MCIS LIFE
member of Sanlam group

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)

THINK GLOBALLY, ACT SUSTAINABLY

ANNUAL REPORT 2022

Our Core Values

Our Values and Positioning

CARE AND RESPECT

Care because we respect others

INTEGRITY AND ACCOUNTABILITY

Have discipline, take responsibility for actions and act with integrity

INNOVATION

Grow value through innovation and superior performance

BOLD AND HUMBLE

Care because we respect others

Content of Table

SECTION 1

Notice of Twenty-Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting of the Company will be conducted fully via Remote Participation and Voting (video-conferencing) on Thursday, 15 June 2023 at 10.00 a.m. with the Main Venue at Cape Town (MCIS Boardroom) at Wisma MCIS, Level 1 Tower 1, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan for the purpose of transacting the following businesses:

As Ordinary Business	
1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Directors' and Auditors' Reports therein.	Please refer to Explanatory Note 1
2. To approve the declaration of a final single-tier dividend of an amount as may be approved by Bank Negara Malaysia in respect of the financial year ended 31 December 2022.	Ordinary Resolution 1
3. To approve the Directors' remuneration and benefits of up to RM2 million for the period from 16 June 2023 until the conclusion of the next AGM.	Ordinary Resolution 2
4. To re-elect the following Directors retiring in accordance with Article 70 of the Company's Articles of Association and being eligible, they offer themselves for re-election:	
i. Kokula Krishnan Ganesalingam	Ordinary Resolution 3
ii. Datin Seri Sunita Mei-Lin Rajakumar	Ordinary Resolution 4
5. To re-elect the following Director retiring in accordance with Article 72 of the Company's Articles of Association and being eligible, she offers herself for re-election:	
i. Nuraini Ismail	Ordinary Resolution 5
6. To consider and, if thought fit, to pass the following resolution: THAT Messrs KPMG PLT, having consented to act, be and are hereby appointed as auditors of the Company in place of the outgoing auditors, Messrs Ernst & Young PLT, and to hold office until the conclusion of the next Annual General Meeting of the Company, at a remuneration to be determined by he Board of Directors.	Ordinary Resolution 6

As Special Business	
To consider and, if thought fit, to pass the following Ordinary Resolution:	
7. "THAT pursuant to Section 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and that the Directors be further empowered to obtain the approval of the relevant authorities and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."	Ordinary Resolution 7
8. To transact any other business of which due notice in writing shall have been given.	

Notice of Books Closure

NOTICE IS HEREBY GIVEN THAT subject to the approvals of Bank Negara Malaysia and the Shareholders at the Twenty-Sixth Annual General Meeting, a final single-tier dividend of an amount as may be approved by Bank Negara Malaysia for the financial year ended 31 December 2022, if approved by the shareholders at the Twenty-Sixth Annual General Meeting, will be payable on 14 July 2023 to shareholders whose names appear in the Register of Members.

FURTHER NOTICE IS HEREBY GIVEN THAT the Share Transfer Books & Register of Members of the Company will be closed on 29 June 2023 to 30 June 2023, both dates inclusive, for the purpose of preparing dividend warrants. Duly completed transfers received by the Share Registrar, Boardroom Share Registrars Sdn Bhd, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan up to the close of business at 5.00 p.m. on 28 June 2023 will be registered before the entitlement to the dividend is determined.

By Order of the Board

MARY CONSTANCIA D'SILVA (MAICSA 7020517), (Practicing Certificate 202008003164)
Company Secretary

Petaling Jaya
22 May 2023

Explanatory Notes

1. Audited Financial Statements for the Financial Year ended 31 December 2022

Agenda item number 1 is meant for discussion only as the provision of Section 340(1) of the Companies Act, 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda will not be put forward for voting.

2. Directors' Benefits Payable

The proposed Directors' benefits payable comprises allowances and other benefits.

The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board and Board Committees meetings for the current financial year ending 31 December 2023 until the next Annual General Meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

3. Appointment of Auditor in Place of Retiring Auditor

The Company had received a Notice of Nomination from a substantial shareholder of the Company for the appointment of Messrs KPMG PLT as Auditor of the Company in place of Messrs Ernst & Young PLT who will be retiring as Auditor at the forthcoming 26th AGM of the Company. The Board of Directors has reviewed the recommendation of the Audit Committee and has recommended the above proposal to be tabled to the shareholders for approval at the forthcoming 26th AGM of the Company.

4. Authority to Allot Shares Pursuant to Section 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 7 is the renewal of the mandate obtained from members at the last Annual General Meeting ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Twenty-Fifth Annual General Meeting held on 16 June 2022 as there were no requirements for such fund raising activities.

The proposed Ordinary Resolution 7, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier.

Corporate Information
Board of Directors

Mohammad Nizar Idris

***Chairman** and Independent, Non-Executive Director*

Mr. Mohammad Nizar bin Idris was appointed as an independent, non-executive director of the Company on 23 March 2016. He was then appointed as Chairman of the Board on 1 April 2020. He obtained his Bachelor in Law (Honours) Degree from the University of Singapore in 1967. He was admitted as an Advocate and Solicitor of the High Court of Malaya and attended the Advance Management Programme by Harvard University, Boston in 1994.

He started his career in the judicial and legal service of the government. He was the Senior Federal Counsel responsible for tax and treasury matters. Thereafter, he left the government service to join the private sector. He joined Royal Dutch Shell ("Shell") and worked in Malaysia, the Netherlands and in the UK. During his last posting in Shell London, he was the Head of the Legal Division responsible for Shell's investment, joint ventures, mergers and acquisitions worldwide. Before retiring from Shell, he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of the Shell Companies in Malaysia. He was also the Chairman of Shell Chemicals Malaysia. After his retirement, he was appointed as a director on the boards of several companies including a bank, investment bank and Khazanah Nasional Bhd.

He is also the Chairman of CDC Consulting Sdn Bhd and a director of FIDE FORUM.

Datin Seri Sunita Mei-Lin Rajakumar

Independent, Non-Executive Director

Datin Seri Sunita Mei-Lin Rajakumar was appointed as an independent, non-executive director of the Company on 24 March 2016. She is also the chairperson of the Company's Nominations and Remuneration Committees and a member of the Company's Strategic Capability Committee.

Datin Seri Sunita Mei-Lin Rajakumar is a professional independent director and a strong advocate of the importance of governance in general and risk management in particular.

She is Chairman and Founder of Climate Governance Malaysia which is the country chapter of the World Economic Forum's Climate Governance Initiative, is a Fellow of the Institute of Corporate Directors Malaysia, a member of the Global Advisory Board of Nottingham University's School of Business, the Advisory Panel of the UN Global Compact Malaysia's Sustainability Center of Excellence, the External Advisory Committee for Sunway University's Master in Sustainable Development Management and supports the CEO Action Network, an industry led initiative to increase sustainability and climate resilience. Her other board appointments are as Chairman of Bursa-listed Dutch Lady Milk Industries and independent director at Bursa-listed Berjaya Corporation Berhad and Zurich General Insurance Malaysia Berhad, as well as trustee at 6 charitable foundations.

Casparus Jacobus Hendrik
Non-Independent,
Non-Executive Director

Mr. Casparus Jacobus Hendrik Kromhout was appointed as non-independent, non-executive director of the Company on 21 October 2019. He was also appointed as a member of the Company's Strategic Capability, Audit and Remuneration Committees.

He is currently the Managing Director and CEO of Shriram Life Insurance in Hyderabad, India, a position which he has held since December 2015. Having begun his career in South Africa in 1991, he worked as an Industrial Engineer with Iscor Mining (later Kumba), where he focused on mining and logistics optimization projects and economic feasibility studies for new mine development. He joined the Life Insurance industry with the opportunity to be part of the large strategic programme to reengineer some of Sanlam's business processes and policy administration systems. He worked as a Business Consultant and Project Manager with both Sanlam and Old Mutual, delivering multiple strategic projects. He later focused on project portfolio value management in Sanlam, which includes value tree work, concept development, business case governance and benefit realisation.

Early 2010 Sanlam requested Mr. Kromhout to take the COO assignment with Shriram Life Insurance, where he has been supporting and building the operational capabilities of this young company. Shriram Life's key focus is to reach out to the very tough lower middle and mass market segment in rural India, where the loss of a breadwinner can have disastrous financial impacts on the family.

Kokula Krishnan Ganesalingam (Gopi Ganesalingam)
Independent, Non-Executive Director

Mr. Kokula Krishnan Ganesalingam (Gopi Ganesalingam) was appointed as an independent, non-executive director of the Company on 19 August 2020. He is also the chairperson of the Company's Board Risk Management and Strategic Capability Committees and a member of the Audit Committee.

Gopi Ganesalingam is a finance professional and an entrepreneur who has served in executive and board positions in the Asia Pacific region for the last 33 years. Gopi has worked in brand names like Matsushita, American Express International, Lucent Technologies, Telstra Australia, Duetsche Telecoms Consulting, and as go-to-market partners for salesforce.com and Google (via the company he founded, LAVA Protocols).

Gopi is now the Senior Vice-President for Digital Exports at Malaysia Digital Economy Corporation (MDEC) - the agency under the Ministry of Communications and Digital, leading the digital transformation of the economy.

At MDEC, Gopi is at the forefront of championing talented tech entrepreneurs and disruptors whilst growing and connecting the local tech ecosystem to be globally visible and competitive – powering tech companies and entrepreneurs to actualize their business vision and in becoming regional and global champions.

Gopi strives to connect and propel the digital economy via targeted government support and intervention, initiatives, corporate partnerships/innovation, aligning investors/funders, digital talent, adoption initiatives and public-private partnerships; in realization of national and nation building agendas.

Gopi also serves as Chairman and Board Director of Junior Achievement Worldwide, Malaysian chapter. In 2022, Gopi was made an Adjunct Professor at Asia-Pacific University, Malaysia and a Fellow at Certified Public Accountant Australia, carrying the title FCPA.

Prasheem Seebran

Chief Executive Officer / Managing Director

Mr. Prasheem Seebran was appointed as non-independent, non-executive director of the Company on 11 May 2016. On 15 March 2019, he became the executive director of the Company following his appointment as the Chief Executive Officer ("CEO") and Managing Director of the Company.

Mr. Seebran, a qualified Actuary and a Fellow of both the South African and Malaysian Actuarial Societies, has 18 years of experience in the insurance and financial services industries. He has managed and developed several high-performance teams in the past and has launched several firsts at his previous companies including insurance telematics, internal capital models, innovative products and structured risk solutions. His previous positions include Regional Head for Sanlam in South East Asia and he was responsible for the investments in the region; Head Actuary at the Telesure Group, a large personal lines insurer with operations in South Africa, Australia and the UK; and Head of Actuarial at Guardrisk Insurance Company, one of the largest cell captive insurers in the world. Mr. Seebran's qualifications include a Bachelor of Science Honours degree in Actuarial Science as well as several executive management qualifications including an Advanced Management Programme (AMP) from Insead Business School.

Nuraini Ismail

Chairperson of Audit Committee / Board Risk Management Committee

Puan Nuraini Ismail was appointed to the Board on 19 August 2022. She is currently the Chairperson of the Audit Committee and a member of the Board Risk Management Committee. She is also an Independent, Non-Executive Director of Bank Islam Malaysia Berhad, IIUM Holdings Berhad and GD Express Carrier Bhd.

Puan Nuraini Ismail is a Fellow member of the Association of Chartered Certified Accountants (FCCA) with more than 35 years of working experience. Her working experience includes in the areas of finance, treasury, corporate finance, debt capital markets, trade finance, banking financial, credit and trading risks, audit & governance, corporate planning, logistics and operations. Being a Jabatan Perkhidmatan Awam (JPA) scholar, she started her career at the Accountant General Office in 1985 and there after joined an audit firm to secure her professional working experience.

Prior to her appointment to the Board of MCIS Insurance Berhad, Puan Nuraini was with PETRONAS for 29 years since 1992 and the last position held prior to her retirement in 2021 was the Vice-President of Treasury. Prior to assuming this role, she had held various senior positions in PETRONAS Group including Senior General Manager, Group Treasury of PETRONAS, General Manager, Finance & Accounts Services and General Manager, Commercial Services of Malaysian International Trading Corporation Sdn Bhd. She was also appointed as a Non-Independent Non-Executive Director of Petronas Dagangan Berhad from 11 November 2011 till 31 May 2021 and was a member of the Audit Committee from 1 December 2013 till 31 May 2021.

Prior to joining PETRONAS, she had served in various organizations including Bank Bumiputra Malaysia Berhad, Bumiputra Merchant Bankers and Mayban Finance Berhad.

AUDIT COMMITTEE

CHAIRMAN	**Nuraini Ismail** Kokula Krishnan Ganesalingam (Gopi Ganesalingam) Casparus Jacobus Hendrik Kromhout

BOARD RISK MANAGEMENT COMMITTEE

CHAIRMAN	**Kokula Krishnan Ganesalingam (Gopi Ganesalingam)** Nuraini Ismail Mohammad Nizar Idris

NORMINATIONS COMMITTEE

CHAIRMAN	**Datin Seri Sunita Mei-Lin Rajakumar** Mohammad Nizar Idris Prasheem Seebran

REMUNERATION COMMITTEE

CHAIRMAN	**Datin Seri Sunita Mei-Lin Rajakumar** Casparus Jacobus Hendrik Kromhout Mohammad Nizar Idris

STRATEGIC CAPABILITY COMMITTEE

CHAIRMAN	**Kokula Krishnan Ganesalingam (Gopi Ganesalingam)** Casparus Jacobus Hendrik Kromhout Datin Seri Sunita Mei-Lin Rajakumar

REGISTERED OFFICE

Wisma MCIS
Jalan Barat, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

Tel: +603 7652 3388
Fax: +603 7957 5964

E-mail: info@mcis.my
Website: www.mcis.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor Menara Symphony, No. 5
Jalan Prof. Khoo Kay Kim Seksyen 13,
46200 Petaling Jaya, Selangor
Darul Ehsan, Malaysia.

Tel: +603 7890 4700
Fax: +603 7890 4670

E-mail: bsrhelpdesk@boardroomlimited.com

AUDITORS

Ernst & Young PLT Chartered Accountants
Level 23A, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia.

Executive Management Committee

Prasheem Seebran

CEO & Managing Director

Susan Conradie

Chief Operating Officer

Hiten Asher

Chief Financial Officer

Chitra Sridharan

Chief Customer Experience & Marketing Officer

Khoo Han Chuan

Chief Actuary & Strategic Planning Officer

Wan Mohd Fakruddin

Chief Investment Officer

Koo Chee Min

Chief Human Resource Officer

Gan Teong Kiat

Chief Corporate Development Officer

Ahmad Zubir Aziz
Chief Agency Officer

Muhammed Amin Hassim
Head, Innovation & Analytics

Independent Control Function

Nurliana Mat Lazim
Chief Risk Officer

Noor Hayati Abu Yaziz
Head, Internal Audit

Norlin Fatima Albakri
Chief Compliance Officer

Woo Chee Chang
Appointed Actuary

Chairman's Statement

Mohammad Nizar Idris

Chairman and Independent, Non-Executive Director

2022 was a difficult year for the global life insurance markets and MCIS Life Insurance Berhad faced similar challenges.

The pandemic disrupted normal business activities and the war in Ukraine created significant uncertainty in Europe and other key markets around the world with Malaysia being affected as well. To counter the rising inflation in the country, Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) to 2.75% in 2022. The increase in interest rate and the disruption in supply chains as a result of the pandemic and the war in Ukraine, affected the economy. The cost of money went up resulting in the rising cost of goods and services. The employment opportunities in the country however remained resilient as unemployment rate improved to 3.6% as at the end of 2022 compared with 4.3% at the end of 2021.

As the events in 2022 unfolded, it was clear that the company's business objective in providing protection to people, especially those in the lower income group, became more vital and challenging than ever. Although the unemployment figures improved, many Malaysians in the lower to middle income groups faced financial challenges as a result of rising inflation. This had impact on our business as there was negative personal investment growth and higher surrenders of life insurance policies. The company, however, managed to sail through this period of challenges and uncertainty in the business environment as a result of the sound business strategy put in place by the Board and the Management.

With the continued economic impact of the pandemic in 2022, coupled with the rising inflation which affected the income of most Malaysians, the company had to constantly review its business strategy to meet changes and challenges it faced. The company embarked on introducing more technology solutions in its operations to provide better services to customers whilst making the operations more efficient and effective. It upgraded its processes and systems and implemented digitalization in line with the everchanging requirements of competitive and good business practices. The company improved its customer relationship and restructured the business units to function more effectively.

The Board reviewed the company's business strategy by setting clear goals and concrete actions, in order to meet the targets that it set. The Board empowered the management with corporate responsibility for developing their business units strategically and operationally. The company engaged with partners who could drive products and develop synergies in the value creation chain through strategic collaboration. These strategies are constantly reviewed by the management and the Board to ensure better and more effective execution of the business strategy.

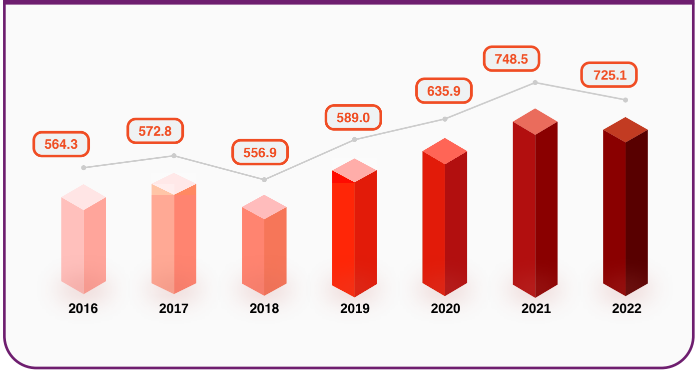
Financial Performance Of 2022

Despite the challenges that the company faced in 2022, I am pleased to note that with careful execution of the business strategy that was put in place, the company delivered a credible financial performance. In 2022 the company registered a marginal growth in new business amid negative growth in the life insurance business industry. Annual Premium Equivalent (APE) grew by 0.1% over the prior year driven by Group business which performed better than in the previous year. The Value of New Business (VNB) also grew 12% year-on-year, partly due to the introduction of new products during the year. Gross premiums stood at RM 725.1 million in 2022, a decrease of 3% from 2021, with this number significantly affected by the higher surrenders and lapses during the year.

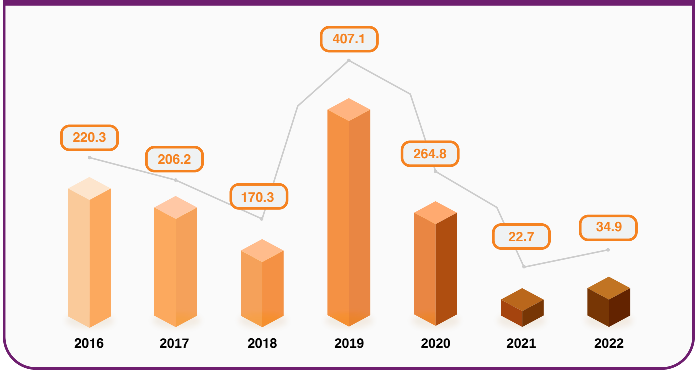
The company's performance in 2022 is due in large part to the incredible work of all staff, agents and partners across the country, supported by the management team led by our Chief Executive Officer.

Although 2022 was a difficult and challenging year for the company, I am extremely proud of what we have achieved in that year. Despite the challenges we faced, we closed the year with a net profit of RM 21.1 million. With this result, if all the profits are distributed, the earnings per share achieved 21 sen per share for 2022. Any distribution of profits to the shareholders however is with the approval of Bank Negara Malaysia. Notwithstanding any dividend paid, we will always maintain a Capital Adequacy Ratio which is well above the statutory minimum requirements and our Internal Target Capital Level.

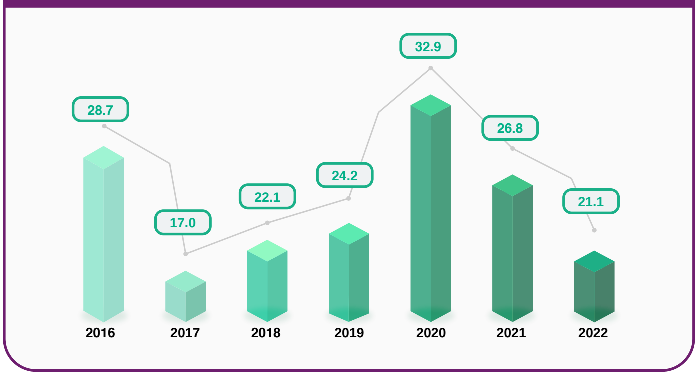
Gross Premium (RM Million)



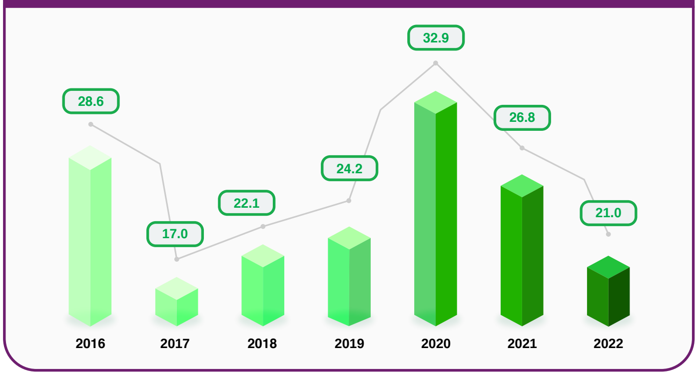
Investment Income (RM Million)



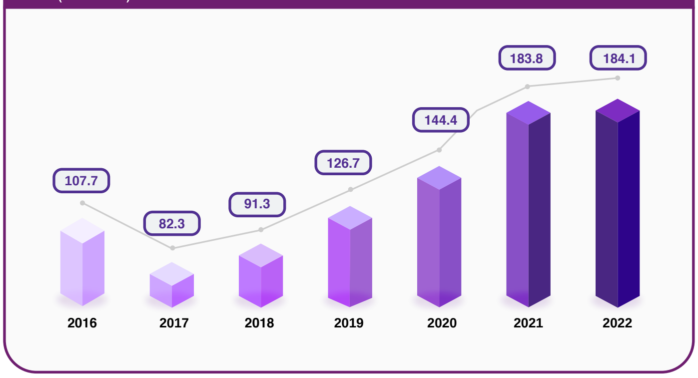
Profit (RM Million)



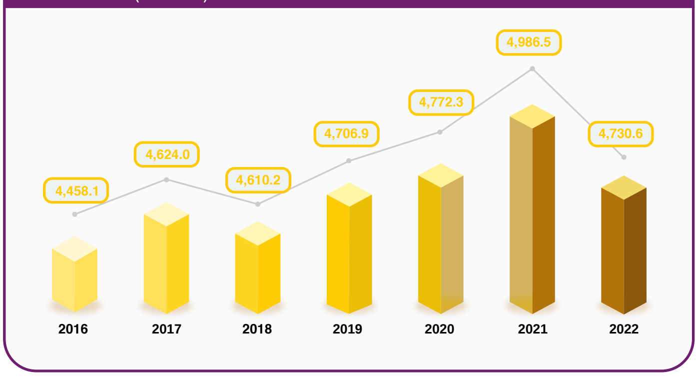
EPS (in Sen)



APE (RM Million)



MCIS Total Assets (RM Million)



Looking Ahead

With uncertainty in global markets still evident, it is clear that 2023 is going to be as challenging as the previous year. Although the Malaysian economy looked more resilient, with the relaxation of COVID-19 restrictions providing more grounds for optimism, there are other economic factors that can have a negative impact on the Malaysian economy. Growing inflation and rising interest rates both in the developed world and in Malaysia can have an impact on the spending power of people. The recent increase in the OPR to 3% by Bank Negara will certainly make the cost of doing business more expensive. This can affect the life insurance business negatively. On the other hand, the business-friendly policies of the new government should spur a better confidence in the economy hopefully giving business an opportunity for growth.

Within the company, we have embarked on a new business strategy by looking at new opportunities where we can add value to the business. We are constantly looking at new ways of growing the business. New business initiatives come with risks, and we must find ways of managing them if we want the business to remain relevant and successful. Although our main aim is to continue to grow the individual life business, we cannot ignore the fast growth that we see in the Group business. Group business is fast evolving due to the greater use of technology and lifestyle changes. We cannot ignore the tremendous opportunities that have been created in the Group business sector. (Group business at MCIS includes Employee Benefits schemes, Affinity Schemes and Strategic Partnerships)

At the same time, we need to constantly review the business strategy that we have developed to determine whether they are still relevant. In a fast-changing economic environment, we need to be more vigilant and agile to take advantage of the opportunities that come our way. Having said that, we must always be careful not to upset the financial stability of the business and continually protect the value that we offer to our policyholders, shareholders and other stakeholders.

As part of our corporate strategy, we will not ignore the needs of the lower income group who are not well protected because of their lack of awareness of the value of insurance for the protection of their future. We will participate with the industry in creating greater awareness of the importance of insurance to the underserved and unserved sector of the population in line with the objectives of Bank Negara Malaysia. We will continue to look at opportunities in providing insurance protection to this group wherever an opportunity arises.

To create better efficiency and enhance quality, we have made positive changes in the management team. We have also conducted a massive cultural change in the company to change the mindset of our staff and employees to create better awareness of the importance of executing work diligently and efficiently by observing good governance practices and efficient compliance. This is a continuous process which will take time and it is pleasing to see the efforts to date. The Board will continuously monitor the progress of these initiatives and ensure that they are successfully and effectively implemented.

Sustainable Business Initiatives

The Board have enhanced its efforts in ensuring that the company continues to put a focus on Environmental, Social and Governance issues. As a start we have formed a Sustainability Committee which reports to the Management and ultimately to the Board. We are committed to make our business sustainable. We continue to support our initiatives by planting trees at the MCIS Life Legacy Forest in Sireh Park, Iskandar Puteri Johore with an additional 5,000 young saplings consisting of 25 different species. Our efforts at Sireh Park have contributed to approximately 30.03 tons of carbon off-set as at 31 December 2022. Our climate change focus initiative have earned us the CSR Malaysia Award 2022 under the sustainability category. In addition we have also partnered with the Cancer Society of Malaysia by offering free cancer screening to all Malaysians in a joint effort to increase awareness.

Market Speculation

Many of you may have read news in the mass media concerning changes in shareholding in the company. This is a shareholder matter and any change in shareholding will be governed by the shareholder agreement, the requirements of the law and policies of the regulator. Any changes in shareholding must be approved by Bank Negara Malaysia. At the time of writing this statement there is no change in the major shareholding of the company. All that I want to say at this moment is that, irrespective of any changes to the shareholding, the Board will continue to protect the interest of all its stakeholders especially the minority shareholders.

Finally, I would like to thank the staff, the agents, our partners, and the management for continuing to make this company successful. Without their support and efforts, the company could not perform and achieve its positive results in the changing and evolving business environment of 2022. I would also like to thank my fellow Board members for their continuous support and cooperation in ensuring that the company always remains relevant and is well-positioned for sustainable growth.

Mohammad Nizar Idris
Chairman

Chief Executive Officer's Statement

2022 brought with it significant new challenges in addition to the global after-effects of the pandemic. During this difficult period, MCIS Life continued to deliver on its purpose of empowering generations to be financially confident and laying the foundation for sustainable growth for years to come.

MCIS Life stands proud thanks to its strong financial performance over the three-year period 2020 to 2022 with The Board and management team delighted with the Company's performance during this time, the strength with which the Company has emerged from this period and the strategic platform developed for future growth.

The period 2020 to 2022 has been one of the most challenging in the Company's history. The pandemic, and then the global economic turmoil resulting from the Russia-Ukraine conflict, has had a negative impact on the value of assets managed by the Company. The global economy has seen a surge in inflation and interest rates not seen for many years further adding to the uncertainty. Yet, despite these challenges, the Company was uncompromisingly focused on servicing clients and delivering on its promise of "People Helping People." At the same time the Company has been successfully focusing on the delivery of its new ambitious strategy, which was adopted in 2021, a strategy focussing on shared value creation, deepening financial inclusion, building on our value chains and ecosystems through digitalisation and optimising value through strategic partnerships. We continued to invest significantly in our digital capabilities as well as our people thus ensuring that MCIS Life continues to remain relevant in an ever-changing operating environment.

We supported our clients through significant benefit payments, communities through our social and empowerment programmes and the economy through sustainable investing.

Through the dedicated focus of MCIS Life Board and staff, the company managed to grow by over 50% in terms of new business over this difficult period.

Prasheem Seebran

Chief Executive Officer & Managing Director

In **2022** MCIS Life continued to lay the foundation for future growth with significant investments in the company's digital capabilities as well as an enhanced focus on the wellbeing of our people.

We are well positioned to capture the Malaysian growth opportunity by leveraging on our strategic partnerships, growing agency force as well as the continued dedication of our Board and staff.

Forward thinking always beats wishful thinking
MCIS Life is particularly proud of its implementation of a focussed strategy and the foundation that has been set for sustainable future growth.

Delivering A Respectable Financial Performance

Our 2022 financial performance showcases our resilience and ability to deliver shareholder value despite the significant global uncertainty.

NB 0.1% — MCIS Life was one of only a handful of life insurance companies not to show a decline in new business in 2022

GP -3% — Overall Gross Premiums were 3% lower than prior year

VNB 12% — Value of New Business saw impressive growth, despite flat new business, mainly due to corporate business growth

RoGEV 11% — Our key performance metric, RoGEV measured at 11%, normalised for market movements, delivering growth to shareholders in a challenging operating environment

Return On Group Equity Value (ROGEV)

Our primary performance target for measuring shareholder value creation is RoGEV, which reflects our success in growing the value of MCIS's operations over the long term.

We made significant progress in setting the digital foundations and welcoming new partners expected to add significant value in the years to come. Despite facing many operational and regulatory challenges with respect to Government's Perlindungan Tenang Voucher (PTV) programme, the company still managed to enrol a significant number of eligible qualifiers contributing to our overall new business growth.

In a tough year, our persistency numbers took a knock with lapses and surrenders ending the year significantly higher than prior years. As part of the company's overall growth ambition, it is critical that we continue to work to improving this number by ensuring that we write sustainable business.

Further details on our financial performance can be found in our Company Financial Reports in the upcoming sections.

3 Year Growth

MCIS Life's new business volumes grew by slightly more than 50% during the period 2020 to 2022.

2022 Q1

- Various partnerships formed with launch of Perlindungan Tenang Voucher Scheme
- Recapturing of strategic Employee Benefits business
- Record growth in new Corporate business

2022 Q2

- Continued focus on Environment, Social & Governance initiatives with emphasis on gender equality and climat change
- Setting foundations of digital transformation strategy with implementation of robotic process automation (RPA)

2022 Q3

- Launch of Purple truck - a Cancer Awareness initiative in partnership with National Cancer Society of Malaysia
- Focus on our people with continued execution of culture activation and drive towards a high-performance culture

2022 Q4

- Formation of strategic partnerships and entry into established ecosystem
- Successful preparations on implementation of new international financial reporting standards (IFS17)

Strategy Execution and Disciplined Capital Allocation

The Board and Management are continuously looking at the company's strategy in order to ensure that it remains relevant. As has always been the case, our strategic and capital allocation decisions ensure that we create sustainable growth, that we utilise our capital in an efficient and effective manner and that we continue to derive value for our shareholders and other stakeholders. Despite the challenges mentioned above, in 2022 we maintained our market share in the Malaysian Life Insurance market.

In 2022, the life insurance industry saw a drop in new business originating from the Agency channel. At MCIS Life, we also found this channel to be challenging and had to launch new products that were more appropriate given the financial difficulties faced by the segment of the market that we operate in. Despite this, we were unable to reach the heights of our record-breaking 2021 financial year and closed the year significantly down in terms of agency new business sales.

Our strategic investment in Merchantrade Asia reaped immediate rewards with the partnership adding significantly to Corporate/Partnership new business in 2022. Overall new business originating from the Corporate/Partnership (non-agency business) division grew by slightly over 50% in 2022.

Foundations were set with the execution of our digital transformation and culture activation strategies and while this is always evolving, we are confident that the company is on the right path.

Our Digital Transformation Vision

Our digital transformation objectives are clear. We want to put an emphasis on client satisfaction, have clear and simplified efficient processes and increase productivity so that we are able to achieve our ambitious goals.

We are investing significantly in our technology platforms as well as on upskilling our people. The setting up of an Innovation Lab has further emphasized our commitment to ensuring that we are forward thinking with a focus on sustainable growth.

Our Commitment to A Sustainable Future

As an organisation committed to sustainability, we are committed to embedding the continuously evolving best practices into our business activities and decision-making. For MCIS Life, financial inclusion is deeply connected to our purpose and brand promise of "People Helping People" – at MCIS Life we believe that financial inclusion is a key element of social inclusion. We are investing significantly in educating rural communities on the importance of life insurance as we believe that these individuals are the most vulnerable.

In addition to empowerment, in 2022, MCIS continued its efforts towards a greener future with ongoing activities at The MCIS Life Legacy Forest in Sireh Park. The company remains committed to planting a significant number of endemic trees that is expected to have a positive impact on the environment.

People and Culture

The success of the company's goals is based on solid foundations on people and culture. We completed three significant undertakings in 2022:

- Competency framework, a roadmap outlining crucial know-how, abilities and conduct that underpin successful performance. The framework was introduced and integrated into critical HR strategies and operations, including hiring, learning & development, performance management, and succession planning.

- Talent development is a critical facilitator in developing the workforce of the future. Learning offerings are restructured with competency-based programmes and micro/self-paced learning series to develop organisations and employees' skills to achieve current and future goals.

- Culture activation project, a move towards a high-performance culture with focus areas that include governance.

Outlook

MCIS Life enters 2023 confident of continuing the success achieved over the previous 3 years. Management will continue to pursue initiatives, products and partnerships that are sustainable to ensure that the company not only remains relevant but also builds on the foundations of 2020 to 2022 in order to achieve its long-term ambitions.

Top 5 Chief Agency Managers 2022

3rd Runner Up
Suriakalah A Jagannathan
MCIS Life Klang
Unit 131

1st Runner Up
Gunalan Sagaran
MCIS Life Melaka 1
Unit 199

Champion
Datuk Seri Haji Mohamad Fazil Shafie D.G.S.M, D.P.S.M
MCIS Life Melaka 1
Unit 199

2nd Runner Up
Dr. Vijayan Gopal
MCIS Life HQ Zone A
Unit 924

4th Runner Up
Thiyagu Krishnan
MCIS Life HQ Zone A
Unit 645

Top Champions 2022

Champion Number of Policies
Vimalah Murugiah
MCIS Life Kuching
Unit 2100

Champion Personal Producer
Ahmad Mufit Marzuki
MCIS Life HQ Zone A
Unit 016

Champion Unit Manager
Nordiana Binti Amdan
MCIS Life Melaka 1
Unit 199

Champion Marketing Executive
Malini Mahalingam
MCIS Life HQ Zone A
Unit 645

Champion Rookie
Rashmeet Kaur Chael Amreek Singh
MCIS Life Penang
Unit 161

Champion Top Recruiter CAM
Gunalan Sagaran
MCIS Life HQ Zone A
Unit 924

Sustainability Report

About This Report

MCIS Life Sustainability Report covers the diverse aspects of Environment, Social & Governance (ESG) for the financial year 1st January 2022 to 31st December 2022. MCIS Life has contributed achievement in 7 out of 17 SDG Goals.

Through this Report, we provide updates on MCIS Life's sustainability initiatives across our key business units and operations. Additionally, we explain our progress with respect to our overall sustainability strategy.

It is MCIS Life's ambition to be one of the Sustainable business across Financial Institutions and create a Sustainable value towards our clients, employees, shareholders and most importantly the social environment surrounding us.

2022 Key Achievements

ENVIRONMENT

1. 45% of electricity consumption is from renewable energy source
2. 4060 trees planted as at Dec 2022
3. 30.3 ton of CO_2 absorbed since year 2020
4. Natural habitat biodiversity at our legacy fores

SOCIAL

1. Supporting the B40 Community
2. Providing free mobile cancer screening at rural areas
3. Flexible working hours
4. Monthly wellbeing & volunteering time off
5. Certified mental health 1st aiders
6. On site Covid 19 vaccination
7. Continuous employee learning & development

GOVERNANCE

1. Comply with BNM Corporate Governance Requirement
   - Established Governance framework to serve as an overarching document that guides the Company's governance policies & procedures as well as outlines roles & responsibilities of the oversight functions

Sustainability Focus & Contributions to UN SDG

No Proverty

1. Helping the B40 Community

The COVID-19 pandemic have both immediate and long-term economic consequences for people across the globe. This has indirectly impacted and pushed more people towards the category of poverty, and many have no financial protection safety net.

MCIS Life is supportive of creating affordable solutions to ensure more Malaysians have access to insurance protection. In partnership with Merchantrade, MCIS Life offers an affordable basic insurance cover, MI Life. EzyProtect, another protection-only product, has affordable premiums. Additionally, there are savings products that can assist clients in meeting their goals, but still providing much needed regular cash benefits to meet their immediate needs.

Good Health & Well Being

2. Making Essential Healthcare Accessible To The Underserved

With over six decades of experience in the life insurance industry, we understand better both the importance of ensuring Malaysians have adequate medical coverage in the event of illnesses as well as the need for MCIS Life to play a proactive role in assisting to make basic healthcare and screening services accessible to the underserved market.

Published media reports indicate that cancer is the leading cause of deaths worldwide. In 2020, it was responsible for 10 million deaths or about one in six deaths while in the same year as the global Covid-19 pandemic raged, there were 29,530 cancer deaths contributing to 15.4% of medically certified deaths in Malaysia.

Experts opine that if all deaths had been medically confirmed, the proportion of cancer-related mortality would be higher and by 2040, the number of cancer cases in Malaysia is expected to double and become a major health problem as it has a significant impact on the community and healthcare system.

With this perspective, in early 2022, MCIS Life formed a one-of-a-kind community partnership with the National Cancer Society of Malaysia (NCSM) to introduce a fully sponsored mobile health and cancer screening truck dubbed as the 'Purple Truck'.

Established in 1966, NCSM is the first not-for-profit cancer organisation in Malaysia providing education, care and support services for people affected by cancer, cutting across cancer patients and caregivers.

A fully customised medical vehicle approved for its specific use by the Ministry of Health, the Purple Truck was officially launched by the distinguished Royal Patron H.R.H. Raja Permaisuri Perak Tuanku Zara Salim in August 2022 and it has been actively travelling across our Peninsular states with the main objective of raising the level of awareness amongst rural Malaysians on the importance of basic health screening as well as making early cancer detection accessible for the underserved community.

The partnership with NCSM via the Purple Truck project is one that MCIS Life views with great admiration beyond the scope of meeting global sustainability goals as this outreach effort is only the beginning of more concerted initiatives which must be collectively supported by corporate Malaysia to ensure our current and future generation benefit from equitable access to basic healthcare.

- Over 30 public health programs conducted within 4 months
- Covid-19 booster shots for 1,000 adults in rural locations
- Complimentary health screening services for 1,000 B40 group
- More than 50% have a score exceeding 70% which indicates heightened risk

3. Employee Wellbeing

Physical, mental and social wellbeing of the employee is paramount in sustaining a workforce. Having this at the forefront, MCIS Life has rolled out the Wellbeing Working guide with effect from August 2022. Apart from embracing a hybrid working model, employees are now offered paid wellbeing and volunteering time off on a monthly basis. These options allow employees to use designated hours on work days to give back to a charitable cause and rejuvenate themselves. This aligns with our core value of Care and Respect which is embedded into workplace practices.

Flexible Working Hours

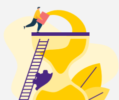
- 4 flexi hours options to choose from.
- Apply once a year.

Volunteering Time Off

Two hours per month to offer voluntary services at registered charities (at own cost) with special focus on B40/M40 groups.

Wellbeing Time Off

Two hours per month for purposeful activity at own cost such as nature walks, swimming, yoga or pilates sessions.



Hybrid Working Arrangement

50% of eligible divisions to work remotely.

4. Mental Health Wellbeing

In effort to sustainably improve the workplace mental health, the Mental Health Guide was introduced in July 2021 spelling out details pertaining to stress and mental health issues along with contact details of counselling services available nationwide at no cost. The Employee Assistance Programme was rolled out in August 2021 and offers an avenue for employees to connect with our panel of counsellors. Alternatively, employees have the option of speaking to internally certified Mental Health First Aiders (by Malaysian Mental Health Association) (total of almost 15 of them) as an avenue to air out pent up feelings. This ties up with our core value of care and respect for each employee as an individual.

5. Health Awareness

In tandem with our core value of Care and Respect and in promoting sustainable living, MCIS Life collaborated with Assunta Hospital and rolled out a series of virtual health talks to create increased awareness on women's health , children's wellness and vaccine health as well as diet & nutrition . These talks were well received. On 19.7.2022, we had a talk on depression by EAP consultants (MCIS Life panel) whereby insights were shared on symptoms and self -care tips. Many attended this virtual talk to better understand this silent concern creeping into the community.

6. Vaccination

With vaccination being the only glimmer of hope against the battle with Covid, MCIS Life collaborated with the National Cancer Society of Malaysia and provided on site vaccination (booster shots) to staff at the Head Office. Approximately 50 staff turned up and obtained their booster shot at Level 9, Wisma MCIS. Care and respect is the core value that was the platform for this initiative which provided a convenient and comfortable vaccination avenue for employees.

Quality Education

7. Learning & Development Opportunities for all Employees

We have launched Competency Framework in 2022 covering core and leadership competencies. Besides integrating them into talent acquisition, performance management; they have been incorporated info learning and development as well.

We invest in training and upgrading the capabilities of our employees, so that they are equipped with the competencies required for both current and future goals with the aim to achieve organization excellence.

3 Main Clusters of Learning & Development

Core Competency Series

Leadership Competency Series

Technical Competency Series

In addition; bite-sized & social learning series were initiated to complement the structured learning programs. And, after employees have attended the relevant courses; we put in measures to assess behavior changes to reinforce applications at the workplace.

Learning & Development Achievement in a Glance

87% employees achieved 24 hours learning KPI

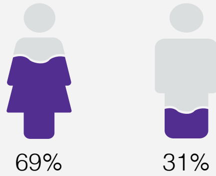
80% average training satisfaction score achieved in measuring training effectiveness against target of 75%

Gender Equality

8. Women Empowerment

Gender equality is critical to all areas of a healthy society. Women shall be given equal right from executive to senior management role. Their capabilities and critical think shapes the organization to be more focus and driven.

With women and girls represent half of the world's population and therefore also half of its potential. In regards, MCIS Life is proud to share more than 60% of our workforce comprises of women.



As at 31st Dec 2022

9. Improving Lives

Women empowerment is essential to expand economic growth and promote social development across the company. To create the transition towards women empowerment, we launched Women Marathon Run with support from men participants to encourage the bonding among community.

The Women Marathon Run has been a huge success with more than 2000 participants joining from various runs that took place across Malaysia.

Affordable & Clean Energy

10. Clean Energy

Electricity production has been known as one of the largest contributors of green house gases. Major sources has been from the burning of fossil fuels and carbon. With the rapid rising of global electricity usage to cater industry needs, it is important to adapt to clean renewable energy in order to reduce the emission of green house gases.

MCIS Life is also committed of reducing its carbon footprint by adopting to clean energy electricity consumption. Hence, we have subscribed to Green Electricity Tariff (GET) from Tenaga Nasional Berhad (TNB).

With GET Subscription, MCIS Life will be able to purchase low carbon electricity and indirectly offset almost 45% of its carbon emission from electricity consumption.

Electricity Usage @ 2022

Subscribed GET (10 Units)

Without GET (51 Units)

Climate Action

11. Legacy Forest

Fueled by our deep sense of respect for mother nature and commitment to ensure we leave behind a greener planet for the future generation, MCIS Life Legacy Forest is on an expansion plan. Taking into account the far-reaching implications of climate change to all aspects of our well-being in this planet, we have pledged to add another 5,000 endemic rainforest saplings to our existing collection of 1,280 young trees.

The new addition comes just in time as our pilot approach's 1,280 trees (aged 3 years old and above) have notably contributed towards a total of 17.6 tons carbon off-set as of 31 December 2021 and this increased further to 30.3 tons as of the current financial period under review. By 2029, our trees would be helping to off-set an estimated 190.7 tons of carbon from the locality, apart from playing a crucial role in attracting more natural rainfall and migratory bird population to the vicinity.

As at 31 December 2022, over 2,780 young saplings (out of the 5,000 newly pledged) have been planted across a sprawling 20 acres of land within MCIS Life Legacy Forest to accommodate for sufficient space for our 26 tropical rainforest species to grow deep roots and flourish while the remaining are expected to be planted in phases, stretching well into 2023 to achieve full project completion status.

Tropical rainforest tree planting is a unique and essential contribution to the preservation and restoration of vital ecosystems as they are critical habitats supporting countless species of plants and animals, providing valuable ecological services and are significant sources of carbon sequestration, water regulation and nutrient cycling, among others.

Endemic trees adapt to the local environment and are better suited to survive and thrive, making them critical to the long-term health of the ecosystem while tropical rainforests are one of the most efficient natural carbon sinks on the planet with the potential to help mitigate climate change impacts.

While our efforts at MCIS Life Legacy Forest is still in its infancy stage owing to the fact that our carefully selected endemic rainforest trees are expected to contribute to a significantly higher carbon off-set when the trees are 10 years old and above, the management is well aware of the long term benefits of this environmental initiative.

4060 trees planted as at 31st Dec 2022

20 acres dedicated for 5000 new trees

26 species of tropical rainforest trees planted

30.3 Tons of CO2 absorbed since year 2020

Life on Land

12. Biodiversity

With rapid industrialization globally, concrete jungle is transitioning into a reality. Many wildlife has lost its natural habitat due to this and affecting the biodiversity of mother nature.

MCIS Life goal to create a Legacy Forest will also be a habitat for wild flora and fauna to breed. With this effort, the goal to stabilize the biodiversity on land could be achieved.

With the selection of endemic tropical rain forest tree species at our Legacy Forest in Sireh Park, there are these specific tree-types which would naturally support the supply of fruits and flowers needed by
resident population of birds, bees and insects.

Section 2

DIRECTOR'S REPORT AND AUDITED FINANCIAL STATEMENTS

31 December 2022

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

CONTENTS	**PAGES**

Directors' Report

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

Principal Activity

The Company is principally engaged in the underwriting of life and investment linked insurance. There has been no significant change in the principal activity during the financial year.

Results

	RM'000
Net profit for the year	**21,069**

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

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

Dividends

The amount of dividends paid by the Company since the end of the previous financial year were as follows:

In respect of financial year ended 31 December 2021:	RM'000
Final single tier dividend of 19.94 sen per share on 100,284,071 ordinary shares paid on 14 July 2022	**19,997**

Share Capital

There was no change in the issued and paid-up capital of the Company during the financial year.

Directors

The names of the directors of the Company since the end of the previous financial year to the date of this report are:

Mr. Mohammad Nizar bin Idris
Independent, non-executive director

Datin Seri Sunita Mei-Lin Rajakumar
Independent, non-executive director

Mr. Prasheem Seebran
Managing director and Chief Executive Officer

Mr. Casparus Jacobus Hendrik Kromhout
Non-independent, non-executive director

Mr. Kokula Krishnan Ganesalingam
Independent, non-executive director

Puan Nuraini Ismail (appointed on 19 August 2022)
Independent, non-executive director

Dato' Dr. Md Khir bin Abdul Rahman (resigned on 16 July 2022)
Independent, non-executive director

Mr. Arumugam Saminathan (resigned on 31 December 2022)
Non-independent, non-executive director

Directors' Benefits

Neither at the end of the financial year, nor at any time during that period, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 27 and Note 35 to the financial statements), by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Directors' Benefits (Cont'd)

During the financial year, the total amount of indemnity given to, or insurance effected for the directors or officers of the Company, through its ultimate holding company, Sanlam Limited, are up to ZAR2,000,000,000 (equivalent to RM537,049,000) in aggregate on a group basis. The indemnity premium is borne by Sanlam Limited.

In addition, a directors and officers' liability insurance has been entered into by the Company for the financial year ended 31 December 2022 pursuant to Section 289 of the Companies Act, 2016. The details of the insurance is as follows:

	Premium paid RM'000	Sum insured RM'000
Directors and officers' liability insurance	**45**	**10,000**

Directors' Interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in its related corporations during the financial year were as follows:

	Number of ordinary shares			
	1.1.2022	Acquired	Sold	31.12.2022
Sanlam Limited				
Mr. Prasheem Seebran	12,378	11,098	(12,378)	11,098

	Number of restricted shares under the Executive Share Incentive Scheme			
	1.1.2022	Granted	Exercised	31.12.2022
Sanlam Limited				
Mr. Prasheem Seebran	64,596	23,980	(11,098)	77,478

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Holding Companies

The immediate and ultimate holding companies are Sanlam Emerging Markets Proprietary Limited ("SEM") and Sanlam Limited respectively. Both companies are incorporated in South Africa.

Other Statutory Information

a. Before the statement of financial position, income statement and statement of comprehensive income of the Company were made out, the directors took reasonable steps:

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

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

b. At the date of this report, the directors are not aware of any circumstances which would render:

   i. the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and

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

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

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

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

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

   ii. any contingent liability of the Company which has arisen since the end of the financial year.

Other Statutory Information (Cont'd)

f. In the opinion of the directors:

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

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

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

g. Before the statement of financial position, income statement and statement of comprehensive income of the Company were made out, the directors took reasonable steps to ascertain that there was adequate provision for insurance contract liabilities in accordance with the valuation methods prescribed under Part D of the Risk-Based Capital ("RBC") Framework for Insurers issued by Bank Negara Malaysia ("BNM").

Significant Events During The Year

Details of significant events during the year are disclosed in Note 43 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, do not seek for re-appointment.

The total amount paid to or receivable by the auditors as remuneration for their services as auditors is disclosed in Note 27 to the financial statements.

There was no indemnity given to, or insurance effected for auditors of the Company during the financial year.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 February 2023.

Mr. Mohammad Nizar bin Idris

Puan Nuraini Ismail

Petaling Jaya, Malaysia
22 February 2023

Corporate Governance Disclosures

Directors' Profiles

Mr. Mohammad Nizar bin Idris was appointed as an independent, non-executive director of the Company on 23 March 2016. He was then appointed as Chairman of the Board on 1 April 2020. He obtained his Bachelor in Law (Honours) Degree from the University of Singapore in 1967. He was admitted as an Advocate and Solicitor of the High Court of Malaya and attended the Advance Management Programme by Harvard University, Boston in 1994.

He started his career in the judicial and legal service of the government. He was the Senior Federal Counsel responsible for tax and treasury matters. Thereafter, he left the government service to join the private sector. He joined Royal Dutch Shell ("Shell") and worked in Malaysia, the Netherlands and in the UK. During his last posting in Shell London, he was the Head of the Legal Division responsible for Shell's investment, joint ventures, mergers and acquisitions worldwide. Before retiring from Shell, he returned to Malaysia to assume the position of Deputy Chairman and Executive Director of the Shell Companies in Malaysia. He was also the Chairman of Shell Chemicals Malaysia. After his retirement, he was appointed as a director on the boards of several companies including a bank, investment bank and Khazanah Nasional Bhd.

He is also the Chairman of CDC Consulting Sdn Bhd and an independent, non-executive director of Eversendai Corporation Bhd. He is a director of FIDE FORUM.

Datin Seri Sunita Mei-Lin Rajakumar was appointed as an independent, non-executive director of the Company on 24 March 2016. She is also the chairperson of the Company's Nominations and Remuneration Committees and a member of the Company's Strategic Capability Committee.

Datin Seri Sunita Mei-Lin Rajakumar is a professional independent director and a strong advocate of the importance of governance in general and risk management in particular.

She is Chairman and Founder of Climate Governance Malaysia which is the country chapter of the World Economic Forum's Climate Governance Initiative, is a Fellow of the Institute of Corporate Directors Malaysia, a member of the Global Advisory Board of Nottingham University's School of Business, the Advisory Panel of the UN Global Compact Malaysia's Sustainability Center of Excellence, the External Advisory Committee for Sunway University's Master in Sustainable Development Management and supports the CEO Action Network, an industry led initiative to increase sustainability and climate resilience. Her other board appointments are as Chairman of Bursa-listed Dutch Lady Milk Industries and independent director at Bursa-listed Berjaya Corporation Berhad and Zurich General Insurance Malaysia Berhad, as well as trustee at 6 charitable foundations.

Corporate Governance Disclosures (Cont'd)

Directors' Profiles (Cont'd)

Mr. Prasheem Seebran was appointed as non-independent, non-executive director of the Company on 11 May 2016. On 15 March 2019, he became the executive director of the Company following his appointment as the Chief Executive Officer ("CEO") and Managing Director of the Company.

Mr. Seebran, a qualified Actuary and a Fellow of both the South African and Malaysian Actuarial Societies, has 18 years of experience in the insurance and financial services industries. He has managed and developed several high performance teams in the past and has launched several firsts at his previous companies including insurance telematics, internal capital models, innovative products and structured risk solutions. His previous positions include Regional Head for Sanlam in South East Asia and he was responsible for the investments in the region; Head Actuary at the Telesure Group, a large personal lines insurer with operations in South Africa, Australia and the UK, and Head of Actuarial at Guardrisk Insurance Company, one of the largest cell captive insurers in the world. Mr. Seebran's qualifications include a Bachelor of Science Honours degree in Actuarial Science as well as several executive management qualifications including an Advanced Management Programme (AMP) from Insead Business School.

Mr. Casparus Jacobus Hendrik Kromhout was appointed as non-independent, non-executive director of the Company on 21 October 2019. He was also appointed as a member of the Company's Board Risk Management Committee and Remuneration Committee.

He is currently the Managing Director and CEO of Shriram Life Insurance in Hyderabad, India, a position which he has held since December 2015. Having begun his career in South Africa in 1991, he worked as an Industrial Engineer with Iscor Mining (later Kumba), where he focused on mining and logistics optimization projects and economic feasibility studies for new mine development. He joined the Life Insurance industry with the opportunity to be part of the large strategic programme to reengineer some of Sanlam's business processes and policy administration systems. He worked as a Business Consultant and Project Manager with both Sanlam and Old Mutual, delivering multiple strategic projects. He later focused on project portfolio value management in Sanlam, which includes value tree work, concept development, business case governance and benefit realisation.

Early 2010 Sanlam requested Mr. Kromhout to take the COO assignment with Shriram Life Insurance, where he has been supporting and building the operational capabilities of this young company. Shriram Life's key focus is to reach out to the very tough lower middle and mass market segment in rural India, where the loss of a breadwinner can have disastrous financial impacts on the family.

Corporate Governance Disclosures (Cont'd)

Directors' Profiles (Cont'd)

Mr. Kokula Krishnan Ganesalingam (Gopi Ganesalingam) was appointed as an independent, non-executive director of the Company on 19 August 2020. He is also the chairperson of the Company's Board Risk Management and Strategic Capability Committees and a member of the Audit Committee.

Gopi Ganesalingam is a finance professional and an entrepreneur who has served in executive and board positions in the Asia Pacific region for the last 33 years. Gopi has worked in brand names like Matsushita, American Express International, Lucent Technologies, Telstra Australia, Duetsche Telecoms Consulting, and as go-to-market partners for salesforce.com and Google (via the company he founded, LAVA Protocols).

Puan Nuraini Ismail was appointed to the Board on 19 August 2022. She is currently the Chairperson of the Audit Committee and a member of the Board Risk Management Committee. She is also an Independent, Non-Executive Director of Bank Islam Malaysia Berhad, IIUM Holdings Berhad and GD Express Carrier Bhd.

Puan Nuraini Ismail is a Fellow member of the Association of Chartered Certified Accountants (FCCA) with more than 35 years of working experience. Her working experience includes in the area of finance, treasury, corporate finance, debt capital markets, trade finance, banking financial, credit and trading risks, audit & governance, corporate planning, logistics and operations. Being a Jabatan Perkhidmatan Awam (JPA) scholar, she started her career at the Accountant General Office in 1985 and there after joined an audit firm to secure her professional working experience.

Prior to her appointment to the Board of MCIS Insurance Berhad, Puan Nuraini was with PETRONAS for 29 years since 1992 and the last position held prior to her retirement in 2021 was the Vice-President of Treasury. Prior to assuming this role, she had held various senior positions in PETRONAS Group including Senior General Manager, Group Treasury of PETRONAS, General Manager, Finance & Accounts Services and General Manager, Commercial Services of Malaysian International Trading Corporation Sdn Bhd. She was also appointed as a Non-Independent Non-Executive Director of Petronas Dagangan Berhad from 11 November 2011 till 31 May 2021 and was a member of the Audit Committee from 1 December 2013 till 31 May 2021.

Prior to joining PETRONAS, she had served in various organizations including Bank Bumiputra Malaysia Berhad, Bumiputra Merchant Bankers and Maybank Finance Berhad.

Corporate Governance Disclosures (Cont'd)

Directors' Profiles (Cont'd)

The appointment and resignation of directors since the end of the previous financial year are disclosed in the Directors' report.

Board of Directors

The Board of Directors ("the Board") consists of 4 independent, non-executive directors, 1 executive director and 1 non-independent, non-executive director. The attendance of the Board at the 6 board meetings held during the financial year was as follows:

	Attendance
Chairman:	
Mr. Mohammad Nizar bin Idris	6/6
Directors:	
Datin Seri Sunita Mei-Lin Rajakumar	6/6
Mr. Prasheem Seebran	6/6
Mr. Casparus Jacobus Hendrik Kromhout	6/6
Mr. Kokula Krishnan Ganesalingam	6/6
Puan Nuraini Ismail (appointed on 19 August 2022)	4/4
Dato' Dr. Md Khir bin Abdul Rahman (resigned on 16 July 2022)	2/2
Mr. Arumugam Saminathan (resigned on 31 December 2022)	6/6

The Board assumes overall responsibility for leading, governing, guiding and monitoring the performance of the Company, including but not limited to:

a. reviewing and adopting strategic plans for the Company;

b. overseeing the conduct of the Company's business to determine whether the business is being properly managed;

c. identifying principal risks, setting of risk appetites, and ensuring the implementation of appropriate internal controls and mitigation measures;

d. succession planning, including ensuring all candidates appointed to senior management positions are of sufficient calibre and programs are in place to provide for the orderly succession of senior management;

e. overseeing the development and implementation of shareholder communications policy for the Company; and

f. reviewing the adequacy and the integrity of the Company's management information and internal control systems.

Corporate Governance Disclosures (Cont'd)

Board of Directors (Cont'd)

Directors' Remuneration

The remuneration of each of the director during the financial year was as follows:

	Non-deferred Cash-based remuneration		
	Fixed RM'000	Variable RM'000	**Total RM'000**
Mr. Mohammad Nizar bin Idris	176	136	**312**
Dato' Dr. Md Khir bin Abdul Rahman	65	79	**144**
Datin Seri Sunita Mei-Lin Rajakumar	120	125	**245**
Mr. Casparus Jacobus Hendrik Kromhout	120	106	**226**
Mr. Arumugam Saminathan	120	77	**197**
Mr. Kokula Krishnan Ganesalingam	120	145	**265**
Puan Nuraini Binti Ismail	44	62	**106**
	765	730	**1,495**

The Company maintained a directors' and officers' liability insurance during the financial year with premium paid amounting to RM45,000.

There was no deferred remuneration awarded to the directors during the financial year. There was no other type of remuneration awarded to the directors (in their capacity as directors) apart from cash-based remuneration as stated above.

The details of the directors' remuneration are disclosed in Note 27(b).

Directors' Training

The Board understands the importance of continuous training, and is encouraged to keep abreast with the latest developments, trends and insights and regulatory requirements related to insurance industry.

Five of the six directors attended the Financial Institutions Directors' Education ("FIDE") programme organised by the International Centre for Leadership in Finance. The sixth director who was appointed to the Board during the year, will attend the programme in the financial year 2023.

Corporate Governance Disclosures (Cont'd)

Board of Directors (Cont'd)

Directors' Training (Cont'd)

Some of the directors attended the programme as listed below:

FIDE FORUM

- BNM – FIDE FORUM MyFintech Week Masterclasses
- BNM – FIDE FORUM Dialogue: Licensing Framework for Digital Insurers and Takaful Operators
- BNM – FIDE FORUM Dialogue: Climate Risk Management and Scenario Analysis
- MetaFinance: The Next Frontier of the Global Economy
- FIDE FORUM Leadership Perspectives Forum on Board Effectiveness in conjunction with BEE Launch
- PIDM Industry Forum 2022 co-organised by FIDE FORUM
- FIDE FORUM – CGM Conversations with Chairmen: A Standing Item in Board Agendas
- PIDM FIDE FORUM: Recovery and Resolution Planning Sharing Session
- The Emerging Trends Threats and Risks to the Financial Services Industry
  – Managing Global Risk Investment and Payment System
- ICLIF-FIDE FORUM Joint Event on Steward Leadership for Sustainability
- ICLIF Executive Education Center, Asia School of Business
  "Climate Change: Impact on Insurance Companies & Role of the Board"
- Fide Forum Special Interest Group with regards to BNM Exposure Draft "Climate Risk Management and Scenario Analysis"

Others

- Cyber Risk
- ICDM - International Directors Summit 2022
- Board Executive Education (BEE) Program "Focused Learning in Sustainability Practice"
- Sustainability and its Impact to the Organization (Asia School of Business)

Directors with professional memberships met their Continuing Professional Development ("CPD") hours requirement.

Corporate Governance Disclosures (Cont'd)

Board of Directors (Cont'd)

The BNM's policy document, Corporate Governance focuses on clarifying the role of the Board and senior management, enhancing the Board effectiveness through strengthening its composition, sets out broad principles and structures in which the Company should adopt in making good corporate governance an integral part of the Company's business dealings and culture. The Company has complied with all the prescriptive requirements, and adopts management practices that are consistent with the principles prescribed under the guideline.

The Board is supported by the Board Audit Committee ("AC"), the Board Risk Management Committee ("BRMC"), the Nominations Committee ("NC"), the Remuneration Committee ("RC") and Strategic Capability Committee ("SCC"). The memberships, roles and terms of reference of the committees are as follows:

i. Audit Committee ("AC")

The AC comprises 2 independent, non-executive directors and 1 non-independent, non-executive director. The attendance of the members of the committee at the 5 committee meetings held during the financial year was as follows:

	Attendance
Chairperson:	
Puan Nuraini Ismail (appointed on 9 January 2023)	0/0
Datin Seri Sunita Mei-Lin Rajakumar (resigned on 9 January 2023)	5/5
Members:	
Mr. Kokula Krishnan Ganesalingam	5/5
Mr. Casparus Jacobus Hendrik Kromhout (appointed on 16 July 2022)	3/3
Puan Nuraini Ismail (appointed on 19 August 2022)	3/3
Mr. Arumugam Saminathan (resigned on 31 December 2022)	2/2

The AC supports the Board in ensuring that there is a reliable and transparent financial reporting process within the Company. They also oversee the effectiveness of the internal audit function by:

(a) reviewing and approving the annual audit plan;

(b) reviewing key audit reports and ensuring that senior management takes necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws and regulatory requirements, policies and other issues identified by the internal audit and other control functions;

(c) reviewing the independence and reporting relationships of internal audit department as well as the adequacy and relevance of the scope, functions, competency and resources and the necessary authority to carry out its work; and

(d) establishing a mechanism to assess the performance and effectiveness of the internal audit function.

Corporate Governance Disclosures (Cont'd)

Board of Directors (Cont'd)

i. Audit Committee ("AC") (Cont'd)

In addition, the AC fosters a quality audit of the Company by exercising oversight over the external auditor in accordance with the expectations set out in the BNM guidelines. The main duties and responsibilities of the AC on the external auditor are:

(a) making recommendations to the board on the appointment, removal and remuneration of the external auditor;

(b) monitoring and assessing the independence of the external auditor including approval of the provision of non-audit services by the external auditor;

(c) monitoring and assessing the effectiveness of the external audit, including by meeting with the external auditor without the presence of senior management at least annually;

(d) maintaining regular, timely, open and honest communication with the external auditor, and requiring the external auditor to report to AC on significant matters; and

(e) ensuring that senior management takes necessary corrective actions in a timely manner to address external audit findings and recommendations.

ii. Board Risk Management Committee ("BRMC")

The BRMC comprises 3 independent, non-executive directors. The attendance of the members of the committee at the 4 committee meetings held during the financial year was as follows:

	Attendance
Chairman:	
Mr. Kokula Krishnan Ganesalingam	4/4
Members:	
Mr. Casparus Jacobus Hendrik Kromhout (resigned on 16 July 2022)	1/2
Mr. Mohammad Nizar Idris (appointed on 9 January 2023)	0/0
Mr Arumugam Saminathan (appointed on 16 July 2022 and resigned on 31 December 2022)	2/2
Puan Nuraini Ismail (appointed on 19 August 2022)	2/2
Datin Seri Sunita Mei-Lin Rajakumar (resigned on 19 August 2022)	2/2

The role of the BRMC is to advise and assist the Board in fulfilling its responsibility with regard to overseeing the design and implementation of Company's risk assurance framework and responsibilities in accordance with BNM guidelines and SEM group policies. The BRMC assists the Board, including but not limited to:

(a) determining the risk appetite and level of risk tolerance for the Company;

Corporate Governance Disclosures (Cont'd)

Board of Directors (Cont'd)

ii. Board Risk Management Committee ("BRMC") (Cont'd)

(b) setting and implementing the Company risk assurance framework and supporting policies;

(c) setting and implementing compliance related policies;

(d) evaluating the adequacy and efficiency of the risk management system;

(e) identifying the build-up and concentration of the various risks to which the Company is exposed;

(f) establishing an independent risk management function;

(g) establishing a process for appropriate risk disclosures to stakeholders;

(h) ensuring that a formal assessment of the risk management processes is undertaken; and

(i) overseeing the state of IT governance and information management and security across the Company.

iii. Nominations Committee ("NC")

The NC comprises 2 independent, non-executive directors and 1 executive director. The attendance of the members of the committee at the 8 committee meetings held during the financial year was as follows:

	Attendance
Chairman:	
Datin Seri Sunita Mei-Lin Rajakumar (appointed on 16 July 2022)	2/2
Dato' Dr. Md Khir bin Abdul Rahman (resigned on 16 July 2022)	6/6
Members:	
Mr. Prasheem Seebran	8/8
Mr. Mohammad Nizar bin Idris	8/8

NC is responsible for making recommendations to the Board on all new appointments to the Board and its committees. It undertakes a formal process of reviewing the balance and effectiveness of the Board and its committees to ensure the Board and its committees remain effective and focused. This includes a regular review of the composition of the Board committees and identifying the skills needed and the individuals to provide such skills in a fair and efficient manner. It also includes assisting the Chairman with the annual evaluation of Board and Board Committee performance. It is responsible for identifying appropriate Board candidates and evaluating them against the specific disciplines and areas of expertise required.

Corporate Governance Disclosures (Cont'd)

Board of Directors (Cont'd)

iii. Nominations Committee ("NC") (Cont'd)

Succession planning is a key focus area within the Company. The NC considers the composition of the Board and its committees on an on-going basis. The NC assist the management in managing the Company's top talent.

NC is responsible in overseeing the appointments and removals, succession planning and performance evaluation of senior management and company secretary of the Company. The NC will ensure the proper execution of the management succession planning framework that seeks to provide a pool of competent candidates to fill key positions in the Company in the medium to long term.

iv. Remuneration Committee ("RC")

The RC comprises 2 independent, non-executive directors and 1 non-independent, non-executive director. The attendance of the members of the committee at the 3 committee meetings held during the financial year was as follows:

	Attendance
Chairman:	
Datin Seri Sunita Mei-Lin Rajakumar (appointed on 16 July 2022)	1/1
Dato' Dr. Md Khir bin Abdul Rahman (resigned on 16 July 2022)	2/2
Members:	
Mr. Mohammad Nizar bin Idris	3/3
Mr. Casparus Jacobus Hendrik Kromhout	2/2

The RC is responsible for developing the remuneration strategy of the Company and presenting it to the Board for approval. Its activities include approving the guidelines and philosophy to be applied in formulating mandates for all bonus and setting remuneration packages of the directors, CEO, senior management and company secretary, relative to industry benchmarks. The RC has the prerogative to make all remuneration decisions it deems appropriate within an approved framework and may propose amendments to any part of the Company's remuneration policy as necessitated by changing circumstances. To fulfil the role described above, the RC undertakes the following:

(a) develops and recommends to the Board for approval bonus incentive schemes for the Company. It includes the setting of guidelines for annual allocations and a regular review of the appropriateness and structure of the schemes to ensure alignment with the Company strategy and shareholder and other stakeholder interests;

Corporate Governance Disclosures (Cont'd)

Board of Directors (Cont'd)

iv. Remuneration Committee ("RC") (Cont'd)

(b) develops and recommends to the Board for approval the remuneration strategy as far as the remuneration of Company's directors, CEO, senior management and company secretary;

(c) review the management of the employment contracts of Company's directors, CEO and senior management to ensure that their terms are aligned with good practice principles; and

(d) develops and recommends to the Board for approval incentive schemes for the directors, CEO and senior management. It includes the setting of annual targets, monitoring those targets and reviewing the incentive schemes on a regular basis to ensure that there is a clear link between the schemes and performance in support of the Company strategy.

v. Strategic Capability Committee ("SCC")

The SCC comprises 2 independent, non-executive directors and 1 non-independent, non-executive director. The attendance of the members of the committee at the 2 committee meetings held during the financial year was as follows:

	Attendance
Chairman:	
Mr. Kokula Krishnan Ganesalingam (appointed on 16 July 2022)	2/2
Members:	
Mr. Casparus Jacobus Hendrik Kromhout (appointed on 16 July 2022)	2/2
Datin Seri Sunita Mei-Lin Rajakumar (appointed on 9 January 2023)	0/0

The role of the SCC is to advise and assist the Board in fulfilling its oversight responsibilities with respect to other sustainability activities of the Company, over and above technology, including but not limited to the monitoring and measurement of the Company's impact and its sustainability activities. SCC assist the Board including and not limited to:

(a) Strategy

i. Ensure effective implementation of the Digital Framework to drive the company's business strategy;

ii. Review and assess the effectiveness of Data Strategy and Practices in the Company, and how the Company is utilizing data in business decisions in order to optimize the use of Company resources;

iii. Review and assess the Customer Experience Strategy and Practices of the company, and how it finds application in the business practices and technology of the Company; and

iv. Review and assess how the data, customer experience and efficiency strategies of the company shape the Enterprise Architecture of the company.

Corporate Governance Disclosures (Cont'd)

Board of Directors (Cont'd)

v. Strategic Capability Committee ("SCC") (Cont'd)

(b) Technology Governance

i. Review and ensure that the company is operated within the technology risk appetite which is aligned with the Company's risk appetite statement including the corresponding risk tolerances for technology-related events and ensure key performance indicators and forward-looking risk indicators are in place;

ii. Review and recommend the Company's IT strategies, frameworks, and policies for the approval by the Board;

iii. Review and assess the Company's adequacy of IT policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively and supports implementation; and

iv. Ensure that the Technology functions (include but not limited to IT and Security) is set up to be commensurate with the Company's size, nature of operations and complexity of its business as well as having adequate resources and staffed by an appropriate number of experienced and qualified employees to achieve the company's strategic objectives.

(c) Cybersecurity

i. Oversee the adequacy of the Company's IT and cybersecurity strategic plans that addresses the Company's requirements on infrastructure, control measures to mitigate IT, cyber risk and financial and non-financial resources performance indicators and forward-looking risk, indicators are in place.

(d) Performance Measurement and Monitoring

i. Review and assess the impact of new and emerging technology projects on the Key Value drivers and business matrix of the company, performance indicators and forward-looking risk indicators are in place;

ii. Review and assess the benefit realization of implemented projects against the forecasted value drivers and business matrix; and

iii. Review and access the company's sustainability key matrix.

Corporate Governance Disclosures (Cont'd)

Remuneration Policies and Practices

Remuneration Philosophy

The Company's remuneration philosophy is to attract and retain qualified employees and achieve high performance through its people by paying fair and competitive remuneration packages consistent with the economic capacity of the Company, and commensurate with those of the industry in which the Company operates. The Company remuneration philosophy aims to:

(i) Pay for performance taking into consideration:

a. the interest of the Company's stakeholders;
b. the performance of the Company as a whole;
c. the performance of the respective business and support divisions; and
d. the performance of the individual staff.

(ii) Fair and equitable

The salaries paid to the employees are internally equitable, relative to similar jobs in the Company.

(iii) Competitive

Consideration is also given to remain market competitive with the insurance and financial services group.

Remuneration Governance

Policies related to remuneration for individual contributors and management employees are subject to the Talent Management & Remuneration Committee and Board's approval. This includes remuneration budgets, revision of salary ranges, collective agreements with executive union and national union of commercial workers as well as determining the overall performance bonus pool.

The individual appointments, performance appraisal and remuneration packages of the senior management and company secretary are also subject to the Board's approval.

Performance Metrics

Performance management is used to focus and align the Company, department and individual's performance and behaviour towards the achievement of its short, medium and long term goals and aspirations. The metrics used in performance management are reviewed periodically and seek to provide optimal direct line of sight to longer term aspirations and motivate employees towards the desired outcomes and observed core values.

Corporate Governance Disclosures (Cont'd)

Remuneration Policies and Practices (Cont'd)

Performance Metrics (Cont'd)

Key performance metrics are applied as below:

Employees' performance and remuneration distributions are subject to robust moderation review by the Chief Executive Officer and Executive Management Committee members to ensure fairness and alignment to Company's performance in terms of financials, growth and risk. The moderation review allows for multiple level input and therefore minimises excesses or biasness in performance and remuneration practices. Particular focus on compliance and risk management is in place and set up to 20% of the total performance requirement for employees.

Key Performance Areas	Revenue Generating Employees	Support Employees	Control Employees
Governance (Risk, Compliance & Audit)	✓	✓	✓
Strategic Objectives			
• Business Growth	✓	✓	✓
• Financial Profitability	✓	✓	✓
• Process Efficiency & Effectiveness	✓	✓	✓
Core Competencies	✓	✓	✓
Leadership Competencies	✓	-	-

There has been no changes to the remuneration elements or structure during the financial year. The Company has implemented a long-term variable pay plan ("LTV") aimed at achievement of its long-term goals and aspirations. The LTV deferred reward payment differentiated by levels of accountability is subject to achievement of company annual target embedded value and the performance of members of senior management and other material risk takers.

Types of Remuneration	Fixed	Variable
Basic salary and allowances	✓	-
Cash-based performance bonus	-	✓
LTV	-	✓
Benefits	✓	-

Corporate Governance Disclosures (Cont'd)

Remuneration Policies and Practices (Cont'd)

Senior Management and Other Material Risk Takers

(i) Senior management

Senior management of the Company is the highest level of management who direct and oversee the day-to-day operations of the Company. They typically are heads of the Company's functional divisions and departments. They possess significant influence over their departments in aligning the direction of the departments to the Company.

During the financial year, senior management comprises 14 key personnel who undertook the following roles:

1. Chief Executive Officer
2. Chief Distribution & Marketing Officer
3. Chief Operating Officer
4. Chief Financial Officer
5. Chief Investment Officer
6. Chief Human Resource Officer
7. Chief Compliance Officer*
8. Chief Risk Officer*
9. Chief Actuary & Strategic Planning Officer
10. Head of Internal Audit*
11. Chief Corporate Development Officer
12. Head of Innovation & Analytics
13. Chief Customer Experience & Marketing Officer
14. Head of Partnership

* Senior management at control function

(ii) Other material risk takers

Other material risk takers as defined in the BNM guidelines on Corporate Governance are employees who may or may not be a member of the senior management and:

a. can materially commit or control significant amounts of the Company's resources or whose actions are likely to have a significant impact on its risk profile; or

b. is among the most highly remunerated officers in the Company.

During the financial year, other material risk takers comprise 17 key personnel who undertook the following roles:

1. Appointed Actuary*
2. Senior Manager of Implementation (Business Partnership, Process Innovation & Automation)
3. Senior Manager of Agency Product Design
4. Senior Manager of Marketing & Communication

Corporate Governance Disclosures (Cont'd)

Remuneration Policies and Practices (Cont'd)

Senior Management and Other Material Risk Takers (Cont'd)

(ii) Other material risk takers (Cont'd)

During the financial year, other material risk takers comprise 17 key personnel who undertook the following roles:

5. Senior Manager of Business Support
6. Senior Manager of Alternate Distribution Channels
7. Senior Manager of Information Technology
8. Senior Manager of Financial Accounting & Reporting
9. Senior Manager of Actuarial (Financial Analysis and Implementation)
10. Senior Manager of Life Operations
11. Senior Manager of Information Security
12. Senior Manager of Operations & Financial Risk*
13. Company Secretary
14. Head of Legal
15. Head of Strategic Marketing
16. Senior Manager of Corporate Solution Sales
17. Senior Manager of Agency Development

* Other material risk takers at control function

Total remuneration and number of senior management and other material risk takers received the remuneration during the financial year are as follows:

	Senior management and other material risk takers			CEO
	Unrestricted		Deferred	Unrestricted
	Amount RM'000	Number of officers	Amount RM'000	Amount RM'000
Non-deferred				
Fixed remuneration				
Cash based	12,541	31	-	1,682
Others	349	26	-	142
Variable remuneration				
Cash based	4,657	27	1,121	1,053
Others	2,080	31	-	283
	19,627		1,121	3,160

*11 senior management and other material risk takers are entitled for the deferred remuneration. There was no deferred remuneration paid during the financial year.

Corporate Governance Disclosures (Cont'd)

Key Internal Control and Risk Management Processes

i. Governance and Risk Management Framework

The Company has established a governance and risk management framework ("the framework") to serve as an overarching document that guides the Company's governance and risk management policies and procedures. The framework outlines the roles and responsibilities of the oversight functions within the Company in relation to governance and risk management matters. The framework also provides standard and common risk management philosophies and methodologies across all risk types and risk environments within the Company. The Company's Compliance Policy outlines the roles and responsibilities of the Board, senior management, heads of departments, oversight functions and all staff in overseeing and ensuring effective management of compliance risks within the Company. In addition, the Compliance Policy provides guiding principles and minimum standards in relation to compliance risk.

The Company adopts the "three-lines-of-defence" model in managing the risks. It provides a formal, transparent and effective risk governance structure to promote active involvement from the Board, senior management and all employees in the risk management process across the Company.

The first line of defence rests upon the business units and support functions who are responsible to ensure that effective and appropriate processes are in place at all times in accordance to the framework. The amount of risk taken at each level of the organisation must be within the Company's risk appetite.

The second line of defence comprised of oversight functions namely Risk Management and Compliance that report directly to BRMC and BoD respectively, who are responsible for driving the overall risk management framework of the Company. The third line of defence is assumed by the internal audit department that is responsible for providing independent assurance over the effectiveness of key internal controls and makes recommendations to the Board based on the audit findings.

The Company has in place, self-assessment processes for all business units and support functions to assess and manage the effectiveness and adequacy of systems, internal control process and compliance with regulatory requirements. The results of evaluations are reviewed by the senior management and the Board accordingly.

As part of "Tone from the Top", the Board and Senior Management emphasise in communications to employees on the need for good governance and strong risk and compliance, e.g. townhalls. The Company promotes risk management and compliance culture among all employees through regular departmental and divisional risk and compliance meetings and targeted risk and compliance awareness programmes such as road shows, workshops and knowledge sharing sessions.

Corporate Governance Disclosures (Cont'd)

Key Internal Control and Risk Management Processes (Cont'd)

ii. Internal Audit Function

The internal audit activity is governed by Bank Negara Guidelines Internal Audit Function of Licensed Institutions and the International Professional Practices Framework ("IPPF") formulated by Institute of Internal Auditors. The IPPF provides the basis for Internal Audit's stakeholders such as AC, Senior Management and regulators on how internal audit fulfill its mission and measure the effectiveness, performance and quality of internal audit activity.

Internal audit activities help the Company to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control system and governance processes. This function serves as an important source of advice for the AC concerning areas of weaknesses or deficiencies in internal processes to facilitate appropriate remedial measures by the Company.

The internal audit function serves as an independent function within the Company that carries out an independent assessment, consulting activities and provide objective assurance on the state of internal controls, risk management and governance processes. The internal audit personnel are independent from the day-to-day activities of the Company and have unrestricted access to all activities conducted by the Company. Internal Audit reports to the Audit Committee.

Internal Audit Department ("IAD") also serves to enhance and protect the Company's value by providing advice and insights on the internal processes' efficiency, effectiveness, and business practicality to achieve the Company's vision and strategic objectives.

To establish and maintain the internal audit activity's position within the Company, IAD is also guided by its Internal Audit Charter which defines the purpose, authority, responsibility, accountability, independence and objectivity as well as professionalism and ethical standards.

Additionally, IAD is guided by the Internal Audit Manual, Internal Audit Grading Framework, relevant guides of Sanlam Group, and internal frameworks such as COSO to effectively assess and report the adequacy and effectiveness of the design and implementation of the Company's overall internal control, risk management and governance.

Corporate Governance Disclosures (Cont'd)

Key Internal Control and Risk Management Processes (Cont'd)

ii. Internal Audit Function (Cont'd)

Independence

The independence of IAD is effectively achieved with the Chief Internal Audit ("CIA")/Head of Internal Audit reports functionally to the AC and is independent of the activities audited including management decisions on operational or business matters and internal control processes of other operating units within the Company. The functional reporting line to AC provides the CIA/ Head of Internal Audit with direct access to sensitive matters and enables sufficient organisational status. An administrative reporting to the CEO also provides the same, as well as authority to perform duties without impediment and to address difficult issues with other Senior Management.

Annual Audit Plan

IAD formulated the annual audit plan using a risk-based methodology, taking into consideration the Company-wide governance, risk and compliance as well as information and relevant initiatives completed by other lines of defence. The Annual Audit Plan and its revision will be reviewed and approved by AC.

The audit plan is finalised based on the prioritization of other factors such as internal audit initiatives, control issues, time since last audited and management requests/concerns. The audit scope covers auditable areas across the Company. Internal audit performs investigations involving whistleblowing reports, any specific instances or events which are deemed to have violated internal policies and/or regulatory requirements pertaining to the confidentiality and/or financial impropriety, which have material impact on the Company.

The results of the audit reviews conducted, including the audit observations, its risks, audit recommendations, Management's responses and action plans are reported to the AC regularly for review and deliberation. Rectification of outstanding audit observations performed by Management is tracked and reported with classification of priority to ensure adequate and effective actions taken are within appropriate and agreed timeline.

Statement By Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Mr. Mohammad Nizar bin Idris and Puan Nuraini Ismail, being two of the directors of MCIS Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 31 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 22 February 2023.

Mr. Mohammad Nizar bin Idris

Puan Nuraini Ismail

Petaling Jaya, Malaysia

22 February 2023

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Mr. Prasheem Seebran, being the officer primarily responsible for the financial management of MCIS Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 31 to 141 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed Mr. Prasheem Seebran)
at Petaling Jaya in Selangor Darul Ehsan)
on 22 February 2023)

Mr. Prasheem Seebran

Before me,

Independent Auditors’ Report to the Members of

MCIS Insurance Berhad
Registration No: 199701019821 (435318-U)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCIS Insurance Berhad, which comprise the statement of financial position as at 31 December 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 31 to 141.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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 audit opinion.

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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:

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

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

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

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

Auditors' responsibilities for the audit of the financial statements (Cont'd.)

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

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

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF: 0039
Chartered Accountants

Yeo Beng Yean
03013/10/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
22 February 2023

Statement of Financial Position
As at 31 December 2022

	Note	2022 RM'000	2021 RM'000
Asset			
Property and equipment	3	**36,954**	54,151
Investment properties	4	**300**	300
Right-of-use assets	5	**17,585**	22,007
Intangible assets	6	**25,303**	4,036
Investments	7	**4,444,318**	4,652,601
Reinsurance assets	8	**11,059**	18,954
Insurance receivables	9	**95,605**	147,155
Other receivables	10	**50,781**	44,470
Cash and bank balances		**47,417**	38,820
		4,729,322	4,982,494
Non-current assets held for sale	11	**1,246**	4,002
Total assets		**4,730,568**	4,986,496
Equity			
Share capital	12	**125,024**	125,024
Retained profits	13	**213,475**	212,255
		338,499	337,279
Revaluation reserve associated with non-current assets held for sale		**-**	148
Total equity		**338,499**	337,427
Liabilities			
Insurance contract liabilities	15	**3,749,585**	3,961,294
Deferred tax liabilities	16	**30,925**	38,336
Lease liabilities	17	**18,526**	22,511
Insurance payables	18	**251,534**	284,999
Other payables	19	**138,243**	141,689
Provision for taxation		**4,196**	1,205
Subordinated notes	20	**199,060**	199,035
Total liabilities		**4,392,069**	4,649,069
Total equity and liabilities		**4,730,568**	4,986,496

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

Income Statement & Statement of Comprehensive Income
For the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
Gross earned premiums		**725,144**	748,472
Premiums ceded to reinsurers		**(68,918)**	(53,697)
Net earned premiums		**656,226**	694,775
Investment income	21	**185,290**	178,473
Realised (losses)/gains	22	**(1,634)**	2,875
Fair value losses	23	**(148,714)**	(158,623)
Fee and commission income	24	**1,069**	-
Other operating revenue	25	**373**	651
Other revenue		**36,384**	23,376
Gross benefits and claims paid		**(675,264)**	(585,016)
Claims ceded to reinsurers		**62,869**	45,221
Gross change in contract liabilities		**211,525**	85,280
Change in contract liabilities ceded to reinsurers		**(7,895)**	(1,259)
Net benefits and claims		**(408,765)**	(455,774)
Fee and commission expenses	26	**(92,220)**	(101,555)
Other operating expenses	25	**(7,600)**	(2,428)
Management expenses	27	**(141,684)**	(122,401)
Finance cost	28	**(11,644)**	(931)
Taxation of life insurance business	29(a)	**1,567**	(627)
Other expenses		**(251,581)**	(227,942)
Profit before taxation		**32,264**	34,435
Taxation	29(b)	**(11,195)**	(7,609)
Net profit for the year/Total comprehensive income for the year		**21,069**	26,826
Earnings per share (sen)			
Basic and diluted	30	**21.0**	26.8

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

Statement of Changes in Equity
For the financial year ended 31 December 2022

	Note	Share capital RM'000	Merger reserve RM'000	Revaluation reserves associated with non-current assets held for sale RM'000	Unallocated surplus of non-participating funds* RM'000	Retained profits of shareholders' fund RM'000	Sub-total RM'000	Total equity RM'000
		|<----- Non-distributable			----->	Distributable		
					Retained Profits			
At 1 January 2021		125,024	40,672	148	67,714	97,832	165,546	**331,390**
Total comprehensive income for the year		-	-	-	23,591	3,235	26,826	**26,826**
Dividends paid during the year	31	-	-	-	-	(20,789)	(20,789)	**(20,789)**
Transfer from merger reserve to retained profits	14	-	(40,672)	-	-	40,672	40,672	**-**
Transfer from non-participating surplus as recommended by Appointed Actuary (net of tax)		-	-	-	(9,770)	9,770	-	**-**
At 31 December 2021		125,024	-	148	81,535	130,720	212,255	**337,427**
At 1 January 2022		125,024	-	148	81,535	130,720	212,255	**337,427**
Total comprehensive income for the year		-	-	-	23,332	(2,263)	21,069	**21,069**
Dividends paid during the year	31	-	-	-	-	(19,997)	(19,997)	**(19,997)**
Realisation of revaluation reserves		-	-	(148)	148	-	148	**-**
Transfer from non-participating surplus as recommended by Appointed Actuary (net of tax)		-	-	-	(11,690)	11,690	-	**-**
At 31 December 2022		125,024	-	-	93,325	120,150	213,475	**338,499**

* The unallocated surplus of the Non-Par funds generated for the financial year ended 31 December 2022 and 31 December 2021 were RM23,332,000 and RM23,591,000 respectively, net of tax at 24%.

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

Statement of Cash Flows
For the financial year ended 31 December 2022

	Note	**2022 RM'000**	2021 RM'000
Operating activities			
Cash generated (used in)/from operating activities	32	**(477,650)**	306,605
Interest paid on lease liabilities		**(961)**	(844)
Interest paid on subordinated notes	20	**(10,600)**	-
Income tax paid		**(13,982)**	(13,412)
Net cash flows generated (used in)/from operating activities		**(503,193)**	292,349
Investing activities			
Net proceeds from disposal of non-current assets held for sale		**2,126**	2,212
Purchase of property and equipment	3	**(11,576)**	(11,988)
Net cash flows used in investing activities		**(9,450)**	(9,776)
Financing activities			
Dividends paid	31	**(19,997)**	(20,789)
Payment of principal portion of lease liabilities	5	**(4,600)**	(4,549)
Payment of subordinated notes transaction cost		**(58)**	-
Issuance of subordinated notes, net of expenses		**-**	198,948
Net cash flows generated (used in)/from financing activities		**(24,655)**	173,610
Cash and cash equivalents			
Net (decrease)/increase in cash and cash equivalents		**(537,298)**	456,183
Cash and cash equivalents at beginning of year		**868,055**	411,872
Cash and cash equivalents at end of year		**330,757**	868,055
Cash and cash equivalents comprise of:			
Cash and bank balances		**47,417**	38,820
Short term deposits with original maturity periods of less than 3 months	7(a)	**283,340**	829,235
		330,757	868,055

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

Notes to the Financial Statements
For the financial year ended 31 December 2022

1. Corporate Information

The Company is principally engaged in the underwriting of life and investment linked insurance. There was no significant change in the principal activity during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The principal place of business of the Company is located at Wisma MCIS, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding companies are Sanlam Emerging Markets Proprietary Limited ("SEM") and Sanlam Limited respectively. Both companies are incorporated in South Africa.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 February 2023.

2. Significant Accounting Policies

2.1 Basis of preparation

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

At the beginning of the financial year, the Company had fully adopted new and amended MFRSs and improvement to standards and interpretation as described in Note 2.4.

The financial statements of the Company have been prepared under the historical cost convention, unless otherwise stated in the accounting policies below.

As at the reporting date, the Company has met the minimum capital adequacy requirements as prescribed under the Risk-Based Capital ("RBC") Framework issued by Bank Negara Malaysia ("BNM").

2. Significant Accounting Policies (Cont'd)

2.1 Basis of preparation (Cont'd)

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

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

2.2 Merger reserve

As a result of using merger relief provisions under Section 60(4) of the Companies Act, 1965 (subsequently repealed by Companies Act, 2016), a merger reserve was created in place of a share premium account. The goodwill arising on consolidation and any provision for impairment in value of the investment in subsidiary was written-off immediately against the merger reserve at acquisition date. The resulting difference, being a net merger reserve is carried forward as part of shareholders' equity (see Note 14).

2.3 Summary of significant accounting policies

(a) Property and equipment and depreciation

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 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 the income statement during the financial year in which they are incurred.

Subsequent to initial recognition, property and equipment, except for land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(a) Property and equipment and depreciation (Cont'd)

Land and buildings are stated at revalued amounts, which is the fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisals that are undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity of at least once in every three years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued assets are materially different from the fair values. Any increase in the carrying amount arising from the revaluation of land and buildings is credited to an asset revaluation reserve as a revaluation surplus in the insurance contract liabilities of the participating funds or statement of comprehensive income of the non-participating funds, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement in which case the increase is recognised in the income statement to the extent of the decrease previously recognised.

A revaluation deficit is first offset against previously recognised revaluation surplus in respect of the same asset in the statement of financial position, and any remaining deficit is thereafter recognised in the income statement.

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress are also not depreciated until the assets are ready for their intended use.

Depreciation of other property and equipment is computed on a straight-line basis over its estimated useful life at the following annual rates:

Freehold and leasehold buildings	Over the remaining useful period or 50 years which ever is lower
Motor vehicles	20%
Furniture, fixtures and fittings	10%
Office equipment	10%
Computer equipment	20%
Office renovation	20%

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(a) Property and equipment and depreciation (Cont'd)

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

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 the income statement.

(b) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Fair value is reviewed at every reporting date and a formal valuation by an independent professional valuer is carried out once in every three years or earlier if the carrying value of the investment properties is materially different from the market value.

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

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

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five to ten years.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives, not exceeding a period of ten years.

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 the income statement when the asset is derecognised.

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(d) Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property and equipment are not depreciated or amortised once classified as held for sale.

Non-current assets classified as held for sale and any cumulative income or expense recognised in other comprehensive income relating to assets classified as held for sale are presented separately as current items in the statement of financial position.

(e) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. The Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a. Right-of-use assets

The Company recognises right-of-use assets at the lease commencement date. Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any re-measurement of lease liabilities, except for those leasehold lands, which are measured in accordance with MFRS 116 *Property, Plant and Equipment*.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(e) Leases (Cont'd)

i. The Company as lessee (Cont'd)

a. Right-of-use assets (Cont'd)

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets.

The right-of-use assets are also subject to impairment as described in Note 2.3(f).

b. Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase or extension option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(e) Leases (Cont'd)

i. The Company as lessee (Cont'd)

c. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., these leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

ii. The Company as lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

Rental income arising is accounted for as an straight-line basis over the lease term.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(f) Impairment of non-financial assets

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

An impairment loss is recognised in the income statement in the period in which it arises. Subsequent increases in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. A reversal of impairment loss is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(g) Financial instruments

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") – debt securities, FVOCI – equity securities or fair value through profit or loss ("FVTPL").

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

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

The Company has designated its loan receivables which meet the above condition as instruments at amortised cost.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(g) Financial instruments (Cont'd)

FVOCI – debt securities

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

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

The Company does not have any debt securities designated at FVOCI as at 31 December 2022 and 2021.

FVOCI – equity securities

On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in FVOCI. The Company's policy is to designate equity instruments as FVOCI when those investments are held for purposes other than held for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to income statement, including upon disposal. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company does not have any equity instruments designated at FVOCI as at 31 December 2022 and 2021.

FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. Any gains or losses from changes in fair value and interest are recognised in the income statement. On initial recognition the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company has designated all its debt securities, which meet the above condition, as FVTPL, as the fair value option was elected.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment (see Note 2.3(i)).

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(h) Fair value measurement

The Company measures financial instruments and non-financial assets such as investment properties and right-of-use assets, at fair value at each reporting date.

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

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

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(h) Fair value measurement (Cont'd)

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

The fair value of financial instruments is determined by reference to marked-to-market prices for assets and offer prices for liabilities, at the close of business on the reporting date.

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

At each reporting date, the Finance and Property Department analyses the movements in the values of assets which are required to be re-measured or re-assessed in accordance with the Company's accounting policies.

The Property Department and the Company's external valuers also compare the changes in the fair value of each property with relevant external sources to determine whether the changes are reasonable.

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

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

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(i) Impairment of financial assets

Financial instruments that are not measured at FVTPL

The Company recognises loss allowances for expected credit losses ("ECL") on loans receivables measured at amortised cost and insurance receivables.

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

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

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

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

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

(j) Derecognition of financial assets/liabilities and insurance receivables/payables

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

Financial liabilities and insurance payables are derecognised when the obligation under the liabilities are discharged, cancelled or expired.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(k) Equity instruments

Ordinary share capital

The Company has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and accounted for in the shareholders' equity as an appropriation of retained profits when they are approved for payment.

Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the reporting date.

(l) Contract classification

i. Insurance contracts are those contracts that transfer significant insurance risk. An insurance contract is a contract under which the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Based on this definition, all policy contracts issued by the Company are insurance contracts as at current reporting date.

   Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective contracts and are based on guidelines laid down by BNM. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserves as the case may be, are recognised in the income statement.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(I) Contract classification (Cont'd)

ii. Participating life insurance contracts contain discretionary participating feature ("DPF"). This feature entitles the policyholders to receive non-guaranteed benefits which could vary according to the investment and operating results of the Company. The Company does not recognise the guaranteed component separately from the DPF; hence the whole contract is presented within the insurance contract liability in the financial statements.

iii. The Company is not required to un-bundle any insurance contract as the current accounting policy recognises all insurance premiums, claims and policy benefit payments, expenses and valuation of future benefit payments through the income statement.

iv. The Company does not separately measure at fair value the policyholder's option to surrender an insurance contract for a fixed amount or for an amount based on fixed amount and an interest rate.

Options and guarantees inherent in some insurance contracts which are closely related to the host contract issued by the Company are not required to be separated and measured at fair value.

v. The Company does not adopt a policy of deferring acquisition costs for its life insurance contracts.

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

Insurance contracts are further classified as being either with or without DPF. DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(l) Contract classification (Cont'd)

v. (Cont'd)

- contractually based on:
  - the performance of a specified pool of contracts or a specified type of contract;
  - realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
  - the profit or loss of the Company, fund or other entity that issues the contract.

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

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

(m) Reinsurance

The Company enters into reinsurance contracts in the normal course of business to diversify the risks and limit its net loss potential. Assets, liabilities, income and expense arising from the reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts.

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

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(m) Reinsurance (Cont'd)

Reinsurance assets represent balances due from reinsurers. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the income statement.

The Company assesses its reinsurance assets for impairment at each reporting period. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used as described in Note 2.3(i).

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the contract classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

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

(n) Life insurance underwriting results

Surplus transfer

The surplus transferable from the Life funds to the income statement is based on the surplus determined by an annual actuarial valuation of the liabilities to policyholders, made in accordance with the provisions of the Financial Services Act, 2013, by the Appointed Actuary.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(n) Life insurance underwriting results (Cont'd)

Gross premiums

Gross premiums are recognised as soon as the amount of the premiums can be reliably measured. First year premium is recognised on inception date and subsequent premiums are recognised on due date.

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

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

Reinsurance premiums

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

Benefits, claims and expenses

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

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

- maturity and other policy benefit payments due on specified dates are treated as claims 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; and
- bonus on policies with DPF are recognised upon declaration.

Reinsurance Claims

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

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(n) Life insurance underwriting results (Cont'd)

Commission and agency expenses

Gross commission and agency expenses, which are costs directly incurred in securing premium on insurance policies, and income derived from reinsurers in the course of ceding of premiums to reinsurers, are charged to the income statement in the period in which they are incurred.

(o) Insurance receivables and payables

Insurance receivables and payables are recognised when due and measured on initial recognition at the fair value of the consideration received/paid or receivable/payable respectively. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective yield method.

If there is objective evidence that an insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for financial assets carried at amortised cost. The impairment loss is calculated under the same method used for these financial assets. These processes are described in Note 2.3(i).

Insurance receivables and payable are derecognised when the derecognition criteria for financial assets and liabilities, as described in Note 2.3(j), have been met.

(p) Insurance contract liabilities

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

The valuation of insurance contract liabilities is determined according to the Financial Services Act, 2013, the prevailing RBC Framework and MFRS 4 Insurance Contracts ("MFRS 4"). The liability estimation methods prescribed under the RBC Framework meets the requirements of the Liability Adequacy Test under MFRS 4.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(p) Insurance contract liabilities (Cont'd)

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

Participating life plans are valued using a prospective actuarial valuation method based on the sum of the present value of future guaranteed benefits, an appropriate level of non-guaranteed benefits, and the expected future management and distribution expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate risk discount rate. The participating life insurance liability is taken as the higher of the guaranteed benefit liabilities or the total benefit liabilities.

Provisions for annuity policies are valued using similar basis as participating life contracts.

The liability of non-participating life plans are valued using a prospective actuarial valuation method based on the sum of the present value of future benefits, and the expected future management and distribution expenses, less the present value of future gross considerations arising from the policy discounted at the appropriate risk discount rate.

Provisions for investment linked insurance contracts is based on the carrying amount of the net assets of the Investment linked funds at the reporting date and the non-unit liability. The non-unit liability of Investment linked policies are valued by projecting future cash flows to ensure that all future outflows can be met without recourse to additional financing or capital support at any future time during the duration of the policy.

(q) Other revenue recognition

Revenue is recognised when it satisfies a performance obligation by transferring a promised good or service to a customer, which is when the customer obtains control of that good or service. The following specific recognition criteria must also be met before revenue is recognised.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(q) Other revenue recognition (Cont'd)

Rental income

Rental income from property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest income

Interest income is recognised on an accrual basis using the effective yield method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective yield of the instrument. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income

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

Realised gains and losses on investments

Realised gains and losses on investments recorded in the income statement include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Fees and commission income

Fees and commission income relates to reinsurance commission income. The income are recognised as revenue over the period in which the services are rendered.

(r) Income tax

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

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(r) Income tax (Cont'd)

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 that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

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

(s) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(t) Employee benefits

Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(t) Employee benefits (Cont'd)

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, the Company makes such contributions to the Employees Provident Fund ("EPF").

Defined benefit plans

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

(u) Foreign currencies

The financial statements are presented in Ringgit Malaysia which is also the functional currency of the Company.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the income statement.

2. Significant Accounting Policies (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(u) Foreign currencies (Cont'd)

Non-monetary items that are measured in terms of historical cost in foreign currency are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the income statement, except for differences relating to items where gains or losses are recognised directly in equity, in which case, the gain or loss is recognised net of the exchange component in equity.

(v) Financial liabilities

Financial liabilities are recognised when the Company becomes a party to contractual provisions of the instruments and measured on initial recognition at the fair value of the consideration received plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

(w) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank and deposits held at call with financial institutions with original maturities of three months or less.

2. Significant Accounting Policies (Cont'd)

2.4 Changes in accounting policies

The accounting policies and presentation adopted are consistent with those of the previous financial year, except as follows:

On 1 January 2022, the Company adopted the following MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022:	
(i)	Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2018-2020 Cycle*
(ii)	Amendments to MFRS 9 *Annual Improvements to MFRS Standards 2018-2020 Cycle*
(iii)	Amendments to MFRS 141 *Annual Improvements to MFRS Standards 2018-2020 Cycle*
(iv)	Amendments to MFRS 3 *Reference to the Conceptual Framework*
(v)	Amendments to MFRS 116 *Proceeds before Intended Use*
(vi)	Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*

Item (iii) and (iv) are not applicable to the Company. The initial application of the other amendments do not have any material impacts to the current and prior period's financial statements upon their first adoption.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective

The following are standards, amendments to standards and interpretation to standards issued by MASB, but not yet effective, up to the date of this report. The Company intends to adopt these standards, amendments to standards and interpretations to standards, if applicable, when they become effective:

Description	Effective for annual periods beginning on or after
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 I*nsurance Contracts Initial Application of MFRS 17 and MFRS 9 - Comparative Information*	1 January 2023
Amendments to MFRS 101 *Disclosures of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Disclosures of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

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

MFRS 17 *Insurance Contracts*

MFRS 17 *Insurance Contracts* replaces MFRS 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. The Company commenced with the application of the Standard on 1 January 2023 and will restate 2022 comparatives when reporting on 2023 financial periods.

The Company applies MFRS 17 *Insurance Contracts* to insurance contracts it issues and reinsurance contracts it holds. All references to insurance contracts apply to insurance contracts issued and reinsurance contracts held, unless specifically stated otherwise.

MFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and aims to ensure that the Company provides relevant information that faithfully represents the insurance contracts of the Company. This will provide a basis for users of the financial statements to assess the effect that the insurance contracts have on the Company's financial position, performance and cash flows.

MFRS 17 requires new disclosures about the amounts recognised in the financial statements, including detailed reconciliations of insurance contract liabilities, the measurement impact of recognising new contracts, and disclosures about significant estimates and judgements made when applying the Standard. Disclosures will be expanded with additional detail on the nature and extent of risks related to insurance contracts.

The Company has disclosed known or reasonably estimable information relevant to assessing the possible impact that the application of MFRS 17 will have on its financial statements in the period of initial application that was available when the 2022 financial statements were authorised for issue. The Company has assessed the expected impact of the initial application of MFRS 17 on the Statement of Financial Position as at 1 January 2022. Based on the calculations performed to date, the Company expects the total shareholders' equity to decrease by approximately 6.4%.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(a) Accounting policies relating to insurance contract liabilities and income statements

The nature of the impending changes in accounting policies relating to insurance contract liabilities and income statements is covered in the sections below.

i. Classification of insurance contracts

Insurance contracts without direct participation features

A contract is classified as an insurance contract without direct participation features where the Company provides insurance coverage. The definition of insurance risk is aligned with the requirements of MFRS 4, except that MFRS 17 explicitly specifies that the overall loss to the Company as a result of an insured event should be determined on a present value basis. This clarification of the assessment of insurance risk is not expected to have a significant impact on net policy liabilities.

The accounting model applied to these insurance contracts (including reinsurance contracts held) for liability measurement purposes is the General Measurement Model ("GMM"), unless the Premium Allocation Approach ("PAA") applies. The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts.

Non participating and group contracts will be measured using the GMM, unless PAA applies for these contracts with a contract boundary of one year or less.

Insurance contracts with direct participation features

The Company issues insurance contracts with direct participation features that are substantially investment-related service contracts where underlying items are managed on behalf of the policyholders. The Company expects to pay amounts to these policyholders equal to a substantial share of the fair value returns on the underlying items, and a substantial proportion of any change in the amounts to be paid to the policyholders is expected to vary with the change in fair value of the underlying items. Underlying items comprise reference portfolios of investment assets that determine the amounts payable to the policyholders. The accounting model applied to these insurance contracts for liability measurement purposes is the Variable Fee Approach ("VFA").

Participating and investment-linked contracts will be measured using the VFA. Combined policies relate to contracts that give rise to investment and insurance risk, and will be measured using the VFA if assessed to be substantially investment-related, or else these contracts will be measured using the GMM.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(a) Accounting policies relating to insurance contract liabilities and income statements (Cont'd)

ii. Aggregation of insurance contracts

Insurance contracts within each broad product line are allocated to portfolios of insurance contracts that are managed together and subject to similar risks.

The portfolios are further divided into the groups of insurance contracts required by MFRS 17 based on recognition date and expected profitability.

Portfolios of insurance contracts issued will be divided into groups of insurance contracts at initial recognition based on whether contracts are expected to be profitable or loss-making, where relevant. Groups of insurance contracts are loss-making (onerous) if the fulfilment cash flows allocated to each contract at initial recognition in total are a net outflow. For insurance contracts measured under the PAA, the Company has identified that these contracts could be onerous at initial recognition, even though the Standard allows the assumption that no contracts in the portfolio are onerous on initial recognition. For reinsurance contracts the references to onerous contracts are replaced with references to contracts on which there is a net gain at initial recognition.

Each group of contracts does not include contracts issued more than one year apart in the same group.

These groups represent the level of aggregation at which insurance revenue is measured. Such groups are not subsequently reconsidered.

iii. Measurement of insurance contracts

The Company measures insurance contracts by performing year-to-date estimates of the carrying amount of the insurance contract liabilities. Therefore, accounting estimates are updated at each half-year and year-end reporting date.

MFRS 17 is not expected to have a significant impact on the initial recognition date or contract boundaries of insurance contracts issued and reinsurance contracts held for the material lines of insurance business within the Company.

Recognition

The Company recognises insurance contracts issued or reinsurance contracts held from the beginning of the coverage period, or if earlier, the date when the first payment from the policyholder is due or actually received for insurance contracts issued.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(a) Accounting policies relating to insurance contract liabilities and income statements (Cont'd)

iii. Measurement of insurance contracts (Cont'd)

Contract boundaries

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the company. Cash flows are within the boundary of an insurance contract issued if they arise from substantive rights and obligations that exist during the reporting period in which the Company:

- can compel the policyholder to pay premiums; or
- has a substantive obligation to provide the policyholder with insurance contract services.

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

The Company considers the legal rights and the commercial substance of the contracts in this assessment.

Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Initial measurement (excluding PAA)

On initial recognition, the Company will measure a group of insurance contracts as the total of the:

- fulfilment cash flows;
- risk adjustments;
- contractual service margin ("CSM"); and
- discount rates.

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary. Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes. Fulfilment cash flows exclude expense cash flows not directly attributable to the fulfilment of the insurance contracts.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(a) Accounting policies relating to insurance contract liabilities and income statements (Cont'd)

iii. Measurement of insurance contracts (Cont'd)

Initial measurement (excluding PAA) (Cont'd)

Fulfilment cash flows (Cont'd)

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. This risk adjustment represents the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. For reinsurance contracts held, the risk adjustment reflects that some of this uncertainty will be ceded to the reinsurer. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

Refer below for more information on the determination of the best estimate of future experience.

Risk adjustment

The risk adjustment for non-financial risk of the Company includes mortality, morbidity, disability, incidence rates, lapse and unit cost. The risk adjustments for non-financial risk does not include general operational risk which is disallowed under the standards.

MFRS 17 does not prescribe methods for determining risk adjustment for non-financial risks. The Company adopts confidence level technique which is in line with the current Risk Based Capital Framework ("RBCF") for Insurers (BNM/RH/PD 032-12) issued by BNM, in which the Company is required to secure its liability at 75% level of confidence. The approach of arriving at the 75% confidence level liability would be the same as that under the RBCF, which is via adjustments in the projection assumptions used for the best estimate liabilities of future cash flows.

Contractual service margin ("CSM")

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued which represents the unearned profit that the Company expects to recognise as it provides insurance contract services.

- If a group of insurance contracts is not onerous at initial recognition, the CSM will be measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows. This results in no income or expenses arising on initial recognition.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(a) Accounting policies relating to insurance contract liabilities and income statements (Cont'd)

iii. Measurement of insurance contracts (Cont'd)

Initial measurement (excluding PAA) (Cont'd)

Contractual service margin ("CSM") (Cont'd)

- If a group of insurance contracts is onerous at initial recognition, the Company will immediately recognise this net outflow in profit or loss. Following this, a loss component will be created to represent these losses recognised in profit or loss. Subsequently an increase or reversal of losses on onerous groups of insurance contracts will be presented in profit or loss.

For reinsurance arrangements a loss recovery component is established when underlying onerous groups of insurance contracts are recognised, which will offset the insurance losses for the portion of the contracts being reinsured.

Discount rates

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows.

Cash flows will be divided between cash flows that vary based on the returns on underlying items and cash flows that do not vary based on the returns on underlying items. Cash flows that vary based on the returns on underlying items will be discounted using fund based yield that reflect that variability. The discount rates applied to cash flows that vary based on the returns on underlying items are consistent with the future investment return assumptions.

A risk free yield curve, adjusted to reflect the illiquidity of the Company of insurance contracts where applicable, will be applied to cash flows that do not vary based on the returns on underlying items.

The carrying amount of a group of insurance contracts at each reporting date will be the sum of:

- the liability for remaining coverage, comprising:
  > the fulfilment cash flows related to service to be provided under the contract in future periods; and
  > the remaining CSM of the Company at that date.

- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims and expenses not paid, including claims that have been incurred but not reported.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(a) Accounting policies relating to insurance contract liabilities and income statements (Cont'd)

iii. Measurement of insurance contracts (Cont'd)

Subsequent measurement (excluding PAA)

Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of fulfilment cash flows, discount rates appropriate to the measurement model being used and current estimates of the risk adjustment for non-financial risk.

Contractual service margin

For groups of insurance contracts measured under the GMM, the CSM at the start of the period is explicitly accreted with interest based on the discount rates applied to the fulfilment cash flows at initial recognition.

For groups of insurance contracts measured under the VFA, the CSM at the start of the period is implicitly accreted with interest equal to the effect of the time value of money on the variable fee in each period.

The impact of changes in estimates of the fulfilment cash flows on the measurement of the CSM depends on whether the changes are related to current (or past) or future service:

- changes that relate to current or past service are recognised in profit or loss; and

- changes that relate to future service are recognised by adjusting the CSM within the liability for remaining coverage, including changes in the risk adjustment for non-financial risk that relate to future service. This excludes any changes which give rise to a loss on a group of insurance contracts, as well as any changes which adjust the loss recovery component on a group of reinsurance contracts.

For groups of insurance contracts measured under the GMM, changes in fulfilment cash flows related to future service are based on the discount rates applied to the fulfilment cash flows at initial recognition. Changes in the estimates that relate to the effect of the time value of money and the effect of financial risk and changes therein, do not adjust the CSM and are recognised in profit or loss.

For groups of insurance contracts measured under the VFA, the fulfilment cash flows will be determined as the obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for future services. Changes in the fair value of the underlying items do not adjust the CSM.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(a) Accounting policies relating to insurance contract liabilities and income statements (Cont'd)

iii. Measurement of insurance contracts (Cont'd)

Subsequent measurement (excluding PAA) (Cont'd)

Contractual service margin (Cont'd)

In general, premium-related experience adjustments are related to current or past service. Experience adjustments relating to premiums received for future coverage are an exception to this general rule.

An amount of the CSM is recognised in insurance revenue in profit or loss in each reporting period based on the insurance contract services provided under the Company of contracts (refer to the next sub-section for further details).

Coverage units

The CSM will be recognised as insurance revenue (income) over the duration of insurance (reinsurance) contracts based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period.

The coverage units of the Company of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits will typically be determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect the actual experience over the reporting period and the expected coverage to be provided in the future.

Contracts measured under the PAA

The PAA will be applied to all contracts with a contract boundary of one year or less. PAA could also be applied where the Company expects that the measurement under the PAA model would produce a measurement of the liabilities that would not differ materially from the one that would be produced by applying the GMM. The Company does not intend to pursue contracts or portfolio of contracts that has more than one year contract boundary to qualify for PAA.

The liability of remaining coverage under the PAA represents the portion of the premiums related to future service. MFRS 17 is not expected to have a significant impact on the insurance contract liabilities for contracts measured under PAA.

A risk adjustment is determined for the liabilities for incurred claims where there is uncertainty in the size of the estimate and/or the timing of the future cash flows.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(a) Accounting policies relating to insurance contract liabilities and income statements (Cont'd)

iii. Measurement of insurance contracts (Cont'd)

Derecognition

The Company derecognises a contract when the rights and obligations relating to the contract are extinguished, i.e. expired, discharged, or cancelled.

If a contract modification results in derecognition, a new contract is recognised on the modified terms. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

iv. Explanation of recognised insurance amounts in profit or loss

MFRS 17 will significantly change how insurance contracts are presented and disclosed in the Company's financial statements.

Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period for a group of insurance contracts excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the Company, adjusted for the discounting effect and excluding any investment components. Investment components are amounts payable to the policyholder in all circumstances. The amount of insurance revenue recognised in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, the total consideration for a group of contracts covers the following:

- expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- amount of the CSM recognised in profit or loss;
- release of the risk adjustment for risk expired (excluding amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders;
- premium experience adjustments relating to current service (including experience adjustments arising from related cash flows such as insurance acquisition cash flows); and
- amortisation of insurance acquisition cash flows.

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(a) Accounting policies relating to insurance contract liabilities and income statements (Cont'd)

iv. Explanation of recognised insurance amounts in profit or loss (Cont'd)

Insurance service expenses

The main components of insurance profits recognised in insurance service expenses are:

- the actual incurred claims and administration expense cash flows (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- actual incurred acquisition expense cash flows on insurance contracts measured under the PAA. The Company does not elect to include these cash flows in the liability for remaining coverage;
- expected future losses on onerous groups of contracts;
- the changes in liability for incurred claims relating to past service; and
- the amortisation of insurance acquisition cash flows for contracts not measured under the PAA.

The expense cash flows refer only to expenses which are directly attributable to fulfilling the insurance contracts. Non-attributable expenses will be recognised separately in profit or loss.

The combined impact of insurance revenue and insurance service expenses will be presented as the insurance service result in profit or loss.

Income or expenses from reinsurance contracts

The Company will present income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount.

Insurance finance income and expense

The Company recognises all insurance finance income or expenses for the reporting period in profit or loss. The Company has therefore elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income.

Under the GMM and PAA, the effect of and changes in financial risk form part of the insurance finance income and expenses. For groups of insurance contracts measured under the VFA, the fair value returns on the underlying items are recognised in insurance finance income and expenses.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(a) Accounting policies relating to insurance contract liabilities and income statements (Cont'd)

iv. Explanation of recognised insurance amounts in profit or loss (Cont'd)

Insurance finance income and expense (Cont'd)

The changes in the risk adjustment for non-financial risk have not been disaggregated between the insurance service result and insurance finance income and expenses. The whole change in risk adjustment is included as part of insurance service result.

(b) Transition

The MFRS 17 Standard is applicable to annual periods beginning on or after 1 January 2023. Due to the requirement for 2022 comparative information, the MFRS 17 transition statement of financial position is required as at 1 January 2022.

When determining the insurance contract liabilities at transition, the MFRS 17 Standard should be applied retrospectively as if it had always applied unless it is "impracticable" to do so based on the requirements in MFRS 108: Accounting policies, Changes in Accounting Estimates and Errors. This retrospective approach is referred to as the full retrospective approach ("FRA"). Where it is impracticable to apply MFRS 17 retrospectively, various simplifications are permitted when adopting the modified retrospective approach ("MRA") or fair value approach ("FVA") provided that certain criteria have been met. The FVA has to be applied if there is no reasonable and supportable information to apply the MRA.

The transition approach will be determined at a group of insurance contracts level. The transition approaches across the Company is summarised below:

- FVA is applied to all insurance contracts issued prior to 1 January 2022; or
- FRA is applied to all insurance contracts issued on or after 1 January 2022.

Full retrospective approach ("FRA")

It is impracticable to adopt the FRA for groups of contracts at the date of transition if:

- the approach cannot be applied retrospectively after a reasonable effort was made to demonstrate that it will not be possible to collect the required information or create information where the required data is unavailable (for example, due to system migrations, data retention policies, and changes in requirements in terms of MFRS 17); or

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(b) Transition (Cont'd)

Full retrospective approach ("FRA") (Cont'd)

It is impracticable to adopt the FRA for groups of contracts at the date of transition if: (Cont'd)

- hindsight is needed to determine the estimates at prior periods, i.e. the measurement of the fulfilment cash flows and CSM should apply management's estimates at that point in time, with only the information that would have been available at that point in time (for example, assessing the level of aggregation of contracts at the inception date, and if the estimates needed to determine the risk adjustment during periods where solvency information on the latest regulatory framework was not available).

Fair value approach ("FVA")

The FVA is applied if retrospective application is impracticable or if the MRA is not applied. Under this approach the CSM (or loss component) is calculated as the difference between the fair value of the Company of insurance contracts and the MFRS 17 fulfilment cash flows. The fair value will be determined in accordance with MFRS 13: Fair Value Measurement.

MFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". The transaction price is therefore based on a general market participant's view of the fair value of the Company of insurance contracts.

The fair value is forward-looking and therefore future cash flows within the contract boundary will be included in the fair value estimation, including non-attributable expenses. No other material adjustments are made to the future expected cash flows when compared to the MFRS 17 estimates of future cash flows, except for risk free yield is used in fair value estimation to determine future cash flows of participating business, as opposed to fund based yield used in MFRS 17 estimates of future cash flows.

The income approach will be used in determining the fair value of the insurance contracts. This approach converts a stream of future expected cash flows to a current single amount, reflecting market participants' expectations of the future amounts.

There will be an initial capital outlay for the buyer of the insurance contracts based on the transaction price agreed between the buyer and the seller on the transaction date, and the total required capital that the buyer expects to set up on the transaction date. The transaction price is determined such that the buyer earns the required rate of return (hurdle rate) on the initial capital outlay.

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(c) Summary of impact of MFRS 17 on the Company

Opening balance sheet as at 1 January 2022:

The expected impact of MFRS 17 adoption on the Company as at 1 January 2022 is summarised below:

	As reported in MFRS 4 RM'000	Reclassi-fication RM'000	Reversal of MFRS 4 actuarial reserves RM'000	Recogni-tion of MFRS 17 actuarial reserves RM'000	As reported in MFRS 17 RM'000
Assets					
Investments	4,652,601	-	-	(197,717)	4,454,884
Reinsurance contract assets	18,954	3,412	(13,101)	14,912	24,177
Insurance receivables	147,155	(147,155)	-	-	-
Other assets	167,786	518	-	-	168,304
Total assets	4,986,496	(143,225)	(13,101)	(182,805)	4,647,365
Equity					
Share capital	125,024	-	-	-	125,024
Revaluation reserves	148	-	-	-	148
Retained profits	212,255	-	3,239,533	(3,261,139)	190,649
Total equity	337,427	-	3,239,533	(3,261,139)	315,821
Liabilities					
Insurance contract liabilities	3,961,294	97,750	(3,252,634)	3,176,598	3,983,008
Deferred tax liabilities	38,336	-	-	(6,675)	31,661
Insurance payables	284,999	(193,410)	-	(91,589)	-
Other payables	141,689	(47,565)	-	-	94,124
Other liabilities	222,751	-	-	-	222,751
Total liabilities	4,649,069	(143,225)	(3,252,634)	3,078,334	4,331,544

2. Significant Accounting Policies (Cont'd)

2.5 Standards issued but not yet effective (Cont'd)

(c) Summary of impact of MFRS 17 on the Company (Cont'd)

The decrease in total equity is largely driven by the impact of the:

- Net increase in insurance contract liabilities (decrease in equity):

  > Present value of participating funds' bonus to shareholders will be released and replaced by CSM which represents unearned future insurance profit of the Company. The CSM is expected to be higher than present value of bonus to shareholders calculated under MFRS 4.

  > Additional risk adjustment under MFRS 17 arising from changes to the provisions held within the Company's insurance contract liabilities for non-economic risk.

- Derecognition of policy loans (and its interest) and deposit premiums, as these assets have been included in the insurance contract liabilities under MFRS 17.

Presentation

Portfolios of insurance/reinsurance contracts that are assets and those that are liabilities, will be presented separately in the Statement of Financial Position under IFRS 17.

The reclassification presentation shown in the table above were previously reported as separate line items in the financial statements. These amounts have been reclassified to insurance contract liabilities or reinsurance contract assets as they are insurance/reinsurance contract related.

Financial impact for the year ended 31 December 2022:

The assessment of overall impact of MFRS 17 on statement of financial position and profit after tax for the year ended 31 December 2022 is currently on-going.

2. Significant Accounting Policies (Cont'd)

2.6 Significant accounting judgments, estimates and assumptions

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

(a) Critical judgments made in applying accounting policies

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

i. Deferred tax assets (Note 16)

Deferred tax assets are recognised for various allowances and provisions to the extent that it is probable that taxable profit will be available against which these allowances and provisions can be utilised. Significant judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing of future taxable profits together with future tax planning strategies.

ii. Income taxes (Note 29)

The Company is subject to income tax and other taxes and significant judgment is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome may not be established until later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate.

Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

2. Significant Accounting Policies (Cont'd)

2.6 Significant accounting judgments, estimates and assumptions (Cont'd)

(a) Critical judgments made in applying accounting policies (Cont'd)

iii. Property and equipment (Note 3)

Property and equipment requires the review of the residual value and remaining useful life of an item of property and equipment at least at each financial year end.

Management estimates that the residual values and remaining useful lives are appropriate for the current financial year.

iv. Classification between investment properties and property and equipment (Notes 3 and 4)

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for administrative purpose. If these portions could be sold separately (or leased out separately under finance lease), the Company would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for administrative purposes.

v. Impairment of receivables (Notes 9 and 10)

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

To determine lifetime and 12-month PDs, the Company uses a provision matrix (a simplified approach) which is based on its historical observed default rates over the expected life of the receivables. Additional macro-economic and forward looking information is considered when determining PD, such as the Company's internal assessment of the correlation between the receivables and external factors.

2. Significant Accounting Policies (Cont'd)

2.6 Significant accounting judgments, estimates and assumptions (Cont'd)

(a) Critical judgments made in applying accounting policies (Cont'd)

vi. Insurance contract classification (Note 15)

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Company. The Company exercises judgment about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether the Company is required to pay significant additional benefits in excess of amounts payable when the insured event occurs. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services.

The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date; these insurance risks are deemed not significant.

vii. Non-current assets held for sale (Note 11)

The Board considered certain self-occupied, investment properties and right-of-use assets as non-current assets held for sale for the following reasons:

- The properties are available for immediate sale and/or transfer in its present condition;
- The actions to complete the sale were initiated during the year and are expected to be completed within one year from the reporting date; and
- The sale is highly probable, and it is unlikely that the plan to sell the properties will be withdrawn.

viii. Right-of-use assets (Note 5) and lease liabilities (Note 17)

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

2. Significant Accounting Policies (Cont'd)

2.6 Significant accounting judgments, estimates and assumptions (Cont'd)

(a) Critical judgments made in applying accounting policies (Cont'd)

viii. Right-of-use assets (Note 5) and lease liabilities (Note 17) (Cont'd)

Determining the lease term of contracts with renewal and termination options (Cont'd)

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its liability to exercise or not to exercise the option to renew or to terminate.

The Company included the renewal period as part of the lease term for leases of property with shorter non-cancellable period (i.e., three years). The Company typically exercises its option to renew for these leases because the rented properties are generally branches of the Company and it is highly likely that the Company continues to rent the premises to serve the policyholders and agents. The renewal periods for leases of rented properties with longer non-cancellable periods (i.e., above 3 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease. Therefore, the Company applies judgement and assumptions in determining the incremental borrowing rate ("IBR") of the respective leases. The Company determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

2. Significant Accounting Policies (Cont'd)

2.6 Significant accounting judgments, estimates and assumptions (Cont'd)

(a) Critical judgments made in applying accounting policies (Cont'd)

ix. Intangible assets (Note 6)

Computer applications software

The Company recognises the costs of significant development of knowledge based software and computer applications as intangible assets with finite useful lives. Such software and applications are unique to the requirements of the insurance business and the Company establishes that these development costs will generate economic benefits beyond one year.

The Company estimates the useful lives of these software costs to be between 5 to 10 years.

The Company expects that amortisation on software under development will only commence after the software and computer applications are available to be used and generate future economic benefits.

(b) Key sources of estimation uncertainty and assumptions

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

i. Valuation of life insurance contract liabilities (Note 15)

There are several sources of uncertainty that need to be considered in the estimation of the life insurance contract liabilities that the Company will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, disabilities, voluntary terminations, discount rates and expenses.

The Company relies on standard industry and insurance mortality tables which represent historical mortality experience, and makes appropriate adjustments for its respective risk exposures in deriving the mortality and morbidity estimates. These estimates provide the basis in the valuation of the future benefits to be paid to policyholders and ensure adequate provision of reserve which are monitored against current and future premiums. At each reporting date, these estimates are assessed for adequacy and changes will be reflected as adjustments to insurance contract liabilities. Changes to the insurance contract liabilities during the year are reported in the income statement.

2. Significant Accounting Policies (Cont'd)

2.6 Significant accounting judgments, estimates and assumptions (Cont'd)

(b) Key sources of estimation uncertainty and assumptions (Cont'd)

i. Valuation of life insurance contract liabilities (Note 15) (Cont'd)

Table below provides the key underlying assumptions used for valuation of life insurance contract liabilities:

Valuation method	Description
Discount rates	Participating and annuity funds: The actual spot yields curve of Malaysian Government Securities ("MGS") is used to discount the guaranteed benefit cash flows while the best estimate of investment returns is used to discount the total benefit cash flows. The gross investment return is 5.50% (2021: 6.00%) for the participating business and 5.00% (2021: 5.50%) for the annuity business. Non-participating and Investment linked non-unit funds: The spot yields curve of MGS at valuation date is used to discount the guaranteed benefit cash flows. Data source: MGS spot yields curve are obtained from the Bond Pricing Agency Malaysia ("BPAM").
Mortality and Morbidity	Best estimates plus provision for adverse deviation Data source: internal experience studies
Lapse and Surrender	Best estimates plus provision for adverse deviation Data source: internal experience studies
Expenses	Best estimates plus provision for adverse deviation Data source: internal experience studies

2. Significant Accounting Policies (Cont'd)

2.6 Significant accounting judgments, estimates and assumptions (Cont'd)

(b) Key sources of estimation uncertainty and assumptions Cont'd)

ii. Fair value of financial assets determined using valuation techniques (Note 41)

Fair value, in the absence of an active market, is estimated by using valuation techniques, such as 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. For reference to similar instruments, instruments must have similar credit ratings.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counter-parties. Discount rates are influenced by risk-free interest rates and credit risk.

The fair value of the unquoted equity securities is estimated by approximating the net assets value of the investee, which was adjusted by the historical profit growth of the investee.

The valuation techniques described above are calibrated annually.

3. Property and Equipment

	<--- At valuation ---	--->		<--- At cost ---					--->
	<--- Properties ---		--->						
2022	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Work-in progress RM'000	**Total RM'000**
Cost/Valuation									
At 1 January 2022	6,930	3,140	250	303	6,988	30,247	7,595	28,725	**84,178**
Additions	-	-	-	-	39	1,396	13	10,128	**11,576**
Revaluation deficit:									
- participating fund (Note 15)	(430)	180	-	-	-	-	-	-	**(250)**
Elimination of accumulated depreciation on revaluation	-	(220)	-	-	-	-	-	-	**(220)**
Write-offs	-	-	-	-	-	(24)	-	-	**(24)**
Transfer from non-current assets held for sale (Note 11)	-	-	-	-	14	58	1,685	-	**1,757**
Reclassification									
- property and equipment	-	-	-	-	8	1,613	222	(1,843)	**-**
- intangible asset (Note 6)	-	-	-	-	-	-	-	(23,939)	**(23,939)**
At 31 December 2022	6,500	3,100	250	303	7,049	33,290	9,515	13,071	**73,078**

3. Property and Equipment (Cont'd)

	<--- At valuation	---	--->	<---	---	At cost	---	---	--->
	<--- Properties	---	--->						
2022	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Work-in progress RM'000	**Total RM'000**
Accumulated depreciation									
At 1 January 2022	-	67	-	150	4,218	20,685	4,907	-	**30,027**
Charge for the year (Note 27)	-	153	10	39	435	3,117	1,138	-	**4,892**
Elimination of accumulated depreciation on revaluation	-	(220)	-	-	-	-	-	-	**(220)**
Write-offs	-	-	-	-	-	(24)	-	-	**(24)**
Transfer from non-current assets held for sale (Note 11)	-	-	-	-	11	56	1,382	-	**1,449**
At 31 December 2022	-	-	10	189	4,664	23,834	7,427	-	**36,124**
Net carrying amount									
At 31 December 2022	6,500	3,100	240	114	2,385	9,456	2,088	13,071	**36,954**

3. Property and Equipment (Cont'd)

	<--- At valuation	---	--->	<--- At cost	---	---	---	---	--->
	<--- Properties	---	--->						
2021	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Work-in progress RM'000	**Total RM'000**
Cost/Valuation									
At 1 January 2021	6,930	3,280	300	303	6,208	27,982	7,762	18,069	**70,834**
Additions	-	-	-	-	73	1,420	(161)	10,656	**11,988**
Revaluation deficit: - participating fund (Note 15)	-	(56)	(39)	-	-	-	-	-	**(95)**
Elimination of accumulated depreciation on revaluation	-	(84)	(11)	-	-	-	-	-	**(95)**
Write-offs	-	-	-	-	(16)	(8)	-	-	**(24)**
Transfer from non-current assets held for sale (Note 11)	-	-	-	-	723	853	(6)	-	**1,570**
At 31 December 2021	6,930	3,140	250	303	6,988	30,247	7,595	28,725	**84,178**

3. Property and Equipment (Cont'd)

<--------------- At valuation -----------------> <------------------------------------- At cost ------------------------------------->
<----------------- Properties ----------------->

2021	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on leasehold land 50 years or more RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Office and computer equipment RM'000	Office renovation RM'000	Work-in progress RM'000	**Total RM'000**
Accumulated depreciation									
At 1 January 2021	-	-	-	111	3,247	17,234	3,750	-	**24,342**
Charge for the year (Note 27)	-	151	11	39	439	2,872	1,163	-	**4,675**
Elimination of accumulated depreciation on revaluation	-	(84)	(11)	-	-	-	-	-	**(95)**
Write-offs	-	-	-	-	(13)	(7)	-	-	**(20)**
Transfer from non-current assets held for sale (Note 11)	-	-	-	-	545	586	(6)	-	**1,125**
At 31 December 2021	-	67	-	150	4,218	20,685	4,907	-	**30,027**
Net carrying amount									
At 31 December 2021	6,930	3,073	250	153	2,770	9,562	2,688	28,725	**54,151**

3. Property and Equipment (Cont'd)

Included in the cost of property and equipment of the Company are the cost of fully depreciated assets which are still in use amounting to RM21,776,000 (2021: RM18,886,000).

Properties

The revalued land and buildings consist of a office building, two shop offices and an apartment, which are located in various states in Malaysia.

The fair value of the properties was determined by using the cost method, other than fair value of an apartment which was determined by using the sales comparison method. Under the cost method, the apportionment value attributable to the land is adopted whilst making due allowances for factors such as location, plot, size, accessibility and other relevant factors in determining the value of the land, while current estimates on construction costs to erect equivalent buildings. Appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building in determining the cost of the building. The comparison method entails comparing and adopting recent sales evidences involving other similar properties in the vicinity, adjusted for differences in location, size and shapes, accessibility, infrastructure available, improvements made on the site and other value considerations.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

Reconciliation of Level 3 fair value measurement:

	Apartment RM'000	Shop office RM'000	Office building RM'000	**Total RM'000**
As at 1 January 2021	300	6,249	3,961	**10,510**
Revaluation deficit	(39)	-	(56)	**(95)**
Depreciation recognised in profit or loss under management expenses	(11)	(67)	(84)	**(162)**
As at 31 December 2021	250	6,182	3,821	**10,253**

3. Property and Equipment (Cont'd)

Properties (Cont'd)

Reconciliation of Level 3 fair value measurement: (Cont'd)

	Apartment RM'000	Shop office RM'000	Office building RM'000	**Total RM'000**
As at 1 January 2022	250	6,182	3,821	**10,253**
Revaluation deficit	-	(111)	(139)	**(250)**
Depreciation recognised in profit or loss under management expenses	(10)	(71)	(82)	**(163)**
As at 31 December 2022	240	6,000	3,600	**9,840**

Fair value hierarchy disclosures for the properties have been provided in Note 41.

Description of valuation techniques used and key inputs to valuation of the properties are stated below:

Type of property	Valuation techniques	Key inputs	Weighted average	
Apartment	Comparison method	Price per square foot	Building	RM235
Multi-storey shop office /shop house	Cost method	Price per square foot	Land Building	RM1,950 RM90
7 ½-storey office building	Cost method	Price per square foot	Land Building	RM450 RM60

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

3. Property and Equipment (Cont'd)

Properties (Cont'd)

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2022 RM'000	2021 RM'000
Cost	**2,842**	5,493
Accumulated depreciation	**(1,591)**	(2,990)
Net carrying amount	**1,251**	2,503

4. Investment Properties

	2022 RM'000	2021 RM'000
At 1 January	**300**	945
Transfer to non-current assets held for sale (Note 11)	**-**	(650)
Fair value gains (Note 23)	**-**	5
At 31 December	**300**	300

The fair value of investment properties was determined by using cost method. Under the cost method, the apportionment value attributable to the land is adopted and making due allowances to factors of location, plot, size, accessibility and other relevant factor in determining the value of the land, while current estimates on constructional costs to erect equivalent buildings with appropriate adjustments are then made for factors of obsolescence and existing physical condition of the building are adopted in determining the cost of the building.

The properties' fair values are based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., a registered independent valuer.

The Company has determined that the highest and best use of the properties is their current use.

4. Investment Properties (Cont'd)

Reconciliation of Level 3 fair value measurement:

	Shop office RM'000
As at 1 January 2021	945
Transfer to non-current assets held for sale (Note 11)	(650)
Fair value gains (Note 23)	5
As at 31 December 2021/31 December 2022	300

Fair value hierarchy disclosures for investment properties have been provided in Note 41.

Description of valuation techniques used and key inputs to valuation on investment properties are stated below:

Type of property	Valuation technique	Key inputs	Weighted average	
Multi-storey shop office /shop house	Cost method	Price per square foot	Land Building	RM211 RM61

Significant increases/(decreases) in unobservable inputs in isolation would result in a significantly higher/(lower) fair value of the properties.

The amount of income and expenses recorded in the income statement in respect of investment properties of the Company are as follows:

	2022 RM'000	2021 RM'000
Rental income from investment properties	**-**	41
Direct operating expenses (including repairs and maintenance) generating rental income	**(31)**	(49)
Net expense arising from investment properties	**(31)**	(8)

There are no restrictions on the realisability of investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements, other than routine building maintenance.

5. Right-of-use Assets

The Company as lessee

The Company has entered into various lease agreements for office premises, with lease terms between 1 and 3 years. The Company also leases certain equipment, software and services with lease term of 12 months or less or with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Reconciliation of Level 3 fair value measurement:

	Office premises RM'000
As at 1 January 2021	14,958
Additions (Note 17)	22,134
Termination of lease	(10,244)
Amortisation (Note 27)	(4,841)
As at 31 December 2021/1 January 2022	22,007
Additions (Note 17)	615
Amortisation (Note 27)	(5,037)
As at 31 December 2022	17,585

5. Right-of-use Assets (Cont'd)

Reconciliation of Level 3 fair value measurement: (Cont'd)

The amount of expenses recorded in the income statement of the Company are as follows:

	2022 RM'000	2021 RM'000
Management expense:		
Amortisation of right-of-use assets	**5,037**	4,841
Expense relating to leases of low-value assets	**63**	168
Interest expense on lease liabilities	**961**	844
	6,061	5,853

Cash outflows for leases as a lessee

	2022 RM'000	2021 RM'000
Included in net cash from operating activities:		
Payment relating to leases of low-value assets	**63**	168
Interest paid in relation to lease liabilities	**961**	844
Included in net cash from financing activities:		
Payment of principal portion of lease liabilities	**4,600**	4,549
Total cash outflows for leases	**5,624**	5,561

Extension and termination options

The Company has several lease contracts that include extension and termination options. These options are negotiated by the Company to provide operational flexibility in managing the properties portfolio and align with the Company's business needs. The Company exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As of 31 December 2022, the Company has included all potential future cash flows of exercising the extension options in the lease liability.

The Company determines that the termination options are likely not to be exercised.

6. Intangible Assets

	2022 RM'000	2021 RM'000
Computer software		
Cost		
At 1 January	**27,934**	27,934
Reclassification from property and equipment (Note 3)	**23,939**	-
At 31 December	**51,873**	27,934
Accumulated amortisation		
At 1 January	**23,898**	21,803
Charge for the year (Note 27)	**2,672**	2,095
At 31 December	**26,570**	23,898
Net carrying amount		
At 31 December	**25,303**	4,036

7. Investments

	2022 RM'000	2021 RM'000
Malaysian Government securities	**1,038,928**	820,186
Government investment issues	**214,929**	230,282
Malaysian Government guaranteed bonds	**487,140**	511,480
Unquoted debt securities	**1,506,202**	1,439,326
Quoted equity securities	**367,171**	267,867
Quoted exchange traded funds	**175,500**	149,335
Quoted unit and property trust funds	**46,945**	48,657
Unquoted equity securities	**47,950**	46,950
Unquoted unit trust funds	**94,604**	109,415
Deposits with financial institutions	**283,340**	829,235
Loans receivables	**181,609**	199,868
Total	**4,444,318**	4,652,601

7. Investments (Cont'd)

The Company's financial investments are summarised by categories as follows:

	2022 RM'000	2021 RM'000
FVTPL	**4,262,709**	4,452,733
Amortised cost	**181,609**	199,868
	4,444,318	4,652,601

(a) FVTPL

Mandatorily measured:		
Quoted equity securities	**367,171**	267,867
Quoted exchange traded funds	**175,500**	149,335
Quoted unit and property trust funds	**46,945**	48,657
Unquoted equity securities (Note 7(c))	**47,950**	46,950
Unquoted unit trust funds	**94,604**	109,415
	732,170	622,224
Designated upon initial recognition:		
Malaysian Government securities	**1,038,928**	820,186
Government investment issues	**214,929**	230,282
Malaysian Government guaranteed bonds	**487,140**	511,480
Unquoted debt securities	**1,506,202**	1,439,326
Deposits with financial institutions	**283,340**	829,235
	3,530,539	3,830,509
	4,262,709	4,452,733

Included in deposits with financial institutions of the Company are short term deposits with original maturity periods of less than 3 months amounting to RM283,340,000 (31.12.2021: RM829,235,000), which have been classified as cash and cash equivalents for the purpose of the statement of cash flows.

7. Investments (Cont'd)

(b) Amortised cost

	2022 RM'000	2021 RM'000
Loans receivables:		
Policy loans	**180,433**	198,657
Mortgage loans	**2,624**	2,756
Other loans	**100**	100
	183,157	201,513
Loss allowances (Note 39(d))	**(1,548)**	(1,645)
	181,609	199,868

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

The fair values of the mortgage loans have been established by comparing current market interest rates for similar financial instruments to the rates offered when the mortgage loans were first recognised together with appropriate market credit adjustments. As there are no significant differences between these rates, the carrying value of mortgage loans approximates fair value as at 31 December 2022 and 31 December 2021.

(c) Reconciliation of Level 3 fair value measurement:

	2022 RM'000	2021 RM'000
Unquoted equity securities		
As at 1 January	**46,950**	17,890
Additions*	**-**	26,260
Fair value gains	**1,000**	2,800
As at 31 December	**47,950**	46,950

* In the prior year, the Company acquired 4.99% of ordinary shares in Merchantrade Asia Sdn. Bhd., a money services business operator, for a cash consideration of RM26.3 million. The carrying amount disclosed above approximate the fair values at the end of the reporting period.

7. Investments (Cont'd)

(d) Carrying values of financial instruments

	Amortised cost RM'000	FVTPL RM'000	**Total RM'000**
At 1 January 2021	226,737	4,294,034	**4,520,771**
Purchases	-	2,064,922	**2,064,922**
Disposals	-	(2,219,225)	**(2,219,225)**
Fair value losses (Note 23)	-	(158,748)	**(158,748)**
Realised gains (Note 22)	-	2,875	**2,875**
Decrease in loans receivables	(26,671)	-	**(26,671)**
Increase/(Decrease) in deposits with financial institutions:			
> short term deposits with original maturity periods of less than 3 months	-	472,816	**472,816**
> foreign money market placements	-	(546)	**(546)**
Impairment loss on loans receivable (Note 25)	(198)	-	**(198)**
Net amortisation of premiums (Note 21)	-	(3,395)	**(3,395)**
At 31 December 2021/1 January 2022	199,868	4,452,733	**4,652,601**
Purchases	-	1,318,793	**1,318,793**
Disposals	-	(810,478)	**(810,478)**
Fair value losses (Note 23)	-	(148,714)	**(148,714)**
Realised losses (Note 22)	-	(1,634)	**(1,634)**
Decrease in loans receivables	(18,356)	-	**(18,356)**
Decrease in deposits with financial institutions:			
> short term deposits with original maturity periods of less than 3 months	-	(545,895)	**(545,895)**
Write back of impairment loss on loans receivable (Note 25)	97	-	**97**
Net amortisation of premiums (Note 21)	-	(2,096)	**(2,096)**
At 31 December 2022	181,609	4,262,709	**4,444,318**

7. Investments (Cont'd)

(e) Fair values of financial instruments

The following tables show investments recorded at fair value analysed by the different bases as follows:

	2022 RM'000	2021 RM'000
FVTPL		
Quoted market price	**589,616**	465,859
Valuation techniques:		
> market observable inputs	**3,625,143**	3,939,924
> unobservable inputs	**47,950**	46,950
	4,262,709	4,452,733

Included in the quoted category are financial instruments that are measured in whole or in part by reference to marked-to-market prices. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange.

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

(f) Range of effective interest rates

The range of effective interest rates per annum for each class of interest-bearing investment and placements with licensed financial institutions are as below:

	2022 %	2021 %
Malaysian Government securities	**3.75 - 4.42**	3.03 - 4.12
Government investment issues	**4.27 - 4.70**	3.98 - 4.42
Malaysian Government guaranteed bonds	**4.21 - 4.68**	3.65 - 4.42
Unquoted debt securities	**3.99 - 5.24**	3.21 - 4.65
Deposits with financial institutions	**2.70 - 4.10**	1.65 - 2.10
Loans receivables	**4.00 - 9.75**	4.00 - 9.75

7. Investments (Cont'd)

(g) Interest-bearing contractual re-pricing or maturity dates

The earlier of the contractual re-pricing or maturity dates for each class of interest-bearing investment and placements with licensed financial institutions are as below:

	Interest-bearing contractual re-pricing or maturity dates (whichever is earlier)			
	1 year or less RM'000	1 year to 5 years RM'000	More than 5 years RM'000	**Total RM'000**
2022				
Malaysian Government securities	-	74,744	964,184	**1,038,928**
Government investment issues	1,955	7,246	205,728	**214,929**
Malaysian Government guaranteed bonds	-	125,004	362,136	**487,140**
Unquoted debt securities	100,210	639,891	766,101	**1,506,202**
Deposits with financial institutions	283,340	-	-	**283,340**
Loans receivables*	948	138	927	**2,013**
	386,453	847,023	2,299,076	**3,532,552**
2021				
Malaysian Government securities	263	45,695	774,228	**820,186**
Government investment issues	7,306	1,990	220,986	**230,282**
Malaysian Government guaranteed bonds	-	55,402	456,078	**511,480**
Unquoted debt securities	115,952	551,331	772,043	**1,439,326**
Deposits with financial institutions	829,235	-	-	**829,235**
Loans receivables*	983	198	971	**2,152**
	953,739	654,616	2,224,306	**3,832,661**

* The Company's policy loans portfolio of RM179,595,000 (2021: RM197,716,000) (net of impairment loss of RM838,000 (2021: RM941,000)) is not included in the above loans receivable as there are no specific maturity dates.

8. Reinsurance Assets

	2022 RM'000	2021 RM'000
Reinsurance of insurance contracts	**11,059**	18,954

9. Insurance Receivables

	2022 RM'000	2021 RM'000
Due premiums including agents/brokers and coinsurers balances	**68,100**	131,116
Due from reinsurers and cedants	**33,942**	22,119
	102,042	153,235
Allowance for impairment (Note 39(d))	**(6,437)**	(6,080)
	95,605	147,155

The carrying amounts of financial assets above approximate fair values due to the relatively short-term maturity of these balances.

10. Other Receivables

	2022 RM'000	2021 RM'000
Financial assets:		
Income due and accrued	**39,310**	34,658
Other receivables	**2,927**	3,515
	42,237	38,173
Non-financial assets:		
Prepayments	**8,544**	6,297
	50,781	44,470

The carrying amounts of financial assets above approximate fair values due to the relatively short-term maturity of these balances.

11. Non-current Assets Held for Sale

	Note	2022 RM'000	2021 RM'000
At 1 January		**4,002**	6,081
Transfer to property and equipment	3	**(308)**	(445)
Transfer from investment properties	4	**-**	650
Fair value gains	23	**-**	120
Disposals		**(2,448)**	(2,350)
Write-off	25	**-**	(54)
At 31 December		**1,246**	4,002

In the current and previous years, the Company has entered into various Sale and Purchase Agreements for disposal of properties. The disposal of the remaining one property have yet to be completed as at the date of these financial statements.

12. Share Capital

	<------------- 2022 --------------->		<------------- 2021 --------------->	
Issued and paid-up:	**No. of shares ('000)**	**RM'000**	No. of shares ('000)	RM'000
Ordinary shares				
At beginning and end of year	**100,284**	**125,024**	100,284	125,024

13. Retained Profits

The non-distributable retained profits represent the unallocated surplus from the Non Participating funds. In accordance with Section 83 of the Financial Services Act 2013, the unallocated surplus is only available for distribution to the shareholders upon recommendation by the Appointed Actuary.

Pursuant to the single tier tax system, any dividends distributed by the Company will be exempted from tax in the hands of shareholders. The Company shall not be entitled to deduct tax on dividend paid, credited or distributed to shareholders.

The Company may distribute single tier exempt 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. 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 capital level.

14. Merger Reserves

In June 2002, the Company acquired the entire equity interest in a subsidiary for a purchase consideration of RM123,349,408 via the issuance of 30,085,221 new ordinary shares of RM1.00 each to the vendors of the subsidiary at an issue price of RM4.10 per ordinary share.

As a result of using merger relief provisions, under Section 60(4) of the Companies Act, 1965 (subsequently repealed by Companies Act, 2016), the merger reserve was created in place of a share premium account and this reserve has been utilised to write-off the goodwill arising from the business combination in the Group financial statements and impairment in value of the investment in subsidiary at the effective date of acquisition, in the Company's financial statements.

The merger reserve of RM40,672,000 was derived at after considering the fair value of the subsidiary acquired, the nominal value of ordinary shares issued as consideration for the acquisition and the write-off of goodwill on consolidation.

The subsidiary had been struck off and dissolved in 2014.

As Section 60(4) of the Companies Act, 1965 was subsequently repealed by Companies Act, 2016, and such transaction meets the definition of business combination under MFRS 3 *Business Combination*, the merger reserve was transferred to retained profits in the prior year.

15. Insurance Contract Liabilities

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

	<---- 2022 ----		---->	<---- 2021 ----		---->
	Gross RM'000	**Reinsurance RM'000**	**Net RM'000**	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for benefits and claims	**146,567**	**(5,331)**	**141,236**	126,240	(5,854)	120,386
Actuarial liabilities - Participating fund	**2,664,925**	**(534)**	**2,664,391**	2,868,433	(509)	2,867,924
Actuarial liabilities - Non participating fund	**372,128**	**(5,194)**	**366,934**	384,200	(12,591)	371,609
	3,037,053	**(5,728)**	**3,031,325**	3,252,633	(13,100)	3,239,533
Participating fund unallocated surplus	**158,699**	**-**	**158,699**	183,967	-	183,967
Participating fund asset revaluation reserves	**7,917**	**-**	**7,917**	8,669	-	8,669
Net asset value ("NAV") attributable to unitholders	**399,349**	**-**	**399,349**	389,785	-	389,785
	3,749,585	**(11,059)**	**3,738,526**	3,961,294	(18,954)	3,942,340

15. Insurance Contract Liabilities (Cont'd)

Movements of life insurance contract liabilities

2022	Provision for benefits and claims RM'000	Actuarial liabilities RM'000	Participating fund unallocated surplus RM'000	Non participating fund unallocated surplus RM'000	Participating fund asset revaluation reserves RM'000	NAV attributable to unitholders RM'000	Gross liabilities RM'000	Reinsurance RM'000	**Net liabilities RM'000**
As at 1 January 2022	126,240	3,252,633	183,967	-	8,669	389,785	3,961,294	(18,954)	**3,942,340**
Net earned premiums	-	-	261,663	285,052	-	114,277	660,992	-	**660,992**
Other revenue	-	-	59,279	14,596	-	(49,649)	24,226	-	**24,226**
Net benefits and claims	20,327	-	(420,515)	(158,409)	-	(58,895)	(617,492)	523	**(616,969)**
Other expenses	-	-	(114,777)	(115,927)	-	(44)	(230,748)	-	**(230,748)**
Policy movements	-	(95,202)	109,432	(14,230)	-	-	-	-	**-**
Interest rate	-	(6,101)	(1,971)	8,072	-	-	-	-	**-**
Adjustments due to changes in assumption	-	(114,277)	96,072	10,833	-	-	(7,372)	7,372	**-**
Changes in asset revaluation reserves									
- property and equipment (Note 3)	-	-	-	-	(250)	-	(250)	-	**(250)**
- non-current assets held for sale	-	-	568	-	(568)	-	-	-	**-**
Taxation on asset revaluation reserves (Note 16)	-	-	-	-	66	-	66	-	**66**
Taxation on taxable investment income (Note 42)	-	-	(1,607)	(701)	-	3,875	1,567	-	**1,567**
Transferred to shareholders' fund (Note 42)	-	-	(13,412)	(14,000)	-	-	(27,412)	-	**(27,412)**
- Participating fund	-	-	(13,412)	-	-	-	(13,412)	-	**(13,412)**
- Non-participating fund	-	-	-	(14,000)	-	-	(14,000)	-	**(14,000)**
Reclassification of unallocated surplus of non-participating funds to shareholders' fund (Note 42)	-	-	-	(15,286)	-	-	(15,286)	-	**(15,286)**
As at 31 December 2022	146,567	3,037,053	158,699	-	7,917	399,349	3,749,585	(11,059)	**3,738,526**

15. Insurance Contract Liabilities (Cont'd)

Movements of life insurance contract liabilities (Cont'd)

2021	Provision for benefits and claims RM'000	Actuarial liabilities RM'000	Participating fund unallocated surplus RM'000	Non participating fund unallocated surplus RM'000	Participating fund asset revaluation reserves RM'000	NAV attributable to unitholders RM'000	Gross liabilities RM'000	Reinsurance RM'000	**Net liabilities RM'000**
As at 1 January 2021	106,207	3,293,652	382,636	-	10,518	253,496	4,046,509	(20,213)	**4,026,296**
Net earned premiums	-	-	287,912	267,166	-	140,896	695,974	-	**695,974**
Other revenue	-	-	(15,702)	6,717	-	30,474	21,489	-	**21,489**
Net benefits and claims	20,033	-	(407,273)	(115,071)	-	(32,547)	(534,858)	(2,349)	**(537,207)**
Other expenses	-	-	(114,517)	(105,891)	-	(45)	(220,453)	-	**(220,453)**
Policy movements	-	(12,230)	58,601	(46,371)	-	-	-	-	**-**
Interest rate	-	(16,049)	(4,540)	20,589	-	-	-	-	**-**
Adjustments due to changes in assumption	-	(12,740)	6,318	2,814	-	-	(3,608)	3,608	**-**
Changes in asset revaluation reserves									
- property and equipment (Note 3)	-	-	-	-	(95)	-	(95)	-	**(95)**
- non-current assets held for sale	-	-	1,914	-	(1,914)	-	-	-	**-**
Taxation on asset revaluation reserves (Note 16)	-	-	-	-	160	-	160	-	**160**
Taxation on taxable investment income (Note 42)	-	-	1,995	(133)	-	(2,489)	(627)	-	**(627)**
Transferred to shareholders' fund (Note 42)	-	-	(13,377)	(11,700)	-	-	(25,077)	-	**(25,077)**
- Participating fund	-	-	(13,377)	-	-	-	(13,377)	-	**(13,377)**
- Non-participating fund	-	-	-	(11,700)	-	-	(11,700)	-	**(11,700)**
Reclassification of unallocated surplus of non-participating funds to shareholders' fund (Note 42)	-	-	-	(18,120)	-	-	(18,120)	-	**(18,120)**
As at 31 December 2021	126,240	3,252,633	183,967	-	8,669	389,785	3,961,294	(18,954)	**3,942,340**

16. Deferred Tax Liabilities

	Note	**2022 RM'000**	2021 RM'000
At 1 January		**38,336**	45,465
Recognised in:			
Income statement			
- Taxation of life insurance business	29(a)	**(10,450)**	(9,016)
- Taxation of the Company	29(b)	**3,105**	2,047
Insurance contract liabilities	15	**(66)**	(160)
At 31 December		**30,925**	38,336

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.

	2022 RM'000	2021 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	**31,976**	38,877
Deferred tax assets	**(1,051)**	(541)
	30,925	38,336

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

	Accelerated capital allowances RM'000	Assets revaluation reserves RM'000	Fair value of investment assets RM'000	Unallocated surplus RM'000	**Total RM'000**
Deferred tax liabilities					
As at 1 January 2021	700	961	23,508	21,299	**46,468**
Recognised in:					
Income statement	-	-	(11,364)	3,933	**(7,431)**
Insurance contract liabilities	-	(160)	-	-	**(160)**
As at 31 December 2021/1 January 2022	700	801	12,144	25,232	**38,877**
Recognised in:					
Income statement	-	(47)	(10,844)	4,056	**(6,835)**
Other comprehensive income	-	-	-	-	**-**
Insurance contract liabilities	-	(66)	-	-	**(66)**
As at 31 December 2022	700	688	1,300	29,288	**31,976**

16. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (Cont'd.):

	Accretion and amortisation on investment assets RM'000	**Total RM'000**
Deferred tax assets		
As at 1 January 2021	(1,003)	**(1,003)**
Recognised in:		
Income statement	462	**462**
As at 31 December 2021/1 January 2022	(541)	**(541)**
Recognised in:		
Income statement	(510)	**(510)**
As at 31 December 2022	(1,051)	**(1,051)**

17. Lease Liabilities

	2022 RM'000	2021 RM'000
As at 1 January	**22,511**	15,637
Additions (Note 5)	**615**	22,134
Termination of lease	**-**	(10,711)
Interest expense on lease liabilities	**961**	844
Lease payment	**(5,561)**	(5,393)
As at 31 December	**18,526**	22,511

18. Insurance Payables

	2022 RM'000	2021 RM'000
Financial liabilities:		
Due to agents and intermediaries	**27,896**	38,088
Due to reinsurers and cedants	**30,184**	18,707
Due to policyholders	**186,550**	210,237
Payable for agency related expenses	**6,904**	17,967
	251,534	284,999

The carrying amounts disclosed above approximate fair value at the reporting date. All amounts are payable within one year.

19. Other Payables

	Note	2022 RM'000	2021 RM'000
Financial liabilities:			
Unclaimed monies		**11,051**	7,288
Other creditors		**87,152**	99,048
		98,203	106,336
Non-financial liabilities:			
Provision for retirement medical benefits	(i)	**8,225**	8,192
Accrued expenses		**14,015**	13,307
Other provisions	(ii)	**17,800**	13,854
		40,040	35,353
		138,243	141,689

(i) Provision for retirement medical benefits

This relates to medical benefits provided to certain former employees after retirement.

The movement of the present value of the defined benefit obligation recognised in the statement of financial position is as follows:

	2022 RM'000	2021 RM'000
As at 1 January	**8,192**	8,204
Provision made during the year	**(308)**	368
Medical benefits paid	**(324)**	(304)
Unwinding of discount rate	**665**	213
Change in assumptions	**-**	(289)
As at 31 December	**8,225**	8,192

Principal actuarial assumptions used at the end of the financial year is as follows:

	2022	2021
Mortality	**M11/15**	M11/15
Inflation rate (per annum)	**10%**	10%

The mortality assumption is based on the experience of Malaysian insured lives between year 2011 to 2015 (31.12.2021: year 2011 to 2015).

19. Other Payables (Cont'd)

(i) Provision for retirement medical benefits (Cont'd)

The discount rate used is the best estimate of investment returns for participating and annuity business. The gross investment return is 5.50% (2021: 6.00%) for the participating business and 5.00% (2021: 5.50%) for the annuity business. The spot-yields curve of MGS is used for non-participating and investment-linked non-unit funds.

The following tables demonstrates the sensitivity of provision for retirement medical benefits to a reasonable change in discount rate on profit before taxation and equity:

	<------------- Increase/(Decrease) -------------->		
	Changes in basis points	Impact on profit before taxation RM'000	Impact on equity* RM'000
2022			
Interest rates	+ 100 bps	199	151
Interest rates	- 100 bps	(216)	(164)
2021			
Interest rates	+ 100 bps	65	50
Interest rates	- 100 bps	(415)	(315)

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

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

(ii) Other provisions

Bank Negara Malaysia has issued a Policy Document on Investment-linked Business in 2019 to include minimum allocation rate. Arising from the requirements of this new Policy Document, the operating fund has provided for these additional amounts and is currently determining the number of new units to be created to unitholders whereby these new units will be created in the next financial year. As at 31 December 2022, the NAV per unit as disclosed in the Statement of Financial Position is computed based on the units in circulation as at that date and prior to the creation of these new units.

20. Subordinated Notes

	2022 RM'000	2021 RM'000
RM200.0 million Tier 2 subordinated notes, net of expenses	**198,973**	198,948
Add: interest payable	**87**	87
	199,060	199,035
Payable within 12 months	**(4)**	5
Payable after 12 months	**199,064**	199,030
	199,060	199,035

In 29 December 2021, the Company issued subordinated notes of RM200.0 million nominal value for a period of 10 years on a 10 non-callable 5 basis with a coupon rate of 5.30% per annum.

The subordinated notes are unsecured liabilities and classified as Tier 2 capital under Risk Based Capital Framework for Insurers.

Reconciliation of changes in liabilities arising from financing activities:

	Note	2022 RM'000	2021 RM'000
At 1 January		**199,035**	-
Issuance		**-**	200,000
Transaction cost		**(58)**	(1,052)
Amortisation of transaction cost	28	**83**	-
Accrued interest		**10,600**	87
Interest paid		**(10,600)**	-
At 31 December		**199,060**	199,035

The fair value of subordinated notes are amounted to RM219,546,000, estimated based on discounted cash flow model using current yield curve appropriate for the remaining term to maturity.

21. Investment Income

	2022 RM'000	2021 RM'000
Rental income related to properties	**-**	41
Net amortisation of premiums on investment (Note 7(d))	**(2,096)**	(3,395)
FVTPL:		
Interest income	**154,876**	143,420
Dividend income:		
- Quoted equity securities	**14,264**	14,184
- Quoted exchange traded funds	**2,443**	2,354
- Quoted unit and property trust funds	**2,715**	7,882
- Unquoted equity securities	**1,244**	292
- Unquoted unit trust funds	**861**	661
Amortised cost	**13,517**	15,338
Bank balances interest income	**202**	172
Other investment income	**224**	141
Gross investment income	**188,250**	181,090
Less: Investment expenses	**(2,960)**	(2,617)
	185,290	178,473

22. Realised (Losses)/Gains

	2022 RM'000	2021 RM'000
FVTPL:		
Quoted equity securities	**(4,604)**	5,421
Unquoted debt securities	**1,580**	(3,926)
Quoted unit and property trust funds	**1,390**	1,380
	(1,634)	2,875

23. Fair Value Losses

	2022 RM'000	2021 RM'000
Financial instruments:		
Malaysian Government securities	**(21,831)**	(65,044)
Government investment issues	**(7,964)**	(13,413)
Malaysian Government guaranteed bonds	**(16,154)**	(30,889)
Quoted equity securities	**101**	(12,553)
Quoted unit and property trust funds	**(756)**	(5,274)
Quoted exchange traded funds	**(27,325)**	9,292
Unquoted equity securities	**1,000**	2,800
Unquoted debts securities	**(51,974)**	(62,561)
Unquoted unit trust funds	**(23,811)**	18,894
	(148,714)	(158,748)
Investment properties (Note 4)	**-**	5
Non-current assets held for sale (Note 11)	**-**	120
	(148,714)	(158,623)

24. Fee and Commission Income

	2022 RM'000	2021 RM'000
Reinsurance commission income	**1,069**	-

25. Net Other Operating Revenue/(Expenses)

	Note	2022 RM'000	2021 RM'000
Other operating revenue:			
Write back of impairment loss on loan receivables	7 (d)	**97**	-
Gain on termination of lease		**-**	467
Other miscellaneous income		**276**	184
		373	651
Other operating expenses:			
Loss on disposal of properties and equipment		**(322)**	(138)
Impairment loss on premium receivables		**(357)**	(1,020)
Impairment loss on loan receivables	7 (d)	**-**	(198)
Impairment loss on receivable		**(5,803)**	-
Other miscellaneous expenses		**(1,118)**	(1,014)
Write-off:			
Property and equipment		**-**	(4)
Non-current assets held for sale	11	**-**	(54)
		(7,600)	(2,428)

26. Fee and Commission Expenses

	2022 RM'000	2021 RM'000
Agency commission and agent-related expenses	**(92,220)**	(101,555)

27. Management Expenses

	Note	2022 RM'000	2021 RM'000
Employee benefits expenses	(a)	**75,815**	64,047
Directors' remuneration	(b)	**1,540**	1,339
Auditors' remuneration:			
- statutory audits		**504**	489
- regulatory related services		**86**	86
- other services		**928**	628
Office rental		**45**	203
Equipment rental		**216**	222
Depreciation of property and equipment	3	**4,892**	4,675
Amortisation of intangible assets	6	**2,672**	2,095
Amortisation of right-of-use assets	5	**5,037**	4,841
Entertainment		**963**	640
Electronic data processing expenses		**9,377**	7,534
Advertising and promotion		**11,940**	6,525
Repair and maintenance		**1,345**	1,130
Agency training		**3,773**	3,437
Printing and stationery		**829**	798
Electricity and water		**900**	1,062
Telephone and postages		**307**	278
Consultancy and legal fees		**6,600**	7,156
Finance and bank charges		**3,604**	4,946
Other expenses		**10,311**	10,270
		141,684	122,401

27. Management Expenses (Cont'd)

(a) Employee benefits expenses

	2022 RM'000	2021 RM'000
Wages and salaries	**44,216**	40,010
Contributions to defined contribution plan, EPF	**8,689**	7,184
Social security contributions	**350**	311
Employee Insurance Scheme	**39**	32
Other benefits	**22,521**	16,510
	75,815	64,047

(b) Directors' remuneration

The details of directors' remuneration for the financial year are as follows:

	2022 RM'000	2021 RM'000
Allowances and other emoluments	**1,495**	1,298
Directors and officers' liability insurance	**45**	41
	1,540	1,339
Non-executive directors		
Mr. Mohammad Nizar bin Idris	**312**	246
Dato' Dr. Md Khir bin Abdul Rahman	**144**	199
Datin Seri Sunita Mei-Lin Rajakumar	**245**	191
Mr. Casparus Jacobus Hendrik Kromhout	**226**	183
Mr. Arumugam Saminathan	**197**	167
Mr. Kokula Krishnan Ganesalingam	**265**	187
Mr. Murugiah M N Singham	**-**	125
Puan Nuraini Ismail	**106**	-
	1,495	1,298

The number of directors of the Company whose remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2022	2021
RM100,001 - RM150,000	**2**	1
RM150,001 - RM200,000	**1**	5
RM200,001 - RM250,000	**2**	1
above RM250,001	**2**	-

28. Finance Cost

	Note	**2022 RM'000**	2021 RM'000
Interest expense on lease liabilities		**961**	844
Interest expense on subordinated note		**10,600**	87
Amortisation of transaction cost	20	**83**	-
		11,644	931

29. Taxation

	Note	**2022 RM'000**	2021 RM'000
Taxation of life insurance business	(a)	**(1,567)**	627
Taxation of the Company	(b)	**11,195**	7,609
		9,628	8,236

(a) Taxation of life insurance business

	2022 RM'000	2021 RM'000
Tax expenses:		
Current tax	**8,883**	9,643
Deferred tax	**(10,450)**	(9,016)
	(1,567)	627
Current income tax:		
Malaysian income tax	**9,935**	9,724
Over provision of income tax expense in prior years	**(1,052)**	(81)
	8,883	9,643
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 16)	**(10,450)**	(9,016)
	(1,567)	627

The income tax for the life insurance business is calculated based on the tax rate of 8% (2021: 8%) of the assessable investment income for the financial year.

29. Taxation (Cont'd)

(b) Taxation of the Company

	2022 RM'000	2021 RM'000
Tax expenses:		
Current tax	**8,090**	5,562
Deferred tax	**3,105**	2,047
	11,195	7,609
Current income tax:		
Malaysian income tax	**7,496**	5,567
Under/(over) provision of income tax expense in prior years	**594**	(5)
	8,090	5,562
Deferred tax:		
Relating to origination and reversal of temporary differences (Note 16)	**3,105**	2,047
	11,195	7,609

The income tax for the Company is calculated based on the tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

(c) Reconciliation of income tax expense

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

	2022 RM'000	2021 RM'000
Profit before taxation	**32,264**	34,435
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	**7,743**	8,264
Utilisation of Section 110B credit	**(2,056)**	(1,881)
Expenses not deductible for tax purposes	**4,914**	1,379
Income not taxable for tax purposes	**-**	(148)
Under/(over) provision of income tax expense in prior years	**594**	(5)
Tax expense for the year	**11,195**	7,609

30. Earnings Per Share

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

	2022	2021
Profit attributable to ordinary equity holders: (RM'000)	**21,069**	26,826
Weighted average number of shares in issue ('000)	**100,284**	100,284
Basic and diluted earnings per share: (sen)	**21.0**	26.8

There were no dilutive potential ordinary shares as at the reporting date.

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

31. Dividends

	Amount		Net dividend per share	
	2022 RM'000	2021 RM'000	**2022 Sen**	2021 Sen
Approved and paid:				
Dividend paid in respect of the financial year ended 31 December 2020:				
Final single tier dividend paid on 12 July 2021	**-**	20,789	**-**	20.73
Dividend paid in respect of the financial year ended 31 December 2021:				
Final single tier dividend paid on 14 July 2022	**19,997**	-	**19.94**	-
	19,997	20,789	**19.94**	20.73

32. Cash Flows

	Note	2022 RM'000	2021 RM'000
Profit before taxation		**32,264**	34,435
Taxation of life insurance business	29(a)	**(1,567)**	627
Investment income	21	**(185,290)**	(178,473)
Realised losses/(gains)	22	**1,634**	(2,875)
Fair value losses	23	**148,714**	158,623
Purchases of FVTPL financial instruments	7(d)	**(1,318,793)**	(2,064,922)
Proceeds from sale of FVTPL financial instruments	7(d)	**810,478**	2,219,225
Decrease in financial instruments at amortised cost	7(d)	**18,356**	26,671
Decrease in foreign money market placements		**-**	546
Interest expense on lease liabilities	17	**961**	844
Interest expense on subordinated notes		**10,600**	87
Investment income received		**180,638**	181,019
Gain on termination of lease	25	**-**	(467)
Loss on disposal of non-current assets held for sale	25	**322**	138
Non-cash items:			
Depreciation of property and equipment	27	**4,892**	4,675
Amortisation of right-of-use assets	27	**5,037**	4,841
Amortisation of intangible assets	27	**2,672**	2,095
Amortisation of Sub Debt Transaction Cost	20	**83**	-
Property and equipment written-off	25	**-**	4
Non-current assets written-off	25	**-**	54
Net amortisation of investments	21	**2,096**	3,395
(Write back of)/Additional impairment loss on loan receivables	25	**(97)**	198
Impairment loss on receivables	25	**5,803**	-
Impairment loss on premium receivables	25	**357**	1,020
Changes in working capital:			
Reinsurance assets		**7,895**	1,259
Insurance receivables		**51,194**	(90,564)
Other receivables		**(7,463)**	(3,958)
Insurance contract liabilities		**(211,525)**	(85,280)
Insurance payables		**(33,465)**	95,839
Other payables		**(3,446)**	(2,451)
Cash generated (used in)/from operating activities		**(477,650)**	306,605

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

33. Operating Lease Arrangements

The Company as lessor

The Company has entered into non-cancellable operating lease arrangements on its portfolio of properties. The leases have remaining non-cancellable lease terms of between 1 and 3 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

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

	2022 RM'000	2021 RM'000
Receivable within one year	**140**	214
Receivable after one year	**164**	134
	304	348

34. Capital Commitments

The commitments of the Company as at the reporting date are as follows:

	2022 RM'000	2021 RM'000
Approved and contracted for:		
Intangible assets	**-**	2,359
Approved but not contracted for:		
Property and equipment	**65,312**	56,239
Intangible assets	**-**	5,427
	65,312	61,666

35. Significant Related Party Disclosures

(a) Related parties

The related parties and their relationship with the Company as at 31 December 2022 are as follows:

	Relationship
Sanlam Life Insurance Limited	Holding company of SEM
Sanlam Emerging Markets Proprietary Limited ("SEM")	Immediate holding company
SEM South East Asia Sdn Bhd	Subsidiary of SEM
Pacific & Orient Insurance Co. Berhad	Associate of SEM
Koperasi MCIS Berhad	Corporate shareholder

The Directors are of the opinion that the related party transactions were carried out on terms and conditions no more favourable than those available on similar transactions with unrelated parties, unless otherwise stated.

	2022 RM'000	2021 RM'000
Transactions with related parties:		
(i) Rental and utility expenses		
Koperasi MCIS Berhad	**(3,853)**	(3,817)
(ii) Secretarial fees received/receivable		
SEM South East Asia Sdn Bhd	**28**	14
(iii) Management support, internal audit support and actuarial audit paid/ payable		
Sanlam Life Insurance Limited	**(394)**	(214)
(iv) Premium for insurance cover paid		
Pacific & Orient Insurance Co. Berhad	**(45)**	(41)
(v) Sponsor for corporate social responsibility activities paid		
Koperasi MCIS Berhad	**(30)**	(30)
(vi) License fee on online search tool payable		
SEM	**(9)**	-
(vii) End-to-end watch list and sactions screening solution service paid/ payable		
SEM	**(87)**	-
Balances with related parties:		
(i) Reimbursable costs to		
Sanlam Life Insurance Limited	**230**	-
SEM	**75**	-
(ii) Recovery from		
SEM South East Asia Sdn Bhd	**14**	28

35. Significant Related Party Disclosures (Cont'd)

(b) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. In line with this classification, the key management personnel of the Company includes directors, CEO and the senior management team.

The remuneration of key management personnel during the year was as follows:

	2022 RM'000	2021 RM'000
Directors' remuneration:		
Directors' allowances and other emoluments	**1,495**	1,298

	2022 RM'000	2021 RM'000
CEO's remuneration:		
Salary and allowances	**1,682**	1,517
Bonus	**1,053**	803
Other benefits	**425**	21
	3,160	2,341
Other key management personnel:		
Wages and salaries	**6,667**	5,969
Other short term benefits	**3,474**	2,910
Benefits-in-kind	**114**	42
	10,255	8,921

36. Regulatory Capital Requirement

The capital structure of the Company as prescribed under RBC Framework is provided as below:

	2022 RM'000	2021 RM'000
Tier 1 capital		
Share capital (paid-up)	**125,024**	125,024
Reserves, including retained earnings	**803,153**	888,431
	928,177	1,013,455
Tier 2 capital		
Eligible reserves	**206,978**	207,883
Deductions	**(28,208)**	(5,529)
Total capital available as at 31 December	**1,106,947**	1,215,809

37. Contingent Liabilities

There were no contingent liabilities as at the date of this report.

38. Insurance Risk

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

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

The mortality and morbidity risks are managed through the use of reinsurance to transfer risks in excess of the Company's risk appetite, appropriate actuarial methodologies/techniques for reserving as well as other risk mitigating measures.

Persistency (or lapsation) risk is managed through monitoring of experience. Where possible, the potential financial impact of lapses is reduced by persistency management, product design requirements, experience monitoring and management actions.

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

38. Insurance Risk (Cont'd)

The table below shows the concentration of life insurance contract liabilities by type of contract as at the reporting date:

Life insurance contract liabilities	Gross RM'000	Reinsurance RM'000	**Net RM'000**
2022			
Whole life	653,324	(954)	**652,370**
Endowment	1,592,969	-	**1,592,969**
Term assurance	123,268	(2,660)	**120,608**
Medical and Health	13,302	-	**13,302**
Annuity	549,182	-	**549,182**
Others	817,540	(7,445)	**810,095**
	3,749,585	(11,059)	**3,738,526**
2021			
Whole life	683,873	(950)	**682,923**
Endowment	1,707,424	-	**1,707,424**
Term assurance	135,076	(10,267)	**124,809**
Medical and Health	15,735	-	**15,735**
Annuity	602,607	-	**602,607**
Others	816,579	(7,737)	**808,842**
	3,961,294	(18,954)	**3,942,340**

As all of the business is derived from Malaysia, the entire life insurance contract liabilities are in Malaysia.

Key assumptions

Material judgment is required in the choice of assumptions to determine the value of life insurance liabilities. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The sensitivity analysis below shows the impact of changes in key assumptions on the value of life insurance liabilities. The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on liabilities. The correlation of assumptions will have a significant effect in determining the liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

38. Insurance Risk (Cont'd)

Key assumptions (Cont'd)

There are no material change to the methods used to derive assumptions from the previous year.

The analysis which follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before taxation and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions 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, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities.

	Change in assumptions %	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on profit before taxation RM'000	Impact on equity* RM'000
	< ---------------------------------- (Decrease)/Increase				---------------------------------- >
2022					
Fund yield (par funds)	+1%	(104,862)	(104,862)	-	-
Risk free yield	+1%	(26,458)	(26,458)	27,653	21,016
Mortality and morbidity	+25%	598	598	(22,725)	(17,271)
Lapse and surrenders	+25%	(34,132)	(34,132)	6,967	5,295
Expenses	+25%	29,019	29,019	(9,006)	(6,845)
2021					
Fund yield (par funds)	+1%	(117,430)	(117,430)	-	-
Risk free yield	+1%	(19,868)	(19,868)	25,211	19,160
Mortality and morbidity	+25%	(5,930)	(5,930)	(21,082)	(16,022)
Lapse and surrenders	+25%	(43,264)	(43,264)	6,772	5,147
Expenses	+25%	29,217	29,217	(8,875)	(6,745)

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

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

39. Financial Risk

Market and credit risk

Market risk is the risk of asset or liability values being adversely affected by movement in the market prices or rates. This includes interest rate risk, currency risk and equity price risk.

The Company manages market risk by setting policies on asset allocation, investment limits and diversification benchmarks. The Company adopts the asset liability matching criteria to minimise the impact of mismatches between the values of assets and liabilities from market movements.

Exposure to fixed income securities provides the Company's largest market risk exposure. The Company monitors its exposure levels through regular stress/sensitivity testing and constant market supervision of the asset prices. The Company has not transacted in any derivatives.

(a) Interest rate risk

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

Floating rate instruments expose the Company to cash flow interest rate risk, whereas fixed rate instrument expose the Company to fair value interest rate risk. The Company's exposure to interest rate risk arises primarily from investment in fixed income securities and deposits with licensed institutions.

The carrying amount, by maturity, of the Company's financial instruments that are exposed to interest rate risk is as disclosed in Note 7(g).

Sensitivity analysis:

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before taxation (due to changes in fair value of floating rate financial assets and liabilities) and equity (that reflects adjustments to profit before taxation). 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.

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(a) Interest rate risk (Cont'd)

	<-------------- Increase/(Decrease) ------------>		
	Changes in basis points	Impact on profit before taxation RM'000	Impact on equity* RM'000
2022			
Interest rates	+ 100 bps	(35,125)	(26,747)
Interest rates	- 100 bps	34,763	26,467
2021			
Interest rates	+ 100 bps	(42,122)	(32,078)
Interest rates	- 100 bps	23,913	18,211

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

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

The impact from change in interest rate to the insurance contract liabilities have been disclosed in Note 38.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's primary transactions are carried out in Ringgit Malaysia (RM) with minimal exposure to foreign currency risks.

(c) Equity price risk

Equity price risk is the risk that the fair value of equity assets will be adversely affected by movement in market prices (other than those arising from interest risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting similar financial instruments traded in the market.

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(c) Equity price risk (Cont'd)

The Company's exposure to equity price risk arises from its investment in quoted equities traded in the Bursa Malaysia. The Company manages its exposure to equity price risk by setting policies and investment parameters governing asset allocation and investments limits, having regard to such limits stipulated by BNM as well as specific assessment for equity investments falling below 30% of its average historical cost or a prolonged decline in value for 12 consecutive months.

Sensitivity analysis:

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before taxation (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the income statement) and equity (that reflects adjustments to profit after taxation). 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.

	<-------------- Increase/(Decrease) ------------>		
	Changes in variables %	Impact on profit before taxation RM'000	Impact on equity* RM'000
2022			
Market indices:			
Market value	+10%	68,422	2,549
Market value	-10%	(68,422)	(2,549)
2021			
Market indices:			
Market value	+10%	57,527	1,932
Market value	-10%	(57,527)	(1,932)

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

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

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(d) Credit risk

Credit risk is the risk of a financial loss resulting from the failure of an intermediary or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

The Company's primary exposure to credit risk arises through its investment in fixed income securities and deposits, obligations of reinsurers through reinsurance contracts and receivables from sales of insurance policies. The Company has in place a credit control policy and investment policy to manage its credit risk.

The Company manages the exposure to individual counterparties pertaining to its investment in fixed income securities, by measuring the exposure against internal limits, taking into consideration the credit ratings issued by the authorized rating agencies.

The Company actively monitors and considers the risk of a fall in value of the fixed income securities from changes in the credit worthiness of the issuer by managing individual exposures as well as the concentration of credit risks in its fixed income portfolio through asset allocation, observing minimum credit rating requirements, maximum limits for corporate debt, maximum duration as well as setting maximum permitted exposures to individual counterparties or group of counterparties.

Cash and deposits are placed with financial institutions licensed under the Financial Services Act, 2013 which are regulated by BNM, guided by the Company's approved exposure limits and minimum credit rating requirements.

Reinsurance arrangements are only placed with providers who meet the Company's counterparty credit standards and satisfy the minimum credit rating requirements of the Company. The Company reviews the credit condition of its reinsurers on an on-going basis and reviews its reinsurance arrangements periodically. The Company cedes business to reinsurers that satisfy the minimum credit rating requirements of the Company.

In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds, as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Company has no material credit risk on unit-linked financial assets.

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(d) Credit risk (Cont'd)

Credit exposure

At the reporting date, the Company's maximum exposure to credit risk is represented by the amount of each class of financial and insurance assets recognised in the statement of financial position as shown in the table below:

	2022 RM'000	2021 RM'000
FVTPL		
Malaysian Government securities	**1,038,928**	820,186
Government investment issues	**214,929**	230,282
Malaysian Government guaranteed bonds	**487,140**	511,480
Unquoted debt securities	**1,506,202**	1,439,326
Deposits with financial institutions	**283,340**	829,235
Amortised cost		
Loans receivables	**181,609**	199,868
Reinsurance assets	**11,059**	18,954
Insurance receivables	**95,605**	147,155
Other receivables	**42,237**	38,173
Cash and bank balances	**47,417**	38,820
Total credit risk exposure	**3,908,466**	4,273,479

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to Rating Agency of Malaysia, Malaysian Rating Corporation Berhad, A.M. Best Company and Standards and Poor's credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(d) Credit risk (Cont'd)

Credit exposure (Cont'd)

Credit exposure by credit rating (Cont'd)

	<---- Neither past-due nor impaired ---->					
2022	Investment grade (BBB to AAA) RM'000	Non-investment grade (C to BB) RM'000	Not-rated RM'000	Unit linked RM'000	Past-due but not impaired RM'000	**Total RM'000**
FVTPL						
Malaysian Government securities	-	-	1,034,823	4,105	-	**1,038,928**
Government investment issues	-	-	214,719	210	-	**214,929**
Malaysian Government guaranteed bonds	-	-	487,140	-	-	**487,140**
Unquoted debt securities	1,460,896	-	-	45,306	-	**1,506,202**
Deposits with financial institutions	266,727	-	-	16,613	-	**283,340**
Amortised cost						
Loans receivables	-	-	181,609	-	-	**181,609**
Reinsurance assets	11,059	-	-	-	-	**11,059**
Insurance receivables	33,942	-	61,663	-	-	**95,605**
Other receivables	24,171	-	17,353	713	-	**42,237**
Cash and bank balances	45,300	-	-	2,117	-	**47,417**
Total credit risk exposure	1,842,095	-	1,997,307	69,064	-	**3,908,466**

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(d) Credit risk (Cont'd)

Credit exposure (Cont'd)

Credit exposure by credit rating (Cont'd)

	<---- Neither past-due nor impaired ---->					
2021	Investment grade (BBB to AAA) RM'000	Non-investment grade (C to BB) RM'000	Not-rated RM'000	Unit linked RM'000	Past-due but not impaired RM'000	**Total RM'000**
FVTPL						
Malaysian Government securities	-	-	816,248	3,938	-	**820,186**
Government investment issues	-	-	230,065	217	-	**230,282**
Malaysian Government guaranteed bonds	-	-	511,480	-	-	**511,480**
Unquoted debt securities	1,398,985	-	-	40,341	-	**1,439,326**
Deposits with financial institutions	801,372	-	-	27,863	-	**829,235**
Amortised cost						
Loans receivables	-	-	199,868	-	-	**199,868**
Reinsurance assets	18,954	-	-	-	-	**18,954**
Insurance receivables	22,119	-	125,036	-	-	**147,155**
Other receivables	23,195	-	14,419	559	-	**38,173**
Cash and bank balances	34,826	-	-	3,994	-	**38,820**
Total credit risk exposure	2,299,451	-	1,897,116	76,912	-	**4,273,479**

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(d) Credit risk (Cont'd)

Credit exposure (Cont'd)

It is 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 Company's rating policy. The attributable risk ratings are assessed and updated regularly.

The Company has not provided the credit risk analysis for the financial assets of the unit linked business where the liability to policyholders is linked to the performance and value of the assets that back those liabilities. The shareholders do not have direct exposure to any credit risk in those assets.

Reconciliation of allowance for impairment

Movement in allowances for impairment for financial assets are as follows:

	Loans receivables RM'000 (Note 7(b))	Insurance receivables RM'000 (Note 9)	**Total RM'000**
Life-time expected credit loss			
At 1 January 2021	1,447	5,060	**6,507**
Charge for the year	198	1,020	**1,218**
At 31 December 2021/1 January 2022	1,645	6,080	**7,725**
Charge for the year	(97)	357	**260**
At 31 December 2022	1,548	6,437	**7,985**

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(e) Cash flow and liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations due to insufficient liquid resources, or would have to incur excessive cost in meeting the obligations. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Company manages the liquidity risk by monitoring daily cash inflows and outflows and by ensuring a reasonable amount of financial assets are kept in liquid instruments at all times. The Company also practices asset-liability management and ensures that the average investment duration and maturity profiles match the Company's liabilities.

Maturity profiles

The table below summarises the maturity profile of the financial and insurance assets and financial and insurance liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

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

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(e) Cash flow and liquidity risk (Cont'd)

Maturity profiles (Cont'd)

2022	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial investments:							
FVTPL	4,262,709	390,102	989,336	2,081,233	1,732,322	732,170	**5,925,163**
Amortised cost	181,609	1,034	166	1,536	-	179,595	**182,331**
	4,444,318	391,136	989,502	2,082,769	1,732,322	911,765	**6,107,494**
Reinsurance assets	11,059	11,059	-	-	-	-	**11,059**
Insurance receivables	95,605	95,605	-	-	-	-	**95,605**
Other receivables	42,237	42,237	-	-	-	-	**42,237**
Cash and bank balances	47,417	47,417	-	-	-	-	**47,417**
Total financial and insurance assets	4,640,636	587,454	989,502	2,082,769	1,732,322	911,765	**6,303,812**
Insurance contract liabilities	3,749,585	956,162	712,066	1,854,850	2,783,393	166,616	**6,473,087**
Lease liabilities	18,526	5,425	15,376	-	-	-	**20,801**
Insurance payables	251,534	251,534	-	-	-	-	**251,534**
Other payables	98,203	98,203	-	-	-	-	**98,203**
Subordinated notes	199,060	10,600	42,429	242,429	-	-	**295,458**
Total financial and insurance liabilities	4,316,908	1,321,924	769,871	2,097,279	2,783,393	166,616	**7,139,083**
Total liquidity surplus/(gap)	323,728	(734,470)	219,631	(14,510)	(1,051,071)	745,149	**(835,271)**

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(e) Cash flow and liquidity risk (Cont'd)

Maturity profiles (Cont'd)

2021	Carrying value RM'000	Up to a year RM'000	1 - 5 years RM'000	5-15 years RM'000	Over 15 years RM'000	No maturity date RM'000	Total RM'000
Financial investments:							
FVTPL	4,452,733	961,227	775,729	1,814,568	1,919,181	622,224	**6,092,929**
Amortised cost	199,868	1,065	243	1,402	229	197,716	**200,655**
	4,652,601	962,292	775,972	1,815,970	1,919,410	819,940	**6,293,584**
Reinsurance assets	18,954	18,954	-	-	-	-	**18,954**
Insurance receivables	147,155	147,155	-	-	-	-	**147,155**
Other receivables	38,173	38,173	-	-	-	-	**38,173**
Cash and bank balances	38,820	38,820	-	-	-	-	**38,820**
Total financial and insurance assets	4,895,703	1,205,394	775,972	1,815,970	1,919,410	819,940	**6,536,686**
Insurance contract liabilities	3,961,294	958,472	766,791	1,973,245	3,648,329	192,636	**7,539,473**
Lease liabilities	22,511	5,346	18,494	1,850	-	-	**25,690**
Insurance payables	284,999	284,999	-	-	-	-	**284,999**
Other payables	106,336	106,336	-	-	-	-	**106,336**
Subordinated notes	199,035	10,600	42,429	252,971	-	-	**306,000**
Total financial and insurance liabilities	4,574,175	1,365,753	827,714	2,228,066	3,648,329	192,636	**8,262,498**
Total liquidity surplus/(gap)	321,528	(160,359)	(51,742)	(412,096)	(1,728,919)	627,304	**(1,725,812)**

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(e) Cash flow and liquidity risk (Cont'd)

Maturity profiles (Cont'd)

The table below summarises the expected utilisation or settlement of assets and liabilities:

2022	Current* RM'000	Non-current RM'000	Unit linked RM'000	Total RM'000
Assets				
Property and equipment	-	36,954	-	**36,954**
Investment properties	-	300	-	**300**
Right-of-use assets	-	17,585	-	**17,585**
Intangible assets	-	25,303	-	**25,303**
Investments:				
FVTPL	362,889	3,499,020	400,800	**4,262,709**
Amortised cost	948	180,661	-	**181,609**
Reinsurance assets	11,059	-	-	**11,059**
Insurance receivables	95,605	-	-	**95,605**
Other receivables	50,068	-	713	**50,781**
Cash and bank balances	45,300	-	2,117	**47,417**
Non-current assets held for sale	1,246	-	-	**1,246**
Total assets	567,115	3,759,823	403,630	**4,730,568**
Liabilities				
Insurance contract liabilities	597,588	2,752,648	399,349	**3,749,585**
Deferred tax liabilities	30,925	-	-	**30,925**
Lease liabilities	4,675	13,851	-	**18,526**
Insurance payables	251,534	-	-	**251,534**
Other payables	138,243	-	-	**138,243**
Provision for taxation	4,196	-	-	**4,196**
Subordinated notes	(4)	199,064	-	**199,060**
Total liabilities	1,027,157	2,965,563	399,349	**4,392,069**

* Expected utilisation or settlement within 12 months from the reporting date.

39. Financial Risk (Cont'd)

Market and credit risk (Cont'd)

(e) Cash flow and liquidity risk (Cont'd)

Maturity profiles (Cont'd)

The table below summarises the expected utilisation or settlement of assets and liabilities (Cont'd):

2021	Current* RM'000	Non-current RM'000	Unit linked RM'000	Total RM'000
Assets				
Property and equipment	-	54,151	-	**54,151**
Investment properties	-	300	-	**300**
Right-of-use assets	-	22,007	-	**22,007**
Intangible assets	-	4,036	-	**4,036**
Investments:				
FVTPL	924,893	3,136,762	391,078	**4,452,733**
Amortised cost	983	198,885	-	**199,868**
Reinsurance assets	18,954	-	-	**18,954**
Insurance receivables	147,155	-	-	**147,155**
Other receivables	43,911	-	559	**44,470**
Cash and bank balances	34,826	-	3,994	**38,820**
Non-current assets held for sale	4,002	-	-	**4,002**
Total assets	1,174,724	3,416,141	395,631	**4,986,496**
Liabilities				
Insurance contract liabilities	625,519	2,945,990	389,785	**3,961,294**
Deferred tax liabilities	38,336	-	-	**38,336**
Lease liabilities	4,300	18,211	-	**22,511**
Insurance payables	284,999	-	-	**284,999**
Other payables	141,689	-	-	**141,689**
Provision for taxation	1,205	-	-	**1,205**
Subordinated notes	5	199,030	-	**199,035**
Total liabilities	1,096,053	3,163,231	389,785	**4,649,069**

* Expected utilisation or settlement within 12 months from the reporting date.

40. Operational Risks

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems, or from external events.

The Company mitigates operational risks by establishing a proper framework for controls and procedures, which includes total risk profiling, documented procedures, proper segregation of duties, access controls, authorization and reconciliation procedures and staff training.

The Risk Management and Compliance Department assesses the effectiveness of the operational compliance and report to the Governance, Risk and Compliance Committee and BRMC.

41. Fair Value Measurement

The following table provides the fair value measurement hierarchy of the Company's assets:

		Fair value measurement using			
	Date of valuation	Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000	**Total fair value RM'000**
2022					
Assets measured at fair value:					
Investment properties (Note 4)	December 2022	-	-	300	**300**

41. Fair Value Measurement (Cont'd)

		Fair value measurement using			
	Date of valuation	Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000	**Total fair value RM'000**
2022 (Cont'd)					
Assets measured at fair value: (Cont'd)					
FVTPL (Note 7(a)):					
Malaysian Government securities	31 December 2022	-	1,038,928	-	**1,038,928**
Government investment issues	31 December 2022	-	214,929	-	**214,929**
Malaysian Government guaranteed bonds	31 December 2022	-	487,140	-	**487,140**
Unquoted debt securities	31 December 2022	-	1,506,202	-	**1,506,202**
Quoted equity securities	31 December 2022	367,171	-	-	**367,171**
Quoted exchange traded funds	31 December 2022	175,500	-	-	**175,500**
Unquoted equity securities	31 December 2022	-	-	47,950	**47,950**
Quoted unit and property trust funds	31 December 2022	46,945	-	-	**46,945**
Unquoted unit trust funds	31 December 2022	-	94,604	-	**94,604**
Deposits with financial institutions	31 December 2022	-	283,340	-	**283,340**
		589,616	3,625,143	47,950	**4,262,709**
Assets measured at revalued amounts:					
- Property and equipment (Note 3)	December 2022	-	-	9,840	**9,840**
		589,616	3,625,143	58,090	**4,272,849**

41. Fair Value Measurement (Cont'd)

		Fair value measurement using			
	Date of valuation	Level 1 - Quoted market price in active market RM'000	Level 2 - Significant observable inputs RM'000	Level 3 - Significant unobservable inputs RM'000	Total fair value RM'000
2021					
Assets measured at fair value:					
Investment properties (Note 4)	November 2021	-	-	300	**300**
FVTPL (Note 7(a)):					
Malaysian Government securities	31 December 2021	-	820,186	-	**820,186**
Government investment issues	31 December 2021	-	230,282	-	**230,282**
Malaysian Government guaranteed bonds	31 December 2021	-	511,480	-	**511,480**
Unquoted debt securities	31 December 2021	-	1,439,326	-	**1,439,326**
Quoted equity securities	31 December 2021	267,867	-	-	**267,867**
Quoted exchange traded funds	31 December 2021	149,335	-	-	**149,335**
Unquoted equity securities	31 December 2021	-	-	46,950	**46,950**
Quoted unit and property trust funds	31 December 2021	48,657	-	-	**48,657**
Unquoted unit trust funds	31 December 2021	-	109,415	-	**109,415**
Deposits with financial institutions	31 December 2021	-	829,235	-	**829,235**
		465,859	3,939,924	46,950	**4,452,733**
Assets measured at revalued amounts:					
- Property and equipment (Note 3)	November 2021	-	-	10,253	**10,253**
		465,859	3,939,924	57,503	**4,463,286**

41. Fair Value Measurement (Cont'd)

The Company categorises its fair value measurements in accordance to the fair value hierarchy which is based on the priority of inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets, a lower priority to valuation techniques based on observable inputs and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide reliable pricing information on an on-going basis.

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 - Quoted prices in active markets

Fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets that the Company has the ability to 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 - Valuation technique supported by observable inputs

Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the financial asset or financial liabilities, either directly or indirectly. These include quoted prices for similar financial assets and financial liabilities in active markets, quoted prices for identical or similar financial assets and financial liabilities in inactive markets, inputs that are observable that are no prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data.

Level 3 - Valuation technique supported by unobservable inputs

Fair value measurements using significant non market observable inputs. These include valuations for financial assets and financial liabilities that are derived using data, some or all of which is not market observable, including assumptions about risks.

There has been no transfers of financial assets between Level 1 and Level 2 during the financial year ended 31 December 2022 and 2021.

Reconciliation from opening to closing balances of Level 3 fair value hierarchy is provided in Note 3,4,7.

42. Insurance Funds

The Company's activities are organised by funds and segregated into the Shareholders' and Life funds in accordance with the Financial Services Act, 2013. The statements of financial position, income statements and condensed statements of cash flows by funds are presented as follows:

Statements of financial position by funds
As at 31 December 2022

	Shareholders' funds		Life funds		Total	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000	**2022 RM'000**	2021 RM'000
Assets						
Property and equipment	**30**	25	**36,924**	54,126	**36,954**	54,151
Investment properties	**-**	-	**300**	300	**300**	300
Right-of-use assets	**-**	-	**17,585**	22,007	**17,585**	22,007
Intangible assets	**-**	-	**25,303**	4,036	**25,303**	4,036
Investments*	**419,276**	439,033	**4,034,785**	4,224,290	**4,444,318**	4,652,601
Reinsurance assets	**-**	-	**11,059**	18,954	**11,059**	18,954
Insurance receivables	**70**	455	**95,535**	146,700	**95,605**	147,155
Other receivables*	**151,784**	128,378	**43,532**	42,476	**50,781**	44,470
Cash and bank balances	**54**	168	**47,363**	38,652	**47,417**	38,820
Non-current assets held for sale	**-**	-	**1,246**	4,002	**1,246**	4,002
Total assets	**571,214**	568,059	**4,313,632**	4,555,543	**4,730,568**	4,986,496
Total equity*	**341,599**	340,978	**-**	-	**338,499**	337,427
Liabilities						
Insurance contract liabilities*	**-**	-	**3,755,416**	3,967,125	**3,749,585**	3,961,294
Deferred tax liabilities*	**30,544**	27,968	**1,193**	11,708	**30,925**	38,336
Lease liabilities	**-**	-	**18,526**	22,511	**18,526**	22,511
Insurance payables	**-**	-	**251,534**	284,999	**251,534**	284,999
Other payables*	**11**	118	**282,767**	267,955	**138,243**	141,689
Provision for taxation	**-**	(40)	**4,196**	1,245	**4,196**	1,205
Subordinated notes	**199,060**	199,035	**-**	-	**199,060**	199,035
Total liabilities	**229,615**	227,081	**4,313,632**	4,555,543	**4,392,069**	4,649,069
Total equity and liabilities	**571,214**	568,059	**4,313,632**	4,555,543	**4,730,568**	4,986,496

* Included herein are inter-fund transactions and balances which are eliminated in presenting the Company's total results.

42. Insurance Funds (Cont'd)

Income statements by funds
For the financial year ended 31 December 2022

	Shareholders' funds		Life funds		Total	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000	**2022 RM'000**	2021 RM'000
Gross earned premiums*	**-**	-	**729,910**	749,671	**725,144**	748,472
Premiums ceded to reinsurers	**-**	-	**(68,918)**	(53,697)	**(68,918)**	(53,697)
Net earned premiums	**-**	-	**660,992**	695,974	**656,226**	694,775
Investment income	**14,579**	9,703	**170,711**	168,770	**185,290**	178,473
Realised (losses)/gains	**1,310**	204	**(1,719)**	2,671	**(1,634)**	2,875
Fair value losses	**(4,711)**	(6,369)	**(146,208)**	(150,927)	**(148,714)**	(158,623)
Fee and commission income	**-**	-	**1,069**	-	**1,069**	-
Other operating revenue*	**-**	2	**373**	975	**373**	651
Other revenue	**11,178**	3,540	**24,226**	21,489	**36,384**	23,376
Gross benefits and claims paid	**(192)**	(2,588)	**(679,838)**	(582,428)	**(675,264)**	(585,016)
Claims ceded to reinsurers	**-**	-	**62,869**	45,221	**62,869**	45,221
Gross change in contract liabilities	**-**	-	**211,525**	85,280	**211,525**	85,280
Change in contract liabilities ceded to reinsurers	**-**	-	**(7,895)**	(1,259)	**(7,895)**	(1,259)
Net benefits and claims	**(192)**	(2,588)	**(413,339)**	(453,186)	**(408,765)**	(455,774)
Fee and commission expenses	**(1,951)**	(3,073)	**(90,269)**	(98,482)	**(92,220)**	(101,555)
Other operating expenses*	**(6,023)**	(1,581)	**(1,577)**	(2,372)	**(7,600)**	(2,428)
Management expenses	**(3,743)**	(3,646)	**(137,941)**	(118,755)	**(141,684)**	(122,401)
Finance cost	**(10,683)**	(87)	**(961)**	(844)	**(11,644)**	(931)
Taxation of life insurance business	**-**	-	**1,567**	(627)	**1,567**	(627)
Other expenses	**(22,400)**	(8,387)	**(229,181)**	(221,080)	**(251,581)**	(227,942)
Profit from operations	**(11,414)**	(7,435)	**42,698**	43,197	**32,264**	34,435
Transferred from Life funds:						
- Participating fund (Note 15)	**13,412**	13,377	**(13,412)**	13,377	**-**	-
- Non-participating fund (Note 15)	**14,000**	11,700	**14,000**	11,700	**-**	-
	27,412	25,077	**(27,412)**	25,077	**-**	-
Reclassification of unallocated surplus of non-participating funds to shareholders' fund (Note 15)	**15,286**	18,120	**(15,286)**	(18,120)	**-**	-
Profit before taxation	**31,284**	35,762	**-**	-	**32,264**	34,435
Taxation*	**(10,666)**	(8,294)	**-**	-	**(11,195)**	(7,609)
Net profit for the year	**20,618**	27,468	**-**	-	**21,069**	26,826

* Included herein are inter-fund transactions which are eliminated in presenting the Company's total results.

42. Insurance Funds (Cont'd)

Condensed statements of cash flows by funds
For the financial year ended 31 December 2022

	Shareholders' funds		Life funds		Total	
	2022 RM'000	2021 RM'000	**2022 RM'000**	2021 RM'000	**2022 RM'000**	2021 RM'000
Net cash flows from:						
Operating activities	**(190,806)**	30,625	**(312,387)**	261,724	**(503,193)**	292,349
Investing activities	**-**	-	**(9,450)**	(9,776)	**(9,450)**	(9,776)
Financing activities	**(20,055)**	178,159	**(4,600)**	(4,549)	**(24,655)**	173,610
Net increase/(decrease) in cash and cash equivalents	**(210,861)**	208,784	**(326,437)**	247,399	**(537,298)**	456,183
At beginning of year	**227,332**	18,548	**640,723**	393,324	**868,055**	411,872
At end of year	**16,471**	227,332	**314,286**	640,723	**330,757**	868,055
Cash and cash equivalents comprise of:						
Cash and bank balances	**54**	168	**47,363**	38,652	**47,417**	38,820
Short term deposits with maturity periods of less than 3 months	**16,417**	227,164	**266,923**	602,071	**283,340**	829,235
	16,417	227,332	**314,286**	640,723	**330,757**	868,055

43. Significant Events During The Year

(a) As disclosed in Note 11, the Company:

(i) completed the disposals of two properties for a total cash consideration of RM2.4 million, recognising losses thereon of RM322,000.

(ii) entered into Sale and Purchase Agreements for disposal of a property. Disposal of the property has yet to be completed as at the date of this report.

SECTION 3

Shareholdings

Analysis by Size of Shareholdings

As at 10 May 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 1000	833	37.97	230,211	0.23
1,000- 10,000	1,298	59.16	2,908,690	2.90
10,001- 100,000	59	2.69	1,226,992	1.22
100,001 to less than 5% of issued share	2	0.09	259,500	0.26
5% and above of issued shares	2	0.09	95,658,678	95.39
Total	**2,194**	**100.00**	**100,284,071**	**100.00**

List of Twenty (20) Largest Shareholders

As at 10 May 2023

No.	Name	Holdings	%
1	Sanlam Emerging Markets Proprietary Limited	51,144,876	51.00
2	Koperasi MCIS Berhad	44,513,802	44.39
3	K Rengasamy @ Ranggi Sami A/L Karpan	146,000	0.15
4	Koperasi Angkatan Tentera (M) Bhd	113,500	0.11
5	Koperasi Pegawai-pengawai Kerajaan Taiping Bhd	75,000	0.07
6	Tan Chee Lan @ Tan Kwi Lan	68,761	0.07
7	Ong Kok Ming	55,000	0.05
8	Nyioh Yong Jian	43,000	0.04
9	Thilaga A/P Pariasamy	41,500	0.04
10	Rajanthiran A/L K Narayanasamy	40,000	0.04
11	Suyadev A/P A Peter Amavasi	40,000	0.04
12	Sarjit Singh A/L Tara Singh	38,000	0.04
13	Nagapan A/L Muthaya	32,000	0.03
14	Moey Meng Chye	30,000	0.03
15	Soo Beng Hong	30,000	0.03
16	Sanjay Vohrah	25,205	0.03
17	Koperasi Pekerja-pekerja TNB Ipoh Bhd	25,000	0.02
18	Vohran-Merican Sdn Bhd	25,000	0.02
19	Chong Kong Ching	23,000	0.02
20	Wong See Yong @ Ng Say Eng	23,000	0.02

List of Branches

West Malaysia

KEDAH

Alor Setar
2, Susuran Tuanku Haminah, Tuanku Haminah Business Centre, Mergong, 05150 Alor Setar, Kedah.
Tel: 04-7338233
Fax: 04-7311102

Kulim
No 630 Jalan Seraya 3/7, Pusat Perniagaan Seraya, 09000 Kulim, Kedah Darul Aman.
Tel: 04-4906276
Fax: 04-7311102

PERAK

Ipoh
11 - 13, Jln Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan.
Tel: 05-2557760 | 05-2541760
Fax: 05-2550758

Teluk Intan
17, Taman Ros, Jalan Sultan Abdullah, 36000 Teluk Intan, Perak Darul Ridzuan.
Tel: 05-6225966
Fax: 05-6215611

PAHANG

Kuantan
21, Jalan Tun Ismail, 25000 Kuantan, Pahang Darul Makmur.
Tel: 09-5157277
Fax: 09-5141119

FEDERAL TERITORRY

Medan Tuanku
305, Medan Tuanku, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur.
Tel: 03-26980441 | 03-26980655 | 03-26980922
Fax: 03-26929784

MELAKA

Melaka
138, Kompleks Munshi Abdullah, Jalan Munshi Abdullah, 75100 Melaka.
Tel: 06-2824575 | 06-2821088
Fax: 06-2847676

PENANG

Penang
G11, Bay Avenue, Lorong Bayan Indah Satu, 11900 Bayan Lepas, Pulau Pinang.
Tel: 04-6469606 | 04-6469607 | 04-6453379
Fax: 04-6459609

Butterworth
83, Jalan Selat, Taman Selat, 12000 Butterworth.
Tel: 04-3333545 | 04-3334545
Fax: 04-3310598

KELANTAN

Kota Bahru
Lot 201 & 202, Jalan Pengkalan Chepa, 15400 Kota Bharu, Kelantan Darul Naim.
Tel: 09-7481070 | 09-7482476
Fax: 09-7481178

SELANGOR

Petaling Jaya (Principle Office)
Wisma MCIS, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: 03-76523388
Fax: 03-79571562

Klang
33 Jalan Kepayang, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan.
Tel: 03-33414093 | 03-33432075
Fax: 03-33430985

NEGERI SEMBILAN

Seremban
26 & 27, Wisma Kerjasama, Jalan Dato' Abd Malek, 70000 Seremban, Negeri Sembilan Darul Khusus.
Tel: 06-7613766
Fax: 06-7636441

JOHOR

Johor Bahru
9, Jalan Molek 1/29, Taman Molek, 81100 Johor Bahru, Johor Darul Takzim.
Tel: 07-3550310 | 07-3550314
Fax: 07-3581361

East Malaysia

SABAH

Kota Kinabalu
No. A-G-13A, A-1-13A & A-2-13A, Block A, Sutera Avenue, Lorong Lebuh Sutera, Off Coastal Highway, 88100 Kota Kinabalu, Sabah.
Tel: 088-241959 | 088-251272
Fax: 088-241859

SARAWAK

Kuching
SL 14 & 15, Lot 187, Ground Floor, KTLD Jalan Satok, 93400 Kuching, Sarawak.
Tel: 082-247134 | 082-247434
Fax: 082-241826

Proxy Form

NO. OF SHARES HELD

MCIS Insurance Berhad Registration No: 199701019821 (435318-U)

I/We ______________________________ , NRIC No. / Company No ________________

of ____

being a member/members of MCIS Insurance Berhad hereby appoint ______________________________

______________________________ , NRIC No. / Company No ________________

Mobile No ______________________ , Email address ______________________________

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be conducted fully via Remote Participation and Voting (video-conferencing) at Cape Town (MCIS Boardroom) at Wisma MCIS, Level 1 Tower 1, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 15 June 2023 at 10.00 a.m. and any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTION		FOR	AGAINST
Ordinary Resolution 1	Approval for Declaration of Dividend		
Ordinary Resolution 2	Approval for Payment of Directors' Fees and Benefits		
Ordinary Resolution 3	Re-election of Director – Kokula Krishnan Ganesalingam		
Ordinary Resolution 4	Re-election of Director – Datin Seri Sunita Mei-Lin Rajakumar		
Ordinary Resolution 5	Re-election of Director – Nuraini Ismail		
Ordinary Resolution 6	Appointment of Auditor and Authorise the Directors to fix their remuneration		
Ordinary Resolution 7	Authority to Directors under Section 75 and 76 of the Companies Act, 2016		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no instruction as to voting is given, proxy will vote or abstain at his / her discretion.

Dated this day of 2023

____

Signature of Shareholder(s) or where applicable, common seal of Shareholder(s)

Notes:

1. Refer to Administrative Guide.

STAMP

The Company Secretary
MCIS Insurance Berhad Registration NO: 199701019821 (435318-U)
Wisma MCIS
Jalan Barat
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia.

#PeopleHelpingPeople

MCIS INSURANCE BERHAD

Registration No: 199701019821 (435318-U)

Wisma MCIS, Jalan Barat,
46200 Petaling Jaya,
Selangor Darul Ehsan

+603 7652 3388

customerservice@mcis.my

www.mcis.my

mcis life