

BERJAYA SOMPO INSURANCE BERHAD
198001008821 (62605-U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2022

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
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CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of Berjaya Sampo Insurance Berhad ("the Company") supports the Malaysian Code on Corporate Governance. The Board acknowledges the importance of good corporate governance in discharging their duties and responsibilities, ensuring the affairs of the Company are conducted with integrity and professionalism to safeguard the Company's assets and to enhance the shareholders' value and financial performance of the Company.

As an insurance company licensed by the Minister of Finance on the recommendation of Bank Negara Malaysia ("BNM"), the Financial Services Act 2013 ("FSA 2013") empowers BNM to exercise oversight on insurers for the purpose of promoting financial soundness of a licensed person.

The Company complies with all the prescriptive requirements and the adopted management practices that are consistent with the principles prescribed under the FSA 2013, the Companies Act 2016 ("CA 2016") and the Corporate Governance Policy Document ("CGPD") issued by BNM.

The Board

The Board is responsible for the overall governance of the Company by ensuring strategic guidance, succession plan, internal control, risk management and reporting procedures have been put in place. The Board exercises due diligence and care in discharging their duties and responsibilities to ensure compliance with relevant laws, rules and regulations, directives and guidelines in addition to adopting best practices and act in the best interest of the Company and its stakeholders.

Board Charter

The Board Charter sets out the Board's composition, their roles, responsibilities and the procedures of the Board and the Board Committees of the Company in accordance with the CGPD issued by BNM and also serves as a reference to all stakeholders. The Board regularly reviews their Charter to ensure that it remains consistent and relevant to the Board's objectives and responsibilities, and all laws/regulations in connection thereto.

Composition of the Board

The names of the Directors and Chief Executive Officer ("CEO") of the Company in office since the beginning of the financial year and appointed during the year to the date of this report are:

Name	Designation
Azhar Bin Mohamad	Independent Non-Executive Director/Chairman ("INED"/Chairman) #1
Tan Sri Dr. Ong Hong Peng	Independent Non-Executive Director ("INED") #2
Datuk Yong Bun Fou	Independent Non-Executive Director ("INED")
Ahmad Subri Bin Abdullah	Independent Non-Executive Director ("INED")
Yasuhiro Sasanuma	Non-Independent Executive Director ("NIED") #3
Daniel Neo	Non-Independent Executive Director ("NIED") #4
Tan Chong Liong	Non-Independent Non-Executive Director ("NINED")
Dato' Loh Lye Ngok	Non-Independent Non-Executive Director ("NINED")
Tan Chuan Lye	Independent Non-Executive Director ("INED") #5
Tan Sek Kee	Chief Executive Officer ("CEO")

#1 Ceased on 7 April 2022

#2 Appointed as Chairman on 7 April 2022

#3 Resigned on 14 February 2023

#4 Appointed on 14 February 2023

#5 Appointed on 7 April 2022

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

The Board comprises of four (4) Independent Non-Executive Directors ("INED"), two (2) Non-Independent Non-Executive Directors ("NINED") and one (1) Non-Independent Executive Director ("NIED").

Roles and Responsibilities of the Board

The Board is overall responsible for promoting the sustainable growth and financial soundness of the Company, and for ensuring reasonable standards of fair dealing, without undue influence from any party and in compliance with applicable laws which includes the FSA 2013, CA 2016 and any guidelines, directives or policy documents issued by BNM as well as the Company's Memorandum and Articles of Association ("Constitution"). This includes a consideration of the long-term implications of the Board's decisions on the Company and its customers, officers and the general public.

In fulfilling this role, the Board shall be responsible for, among others, the following:

- To approve the risk appetite, business plans and other initiatives which will, singularly or cumulatively, have a material impact on the Company's risk profile;
- To oversee the selection, performance, remuneration and succession plans of the CEO, control functions and other members of senior management, such that the Board is satisfied with the collective competence of senior management to effectively lead the operations of the Company;
- To oversee the implementation of the Company's governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;
- To promote together with senior management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour;
- To promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;
- To oversee and approve the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress; and
- To promote timely and effective communication between the Company and BNM on matters affecting or that may affect the safety and soundness of the Company.

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CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The following are the current profile of the Directors and the CEO of the Company:

TAN SRI DR ONG HONG PENG **INDEPENDENT NON-EXECUTIVE DIRECTOR/CHAIRMAN**

Tan Sri Dr. Ong Hong Peng was appointed as a NEID to the Board of the Company on 17 July 2017 and subsequently, Tan Sri Dr. Ong was appointed as the Chairman of the Company on 7 April 2022. Tan Sri Dr Ong is a member of the Risk Management Committee, Audit Committee and the Investment Committee of the Company.

Tan Sri Dr. Ong's Board experience included Chairman of the National Academy of Arts, Culture and Heritage ("ASWARA"), Chairman and Board Member of Malaysia Convention and Exhibition Bureau ("MyCEB"), Chairman and Board Member of Malaysia Tourism Promotion Board, Tioman Development Authority, Malaysia Agricultural Research and Development Institute ("MARDI"), and Small and Medium Industry Development Corporation ("SMIDEC"). In addition, he was a member of the Investment Panel, Retirement Fund Incorporated ("KWAP").

Tan Sri Dr. Ong holds a Bachelor's Degree in Social Science from the Universiti Sains Malaysia. He also holds a Master in Economics from the Hiroshima University, Japan and a Ph.D. in Economics from the Michigan State University, USA.

He started his career as the Assistant Director of Public Service Department in 1981 and served in various capacities at the National Institute of Public Administration ("INTAN") and Economic Planning Unit ("EPU"). In 2008, he assumed the position of Secretary General, Ministry of Tourism and Culture for eight (8) years until his retirement in December 2016.

On the international front, he was the Chairman of UNWTO Commission for East Asia and the Pacific (2011-2013), Chair of Heads of ASEAN National Tourism Organisations Meeting (2014) and Chair of Senior Officials Committee for the ASEAN Socio-Cultural Community (2015).

At the national level, Tan Sri Dr. Ong was actively involved in the preparation of Third Outline Perspective Plan and Five-Year National Development Plans, particularly on Sectoral Strategies and Priorities, Finance, Tourism and Distributive Trade.

Trainings attended during the financial year

1. BNM-FIDE Forum MyFintech Week Masterclasses
2. BNM FIDE Forum Dialogue: Climate Risk Management and Scenario Analysis
3. MetaFinance: The Next Frontier of Global Economy
4. FCD Series Module A: Board Strategy & Risk Management Oversight
5. IT Training: Cloud & CyberSecurity Awareness
6. FIDE FORUM Leadership Perspectives Forum on Board Effectiveness
7. FCD Series Module A: Board Strategy & Risk Management Oversight
8. Engagement session with Board Members on GI and Takaful Operators on Motor Claims Reforms

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CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

DATUK YONG BUN FOU
INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Yong Bun Fou was appointed to the Board of the Company since 9 June 2016. Presently, he is the Chairman of the Nominations Committee and the Remuneration Committee of the Company. He also serves as a member of the Audit Committee and the Risk Management Committee of the Company.

Datuk Yong holds a Bachelor's Degree in Social Science from the Universiti Sains Malaysia and a Master's Degree in Economics from the Yamaguchi University, Japan.

Datuk Yong had served as the Assistant Secretary, Tax Analysis Division in the Ministry of Finance ("MOF") and rose to the rank of Deputy Secretary in 2012. He was then posted to the Ministry of Housing, Urban Wellbeing and Local Government as the Deputy Secretary General (Policy Department) until his retirement in March 2015.

Trainings attended during the financial year

1. BNM-FIDE Forum MyFintech Week Masterclass
2. BNM-FIDE Forum Dialogue: Licensing Framework for Digital Insurers and Takaful Operators
3. MetaFinance: The Next Frontier of Global Economy
4. IT Training: Cloud & CyberSecurity Awareness
5. Board Succession, Evaluation and Recruitment
6. Engagement session with Board Members on GI and Takaful Operators on Motor Claims Reforms
7. The Emerging Trends Threats and Risks to the Financial Services Industry - Managing Global Risk Investment and Payment System

AHMAD SUBRI BIN ABDULLAH
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ahmad Subri Bin Abdullah was appointed to the Board of the Company since 25 January 2017. Presently, Ahmad Subri serves as the Chairman of the Risk Management Committee of the Company. He also serves as a member of the Nominations Committee, the Remuneration Committee and the Investment Committee of the Company.

Ahmad Subri brings with him over 40 years of experience in the financial services industry; with almost 20 years as Chief Executive Officer with a number of leading insurance companies in Malaysia. He had served as the Chairman of the General Insurance Association of Malaysia and Chairman of the Insurance Mediation Bureau of Malaysia.

Ahmad Subri is currently the Chief Executive Officer and Director of Pheim Islamic Asset Management Sdn Bhd and the Chairman of Betamek Berhad.

Ahmad Subri qualified as a Fellow of the Chartered Insurance Institute, United Kingdom and is a Fellow of the Malaysian Insurance Institute ("MII"). Prior to his return to Malaysia in 1980, he had trained and worked in London for more than 7 years.

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CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

AHMAD SUBRI BIN ABDULLAH (CONT'D.)
INDEPENDENT NON-EXECUTIVE DIRECTOR (CONT'D.)

Currently Ahmad Subri sits on the Board of a number of private and public companies in Malaysia.

Directorship in other companies

1. Agensi Pekerjaan Globesoft Services Sdn Bhd
2. Gaushala Sdn Bhd
3. Timewaver SEA Sdn Bhd
4. Pheim Unit Trust Berhad
5. Pheim Asset Management Sdn Bhd
6. Pheim Islamic Asset Management Sdn Bhd
7. Malaysian Life Reinsurance Group Berhad
8. SBI Offshore Limited
9. Smithe Capital Pte Ltd
10. Damai Akasia Sdn Bhd
11. Betamek Berhad

Trainings attended during the financial year

1. Climate Change: Impact on Insurance Companies and Role of the Board
2. Sharing on Suspicious Transaction Reporting -General session with Capital Market Sector
3. MetaFinance: The Next Frontier of Global Economy
4. InsureTech Connect Asia: The Future of Insurance is Her
5. IT Training: Cloud & CyberSecurity Awareness
6. Navigating the Changing AML Landscape
7. Supercharge ESG Ambitions with Technology
8. Board Effectiveness Evaluation-Post Launch
9. The Emerging Trends Threat and Risks to the Financial Services Industry-Managing Global Risk Investment and Payment System

DANIEL NEO
NON-INDEPENDENT EXECUTIVE DIRECTOR

Daniel Neo was appointed to the Board of the Company on 14 February 2023. He is a member of the Nominations Committee and the Investment Committee of the Company. Daniel Neo is currently the CEO/Managing Director and Senior Executive Director of Sampo Holdings (Asia) Pte Ltd.

Mr Daniel Neo graduated from the Truman State University, United States of America with a Bachelor of Science in Business Administration in 1993 and he also holds a Master of Accountancy from the Truman State University, United States of America in 1996.

Mr Daniel Neo has more than twenty five (25) years of working experience in the insurance industry. He joined Sampo Group in February 2015, having been appointed as CEO of Sampo Indonesia.

Prior to joining Sampo, Daniel Neo spent most of his career with another insurance group in various senior management positions.

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PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

DANIEL NEO (CONT'D)
NON-INDEPENDENT EXECUTIVE DIRECTOR (CONT'D)

Directorship in other companies

1. Sompo Holdings (Asia) Pte Ltd
2. Sompo Insurance Singapore Pte Ltd
3. Universal Sompo General Insurance Company Limited
4. Sompo Insurance China Co Ltd
5. Sompo Consulting Korea Inc
6. Nipponkoa Insurance Company (China) Ltd
7. Sompo International Holdings (Singapore) Pte Ltd
8. Sompo Insurance (Hong Kong) Co., Ltd.

TAN CHONG LIONG
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Chong Liong was appointed to the Board of the Company since 20 July 2017. Presently, Mr. Tan is the Chairman of the Investment Committee of the Company. He also serves as a member of the Remuneration Committee and the Risk Management Committee of the Company.

Mr. Tan holds a Degree of Bachelor of Accounting from the University of Malaya and a Master's Degree in Business Administration in International Management from the Royal Melbourne Institute of Technology, Australia. He is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA").

Mr. Tan has thirty (30) years of working experience and exposure in the financial and strategic management across a range of sectors, including reinsurance, investment, telecommunications, broadcasting, films and TV content distribution, property and power. He had lived and worked in Hong Kong, Singapore and Malaysia. Currently, he is a director of an investment company focussing in startups in Fintech, eCommerce and IoT and he is actively involved in the development of Fintech ecosystem in Malaysia. He is currently the Director and Co-founder of a digital investment management platform (www.akrunow.com) licensed by the Securities Commission of Malaysia.

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PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

TAN CHONG LIONG (CONT'D.)

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR (CONT'D.)

Directorship in other companies

1. Akru Now Sdn Bhd
2. True Happiness Capital Sdn Bhd
3. Ace Pursuit Sdn Bhd

Trainings attended during the financial year

1. My Fintech Week 2022
2. BNM-FIDE Forum MyFintech Week Masterclasses
3. BNM-FIDE Forum Dialogue: Licensing Framework for Digital Insurers and Takaful Operators
4. BNM-FIDE Forum Dialogue: Climate Risk Management and Scenario Analysis
5. MetaFinance: The Next Frontier of Global Economy
6. IT Training: Cloud & Cybersecurity Awareness
7. Engagement session with Board Members on GI and Takaful Operators on Motor Claims Reforms
8. FIDE Forum-CGM Conversations with Chairmen: A Standing Item in Board Agendas
9. International Directors' Summit
10. Singapore FinTech Festival

DATO' LOH LYE NGOK

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Loh Lye Ngok was appointed to the Board since 25 May 2000. Presently, Dato' Loh serves as a member of the Nominations Committee, the Remuneration Committee, the Risk Management Committee and the Investment Committee.

Dato' Loh joined the Company in 1989. He was the Deputy General Manager from 1989 to 2000 prior to his appointment as the Chief Executive Officer from 2000 to 2017. Dato' Loh was appointed as the Executive Director from May 2017 to May 2018. Subsequently, Dato' Loh was the Senior Adviser of the Company from May 2018 to 1 April 2019. On 2 April 2019, Dato' Loh was appointed as a Non-Independent Non-Executive Director.

In his 28 years with the Company, Dato' Loh had positioned and built the Company into one of the leading general insurance providers in the Malaysian Insurance Industry. Notably, Dato' Loh initiated and led the strategic joint venture exercise between Sompo Japan Insurance Inc. and Berjaya Capital Berhad, which culminated in the formation of the Company.

Dato' Loh began his career in the insurance industry in 1976 with East West Insurance Berhad and had been with the company for 13 years. Dato' Loh became the first Malaysian to be appointed to manage East West Insurance (UK) Ltd in 1984.

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PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

DATO' LOH LYE NGOK (CONT'D.)

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR (CONT'D.)

Directorship in other company

1. Singapore Institute of Advanced Medicine Holdings Pte Ltd

Trainings attended during the financial year

1. IT Training: Cloud & Cybersecurity Awareness

TAN CHUAN LYE

INDEPENDENT NON-EXECUTIVE DIRECTOR

Tan Chuan Lye was appointed to the Board of the Company since 7 April 2022. Presently, Tan Chuan Lye serves as the Chairman of the Audit Committee. He also serves as a member of the Risk Management Committee, the Nominations Committee, and the Remuneration Committee of the Company.

Tan Chuan Lye is a qualified accountant. He is a Fellow Member of the Institute of Singapore Chartered Accountants, a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and an Associate Member of the Chartered Institute of Management Accountants, United Kingdom. He also holds a Master of Business Administration Degree from Henley Business School, Brunel University London.

Tan Chuan Lye started his auditing career with Peat Marwick Mitchell & Co (now KPMG) in 1978, following which he worked in the banking sector for 20 years in internal auditing and operational risk management with major international banks. Subsequent to that, he re-joined KPMG Singapore as a Risk Consulting Partner and retired in September 2015. Since retirement, he has been an Adjunct Associate Professor with the University of Singapore and sits on the board of several companies.

Directorship in other companies

1. First REIT Management Limited
2. Isetan (Singapore) Limited
3. Heeton Holdings Limited
4. Sompo Insurance Singapore Limited
5. Integrated Health Information Systems Pte Ltd
6. All Saints Home
7. Singapore Repertory Theatre
8. The Brash Trust
9. Science Centre Singapore (Statutory Board of the Ministry of Education)

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PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

TAN CHUAN LYE (CONT'D.)
INDEPENDENT NON-EXECUTIVE DIRECTOR

Trainings attended during the financial year

1. Cybersecurity Training for Board and Senior Management of Integrated Healthcare Information Systems Pte Ltd
2. Legal Liabilities of Board Members and Management
3. Meta Finance: The Next Frontier of Global Economy
4. 2022 Board and Audit Committee Priorities
5. FIDE Core Program – Module A Insurance
6. IT Training and CyberSecurity Awareness
7. Metaverse & NFTs 101
8. Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework (“TCGF”)
9. ESG Training for Boards – Environmental, Social & Governance Essentials (Core)
10. FIDE FORUM Leadership Perspectives Forum on Board Effectiveness
11. The Data Privacy Imperative: A Key Driver for Business Growth
12. JC3 Upskilling Sustainability Training Series 2 (Governance & Reporting) Workshop 2 Implementation of TCFD
13. Singapore Computer Society Tech3 Forum 2022
14. IFRS 17 Training for Directors of Sompo Insurance Singapore Pte Ltd
15. FIDE Forum: Recovery & Resolution Planning Sharing Session
16. International Directors Summit
17. Integrated Health Information Systems (IHIS) Cybersecurity Week Webinars
18. How to improve your security posture with a web application firewall (WAF)

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CORPORATE GOVERNANCE STATEMENT (CONT'D.)

PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D.)

TAN SEK KEE
CHIEF EXECUTIVE OFFICER

Tan Sek Kee joined the Company on 1 January 2017 as Deputy Chief Executive Officer and he was appointed as the Chief Executive Officer of the Company since 15 March 2017.

He graduated from the London School of Economics with a Bachelor of Science majoring in Actuarial Science. He is a Fellow with Malaysian Insurance Institute ("FMII") since 2019.

Prior to joining the Company, he was attached to AXA Affin General Insurance Berhad ("AXA") since 1995. During his tenure with AXA, he had held various senior management positions, the most recent one being Chief Distribution Officer. Prior to that he was the Chief Operating Officer.

Trainings attended during the financial year

1. Digital Transformation Strategies by Emeritus Institute of Management in collaboration with Cambridge Judge Business School Executive Education
2. IT Training: Cloud & CyberSecurity Awareness

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CORPORATE GOVERNANCE STATEMENT (CONT'D.)

The Board had convened eight (8) meetings for the financial year ended 31 December 2022. The details of the Board of Directors membership and meetings held during the financial year were as follows:

Name of Directors	Total meetings attended	Percentage of attendance (%)
Azhar Bin Mohamad (INED/Chairman) #1	3/3	100%
Tan Sri Dr. Ong Hong Peng (INED/Chairman) #2	8/8	100%
Datuk Yong Bun Fou (INED)	8/8	100%
Ahmad Subri Bin Abdullah (INED)	8/8	100%
Yasuhiro Sasanuma (NIED)	8/8	100%
Tan Chong Liong (NINED)	8/8	100%
Dato' Loh Lye Ngok (NINED)	8/8	100%
Tan Chuan Lye (INED) #3	5/5	100%

#1 Ceased as Chairman/Director on 7 April 2022

#2 Appointed as Chairman on 7 April 2022

#3 Appointed as INED on 7 April 2022

Board Committee

The Board had established specialised Board Committees to assist the Board in execution of their duties. The Board Committees of the Company consists of the Audit Committee, the Risk Management Committee, the Nominations Committee, the Remuneration Committee and the Investment Committee.

1. AUDIT COMMITTEE

The Audit Committee ("AC") comprises of three (3) INEDs. A total of five (5) meetings were held during the financial year ended 31 December 2022. The details of the AC membership and meetings held during the financial year were as follows:

Name of Directors	Total meetings attended	Percentage of attendance (%)
Datuk Yong Bun Fou #1	5/5	100%
Tan Chuan Lye (Chairman) #2	3/3	100%
Azhar Bin Mohamad #3	2/2	100%
Ahmad Subri Bin Abdullah	5/5	100%

#1 Step down as AC Chairman on 7 April 2022

#2 Appointed as AC Chairman on 7 April 2022

#3 Ceased as Director on 7 April 2022

The principal duties and responsibilities of the AC are as follows:

- Support the Board in ensuring that there is a reliable and transparent financial reporting process within the Company;
- Reviewing and approving the audit scope, procedures and frequency;

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

1. AUDIT COMMITTEE (CONT'D)

- Reviewing key audit reports and ensuring that senior management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions;
- Noting significant disagreements between the Head of Internal Audit and the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings;
- Establishing a mechanism to assess the performance and effectiveness of the internal audit function;
- Review and update the Board on any related party transactions that may arise within the Company; and
- Approve the provision of non-audit services by external auditor and ensure that the level of provision of non-audit services is compatible while maintaining auditor independence.

2. RISK MANAGEMENT COMMITTEE

The Risk Management Committee ("RMC") comprises of three (4) INEDs and two (2) NINEDs, where the Chairman is an INED. A total of six (6) meetings were held during the financial year ended 31 December 2022. The details of the RMC membership and meetings held during the financial year were as follows:

Name of Directors	Total meetings attended	Percentage of attendance (%)
Ahmad Subri Bin Abdullah (Chairman)	6/6	100%
Azhar Bin Mohamad ^{#1}	3/3	100%
Tan Sri Dr. Ong Hong Peng	6/6	100%
Tan Chong Liong	6/6	100%
Dato' Loh Lye Ngok	6/6	100%
Datuk Yong Bun Fou ^{#2}	3/3	100%
Tan Chuan Lye ^{#3}	3/3	100%

#1 Ceased as Director on 7 April 2022

#2 Appointed as RMC member on 7 April 2022

#3 Appointed as RMC Member on 7 April 2022

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

2. RISK MANAGEMENT COMMITTEE (CONT'D.)

The principal duties and responsibilities of the RMC are as follows:

- To support the Board in discharging corporate governance responsibilities in risk management and compliance activities of the Company;
- To review, assess and recommend risk management strategies, risk tolerance levels, which include monitoring and assessing the results of capital management, stress testing and Internal Capital Adequacy Assessment Policy ("ICAAP") for Board's approval;
- To oversee the functions of the Risk Management Working Committee ("RMWC"), to ensure that:
 - The Company's risk management and compliance related frameworks and policies are adequately developed and effectively implemented; and
 - There is regular monitoring on the Company's risk appetite/exposure.
- To review and discuss risk management and compliance periodic reporting, related activities and mitigating action plans as necessary.
- To exercise oversight over product monitoring and management based on Product Owner's periodic reports on product experience, risks and remedial actions escalated from the RMWC as necessary;
- To assess and endorse the adequacy of the Business Continuity Management ("BCM") and planning and Disaster Recovery ("DR") policies and strategies and to review the BCM and DR post test results;
- To ensure that infrastructure, resources, and systems are in place for effective risk management and compliance activities.
- To review and provide oversight on regulatory requirements, internal compliance, any other compliance related activities;
- To consider and approve the appointment of professional external advisors/subject matters experts in areas required by the Committee and notify the Board on the appointment;
- To oversee the information technology matters including ex-ante risk assessments including Information Security Risk Assessment involving the requirements of BNM's Policy Document on Risk Management in Technology ("RMiT");
- To consider and approve of the use of cloud services for non-critical systems.
- To oversee the design and implementation of the operational risk management for the Company.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

2. RISK MANAGEMENT COMMITTEE (CONT'D.)

- To support the BOD in demonstrating the Company's commitment to the anti-corruption programme, by providing:
 - a) Oversight to ensure the Company:
 - i. practices the highest level of integrity and ethics;
 - ii. complies with applicable laws and regulatory requirements on anti-corruption;
 - iii. effectively manages the key corruption risks of the company; and
 - iv. provides assurance on the effectiveness of the anti-corruption programme.
 - b) Oversight of the corruption risk assessment;
 - c) Oversight of implementing and managing control measures for corruption prevention;
 - d) Oversight of the systematic review, monitoring and enforcement of the anti-corruption programme; and
 - e) Oversight of the training and communication regarding integrity and ethics.

3. REMUNERATION COMMITTEE

The Remuneration Committee ("RC") comprises of three (3) INEDs and two (2) NINEDs, and Chairman is an INED. A total of three (3) meetings were held during the financial year ended 31 December 2022. The details of the RC membership and meetings held during the financial year were as follows:

Name of Directors	Total meetings attended	Percentage of attendance (%)
Tan Sri Dr. Ong Hong Peng ^{#1}	1/1	100%
Datuk Yong Bun Fou (Chairman) ^{#2}	3/3	100%
Ahmad Subri Bin Abdullah	3/3	100%
Tan Chong Liong	3/3	100%
Dato' Loh Lye Ngok	3/3	100%
Tan Chuan Lye ^{#3}	2/2	100%

#1 Step down as RC member since 7 April 2022

#2 Appointed as RC Chairman on 7 April 2022

#3 Appointed as RC Member on 7 April 2022

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

3. REMUNERATION COMMITTEE (CONT'D)

The principal duties and responsibilities of the RC are as follows:

- Recommend a framework of remuneration for Directors, CEO and other members of Key Responsible Person (KRP) of the Company.
- Recommend specific remuneration packages of Directors, CEO and other members of KRP. This is to ensure that the Company remains competitive in terms of compensation and is able to attract, retain and motivate the calibre needed to manage the Company successfully, while being consistent with prudent management of the Company's affairs;
- Support the Board in overseeing the design and operation of the Company's remuneration system as set out in the CGPD issued by BNM;
- Periodically review the remuneration of the Board, particularly on whether remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken; and
- To develop a Remuneration Policy ("RP") that is approved by the Board, and to be reviewed periodically and recommend to the Board for approval, including any material changes made to the Policy.

4. NOMINATIONS COMMITTEE

The Nominations Committee ("NC") comprises of three (3) INEDs, one (1) NINED and one (1) NIED, and Chairman is an INED. A total of five (5) meetings were held during the financial year ended 31 December 2022. The details of the NC membership and meetings held during the financial year were as follows:

Name of Directors	Total meetings attended	Percentage of attendance (%)
Tan Sri Dr. Ong Hong Peng #1	2/2	100%
Datuk Yong Bun Fou (Chairman) #2	5/5	100%
Ahmad Subri Bin Abdullah	5/5	100%
Dato' Loh Lye Ngok	5/5	100%
Yasuhiro Sasanuma	5/5	100%
Tan Chuan Lye #3	3/3	100%

#1 Step down as NC member since 7 April 2022

#2 Appointed as NC Chairman on 7 April 2022

#3 Appointed as NC member on 7 April 2022

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

4. NOMINATIONS COMMITTEE (CONT'D)

The principal duties and responsibilities of the NC are as follows:

- Establish the minimum requirement for the Board and the CEO to perform their responsibilities effectively;
- Review the Board structure, composition, mix, skills and core competencies required for the Board to discharge its duties effectively;
- Assess the effectiveness of the Board and Board Committees on annual basis;
- Consider and evaluate the appointment of new Directors and Directors to fill the seats on the Board Committees of the Company and to recommend candidates to the Board and BNM for appointment and reappointment or re-election;
- Appointment and evaluation of the CEO and other members of the Key Responsible Person (KRP) of the Company and conduct annual evaluation for a holistic, fit and proper assessment;
- Ensure that all Directors undergo appropriate induction programmes and receive continuous training; and
- Oversee the succession planning of Director, CEO and other KRPs of the Company.

5. INVESTMENT COMMITTEE

The Investment Committee ("IC") comprises of two (2) INEDs, two (2) NINEDs and one (1) NIED, and Chairman is a NINED. A total of four (4) meetings were held during the financial year ended 31 December 2022. The details of IC membership and meetings held during the financial year were as follows:

Name of Directors	Total meetings attended	Percentage of attendance (%)
Tan Chong Liong (Chairman)	4/4	100%
Tan Sri Dr. Ong Hong Peng	4/4	100%
Azhar Bin Mohamad ^{#1}	1/1	100%
Datuk Yong Bun Fou ^{#2}	1/1	100%
Dato' Loh Lye Ngok	4/4	100%
Yasuhiro Sasanuma	4/4	100%
Ahmad Subri Bin Abdullah ^{#3}	3/3	100%

#1 Ceased as Director on 7 April 2022

#2 Step down as IC member since 7 April 2022

#3 Appointed as IC Member on 7 April 2022

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

5. INVESTMENT COMMITTEE (CONT'D)

The principal duties and responsibilities of the IC are as follows:

- Review and recommend the investment policy, investment strategies and strategic plan of the investment and divestment activities;
- Monitor the Company's investment to assess the appropriateness of the investment strategy and recommend changes to the Board as appropriate;
- Review the investment objectives and strategies of the Company and its core businesses;
- Report to the Board at regular intervals on investment performance in comparison to relevant benchmarks (either directly or via investment experts);
- Ensure that investment activities are carried out in accordance with the strategy and related asset allocation limits.
- Consider the appointment of external investment managers and associated investment fees;
- Consider and if appropriate, approve any specific investments in excess of asset allocation limits, subject to scope agreed with the Board, and prohibiting other classes of investment (for example on ethical ground);
- To promote appropriate credit management, asset and liabilities matching management, liquidity and investment returns to the best interest of the Company; and
- To review and monitor the risk exposure of the investment portfolio and recommend the appropriate risk tolerance limit to the Board.

KEY RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management Governance and Framework

- **Risk Management Committee ("RMC")**
- RMC is a non-executive committee, chaired by an INED which oversees management's activities in managing the Company's Tier 1 Risks and to ensure that risk management, compliance and information technology processes and procedures are in place and functioning effectively.
- **Risk Management Working Committee ("RMWC")**

The roles and responsibilities of RMWC, which is chaired by the Chief Risk Officer ("CRO"), provides the essential platform to assist the RMC in making informed decisions on financial and non-financial risks, and the Committee provides effective oversight on the risk exposures across the Company.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

KEY RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

- **Risk Management Department**

The Risk Management Department as the "second line of defence" is responsible for assisting the Board, RMC, RMWC and Management in developing and maintaining the Enterprise Risk Management ("ERM") Framework by establishing Risk Management policies and methodologies, including defining roles and responsibilities, performing independent risk assessment and independent validation, assisting the RMC and the Board in fulfilling its risk governance responsibilities, and in implementing risk-based capital framework and monitoring of capital adequacy level.

- **Audit Committee ("AC")**

The AC is responsible to assist the Board in ensuring that there is a reliable and transparent financial reporting process. The AC is responsible for the effective performance of the Internal Audit function where the AC reviews and reports to the Board on all audit reports, approves the internal audit plans and transmits to the Management such instructions as it deems necessary for the implementation of appropriate internal controls. The AC is guided by its Charter, approved by the Board, in discharging its roles and responsibilities.

- **Internal Audit Department ("IAD")**

The IAD of the Company is established to provide independent and objective assurance to the AC, the Board and the Management that the policies, procedures and operations that the Management put in place for risk management, control and governance are adequate, operating effectively and efficiently and are in compliance with applicable laws and regulations.

IAD's main role is to provide timely, independent and impartial advice as to whether activities reviewed are:

- a) in accordance with the Company's policies, guidelines and procedures;
- b) in compliance with the rules and regulations and other prescribed laws and regulations set by BNM, PIAM and other regulatory bodies; and
- c) achieving the desired results efficiently, effectively and economically.

IAD maintains independence of the activities it reviews at all times. Specifically, Internal Audit teams may not review areas where they were responsible for the design or operation of the area. IAD works closely with the Management to effectively discharge their responsibilities and provide line management with analysis, appraisals, recommendations and information concerning the activities that were reviewed which are under their control.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

KEY RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

- **Organisational Structure & Management Accountability**

The Company has an organisational structure with clearly defined lines of responsibility, authority limits and accountability in-line with business and operational requirements. Various management committees are established to assist in managing the day-to-day operations for developed tactical strategies, ensure activities are carried out in accordance with the objective, and/or strategies as approved by the Board.

- **Policies and Procedures**

Policies and procedures, which incorporate regulatory, internal policies requirements and control systems are prescribed in the standard form of circulars to line management in all departments and are updated on a yearly basis or as and when necessary.

- **Corporate Independence**

The Company complies with the Guidelines on Related Party Transaction issued by BNM. Necessary disclosures have been made to the Board as and when required, prior Board's approval has been obtained. All material related party transactions have been disclosed in Note 26 to the financial statements.

- **Financial Reporting**

The Company maintains proper accounting records and the financial statements are prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS"), the requirements of the CA 2016, FSA 2013 and relevant Guidelines/Circulars issued by BNM.

- **Approving Authority Limits**

There are operational approving authority limits imposed on the CEO and the management within the Company in respect of day-to-day operation in underwriting, claims, investments, operating expenditure and capital expenditure.

- **Stress Testing**

Stress testing is a fundamental risk management tool in assessing the financial resilience of the Company under adverse yet plausible events. The stress test results together with the mitigating plans are tabled at least annually or from time to time as specified by BNM for the Board's deliberation and recommendation.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

KEY RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D.)

- **Executive Committee ("EXCO")**

The EXCO meetings chaired by the CEO are conducted on a monthly basis to review business development, financial performance and deliberate strategies, other management and corporate related matters.

- **Investment Working Committee ("IWC")**

The roles and responsibilities of IWC, which is chaired by the CEO are as follows:

- a. to assist the IC in setting the investment policy;
- b. to ensure the investment activities of the Company are conducted in accordance with the investment policy and in line with Risk-Based Capital Framework ("RBC"); and
- c. to manage the Company's investment assets and propose strategic recommendations to the IC to achieve/improve the Company's targeted investment returns.

- **Information Technology Steering Committee ("ITSC")**

The ITSC is chaired by the Chief Operating Officer ("COO"). The committee is responsible for formulating the overall IT strategy, authorising IT related budget and expenditures, and monitoring overall efficiency, performance and effectiveness of IT services.

- **Business Continuity Management Committee ("BCMC")**

The BCMC comprises the members of the RMWC and is responsible to effectively implement the BCM policy and strategies set out by the Board.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

REMUNERATION POLICY

Objectives

The Policy provides guidance to the Company to enable it to provide a competitive remuneration package to its employees and effectively attracts, engages and retains talents. The Policy will be one of the main drivers for the Company to achieve its vision and strategic objectives.

Pillars of Remuneration Policy

The Remuneration Policy is driven by 2 pillars:

1. Grading for the job whereby all jobs are graded and paid based on job complexity, skills required, job size, etc., which allow employees to enjoy pay equity.
2. Merit-based system which is a fair and impartial basis to pay and reward employees.

Strategic Orientation

The Remuneration Policy applies to all levels of employees in the Company. When establishing the Remuneration Policy, the Company takes into account of industry or peers' practices, laws and regulations. The Remuneration Policy safeguards the long-term financial stability and value creation of the Company and is aligned with the Company's risk management principles and practices.

Review of Remuneration Policy

The establishment of the Remuneration Policy, with inputs from the control functions has been assessed by the Remuneration Committee before recommendation to the Board for approval. The Board plays an active oversight role to ensure that the Remuneration Policy forms a key component of the Company's governance and incentive structure which allows the Company to operate effectively to achieve its goals.

The Board also reviews the Remuneration Policy on a periodic basis to ensure that any material changes to the Remuneration Policy are in line with the CGPD issued by BNM.

Performance Management System

The reward system is linked closely to the Company's Performance Management System ("PMS"). The system uses two (2) metrics of measurements, namely i) Key Performance Indicators ("KPIs") which measures performances based on agreed set targets and ii) competencies which refer to individual skill sets.

BERJAYA SOMPO INSURANCE BERHAD
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CORPORATE GOVERNANCE STATEMENT (CONT'D.)

REMUNERATION POLICY (CONT'D.)

Composition of Remuneration

The composition of remuneration consists of three (3) elements, namely Salary and Salary Increments, Performance Bonus and Other Benefits.

1. Salary and Salary Increment

Salary will be determined through grading of a job, against the market by making reference to market salary survey. Salary increment will be based on the individual's performance and the Company's profitability and affordability, and will be at the discretion of the Company.

2. Performance Bonus

Bonus is paid to reward individual staff on the past year's work performance of the individual as well as the Company's overall performance. Payment of bonus shall be at the sole discretion of the Company. The Company will distribute bonus based on the overall performance of the Company benchmarked against the general insurance industry through reputable market remuneration survey.

3. Other Benefits

Other monetary and non-monetary benefits are provided under the Company's Human Resource Policy.

Claw Back and Deferred Performance Bonus

In consideration of the time horizon of risks and taking into account the potential for financial risks to crystallise over a longer period of time, the Company has adopted a claw back and deferred bonus framework for the Company's Key Responsible Persons ("KRPs").

Control Functions

Control Functions' performances are assessed by the management and reviewed by the Board. Any compensation proposed by management for the Control Functions are also reviewed and approved by the Board. These measures are taken to ensure that Control Functions personnel are assessed on the achievements of their objectives and that they are compensated independently of the businesses they oversee.

CORPORATE GOVERNANCE STATEMENT (CONT'D.)

REMUNERATION POLICY (CONT'D.)

Key Responsible Persons

The remuneration process includes strict adherence to regulatory requirement and active oversight by the Board whereby the remuneration of the CEO and other materials risk takers, ie. KRPs are reviewed and approved by the Remuneration Committee and Board annually. The Committee maintains and regularly reviews the list of senior management team who fall within the definition of "other material risk takers".

The list of KRPs is as below:-

- | | |
|--|---|
| 1. Chief Executive Officer ("CEO") | 7. Chief Risk Officer ("CRO") |
| 2. Deputy Chief Executive Officer ("DCEO") | 8. Head of Internal Audit |
| 3. Chief Distribution Officer ("CDO") | 9. Head of Compliance |
| 4. Chief Financial Officer ("CFO") | 10. Appointed Actuary |
| 5. Chief Operating Officer ("COO") | 11. Company Secretary |
| 6. Chief Human Resources Officer ("CHRO") | 12. Senior Manager - Information Security |

The remuneration of the KRPs for the current financial year is shown in the table below:

Total value of remuneration awards for the financial year	KRPs	
	Unrestricted (RM)	Deferred
Fixed Remuneration		
Cash-Based	4,493,533	-
Shares and share-linked instruments	-	-
Other	-	-
Variable Remuneration		
Cash-Based	1,037,446	128,869
Shares and share-linked instruments	-	-
Other	10,550	-

The breakdown of the total remuneration for CEO, DCEO and Directors for the financial year is disclosed in Note 23 - Directors' fees and allowances.

BERJAYA SOMPO INSURANCE BERHAD
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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of Berjaya Sampo Insurance Berhad and its subsidiaries ("the Group") and separate financial statements of Berjaya Sampo Insurance Berhad ("the Company") for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the Company is the underwriting of general insurance business. As a result of applying MFRS 10 Consolidated Financial Statements, the financial statements of the subsidiaries are consolidated to the Group financial statements. The subsidiaries consist of two wholesale funds.

The principal activities of the controlled investees are investments in fixed income instruments and are disclosed in Note 7(d).

There have been no significant changes in the principal activities of the Group and the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	107,673	117,832
Profit attributable to:		
Equity holder of the Company	107,799	
Non-controlling interests	(126)	
	<u>107,673</u>	

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 Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

The amount of dividend paid by the Group and the Company since 31 December 2021 was as follows:

	RM'000
In respect of the financial year ended 31 December 2021, a final single-tier tax exempt dividend of RM1.05 per share on 118,000,000 ordinary shares	<u>123,900</u>

The final dividend was paid on 1 July 2022.

BERJAYA SOMPO INSURANCE BERHAD
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DIRECTORS' REPORT (CONT'D.)

DIRECTORS OF THE COMPANY

The Directors of the Company in office who served since the beginning of the year to date of this report were as follows:

Name	Designation
Azhar Bin Mohamad ^{#1}	INED
Tan Sri Dr. Ong Hong Peng ^{#2}	INED
Datuk Yong Bun Fou	INED
Ahmad Subri Bin Abdullah	INED
Yasuhiro Sasanuma	NIED
Tan Chong Liong	NINED
Dato' Loh Lye Ngok	NINED
Tan Chuan Lye ^{#3}	INED

#1 Ceased as Chairman/Director on 7 April 2022

#2 Appointed as Chairman on 7 April 2022

#3 Appointed as INED on 7 April 2022

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, or the options over the unissued shares of the holding Company and other related companies granted to certain Directors.

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 23 and Note 26 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 he is a member or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' INDEMNIFICATION

The Group and the Company have maintained a Directors' and Officers' Liability ("D&O") Insurance up to an aggregate limit of RM93.14 million with premium expenses of approximately RM10,772 against any legal liability incurred by the Directors and Officers in discharging their duties while holding office in the Company. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
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DIRECTORS' REPORT (CONT'D.)

OTHER STATUTORY INFORMATION

1. Before the Statement of Financial Position, Statement of Profit or Loss and Statement of Comprehensive Income of the Group and the Company were made out, the Directors took reasonable steps:
 - a. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - b. 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.
2. At the date of this report, the Directors are not aware of any circumstances which would render:
 - a. the amount written off for bad debts or the amount of the provision for doubtful debts in the Statement of Financial Position, Statement of Profit or Loss and Statement of Comprehensive Income of the Group and the Company inadequate to any substantial extent; and
 - b. the values attributed to the current assets in the financial statements of the Group and the Company misleading.
3. At the date of this report, the Directors are not aware of any circumstances which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.
4. At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the financial statements misleading.
5. As at the date of this report, there does not exist:
 - a. any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - b. any contingent liability of the Group and the Company which has arisen since the end of the financial year.

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
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DIRECTORS' REPORT (CONT'D.)

OTHER STATUTORY INFORMATION (CONT'D.)

6. In the opinion of the Directors:
- a. 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 Group and the Company to meet its obligations as and when they fall due; and
 - b. 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 Group and the Company for the financial year in which this report is made. For the purpose of paragraphs (5)(b) and (6)(a), contingent or other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group and the Company.
7. Before the Statement of Financial Position, Statement of Profit or Loss and Statement of Comprehensive Income of the Group and the Company were made out, the Directors took reasonable steps to ascertain that there were adequate provisions for its insurance liabilities in accordance with the valuation methods specified in Part D of the Risk-Based Capital Framework ("RBC") for Insurers issued by BNM.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 23 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 March 2023.



Tan Sri Dr. Ong Hong Peng



Tan Chuan Lye

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

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

We, Tan Sri Dr. Ong Hong Peng and Tan Chuan Lye, being two of the directors of Berjaya Sampo Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 33 to 133 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 Group and the Company as at 31 December 2022 and of their financial performance and cash flows for the year ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 March 2023.



Tan Sri Dr. Ong Hong Peng



Tan Chuan Lye

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

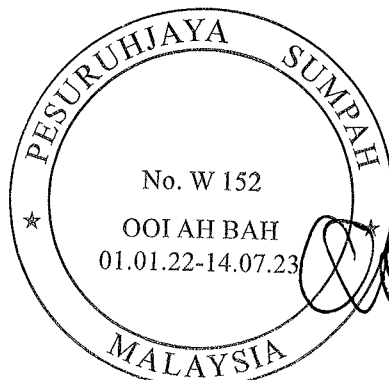
I, Tan Sek Kee, being the officer primarily responsible for the financial management of Berjaya Sampo Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 133 are in my opinion correct, and I make this solemn declaration conscientiously 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 Tan Sek Kee,
at Kuala Lumpur in Wilayah Persekutuan
on 21 March 2023



Tan Sek Kee

Before me,



No. 48- 1st Floor
Jalan Brunei Utara
Off Changkat Thambi Dollah, Pudu,
55100 Kuala Lumpur

198001008821 (62605-U)

**Independent auditors' report to the members of
Berjaya Sampo Insurance Berhad
(Incorporated in Malaysia)**

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Berjaya Sampo Insurance Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 33 to 133.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the 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 Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International 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 Corporate Governance Statement and Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

198001008821 (62605-U)

**Independent auditors' report to the members of
Berjaya Sampo Insurance Berhad (cont'd.)
(Incorporated in Malaysia)**

Information other than the financial statements and auditors' report thereon (cont'd.)

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

198001008821 (62605-U)

**Independent auditors' report to the members of
Berjaya Sompo Insurance Berhad (cont'd.)
(Incorporated in Malaysia)**

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

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 Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

198001008821 (62605-U)

**Independent auditors' report to the members of
Berjaya Sompo Insurance Berhad (cont'd.)
(Incorporated in Malaysia)**

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

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.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary for which we have not acted as auditors, is disclosed in Note 7(d) to the financial statements.

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



Kannan A/L Rajagopal
No. 03490/03/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
21 March 2023

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Assets					
Property and equipment	3	84,687	87,488	84,687	87,488
Intangible assets	4	31,542	35,957	31,542	35,957
Investment properties	5	16,180	20,900	16,180	20,900
Right-of-use assets	6	1,370	626	1,370	626
Investments	7	1,986,664	1,952,996	2,061,529	2,001,919
Reinsurance assets	8	745,073	748,811	745,073	748,811
Insurance receivables	9	144,147	83,546	144,147	83,546
Other receivables	10	60,060	56,752	50,906	49,146
Deferred tax assets	11	16,744	11,831	19,246	11,926
Cash and cash equivalents	12	153,954	142,922	84,708	97,996
Total Assets		3,240,421	3,141,829	3,239,388	3,138,315
Equity					
Share capital	13	118,000	118,000	118,000	118,000
Available-for-sale fair value reserve		7,117	11,277	(807)	10,979
Retained profits		945,193	961,294	955,618	961,686
Equity attributable to owner of the Company		1,070,310	1,090,571	1,072,811	1,090,665
Non-controlling interests		3,252	3,428	-	-
Total Equity		1,073,562	1,093,999	1,072,811	1,090,665
Liabilities					
Insurance contract liabilities	14	1,940,377	1,831,905	1,940,377	1,831,905
Lease liabilities	6	1,343	627	1,343	627
Tax payable		5,665	15,916	5,665	15,916
Insurance payables	15	45,903	79,775	45,903	79,775
Other payables	16	173,571	119,607	173,289	119,427
Total Liabilities		2,166,859	2,047,830	2,166,577	2,047,650
Total Equity and Liabilities		3,240,421	3,141,829	3,239,388	3,138,315

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

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

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

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Gross earned premiums	17(a)	936,087	883,760	936,087	883,760
Earned premiums ceded to reinsurers	17(b)	(221,751)	(198,275)	(221,751)	(198,275)
Net earned premiums		<u>714,336</u>	<u>685,485</u>	<u>714,336</u>	<u>685,485</u>
Investment income	18	62,487	60,249	56,644	55,321
Net realised gains	19	1,396	5,054	5,426	3,974
Fair value losses	20	(9,762)	(24,658)	(90)	(1,816)
Commission income		43,212	47,630	43,212	47,630
Other operating income	21	10,344	6,682	10,344	6,682
Other revenue		<u>107,677</u>	<u>94,957</u>	<u>115,536</u>	<u>111,791</u>
Gross claims paid	22	(520,122)	(321,592)	(520,122)	(321,592)
Claims ceded to reinsurers	22	212,925	64,678	212,925	64,678
Gross change in contract liabilities	22	1,111	(354,093)	1,111	(354,093)
Change in contract liabilities ceded to reinsurers	22	(36,273)	342,118	(36,273)	342,118
Net claims incurred		<u>(342,359)</u>	<u>(268,889)</u>	<u>(342,359)</u>	<u>(268,889)</u>
Commission expenses		(129,671)	(109,843)	(129,671)	(109,843)
Management expenses	23	(217,069)	(213,408)	(214,769)	(211,901)
Other expenses		<u>(346,740)</u>	<u>(323,251)</u>	<u>(344,440)</u>	<u>(321,744)</u>
Profit before tax		132,914	188,302	143,073	206,643
Tax expense	24	(25,241)	(33,874)	(25,241)	(33,874)
Net profit for the year		<u>107,673</u>	<u>154,428</u>	<u>117,832</u>	<u>172,769</u>
Earnings per share (sen)					
- Basic and Diluted	25	<u>91.2</u>	<u>130.9</u>	<u>99.9</u>	<u>146.4</u>

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

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net profit for the year		107,673	154,428	117,832	172,769
Other comprehensive income:					
Items that may be reclassified to profit or loss in subsequent periods:					
Available-for-sale fair value reserve:					
Net losses on fair value changes		(1,498)	(33,600)	(11,531)	(51,962)
Net realised gains transferred to profit or loss	19	(3,977)	(3,445)	(3,977)	(3,445)
		(5,475)	(37,045)	(15,508)	(55,407)
Tax effects	11	1,315	8,890	3,722	13,298
		(4,160)	(28,155)	(11,786)	(42,109)
Total comprehensive income for the year		<u>103,513</u>	<u>126,273</u>	<u>106,046</u>	<u>130,660</u>
Profit attributable to:					
Equity holder of the Company		107,799	154,408	117,832	172,769
Non-controlling interests		(126)	20	-	-
		<u>107,673</u>	<u>154,428</u>	<u>117,832</u>	<u>172,769</u>
Total comprehensive income attributable to:					
Equity holder of the Company		103,639	126,253	106,046	130,660
Non-controlling interests		(126)	20	-	-
		<u>103,513</u>	<u>126,273</u>	<u>106,046</u>	<u>130,660</u>

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

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

Group	Attributable to the owner of the Group				
	Share capital RM'000	Non-distributable Available-for-sale fair value reserve RM'000	Distributable Retained profits RM'000	Non- Controlling Interest RM'000	Total equity RM'000
At 1 January 2022	118,000	11,277	961,294	3,428	1,093,999
Net redemption of units in subsidiaries	-	-	-	(50)	(50)
Net profit/(loss) for the year	-	-	107,799	(126)	107,673
Other comprehensive loss	-	(4,160)	-	-	(4,160)
Total comprehensive (loss)/income for the year	-	(4,160)	107,799	(126)	103,513
Dividend paid (Note 27)	-	-	(123,900)	-	(123,900)
At 31 December 2022	118,000	7,117	945,193	3,252	1,073,562
At 1 January 2021	118,000	39,432	867,066	2,773	1,027,271
Net creation of units in subsidiaries	-	-	-	635	635
Net profit for the year	-	-	154,408	20	154,428
Other comprehensive loss	-	(28,155)	-	-	(28,155)
Total comprehensive (loss)/income for the year	-	(28,155)	154,408	20	126,273
Dividend paid (Note 27)	-	-	(60,180)	-	(60,180)
At 31 December 2021	118,000	11,277	961,294	3,428	1,093,999

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

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

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

Company	Attributable to the owner of the Company			
	Share capital RM'000	Non-distributable Available-for-sale fair value reserve RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2022	118,000	10,979	961,686	1,090,665
Net profit for the year	-	-	117,832	117,832
Other comprehensive loss	-	(11,786)	-	(11,786)
Total comprehensive (loss)/income for the year	-	(11,786)	117,832	106,046
Dividend paid (Note 27)	-	-	(123,900)	(123,900)
At 31 December 2022	118,000	(807)	955,618	1,072,811
At 1 January 2021	118,000	53,088	849,097	1,020,185
Net profit for the year	-	-	172,769	172,769
Other comprehensive loss	-	(42,109)	-	(42,109)
Total comprehensive (loss)/income for the year	-	(42,109)	172,769	130,660
Dividend paid (Note 27)	-	-	(60,180)	(60,180)
At 31 December 2021	118,000	10,979	961,686	1,090,665

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

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
<u>Operating activities</u>					
Profit before tax		132,914	188,302	143,073	206,643
Adjustment for :					
Investment income	18	(65,187)	(62,970)	(56,644)	(55,322)
Amortisation of premium	18	2,700	2,721	-	1
Sundry income	21	(10,295)	(6,690)	(10,295)	(6,690)
Net realised gains on AFS investments	19	(3,977)	(3,445)	(3,977)	(3,445)
Gain on disposal of property and equipment	19	(614)	(128)	(614)	(128)
Gain on disposal of investment properties		(835)	-	(835)	-
Gain/(Loss) on disposal of					
FVTPL financial assets	19	4,030	(1,080)	-	-
Gain on disposal of HTM financial assets	19	-	(401)	-	(401)
Fair value loss on FVTPL financial					
assets recorded in profit or loss	20	9,672	22,842	-	-
Fair value loss on investment properties	20	90	1,816	90	1,816
Allowance of impairment on/(Write back of)					
Insurance receivables	23	657	(3,460)	657	(3,460)
Property and equipment written off	23	2	106	2	106
Bad debts written off	23	191	634	191	634
Depreciation of property and equipment	23	4,598	5,082	4,598	5,082
Depreciation of right-of-use assets	23	331	403	331	403
Lease interest expenses	23	45	28	45	28
Lease termination		(96)	(7)	(96)	(7)
Adjustment/rent concessions	6	34	(9)	34	(9)
Adjustment on intangible assets	4	-	1,014	-	1,014
Amortisation of intangible assets	23	7,886	8,375	7,886	8,375
Operating cash flows before working capital					
changes		82,146	153,133	84,446	154,640
(Increase)/decrease in insurance receivables		(61,449)	4,682	(61,449)	4,682
Decrease in other assets		11,120	8,953	11,120	8,953
Increase/(decrease) in reinsurance assets		3,738	(353,623)	3,738	(353,623)
Increase in insurance contract liabilities		108,472	371,561	108,472	371,561
(Decrease)/increase in insurance payables		(33,872)	24,441	(33,872)	24,441
Increase in other liabilities		54,027	3,937	53,862	3,882
		82,036	59,951	81,871	59,896
Dividend/distribution income received		23,021	33,060	51,474	52,191
Interest income received		37,551	26,550	2,103	2,744
Rental income received		482	369	482	369
Income tax paid		(39,090)	(30,710)	(39,090)	(30,710)
Net cash flows generated from operating activities		186,146	242,353	181,286	239,130

BERJAYA SOMPO INSURANCE BERHAD
Registration No: 198001008821 (62605-U)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Investing activities</u>					
Purchase of property and equipment	3	(1,805)	(3,408)	(1,805)	(3,408)
Purchase of intangible assets	4	(3,471)	(8,621)	(3,471)	(8,621)
Proceeds from sale of property and equipment		620	155	620	155
Proceeds from sale of investment property		5,465	494	5,465	494
(Placements)/Withdrawals of fixed deposits		(61,061)	119,280	(34,010)	119,280
Purchase of financial assets		(549,765)	(924,204)	(356,196)	(785,001)
Proceeds from sale of financial assets		587,646	684,098	319,065	505,022
Net cash flows used in investing activities		<u>(22,371)</u>	<u>(132,206)</u>	<u>(70,332)</u>	<u>(172,079)</u>
<u>Financing activities</u>					
Dividend paid	27	(123,900)	(60,180)	(123,900)	(60,180)
Cash proceeds from units created		1,032	3,102	-	-
Payment for cancellation of units		(1,225)	(11,775)	-	-
Distributions paid		(28,308)	(9,823)	-	-
Payment of lease liabilities	6	<u>(342)</u>	<u>(409)</u>	<u>(342)</u>	<u>(409)</u>
Net cash flows used in financing activities		<u>(152,743)</u>	<u>(79,085)</u>	<u>(124,242)</u>	<u>(60,589)</u>
Net increase/(decrease) in cash and cash equivalents					
		11,032	31,062	(13,288)	6,462
Cash and cash equivalents at beginning of the year					
	12	<u>142,922</u>	<u>111,860</u>	<u>97,996</u>	<u>91,534</u>
Cash and cash equivalents at end of year					
	12	153,954	142,922	84,708	97,996

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Company is located at 1-38-1 & 1-38-2, Menara Bangkok Bank, Laman Sentral Berjaya, No 105, Jalan Ampang, 50450, Kuala Lumpur.

The immediate holding company is Sampo Holdings (Asia) Pte Ltd, which is incorporated in Singapore. The ultimate holding company is Sampo Holdings, Inc which is incorporated in Japan and listed on the Tokyo Stock Exchange.

The principal activity of the Company is the underwriting of general insurance business. The principal activities of the subsidiaries, which are wholesale unit trust funds, are as disclosed in Note 7(d). There has been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 21 March 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The financial statements of the Group and the Company have also been prepared on a historical cost basis, unless otherwise stated in the summary of significant accounting policies.

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

Financial assets and financial liabilities are offset and the net amount reported in the Statements 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 expenses will not be offset in the Statements of Profit or Loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 BASIS OF PREPARATION (CONT'D.)

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

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date are prepared in conformity with MFRS 10. The results and financial position of the subsidiaries used in the preparation of the consolidated financial statements have prepared by the respective unit trust funds managers. Consistent accounting policies are applied for like transactions and events of similar circumstances.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

- (a) the investor has power over an investee;
- (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and other comprehensive income are attributed to the equity holders of the company and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

On 1 January 2022, the Group and the Company adopted the following amendments for annual periods beginning on or after 1 January 2022.

Description	Effective for annual financial periods beginning on or after
• Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRS Standard 2018-2020"	1 January 2022
• Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116 Property, Plant and Equipment - Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022

The adoption of the new pronouncements above during the year did not result in any material financial impact to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property and equipment

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

Subsequent to recognition, property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(e).

Work-in-progress is not depreciated until such time that it is ready for its intended use. Depreciation of property and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life for current and comparative periods, at the following annual rates:

Land and buildings	2%
Furniture and fittings	10%
Office equipment	10%
Computers	20%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation 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 Statements of Profit or Loss.

(b) Intangible assets

The intangible assets of the Group and the Company consist of computer software and golf club memberships. These intangible assets, which were 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) Intangible assets (Cont'd.)

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least once at each reporting date. The amortisation is charged to the Statements of Profit or Loss.

Computer software licenses acquired separately are capitalised on the basis of the costs incurred to acquire and bring the asset to its intended use. These costs are amortised over their estimated useful lives of 5 years.

Costs that are directly associated with knowledge based software and computer applications which are unique to the requirements of the insurance business are recognised as intangible assets. These software and applications are expected to generate economic benefits beyond one year. Direct attributable costs include the software development employee costs and an appropriate portion of relevant overheads to prepare the asset for its intended use. These costs are recognised as assets and amortised over their estimated useful lives of 5 to 10 years.

The golf club memberships are considered as infinite life intangible assets. The useful life of an intangible asset with an infinite useful life is reviewed annually to determine whether there is any impairment losses to be recognised and whether the infinite life assessment continues to be supportable.

(c) Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. Leases arise when the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

For a change in lease payments, it depends on whether that change meets the definition of a lease modification. A lease modification is when the payment of the lease changes either on a temporary or permanent basis.

If a rent concession results from a lease modification, the Group and the Company account for the rent concession as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

If a rent concession does not result from a lease modification, the Group and the Company account for the rent concession as a variable lease payment in the period in which the event or condition that triggers the reduced payment occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Leases (Cont'd.)

The Group and the Company as lessees

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

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. 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 the estimated useful lives of the assets, as follows:

Property	2 to 7 years
Equipment	2 to 4 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.4(e) for impairment of non-financial assets.

(ii) Lease liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(c) Leases (Cont'd.)

(ii) Lease Liabilities (Cont'd.)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date as 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. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

The Group and the Company as lessors

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(d) Investment properties

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or 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. The fair values of investment properties are revalued at regular intervals of at least once in every three years and with additional valuation in the intervening years to ensure that the carrying amount does not differ materially from the fair value of the properties at the financial year end reporting date. The Board determines the policies and procedures for recurring and non-recurring fair value measurement and takes responsibility in the selection of independent valuers.

Any gains or losses arising from the changes in fair value of investment properties are recognised in Statements of Profit or Loss in the year in which they arise.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment properties to self-occupied properties, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from self-occupied properties to investment properties, the property is accounted for in accordance with the accounting policy for property and equipment set out in Note 2.4(a) up to the date of change in use. Where the fair value of the property exceeds its carrying amount. A revaluation surplus or deficit is recognised in the Statements of Profit or Loss.

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

(e) Impairment of non-financial assets

The carrying amounts of non-financial 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(e) Impairment of non-financial assets (Cont'd.)

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in the Statements of Profit or Loss in the year in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the assets in prior years.

Reversal of impairment loss for an asset is recognised in the Statements of Profit or Loss.

(f) Financial instruments

Financial instruments are recognised in the Statements of Financial Position when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets and financial liabilities in accordance with the substance of the contractual arrangements. Interests, dividends, gains and losses relating to a financial instrument classified as a financial asset or financial liability are reported as expense or income.

The Group and the Company categorise and measure financial instruments as follows:

(i) Financial assets

Financial assets are recognised initially at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(f) Financial instruments (Cont'd.)

(i) Financial assets (Cont'd)

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets classified as held for trading are derivatives or financial assets acquired principally for the purpose of selling in the near term.

Financial assets designated upon initial recognition as FVTPL are designated at their initial recognition date and only if the following criteria are met:

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

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value.

Any gains and losses arising from changes in fair value are recognised in Statements of Profit or Loss. Net gains or losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in the Statements of Profit or Loss as part of other expenses or other income and investment income respectively.

FVTPL includes Malaysian Government Securities and Corporate Bonds as described in Note 7(a).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(f) Financial instruments (Cont'd.)

(i) Financial assets (Cont'd.)

Loans and receivables ("LAR")

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market as classified as LAR. These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the financial assets. All transaction costs directly attributable to the acquisition are also included in the cost of the financial assets. After initial measurement, such financial assets are carried at amortised cost using the effective interest method less accumulated impairment losses.

LAR includes insurance receivables, and deposits with financial institutions with original maturity of more than 3 months. For the accounting policies with respect to insurance receivables, refer to Note 2.4(l).

Available-for-sale ("AFS") financial assets

Non-derivative financial assets that are not classified in any of the three preceding categories are designated as AFS financial assets. After initial measurement, AFS financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in other comprehensive income, or if the asset is determined to be impaired, the cumulative loss recorded in equity is recognised in the Statements of Profit or Loss.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

AFS includes Equities and Unit Trust Funds as described in Note 7(c).

(ii) Financial liabilities

Insurance and other payables are classified as other financial liabilities and recognised initially at fair value of the consideration to be paid in the future for goods and services received.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(g) Fair value measurement

The Group and the Company measure certain 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 by the Group and 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances 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 all 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. |

The fair value of the investment properties of the Group and the Company are categorised as Level 3. The investment properties being valued are compared with sales of similar properties that have been transacted in the open market. Listing and offering may also be considered. Valuation under this method may be significantly affected by the timing and the characteristics (such as location, accessibility, design, size and condition) of the property transaction used for comparison.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(g) Fair value measurement (Cont'd.)

For assets and liabilities that are recognised in the financial statements on recurring basis, the Group and the Company determine 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.

(h) Impairment of financial assets

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

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

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

Any subsequent reversal of impairment losses are made through profit or loss if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in the Statements of Profit or Loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(h) Impairment of financial assets (Cont'd.)

AFS financial assets

When assessing the impairment of equity instruments, the Group and the Company consider, in addition to observable data about loss events, whether there is a significant or prolonged decline in the fair value of equity investments, and whether the cost of investment in equity instruments may be recovered. When there is evidence that the cost of investment in equity instruments may not be recovered, an impairment loss is recognised.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to Statements of Profit or Loss.

Impairment losses on AFS equity instruments are not reversed in the Statements of Profit or Loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. Reversals of impairment losses on debt instruments classified as AFS are reversed through profit or loss if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in profit or loss.

Unquoted equity securities carried at cost

If there is an objective evidence that an impairment loss on unquoted equity securities carried at cost has been incurred, the carrying amount will be written down to the recoverable amount. Such impairment losses are not reversed in subsequent periods.

(i) Derecognition of financial instruments

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gains and losses that had been recognised in other comprehensive income are recognised in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. The recognition of the new liability and the difference in the respective carrying amounts is recognised in the Statements of Profit or Loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(j) Equity instruments

Ordinary shares are classified as equity in the Statements of Financial Position.

Ordinary shares are recorded at the time when proceeds are received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved by the Company's shareholders. Dividends are deducted from equity when they are paid.

Dividends for the year that are approved after balance sheet date are dealt with as an event after the balance sheet date.

(k) Investment in subsidiaries

The consolidated financial statements are prepared if control is achieved when the Group and the Company have power over the investee is exposed, or have rights, to variable returns from its involvement with the investee and have the ability to use its power to affect its returns. The Group and the Company reassess at each reporting date that it control these investees on factor mentioned in Note 2.2.

In the separate financial statements, investments in subsidiaries are carried at fair value, being the net asset value of the wholesale unit trust funds. Subsequently, investments in subsidiaries are measured in accordance with the requirements of MFRS 139, as further elaborated in Note 2.4(f). Upon disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in profit or loss.

(l) Insurance receivables

Insurance receivables are amounts receivable under the contractual terms of an insurance contract. On initial recognition, insurance receivables are measured at fair value based on the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost using the effective interest method.

Receivables are assessed at each reporting date on whether there is objective evidence of impairment as a result of one or more events that would have impact on the estimated future cash flow of the asset.

If there is objective evidence that the insurance receivable is impaired, the Group and the Company reduce the carrying amount of the insurance receivables accordingly and recognise an impairment loss in the Statements of Profit or Loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(l) Insurance receivables (Cont'd.)

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

Write-off

The gross carrying amount of the insurance receivable is written off when the Group and the Company have no reasonable expectations of recovering of the amount in its entirety or a portion thereof. An impairment loss is reversed when the gross carrying amount does not exists. Any subsequent recoveries are credited to profit and loss.

(m) Reinsurance

The Group and the Company cede insurance risk in the normal course of business for all businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision associated with the reinsurers' policies and are in accordance with the related reinsurance contracts.

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

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment is recognised when there is an objective evidence as a result of an event that occurs after initial recognition of the reinsurance assets that the Group and the Company may not receive all outstanding amounts due under the terms of the reinsurance contract and the event has a reliably measurable impact on the amounts that the Group and the Company will receive from reinsurer. The impairment loss is recorded in the Statements or Profit or Loss.

Premium 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.

Amount due to reinsurers and ceding companies are estimated in a manner consistent with the related reinsurance contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(m) Reinsurance (Cont'd.)

Reinsurance assets or amount due to reinsurers and ceding companies are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

(n) Product classification

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

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

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

When insurance contracts contain both financial risk component and significant insurance risk component, the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premium relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element accounted for as a deposit through the Statements of Financial Position similar to investment contracts. Investment contracts are those contracts that do not transfer significant insurance risk.

(o) General insurance underwriting results

The general insurance underwriting results, are determined for each class of business after taking into account reinsurances, commissions, unearned premium reserves and claims incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) General insurance underwriting results (Cont'd.)

(i) Premium Income

Premiums are recognised in a financial year in respect of the risks assumed during that particular financial year. Premiums in respect of risks incepted for which debit notes or policies have not been raised as of the date of the Statements of Financial Position are accrued at that date as pipeline premiums.

Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers.

Outward reinsurance premiums are recognised in the same accounting period as the original policy to which the reinsurance relates.

(ii) Premium liabilities

Premium liabilities represent the future obligations on insurance contracts as represented by premiums received for risks that have not yet expired. The movement in premium liabilities is released over the term of the insurance contracts and is recognised as premium income.

Premium liabilities are reported at the higher of the aggregate of the unearned premium reserve ("UPR") for all lines of business and the best estimate value of the unexpired risk reserves ("URR") at the end of the financial year and provision of risk margin for adverse deviation ("PRAD") calculated at 75% confidence level at the overall Company level. The best estimate value is a prospective estimate of the expected future payments arising from future events insured under policies in force at the end of the financial year including allowance for insurer's expenses.

Unexpired risk reserves

The URR is the prospective estimate of the expected future payments arising from future events insured under policies in force as at the end of the financial year. It also includes allowance for expenses, including overheads and cost of reinsurance, expected to be incurred during the unexpired period in administering these policies and settling the relevant claims, and expected future premium refunds.

URR is determined based on valuation performed by the Appointed Actuary.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) General insurance underwriting results (Cont'd.)

(ii) Premium liabilities (Cont'd.)

Unearned premium reserves

UPR represents the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial year.

In determining the UPR at the reporting date, the method that most accurately reflects the actual liability is used, as follows:

- 25% method for marine cargo, aviation and transit business;
- 1/24th method for all other classes of general business in respect of Malaysian policies, with the following deduction rates, or actual commission incurred, whichever is lower

Motor and bonds	10%
Fire, engineering, aviation and marine hull	15%
Medical	10 - 15%
Other classes	25%
- Non-annual policies are time apportioned over the period of the risks.

(iii) Claims Incurred

Claims include all claims occurred during the financial year, whether reported or not and related external claims handling cost that are directly related to the processing and settlement of claim.

(iv) Claim liabilities

Claim liabilities are recognised as the obligation to make future payments in relation to all claims that have been incurred as at the end of the financial year. The value is the best estimate value of claim liabilities which include provision for claims reported, claims incurred but not enough reserved ("IBNER"), claims incurred but not reported ("IBNR") and direct and indirect claim-related expenses as well as PRAD at 75% confidence level calculated at the overall Company level as prescribed by BNM. The liability is not discounted for the time value of money. The liabilities are derecognised when the contract expires, is discharged, or cancelled.

Claim liabilities are determined based on a valuation performed by the Appointed Actuary.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(o) General insurance underwriting results (Cont'd.)

(v) Commission and Agency Expenses

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

Commission income derived from reinsurers in the course of ceding of premiums to reinsurers are charged to Statements of Profit or Loss in the period in which they incurred.

(p) General insurance contract liabilities

General insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities comprise claims liabilities and premium liabilities, as described in Note 2.4(o), (ii) and (iv).

(q) Contingent liabilities and contingent assets

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

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

(r) Revenue from contract with customers

Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good or service to a customer. Generally, satisfaction of a performance obligation occurs when (or as) the Group and the Company control of the goods or services is transferred to the customer. Control can be defined as the ability to direct the use of an asset and to obtain substantially all of the remaining benefits from the asset. Control also includes the ability to prevent another entity from directing the use of and obtaining the benefits from an asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(r) Revenue from contract with customers (Cont'd.)

For each separate performance obligation, the Group and the Company will need to determine whether the performance obligation is satisfied by transferring the control of goods or services over time. If the performance obligation is not satisfied over time, then it is satisfied at a point of time. When (or as) a performance obligation is satisfied, the Group and the Company shall recognise as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained, that is allocated to that performance obligation).

(s) Other revenue recognition

Other revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the other revenue can be reliably measured.

The following specific recognition criteria must also be met before other revenue is recognised:

(i) Interest income

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

(ii) Dividend income

Dividend income is recognised on a declared basis when the right to receive payment is established.

(iii) Rental income

Rental income is recognised on an accrual basis in accordance with the terms of the relevant agreements except where a default in the payment of rent has already occurred and rent due remains outstanding for more than six months, in which case recognition of rental income is suspended. Subsequent to suspension, rental is recognised on a receipt basis until all arrears have been paid.

(t) Income tax

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(t) Income tax (Cont'd.)

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable 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 differences arises from the initial recognition of an asset or liability which 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 year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the Statements of Profit or Loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

(u) Earning per share ("EPS")

The Group and the Company present basic EPS data for its ordinary shares.

Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

(v) Employee benefits

(i) 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 of the Group and the Company. 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 balances, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(v) Employee benefits (Cont'd.)

(ii) Defined contribution plan

As required by law, the Group and the Company make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the Statements of Profit or Loss as incurred.

(w) Foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. At each reporting date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. All exchange rate differences are taken to the Statements of Profit or Loss. The currencies giving rise to these differences are primarily United States Dollar (USD) and Singapore Dollar (SGD).

(x) Cash and cash equivalents

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

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group and the Company accounting policies that have the most significant effects on the amounts recognised in the financial statements.

(i) Classification between investment property and self-occupied property

The Group and the Company have developed certain criteria based on MFRS 140 Investment Property in making judgement whether a property qualifies 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 use in the production or supply of goods or services or for administrative purposes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Classification between investment property and self-occupied property (Cont'd.)

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

(ii) Impairment of AFS investments

The determination of what is a "significant" or "prolonged" decline in fair value requires judgement. In making this judgement, the Group and the Company evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. During the year, the Group and the Company have no further impairment on quoted equity instruments.

(iii) Deferred tax assets

Deferred tax assets are recognised for provisions for impairment of investments, other provisions and premium liabilities to the extent that it is probable that taxable profit will be available against which these provisions and liabilities can be utilised. Significant judgement 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. At 31 December 2022, deferred tax assets recognised by the Group and the Company amounted to RM32,440,489 (2021: RM26,938,229) as disclosed in Note 11.

(iv) Impairment of insurance receivables

The Group and the Company assess at the end of each reporting date, for any objective evidence of impairment of its financial assets. An insurance receivable is considered as individually impaired if the counterparty is in the process of liquidation, absconded, having significant financial difficulty or legal actions have been taken to recover the outstanding balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(iv) Impairment of insurance receivables (Cont'd.)

The Group and the Company also provide for allowance for impairment for potential defaults of credit terms and irrecoverability via a collective assessment. No collateral is held as security for any past due or impaired assets. Where evidence exists that a receivable is impaired, the Group and the Company will recognise the impairment loss in the Statements of Profit or Loss. The total amount of impairment loss recognised in respect of insurance receivables at 31 December 2022 amounted to RM2,657,246 (2021: RM2,000,206) as disclosed in Note 9.

(v) Provision for financial penalty

The management has considered a provision of RM8,088,367 (2021: RM8,088,367) in relation to the financial penalty arising from the notice from the Malaysia Competition Commission ("MYCC") as disclosed in Note 34 to the financial statements.

(b) Key sources of estimation uncertainty

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

(i) Uncertainty in accounting estimates for general insurance business

The principal uncertainty in the Group and the Company's general insurance business arises from the technical provisions which include the provisions of premium and claim liabilities as described in Note 2.4(o), (ii) and (iv). The premium liabilities comprise the higher of UPR or URR while claim liabilities comprise outstanding claims case estimates, IBNER and IBNR claims.

Generally, claim liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is all past experiences with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premium and claim liabilities will not exactly develop as projected and may vary from the Group and the Company's projections. The estimates of premium and claim liabilities are therefore sensitive to various factors and uncertainties.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) Key sources of estimation uncertainty (Cont'd.)

(i) Uncertainty in accounting estimates for general insurance business (Cont'd.)

The establishment of technical provisions is an inherently uncertain process and, as a consequence of this uncertainty, the eventual settlement of premium and claim liabilities may vary from the initial estimates. There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported to the Group and the Company. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim.

There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedures.

At each reporting date, the estimates are assessed for adequacy by an Appointed Actuary and changes will be reflected as adjustments to these liabilities. The appointment of the Appointed Actuary is approved by BNM.

Note 29(b) provides sensitivity analysis of the effects of changes in key assumptions on the insurance contract liabilities of the Group and the Company including the consequential effects on profit or loss and equity.

(ii) Claim Liabilities - Case Estimates

For claims, reserve is established upon notification of a new claim where the potential liability will be assessed based on information available at the time. Where little or no information is available, a "blind" reserve will be used. The blind reserves are based on class of business and are reviewed annually in line with Risk-Based Capital Framework issued by Bank Negara Malaysia. As and when more information becomes available regarding a claim, the reserve is updated accordingly.

(iii) Pipeline premium

For pipeline premium, an estimate is made of the expected unprocessed premium at the end of the reporting period. The pipeline premium is estimated by using the Company's historical trends of unprocessed premiums in relation to each financial year.

Historical trends are further analysed by months, business lines and product type. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future in order to arrive at the estimated pipeline premium that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) Key sources of estimation uncertainty (Cont'd.)

(iii) Pipeline premium (Cont'd)

Pipeline premiums recognised as at 31 December 2022 amounted to approximately RM19,529,610 (2021: RM3,413,109).

2.6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards and Amendments to Standards that are issued but not yet effective

The standards and amendments/improvements to standards that are issued but not yet effective up to the date of issuance of the Group and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual financial periods beginning on or after
• MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 Comparative Information	1 January 2023
• Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2024
• Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants	1 January 2024
• Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Distribution of Assets between an Investor and its Associate or Joint Venture	to be determined by MASB

The initial application of the abovementioned standards and amendments/ improvements to standards are not expected to have any material impact to the financial statements of the Group and the Company except as mentioned below:

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(a) MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts (Cont'd.)

In August 2017, the MASB issued MFRS 17, which replaces MFRS 4 Insurance Contracts. MFRS 17 is a comprehensive new accounting standards for insurance contracts and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. In addition, the MASB issued further amendments to MFRS 17 in December 2021. The December 2021 amendment permits the Company to present comparative information about financial assets as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset in the comparative period (the "Classification Overlay").

MFRS 17 is effective for annual reporting periods commencing on or after 1 January 2023 which will be the date of initial application by the Company. The adoption of MFRS 17 will result in significant changes to the accounting for insurance contracts issued and reinsurance contracts held by the Company. The Company is still assessing the quantitative impact on transitioning to MFRS 17.

All references to 'insurance contracts' within this note should be read as being equally applicable to both insurance contracts issued and reinsurance contracts held unless explicitly stated otherwise.

(i) Contract Evaluation

Under MFRS 17, similar to MFRS 4, a contract in which the Company accepts significant insurance risk on a present value basis is classified as an insurance contract. For the Company, the revised definition will not result in a change in the insurance contracts classification under MFRS 17. Direct insurance contracts issued by the Company are expected to be treated as insurance contracts under MFRS 17 without exception.

For reinsurance assumed and reinsurance held, a risk transfer assessment is currently performed on the binding of new contracts under MFRS 4 on quarterly basis. This is expected to continue when MFRS 17 is effective. Contracts that fail the risk transfer assessment will be accounted for as a financial liability under MFRS 9, where material. The current population of contracts which do not pass risk transfer is small, and this is not expected to change going forward.

In some cases, when applying MFRS 17, the Company will have to assess whether a set or series of individual insurance contracts are required to be combined and treated as a single contract for measurement purposes and/ or any embedded derivatives, distinct investment components and transfers of distinct goods and services must be separated from the contract and accounted for under another standard. The Company does not expect significant changes arising from the application of these requirements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(a) MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts (Cont'd.)

(ii) Level of Aggregation

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

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

The grouping of contracts under MFRS 17 limits the offsetting of gains on profitable contracts against losses on onerous contracts, which are recognised immediately. The level of aggregation under MFRS 17 is more granular than currently under MFRS 4 and is expected to result in more contracts being identified as onerous and losses on onerous contracts being recognised sooner. The Company expects that no contracts will fall into the group which at initial recognition has no significant possibility of becoming onerous.

The Company has identified portfolios of insurance contracts that are subject to similar risks and managed together based on the risks transferred from the policyholder to the Company under the insurance contracts and how the contracts are managed internally. For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and, for the remaining contracts, whether they have no significant possibility of becoming onerous subsequently. For insurance contracts measured using the Premium Allocation Approach ("PAA"), the Company will assume that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts may be onerous, an additional assessment will be performed to distinguish onerous contracts from non-onerous contracts. For non-onerous contracts, the Company will assess the likelihood of changes in relevant facts and circumstances in subsequent periods in determining whether contracts have no significant possibility of becoming onerous after initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(a) MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts (Cont'd.)

(iii) Contract Boundary

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

Cash flows outside of the boundary of the insurance contract will be excluded from measurement. These cash flows relate to future insurance contracts.

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

The Company has identified certain contract terms or features, for example retroactive coverage, portfolio transfer, cancellation which could impact contract boundary. These may result in the contract boundary to be longer or shorter than the coverage period and therefore affect the measurement of the insurance contracts.

(iv) Measurement

Under MFRS 17, the measurement of insurance contracts is based on the Company's estimates of the present value of future cash flows attributable to the fulfilment of insurance contracts, an explicit risk adjustment for non-financial risk and, where these represent an expected net cash inflow to the Company, a contractual service margin representing the profit that the Company expects to earn as it provides services under the insurance contracts (net cost to the Company of future coverage receivable under reinsurance contracts held). MFRS 17 also introduces two modifications to the General Measurement Model ("GMM"): the variable fee approach ("VFA") which is mandatory for insurance contracts where the policyholder has a direct participating interest; and the PAA which is an optional simplification of the general measurement model where certain criteria are met.

The Company expects that it will apply the PAA to all its contracts. None of its insurance contracts are expected to be measured using the GMM or VFA.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(a) MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts (Cont'd.)

(iv) Measurement (Cont'd)

On initial recognition of each group of insurance contracts, the carrying amount of the liability for remaining coverage ("LRC") is measured at the premiums received on initial recognition. The Company has elected to defer insurance acquisition cash flows and amortised over the coverage period.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for services provided. The Company expects that the time between providing each part of the services and the related premium due date will be no more than a year. Accordingly, as permitted under MFRS 17, the Company will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk. The Company will allocate expected premium receipts and recognizes insurance revenue during the coverage period based on the passage of time, unless the expected pattern of release from risk during the coverage period differs significantly from the passage of time, in which case the allocation is made based on the expected timing of incurred insurance service expenses.

The Company will recognise the liability for incurred claims ("LIC") of a group of contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows will be discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Although the PAA is similar to the Company's current accounting treatment when measuring the LRC, the requirement to discount the future cash flows in the LIC and to include an explicit risk adjustment for non-financial risk are expected to have an impact on equity on transition. The Company has elected not to apply the option to recognise changes in discount rate in Other Comprehensive Income ("OCI") but rather recognise all effects of the time value of money, financial risk and changes therein in profit or loss as part of insurance finance income or expenses.

(v) Discounting

The Company will apply a bottom-up approach to derive the discount rates applied to its insurance contracts based on the risk-free rates for major currencies with an illiquidity adjustment to adjust the risk-free curves to reflect the illiquid nature of the insurance contracts. Risk-free rates will be obtained from European Insurance and Occupational Pensions Authority ("EIOPA"), whereas liquidity premiums will be obtained from the Bermuda Monetary Authority ("BMA").

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(a) MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts (Cont'd.)

(v) Discounting (Cont'd)

The requirement to measure the LIC using current discount rates will be a significant change from the Company's current practice of not discounting claim liabilities.

(vi) Risk Adjustment for Non-financial Risk

The risk adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Company fulfils insurance contracts. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer. The Company estimates the risk adjustment for non-financial risk separately from all other estimates.

The risk adjustment for non-financial risk under MFRS 17 is expected to be affected by several aspects: (a) recalibration of the measurement techniques to conform with the MFRS 17 requirements, (b) exclusion of financial risk and general operational risk from the MFRS 17 risk adjustment for non-financial risk and (c) consideration of diversification benefit across the lines of business written by the Company.

(vii) Presentation and Disclosure

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

Under MFRS 17, portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts will be presented on a net basis; therefore, balances such as insurance receivables and payables will no longer be presented separately. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) will also be presented in the same line item as the related portfolios of contracts.

Under MFRS 17, amounts recognised in the statement of profit or loss and OCI are disaggregated into (a) an insurance service result comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses. Amounts from reinsurance contracts will be presented separately.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(a) MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts (Cont'd.)

(viii) Insurance Service Results

Expenses that relate directly to the fulfilment of contracts will be recognised in profit or loss as insurance service expenses as part of the insurance service results, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts will be presented as other operating expenses, like the current practice, and not as part of the insurance service result.

Investment components will not be included in insurance revenue and insurance service expenses under MFRS 17.

Amounts recovered from reinsurers and reinsurance expenses will no longer be presented separately in profit or loss, because the Company will present them on a net basis as "net expenses from reinsurance contracts" in the insurance service result, but information about these will be included in the disclosures.

(ix) Transition

The Company will adopt MFRS 17 for its financial statements for the year ending 31 December 2023 and will apply the requirements retrospectively from the transition date of 1 January 2022 (the "Transition Date"). The Company has assessed the practicability of applying the full retrospective approach ("FRA") to all group of insurance contracts that had unexpired risk prior to the Transition Date.

Based on the assessment, FRA will be applied for insurance contracts in the 2021 and 2020 cohorts. Accordingly, the Company has recognised and measured each group of insurance contracts in this category as if MFRS 17 had always applied; derecognized any existing balances that would not exist had MFRS 17 always applied; and recognised any resulting net difference in equity.

For cohort 2019 and prior, the application of FRA is impracticable and the Company has decided to apply the Modified Retrospective Approach ("MRA"). In applying the MRA, the Company will leverage on certain modification allowed under the standard to:

- determine the profitability grouping based on reasonable and supportable information at the transition date;
- classify liabilities for settlement of claims incurred on contracts acquired as part of a business combination under MFRS 3 or portfolio transfer, as LIC.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the Company has met the relevant criteria and has applied the temporary exemption from MFRS 9 for annual periods before 1 January 2023. Consequently, the Company will apply MFRS 9 for the first time on 1 January 2023.

(i) Financial Assets – Classification

The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. MFRS 9 includes three principal measurement categories for financial assets – measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit & loss (FVTPL) – and eliminates the previous MFRS 139 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

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

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as measured at 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.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, 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 measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) MFRS 9 Financial Instruments (Cont'd)

(i) Financial Assets – Classification (Cont'd)

Nevertheless, on initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. The election is made on an instrument-by-instrument basis.

Note 35 show the original measurement categories in accordance with MFRS 139 and measurement categories under MFRS 9 for the Company's financial assets as of 31 December 2022 and 31 December 2021.

(ii) Financial Assets – Impairment

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with a forward-looking 'expected credit loss' ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECL, which will be determined on a probability-weighted basis. The new impairment model will apply to the Company's financial assets measured at amortized cost, debt investments at FVOCI and lease receivables.

MFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-month ECL or lifetime ECL. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument; 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company will measure loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognized will be 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date, which the Company considers to be the case when the security's credit risk rating is equivalent to the globally understood definition of 'investment grade'; and
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Loss allowances for lease receivables will always be measured at an amount equal to lifetime ECL.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). The Company is still assessing the quantitative impact on transitioning to MFRS 9.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(b) MFRS 9 Financial Instruments (Cont'd)

(iii) Financial Liabilities

MFRS 9 largely retains the requirements in MFRS 139 for the classification and measurement of financial liabilities.

The Company expects no material impact from adopting MFRS 9 as all its financial liabilities are measured at amortized cost.

(iv) Transition

Changes in accounting policies resulting from the adoption of MFRS 9 will be applied retrospectively, except as described below:

- The comparative period will be restated. In accordance with MFRS 9's transition requirements, MFRS 9 does not apply to financial assets that had already been derecognized at 1 January 2023; however, the Company will elect to apply the Classification Overlay in MFRS 17 to financial assets derecognized in 2022 to present comparative information as if the classification and measurement (including impairment) requirements of MFRS 9 had been applied to such financial assets, by using reasonable and supportable information to determine how they would be classified and measured on initial application of MFRS 9.
- The following assessments have to be made on the basis of the facts and circumstances that exist on 1 January 2023:
 - the determination of the business model within which a financial asset is held;
 - the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- If a financial asset has low credit risk at 1 January 2023, then the Company will determine that the credit risk on the asset has not increased significantly since initial recognition.

3. PROPERTY AND EQUIPMENT

Group and Company	Land and Buildings* RM'000	Computers RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Furniture and Fittings RM'000	Total RM'000
Cost						
At 1 January 2022	90,185	19,562	2,880	2,104	14,235	128,966
Additions	-	733	592	69	411	1,805
Disposals	-	(581)	(1,275)	(4)	-	(1,860)
Write-offs	-	(108)	-	(9)	-	(117)
At 31 December 2022	90,185	19,606	2,197	2,160	14,646	128,794
Accumulated depreciation						
At 1 January 2022	12,954	16,718	1,419	1,675	8,712	41,478
Charge for the year	1,805	1,034	460	120	1,179	4,598
Disposals	-	(579)	(1,271)	(4)	-	(1,854)
Write-offs	-	(107)	-	(8)	-	(115)
At 31 December 2022	14,759	17,066	608	1,783	9,891	44,107
Net carrying amount						
At 31 December 2022	75,426	2,540	1,589	377	4,755	84,687

3. PROPERTY AND EQUIPMENT (CONT'D.)

Group and Company	Land and Buildings* RM'000	Computers RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Furniture and Fittings RM'000	Total RM'000
Cost						
At 1 January 2021	90,185	17,894	2,190	2,231	14,423	126,923
Additions	-	1,840	1,253	12	303	3,408
Reclassification (Note 4)	-	178	-	-	-	178
Disposals	-	(237)	(563)	(26)	(76)	(902)
Write-offs	-	(113)	-	(113)	(415)	(641)
At 31 December 2021	90,185	19,562	2,880	2,104	14,235	128,966
Accumulated depreciation						
At 1 January 2021	11,149	15,353	1,549	1,647	7,930	37,628
Charge for the year	1,805	1,533	433	132	1,179	5,082
Reclassification	-	178	-	-	-	178
Disposals	-	(236)	(563)	(18)	(58)	(875)
Write-offs	-	(110)	-	(86)	(339)	(535)
At 31 December 2021	12,954	16,718	1,419	1,675	8,712	41,478
Net carrying amount						
At 31 December 2021	77,231	2,844	1,461	429	5,523	87,488

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3. PROPERTY AND EQUIPMENT (CONT'D.)

***Land and buildings**

Group and Company	Freehold properties RM'000	Long-term leasehold properties RM'000	Total RM'000
Cost			
At 1 January 2021/2022 and 31 December 2021/2022	86,265	3,920	90,185
Accumulated depreciation			
At 1 January 2022	11,892	1,062	12,954
Charge for the year	1,726	79	1,805
At 31 December 2022	13,618	1,141	14,759
At 1 January 2021	10,166	983	11,149
Charge for the year	1,726	79	1,805
At 31 December 2021	11,892	1,062	12,954
Net carrying amount			
At 31 December 2022	72,647	2,779	75,426
At 31 December 2021	74,373	2,858	77,231

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4. INTANGIBLE ASSETS

Group and Company	Club membership RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2022	939	65,106	66,045
Additions	-	3,471	3,471
At 31 December 2022	939	68,577	69,516
At 1 January 2021	939	57,878	58,817
Additions	-	8,621	8,621
Reclassification (Note 3)	-	(178)	(178)
Adjustment	-	(1,215)	(1,215)
At 31 December 2021	939	65,106	66,045
Accumulated amortisation			
At 1 January 2022	-	30,088	30,088
Charge for the year	-	7,886	7,886
At 31 December 2022	-	37,974	37,974
At 1 January 2021	-	22,092	22,092
Charge for the year	-	8,375	8,375
Reclassification	-	(178)	(178)
Adjustment	-	(201)	(201)
At 31 December 2021	-	30,088	30,088
Net carrying amount			
At 31 December 2022	939	30,603	31,542
At 31 December 2021	939	35,018	35,957

5. INVESTMENT PROPERTIES

Group and Company	2022 RM'000	2021 RM'000
At 1 January	20,900	23,210
Fair value adjustment (Note 20)	680	(1,816)
Disposal	(5,400)	(494)
At 31 December	<u>16,180</u>	<u>20,900</u>

Investment properties are stated at fair value in accordance with the policy described in Note 2.4(d) and has been determined based on valuations that reflect market conditions as at the reporting date using the comparison method. The Group and the Company revalued its investment properties based on independent valuations performed by an independent accredited valuer.

The fair value of investment properties are categorised under Level 3 of the fair value hierarchy as disclosed in Note 31.

During the financial year, seven units (7) of investment property was disposed at RM5,465,120 with a net realised gain of RM835,120.

The rental income and operating expenses in relation to the investment properties are as disclosed below:

	2022 RM'000	2021 RM'000
Rental income derived from investment properties	405	398
Direct operating expenses (including repairs and maintenance) which generate rental income	(57)	(121)
Direct operating expenses (including repairs and maintenance) which do not generate rental income	(96)	(67)
Net income from investment properties (Note 18)	<u>252</u>	<u>210</u>

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6. LEASES

Group and Company	Right-of-use assets RM'000	Lease liabilities RM'000
At 1 January 2022	626	627
Additions	1,741	1,741
Terminations	(505)	(601)
Accretion of interest (Note 23)	-	45
Depreciation charge (Note 23)	(331)	-
Rental paid	-	(342)
Adjustment/Rent concessions	(161)	(127)
At 31 December 2022	<u>1,370</u>	<u>1,343</u>
At 1 January 2021	1,030	1,025
Terminations	(1)	(8)
Accretion of interest (Note 23)	-	28
Depreciation charge (Note 23)	(403)	-
Rental paid	-	(409)
Adjustment/Rent concessions	-	(9)
At 31 December 2021	<u>626</u>	<u>627</u>

The maturity analysis of lease liabilities is disclosed in Note 30(b). For short term leases and low value assets, the lease expense is disclosed in Note 23.

Set out below are the breakdown of the carrying amounts of right-of-use assets and the movements during the year:

	Properties RM'000	Other equipment RM'000	Total RM'000
At 1 January 2022	626	-	626
Additions	1,741	-	1,741
Terminations	(505)	-	(505)
Depreciation charge	(331)	-	(331)
Adjustment/Rent concessions	(161)	-	(161)
At 31 December 2022	<u>1,370</u>	<u>-</u>	<u>1,370</u>
At 1 January 2021	1,023	7	1,030
Terminations	(1)	-	(1)
Depreciation charge	(396)	(7)	(403)
At 31 December 2021	<u>626</u>	<u>-</u>	<u>626</u>

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6. LEASES (CONT'D.)

Set out below are the breakdown of the carrying amounts of lease liabilities based on current and non-current classification:

	2022	2021
	RM'000	RM'000
Lease liabilities		
- Current	308	364
- Non-current	1,035	263
	<u>1,343</u>	<u>627</u>

7. INVESTMENTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
MGS/GII*	64,274	118,283	-	-
Corporate Bonds	904,818	620,660	-	-
Equity Securities	71,169	64,394	71,169	64,394
Unit Trust Funds/Wholesale Funds	879,342	1,143,659	1,950,350	1,931,525
Deposits with financial institutions	67,061	6,000	40,010	6,000
	<u>1,986,664</u>	<u>1,952,996</u>	<u>2,061,529</u>	<u>2,001,919</u>

* Malaysian Government Securities (MGS)/Government Investment Issues (GII)

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through profit or loss ("FVTPL")	969,092	738,943	-	-
Loans and receivables ("LAR")	67,061	6,000	40,010	6,000
Available-for-sale ("AFS") financial assets	950,511	1,208,053	2,021,519	1,995,919
	<u>1,986,664</u>	<u>1,952,996</u>	<u>2,061,529</u>	<u>2,001,919</u>

Management's assessment of the potential impact of adopting MFRS 9 is disclosed in Note 35.

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7. INVESTMENTS (CONT'D.)

(a) Financial assets at FVTPL

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
MGS/GII*	64,274	118,283	-	-
Corporate Bonds	904,818	620,660	-	-
	<u>969,092</u>	<u>738,943</u>	<u>-</u>	<u>-</u>

* Malaysian Government Securities (MGS)/Government Investment Issues (GII)

(b) LAR

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Amortised Cost				
Deposits with licensed financial institutions	67,061	6,000	40,010	6,000

The carrying value of the deposits approximates fair value due to their relatively short term maturities.

(c) AFS financial assets

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fair Value				
Unit Trust Funds	879,342	1,143,659	1,950,350	1,931,525
Equities:				
- Quoted in Malaysia	71,051	64,276	71,051	64,276
	<u>950,393</u>	<u>1,207,935</u>	<u>2,021,401</u>	<u>1,995,801</u>
Cost				
Equities:				
- Unquoted in Malaysia	118	118	118	118
	<u>950,511</u>	<u>1,208,053</u>	<u>2,021,519</u>	<u>1,995,919</u>

The unquoted equity securities are valued at cost less impairment. The fair value of these equity securities has not been disclosed because the fair value cannot be measured reliably as there is no comparable quoted equity instrument on which fair value may be determined.

Equity securities quoted in Malaysia above have been stated after accumulated impairment losses of RM24,504,783 (2021: RM24,504,783).

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7. INVESTMENTS (CONT'D.)

(d) Investment in subsidiaries

The principal activities of the wholesale unit trust funds are to make investments in fixed income securities. Details of the Company's investments in subsidiaries are as follows:

Established in Malaysia	Effective Direct Interests %
Nomura Ringgit Bond Fund 1	99.387%
Affin Hwang Income Fund 3 *	99.999%
Eastspring Investments Wholesale Bond Fund*	99.747%

* Audited by a firm of chartered accountants other than Ernst & Young PLT.

The Company considers the non-controlling interests of the above subsidiaries to be immaterial. Consequently, the additional disclosures as required by MFRS 10 are not provided.

8. REINSURANCE ASSETS

Group and Company	2022 RM'000	2021 RM'000
Reinsurance of insurance contracts		
Claims liabilities (Note 14)	648,183	684,456
Premium liabilities (Note 14)	96,890	64,355
	<u>745,073</u>	<u>748,811</u>

The reinsurance assets is stated net of accumulated individual impairment losses of approximately of RM407,652 (2021: RM407,652).

9. INSURANCE RECEIVABLES

Group and Company	2022 RM'000	2021 RM'000
Amount due from agents, brokers and co-insurers	118,285	82,751
Amount due from reinsurers and cedants	19,539	453
Amount due from related parties (Note 26)	8,980	2,342
Allowance for impairment losses	(2,657)	(2,000)
	<u>144,147</u>	<u>83,546</u>

The carrying amounts of insurance receivables disclosed above approximate fair values at balance sheet date.

9. INSURANCE RECEIVABLES (CONT'D.)

Amount due from reinsurers and cedants that have been offset against amount due to the same counterparties are as follows:

Group and Company	Gross carrying amount RM'000	Gross amounts offset in the Statement of Financial Position RM'000	Net amounts in the Statement of Financial Position RM'000
31 December 2022			
Premiums	36,767	(24,269)	12,498
Claims	7,799	(758)	7,041
	<u>44,566</u>	<u>(25,027)</u>	<u>19,539</u>
31 December 2021			
Premiums	4,624	(4,321)	303
Claims	2,020	(1,870)	150
	<u>6,644</u>	<u>(6,191)</u>	<u>453</u>

The breakdown of allowance for impairment losses are as follows:

Movement in allowance account	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
At 1 January 2022	1,117	883	2,000
(Write back)/Allowance for impairment loss	(575)	1,232	657
Reversal of allowance for impairment losses	(14)	(177)	(191)
Bad debts written-off net of recovery	14	177	191
At 31 December 2022	<u>542</u>	<u>2,115</u>	<u>2,657</u>
At 1 January 2021	1,660	3,800	5,460
Write back for impairment loss	(543)	(2,917)	(3,460)
Reversal of allowance for impairment losses	(243)	(391)	(634)
Bad debts written-off net of recovery	243	391	634
At 31 December 2021	<u>1,117</u>	<u>883</u>	<u>2,000</u>

Insurance receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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10. OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other receivables and deposits	13,517	7,579	13,517	7,579
Staff loans*	3	3	3	3
Interest income due and accrued	10,941	8,638	1,787	1,032
Amount due from related parties (Note 26)**	1,117	1,784	1,117	1,784
Share of net assets held under Malaysian Motor Insurance Pool ("MMIP")***	34,482	38,748	34,482	38,748
	<u>60,060</u>	<u>56,752</u>	<u>50,906</u>	<u>49,146</u>

The carrying amounts of financial assets disclosed above approximate fair values at balance sheet date.

* The staff loans are unsecured and interest-free.

** Amount due from related parties is unsecured, non-interest bearing and repayable in the short-term.

*** The net assets held under MMIP of the Group and the Company include cumulative net cash contributions paid to MMIP of RM10,859,477 (2021: RM12,859,477), after a refund from MMIP of RM2,000,000 in the current financial year. The Group and the Company's share of MMIP's claims and premium liabilities is disclosed in Note 14.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At beginning of year	11,831	2,418	11,926	(1,895)
Recognised in AFS fair value reserve	1,315	8,890	3,722	13,298
Recognised in profit or loss	3,598	523	3,598	523
At end of year	<u>16,744</u>	<u>11,831</u>	<u>19,246</u>	<u>11,926</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	32,440	26,939	32,440	26,939
Deferred tax liabilities	(15,696)	(15,108)	(13,194)	(15,013)
	<u>16,744</u>	<u>11,831</u>	<u>19,246</u>	<u>11,926</u>

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

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

Group

Deferred tax assets

	Premium liabilities RM'000	Other provision RM'000	Provision for impairment of investments RM'000	Total RM'000
At 1 January 2022	412	20,646	5,881	26,939
Recognised in profit or loss	382	5,119	-	5,501
At 31 December 2022	794	25,765	5,881	32,440
At 1 January 2021	134	16,914	7,025	24,073
Recognised in profit or loss	278	3,732	(1,144)	2,866
At 31 December 2021	412	20,646	5,881	26,939

Deferred tax liabilities

	Others RM'000	Available- for-sale fair value reserve RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2022	(1,643)	(3,562)	(9,903)	(15,108)
Recognised in AFS fair value reserve	-	1,315	-	1,315
Recognised in profit or loss	(227)	-	(1,676)	(1,903)
At 31 December 2022	(1,870)	(2,247)	(11,579)	(15,696)
At 1 January 2021	(677)	(12,452)	(8,526)	(21,655)
Recognised in AFS fair value reserve	-	8,890	-	8,890
Recognised in profit or loss	(966)	-	(1,377)	(2,343)
At 31 December 2021	(1,643)	(3,562)	(9,903)	(15,108)

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

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

Company

Deferred tax assets

	Premium liabilities RM'000	Other provision RM'000	Provision for impairment of investments RM'000	Total RM'000
At 1 January 2022	412	20,646	5,881	26,939
Recognised in profit or loss	382	5,119	-	5,501
At 31 December 2022	794	25,765	5,881	32,440
At 1 January 2021	134	16,914	7,025	24,073
Recognised in profit or loss	278	3,732	(1,144)	2,866
At 31 December 2021	412	20,646	5,881	26,939

Deferred tax liabilities

	Others RM'000	Available- for-sale fair value reserve RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2022	(1,643)	(3,467)	(9,903)	(15,013)
Recognised in AFS fair value reserve	-	3,722	-	3,722
Recognised in profit or loss	(227)	-	(1,676)	(1,903)
At 31 December 2022	(1,870)	255	(11,579)	(13,194)
At 1 January 2021	(677)	(16,765)	(8,526)	(25,968)
Recognised in AFS fair value reserve	-	13,298	-	13,298
Recognised in profit or loss	(966)	-	(1,377)	(2,343)
At 31 December 2021	(1,643)	(3,467)	(9,903)	(15,013)

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12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed and call deposits with licensed financial institutions *	70,746	84,802	70,746	84,802
Cash and bank balances	83,208	58,120	13,962	13,194
	<u>153,954</u>	<u>142,922</u>	<u>84,708</u>	<u>97,996</u>

* with original maturity of three months or less

Fixed and call deposits were placed with:

- Investment banks	36,746	10,922	36,746	10,922
- Commercial banks	34,000	73,880	34,000	73,880
	<u>70,746</u>	<u>84,802</u>	<u>70,746</u>	<u>84,802</u>

13. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2022	2021	2022	2021
Group and Company	RM'000	RM'000	RM'000	RM'000
Issued and fully paid:				
At beginning/end of year	<u>118,000</u>	<u>118,000</u>	<u>118,000</u>	<u>118,000</u>

14. INSURANCE CONTRACT LIABILITIES

Group and Company	Note	2022			2021		
		Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Provision for claims reported by policyholders							
Provision for IBNR		945,586	(442,661)	502,925	753,292	(321,278)	432,014
Claim liabilities	(a)	489,808	(205,522)	284,286	683,213	(363,178)	320,035
Premium liabilities	(b)	1,435,394	(648,183)	787,211	1,436,505	(684,456)	752,049
Insurance contract liabilities		504,983	(96,890)	408,093	395,400	(64,355)	331,045
		1,940,377	(745,073)	1,195,304	1,831,905	(748,811)	1,083,094
(a) Claim liabilities							
At 1 January		1,436,505	(684,457)	752,048	1,082,412	(342,338)	740,074
Claims incurred for the current accident year		705,931	(220,662)	485,269	870,908	(457,917)	412,991
Movement to claims incurred in prior accident years (direct & facultative)		(177,513)	40,438	(137,075)	(229,712)	83,926	(145,786)
Movement in MMIP claims liabilities		(6,165)	-	(6,165)	(2,139)	-	(2,139)
Claims incurred during the year (treaty inwards claims)		(600)	-	(600)	41	-	41
Movement in Fund PRAD of claims liabilities at 75% confidence level		219	3,573	3,792	32,188	(32,806)	(618)
Movement in claims handling expenses		(2,861)	-	(2,861)	4,399	-	4,399
Claims paid during the year	22	(520,122)	212,925	(307,197)	(321,592)	64,678	(256,914)
At 31 December		1,435,394	(648,183)	787,211	1,436,505	(684,457)	752,048

The reinsurance assets is stated net of accumulated individual impairment losses of approximately RM407,652 (2021: RM407,652).

14. INSURANCE CONTRACT LIABILITIES (CONT'D.)

As at 31 December 2022, the insurance contract liabilities above includes the Group and the Company's proportionate share of MMIP's claim and premium liabilities amounting to RM16,757,792 (2021: RM22,922,608) and RM790,409 (2021: RM903,126) respectively.

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15. INSURANCE PAYABLES

	2022	2021
Group and Company	RM'000	RM'000
Amount due to agents, brokers, insureds and co-insurers	30,215	15,919
Amount due to reinsurers and ceding companies	13,161	61,436
Amount due to related parties (Note 26)	2,527	2,420
	<u>45,903</u>	<u>79,775</u>

The carrying amounts disclosed above approximate fair values at balance sheet date.

The Group and the Company's amount due to reinsurers and ceding companies that have been offset against amount due from the same counterparties are as follows:

	Gross carrying amount	Gross amounts offset in the Statement of Financial Position	Net amounts in the Statement of Financial Position
	RM'000	RM'000	RM'000
31 December 2022			
Premiums	58,978	(56,346)	2,632
Claims	15,259	(4,730)	10,529
	<u>74,237</u>	<u>(61,076)</u>	<u>13,161</u>
31 December 2021			
Premiums	77,373	(17,667)	59,706
Claims	4,669	(2,939)	1,730
	<u>82,042</u>	<u>(20,606)</u>	<u>61,436</u>

16. OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Accrued liabilities	92,754	69,679	92,754	69,679
Other payables	45,354	15,439	45,072	15,259
Provision of financial penalty (Note 34)	8,088	8,088	8,088	8,088
Cash collateral held on behalf of insureds	5,665	3,449	5,665	3,449
Amount due to related parties (Note 26)	21,710	22,952	21,710	22,952
	<u>173,571</u>	<u>119,607</u>	<u>173,289</u>	<u>119,427</u>

The carrying amounts of financial liabilities disclosed above approximate fair values at balance sheet date due to the relatively short-term maturity of these balances.

The amount due to related parties are non-insurance related balances.

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17. NET EARNED PREMIUMS

Group and Company	2022 RM'000	2021 RM'000
(a) Gross earned premiums (Note 14)		
General insurance contracts (Note 14)	1,045,670	901,228
Change in premium liabilities	(109,583)	(17,468)
	<u>936,087</u>	<u>883,760</u>
(b) Premiums ceded to reinsurers (Note 14)		
General reinsurance contracts (Note 14)	(254,286)	(209,780)
Change in premium liabilities	32,535	11,505
	<u>(221,751)</u>	<u>(198,275)</u>
Net Earned Premiums (Note 14)	<u>714,336</u>	<u>685,485</u>

18. INVESTMENT INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net income from investment properties (Note 5)	252	210	252	210
Notional rental income	230	159	230	159
Interest income from:				
HTM financial assets	-	81	-	81
FVTPL financial assets	34,662	25,645	-	-
FVTPL financial assets - amortisation of premiums, net of accretion of discounts	(2,700)	(2,720)	-	-
HTM financial assets - amortisation of premiums, net of accretion of discounts	-	(1)	-	(1)
Dividend/distribution income from				
AFS financial assets	27,147	36,304	57,496	56,662
LAR fixed and call deposits interest income	4,313	3,815	2,175	2,681
Other investment income, net of investment expenses	(1,417)	(3,244)	(3,509)	(4,471)
	<u>62,487</u>	<u>60,249</u>	<u>56,644</u>	<u>55,321</u>

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19. NET REALISED GAINS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Property and equipment				
Realised gain	614	128	614	128
Investment properties				
Realised gain	835	-	835	-
FVTPL Financial assets:				
Realised (losses)/gains:				
MGS/GII*	(3,345)	16	-	-
Corporate Bonds	(685)	1,064	-	-
	<u>(4,030)</u>	<u>1,080</u>	<u>-</u>	<u>-</u>
HTM financial assets				
Realised gains:				
Corporate Bonds	-	401	-	401
AFS financial assets:				
Realised gains:				
Equities	-	3,456	-	3,456
Realised gains/(losses):				
Unit Trust Funds	3,977	(11)	3,977	(11)
	<u>3,977</u>	<u>3,445</u>	<u>3,977</u>	<u>3,445</u>
	<u>1,396</u>	<u>5,054</u>	<u>5,426</u>	<u>3,974</u>

* Malaysian Government Securities (MGS)/Government Investment Issues (GII)

20. FAIR VALUE (LOSSES)/GAINS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fair value adjustment on investment properties (Note 5)	680	(1,816)	680	(1,816)
Reversal of fair value adjustment on investment properties	(770)	-	(770)	-
Fair value adjustment for FVTPL financial assets	(9,672)	(22,842)	-	-
	<u>(9,762)</u>	<u>(24,658)</u>	<u>(90)</u>	<u>(1,816)</u>

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21. OTHER OPERATING INCOME

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Realised loss on foreign exchange	49	(8)	49	(8)
Sundry income (net of expenses)	10,295	6,690	10,295	6,690
	<u>10,344</u>	<u>6,682</u>	<u>10,344</u>	<u>6,682</u>

22. NET CLAIMS INCURRED

Group and Company	2022	2021
	RM'000	RM'000
Gross claims paid (Note 14)	(520,122)	(321,592)
Claims ceded to reinsurers (Note 14)	212,925	64,678
Gross change in contract liabilities	1,111	(354,093)
Change in contract liabilities ceded to reinsurers	(36,273)	342,118
	<u>(342,359)</u>	<u>(268,889)</u>

23. MANAGEMENT EXPENSES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Employee benefits expenses (Note 23 (a))	86,826	86,503	86,826	86,503
Non-Executive Directors' fees and allowances (Note 23 (c))	1,367	1,357	1,367	1,357
Auditors' remuneration:				
- statutory audits	463	347	452	336
- regulatory related fees	40	40	40	40
- other services	40	41	40	41
- other auditors	16	13	-	-
Lease expense of low-value assets	249	389	249	389
Depreciation of property and equipment	4,598	5,082	4,598	5,082
Property and equipment written-off	2	106	2	106
Intangible assets written-off	-	1,014	-	1,014
Amortisation of intangible assets	7,886	8,375	7,886	8,375
Allowance of impairment/(Write back of) on insurance receivables	657	(3,460)	657	(3,460)
Bad debts written-off	191	634	191	634
Computer service charges	25,566	21,864	25,566	21,864
Depreciation of right-of-use assets (Note 6)	331	403	331	403
Lease interest expenses (Note 6)	45	28	45	28
Advertisement and promotion	5,847	14,550	5,847	14,550
Other expenses	82,945	76,122	80,672	74,639
	<u>217,069</u>	<u>213,408</u>	<u>214,769</u>	<u>211,901</u>

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23. MANAGEMENT EXPENSES (CONT'D.)

(a) Employee benefits expenses

	2022	2021
Group and Company	RM'000	RM'000
Wages, salaries and bonus	72,778	71,716
Social security contributions	10,484	586
Contributions to defined contribution plan, EPF	594	10,890
Other benefits	2,970	3,311
	<u>86,826</u>	<u>86,503</u>

Included above is remuneration paid to the Chief Executive Officer ("CEO") and Deputy Chief Executive Officer ("DCEO") of RM2,351,502 (2021: RM2,084,435) as further disclosed in Note 23(b).

(b) Key management personnel

The details of remuneration received/receivable during the financial year as included in Note 23(a) are as follows:

	2022	2021
Group and Company	RM'000	RM'000
Chief Executive Officer		
Tan Sek Kee		
- Salaries and bonus	1,605	1,392
- Contribution to defined contribution plan and others	232	202
- Benefits-in-kind	35	31
Total remuneration for CEO	<u>1,872</u>	<u>1,625</u>
Deputy Chief Executive Officer		
Tsuyoshi Seto		
- Salaries and bonus	352	336
- Contribution to defined contribution plan and others	1	1
- Benefits-in-kind	127	122
Total remuneration for DCEO	<u>480</u>	<u>459</u>
Total remuneration for key management personnel	<u>2,352</u>	<u>2,084</u>

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23. MANAGEMENT EXPENSES (CONT'D.)

(c) Directors' fees and allowances

Group and Company	2022 RM'000	2021 RM'000
Non-Executive Directors		
Directors' fees		
- Azhar Bin Mohamad	37	137
- Datuk Yong Bun Fou	98	98
- Ahmad Subri Bin Abdullah	98	98
- Tan Sri Dr. Ong Hong Peng	127	98
- Tan Chong Liong	94	93
- Dato' Loh Lye Ngok	660	650
- Tan Chuan Lye	72	-
	<u>1,186</u>	<u>1,174</u>
Meeting allowances		
- Azhar Bin Mohamad	16	30
- Datuk Yong Bun Fou	30	29
- Ahmad Subri Bin Abdullah	32	33
- Tan Sri Dr. Ong Hong Peng	32	32
- Tan Chong Liong	26	27
- Dato' Loh Lye Ngok	32	32
- Tan Chuan Lye	13	-
	<u>181</u>	<u>183</u>
Total fees and allowances for Non-Executive Directors	<u>1,367</u>	<u>1,357</u>

24. INCOME TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current income tax	28,391	38,534	28,391	38,534
- (Over)/under provision in prior years	448	(4,137)	448	(4,137)
	<u>28,839</u>	<u>34,397</u>	<u>28,839</u>	<u>34,397</u>
Deferred tax (Note 11):				
- Relating to origination and reversal of temporary differences	(3,524)	2,638	(3,524)	2,638
- Over provision in prior years	(74)	(3,161)	(74)	(3,161)
	<u>(3,598)</u>	<u>(523)</u>	<u>(3,598)</u>	<u>(523)</u>
Tax expense for the year	<u>25,241</u>	<u>33,874</u>	<u>25,241</u>	<u>33,874</u>

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24. INCOME TAX EXPENSE (CONT'D.)

Current income tax is calculated at the Malaysian tax rate of 24% and any excess of the first RM100 million will be taxed at a rate of 33% based on a one-off tax (Prosperity Tax) on the estimated assessable profit for the year:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax	132,914	188,302	143,073	206,643
Taxation at Malaysian statutory tax rate of 24%	31,899	45,192	34,338	49,594
Effect of one-off tax (Prosperity Tax)	1,434	-	1,434	-
Effect of income not subject to tax	(11,360)	(9,197)	(13,799)	(13,599)
Effect of income subject to RPGT rate	5	-	5	-
Effect of expenses not deductible for tax purposes	2,872	5,202	2,872	5,202
Deferred tax recognised at different rate	17	(25)	17	(25)
Over provision of deferred tax in prior years	(74)	(3,161)	(74)	(3,161)
Under/(Over) provision of income tax in prior years	448	(4,137)	448	(4,137)
Tax expense for the year	25,241	33,874	25,241	33,874

25. EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group		Company	
	2022	2021	2022	2021
Net profit for the year (RM'000)	107,673	154,428	117,832	172,769
Weighted average number of ordinary shares issue ('000)	118,000	118,000	118,000	118,000
Basic and diluted earnings per share (sen)	91.2	130.9	99.9	146.4

There were no potential dilutive effects on the ordinary shares during and at the end of the financial year. There have been no other transactions involving ordinary shares between the reporting date and the date of these financial statements.

26. RELATED PARTY DISCLOSURES

(a) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subjected to common control or common significant influence. Related parties may be individuals or other entities. Related parties also include all the Directors and other Key Management Personnel of the Group and the Company.

In the normal course of business, the Group and the Company undertake various transactions with subsidiary and associated companies of its ultimate holding company and other companies deemed related parties by virtue of common directors' shareholdings and a corporate shareholder's interest in its ultimate holding company. The transactions between the Group and the Company and its related parties were based on normal commercial terms and conditions and made on terms equivalent to those that prevail in arm's length transactions.

(b) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The compensation for Company's Chief Executive Officer and Deputy Chief Executive Officer are disclosed in Note 23.

(c) Wholesale funds distributions

The Company received income distributions from the wholesale funds. These amounts were eliminated upon preparing the consolidated financial statements.

	Company	
	2022	2021
	RM'000	RM'000
Distribution income:		
- Affin Hwang Income Fund 3	11,455	9,406
- Nomura Ringgit Bond Fund 1	15,257	9,725
- Eastspring Investments Wholesale Bond Fund	1,741	-
	<u>28,453</u>	<u>19,131</u>

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26. RELATED PARTY DISCLOSURES (CONT'D.)

**(d) Related party transactions
(Expenses)/Income**

Group and Company	2022 RM'000	2021 RM'000
Sompo Japan Insurance Inc.		
Premiums ceded	(26,965)	(26,100)
Claims recovery	22,642	4,847
Commissions received	7,162	7,493
Other income	230	159
Expenses net of recoveries	<u>(15,007)</u>	<u>(15,455)</u>
Sompo Holdings (Asia) Pte. Ltd.		
Expenses net of recoveries	<u>(6,732)</u>	<u>(6,658)</u>
Sompo Insurance Singapore Pte Ltd		
Premiums received	1	253
Claims recovery	-	1
Commissions paid	-	(60)
Expenses net of recoveries	<u>(26)</u>	<u>(6)</u>
Sompo Insurance (Hong Kong) Co., Ltd.		
Premiums ceded	(11,170)	(12,057)
Claims recovery	2,063	5,150
Commissions received	<u>3,627</u>	<u>3,861</u>
Endurance Worldwide Insurance Limited		
Premiums ceded	(23)	(4,007)
Claim recovery	54	-
Commissions received	<u>22</u>	<u>160</u>
Berjaya Corporation Berhad and its related companies		
Premiums received	7,961	8,488
Claims paid	(3,154)	(5,364)
Commissions paid	<u>(868)</u>	<u>(913)</u>
Other related companies		
Expenses net of recoveries	<u>-</u>	<u>(4)</u>

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26. RELATED PARTY DISCLOSURES (CONT'D.)

(e) Related party balances

Group and Company	2022 RM'000	2021 RM'000
Payables		
Sompo Japan Insurance Inc.	(17,235)	(18,780)
Sompo Holdings (Asia) Pte. Ltd.	(6,470)	(5,592)
Sompo Insurance Singapore Pte. Ltd.	(22)	(5)
Sompo Insurance (Hong Kong) Co., Ltd.	(510)	(919)
Other related companies	-	(12)
Receivables		
Sompo Japan Insurance Inc.	6,298	2,332
Sompo Holdings (Asia) Pte. Ltd.	2	6
Sompo Insurance Singapore Pte. Ltd.	3	2
Sompo International Holdings Ltd.	12	-
Sompo Insurance (Hong Kong) Co., Ltd.	124	-
Endurance Worldwide Insurance Ltd.	54	-
Berjaya Corporation Berhad and its related companies	3,565	1,765
Other related companies	39	21

The above balances are included as part of Note 9 Insurance Receivables, Note 10 Other Receivables, Note 15 Insurance Payables and Note 16 Other Payables.

The balances with related companies above are both trade and non-trade in nature, and are unsecured, interest-free and repayable within normal commercial terms for trade balances and in the short-term for non-trade balances.

27. DIVIDEND PAID

Dividend paid to shareholders recognised in the current year by the Company as an appropriation of retained profits is as follows:

	Sen per share	Total amount RM'000	Date of payment
2022			
Final dividend in respect of financial year ended 31 December 2021			
Sompo Holdings (Asia) Pte. Ltd.	105	86,730	1 July 2022
Berjaya Capital Berhad	105	37,170	1 July 2022
		<u>123,900</u>	
2021			
Final dividend in respect of financial year ended 31 December 2020			
Sompo Holdings (Asia) Pte. Ltd.	51	42,126	1 July 2021
Berjaya Capital Berhad	51	18,054	1 July 2021
		<u>60,180</u>	

28. RISK MANAGEMENT FRAMEWORK

(a) Risk Management Framework and Policy

The Board is committed to the development of an effective Enterprise Risk Management Framework ("ERMF") and Policy, with the aims of providing a consistent approach to managing risk and facilitating an accurate perception of acceptable risk to all employees. It forms an integral part of the Group's and the Company's business strategic planning, performance setting and general risk management culture. The ERMF is established to provide guiding principles on the risk management approach, risk governance structure, roles and responsibilities, methodology used for risk assessment, and risk monitoring and reporting.

Under the ERMF, the Group and the Company adopt the three lines of defence approach, where the Business functions are the "first line of defence", while the risk control units form the "second line of defence" rests with Risk Management and Compliance. They provide an independent oversight which assists the Management in achieving its strategic plans and missions in a proper manner, through risk management and compliance activities across the organization. Internal Audit functions as the "third line of defence", provide independent assurance that the risk management process is functioning as designed and identifies improvement opportunities through its recommendations.

(b) Risk Governance Structure

The Board delegates to the RMC the responsibility for overseeing the risk management activities of the Group and the Company to ensure appropriate risk management is in place and functioning effectively as well as to endorse appropriate risk management policies/frameworks and measurement methodologies for the organisation.

The RMC has a mandate to ensure the effective implementation of the objectives outlined in the ERMF and compliance with them throughout the Group and the Company. The RMC is responsible for periodically reporting material risk exposures to the Board. The roles and responsibilities as well as the authority of the RMC are set out in the Board approved Charter for the RMC.

The RMWC has been established to serve as a medium between the RMC and the Management. The RMWC will oversee the daily risk management activities of the Group and the Company to ensure that risk inherent in daily business activities are managed efficiently and effectively, and it will report regularly to the RMC on its activities, recommendations and/or decisions.

In addition, the RMC delegates to the RMWC the responsibility for ensuring effective implementation and maintenance of the ERMF and that all personnel adhere to its requirements.

28. RISK MANAGEMENT FRAMEWORK (CONT'D.)

(b) Risk Governance Structure (Cont'd.)

The Group and the Company's Risk Governance Structure outlines the approvals, responsibilities and accountabilities applicable to the identification, evaluation, management and reporting of the risks that are attributable to the senior management and other employees.

(c) Internal Capital Adequacy Assessment Process ("ICAAP") Policy

The ICAAP Policy covers the activities of the Company which is regulated by BNM under the FSA 2013. The main objective of the ICAAP is to ensure that the Company has sufficient capital to adequately fund day to day operations, withstand the impact of adverse events and meet requirements as an on-going entity, commensurate with its risk profile.

(d) Capital Management Plan ("CMP")

The objective of the CMP is to optimise the efficient and effective use of resources in order to maximise the return on equity and provide an appropriate level of capital to protect the policyholders, taking into consideration the events that can impact directly or indirectly on the operations and financial resilience of the Group and the Company whilst complying with the rules and regulations issued by relevant authorities.

The Group and the Company's CMP is driven by the business strategies and takes into consideration the impact of business and the regulatory environment in which the Group and the Company operates in. To comply with the RBC Framework, the Group and the Company has also set an Individual Target Capital Level ("ITCL") which is above the minimum statutory requirements.

(e) Stress Testing

Stress testing is a fundamental risk management tool in assessing the financial resilience of the Company under adverse yet plausible events. The stress test results are tabled annually for the Board's deliberation.

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29. INSURANCE RISK

Underwriting and insurance risk is the exposure to financial loss resulting from the selection and approval of risk to be insured, the adjudication of claims and the management of contractual and non-contractual cover.

The Group and the Company have instituted documented standards of risk selection, underwriting authorities, risk management engineering, pricing guidelines and risk accumulation limits. Reinsurance is placed to minimise certain insurance risks within approved limits and security. Claims approval and claims settlement authorities are clearly defined for prudent control on financial exposure. Regular underwriting and claims audits are performed by internal auditors to ensure strict compliance with the Group and the Company's guidelines and standards.

Group and Company

(a) Concentration of risks by class of business

General insurance business premiums by lines of business:

	2022			2021		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Motor	478,015	(24,961)	453,054	386,648	(17,449)	369,199
Fire	269,125	(105,095)	164,030	254,483	(90,739)	163,744
Marine, Aviation & Transit	34,547	(12,764)	21,783	31,348	(13,557)	17,791
Miscellaneous	263,983	(111,466)	152,517	228,749	(88,035)	140,714
	1,045,670	(254,286)	791,384	901,228	(209,780)	691,448

29. INSURANCE RISK (CONT'D.)

Group and Company (Cont'd.)

(a) Concentration of risks by class of business (Cont'd.)

General Insurance Contract Liabilities by lines of business:

	2022			2021		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Premium Liabilities						
Motor	273,105	(3,282)	269,823	230,945	(9,886)	221,059
Fire	105,480	(53,028)	52,452	74,528	(35,229)	39,299
Marine, Aviation & Transit	9,940	(1,106)	8,834	5,737	498	6,235
Miscellaneous	116,458	(39,474)	76,984	84,190	(19,738)	64,452
	504,983	(96,890)	408,093	395,400	(64,355)	331,045
Claims Liabilities						
Motor	573,178	(36,004)	537,174	580,811	(49,987)	530,824
Fire	467,517	(382,028)	85,489	483,983	(417,503)	66,480
Marine, Aviation & Transit	52,484	(33,828)	18,656	49,189	(34,197)	14,992
Miscellaneous	342,215	(196,323)	145,892	322,522	(182,769)	139,753
	1,435,394	(648,183)	787,211	1,436,505	(684,456)	752,049

29. INSURANCE RISK (CONT'D.)

(b) Sensitivity analysis

Key Assumptions

The principal assumptions underlying the estimation of liabilities is that the Group and the Company's future claims development will follow a similar pattern to past claims development experience. This includes key assumptions such as the adopted Ultimate Loss Ratios ("ULR"), risk margin percentages (i.e. Provision of Risk Margin for Adverse Deviation ("PRAD")) and provision for claims handling costs.

Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrences, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors, such as, portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors, such as judicial decisions and government legislation affect the estimates.

Sensitivities

The Appointed Actuary is engaged to run a sensitivity analysis of the liabilities and comparison of past valuation results. The method used in performing the sensitivity analysis has not materially changed compared with the financial year 2021 except that the paid development factor is not used to project liabilities for financial year 2022. The general insurance claim liabilities are sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process. Hence, the actuary has carried out the sensitivity analysis by testing the sensitivity of the key assumptions below.

- Initial Expected Loss Ratio;
- Latest Incurred Development Factor;
- Latest Paid Development Factor;
- Indirect Claims Handling Expenses (CHE) Percentage; and
- Provision for Adverse Deviation (PAD) Percentage.

29. INSURANCE RISK (CONT'D.)

(b) Sensitivity analysis (Cont'd.)

The analysis is performed for reasonably possible movements in key assumptions for the respective periods (i.e. a 5% increase) with all other assumptions held constant, showing the impact on Gross and Net Liabilities, Profit before Tax 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.

	Change in assumptions	Impact on Gross Liabilities RM'000 ←-----	Impact on Net Liabilities RM'000 Increase/	Impact on Profit Before Tax RM'000 (Decrease)	* Impact on Equity RM'000 -----→
31 December 2022					
Initial Expected Loss Ratio	+5%	28,431	21,731	(21,731)	(16,515)
Latest Incurred Development Factor	+5%	3,440	3,309	(3,309)	(2,515)
Latest Paid Development Factor	+5%	-	-	-	-
Indirect CHE %	+5%	N/A	1,211	(1,211)	(920)
PAD %	+5%	7,218	3,892	(3,892)	(2,958)
31 December 2021					
Initial Expected Loss Ratio	+5%	35,758	19,310	(19,310)	(14,676)
Latest Incurred Development Factor	+5%	3,012	2,813	(2,813)	(2,138)
Latest Paid Development Factor	+5%	-	16	(16)	(12)
Indirect CHE %	+5%	N/A	1,369	(1,369)	(1,041)
PAD %	+5%	7,205	3,700	(3,700)	(2,812)

** Impact on Equity reflects adjustments for tax, when applicable*

A change in the assumption in the opposite direction would result in an opposite but equivalent impact.

29. INSURANCE RISK (CONT'D.)

(c) Claims Development Tables

The following tables show the estimate of ultimate incurred claims, for both reported and IBNR claims for each accident year at each reporting date, together with cumulative payments to-date.

In setting provisions for claims, the Group and the Company give consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves when there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development; the margin to ensure adequacy of provisions is relatively high. As claims develop and the ultimate cost of claims becomes more certain, the margin decreases.

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29. INSURANCE RISK (CONT'D.)

(c) Claims Development Tables (Cont'd.)

Gross General Insurance Contract Liabilities for 2022 (RM '000) - Group and Company

Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Ultimate Claims Incurred	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year	338,905	390,854	600,496	504,739	580,792	567,720	691,810	608,880	870,908	705,931	
One year later	325,678	379,357	531,144	445,703	552,327	503,670	596,733	449,063	728,454	-	
Two years later	309,973	378,327	522,985	432,007	545,465	486,817	531,522	427,129	-	-	
Three years later	298,660	375,216	481,664	428,902	539,719	479,421	521,503	-	-	-	
Four years later	298,929	374,805	481,526	426,157	538,242	482,910	-	-	-	-	
Five years later	288,071	368,699	480,199	434,321	536,132	-	-	-	-	-	
Six years later	281,328	360,268	481,590	434,450	-	-	-	-	-	-	
Seven years later	275,023	354,870	473,760	-	-	-	-	-	-	-	
Eight years later	273,289	353,796	-	-	-	-	-	-	-	-	
Nine years later	273,104	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	273,104	353,796	473,760	434,450	536,132	482,910	521,503	427,129	728,454	705,931	4,937,169
Cumulative Claims Paid											
At end of accident year	136,400	144,585	182,354	215,810	235,212	220,261	224,416	164,948	138,162	182,939	
One year later	232,463	256,421	420,405	352,578	401,295	361,939	362,906	279,719	386,594	-	
Two years later	254,181	327,972	467,097	376,463	469,279	395,230	399,374	319,411	-	-	
Three years later	266,728	340,876	443,668	386,778	483,321	410,202	428,349	-	-	-	
Four years later	271,026	344,916	448,499	389,471	489,749	420,051	-	-	-	-	
Five years later	265,315	346,670	449,627	392,952	493,390	-	-	-	-	-	
Six years later	265,038	347,174	454,902	395,345	-	-	-	-	-	-	
Seven years later	265,632	347,282	455,426	-	-	-	-	-	-	-	
Eight years later	265,776	347,653	-	-	-	-	-	-	-	-	
Nine years later	265,774	-	-	-	-	-	-	-	-	-	
Cumulative payments to date	265,774	347,653	455,426	395,345	493,390	420,051	428,349	319,411	386,594	182,939	3,694,932
Gross general insurance outstanding liabilities (direct and facultative inwards)	7,330	6,143	18,334	39,105	42,742	62,859	93,154	107,718	341,860	522,992	1,242,237
Case Reserves for Accident Years Prior to 2013											9,790
Treaty Inwards											426
MMIP claim liabilities											16,758
Best Estimate of Claim Liabilities											1,269,211
Claims Handling Expenses											21,775
Fund PRAD at 75% Confidence Interval											144,408
Gross general insurance contract liabilities (Note 14)											1,435,394

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29. INSURANCE RISK (CONT'D.)

(c) Claims Development Tables (Cont'd.)

Gross General Insurance Contract Liabilities for 2021 (RM '000) - Group and Company

Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Ultimate Claims Incurred	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year	295,219	338,905	390,854	600,496	504,739	580,792	567,720	691,810	608,880	870,908	
One year later	282,486	325,678	379,357	531,144	445,703	552,327	503,670	596,733	449,063	-	
Two years later	289,540	309,973	378,327	522,985	432,007	545,465	486,817	531,522	-	-	
Three years later	279,734	298,660	375,216	481,664	428,902	539,719	479,421	-	-	-	
Four years later	271,928	298,929	374,805	481,526	426,157	538,242	-	-	-	-	
Five years later	275,113	288,071	368,699	480,199	434,321	-	-	-	-	-	
Six years later	266,827	281,328	360,268	481,590	-	-	-	-	-	-	
Seven years later	265,977	275,023	354,870	-	-	-	-	-	-	-	
Eight years later	265,593	273,289	-	-	-	-	-	-	-	-	
Nine years later	265,371	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	265,371	273,289	354,870	481,590	434,321	538,242	479,421	531,522	449,063	870,908	4,678,597
Cumulative Claims Paid											
At end of accident year	119,925	136,400	144,585	182,354	215,810	235,212	220,261	224,416	164,948	138,162	
One year later	215,423	232,463	256,421	420,405	352,578	401,295	361,939	362,906	279,719	-	
Two years later	250,897	254,181	327,972	467,097	376,463	469,279	395,230	399,374	-	-	
Three years later	259,519	266,728	340,876	443,668	386,778	483,321	410,202	-	-	-	
Four years later	263,357	271,026	344,916	448,499	389,471	489,749	-	-	-	-	
Five years later	264,607	265,315	346,670	449,627	392,952	-	-	-	-	-	
Six years later	260,696	265,038	347,174	454,902	-	-	-	-	-	-	
Seven years later	261,068	265,632	347,282	-	-	-	-	-	-	-	
Eight years later	261,839	265,776	-	-	-	-	-	-	-	-	
Nine years later	262,000	-	-	-	-	-	-	-	-	-	
Cumulative payments to date	262,000	265,776	347,282	454,902	392,952	489,749	410,202	399,374	279,719	138,162	3,440,118
Gross general insurance outstanding liabilities (direct and facultative inwards)											
Case Reserves for Accident Years Prior to 2012	3,371	7,513	7,588	26,688	41,369	48,493	69,219	132,148	169,344	732,746	1,238,479
Treaty Inwards											5,328
MMIP claim liabilities											950
Best Estimate of Claim Liabilities											22,923
Claims Handling Expenses											1,267,680
Fund PRAD at 75% Confidence Interval											24,636
Gross general insurance contract liabilities (Note 14)											144,189
											1,436,505

* Please refer to page 103 for explanation.

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29. INSURANCE RISK (CONT'D.)

(c) Claims Development Tables (Cont'd.)

Net General Insurance Contract Liabilities for 2022 (RM '000) - Group and Company

Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Ultimate Claims Incurred	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year	267,467	305,055	364,968	418,060	449,265	479,024	533,003	461,359	412,991	485,269	
One year later	252,739	291,453	342,568	383,558	423,221	429,207	470,435	348,971	311,210	-	
Two years later	240,713	275,397	335,878	379,902	420,088	419,274	443,257	328,706	-	-	
Three years later	235,173	270,563	333,517	380,123	417,963	411,514	434,975	-	-	-	
Four years later	235,892	270,008	334,394	377,967	418,323	410,928	-	-	-	-	
Five years later	235,532	269,161	333,391	378,136	417,013	-	-	-	-	-	
Six years later	233,032	263,441	332,813	377,807	-	-	-	-	-	-	
Seven years later	230,634	259,120	326,378	-	-	-	-	-	-	-	
Eight years later	229,290	258,427	-	-	-	-	-	-	-	-	
Nine years later	229,167	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	229,167	258,427	326,378	377,807	417,013	410,928	434,975	328,706	311,210	485,269	3,579,880
Cumulative Claims Paid											
At end of accident year	120,388	132,711	166,472	201,116	215,190	207,364	210,555	150,616	124,791	166,094	
One year later	199,109	221,752	276,416	316,592	336,578	328,183	318,069	236,172	205,029	-	
Two years later	215,797	243,209	302,396	340,989	369,598	352,541	343,991	260,158	-	-	
Three years later	222,501	250,341	311,761	350,325	380,067	363,010	365,816	-	-	-	
Four years later	225,875	252,528	315,591	352,794	384,792	370,642	-	-	-	-	
Five years later	226,541	254,482	316,469	355,308	387,686	-	-	-	-	-	
Six years later	226,857	254,811	317,617	356,940	-	-	-	-	-	-	
Seven years later	227,024	254,947	317,855	-	-	-	-	-	-	-	
Eight years later	227,107	254,970	-	-	-	-	-	-	-	-	
Nine years later	227,105	-	-	-	-	-	-	-	-	-	
Cumulative payments to date	227,105	254,970	317,855	356,940	387,686	370,642	365,816	260,158	205,029	166,094	2,912,295
Net general insurance outstanding liabilities (direct and facultative inwards)	2,062	3,457	8,523	20,867	29,327	40,286	69,159	68,548	106,181	319,175	667,585
Case Reserves for Accident Years Prior to 2013											2,373
Treaty Inwards											426
MMIP claim liabilities											16,758
Best Estimate of Claim Liabilities											687,142
Claims Handling Expenses											21,775
Fund PRAD at 75% Confidence Interval											77,886
Additional provision											408
Net general insurance contract liabilities (Note 14)											787,211

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29. INSURANCE RISK (CONT'D.)

(c) Claims Development Tables (Cont'd.)

Net General Insurance Contract Liabilities for 2021 (RM '000) - Group and Company

Accident Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Ultimate Claims Incurred	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At end of accident year	250,321	267,467	305,055	364,968	418,060	449,265	479,024	533,003	461,359	412,991	
One year later	236,815	252,739	291,453	342,568	383,558	423,221	429,207	470,435	348,971	-	
Two years later	234,789	240,713	275,397	335,878	379,902	420,088	419,274	443,257	-	-	
Three years later	228,884	235,173	270,563	333,517	380,123	417,963	411,514	-	-	-	
Four years later	224,663	235,892	270,008	334,394	377,967	418,323	-	-	-	-	
Five years later	224,784	235,532	269,161	333,391	378,136	-	-	-	-	-	
Six years later	223,238	233,032	263,441	332,813	-	-	-	-	-	-	
Seven years later	222,208	230,634	259,120	-	-	-	-	-	-	-	
Eight years later	221,879	229,290	-	-	-	-	-	-	-	-	
Nine years later	221,699	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims incurred	221,699	229,290	259,120	332,813	378,136	418,323	411,514	443,257	348,971	412,991	3,456,114
Cumulative Claims Paid											
At end of accident year	113,260	120,388	132,711	166,472	201,116	215,190	207,364	210,555	150,616	124,791	
One year later	190,747	199,109	221,752	276,416	316,592	336,578	328,183	318,069	236,172	-	
Two years later	209,161	215,797	243,209	302,396	340,989	369,598	352,541	343,991	-	-	
Three years later	216,285	222,501	250,341	311,761	350,325	380,067	363,010	-	-	-	
Four years later	219,386	225,875	252,528	315,591	352,794	384,792	-	-	-	-	
Five years later	220,349	226,541	254,482	316,469	355,308	-	-	-	-	-	
Six years later	220,686	226,857	254,811	317,617	-	-	-	-	-	-	
Seven years later	220,319	227,024	254,947	-	-	-	-	-	-	-	
Eight years later	220,829	227,107	-	-	-	-	-	-	-	-	
Nine years later	220,839	-	-	-	-	-	-	-	-	-	
Cumulative payments to date	220,839	227,107	254,947	317,617	355,308	384,792	363,010	343,991	236,172	124,791	2,828,575
Net general insurance outstanding liabilities (direct and facultative inwards)											
Case Reserves for Accident Years Prior to 2012	860	2,183	4,173	15,195	22,828	33,531	48,504	99,266	112,799	288,200	
Treaty Inwards											1,501
MMIP claim liabilities											950
Best Estimate of Claim Liabilities											22,923
Claims Handling Expenses											652,912
Fund PRAD at 75% Confidence Interval											24,636
Additional provision											74,094
Net general insurance contract liabilities (Note 14)											408
											752,049

* Please refer to page 103 for explanation.

30. FINANCIAL RISKS

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

(a) Credit Risk

Treaty reinsurers' and brokers' credit ratings are evaluated prior to entering into treaty arrangements. The Group and the Company observe the BNM Guidelines and internal Company policies in assessing the credit ratings of reinsurers and brokers.

The settlement risks are also mitigated through prompt reconciliations of records and recovery actions, avoiding at all times delays in collection from reinsurers and entering into commutations for run off reinsurers. The Group and the Company have tightened the credit collection and recovery policies to expedite collections. The Group and the Company are unable to avoid any deterioration in credit ratings of reinsurers after inception of treaties.

Credit exposure

At the reporting date, the Group and the Company's maximum exposure to credit risk is represented by the maximum amount of each class of financial asset recognised in the Statements of Financial Position.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors.

30. FINANCIAL RISKS (CONT'D.)

(a) Credit Risk (Cont'd.)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposures of the Group by classifying assets according to the credit ratings of counterparties.

Group	*AAA RM'000	*AA RM'000	*A RM'000	*BBB - B RM'000	Not Rated RM'000	Total RM'000
31 December 2022						
FVTPL financial assets:						
MGS/GII**	-	-	-	-	64,274	64,274
Corporate Bonds	281,627	582,822	5,022	-	35,347	904,818
LAR:						
Fixed and call deposits	27,051	1,600	-	38,410	-	67,061
AFS financial assets:						
Equity Securities	-	-	-	-	71,169	71,169
Unit Trust Funds	-	-	-	-	879,342	879,342
Reinsurance assets - claim liabilities	-	2,254	576,414	29,001	40,514	648,183
Insurance receivables***	-	-	-	-	144,147	144,147
Other receivables****	-	-	-	-	25,578	25,578
Cash and cash equivalents	82,839	1,565	42,470	27,007	73	153,954
	391,517	588,241	623,906	94,418	1,260,444	2,958,526

* Based on public ratings assigned by reputable rating agencies.

** Malaysian Government Securities (MGS)/Government Investment Issues (GII), sovereign bonds.

*** There are no balances that are past due but not impaired as at year end.

**** Other receivables exclude the share of net assets held under Malaysian Motor Insurance Pool ("MMIP").

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30. FINANCIAL RISKS (CONT'D.)

(a) Credit Risk (Cont'd.)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposures of the Group by classifying assets according to the credit ratings of counterparties.

Group	*AAA RM'000	*AA RM'000	*A RM'000	*BBB - B RM'000	Not Rated RM'000	Total RM'000
31 December 2021						
FVTPL financial assets:						
MGS/GII**	-	-	-	-	118,283	118,283
Corporate Bonds	177,111	443,549	-	-	-	620,660
LAR:						
Fixed and call deposits	-	2,000	4,000	-	-	6,000
AFS financial assets:						
Equity Securities	-	-	-	-	64,394	64,394
Unit Trust Funds	-	-	-	-	1,143,659	1,143,659
Reinsurance assets - claim liabilities	-	10,925	583,287	34,693	55,551	684,456
Insurance receivables***	-	-	543	-	83,003	83,546
Other receivables****	-	-	-	-	18,004	18,004
Cash and cash equivalents	85,239	18,761	8,921	29,506	495	142,922
	262,350	475,235	596,751	64,199	1,483,389	2,881,924

* Based on public ratings assigned by reputable rating agencies.

** Malaysian Government Securities (MGS)/Government Investment Issues (GII), sovereign bonds.

*** There are no balances that are past due but not impaired as at year end.

**** Other receivables exclude the share of net assets held under Malaysian Motor Insurance Pool ("MMIP").

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30. FINANCIAL RISKS (CONT'D.)

(a) Credit Risk (Cont'd.)

Credit exposure by credit rating (Cont'd.)

The table below provides information regarding the credit risk exposures of the Company by classifying assets according to the credit ratings of counterparties.

Company	*AAA	*AA	*A	*BBB - B	Not Rated	Total
31 December 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LAR:						
Fixed and call deposits	-	1,600	-	38,410	-	40,010
AFS financial assets:						
Equity Securities	-	-	-	-	71,169	71,169
Unit Trust Funds	-	-	-	-	1,950,350	1,950,350
Reinsurance assets - claim liabilities	-	2,254	576,414	29,001	40,514	648,183
Insurance receivables**	-	-	-	-	144,147	144,147
Other receivables***	-	-	-	-	16,424	16,424
Cash and cash equivalents	13,594	1,565	42,470	27,006	73	84,708
	13,594	5,419	618,884	94,417	2,222,677	2,954,991

* Based on public ratings assigned by reputable rating agencies.

** There are no balances that are past due but not impaired as at year end.

*** Other receivables exclude the share of net assets held under Malaysian Motor Insurance Pool ("MMIP").

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30. FINANCIAL RISKS (CONT'D.)

(a) Credit Risk (Cont'd.)

Credit exposure by credit rating (Cont'd.)

The table below provides information regarding the credit risk exposures of the Company by classifying assets according to the credit ratings of counterparties.

Company	*AAA	*AA	*A	*BBB - B	Not Rated	Total
31 December 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
LAR:						
Fixed and call deposits	-	2,000	4,000	-	-	6,000
AFS financial assets:						
Equity Securities	-	-	-	-	64,394	64,394
Unit Trust Funds	-	-	-	-	1,931,525	1,931,525
Reinsurance assets - claim liabilities	-	10,925	583,287	34,693	55,551	684,456
Insurance receivables**	-	-	543	-	83,003	83,546
Other receivables***	-	-	-	-	10,398	10,398
Cash and cash equivalents	40,742	18,761	8,921	29,506	66	97,996
	40,742	31,686	596,751	64,199	2,144,937	2,878,315

* Based on public ratings assigned by reputable rating agencies.

** There are no balances that are past due but not impaired as at year end.

*** Other receivables exclude the share of net assets held under Malaysian Motor Insurance Pool ("MMIP").

30. FINANCIAL RISKS (CONT'D.)

(b) Liquidity Risk

Liquidity risk is the risk where the Group and the Company are unable to meet its obligations in a timely manner at a reasonable cost at any time. The Group and the Company manages this risk by monitoring daily cash inflows and outflows and by ensuring that a reasonable amount of financial assets are kept in liquid instruments at all times. The Group and the Company also observe principles on asset-liability management and ensures that the average investment duration and maturity profiles match the liabilities.

Maturity Profiles

The following table summarises the maturity profile of the financial/insurance assets and liabilities of the Group and the Company which are based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities.

Premium liabilities and the reinsurers' share of the premium liabilities have been excluded from the analysis as these are not contractual obligations.

30. FINANCIAL RISKS (CONT'D.)

(b) Liquidity Risk (Cont'd.)

Maturity profiles (Cont'd.)

Group	Carrying value RM'000	Undiscounted Contractual Cash Flow				No maturity date RM'000	Total RM'000
		Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000			
31 December 2022							
Financial assets:							
FVTPL - MGS/GII*	64,274	2,307	31,690	49,153	-	-	83,150
FVTPL - Corporate Bonds	904,818	102,913	574,181	454,105	-	-	1,131,199
LAR - Deposits with licensed financial institutions	67,061	68,143	-	-	-	-	68,143
AFS - Equity Securities	71,169	-	-	-	-	71,169	71,169
AFS - Unit Trust Funds	879,342	-	-	-	-	879,342	879,342
Reinsurance assets - claim liabilities	648,183	260,395	339,991	47,797	-	-	648,183
Insurance receivables	144,147	142,749	1,398	-	-	-	144,147
Other receivables**	25,578	24,687	-	-	-	1,022	25,709
Cash and cash equivalents	153,954	139,780	-	-	-	14,571	154,351
Total Assets	2,958,526	740,974	947,260	551,055	966,104	3,205,393	
Insurance contract liabilities - claim liabilities	1,435,394	628,635	699,614	89,220	17,925	1,435,394	
Insurance payables	45,903	45,903	-	-	-	45,903	
Other payables	173,571	135,344	2,555	-	35,672	173,571	
Lease liabilities	1,343	342	1,076	-	-	1,418	
Total Liabilities	1,656,211	810,224	703,245	89,220	53,597	1,656,286	

* Malaysian Government Securities (MGS)/Government Investment Issues (GII), sovereign bonds.

** Other receivables exclude the share of net assets held under Malaysian Motor Insurance Pool ("MMIP").

30. FINANCIAL RISKS (CONT'D.)

(b) Liquidity Risk (Cont'd.)

Maturity profiles (Cont'd.)

Group	Carrying value RM'000	Undiscounted Contractual Cash Flow				No maturity date RM'000	Total RM'000
		Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000			
31 December 2021							
Financial assets:							
FVTPL - MGS/GII*	118,283	4,140	45,172	95,458	-	-	144,770
FVTPL - Corporate Bonds	620,660	71,749	321,873	367,929	-	-	761,551
LAR - Deposits with licensed financial institutions	6,000	6,072	-	-	-	-	6,072
AFS - Equity Securities	64,394	-	-	-	64,394	-	64,394
AFS - Unit Trust Funds	1,143,659	-	-	-	1,143,659	-	1,143,659
Reinsurance assets - claim liabilities	684,456	493,243	161,563	29,650	-	-	684,456
Insurance receivables	83,546	82,148	1,398	-	-	-	83,546
Other receivables**	18,004	16,919	2	-	1,083	-	18,004
Cash and cash equivalents	142,922	129,676	-	-	13,623	-	143,299
Total Assets	2,881,924	803,947	530,008	493,037	1,222,759	3,049,751	
Insurance contract liabilities - claim liabilities	1,436,505	832,184	524,167	56,063	24,091	1,436,505	
Insurance payables	79,775	79,775	-	-	-	79,775	
Other payables	119,607	113,018	1,212	-	5,377	119,607	
Lease liabilities	627	376	264	-	-	640	
Total Liabilities	1,636,514	1,025,353	525,643	56,063	29,468	1,636,527	

* Malaysian Government Securities (MGS)/Government Investment Issues (GII), sovereign bonds.

** Other receivables exclude the share of net assets held under Malaysian Motor Insurance Pool ("MMIP").

30. FINANCIAL RISKS (CONT'D.)

(b) Liquidity Risk (Cont'd.)

Maturity profiles (Cont'd.)

Company	Carrying value RM'000	Undiscounted Contractual Cash Flow				Total RM'000
		Less than 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000	No maturity date RM'000	
31 December 2022						
Financial assets:						
LAR - Deposits with licensed financial institutions	40,010	40,545	-	-	-	40,545
AFS - Equity Securities	71,169	-	-	-	71,169	71,169
AFS - Unit Trust Funds	1,950,350	-	-	-	1,950,350	1,950,350
Reinsurance assets - claim liabilities	648,183	260,395	339,991	47,797	-	648,183
Insurance receivables	144,147	142,749	1,398	-	-	144,147
Other receivables*	16,424	15,402	-	-	1,022	16,424
Cash and cash equivalents	84,708	71,057	-	-	13,962	85,019
Total Assets	2,954,991	530,148	341,389	47,797	2,036,503	2,955,837
Insurance contract liabilities - claim liabilities	1,435,394	628,635	699,614	89,220	17,925	1,435,394
Insurance payables	45,903	45,903	-	-	-	45,903
Other payables	173,289	135,062	2,555	-	35,672	173,289
Lease liabilities	1,343	342	1,076	-	-	1,418
Total Liabilities	1,655,929	809,942	703,245	89,220	53,597	1,656,004

* Other receivables exclude the share of net assets held under Malaysian Motor Insurance Pool ("MMIP").

30. FINANCIAL RISKS (CONT'D.)

(b) Liquidity Risk (Cont'd.)

Maturity profiles (Cont'd.)

Company	Carrying value RM'000	Undiscounted Contractual Cash Flow					Total RM'000
		Less than		Over 5 years RM'000	No maturity date RM'000		
		1 year RM'000	1 - 5 years RM'000				
31 December 2021							
Financial assets:							
LAR - Deposits with licensed financial institutions	6,000	6,072	-	-	-	-	6,072
AFS - Equity Securities	64,394	-	-	-	-	64,394	64,394
AFS - Unit Trust Funds	1,931,525	-	-	-	-	1,931,525	1,931,525
Reinsurance assets - claim liabilities	684,456	493,243	161,563	29,650	-	-	684,456
Insurance receivables	83,546	82,148	1,398	-	-	-	83,546
Other receivables*	10,398	9,313	2	-	-	1,083	10,398
Cash and cash equivalents	97,996	85,173	-	-	-	13,194	98,367
Total Assets	2,878,315	675,949	162,963	29,650	2,010,196	2,878,758	
Insurance contract liabilities - claim liabilities	1,436,505	832,184	524,167	56,063	24,091	1,436,505	
Insurance payables	79,775	79,775	-	-	-	79,775	
Other payables	119,427	112,838	1,212	-	5,377	119,427	
Lease liabilities	627	376	264	-	-	640	
Total Liabilities	1,636,334	1,025,173	525,643	56,063	29,468	1,636,347	

* Other receivables exclude the share of net assets held under Malaysian Motor Insurance Pool ("MMIP").

30. FINANCIAL RISKS (CONT'D.)

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The Group and the Company's policies on asset allocations, investment limits and portfolio mix structures have been set in line with the Group and the Company risk management policy after taking cognisance of the regulatory requirements in respect of maintenance of assets and solvency.

Compliance with the policies is monitored and reported to the Board of Directors and Investment Committee.

(d) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company's primary transactions are carried out in Ringgit Malaysia (RM) and its exposure to currency risk arises principally with respect to US Dollar (USD) and Singapore Dollar (SGD).

As the Group and the Company business are conducted primarily in Malaysia, the Group and the Company financial assets and its insurance contract liabilities are also primarily maintained in Malaysia, and denominated in RM.

The Group and the Company's main currency risk arises from reinsurance transactions for which the balances are expected to be settled and realised in less than a year. Therefore, the impact arising from sensitivity analysis of foreign exchange rate movement is deemed minimal. The Group and the Company have no significant concentration of currency risk.

(e) Interest Rate/Profit Yield Risk

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

The Group and the Company are exposed to interest rate risk primarily through investments in fixed income securities and deposit placements. As the wholesale unit trust funds invest mainly in Corporate Debt Securities and Malaysian Government Securities, the net asset value ("NAV") of the funds reported by the Fund Managers would also be sensitive to interest rate movements. The Group and the Company invest in deposit placements with licensed financial institutions are not exposed to significant interest risk as thereon are fixed rate and short term, therefore, exposure to interest rate fluctuation is minimal.

30. FINANCIAL RISKS (CONT'D.)

(e) Interest Rate/Profit Yield Risk (Cont'd.)

The impact of changes in interest rates to the fair value of investments held by the Group and the Company are shown in the following sensitivity analysis table.

Interest Rate/Profit Yield		Impact on Profit after Tax RM'000	Impact on Equity* RM'000
	Change in variables		
Group			
31 December 2022			
	+ 50 basis points	(3,618)	(3,325)
	+ 25 basis points	(1,814)	(1,667)
	- 25 basis points	1,823	1,675
	- 50 basis points	3,655	3,358
31 December 2021			
	+ 50 basis points	(2,794)	(4,324)
	+ 25 basis points	(1,400)	(2,168)
	- 25 basis points	1,407	2,178
	- 50 basis points	2,822	4,368
Company			
31 December 2022			
	+ 50 basis points	-	(7,374)
	+ 25 basis points	-	(3,696)
	- 25 basis points	-	3,715
	- 50 basis points	-	7,449
31 December 2021			
	+ 50 basis points	-	(7,303)
	+ 25 basis points	-	(3,661)
	- 25 basis points	-	3,679
	- 50 basis points	-	7,377

** Impact on Equity reflects impact of AFS financial assets, adjusted for tax when applicable*

30. FINANCIAL RISKS (CONT'D.)

(f) Price Risk

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

The Group and the Company's price risk exposure relates to financial assets and financial liabilities which will fluctuate in value as a result of changes in market prices.

The Group and the Company are exposed to price risks arising from investments held comprising quoted equities and unit trust funds.

The sensitivity analysis below is performed for reasonably possible movements in market price with all other variables held constant, showing the impact on quoted equities prices and unit trust NAV to equity of the Group and of the Company.

		Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Change in variable		<div style="display: flex; align-items: center; justify-content: space-between;"> ← Increase/(Decrease) → </div>			
Equity prices*	+10%	7,117	6,439	7,117	6,439
Equity prices*	-10%	(7,117)	(6,439)	(7,117)	(6,439)
Unit Trust NAV	+10%	87,934	114,366	195,035	193,153
Unit Trust NAV	-10%	(87,934)	(114,366)	(195,035)	(193,153)

** Impact on Equity reflects adjustments for tax, when applicable*

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

30. FINANCIAL RISKS (CONT'D.)

(g) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Group and the Company cannot expect to eliminate all operational risks but mitigate them by establishing a control framework and by monitoring and responding to potential risks.

The following controls are in place to monitor and mitigate such risks:

- Effective segregation of duties;
- Access controls, authorisation and reconciliation procedures;
- Automation of processes where possible;
- Staff training; and
- Evaluation procedures such as internal audit.

Business risks, such as changes in environment, technology and the industry are also monitored through the Group and the Company's strategic and budgeting process.

(h) Compliance Risk

Compliance risk is the potential for losses and legal penalties due to failure to comply with laws or regulations, code of conduct and standards of best practice.

The Group and the Company conduct regular reviews across various departments to ensure all business activities are complying with the regulatory and statutory requirements.

31. FAIR VALUE HIERARCHY

The following tables analyse assets which are carried at fair value and assets for which fair value are disclosed according to their fair value hierarchy, defined as follows:

i. Level 1

Quoted (unadjusted) market prices in active market for identical assets or liabilities

ii. Level 2

Valuation techniques for which all inputs that are significant to the fair value measurement is directly or indirectly observable

iii. Level 3

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

31. FAIR VALUE HIERARCHY (CONT'D.)

The table below analyse assets carried at fair value and assets for which fair value is disclosed, according to their fair value hierarchy.

Group	Note	2022				2021			
		Fair value measurement using:				Fair value measurement using:			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value on a recurring basis:									
Investment properties	5	-	-	16,180	16,180	-	-	20,900	20,900
AFS - Equity Securities	7 (c)	71,051	-	-	71,051	64,276	-	-	64,276
AFS - Unit Trust Funds	7 (c)	879,342	-	-	879,342	1,143,659	-	-	1,143,659
FVTPL - MGS/GII	7 (a)	-	64,274	-	64,274	-	118,283	-	118,283
FVTPL - Corporate Bonds	7 (a)	-	904,818	-	904,818	-	620,660	-	620,660
		950,393	969,092	16,180	1,935,665	1,207,935	738,943	20,900	1,967,778

There has been no transfer between level 1 and level 2 of the fair value hierarchy during the financial year.

The fair value of the investment properties are categorised as Level 3 and valuations were derived based on the methods disclosed in Note 2.4(g) and Note 5. The reconciliation from opening to closing balances for assets valued under Level 3 of the fair value hierarchy is provided in Note 5. The significant unobservable valuation input is based on market value per square foot of the investment properties. The values of the unobservable input used was in the range of RM286 - RM2,280 (2021: RM323 - RM2,083). The fair value would increase/(decrease) if the value per square foot used is higher/(lower).

31. FAIR VALUE HIERARCHY (CONT'D.)

The table below analyse assets carried at fair value and assets for which fair value is disclosed, according to their fair value hierarchy.

Company	Note	2022				2021			
		Fair value measurement using:				Fair value measurement using:			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value on a recurring basis:									
Investment properties	5	-	-	16,180	16,180	-	-	20,900	20,900
AFS - Equity Securities	7 (c)	71,169	-	-	71,169	64,394	-	-	64,394
AFS - Unit Trust Funds	7 (c)	1,950,350	-	-	1,950,350	1,931,525	-	-	1,931,525
		2,021,519	-	16,180	2,037,699	1,995,919	-	20,900	2,016,819

There has been no transfer between level 1 and level 2 of the fair value hierarchy during the financial year.

The fair value of the investment properties are categorised as Level 3 and valuations were derived based on the methods disclosed in Note 2.4(g) and Note 5. The reconciliation from opening to closing balances for assets valued under Level 3 of the fair value hierarchy is provided in Note 5. The significant unobservable valuation input is based on market value per square foot of the investment properties. The values of the unobservable input used was in the range of RM286 - RM2,280 (2021: RM323-RM2,083). The fair value would increase/(decrease) if the value per square foot used is higher/(lower).

32. REGULATORY CAPITAL REQUIREMENT

The Company's Internal Capital Adequacy Assessment Process ("ICAAP") Framework is in place to manage and maintain capital adequacy level that commensurate with its risk profile at all times and to ensure that adequate capital resources are available to maintain Capital Adequacy Ratio ("CAR") above Individual Target Capital Level ("ITCL") and Supervisory Level. Pursuant to the Risk-Based Capital Framework issued by BNM, the Company has met the minimum CAR of 130%.

The total capital available of the Company as at 31 December 2022, as prescribed under the RBC Framework is provided below:

	Note	2022 RM'000	2021 RM'000
Eligible Tier 1 Capital			
Share capital (paid-up)	13	118,000	118,000
Retained earnings		955,618	961,686
		<u>1,073,618</u>	<u>1,079,686</u>
Tier 2 Capital			
AFS fair value reserve		<u>(807)</u>	<u>10,979</u>
Deductions			
Intangible assets	4	31,542	35,957
Deferred tax income / (expense)	11	3,598	523
Deferred tax assets	11	19,246	11,926
		<u>54,386</u>	<u>48,406</u>
Total capital available		<u>1,018,425</u>	<u>1,042,259</u>

33. CAPITAL COMMITMENTS

	2022 RM'000	2021 RM'000
Capital Expenditure approved and contracted for:		
Property, plant and equipment	901	1,365
Intangible assets	4,690	1,872
	<u>5,591</u>	<u>3,237</u>

34. DEVELOPMENTS ON MYCC CASE

On 22 February 2017, the Company received a statutory notice of the proposed decision by Malaysian Competition Commission ("MyCC") that the Company and the other 21 members of PIAM (collectively "the Parties") have infringed one of the prohibitions under Part II of the Competition Act, 2010 ("Act") ("Proposed Decision"). The Proposed Decision amongst others imposed financial penalties on the Parties amounting to a total sum of RM213,454,814. The Company's share of the financial penalty was for the sum of RM10,784,489.

A denovo hearing of the oral representations before MyCC was commenced on 17 June 2019 and concluded on 18 June 2019.

On 14 September 2020, MyCC delivered its decision in finding the Parties infringed section 40 of the Act and directed the Parties to ("MyCC Decision") and imposed financial penalty on the Parties ("Penalty").

Taking into account, the impact of economic situation arising due to the outbreak of global COVID-19 pandemic, MyCC granted a 25% reduction on the financial penalty imposed on the Parties.

On 2 September 2022, the Commission of Appeal Tribunal ("CAT") set aside the MyCC's decision dated 14 September 2020.

However, in December 2022, MyCC filed an ex-parte application in the High Court for leave to apply for judicial review of the CAT's decision ("Leave for JR"). Following the MyCC's Leave for JR, PIAM and the 21 insurers files an affidavit to oppose the application for Leave for JR.

The hearing of the ex-parte application is fixed on 8 May 2023.

Considering the development and progress, coupled with the uncertainty over the final outcome, the Group and the Company have made a provision of RM8,088,367 in the financial statements as disclosed in Note 16 to the financial statements.

35. CLASSIFICATION AND MEASUREMENT IMPACT OF MFRS 9 FINANCIAL INSTRUMENTS

The Group and the Company have elected to apply a temporary exemption from MFRS 9 as their activities are predominantly connected with insurance, as specified under paragraph 20D of the Amendments to MFRS 4, Applying MFRS 9 Financial Instruments.

In applying the temporary exemption under the Amendments to MFRS 4, the Group and the Company will continue to use MFRS 139 Financial Instruments: Recognition and Measurement in respect of their financial assets and financial liabilities, rather than MFRS 9 for annual periods before 1 January 2023.

The Group and the Company have not adopted any version of MFRS 9 as of the date of these financial statements and the carrying amount of their liabilities arising from insurance contracts within MFRS 4 is significant. The Group and the Company have performed the assessment and concluded that they qualify for the temporary exemption from MFRS 9 under the Amendments to MFRS 4. The percentage of the total carrying amount of insurance contract liabilities within MFRS 4 for the Group and Company was 93% (2020: 92%).

The details of the Group and the Company's liabilities connected with insurance at at 31 December 2022 are as follows:

	As a % of total liabilities	RM'000
(a) Liabilities arising from contracts within scope of MFRS 4	90%	1,940,377
(b) Liabilities arising from insurance or fulfilment of obligations arising from contracts above:		
- Insurance payables	2%	45,903

35. CLASSIFICATION AND MEASUREMENT IMPACT OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)

The following tables show the original measurement categories in accordance with MFRS 139 and measurement categories under MFRS 9 for the Group and Company's financial assets as at 31 December 2022 and 31 December 2021.

Group	Fair value changes during the year RM'000	Fair value as at 31 December RM'000	Results of the cash flow characteristics test of financial assets	Classification and measurement under MFRS 9
2022				
Financial assets at FVTPL				
MGS/GII*	1,239	64,274	SPPI	FVTPL
Corporate Bonds	(10,911)	904,818	SPPI	FVTPL
AFS financial assets				
Equity Securities				
- Quoted in Malaysia	6,776	71,051	Non-SPPI	FVTPL
- Unquoted in Malaysia	-	118	Non-SPPI	FVTPL
Unit Trust Funds	(12,251)	879,342	Non-SPPI	FVTPL
LAR				
Fixed and call deposits	-	67,061	SPPI	AC
Other receivables	-	60,060	SPPI	AC
Cash and cash equivalents	-	153,954	SPPI	AC
2021				
Financial assets at FVTPL				
MGS/GII*	(19,960)	118,283	SPPI	FVTPL
Corporate Bonds	(2,882)	620,660	SPPI	FVTPL
AFS financial assets				
Equity Securities				
- Quoted in Malaysia	(7,514)	64,276	Non-SPPI	FVTPL
- Unquoted in Malaysia	-	118	Non-SPPI	FVTPL
Unit Trust Funds	(24,762)	1,143,659	Non-SPPI	FVTPL
LAR				
Fixed and call deposits	-	6,000	SPPI	AC
Other receivables	-	56,752	SPPI	AC
Cash and cash equivalents	-	142,922	SPPI	AC

* Malaysian Government Securities (MGS)/Government Investment Issues (GII)

Insurance receivables and reinsurance assets have been excluded from the above assessment as they will be under the scope of MFRS 17 *Insurance Contracts*.

35. CLASSIFICATION AND MEASUREMENT IMPACT OF MFRS 9 FINANCIAL INSTRUMENTS (CONT'D.)

Company	Fair value changes during the year RM'000	Fair value as at 31 December RM'000	Results of the cash flow characteristics test of financial assets	Classification and measurement under MFRS 9
2022				
AFS financial assets				
Equity Securities				
- Quoted in Malaysia	6,776	71,051	Non-SPPI	FVTPL
- Unquoted in Malaysia	-	118	Non-SPPI	FVTPL
Unit Trust Funds	(22,283)	1,950,350	Non-SPPI	FVTPL
LAR				
Fixed and call deposits	-	40,010	SPPI	AC
Other receivables	-	50,906	SPPI	AC
Cash and cash equivalents	-	84,708	SPPI	AC
2021				
AFS financial assets				
Equity Securities				
- Quoted in Malaysia	(7,514)	64,276	Non-SPPI	FVTPL
- Unquoted in Malaysia	-	118	Non-SPPI	FVTPL
Unit Trust Funds	(43,124)	1,931,525	Non-SPPI	FVTPL
LAR				
Fixed and call deposits	-	6,000	SPPI	AC
Other receivables	-	49,146	SPPI	AC
Cash and cash equivalents	-	97,996	SPPI	AC

Insurance receivables and reinsurance assets have been excluded from the above assessment as they will be under the scope of MFRS 17 *Insurance Contracts*.