-	429,341	-	-	429,341
Structured product	-	-	-	-	-	52,040	-	-	-	52,040
Unquoted equity securities	-	-	-	-	-	174	-	-	-	174
Reinsurance contract assets	-	20,576	-	-	56,108	-	-	-	-	76,684
Insurance contract assets	-	-	-	-	16,694	-	-	-	-	16,694
Other receivables	-	-	-	-	30,032		527	-	-	30,559
Cash and bank balances	9,510	9	-	-	-		11	-	-	9,530
Total assets	314,479	577,379	22,072	2,899	1,617,139	127,482	553,963	-	-	3,215,413

30 FINANCIAL RISK (CONTINUED)

30.1 Credit risk (continued)

30.1.1 Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the authorised rating agencies' credit ratings of counterparties. (continued)

	Neither past due nor impaired									Company
	AAA	AA	A	BBB	Not rated	Not subject to credit disk	Investment - linked funds	Past due but not impaired	Past due and impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023										
Amortised cost										
Fixed and call deposits with licensed financial institutions	45,340	17,514	-	-	-	-	5,833	-	-	68,687
Financial assets at FVTPL										
Malaysian Government Securities	-	-	-	-	523,219	-	2,583	-	-	525,802
Unquoted corporate debt securities	176,275	95,284	-	-	430,490	-	48,221	-	-	750,270
Quoted equity securities	-	-	-	-	-	94,593	75,292	-	-	169,885
Unit trust funds	-	-	-	-	-	-	525,874	-	-	525,874
Controlled structured entities	-	-	-	-	-	337,634	-	-	-	337.634
Structured product	-	-	-	-	-	50,175	-	-	-	50,175
Unquoted equity securities	-	-	-	-	-	20,822	-	-	-	20,822
Financial assets at FVOCI										
Malaysian Government Securities	-	-	-	-	216,687	-	-	-	-	216,687
Unquoted corporate debt securities	110,555	236,189	-	-	240,938	-	-	-	-	587,682
Reinsurance contract assets	-	61,726	(6)	-	3,849	-	-	-	-	65,569
Insurance contract assets	-	-	-	-	13,303	-	-	-	-	13,303
Other receivables	-	-	-	-	32,016	-	2,539	-	-	34,555
Cash and bank balances	9,824	13	-	-	-	-	28	-	-	9,865
Total assets	341,994	410,726	(6)	-	1,460,502	503,224	660,370	-	-	3,376,810

30 FINANCIAL RISK (CONTINUED)

30.1 Credit risk (continued)

30.1.1 Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the authorised rating agencies' credit ratings of counterparties. (continued)

	Company									
	Neither past due nor impaired									
	AAA	AA	A	BBB	Not rated	Not subject to credit disk	Investment - linked funds	Past due but not impaired	Past due and impaired	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022 (Restated)										
Amortised cost										
Fixed and call deposits with licensed financial institutions	72,553	18,096	-	-	27,632	-	8,155	-	-	126,436
Financial assets at FVTPL										
Malaysian Government Securities	- -	-	-	-	654,543	-	3,852	-	-	658,395
Cagamas bonds	5,648	-	-	-	-	-	-	-	-	5,648
Unquoted corporate debt securities	209,648	348,655	-	-	727,116	-	43,106	-	-	1,328,525
Quoted equity securities	-	-	-	-	-	75,268	68,971	-	-	144,239
Unit trust funds	-	-	-	-	-	-	429,341	-	-	429,341
Controlled structured entities	-	-	-	-	-	337,078	-	-	-	337,078
Structured product	-	-	-	-	-	52,040	-	-	-	52,040
Unquoted equity securities	-	-	-	-	-	174	-	-	-	174
Reinsurance contract assets	-	20,576	-	-	56,108	-	-	-	-	76,684
Insurance contract assets	-	-	-	-	16,694	-	-	-	-	16,694
Other receivables	-	-	-	-	30,032	-	527	-	-	30,559
Cash and bank balances	9,499	9	-	-	-	-	11	-	-	9,519
	297,348	387,336	-	-	1,512,125	464,560	553,963	-	-	3,215,332

30 FINANCIAL RISK (CONTINUED)

30.1 Credit risk (continued)

30.1.2 Impairment assessment

The Group and the Company's ECL assessment and measurement method is set out below.

30.1.2.1 Significant increase in credit risk, default and cure

The Group and the Company continuously monitor all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or lifetime ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Group and the Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Group and the Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Group and the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

30.1.2.2 Expected credit loss ("ECL")

The Group and the Company assess the possible default events within 12 months for the calculation of the 12 months ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

30 FINANCIAL RISK (CONTINUED)

30.1 Credit risk (continued)

30.1.2.3 Impairment losses on financial investments subject to impairment assessment

Debt Instruments measured at FVOCI

The table below shows the fair value of the Group and the Company's debt instruments measured at FVOCI by credit risk, based on the Company's external rating grade.

			Group			Company
2023	12m ECL	Lifetime ECL	Total	12m ECL	Lifetime ECL	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External rating grade						
AAA	110,555	-	110,555	110,555	-	110,555
AA	236,189	-	236,189	236,189	-	236,189
Not rated	457,625	-	457,625	457,625	-	457,625
Total net amount	804,369	-	804,369	804,369	-	804,369

30 FINANCIAL RISK (CONTINUED)

30.1 Credit risk (continued)

30.1.2.3 Impairment losses on financial investments subject to impairment assessment (continued)

An analysis of changes in fair value and the corresponding ECLs is, as follows.

			Group			Company
2023	12m ECL	Lifetime ECL	Total	12m ECL	Lifetime ECL	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fair value as at 1 January	712,482	-	712,482	712,482	-	712,482
Purchases	88,089	-	88,089	88,089	-	88,089
Maturities	(25,220)	-	(25,220)	(25,220)	-	(25,220)
Change in fair value	29,193	-	29,193	29,193	-	29,193
Movement in accrued interest	807	-	807	807	-	807
Amortisation adjustments	(982)	-	(982)	(982)	-	(982)
At 31 December	804,369	-	804,369	804,369	-	804,369

			Group			Company
2023	12m ECL	Lifetime ECL	Total	12m ECL	Lifetime ECL	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ECL as at 1 January	23	-	23	23	-	23
New assets originated or purchased	11	-	11	11	-	11
Change in ECL	87	-	87	87	-	87
At 31 December	121	-	121	121	-	121

30 FINANCIAL RISK (CONTINUED)

30.2 Liquidity risk

Liquidity risk is the risk where the Group and the Company are unable to meet their obligations at reasonable cost or at any time. The Group's and the Company's investment department manages this risk by monitoring daily as well as monthly, projected and actual cash inflows/outflows and by ensuring that a reasonable amount of financial assets are kept in liquid instruments at all times. The Group and the Company has a strong liquidity position and seek to maintain sufficient financial resources to meet their obligations as they fall due.

The method used in monitoring the liquidity risk did not change from the previous financial year.

30.2.1 Maturity profiles

<u>Maturity analysis for insurance and reinsurance contracts (present value of future cash flow basis)</u>

The following table summarises the maturity profile of portfolios of insurance contract issued and portfolios of reinsurance contracts held based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

The investment-linked funds are the assets of the investment-linked contracts backing the investment-linked policyholders' account in the insurance contract liabilities. Investment-linked fund liabilities are repayable or transferable upon notice by policyholders and are disclosed separately under the "Investment-linked funds" column. Repayments which are subject to notice are treated as if such notices were given immediately.

30 FINANCIAL RISK (CONTINUED)

30.2 Liquidity risk (continued)

30.2.1 Maturity profile (continued)

Maturity analysis for insurance and reinsurance contracts (present value of future cash flow basis) (continued)

								Group/Company
	Up to a year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	>5 years	Investment-linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023								
Life insurance contract assets	(3,352)	(2,936)	(2,530)	(1,997)	(2,041)	(10,830)	-	(23,686)
Life insurance contract liabilities	106,166	16,432	26,601	36,027	33,098	1,361,334	610,891	2,190,549
Insurance contract liabilities	102,814	13,496	24,071	34,030	31,057	1,350,504	610,891	2,166,863
Reinsurance contract assets	(36,098)	(1,032)	(737)	(439)	(118)	18,312	-	(20,112)
Reinsurance contract liabilities	8,115	(5)	(4)	(4)	(3)	(16)	-	8,083
Reinsurance contract (assets)/liabilities	(27,983)	(1,037)	(741)	(443)	(121)	18,296	-	(12,029)
2022								
Life insurance contract assets	(2,976)	(3,740)	(3,138)	(2,861)	(2,571)	(18,465)	-	(33,751)
Life insurance contract liabilities	109,722	20,319	30,270	34,969	24,699	1,296,356	510,948	2,027,283
Insurance contract (assets)/liabilities	106,746	16,579	27,132	32,108	22,128	1,277,891	510,948	1,993,532
Reinsurance contract assets	(22,177)	572	865	1,085	1,280	42,119	-	23,744
Reinsurance contract liabilities	1,826	-	-	-	(1)	(40)	-	1,785
Reinsurance contract (assets)/liabilities	(20,351)	572	865	1,085	1,279	42,079	-	25,529

30 FINANCIAL RISK (CONTINUED)

30.2 Liquidity risk (continued)

30.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis)

The table below summarises the maturity profile of the Group's and the Company's financial assets and financial liabilities into their relevant maturity groupings based on the remaining undiscounted contractual obligations. All liabilities are presented on a contractual cash flow basis.

The investment-linked funds are the assets of the investment-linked contracts backing the investment-linked policyholders' account in the insurance contract liabilities. Investment-linked fund liabilities are repayable or transferable upon notice by policyholders and are disclosed separately under the "Investment-linked funds" column.

Repayments which are subject to notice are treated as if such notices were given immediately

									Group
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment-linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023									
Amortised cost									
Fixed and call deposits with licensed financial institutions	82,193	76,371	-	-	-	-	-	5,833	82,204
Financial assets at FVTPL									
Malaysian Government Securities	535,801	25,573	48,342	68,686	393,433	312,809	-	2,583	851,426
Cagamas bonds	-	-	-	-	-	-	-	-	-
Unquoted corporate debt securities	1,064,468	63,986	181,002	234,572	556,167	184,643	-	48,221	1,268,591
Quoted equity securities	169,885	-	-	-	-	-	94,553	75,292	169,845
Unit trust funds	525,874	-	-	-	-	-	-	525,874	525,874
Controlled structured entities	-	-	-	-	-	-	-	-	-
Structured product	50,175	-	-	-	-	-	50,175	-	50,175
Unquoted equity securities	20,822	-	-	-	-	-	20,822	-	20,822

30 FINANCIAL RISK (CONTINUED)

30.2 Liquidity risk (continued)

30.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

									Group
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment-linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023									
Financial assets at FVOCI									
Malaysian Government Securities	216,687	9,058	23,531	17,684	181,695	99,547	-	-	331,515
Unquoted corporate debt securities	587,682	36,698	134,779	91,005	409,049	170,559	-	-	842,090
Other receivables	34,555	32,016	-	-	-	-	-	2,539	34,555
Cash and bank balances	9,875	-	-	-	-	-	9,847	28	9,875
Total assets	3,298,017	243,702	387,654	411,947	1,540,344	767,558	175,397	660,370	4,186,972
Lease liabilities	3,681	2,750	863	68	-	-	-	-	3,681
Other financial liabilities	3,704	3,704	-	-	-	-	-	-	3,704
Other payables	85,919	83,645	-	-	-	-	-	2,274	85,919
Total liabilities	93,304	90,099	863	68	-	-	-	2,274	93,304

30 FINANCIAL RISK (CONTINUED)

30.2 Liquidity risk (continued)

30.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

	Group								
	Carrying value RM'000	Up to a year RM'000	1 – 3 years RM'000	3 – 5 years RM'000	5 – 15 years RM'000	> 15 years RM'000	No maturity date RM'000	Investment-linked funds RM'000	Total RM'000
2022 (Restated)									
Amortised cost									
Fixed and call deposits with licensed financial institutions	133,207	125,083	-	-	-	-	-	8,155	133,238
Financial assets at FVTPL									
Malaysian Government Securities	693,648	29,075	65,893	61,315	526,749	430,053	-	3,852	1,116,937
Cagamas bonds	5,648	325	650	650	5,198	-	-	-	6,823
Unquoted corporate debt securities	1,623,649	84,685	350,563	324,755	920,709	469,792	-	43,106	2,193,610
Quoted equity securities	144,239	-	-	-	-	-	75,073	68,971	144,044
Unit trust funds	429,341	-	-	-	-	-	-	429,341	429,341
Structured product	52,040	-	-	-	-	-	52,040	-	52,040
Unquoted equity securities	174	-	-	-	-	-	174	-	174
Other receivables	30,559	30,032	-	-	-	-	-	527	30,559
Cash and bank balances	9,530	-	-	-	-	-	9,519	11	9,530
Total assets	3,122,035	269,200	417,106	386,720	1,452,656	899,845	136,806	553,963	4,116,296

30 FINANCIAL RISK (CONTINUED)

30.2 Liquidity risk (continued)

30.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

									Group
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment-linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022 (Restated)									
Lease liabilities	6,691	4,123	2,579	-	-	-	-	-	6,702
Other financial liabilities	41,561	41,457	-	-	-	-	-	104	41,561
Other payables	80,306	78,649	-	-	-	-	-	1,657	80,306
Total liabilities	128,558	124,229	2,579	-	-	-	-	1,761	128,569

30 FINANCIAL RISK (CONTINUED)

30.2 Liquidity risk (continued)

30.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

	Company								
	Carrying value RM'000	Up to a year RM'000	1 – 3 years RM'000	3 – 5 years RM'000	5 – 15 years RM'000	> 15 years RM'000	No maturity date RM'000	Investment-linked funds RM'000	Total RM'000
2023									
Amortised cost									
Fixed and call deposits with licensed financial institutions	68,687	62,865	-	-	-	-	-	5,833	68,698
Financial assets at FVTPL									
Malaysian Government Securities	525,802	25,573	48,342	64,670	393,433	306,826	-	2,583	841,427
Unquoted corporate debt securities	750,270	51,291	96,445	152,380	508,888	184,643	-	48,221	1,041,868
Quoted equity securities	169,885	-	-	-	-	-	94,553	75,292	169,845
Unit trust funds	525,874	-	-	-	-	-	-	525,874	525,874
Controlled structured entities	337,634	-	-	-	-	-	337,634	-	337,634
Structured product	50,175	-	-	-	-	-	50,175	-	50,175
Unquoted equity securities	20,822	-	-	-	-	-	20,822	-	20,822

30 FINANCIAL RISK (CONTINUED)

30.2 Liquidity risk (continued)

30.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

	Company								
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment-linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023									
Financial assets at FVOCI									
Malaysian Government Securities	216,687	9,058	23,531	17,684	181,695	99,547	-	-	331,515
Unquoted corporate debt securities	587,682	36,698	134,779	91,005	409,049	170,559	-	-	842,090
Other receivables	34,555	32,016	-	-	-	-	-	2,539	34,555
Cash and bank balances	9,865	-	-	-	-	-	9,837	28	9,865
Total assets	3,297,938	217,501	303,097	325,739	1,493,065	761,575	513,021	660,370	4,274,368
Lease liabilities	3,681	2,750	863	68	-	-	-	-	3,681
Other financial liabilities	3,704	3,704	-	-	-	-	-	-	3,704
Other payables	85,840	83,566	-	-	-	-	-	2,274	85,840
Total liabilities	93,225	90,020	863	68	-	-	-	2,274	93,225

30 FINANCIAL RISK (CONTINUED)

30.2 Liquidity risk (continued)

30.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

									Company
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment-linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022 (Restated)									
Amortised cost									
Fixed and call deposits with licensed financial institutions	126,436	118,312	-	-	-	-	-	8,155	126,467
Financial assets at FVTPL									
Malaysian Government Securities	658,395	29,075	65,893	61,315	511,886	409,769	-	3,852	1,081,790
Cagamas bonds	5,648	325	650	650	5,198	-	-	-	6,823
Unquoted corporate debt securities	1,328,525	84,685	307,428	195,982	867,255	469,792	-	43,106	1,968,248
Quoted equity securities	144,239	-	-	-	-	-	75,073	68,971	144,044
Unit trust funds	429,341	-	-	-	-	-	-	429,341	429,341
Controlled structured entities	337,078	-	-	-	-	-	337,078	-	337,078
Structured product	52,040	-	-	-	-	-	52,040	-	52,040
Unquoted equity securities	174	-	-	-	-	-	174	-	174
Other receivables	30,559	30,032	-	-	-	-	-	527	30,559
Cash and bank balances	9,519	-	-	-	-	-	9,508	11	9,519
Total assets	3,121,954	262,429	373,971	257,947	1,384,339	879,561	473,873	553,963	4,186,083

30 FINANCIAL RISK (CONTINUED)

30.2 Liquidity risk (continued)

30.2.1 Maturity profile (continued)

Maturity analysis for financial assets and financial liabilities (contractual undiscounted cash flow basis) (continued)

	Company								
	Carrying value	Up to a year	1 – 3 years	3 – 5 years	5 – 15 years	> 15 years	No maturity date	Investment-linked funds	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022 (Restated)									
Lease liabilities	6,691	4,123	2,579	-	-	-	-	-	6,702
Other financial liabilities	41,561	41,457	-	-	-	-	-	104	41,561
Other payables	80,225	78,568	-	-	-	-	-	1,657	80,225
Total liabilities	128,477	124,148	2,579	-	-	-	-	1,761	128,488

30 FINANCIAL RISK (CONTINUED)

30.3 Market risk

Market risk is the risk of assets/liabilities values being adversely affected by movements in market prices or rates. This includes equity prices and interest rates. It is recognised that such risk is inevitable from the business that the Group and the Company undertake, and that a certain level of market risk is desirable to deliver benefits to both policyholders and Shareholders by achieving the Group's and the Company's financial objectives.

The Group and the Company manage market risk by adopting asset liability matching criteria, to minimise the impact of mismatches between the value of assets and liabilities from market movements. However, where any mismatch is within the Group's and the Company's appetite, the impact is monitored through economic capital measures.

Volatility in interest rate is the Group's and the Company's largest market risk exposure. The Group and the Company monitor market price movements through regular stress/sensitivity testing and constant supervision.

The method used in monitoring market risk did not change from the previous financial year.

(i) Interest rate risk

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

The Group's and the Company's concentration of interest rate risk arises from fixed rate instruments and the Group's and the Company's asset liability risk management policy requires management to manage the interest rate risk by maintaining an appropriate liability driven investment strategy. Interest on fixed rate instruments is priced at the issuance of the financial instrument and is fixed until the instrument matures.

There is no direct contractual relationship between financial assets and insurance contracts. However, the Group's and the Company's ALM policy requires it to manage the extent of net interest rate risk within the risk appetite.

30 FINANCIAL RISK (CONTINUED)

30.3 Market risk

(i) Interest rate risk (continued)

The Group's and the Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and debt instruments are as follows:

	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000 Restated
Life insurance contracts issued	1,956,765	1,968,516	1,956,765	1,968,516
Reinsurance contracts held	(31,186)	(54,603)	(31,186)	(54,603)
Debt instruments at FVOCI	804,369	-	804,369	-
Debt instruments at FVTPL	1,600,269	2,322,945	1,276,072	1,992,568

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit after taxation and equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

2023	Change in interest rate	Group Impact on profit after taxation RM'000	Group Impact on equity* RM'000	Company Impact on profit after taxation RM'000	Company Impact on equity* RM'000
Insurance and reinsurance contracts	+100 basis points	76,092	76,092	76,092	76,092
Debt instruments	+100 basis points	(84,368)	(134,141)	(83,863)	(133,636)
Insurance and reinsurance contracts	-100 basis points	(97,294)	(97,294)	(97,294)	(97,294)
Debt instruments	-100 basis points	96,826	153,853	96,311	153,338

30 FINANCIAL RISK (CONTINUED)

30.3 Market risk (continued)

(i) Interest rate risk (continued)

2022		Group		Company	
	Change in interest rate	Impact on profit after taxation	Impact on equity*	Impact on profit after taxation	Impact on equity*
		RM'000	RM'000	RM'000	RM'000
Insurance and reinsurance contracts	+100 basis points	74,436	74,436	74,436	74,436
Debt instruments	+100 basis points	(127,736)	(127,736)	(127,068)	(127,068)
Insurance and reinsurance contracts	-100 basis points	(92,957)	(92,957)	(92,957)	(92,957)
Debt instruments	-100 basis points	146,526	146,526	145,860	145,860

* Impact on equity reflects adjustments for tax, where applicable.

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

(ii) Price risk

Price risk is the risk that the fair value of a financial instrument or portfolio will decline from adverse movement in the market price of an asset, whether those changes are caused by factors specific to the individual financial instrument, overall performance of the market and economy, or its issuer or factors affecting similar financial instruments traded in the market.

The Group's and the Company's equity price risk exposure relates to risk of losses arising from equity assets as a result of movement in market prices, principally investment securities not held for the account of unit-linked business.

The Group's and the Company's asset liability risk management policy requires it to manage equity price risk and interest rate risk by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in the country, sector, market and issuer, having regard also to such limits stipulated by BNM. The Group and the Company comply with BNM's stipulated limits during the financial year and have no significant concentration of price risk.

30 FINANCIAL RISK (CONTINUED)

30.3 Market risk (continued)

(ii) Price risk (continued)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit after taxation and equity. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

2023	Group		Company	
Change in price	Impact on profit after taxation	Impact on equity*	Impact on profit after taxation	Impact on equity*
	RM'000	RM'000	RM'000	RM'000
Market price				
+ 20%	19,921	19,921	19,921	19,921
- 20%	(19,921)	(19,921)	(19,921)	(19,921)

2022	Group		Company	
Change in price	Impact on profit after taxation	Impact on equity*	Impact on profit after taxation	Impact on equity*
	RM'000	RM'000	RM'000	RM'000
Market price				
+ 20%	14,358	14,358	14,358	14,358
- 20%	(14,358)	(14,358)	(14,358)	(14,358)

* Impact on equity reflects adjustments for tax, where applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous financial year. The impact of changes in equity price risk of Investment-linked funds is retained in the insurance contract liabilities.

31 OPERATIONAL RISK

Operational risk is defined as the risk of direct or indirect losses resulting from inadequate or failed internal processes, people and systems, or from external events.

The Group and the Company have in place an Operational Risk Management (ORM) Framework. The purpose of this Framework is to:

- Set out the framework for ensuring effective management of the Group's and the Company's Operational Risks, including processes for identifying, measuring, managing, monitoring and reporting these risks across the Group and the Company; and
- Establish standard tools and processes for managing Operational Risks within the Group and the Company.

From the governance perspective, the RMC and the ERMC monitor and oversee the implementation of the ORM Framework to ensure that the operational risk management processes are in place and functioning effectively.

32 REGULATORY CAPITAL REQUIREMENTS

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

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Eligible Tier 1 Capital				
Share capital (paid-up)	358,000	358,000	358,000	358,000
Retained earnings	85,319	80,670	85,319	80,670
Eligible contract liabilities	171,731	165,873	171,731	165,873
	615,050	604,543	615,050	604,543
Tier 2 Capital				
Eligible reserves	12,038	-	12,038	-
Amounts deducted from capital	(18,488)	(14,872)	(18,488)	(14,872)
Total capital available	608,600	589,671	608,600	589,671

33 INSURANCE FUNDS

The Group's and the Company's activities are organised by funds and segregated into Life and Shareholders' funds in accordance with the Financial Services Act, 2013 and Insurance Regulations, 1996.

The Group's and the Company's statement of financial position and statement of comprehensive income have been further analysed by funds which are as follows:

Statement of financial position by Funds as at 31 December 2023

	Shareholders' Fund			Life Fund			Elimination			Group Total		
	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated
Assets												
Property and equipment	-	-	-	56,338	57,529	54,577	-	-	-	56,338	57,529	54,577
Intangible assets	-	-	-	18,488	14,855	16,632	-	-	-	18,488	14,855	16,632
Right-of-use assets	-	-	-	3,492	6,378	9,641	-	-	-	3,492	6,378	9,641
Investments:												
FVTPL financial assets	377,484	377,984	393,792	2,035,527	2,614,373	2,569,332	(45,986)	(43,618)	(43,733)	2,367,025	2,948,739	2,919,391
FVOCI financial assets	-	-	-	804,369	-	-	-	-	-	804,369	-	-
Amortised cost financial assets	14,826	13,495	34,009	67,367	119,712	97,731	-	-	-	82,193	133,207	131,740
Reinsurance contract assets	-	-	-	65,569	76,684	102,933	-	-	-	65,569	76,684	102,933
Insurance contract assets	-	-	-	13,303	16,694	17,209	-	-	-	13,303	16,694	17,209
Other receivables	306,232	227,846	227,622	31,377	27,280	21,864	(303,054)	(224,567)	(227,066)	34,555	30,559	22,420
Current tax assets	(12,920)	-	-	14,276	-	-	-	-	-	1,356	-	-
Cash and bank balances	22	22	21	9,853	9,508	12,472	-	-	-	9,875	9,530	12,493
Total assets	685,644	619,347	655,444	3,119,959	2,943,013	2,902,391	(349,040)	(268,185)	(270,799)	3,456,563	3,294,175	3,287,036

33 INSURANCE FUNDS (CONTINUED)

Statement of financial position by Funds as at 31 December 2023 (continued)

	Shareholders' Fund			Life Fund			Elimination			Group Total		
	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated
Share capital	358,000	358,000	358,000	-	-	-	-	-	-	358,000	358,000	358,000
Retained earnings	87,219	81,235	98,361	-	-	-	-	-	-	87,219	81,235	98,361
Reserves	180,695	133,236	151,899	-	-	-	-	-	-	180,695	133,236	151,899
FVOCI reserve	9,751	-	-	-	-	-	-	-	-	9,751	-	-
Total equity	635,665	572,471	608,260	-	-	-	-	-	-	635,665	572,471	608,260
Liabilities												
Insurance contract liabilities	(1,900)	(565)	-	2,709,615	2,603,621	2,586,127	(45,986)	(43,618)	(43,733)	2,661,729	2,559,438	2,542,394
Reinsurance contract liabilities	-	-	-	8,095	1,743	1,036	-	-	-	8,095	1,743	1,036
Lease liabilities	-	-	-	3,681	6,691	9,964	-	-	-	3,681	6,691	9,964
Other financial liabilities	-	-	128	3,704	41,561	2,487	-	-	-	3,704	41,561	2,615
Other payables	2,165	2,031	1,530	386,808	302,842	299,914	(303,054)	(224,567)	(227,066)	85,919	80,306	74,378
Current tax liabilities	-	11,400	7,600	-	(10,884)	(6,389)	-	-	-	-	516	1,211
Deferred tax liabilities	49,714	34,010	37,926	8,056	(2,561)	9,252	-	-	-	57,770	31,449	47,178
Total liabilities	49,979	46,876	47,184	3,119,959	2,943,013	2,902,391	(349,040)	(268,185)	(270,799)	2,820,898	2,721,704	2,678,776
Total equity, policyholders' funds and liabilities	685,644	619,347	655,444	3,119,959	2,943,013	2,902,391	(349,040)	(268,185)	(270,799)	3,456,563	3,294,175	3,287,036

33 INSURANCE FUNDS (CONTINUED)

Statement of financial position by Funds as at 31 December 2023 (continued)

	Shareholders' Fund			Life Fund			Elimination			Company Total		
	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated
Assets												
Property and equipment	-	-	-	56,338	57,529	54,577	-	-	-	56,338	57,529	54,577
Intangible assets	-	-	-	18,488	14,855	16,632	-	-	-	18,488	14,855	16,632
Right-of-use assets	-	-	-	3,492	6,378	9,641	-	-	-	3,492	6,378	9,641
Investments:												
FVTPL financial assets	390,921	384,685	426,676	2,035,527	2,614,373	2,569,332	(45,986)	(43,618)	(43,733)	2,380,462	2,955,440	2,952,275
FVOCI financial assets	-	-	-	804,369	-	-	-	-	-	804,369	-	-
Amortised cost financial assets	1,320	6,724	1,048	67,367	119,712	97,731	-	-	-	68,687	126,436	98,779
Reinsurance contract assets	-	-	-	65,569	76,684	102,933	-	-	-	65,569	76,684	102,933
Insurance contract assets	-	-	-	13,303	16,694	17,209	-	-	-	13,303	16,694	17,209
Other receivables	306,232	227,846	227,622	31,377	27,280	21,864	(303,054)	(224,567)	(227,066)	34,555	30,559	22,420
Current tax assets	(12,920)	-	-	14,276	-	-	-	-	-	1,356	-	-
Cash and bank balances	12	11	11	9,853	9,508	12,472	-	-	-	9,865	9,519	12,483
Total assets	685,565	619,266	655,357	3,119,959	2,943,013	2,902,391	(349,040)	(268,185)	(270,799)	3,456,484	3,294,094	3,286,949

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

33 INSURANCE FUNDS (CONTINUED)

Statement of financial position by Funds as at 31 December 2023 (continued)

	Shareholders' Fund			Life Fund			Elimination			Company Total		
	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated	31.12.23 RM'000	31.12.22 RM'000 Restated	1.1.22 RM'000 Restated
Share capital	358,000	358,000	358,000	-	-	-	-	-	-	358,000	358,000	358,000
Retained earnings	87,219	81,235	98,361	-	-	-	-	-	-	87,219	81,235	98,361
Reserves	180,695	133,236	151,899	-	-	-	-	-	-	180,695	133,236	151,899
FVOCI reserve	9,751	-	-	-	-	-	-	-	-	9,751	-	-
Total equity	635,665	572,471	608,260	-	-	-	-	-	-	635,665	572,471	608,260
Liabilities												
Insurance contract liabilities	(1,900)	(565)	-	2,709,615	2,603,621	2,586,127	(45,986)	(43,618)	(43,733)	2,661,729	2,559,438	2,542,394
Reinsurance contract liabilities	-	-	-	8,095	1,743	1,036	-	-	-	8,095	1,743	1,036
Lease liabilities	-	-	-	3,681	6,691	9,964	-	-	-	3,681	6,691	9,964
Other financial liabilities	-	-	128	3,704	41,561	2,487	-	-	-	3,704	41,561	2,615
Other payables	2,086	1,950	1,443	386,808	302,842	299,914	(303,054)	(224,567)	(227,066)	85,840	80,225	74,291
Current tax liabilities	-	11,400	7,600	-	(10,884)	(6,389)	-	-	-	-	516	1,211
Deferred tax liabilities	49,714	34,010	37,926	8,056	(2,561)	9,252	-	-	-	57,770	31,449	47,178
Total liabilities	49,900	46,795	47,097	3,119,959	2,943,013	2,902,391	(349,040)	(268,185)	(270,799)	2,820,819	2,721,623	2,678,689
Total equity, policyholders' funds and liabilities	685,565	619,266	655,357	3,119,959	2,943,013	2,902,391	(349,040)	(268,185)	(270,799)	3,456,484	3,294,094	3,286,949

33 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds as at 31 December 2023

	Shareholders' Fund		Life Fund		Elimination		Group Total	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Insurance revenue	376	74	360,423	325,031	-	-	360,799	325,105
Insurance service expenses	(2,211)	(1,343)	(253,239)	(223,275)	-	-	(255,450)	(224,618)
Insurance service result before reinsurance contracts held	(1,835)	(1,269)	107,184	101,756	-	-	105,349	100,487
Allocation of reinsurance premiums	-	-	(97,582)	(97,346)	-	-	(97,582)	(97,346)
Amounts recoverable from reinsurers for incurred claims	-	-	64,564	63,784	-	-	64,564	63,784
Net expense from reinsurance contracts held	-	-	(33,018)	(33,562)	-	-	(33,018)	(33,562)
Insurance service result	(1,835)	(1,269)	74,166	68,194	-	-	72,331	66,925
Investment income	15,523	15,727	104,603	105,556	-	-	120,126	121,283
Net realised losses	-	-	(220)	-	-	-	(220)	-
Net fair value gains/(losses)	10,773	(9,789)	91,828	(159,136)	(2,368)	115	100,233	(168,810)
Net investment income/(losses)	26,296	5,938	196,211	(53,580)	(2,368)	115	220,139	(47,527)

33 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds as at 31 December 2023

	Shareholders' Fund		Life Fund		Elimination		Group Total	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Insurance finance (expenses)/income for insurance contracts issued	-	-	(163,413)	19,019	2,368	(115)	(161,045)	18,904
Reinsurance finance income/(expenses) for reinsurance contracts held	-	-	3,409	(1,506)	-	-	3,409	(1,506)
Net insurance financial result	-	-	(160,004)	17,513	2,368	(115)	(157,636)	17,398
Net investment result	26,296	5,938	36,207	(36,067)	-	-	62,503	(30,129)
Other operating income	-	-	550	445	-	-	550	445
Other operating expenses	(769)	(1,066)	(4)	(5)	-	-	(773)	(1,071)
Other finance cost	-	-	(195)	(310)	-	-	(195)	(310)
Other expenses	(769)	(1,066)	351	130	-	-	(418)	(936)

33 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds as at 31 December 2023 (continued)

	Shareholders' Fund		Life Fund		Elimination		Group Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Profit before taxation	23,692	3,603	110,724	32,257	-	-	134,416	35,860
Tax (expense)/credit attributable to policyholders	-	-	(15,156)	4,702	-	-	(15,156)	4,702
Transfer from life fund	95,568	36,959	(95,568)	(36,959)	-	-	-	-
Profit before taxation attributable to Shareholders	119,260	40,562	-	-	-	-	119,260	40,562
Taxation	(21,099)	(6,351)	(15,156)	4,702	-	-	(36,255)	(1,649)
Tax expense/(credit) attributable to policyholders	-	-	15,156	(4,702)	-	-	15,156	(4,702)
Tax expense attributable to Shareholders	(21,099)	(6,351)	-	-	-	-	(21,099)	(6,351)
Net profit for the financial year	98,161	34,211	-	-	-	-	98,161	34,211

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

33 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds as at 31 December 2023 (continued)

	Shareholders' Fund		Life Fund		Elimination		Group Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Other comprehensive income:								
Items that may be subsequently reclassified to profit or loss:								
Fair value change on fair value through other comprehensive income financial assets:								
- Revaluation	29,355	-	-	-	-	-	29,355	-
- Transfer to profit or loss upon disposal	(162)	-	-	-	-	-	(162)	-
- Gross fair value changes	29,193	-	-	-	-	-	29,193	-
- Expected credit loss	98	-	-	-	-	-	98	-
- Deferred taxation	(7,457)	-	-	-	-	-	(7,457)	-
Other comprehensive income for the financial year, net of tax	21,834	-	-	-	-	-	21,834	-
Total comprehensive income for the financial year	119,995	34,211	-	-	-	-	119,995	34,211

33 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds as at 31 December 2023 (continued)

	Shareholders' Fund		Life Fund		Elimination		Company Total	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Insurance revenue	376	74	360,423	325,031	-	-	360,799	325,105
Insurance service expenses	(2,211)	(1,343)	(253,239)	(223,275)	-	-	(255,450)	(224,618)
Insurance service result before reinsurance contracts held	(1,835)	(1,269)	107,184	101,756	-	-	105,349	100,487
Allocation of reinsurance premiums	-	-	(97,582)	(97,346)	-	-	(97,582)	(97,346)
Amounts recoverable from reinsurers for incurred claims	-	-	64,564	63,784	-	-	64,564	63,784
Net expense from reinsurance contracts held	-	-	(33,018)	(33,562)	-	-	(33,018)	(33,562)
Insurance service result	(1,835)	(1,269)	74,166	68,194	-	-	72,331	66,925
Investment income	16,103	5,254	104,603	105,556	-	-	120,706	110,810
Net realised losses	-	-	(220)	-	-	-	(220)	-
Net fair value gains/(losses)	9,435	(108)	91,828	(159,136)	(2,368)	115	98,895	(159,129)
Net investment income/(losses)	25,538	5,146	196,211	(53,580)	(2,368)	115	219,381	(48,319)

33 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds as at 31 December 2023

	Shareholders' Fund		Life Fund		Elimination		Company Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Insurance finance (expenses)/income for insurance contracts issued	-	-	(163,413)	19,019	2,368	(115)	(161,045)	18,904
Reinsurance finance income/(expenses) for reinsurance contracts held	-	-	3,409	(1,506)	-	-	3,409	(1,506)
Net insurance financial result	-	-	(160,004)	17,513	2,368	(115)	(157,636)	17,398
Net investment result	25,538	5,146	36,207	(36,067)	-	-	61,745	(30,921)
Other operating income	-	-	550	445	-	-	550	445
Other operating expenses	(11)	(274)	(4)	(5)	-	-	(15)	(279)
Other finance cost	-	-	(195)	(310)	-	-	(195)	(310)
Other expenses	(11)	(274)	351	130	-	-	340	(144)

33 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds as at 31 December 2023 (continued)

	Shareholders' Fund		Life Fund		Elimination		Company Total	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Profit before taxation	23,692	3,603	110,724	32,257	-	-	134,416	35,860
Tax (expense)/credit attributable to policyholders	-	-	(15,156)	4,702	-	-	(15,156)	4,702
Transfer from life fund	95,568	36,959	(95,568)	(36,959)	-	-	-	-
Profit before taxation attributable to Shareholders	119,260	40,562	-	-	-	-	119,260	40,562
Taxation	(21,099)	(6,351)	(15,156)	4,702	-	-	(36,255)	(1,649)
Tax expense/(credit) attributable to policyholders	-	-	15,156	(4,702)	-	-	15,156	(4,702)
Tax expense attributable to Shareholders	(21,099)	(6,351)	-	-	-	-	(21,099)	(6,351)
Net profit for the financial year	98,161	34,211	-	-	-	-	98,161	34,211

33 INSURANCE FUNDS (CONTINUED)

Statement of comprehensive income by Funds as at 31 December 2023 (continued)

	Shareholders' Fund		Life Fund		Elimination		Company Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Other comprehensive income:								
Items that may be subsequently reclassified to profit or loss:								
Fair value change on fair value through other comprehensive income financial assets:								
- Revaluation	29,355	-	-	-	-	-	29,355	-
- Transfer to profit or loss upon disposal	(162)	-	-	-	-	-	(162)	-
- Gross fair value changes	29,193	-	-	-	-	-	29,193	-
- Expected credit loss	98	-	-	-	-	-	98	-
- Deferred taxation	(7,457)	-	-	-	-	-	(7,457)	-
Other comprehensive income for the financial year, net of tax	21,834	-	-	-	-	-	21,834	-
Total comprehensive income for the financial year	119,995	34,211	-	-	-	-	119,995	34,211

33 INSURANCE FUNDS (CONTINUED)

Information on Cash Flows by Funds for the financial year ended 31 December 2023

						Group
	Shareholders' Fund		Life Fund		Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from:						
Operating activities	70,000	70,001	23,344	18,007	93,344	88,008
Investing activities	-	-	(18,677)	(16,909)	(18,677)	(16,909)
Financing activities	(70,000)	(70,000)	(4,322)	(4,062)	(74,322)	(74,062)
Cash and cash equivalents:						
Net increase/(decrease) in cash and cash equivalents	-	1	345	(2,964)	345	(2,963)
At beginning of the financial year	22	21	9,508	12,472	9,530	12,493
At end of the financial year	22	22	9,853	9,508	9,875	9,530

33 INSURANCE FUNDS (CONTINUED)

Information on Cash Flows by Funds for the financial year ended 31 December 2023 (continued)

	Shareholders' Fund		Life Fund		Company Total	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000 Restated	RM'000	RM'000 Restated	RM'000	RM'000 Restated
Cash flows from:						
Operating activities	70,001	70,000	23,344	18,007	93,345	88,007
Investing activities	-	-	(18,677)	(16,909)	(18,677)	(16,909)
Financing activities	(70,000)	(70,000)	(4,322)	(4,062)	(74,322)	(74,062)
Cash and cash equivalents:						
Net increase/(decrease) in cash and cash equivalents	1	-	345	(2,964)	346	(2,964)
At beginning of the financial year	11	11	9,508	12,472	9,519	12,483
At end of the financial year	12	11	9,853	9,508	9,865	9,519

34 INVESTMENT-LINKED FUNDS

(a)(i) Investment-linked funds' Statement of Financial Position as at 31 December 2023

	Group/Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Assets		
Investments	651,970	545,270
Fixed and call deposits with licensed financial institutions	5,833	8,155
Other receivables	2,539	527
Deferred tax assets	-	2,636
Cash and bank balances	28	11
Total assets	660,370	556,599
Liabilities		
Other financial liabilities	-	104
Other payables	2,274	1,657
Current tax liabilities	196	271
Deferred tax liabilities	1,023	-
Total liabilities	3,493	2,032
Net asset value	656,877	554,567

(ii) Investment-linked funds' Statement of Comprehensive Income for the financial year ended 31 December 2023

	Group/Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Investment income	10,286	16,629
Other operating income	263	256
	10,549	16,885
Net fair value gains/(losses)	45,750	(86,565)
Management expenses	(7)	(1,590)
Profit/(loss) before taxation	56,292	(71,270)
Taxation	(3,854)	6,741
Net profit/(loss) for the financial year	52,438	(64,529)

34 INVESTMENT-LINKED FUNDS (CONTINUED)

(b) The statements of financial position and comprehensive income of Investment-linked funds have been adjusted and eliminated for the following assets, liabilities and net asset values of Sun Life Malaysia Balanced Stable Fund, Sun Life Malaysia Balanced Moderate Fund and Sun Life Malaysia Balanced Aggressive Fund as these funds were only invested in Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund:

Statement of Financial Position

	Group/Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Assets		
Investments	29,512	27,269
Other receivables	288	223
Total assets	29,800	27,492
Liabilities		
Other payables	13	35
Current tax liabilities	38	37
Deferred tax liabilities	246	172
Total liabilities	297	244
Net asset value	29,503	27,248

Statement of Comprehensive Income

	Group/Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Net fair value gains/(losses)	1,402	(254)
Management expenses	(11)	(11)
Profit/(loss) before taxation	1,391	(265)
Taxation	(112)	20
Net profit/(loss) for the financial year	1,279	(245)