

B E R J A Y A S O M P O I N S U R A N C E B E R H A D
198001008821 (62605-U)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2024

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

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BERJAYA SOMPO INSURANCE BERHAD**Registration No: 198001008821 (62605-U)****(Incorporated in Malaysia)****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 Ministry 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/resigned during the year to the date of this report are:

Name	Designation
Tan Sri Dr. Ong Hong Peng	Independent Non-Executive Director ("INED")
Datuk Yong Bun Fou	Independent Non-Executive Director ("INED")
Ahmad Subri Bin Abdullah	Independent Non-Executive Director ("INED")
Daniel Neo	Non-Independent Executive Director ("NIED") ^{#1}
Tan Nyat Chuan	Non-Independent Non-Executive Director ("NINED")
Dato' Loh Lye Ngok	Non-Independent Non-Executive Director ("NINED")
Tan Chuan Lye	Independent Non-Executive Director ("INED")
Takashi Kurumisawa	Non-Independent Executive Director ("NIED") ^{#2}
Tan Sek Kee	Chief Executive Officer ("CEO")

CORPORATE GOVERNANCE STATEMENT (CONT'D)

Composition of the Board (Cont'd)

- #1 Resigned on 3 October 2024
- #2 Appointed on 3 October 2024

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 continuity and soundness of the Company.

BERJAYA SOMPO INSURANCE BERHAD**Registration No: 198001008821 (62605-U)****(Incorporated in Malaysia)****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 INED 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") and Chairman and Board Member of Malaysia Tourism Promotion Board. He was a Board member of 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, "Kumpulan Wang Persaraan" ("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. Future-Proofing Malaysian Business: Navigating Cyber Threats in the age of AI & Thriving in a high-risk landscape
2. Directors Masterclass: What Directors must know: Recent Development in Climate Science
3. Responsibility Mapping Engagement with Directors of Financial Institutions
4. Being sued as an INED-A Personal Journey
5. Structural Reforms-Making it a Reality for Malaysia
6. Beneficiary Ownership Framework
7. Mandatory APAC Sanction

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

TAN SRI DR ONG HONG PENG (CONT'D)

INDEPENDENT NON-EXECUTIVE DIRECTOR/CHAIRMAN (CONT'D)

Trainings attended during the financial year (Cont'd)

8. Ethical Use of AI in the Workplace
9. Sompo AI Policy
10. Social Media: Staying Secure in a Connected World
11. 2024 Common Threats
12. Browser-in-Browser Attacks
13. EY Financial Services Organisation Insurance Forum 2024
14. National Resolution Symposium 2024
15. Briefing by EY on ESG Reporting and Insurance Finance Today and Challenges Ahead
16. Briefing on Cyber Security Act 2024

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. Directors Masterclass Series: What Directors must know: Recent Developments in Climate Science
2. Beneficiary Ownership Framework
3. Mandatory APAC Sanction
4. Briefing by EY on ESG Reporting and Insurance Finance Today and Challenges Ahead
5. Briefing on Cyber Security Act 2024

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

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 50 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 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 Asian Institute of Insurance (formerly known as the Malaysian Insurance Institute). Prior to his return to Malaysia in 1980, he had trained and worked in London for more than 7 years.

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

Directorship in other companies

1. Pheim Asset Management Sdn Bhd
2. Malaysian Life Reinsurance Group Berhad
3. Damai Akasia Sdn Bhd
4. Betamek Berhad

Trainings attended during the financial year

1. Beneficiary Ownership Framework
2. Information Sharing Session on Board Culture
3. Directors' Liabilities within their Respective Institution's AML Framework
4. Mandatory APAC Sanction
5. CGM Masterclass: Latest Developments in Climate-Aligned Executive Compensation
6. Embedding Sustainability Practices and Compliance with Listing Requirements
7. Briefing by EY on ESG Reporting and Insurance Finance Today and Challenges Ahead
8. Mandatory Accreditation Programme Part II: Leading for Impact
9. Briefing on Cyber Security Act 2024

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

TAKASHI KURUMISAWA
NON-INDEPENDENT EXECUTIVE DIRECTOR

Takashi Kurumisawa was appointed to the Board of the Company on 3 October 2024. Presently, he serves as a member of the Nominations Committee and the Investment Committee of the Company.

Mr. Kurumisawa holds a Bachelor of Arts in History from Keio University, Japan.

Mr. Kurumisawa has been with the Sampo Group since 1995, and he is currently the Regional Chief Financial Officer at Sampo Holdings (Asia) Pte. Ltd. ("Sampo Holdings Asia") since 1 April 2022.

Prior to his position as the Regional Chief Financial Officer, he had held several positions in Sampo International from March 2017 to March 2022, where he had served as the Chief Executive Officer in SI Insurance (Europe) in Luxembourg, the Chief Operations Officer for London Market and as the EVP for the Transaction-Strategy in New York, United State of America. Prior to this assignment, he was attached with Sampo Holdings Inc which he had the opportunity to be exposed to the Sampo Global Strategy. He also had the opportunity to oversee the Southeast Asia Operations when he was attached with Sampo Insurance Singapore / Sampo Asia overseeing the regional strategic planning, including annual budget and growth initiatives.

Directorships within Sampo companies

1. AYA Sampo Insurance Company Limited
2. Universal Sampo General Insurance Company Limited
3. PGA Sampo Insurance Corporation
4. Sampo Insurance China Company Limited
5. Sampo Insurance Thailand Pcl
6. Sampo Holdings (Asia) Pte Ltd

Trainings attended during the financial year

1. Ethical Use of AI in the Workplace
2. Sampo AI Policy
3. Social Media: Staying Secure in a Connected World
4. Browser-in-Browser Attacks
5. Briefing by EY on ESG Reporting and Insurance Finance Today and Challenges Ahead
6. Induction Programme for New Director
7. Briefing on Cyber Security Act, 2024.

BERJAYA SOMPO INSURANCE BERHAD**Registration No: 198001008821 (62605-U)****(Incorporated in Malaysia)****CORPORATE GOVERNANCE STATEMENT (CONT'D)****PROFILE OF DIRECTORS AND CHIEF EXECUTIVE OFFICER (CONT'D)****DATO' LOH LYE NGOK****NON-INDEPENDENT NON-EXECUTIVE DIRECTOR**

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 was the first Malaysian to be appointed as manager of East West Insurance (UK) Ltd in 1984.

Trainings attended during the financial year

1. Beneficiary Ownership Framework
2. Briefing by EY on ESG Reporting and Insurance Finance Today and Challenges Ahead
3. Briefing on Cyber Security Act 2024

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 Singapore Institute of Directors. 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, following which he served as an Adjunct Associate Professor with the University of Singapore until June 2024. Tan Chuan Lye also sits on the board of several companies.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

TAN CHUAN LYE (CONT'D)

INDEPENDENT NON-EXECUTIVE DIRECTOR (CONT'D)

Directorship in other companies

1. Synapxe Pte Ltd
2. First REIT Management Limited
3. Heeton Holdings Limited
4. Kingsmen Creatives Limitd
5. Somp Insurance Singapore Limited Pte Ltd
6. The Brash Trust
7. Meranti Power Pte Ltd
8. Science Centre Singapore (Statutory Board of the Ministry of Education)

Trainings attended during the financial year

1. Somp Insurance Regional Internal Audit Conference
2. Cybersecurity Training for Board Members & Crisis Management Tabletop Discussion.
3. Managing Risks and Building Resilience: A Blueprint for Economic Fortitude
4. MAS Outsourcing Notices: Insights for Banks and Merchant Banks
5. Harnessing Technology to Improve Estimates of Forest Carbon in Singapore.
6. First REIT Board of Directors' Compulsory Annual IT Security Awareness Training.
7. Singapore MOH Workplan Seminar 2024.
8. Evolving Global Reporting: Implications for Local Companies
9. Engaging Stakeholders amidst Rising Activisms
10. Ethical Use of AI in the Workplace
11. Somp AI Policy
12. Social Media: Staying Secure in a Connected World
13. 2024 Common Threats
14. Browser-in-Browser Attacks
15. Tools for Lead Auditors
16. Mandatory APAC Sanction Training
17. Enterprise Risk Management: A Driver for Organisational Success
18. Somp Insurance Singapore Board Training by EY: Lessons from FRS117, GenAI and Trends, and Sustainability
19. Advanced Risk-based Auditing
20. How can Boards make the most of Blockchains and Digital Assets
21. Briefing on the Companies (Amendment) Act 2024 - Beneficiary Owership Reporting Framework
22. Briefing by EY on ESG Reporting; and Insurance Finance Today and Challenges Ahead
23. Ethics and Corporate Governance: Panel Discussion and Networking
24. Using strategy to shape boardroom conversation
25. Geopolitical Risks and the Strategic Imperatives for Boards and C-Suite
26. Cyber Risk, Patient Safety and Care
27. Extracting Real Value and Impact from ESG
28. Briefing on Cyber Security Act 2024

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

TAN NYAT CHUAN

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Tan Nyat Chuan was appointed to the Board of the Company and as the Chairman of the Investment Committee on 20 July 2023. He also serves as a member of the Risk Management Committee and the Remuneration Committee.

Mr. Tan's past Board experience include being a Non-Executive Board Member and a member of the Audit and Risk Committees (ARC) in Malaysian Electronic Clearing Corporation Sdn Bhd (MyClear) and Payments Network Malaysia Sdn Bhd (PayNet). He was an Independent Non-Executive Director (INED) in Malaysian Rating Corporation Berhad (MARC) from 2021 to 2023. He is currently a member of the ARC and an INED in MARC Data Sdn Bhd, MARC Rating Berhad and LazadaPay Sdn Bhd.

Mr. Tan graduated from the University of Iowa, United States of America with a Bachelor of Business Administration in 1984. Mr Tan also holds a Master of Business Administration from Alliance Manchester Business School, University of Manchester, United Kingdom.

Mr. Tan started his career in Bank Negara Malaysia (BNM) in 1987 and had worked with BNM for 32 years. He has working experience in treasury risk management, internal audit, banking supervision and payments system regulations. Notably, he had served as the Head of Department (Director) where he had held the position as BNM's Chief Audit Executive and had led the transformation of the Internal Audit Department adopting a risk-based audit methodology. As the Director of Payments Policy Department, he had spearheaded several market reform measures in the payment industry that had spurred the country's migration to electronic payments.

Mr Tan's last position in BNM prior to his retirement was Assistant Governor where he had oversight responsibility for BNM's Finance Department (Financial Accounting and Reporting, Payments and Treasury Settlement), Digital and Technology Department, Cyber Security, Payments Oversight Department and Payments Development.

Upon his retirement from BNM, Mr Tan joined SWIFT, a leading global company that provides a highly secured and resilient network and financial messaging services for cross border transactions to financial institutions and market infrastructures across more than 200 countries. He has also served as an Advisor for Grab Financial Group (Grab) in Malaysia and he currently provides consultancy services to financial service institutions.

Directorship in other companies

1. MARC Data Sdn Bhd
2. MARC Rating Berhad
3. LazadaPay Sdn Bhd

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CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

TAN NYAT CHUAN (CONT'D)

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

Trainings attended during the financial year

1. Beneficiary Ownership Framework
2. Mandatory APAC Sanction
3. Briefing by EY on ESG Reporting and Insurance Finance Today and Challenges Ahead
4. Carbon Markets: What Directors Need to know
5. Ethical Use of AI in the Workplace
6. Sompo AI Policy
7. Social Media: Staying Secure in a Connected World
8. 2024 Common Threats
9. Browser-in-Browser Attacks
10. Briefing on Cyber Security Act

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 on 15 March 2017.

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

Prior to joining the Company, he was with 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. Beneficiary Ownership Framework
2. Mandatory APAC Sanction
3. Briefing by EY on ESG Reporting and Insurance Finance Today and Challenges Ahead
4. Ethical Use of AI in the Workplace
5. Sompo AI Policy
6. Social Media: Staying Secure in a Connected World
7. 2024 Common Threats
8. Browser-in-Browser Attacks
9. Briefing on Cyber Security Act

CORPORATE GOVERNANCE STATEMENT (CONT'D)

The Board had convened seven (7) meetings for the financial year ended 31 December 2024. 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 (%)
Tan Sri Dr. Ong Hong Peng (INED/Chairman)	7/7	100%
Datuk Yong Bun Fou (INED)	7/7	100%
Ahmad Subri Bin Abdullah (INED)	7/7	100%
Dato' Loh Lye Ngok (NINED)	7/7	100%
Tan Chuan Lye (INED)	7/7	100%
Daniel Neo (NIED) ^{#1}	6/6	100%
Tan Nyat Chuan (NINED)	7/7	100%
Takashi Kurumisawa (NIED) ^{#2}	1/1	100%

#1 Resigned on 3 October 2024

#2 Appointed on 3 October 2024

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 four (4) meetings were held during the financial year ended 31 December 2024. 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 (%)
Tan Chuan Lye (Chairman)	4/4	100%
Datuk Yong Bun Fou	4/4	100%
Tan Sri Dr Ong Hong Peng	4/4	100%

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)

BOARD COMMITTEE (CONT'D)

1. AUDIT COMMITTEE (CONT'D)

The principal duties and responsibilities of the AC are as follows: (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 four (4) meetings were held during the financial year ended 31 December 2024. 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)	4/4	100%
Tan Sri Dr. Ong Hong Peng	4/4	100%
Dato' Loh Lye Ngok	4/4	100%
Datuk Yong Bun Fou	4/4	100%
Tan Chuan Lye	4/4	100%
Tan Nyat Chuan	4/4	100%

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;

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMMITTEE (CONT'D)

2. RISK MANAGEMENT COMMITTEE (CONT'D)

The principal duties and responsibilities of the RMC are as follows: (Cont'd)

- 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 review and provide oversight on the Company's overall remuneration system especially on the design and implementation with input from the control functions; in ensuring that risk exposures and risk outcomes considered;
- 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; and

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMMITTEE (CONT'D)

2. RISK MANAGEMENT COMMITTEE (CONT'D)

The principal duties and responsibilities of the RMC are as follows: (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.
- To promote and oversee the Company's risk management and compliance associated to sustainability through appropriate Environmental, Social and Governance considerations.

3. REMUNERATION COMMITTEE

The Remuneration Committee ("RC") comprises of three (3) INEDs and two (2) NINEDs, where Chairman is an INED. A total of three (3) meetings were held during the financial year ended 31 December 2024. 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 (%)
Datuk Yong Bun Fou (Chairman)	3/3	100%
Ahmad Subri Bin Abdullah	3/3	100%
Dato' Loh Lye Ngok	3/3	100%
Tan Chuan Lye	3/3	100%
Tan Nyat Chuan	3/3	100%

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMMITTEE (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 six (6) meetings were held during the financial year ended 31 December 2024. 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 (%)
Datuk Yong Bun Fou (Chairman)	6/6	100%
Ahmad Subri Bin Abdullah	6/6	100%
Dato' Loh Lye Ngok	6/6	100%
Daniel Neo ^{#1}	5/5	100%
Takashi Kurumisawa ^{#2}	1/1	100%
Tan Chuan Lye	6/6	100%

#1 Resigned on 3 October 2024

#2 Appointed on 3 October 2024

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMMITTEE (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 five (5) meetings were held during the financial year ended 31 December 2024. 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 Nyat Chuan(Chairman)	5/5	100%
Tan Sri Dr. Ong Hong Peng	5/5	100%
Dato' Loh Lye Ngok	5/5	100%
Ahmad Subri Bin Abdullah	5/5	100%
Daniel Neo ^{#1}	3/3	100%
Takashi Kurumisawa ^{#2}	2/2	100%

#1 Resigned on 3 October 2024

#2 Appointed on 3 October 2024

CORPORATE GOVERNANCE STATEMENT (CONT'D)

BOARD COMMITTEE (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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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 Material 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") or Head of Risk Management ("HoRM"), 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. RMWC also serves as a committee for Business Continuity Management ("BCM") which is responsible to effectively implement the BCM policy and strategies set out for the Company.

- **Risk Management Department ("RMD")**

The RMD 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

Risk Management Governance and Framework (Cont'd)

- **Internal Audit Department ("IAD") (Cont'd)**

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.

- **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 23 to the financial statements.

- **Financial Reporting**

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

Risk Management Governance and Framework (Cont'd)

- **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.

- **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.

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 to 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.

Composition of Remuneration

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

BERJAYA SOMPO INSURANCE BERHAD

Registration No: 198001008821 (62605-U)

(Incorporated in Malaysia)

CORPORATE GOVERNANCE STATEMENT (CONT'D)

REMUNERATION POLICY (CONT'D)

Composition of Remuneration (Cont'd)

1. Basic Monthly 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 employee 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 Resources Policy and Guidelines.

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. To safeguard the independence and authority of KRPs engaged in control functions, any compensation proposed by management are also reviewed and approved by the Board. These measures are taken to ensure that Control Functions KRPs are assessed on the achievements of their objectives and that they are compensated independently of the businesses they oversee.

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 material risk takers, ie. KRPs are reviewed and approved by the Remuneration Committee and Board annually. The Nominations Committee maintains and regularly reviews the list of senior management team who fall within the definition of "other material risk takers".

CORPORATE GOVERNANCE STATEMENT (CONT'D)

REMUNERATION POLICY

Key Responsible Persons (Cont'd)

The list of KRPs is as below:-

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

* Resigned on 26 March 2024

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 (RM)
Fixed Remuneration		
• Cash-Based	3,982,658	—
• Shares and share-linked instruments	—	—
• Other	—	—
Variable Remuneration		
• Cash-Based	1,260,598	186,843
• Shares and share-linked instruments	—	—
• Other	—	—

The breakdown of the total remuneration for CEO and DCEO for the financial year is disclosed in Note 20(b) - Directors' fees and allowances.

BERJAYA SOMPO INSURANCE BERHAD

Registration No: 198001008821 (62605-U)

(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited 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 2024.

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 five wholesale funds.

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

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	<u>159,789</u>	<u>157,193</u>
Profit attributable to:		
Equity holder of the Company	156,973	
Non-controlling interests	<u>2,816</u>	
	<u>159,789</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 2023 was as follows:

	RM'000
In respect of the financial year ended 31 December 2023, a final single-tier tax exempt dividend of RM1.25 per share on 118,000,000 ordinary shares	<u>146,910</u>

The final dividend was paid on 1 July 2024.

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
Tan Sri Dr. Ong Hong Peng	INED
Datuk Yong Bun Fou	INED
Ahmad Subri Bin Abdullah	INED
Daniel Neo ^{#1}	NIED
Tan Nyat Chuan	NINED
Dato' Loh Lye Ngok	NINED
Tan Chuan Lye	INED
Takashi Kurumisawa ^{#2}	NIED

#1 Resigned on 3 October 2024

#2 Appointed since 3 October 2024

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 those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

	Group and Company	
	2024	2023
	RM'000	RM'000
Directors' fee	1,241	1,188
Meeting allowances	185	204
	<u>1,426</u>	<u>1,392</u>

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.

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

The Group and the Company have maintained a Directors' and Officers' Liability ("D&O") Insurance up to an aggregate limit of RM96.35 million with premium expenses of approximately RM12,366 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.

OTHER STATUTORY INFORMATION

1. Before the Statements of Financial Position, Statements of Profit or Loss 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 Statements of Financial Position, Statements of Profit or Loss and Statements 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.

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.

AUDITORS AND AUDITORS' REMUNERATION

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

The auditors' remuneration of the Group and the Company during the year are RM754,168 and RM722,500 respectively.

Signed on behalf of the Board in accordance with a resolution of the directors dated 20 March 2025.



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 130 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting 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 2024 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 20 March 2025.



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 130 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 20 March 2025



Tan Sek Kee

Before me,



Level 19, West Block,
Wisma Golden Eagle Realty
142-C, Jalan Ampang,
50450 Kuala Lumpur



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with confidence**

Ernst & Young PLT
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198001008821 (62605-U)

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Berjaya Sompo Insurance Berhad, which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and statements of profit or loss and other 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 material accounting policies, as set out on pages 33 to 130.

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 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting 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 Directors' Report (including the statement on corporate governance) and Sustainability Statement, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.



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198001008821 (62605-U)

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

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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



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198001008821 (62605-U)

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

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.



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198001008821 (62605-U)

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7(c) 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

Kuala Lumpur, Malaysia
20 March 2025

Kannan A/L Rajagopal
No. 03490/03/2026 J
Chartered Accountant

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		Group		Company	
	Note	31.12.2024 RM'000	31.12.2023 RM'000	31.12.2024 RM'000	31.12.2023 RM'000
Assets					
Property and equipment	3	79,519	82,452	79,519	82,452
Intangible assets	4	24,297	27,267	24,297	27,267
Investment properties	5	13,950	16,180	13,950	16,180
Right-of-use assets	6	1,085	906	1,085	906
Investments	7	2,359,934	2,241,964	2,557,580	2,383,722
Reinsurance contract assets	8	1,021,430	994,794	1,021,430	994,794
Other receivables	9	134,815	75,742	51,419	51,651
Cash and cash equivalents	11	267,866	260,607	75,084	87,970
Total Assets		3,902,896	3,699,912	3,824,364	3,644,942
Equity					
Share capital	12	118,000	118,000	118,000	118,000
Retained profits		1,225,982	1,215,919	1,226,003	1,215,720
Equity attributable to owner of the Company		1,343,982	1,333,919	1,344,003	1,333,720
Non-controlling interests		68,552	54,324	–	–
Total Equity		1,412,534	1,388,243	1,344,003	1,333,720
Liabilities					
Insurance contract liabilities	8	2,363,638	2,191,516	2,363,638	2,191,516
Lease liabilities	6	1,061	902	1,061	902
Tax payable		15,307	14,472	15,307	14,472
Deferred tax liabilities	10	16,875	19,626	16,875	19,626
Other payables	13	93,481	85,153	83,480	84,706
Total Liabilities		2,490,362	2,311,669	2,480,361	2,311,222
Total Equity and Liabilities		3,902,896	3,699,912	3,824,364	3,644,942

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 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Insurance revenue	14	1,270,959	1,098,740	1,270,959	1,098,740
Insurance service expense	14	(980,757)	(1,330,676)	(980,757)	(1,330,676)
Insurance service result before reinsurance contracts held		290,202	(231,936)	290,202	(231,936)
Allocation of reinsurance premiums	14	(241,871)	(194,863)	(241,871)	(194,863)
Amount recoverable from reinsurers for incurred claims	14	66,420	568,536	66,420	568,536
Net (expense)/income from reinsurance contracts held		(175,451)	373,673	(175,451)	373,673
Insurance service result	14	114,751	141,737	114,751	141,737
Interest revenue calculated using the effective interest method	15	83,652	58,906	2,735	5,374
Other investment revenue	16	23,678	76,645	97,229	123,780
Net foreign exchange (expense)/revenue		(83)	494	(83)	494
Total investment income		107,247	136,045	99,881	129,648
Insurance finance expenses for insurance contracts issued	17	(88,602)	(80,734)	(88,602)	(80,734)
Reinsurance finance income for reinsurance contracts held	18	36,097	31,132	36,097	31,132
Net insurance financial result		(52,505)	(49,602)	(52,505)	(49,602)
Other operating income	19	25,827	17,079	25,827	17,079
Other operating expenses	20	(6,908)	(3,650)	(2,138)	(152)
Total other income and expenses		18,919	13,429	23,689	16,927
Profit before taxation		188,412	241,609	185,816	238,710
Income tax expense	21	(28,623)	(51,569)	(28,623)	(51,569)
Net profit for the year, representing total comprehensive income for the year		159,789	190,040	157,193	187,141
Earning per share (sen)					
-Basic and Diluted	22	135	161	133	159
Profit attributable to:					
Equity holder of the Company		156,973	187,340	157,193	187,141
Non-controlling interests		2,816	2,700	—	—
		159,789	190,040	157,193	187,141

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

Group	Attributable to the owner of the Group					Total Equity RM'000
	Share capital RM'000	Non- distributable Available-for- sale fair value reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000	Non- Controlling Interest RM'000	
At 1 January 2024	118,000	–	1,215,919	1,333,919	54,324	1,388,243
Net creation of units in subsidiaries	–	–	–	–	11,412	11,412
Net profit for the year	–	–	156,973	156,973	2,816	159,789
Dividend paid (Note 24)	–	–	(146,910)	(146,910)	–	(146,910)
At 31 December 2024	118,000	–	1,225,982	1,343,982	68,552	1,412,534
At 1 January 2023, as previously reported	118,000	7,117	945,193	1,070,310	3,252	1,073,562
Effect of adopting MFRS 17	–	–	111,915	111,915	–	111,915
Effect of adopting MFRS 9	–	(7,117)	971	(6,146)	–	(6,146)
At 1 January 2023, as restated	118,000	–	1,058,079	1,176,079	3,252	1,179,331
Net creation of units in subsidiaries	–	–	–	–	48,372	48,372
Net profit for the year	–	–	187,340	187,340	2,700	190,040
Dividend paid (Note 24)	–	–	(29,500)	(29,500)	–	(29,500)
At 31 December 2023, as restated	118,000	–	1,215,919	1,333,919	54,324	1,388,243

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2024

Company	Attributable to the owner of the Company			Total Equity RM'000
	Share capital RM'000	Non-distributable Available-for-sale fair value reserve RM'000	Distributable Retained Profits RM'000	
At 1 January 2024	118,000	–	1,215,720	1,333,720
Net profit for the year	–	–	157,193	157,193
Dividend paid (Note 24)	–	–	(146,910)	(146,910)
At 31 December 2024	118,000	–	1,226,003	1,344,003
At 1 January 2023, as previously reported	118,000	(807)	955,618	1,072,811
Effect of adopting MFRS 17	–	–	111,915	111,915
Effect of adopting MFRS 9	–	807	(9,454)	(8,647)
At 1 January 2023, as restated	118,000	–	1,058,079	1,176,079
Net profit for the year	–	–	187,141	187,141
Dividend paid (Note 24)	–	–	(29,500)	(29,500)
At 31 December 2023, as restated	118,000	–	1,215,720	1,333,720

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 2024

		Group		Company	
		2024	2023	2024	2023
	Note	RM'000	RM'000	RM'000	RM'000
<u>Operating activities</u>					
Profit before taxation		188,412	241,609	185,816	238,710
Adjustment for :					
Investment income		(96,304)	(61,392)	(89,498)	(80,108)
Amortisation of premium		2,552	2,133	–	–
Sundry income	19	(5,637)	(1,638)	(5,637)	(1,638)
Gain on disposal of property and equipment	16	(2)	(69)	(2)	(69)
Gain on disposal of investment properties	16	(348)	–	(348)	–
(Gain)/Loss on disposal of FVTPL financial assets	16	(12,314)	14,948	(9,744)	14,493
Fair value gain on FVTPL financial assets recorded in profit or loss	16	(1,264)	(91,241)	(722)	(63,539)
Fair value loss on investment properties	16	55	–	55	–
(Write back of)/Impairment allowance on insurance receivables	20	(6,716)	3,555	(6,716)	3,555
Property and equipment written off	20	2	12	2	12
Bad debts written off	20	131	103	131	103
Depreciation of property and equipment	20	4,749	4,631	4,749	4,631
Depreciation of right-of-use assets	20	290	321	290	321
Lease interest expenses	20	39	36	39	36
Lease termination	6	(55)	(3)	(55)	(3)
Amortisation of intangible assets	20	6,884	7,411	6,884	7,411
Operating cash flows before working capital changes		80,474	120,416	85,244	123,915
Decrease/(Increase) in other assets		1,730	(8,046)	1,730	(8,046)
Increase in reinsurance contract assets		(26,636)	(553,570)	(26,636)	(553,570)
Increase in insurance contract liabilities		178,707	681,954	178,707	681,954
Decrease in other liabilities		(955)	(2,024)	(1,077)	(2,188)

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

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Group		Company	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
<u>Operating activities (Cont'd)</u>					
Dividend/distribution income received		7,884	26,492	70,119	75,160
Interest income received		76,278	53,218	2,575	5,252
Rental income received	16	753	720	753	720
Other Income received	19	20,190	15,441	20,190	15,441
Income tax paid		(31,267)	(26,923)	(31,267)	(26,923)
Income tax refunded		579	–	579	–
Net cash flows generated from operating activities		<u>307,737</u>	<u>307,678</u>	<u>300,917</u>	<u>311,715</u>
<u>Investing activities</u>					
Purchase of property and equipment	3	(1,819)	(2,414)	(1,819)	(2,414)
Purchase of intangible assets	4	(3,914)	(3,136)	(3,914)	(3,136)
Proceeds from sale of property and equipment		4	75	4	75
Proceeds from sale of investment property		2,523	–	2,523	–
Withdrawals/(Placements) of fixed deposits		9,640	(40,690)	79,640	(42,690)
Purchase of financial assets		(1,273,226)	(769,394)	(972,756)	(528,738)
Proceeds from sale of financial assets		<u>1,163,712</u>	<u>642,404</u>	<u>729,724</u>	<u>298,281</u>
Net cash flows used in investing activities		<u>(103,080)</u>	<u>(173,155)</u>	<u>(166,598)</u>	<u>(278,622)</u>
<u>Financing activities</u>					
Dividend paid	24	(146,910)	(29,500)	(146,910)	(29,500)
Cash proceeds from units created		37,289	8,691	–	–
Payment for cancellation of units		(87,017)	(6,730)	–	–
Distribution paid		(465)	–	–	–
Lease interest paid	6	(39)	(36)	(39)	(36)
Payment of lease liabilities	6	(256)	(295)	(256)	(295)
Net cash flows used in financing activities		<u>(197,398)</u>	<u>(27,870)</u>	<u>(147,205)</u>	<u>(29,831)</u>
Net increase/(decrease) in cash and cash equivalents		7,259	106,653	(12,886)	3,262
Cash and cash equivalents at beginning of the year	11	<u>260,607</u>	<u>153,954</u>	<u>87,970</u>	<u>84,708</u>
Cash and cash equivalents at end of year	11	<u>267,866</u>	<u>260,607</u>	<u>75,084</u>	<u>87,970</u>

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

BERJAYA SOMPO INSURANCE BERHAD**Registration No: 198001008821 (62605-U)****(Incorporated in Malaysia)****NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2024****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 Sompo Holdings (Asia) Pte Ltd, which is incorporated in Singapore. The ultimate holding company is Sompo 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(c). There have 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 20 March 2025.

2. MATERIAL ACCOUNTING POLICIES**2.1 BASIS OF PREPARATION**

The financial statements of the Group and the Company have been prepared in accordance with the MFRS Accounting Standards, IFRS Accounting Standards 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.

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.

BERJAYA SOMPO INSURANCE BERHAD

Registration No: 198001008821 (62605-U)

(Incorporated in Malaysia)

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.2 BASIS OF CONSOLIDATION

The Group 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.

BERJAYA SOMPO INSURANCE BERHAD

Registration No: 198001008821 (62605-U)

(Incorporated in Malaysia)

2. MATERIAL 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 2024, the Group and the Company adopted the following amendments for annual periods beginning on or after 1 January 2024.

Description	Effective date
<ul style="list-style-type: none">• Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2024
<ul style="list-style-type: none">• Amendments to MFRS 101 Presentation of Financial Statements – Non-Current Liabilities with Covenants	1 January 2024
<ul style="list-style-type: none">• Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
<ul style="list-style-type: none">• Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures	1 January 2024

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

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL 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 and 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 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL 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 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL 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.

(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.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) Leases (Cont'd)

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.

(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.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(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.

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

(i) Financial assets

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:

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 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL 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 Amortised Cost ("AC")

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI"), and that are not designated at fair value through profit or loss, are measured at amortised cost using the effective interest method.

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

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

Fair value changes are recognised in Statements of Profit or Loss and presented net within net unrealised gain or loss on revaluation in the period which it arises. 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, Corporate Bonds, Equities and Unit Trust Funds as described in Note 7(a).

(ii) Financial liabilities

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.

(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.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Fair value measurement (Cont'd)

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.

(h) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive.

At each financial year end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit ratings and other supporting information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For impairment assessment, financial assets are grouped on the basis of similar risk characteristics.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

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

These are the main components to measure ECL which are Probability of Default ("PD"), Exposure at Default ("EAD") and the Loss Given Default ("LGD").

(i) PD

The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

(ii) EAD

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

(iii) LGD

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

For insurance and other receivables, the Group and the Company apply the simplified approach in accordance with MFRS 9 Financial Instruments. MFRS 9 includes the requirement or policy choice to apply the simplified approach that does not require the Group and the Company to track changes in credit risk and a practical expedient to calculate ECLs using a provision matrix with the usage of forward looking information.

The carrying amount of a financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

Write-off

The gross carrying amount of a financial asset is written off when the Group and Company have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group and the Company make an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group and the Company expect no significant recovery from the amount written off.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) 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 controls these investees on factor mentioned in Note 2.2.

In the Company's separate financial statements, investments in subsidiaries are carried at fair value, being the net asset value of the collective investment scheme. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in profit or loss.

(j) 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 present value of the cash outflows to be paid 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 lifetime, 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.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) Insurance and reinsurance contracts

(i) Insurance and reinsurance contracts classification

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when an insurer agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. As a general guideline, the Group and the Company determine whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Group and the Company writes inwards and outwards business for all classes of general insurance.

The Group and the Company also issue reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities. The Group and the Company do not issue any contracts with direct participating features.

(ii) Insurance and reinsurance contracts accounting treatment

Separating components from insurance and reinsurance contracts

The Group and the Company assess its general insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another MFRS instead of under MFRS 17. After separating any distinct components, the Group and the Company apply MFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's and the Company's products do not include any distinct components that require separation.

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 recognized immediately.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) Insurance and reinsurance contracts (Cont'd)

(ii) Insurance and reinsurance contracts accounting treatment (Cont'd)

Level of aggregation (Cont'd)

The Group and the Company have 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 Group and the Company determine 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 Group and the Company 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 is performed to distinguish onerous contracts from non-onerous contracts. For non-onerous contracts, the Group and the Company 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.

Recognition

The Group and the Company recognise groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; or
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) Insurance and reinsurance contracts (Cont'd)

(ii) Insurance and reinsurance contracts accounting treatment (Cont'd)

Recognition (Cont'd)

The Group and the Company recognise a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Group and the Company delay the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Group and the Company recognise an onerous group of underlying insurance contracts if the Group and the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

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

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 Group and the Company can compel the policyholder to pay premiums or the Group and the Company have a substantive obligation to provide the policyholder with insurance contract services. Cash flows outside of the boundary of the insurance contract are 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 Group and the Company that exist during the reporting period in which the Group and the Company are compelled to pay amounts to the reinsurer or in which the Group and the Company have a substantive right to receive insurance contract services from the reinsurer.

The Group and the Company have 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.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) Insurance and reinsurance contracts (Cont'd)

(ii) Insurance and reinsurance contracts accounting treatment (Cont'd)

Measurement – Premium Allocation Approach

The table below shows the elections by the Group and the Company of the accounting policy choices available in respect of the PAA approach:

MFRS 17 Options	Adopted approach
PAA Eligibility	
Subject to specified criteria, the PAA can be adopted as a simplified approach to the MFRS 17 general model.	The Group and the Company performed an eligibility assessment, and it was concluded that they qualify for PAA since there was no material difference in the measurement of the liability for remaining coverage between PAA and the general measurement model for contracts longer than 1 year.
Liability for Incurred Claims, ("LIC") adjusted for time value of money	
Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The LIC is adjusted for the time value of money.
Liability for Remaining Coverage ("LRC"), adjusted for financial risk and time value of money	
Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	The Group and the Company expect 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 Group and the Company do not adjust the LRC to reflect the time value of money and the effect of financial risk.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) Insurance and reinsurance contracts (Cont'd)

(ii) Insurance and reinsurance contracts accounting treatment (Cont'd)

Measurement – Premium Allocation Approach (Cont'd)

The table below shows the elections by the Group and the Company of the accounting policy choices available in respect of the PAA approach: (Cont'd)

MFRS 17 Options	Adopted approach
Insurance acquisition cash flows for insurance contracts issued	
Where the coverage period of all contracts within a group is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortized over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortized over the coverage period of the related group.	Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Insurance / Reinsurance finance income and expense	
There is an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in OCI.	The Group and the Company have elected not to apply the option to recognize changes in discount rate in Other Comprehensive Income but rather recognize all effects of the time value of money, financial risk and changes therein in profit or loss as part of insurance / reinsurance finance income or expenses.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) Insurance and reinsurance contracts (Cont'd)

(ii) Insurance and reinsurance contracts accounting treatment (Cont'd)

Measurement – Premium Allocation Approach (Cont'd)

Modification and derecognition

The Group and the Company derecognise insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group and the Company derecognise the initial contract and recognizes the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group and the Company recognise amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Presentation

The Group and the Company have presented separately, in the Statements of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Group and the Company disaggregate the total amount recognised in the Statements of profit or loss into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group and the Company do not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

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

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) Insurance and reinsurance contracts (Cont'd)

(ii) Insurance and reinsurance contracts accounting treatment (Cont'd)

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group and the Company allocate the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Group and the Company change the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Loss components

The Group and the Company assume that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Group and the Company establish a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined at the level of aggregation stage. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Loss-recovery components

Where the Group and the Company recognise a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group and the Company establish a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(k) Insurance and reinsurance contracts (Cont'd)

(ii) Insurance and reinsurance contracts accounting treatment (Cont'd)

Loss-recovery components (Cont'd)

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

Net income or expense from reinsurance contracts held

The Group and the Company present separately on the face of the statements of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group and the Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statements of profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(l) 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.

(m) 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.

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 arise from the initial recognition of an asset or liability which at the time of the transaction, affects neither accounting profit nor taxable profit.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

(m) Income tax (Cont'd)

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.

(n) 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.

(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.

(o) 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 MATERIAL ACCOUNTING POLICIES (CONT'D)

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.

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) 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 2024, deferred tax assets recognised by the Group and the Company amounted to RM31,861,117 (2023: RM29,752,811) as disclosed in Note 10.

(iii) Provision for financial penalty

The management has considered a provision of RM8,088,367 (2023: RM8,088,367) in relation to the financial penalty arising from the notice from the Malaysia Competition Commission ("MYCC") as disclosed in Note 31 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:

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

Uncertainty in accounting estimates for general insurance business – Insurance and reinsurance contracts

The principal uncertainty in the Group and the Company's general insurance business arises from the technical provisions which include the provisions of liability remaining coverage ("LRC") and liability incurred claims ("LIC") as described in Note 2.4(k), (i) and (ii). The liability remaining coverage ("LRC") comprise of unearned premium reserve ("UPR"), premium Receivables and acquisition costs while liability incurred claims ("LIC") comprise outstanding claims case estimates, incurred but not enough reported ("IBNER"), incurred but not reported ("IBNR") Claims, discounting and risk adjustments.

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.

The establishment of technical provisions is an inherently uncertain process and, because 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 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 26(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.

The Group and Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's and Company's previous accounting treatment under MFRS 4. However, when measuring liabilities for incurred claims, the Group and the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

Uncertainty in accounting estimates for general insurance business – Insurance and reinsurance contracts (Cont'd)

(i) Liability for remaining coverage

Insurance acquisition cash flows

Cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

(ii) 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 into account of all the uncertainties involved.

(iii) 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 BNM. As and when more information becomes available regarding a claim, the reserve is updated accordingly.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

Uncertainty in accounting estimates for general insurance business – Insurance and reinsurance contracts (Cont'd)

(iv) Liability for incurred claims

The ultimate cost of outstanding 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 BNM. As and when more information becomes available regarding a claim, the reserve is updated accordingly.

The main assumption underlying these techniques is that the Group's and Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

(v) Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

Uncertainty in accounting estimates for general insurance business – Insurance and reinsurance contracts (Cont'd)

(vi) Risk adjustments for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group and Company require for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Group and Company have estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75%. That is, the Group and the Company have assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75% confidence level less the mean of an estimated probability distribution of the future cash flows. The Group and Company have estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

(vii) Assets for insurance acquisition cash flows

The Group and Company apply judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts.

2 MATERIAL ACCOUNTING POLICIES (CONT'D)

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 Financial Statements for the Group and the Company 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
<ul style="list-style-type: none"> • Amendments to MFRS 121 Lack of Exchangeability 	1 January 2025
<ul style="list-style-type: none"> • Amendments to MFRS 9 and MFRS 7 Classification and Measurement of Financial Instruments 	1 January 2026
<ul style="list-style-type: none"> • Amendments to MFRS 9 and MFRS 7 Contracts Referencing Nature-dependent Electricity 	1 January 2026
<ul style="list-style-type: none"> • Amendments that are part of Annual Improvements - Volume 11 <ul style="list-style-type: none"> - Amendments to MFRS 1 First-time Adoption of MFRS Accounting Standards - Amendments to MFRS 7 Financial Instruments: Disclosures - Amendments to MFRS 9 Financial Instruments - Amendments to MFRS 10 Consolidated Financial Statements - Amendments to MFRS 107 Statement of Cash Flows 	1 January 2026
<ul style="list-style-type: none"> • MFRS 18 Presentation and Disclosure in Financial Statement 	1 January 2027
<ul style="list-style-type: none"> • MFRS 19 Subsidiaries without Public Accountability Disclosures 	1 January 2027
<ul style="list-style-type: none"> • 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

With the exception of MFRS 18, the above standards and amendments are not expected to have a significant impact on the Group's and the Company's financial statements upon initial application. The Group and the Company are currently evaluating the potential impact, if any, of applying MFRS 18.

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 2024	90,185	20,843	2,216	2,090	15,192	130,526
Additions	—	1,161	—	64	594	1,819
Disposals	—	(409)	—	—	—	(409)
Write-offs	—	(141)	—	(6)	(2)	(149)
At 31 December 2024	90,185	21,454	2,216	2,148	15,784	131,787
Accumulated depreciation						
At 1 January 2024	16,564	17,974	904	1,750	10,882	48,074
Charge for the year	1,805	1,175	443	92	1,234	4,749
Disposals	—	(408)	—	—	—	(408)
Write-offs	—	(139)	—	(6)	(2)	(147)
At 31 December 2024	18,369	18,602	1,347	1,836	12,114	52,268
Net carrying amount						
At 31 December 2024	71,816	2,852	869	312	3,670	79,519

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 2023	90,185	19,606	2,197	2,160	14,646	128,794
Additions	—	1,415	175	71	753	2,414
Disposals	—	(106)	(156)	(2)	(18)	(282)
Write-offs	—	(72)	—	(139)	(189)	(400)
At 31 December 2023	90,185	20,843	2,216	2,090	15,192	130,526
Accumulated depreciation						
At 1 January 2023	14,759	17,066	608	1,783	9,891	44,107
Charge for the year	1,805	1,082	447	103	1,194	4,631
Disposals	—	(106)	(151)	(2)	(17)	(276)
Write-offs	—	(68)	—	(134)	(186)	(388)
At 31 December 2023	16,564	17,974	904	1,750	10,882	48,074
Net carrying amount						
At 31 December 2023	73,621	2,869	1,312	340	4,310	82,452

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 2023/2024 and 31 December 2023/2024	86,265	3,920	90,185
Accumulated depreciation			
At 1 January 2024	15,344	1,220	16,564
Charge for the year	1,726	79	1,805
At 31 December 2024	17,070	1,299	18,369
At 1 January 2023	13,618	1,141	14,759
Charge for the year	1,726	79	1,805
At 31 December 2023	15,344	1,220	16,564
Net carrying amount			
At 31 December 2024	69,195	2,621	71,816
At 31 December 2023	70,921	2,700	73,621

4. INTANGIBLE ASSETS

Group and Company	Club membership RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2024	939	71,709	72,648
Additions	—	3,914	3,914
At 31 December 2024	939	75,623	76,562
At 1 January 2023	939	68,577	69,516
Additions	—	3,136	3,136
Write-offs	—	(4)	(4)
At 31 December 2023	939	71,709	72,648

4. INTANGIBLE ASSETS (CONT'D)

Group and Company	Club membership RM'000	Computer software RM'000	Total RM'000
Accumulated amortisation			
At 1 January 2024	–	45,381	45,381
Charge for the year	–	6,884	6,884
At 31 December 2024	–	52,265	52,265
At 1 January 2023	–	37,974	37,974
Charge for the year	–	7,411	7,411
Write-offs	–	(4)	(4)
At 31 December 2023	–	45,381	45,381
Net carrying amount			
At 31 December 2024	939	23,358	24,297
At 31 December 2023	939	26,328	27,267

5. INVESTMENT PROPERTIES

Group and Company	2024 RM'000	2023 RM'000
At 1 January	16,180	16,180
Fair value adjustment (Note 16)	(55)	–
Disposal	(2,175)	–
At 31 December	13,950	16,180

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 28.

During the financial year, five (5) units of investment property were disposed of for RM2,522,669, resulting in a net realised gain of RM347,669.

5. INVESTMENT PROPERTIES (CONT'D)

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

	2024 RM'000	2023 RM'000
Rental income derived from investment properties	534	551
Direct operating expenses (including repairs and maintenance) which generate rental income	(67)	(72)
Direct operating expenses (including repairs and maintenance) which do not generate rental income	(70)	(159)
Net income from investment properties (Note 16)	<u>397</u>	<u>320</u>

6. LEASES

Group and Company	Right-of-use assets RM'000	Lease liabilities RM'000
At 1 January 2024	906	902
Additions	932	933
Terminations	(463)	(518)
Accretion of interest (Note 20)	–	39
Depreciation charge (Note 20)	(290)	–
Rental paid	–	(256)
Interest paid	–	(39)
At 31 December 2024	<u>1,085</u>	<u>1,061</u>
At 1 January 2023	1,370	1,343
Additions	117	117
Terminations	(260)	(263)
Accretion of interest (Note 20)	–	36
Depreciation charge (Note 20)	(321)	–
Rental paid	–	(295)
Interest paid	–	(36)
At 31 December 2023	<u>906</u>	<u>902</u>

6. LEASES (CONT'D)

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

	2024 RM'000	2023 RM'000
Lease liabilities		
- Current	272	268
- Non-current	789	634
	<u>1,061</u>	<u>902</u>

7. INVESTMENT

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
MGS/GII*	348,715	124,373	—	—
Corporate Bonds	1,856,541	1,282,581	—	—
Equity Securities	56,618	61,156	56,618	61,156
Unit Trust Funds/Wholesale Funds	—	666,154	2,497,902	2,239,866
Deposits with financial institutions	98,060	107,700	3,060	82,700
	<u>2,359,934</u>	<u>2,241,964</u>	<u>2,557,580</u>	<u>2,383,722</u>

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

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

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through profit or loss ("FVTPL")	2,261,874	2,134,264	2,554,520	2,301,022
Amortised cost ("AC")	98,060	107,700	3,060	82,700
	<u>2,359,934</u>	<u>2,241,964</u>	<u>2,557,580</u>	<u>2,383,722</u>

7. INVESTMENT (CONT'D)

(a) Financial asset at FVTPL

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
MGS/GII*	348,715	124,373	—	—
Corporate Bonds	1,856,541	1,282,581	—	—
Fair Value				
Unit Trust Funds	—	666,154	2,497,902	2,239,866
Equities:				
- Quoted in Malaysia	56,500	61,038	56,500	61,038
- Unquoted in Malaysia**	118	118	118	118
	<u>56,618</u>	<u>727,310</u>	<u>2,554,520</u>	<u>2,301,022</u>
	<u>2,261,874</u>	<u>2,134,264</u>	<u>2,554,520</u>	<u>2,301,022</u>

** The unquoted equity securities are value using adjusted net asset value.

(b) Amortised cost

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposits with financial institutions	<u>98,060</u>	<u>107,700</u>	<u>3,060</u>	<u>82,700</u>

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

7. INVESTMENT (CONT'D)

(c) 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

Name of the subsidiaries	Principal place of business	% of ownership interest held by the Group		% of ownership held by non-controlling interest	
		2024	2023	2024	2023
		%	%	%	%
Nomura Ringgit Bond Fund 1	Malaysia	91.997	91.787	8.003	8.213
AHAM Income Fund 3 *	Malaysia	99.998	99.998	0.002	0.002
Eastspring Investments Wholesale Bond Fund*	Malaysia	97.454	99.729	2.546	0.271
Principal Institutional Bond Fund 8	Malaysia	99.999	—	0.001	—
Manulife Wholesale Bond Fund	Malaysia	100.000	—	—	—

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

Material partly-owned subsidiaries

	2024 RM'000	2023 RM'000
Accumulated balances of non-controlling interests:		
Material		
Nomura Ringgit Bond Fund 1	55,894	53,269
Eastspring Investments Wholesale Bond Fund *	12,642	1,041
	68,536	54,310
Non-Material		
AHAM Income Fund 3 *	15	14
Principal Institutional Bond Fund 8	1	—
	16	14
	68,552	54,324
Profit allocated to non-controlling interests:		
Material		
Nomura Ringgit Bond Fund 1	2,352	2,673
Eastspring Investments Wholesale Bond Fund *	463	26
	2,815	2,699
Non-Material		
AHAM Income Fund 3 *	1	1
	1	1
	2,816	2,700

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7. INVESTMENT (CONT'D)

The summarised financial information of the subsidiaries that have material non-controlling interest are provided below.

Material partly-owned subsidiaries (Cont'd)

	Nomura Ringgit Bond Fund 1 RM'000	Eastspring Investments Wholesale Bond Fund RM'000
Summarised statements of financial position as at 31 December 2024:		
Investments	570,404	423,820
Other receivables	67,544	4,092
Cash and cash equivalents	70,056	68,870
Other payables	(9,589)	(164)
Net assets	698,415	496,618
Attributable to:		
Equity holders of the parents	642,521	483,976
Non-controlling interest	55,894	12,642
	698,415	496,618

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7. INVESTMENT (CONT'D)

The summarised financial information of the subsidiaries that have material non-controlling interest are provided below (Cont'd).

Material partly-owned subsidiaries (Cont'd)

	Nomura Ringgit Bond Fund 1 RM'000	Eastspring Investments Wholesale Bond Fund RM'000
Summarised statements of profit or loss for the year ended 31 December 2024:		
Interest revenue calculated using the effective interest method	30,328	19,309
Other investment revenue	618	453
Other expense	(1,553)	(1,571)
Net profit for the year	29,393	18,191
Attributable to:		
Equity holders of the parents	27,041	17,728
Non-controlling interest	2,352	463
	29,393	18,191
Summarised statements of cash flows for the year ended 31 December 2024:		
Operating activities	28,040	17,469
Investing activities	(68,804)	(104,025)
Financing activities	20,398	94,147
Net (decrease)/increase in cash and cash equivalents	(20,366)	7,591

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7. INVESTMENT (CONT'D)

The summarised financial information of the subsidiaries that have material non-controlling interest are provided below (Cont'd).

Material partly-owned subsidiaries (Cont'd)

	Nomura Ringgit Bond Fund 1	Eastspring Investments Wholesale Bond Fund
	RM'000	RM'000
Summarised statements of financial position as at 31 December 2023:		
Investments	543,682	319,342
Other receivables	14,644	3,893
Cash and cash equivalents	90,422	61,279
Other payables	(125)	(192)
Net assets	648,623	384,322
Attributable to:		
Equity holders of the parents	595,354	383,281
Non-controlling interest	53,269	1,041
	648,623	384,322

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7. INVESTMENT (CONT'D)

The summarised financial information of the subsidiaries that have material non-controlling interest are provided below (Cont'd).

Material partly-owned subsidiaries (Cont'd)

	Nomura Ringgit Bond Fund 1 RM'000	Eastspring Investments Wholesale Bond Fund RM'000
Summarised statements of profit or loss for the year ended 31 December 2023:		
Interest revenue calculated using the effective interest method	23,423	9,162
Other investment revenue	10,188	1,688
Other expense	(1,060)	(1,301)
Net profit for the year	32,551	9,549
Attributable to:		
Equity holders of the parents	29,878	9,523
Non-controlling interest	2,673	26
	32,551	9,549
Summarised statements of cash flows for the year ended 31 December 2023:		
Operating activities	21,535	4,828
Investing activities	(90,381)	(200,621)
Financing activities	137,267	250,063
Net increase in cash and cash equivalents	68,421	54,270

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8. INSURANCE AND REINSURANCE CONTRACTS

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

Group and Company	31.12.2024			31.12.2023		
	Assets RM'000	Liabilities RM'000	Net RM'000	Assets RM'000	Liabilities RM'000	Net RM'000
Insurance contracts issued						
Motor insurance	–	(988,803)	(988,803)	–	(837,643)	(837,643)
Fire insurance	–	(341,300)	(341,300)	–	(419,040)	(419,040)
Marine, Aviation & Transit insurance	–	(47,423)	(47,423)	–	(43,199)	(43,199)
Miscellaneous	–	(986,112)	(986,112)	–	(891,634)	(891,634)
Total insurance contracts issued	–	(2,363,638)	(2,363,638)	–	(2,191,516)	(2,191,516)
Reinsurance contracts held						
Motor insurance	63,914	–	63,914	52,925	–	52,925
Fire insurance	139,014	–	139,014	173,044	–	173,044
Marine, Aviation & Transit insurance	18,573	–	18,573	16,899	–	16,899
Miscellaneous	799,929	–	799,929	751,926	–	751,926
Total reinsurance contracts held	1,021,430	–	1,021,430	994,794	–	994,794

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8. INSURANCE AND REINSURANCE CONTRACTS (CONT'D)
8.1 Roll-forward of net liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

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

Group and Company 31 December 2024	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss component RM'000	Loss components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	
Insurance contract liabilities as at 1 January 2024	363,390	934	1,746,499	80,693	2,191,516
Insurance revenue	(1,270,959)	—	—	—	(1,270,959)
Insurance service expenses	259,509	(581)	701,308	20,521	980,757
Incurred claims and other expenses	—	(477)	944,080	36,954	980,557
Amortisation of insurance acquisition cash flows	259,509	—	—	—	259,509
Losses on onerous contracts and reversals of those losses	—	(104)	—	—	(104)
Changes to liabilities for incurred claims	—	—	(242,772)	(16,433)	(259,205)
Insurance service result	(1,011,450)	(581)	701,308	20,521	(290,202)
Insurance finance expense	—	96	84,474	4,032	88,602
Total changes in the statements of comprehensive income	(1,011,450)	(485)	785,782	24,553	(201,600)
Cash flows					
Premium received	1,294,060	—	—	—	1,294,060
Claim and other expenses paid	—	—	(659,455)	—	(659,455)
Insurance acquisition cash flows	(260,883)	—	—	—	(260,883)
Total cash flows	1,033,177	—	(659,455)	—	373,722
Net insurance contract liabilities as at 31 December 2024	385,117	449	1,872,826	105,246	2,363,638

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8. INSURANCE AND REINSURANCE CONTRACTS (CONT'D)
8.1 Roll-forward of net liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (Cont'd)

The roll-forward of the net liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below: (Cont'd)

Group and Company 31 December 2023	Liabilities for remaining coverage		Liabilities for incurred claims		Total RM'000
	Excluding loss component RM'000	Loss components RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	
Insurance contract liabilities as at 1 January 2023	329,281	607	1,096,422	68,214	1,494,524
Insurance revenue	(1,098,740)	—	—	—	(1,098,740)
Insurance service expenses	187,571	1,045	1,133,085	8,975	1,330,676
Incurred claims and other expenses	—	(596)	907,356	24,978	931,738
Amortisation of insurance acquisition cash flows	187,571	—	—	—	187,571
Losses on onerous contracts and reversals of those losses	—	1,641	—	—	1,641
Changes to liabilities for incurred claims	—	—	225,729	(16,003)	209,726
Insurance service result	(911,169)	1,045	1,133,085	8,975	231,936
Insurance finance expense	—	(718)	77,948	3,504	80,734
Total changes in the statements of comprehensive income	(911,169)	327	1,211,033	12,479	312,670
Cash flows					
Premium received	1,143,297	—	—	—	1,143,297
Claim and other expenses paid	—	—	(738,650)	—	(738,650)
Insurance acquisition cash flows	(198,019)	—	—	—	(198,019)
Total cash flows	945,278	—	(738,650)	—	206,628
Other movement	—	—	177,694	—	177,694
Net insurance contract liabilities as at 31 December 2023	363,390	934	1,746,499	80,693	2,191,516

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8. INSURANCE AND REINSURANCE CONTRACTS (CONT'D)
8.2 Roll-forward of net asset for reinsurance contracts held showing the asset for remaining coverage and the asset for incurred claims

The roll-forward of the net asset for reinsurance contracts held, showing the asset for remaining coverage and the asset for incurred claims, is disclosed in the table below:

Group and Company 31 December 2024	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Excluding loss component RM'000	Loss recovery component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	
Reinsurance contract assets as at 1 January 2024	(16,764)	287	964,710	46,561	994,794
An allocation of reinsurance premiums	(241,871)	–	–	–	(241,871)
Amounts recoverable from reinsurers for incurred claims	–	(7)	56,771	9,656	66,420
Amount recoverable for incurred claims and other expenses	–	(145)	189,734	11,209	200,798
Loss-recovery on onerous underlying contracts and adjustments	–	138	–	–	138
Changes to amount recoverable for incurred claims	–	–	(132,963)	(1,553)	(134,516)
Net (expense)/income from reinsurance contracts held	(241,871)	(7)	56,771	9,656	(175,451)
Reinsurance finance income	–	31	34,273	1,793	36,097
Total changes in the statements of comprehensive income	(241,871)	24	91,044	11,449	(139,354)
Cash flows					
Premium paid	238,043	–	–	–	238,043
Amount received	–	–	(72,053)	–	(72,053)
Total cash flows	238,043	–	(72,053)	–	165,990
Net reinsurance contract assets as at 31 December 2024	(20,592)	311	983,701	58,010	1,021,430

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8. INSURANCE AND REINSURANCE CONTRACTS (CONT'D)
8.2 Roll-forward of net asset for reinsurance contracts held showing the asset for remaining coverage and the asset for incurred claims (Cont'd)

The roll-forward of the net asset for reinsurance contracts held, showing the asset for remaining coverage and the asset for incurred claims, is disclosed in the table below: (Cont'd)

Group and Company 31 December 2023	Assets for remaining coverage		Assets for incurred claims		Total RM'000
	Excluding loss component RM'000	Loss recovery component RM'000	Estimates of the present value of future cash flows RM'000	Risk adjustment RM'000	
Reinsurance contract assets as at 1 January 2023	46,421	426	360,963	33,414	441,224
An allocation of reinsurance premiums	(194,863)	–	–	–	(194,863)
Amounts recoverable from reinsurers for incurred claims	–	77	556,857	11,602	568,536
Amount recoverable for incurred claims and other expenses	–	(418)	160,487	7,266	167,335
Loss-recovery on onerous underlying contracts and adjustments	–	495	–	–	495
Changes to amount recoverable for incurred claims	–	–	396,370	4,336	400,706
Net (expense)/income from reinsurance contracts held	(194,863)	77	556,857	11,602	373,673
Reinsurance finance (expenses)/income	–	(216)	27,838	1,545	29,167
Effect of changes in non-performance risk of reinsurers	–	–	1,965	–	1,965
Total changes in the statements of comprehensive income	(194,863)	(139)	586,660	13,147	404,805
Cash flows					
Premium paid	131,678	–	–	–	131,678
Amount received	–	–	(160,607)	–	(160,607)
Total cash flows	131,678	–	(160,607)	–	(28,929)
Other movement	–	–	177,694	–	177,694
Net reinsurance contract assets as at 31 December 2023	(16,764)	287	964,710	46,561	994,794

9. OTHER RECEIVABLES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Other receivables and deposits	14,203	9,675	14,203	9,675
Staff loans*	1	4	1	4
Interest income due and accrued	83,600	27,451	204	3,360
Amount due from related parties (Note 23)**	1,009	504	1,009	504
Share of net assets held under Malaysian Motor Insurance Pool ("MMIP")***	36,002	38,108	36,002	38,108
	<u>134,815</u>	<u>75,742</u>	<u>51,419</u>	<u>51,651</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 RM2,459,477 (2023: RM5,859,477), after a refund from MMIP of RM3,400,000 in the current financial year.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group and Company	
	2024	2023
	RM'000	RM'000
At beginning of year	(19,626)	(6,908)
Recognised in profit or loss	2,751	(12,718)
At end of year	<u>(16,875)</u>	<u>(19,626)</u>
Presented after appropriate offsetting as follows:		
Deferred tax assets	31,860	29,753
Deferred tax liabilities	<u>(48,735)</u>	<u>(49,379)</u>
	<u>(16,875)</u>	<u>(19,626)</u>

10. 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 and 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 2024	248	29,505	–	29,753
Recognised in profit or loss	(248)	2,355	–	2,107
At 31 December 2024	–	31,860	–	31,860
At 1 January 2023	794	25,510	5,881	32,185
Effect of adopting MFRS 9	–	2,732	–	2,732
Recognised in profit or loss	(546)	1,263	(5,881)	(5,164)
At 31 December 2023	248	29,505	–	29,753

Group and Company

Deferred tax liabilities

	Insurance and reinsurance RM'000	Others RM'000	Available- for-sale fair value reserve RM'000	Fair value of financial assets RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2024	(26,552)	(1,231)	–	(9,113)	(12,483)	(49,379)
Recognised in profit or loss	1,670	(214)	–	(173)	(639)	644
At 31 December 2024	(24,882)	(1,445)	–	(9,286)	(13,122)	(48,735)
At 1 January 2023	(26,154)	(1,615)	255	–	(11,579)	(39,093)
Recognised in profit or loss	(398)	384	(255)	(9,113)	(904)	(10,286)
At 31 December 2023	(26,552)	(1,231)	–	(9,113)	(12,483)	(49,379)

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fixed and call deposits with licensed financial institutions*	252,042	245,371	60,186	74,161
Cash and bank balances	15,824	15,236	14,898	13,809
	<u>267,866</u>	<u>260,607</u>	<u>75,084</u>	<u>87,970</u>

* with original maturity of three months or less

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fixed and call deposits were placed with:				
- Investment banks	60,186	56,161	60,186	56,161
- Commercial banks	191,856	189,210	—	18,000
	<u>252,042</u>	<u>245,371</u>	<u>60,186</u>	<u>74,161</u>

12. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2024	2023	2024	2023
Group and Company	RM'000	RM'000	RM'000	RM'000
Issued and fully paid at no par value:				
At beginning/end of year	<u>118,000</u>	<u>118,000</u>	<u>118,000</u>	<u>118,000</u>

13. OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Accrued liabilities	22,801	49,066	22,801	49,066
Other payables	50,831	11,315	40,830	10,868
Provision of financial penalty (Note 31)	8,088	8,088	8,088	8,088
Amount due to related parties (Note 23(d))	<u>11,761</u>	<u>16,684</u>	<u>11,761</u>	<u>16,684</u>
	<u>93,481</u>	<u>85,153</u>	<u>83,480</u>	<u>84,706</u>

14. INSURANCE SERVICE RESULT

	Group and Company	
	2024	2023
	RM'000	RM'000
Insurance revenue:		
- Contracts measured under the PAA	1,270,959	1,098,740
Insurance service expenses:		
- Incurred claims and other expenses	(980,557)	(931,738)
- Amortisation of insurance acquisition cash flows	(259,509)	(187,571)
- Losses on onerous contracts and reversal of those losses	104	(1,641)
- Changes to liabilities for incurred claims	259,205	(209,726)
	(980,757)	(1,330,676)
Allocation of reinsurance premium:	(241,871)	(194,863)
Amounts recoverable from reinsurers for incurred claims:		
- Amounts recoverable for incurred claims	200,798	167,335
- Changes to amounts recoverable for incurred claims	(134,516)	400,706
- Loss-recovery on onerous underlying contracts	138	495
	66,420	568,536
Insurance service result	114,751	141,737

15. INTEREST REVENUE CALCULATED USING THE EFFECTIVE INTEREST METHOD

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Financial assets measured at amortised cost:				
Cash and cash equivalents	2,120	1,790	2,120	1,790
Deposits with financial institutions	7,679	7,447	615	3,584
MGS/GII	5,712	2,781	—	—
Corporate Bonds	68,141	46,888	—	—
	83,652	58,906	2,735	5,374

16. INVESTMENT REVENUE

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Property and equipment				
Realised gain	2	69	2	69
Rental income				
Investment properties (Note 5)	397	320	397	320
Notional rental income	356	400	356	400
	753	720	753	720
Investment properties				
Realised gain	348	—	348	—
Fair value adjustment on investment properties (Note 5)	(55)	—	(55)	—
	293	—	293	—
FVTPL Financial assets:				
Realised gains/(losses):				
MGS/GII*	225	(421)	—	—
Corporate Bonds	2,345	(34)	—	—
Unit Trust Funds	9,744	(14,493)	9,744	(14,493)
	12,314	(14,948)	9,744	(14,493)
Unrealised (losses)/gains:				
Equity	(4,536)	19,613	(4,536)	19,613
Unit trust	5,258	43,926	5,258	43,926
MGS/GII*	711	1,300	—	—
Corporate Bonds	(169)	26,402	—	—
	1,264	91,241	722	63,539
	13,578	76,293	10,466	49,046
Investment income:				
Dividend/distribution income	19,971	28,664	86,010	80,266
Other investment loss, net of investment expenses	(10,919)	(29,101)	(295)	(6,321)
	9,052	(437)	85,715	73,945
	23,678	76,645	97,229	123,780

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

17. INSURANCE FINANCE EXPENSES FOR INSURANCE CONTRACTS ISSUED

	Group and Company	
	2024	2023
	RM'000	RM'000
Interest accreted to insurance contracts using current financial assumption	(81,958)	(68,153)
Effect of changes in interest rates and other financial assumptions	(6,644)	(12,581)
	<hr/>	<hr/>
Total insurance finance expenses for insurance contracts issued	(88,602)	(80,734)
	<hr/>	<hr/>

18. REINSURANCE FINANCE INCOME FOR REINSURANCE CONTRACTS HELD

	Group and Company	
	2024	2023
	RM'000	RM'000
Interest accreted to reinsurance contracts using current financial assumptions	32,724	22,724
Effect of changes in interest rates and other financial assumptions	3,373	6,443
Effect of changes in non-performance risk of reinsurers	—	1,965
	<hr/>	<hr/>
Total reinsurance financial income for reinsurance contract held	36,097	31,132
	<hr/>	<hr/>

19. OTHER OPERATING INCOME

	Group and Company	
	2024	2023
	RM'000	RM'000
Commission income	20,190	15,441
Other sundry income	5,637	1,638
	<hr/>	<hr/>
	25,827	17,079
	<hr/>	<hr/>

20. EXPENSES

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Claim and benefits	595,565	995,470	595,565	995,470
Fees and commissions	180,252	137,088	180,252	137,088
Losses on onerous insurance contracts	(104)	1,641	(104)	1,641
Employee benefits expenses (Note20 (a))	92,504	84,535	92,504	84,535
Non-Executive Directors' fees and allowances (Note20 (c))	1,426	1,392	1,426	1,392
Auditors' remuneration:				
- statutory audits	603	931	603	931
- regulatory related fees	60	60	60	60
- other services	60	60	60	60
- other auditors	31	32	—	—
Lease expense of low-value assets	203	182	203	182
Depreciation of property and equipment	4,749	4,631	4,749	4,631
Property and equipment written-off	2	12	2	12
Amortisation of intangible assets	6,884	7,411	6,884	7,411
(Write back of)/Allowance of impairment on insurance receivables	(6,716)	3,555	(6,716)	3,555
Bad debts written-off	131	103	131	103
Computer service charges	19,478	20,143	19,478	20,143
Depreciation of right-of-use assets (Note 6)	290	321	290	321
Lease interest expenses (Note 6)	39	36	39	36
Advertisement and promotion	3,805	6,115	3,805	6,115
Other expenses	96,859	84,104	92,120	80,638
	996,121	1,347,822	991,351	1,344,324
Amount attributed to insurance acquisition cash flows incurred during the year	(267,965)	(201,067)	(267,965)	(201,067)
Amortisation of insurance acquisition cash flows	259,509	187,571	259,509	187,571
	<u>987,665</u>	<u>1,334,326</u>	<u>982,895</u>	<u>1,330,828</u>
Represented by:				
Insurance service expenses	980,757	1,330,676	980,757	1,330,676
Other operating expenses	6,908	3,650	2,138	152
	<u>987,665</u>	<u>1,334,326</u>	<u>982,895</u>	<u>1,330,828</u>

20. EXPENSES (CONT'D)

(a) Employee benefits expenses

	2024	2023
Group and Company	RM'000	RM'000
Wages, salaries and bonus	76,549	70,281
Social security contributions	720	668
Contributions to defined contribution plan, EPF	11,763	10,243
Other benefits	3,472	3,343
	<u>92,504</u>	<u>84,535</u>

(b) Key management personnel

	2024	2023
Group and Company	RM'000	RM'000
Chief Executive Officer		
Tan Sek Kee		
- Salaries and bonus	1,618	1,579
- Contribution to defined contribution plan and others	244	247
- Deferred Compensation	86	78
- Benefits-in-kind	35	35
Total remuneration for CEO	<u>1,983</u>	<u>1,939</u>
Deputy Chief Executive Officer		
Tsuyoshi Seto *		
- Salaries and bonus	86	365
- Contribution to defined contribution plan and others	—	1
- Benefits-in-kind	31	131
Total remuneration for DCEO	<u>117</u>	<u>497</u>

* Resigned on 26 March 2024

(c) Directors' fees and allowances

	2024	2023
Group and Company	RM'000	RM'000
Non-Executive Directors		
Directors' fee		
- Datuk Yong Bun Fou	108	98
- Ahmad Subri Bin Abdullah	108	98
- Tan Sri Dr. Ong Hong Peng	151	137
- Tan Chong Liong *	—	70
- Dato' Loh Lye Ngok	663	663
- Tan Chuan Lye	108	98
- Tan Nyat Chuan	103	24
	<u>1,241</u>	<u>1,188</u>

* Resigned on 20 July 2023

20. EXPENSES (CONT'D)

(c) Directors' fees and allowances (Cont'd)

Group and Company	2024 RM'000	2023 RM'000
Meeting allowances		
- Datuk Yong Bun Fou	32	36
- Ahmad Subri Bin Abdullah	34	32
- Tan Sri Dr. Ong Hong Peng	27	35
- Tan Chong Liong *	—	18
- Dato' Loh Lye Ngok	34	34
- Tan Chuan Lye	32	36
- Tan Nyat Chuan	26	13
	<u>185</u>	<u>204</u>
 Total fees and allowances for Non-Executive Directors	 <u>1,426</u>	 <u>1,392</u>

* Resigned on 20 July 2023

21. INCOME TAX EXPENSE

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Income tax:				
- Current income tax	27,894	35,295	27,894	35,295
- Under provision in prior years	3,628	435	3,628	435
	<u>31,522</u>	<u>35,730</u>	<u>31,522</u>	<u>35,730</u>
 Deferred tax (Note 10):				
- Relating to origination and reversal of temporary differences	(3,017)	16,198	(3,017)	16,198
- Under/(Over) provision in prior years	118	(359)	118	(359)
	<u>(2,899)</u>	<u>15,839</u>	<u>(2,899)</u>	<u>15,839</u>
 Tax expense for the year	 <u>28,623</u>	 <u>51,569</u>	 <u>28,623</u>	 <u>51,569</u>

Current income tax is calculated at the Malaysian tax rate of 24% on the estimated assessable profit for the year.

21. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to tax expense at the effective tax rate is as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax	188,412	241,609	185,816	238,710
Taxation at Malaysian statutory tax rate of 24%	45,219	57,986	44,596	57,290
Effect of income not subject to tax	(22,446)	(19,568)	(21,823)	(18,872)
Effect of income subject to RPGT rate	3	–	3	–
Effect of expenses not deductible for tax purposes	2,091	3,995	2,091	3,995
Effect of adoption of MFRS 17	–	6,604	–	6,604
Effect of adoption of MFRS 9	–	2,476	–	2,476
Under/(Over) provision of deferred tax in prior years	118	(359)	118	(359)
Under provision of income tax in prior years	3,628	435	3,628	435
Tax expense for the year	28,623	51,569	28,623	51,569

22. 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	
	2024	2023	2024	2023
Net profit for the year (RM'000)	159,789	190,040	157,193	187,141
Weighted average number of ordinary shares issue ('000)	118,000	118,000	118,000	118,000
Basic and diluted earnings per share (sen)	135	161	133	159

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.

23. 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 20.

(c) Wholesale funds distributions

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

	Company	
	2024	2023
	RM'000	RM'000
Distribution income:		
- AHAM Income Fund 3	22,680	20,277
- Nomura Ringgit Bond Fund 1	21,935	20,631
- Eastspring Investments Wholesale Bond Fund	15,457	7,761
- Principal Institutional Bond Fund 8	800	—
- Manulife Wholesale Bond Fund	1,221	—
	62,093	48,669

23. RELATED PARTY DISCLOSURES

(d) Related party transactions

Group and Company	2024 RM'000	2023 RM'000
Sompo Japan Insurance Inc.		
Premiums ceded	(21,730)	(20,196)
Claims recovery	9,524	26,468
Commissions received	5,122	4,213
Other income	309	400
Expenses net of recoveries	(13,345)	(16,178)
Sompo Holdings (Asia) Pte. Ltd.		
Other income	19	—
Expenses	(592)	(1,482)
Dividend paid	(102,837)	(20,650)
Sompo Insurance Singapore Pte Ltd		
Premiums ceded	(3,905)	(50)
Claims recovery	44	29
Commissions received	808	13
Expenses	(185)	(38)
Sompo Insurance (Hong Kong) Co., Ltd.		
Premiums ceded	(8,419)	(10,960)
Claims recovery	4,483	7,806
Commissions received	2,736	3,562
Endurance Worldwide Insurance Limited		
Premiums ceded	(228)	(347)
Claims recovery	13	642
Commissions received	34	31
Endurance Specialty Insurance Limited		
Premiums ceded	(26,979)	(11,573)
Claims recovery	321	14
Commissions received	4,566	3,074
PT Sompo Insurance Indonesia		
Expenses	(7)	—
Sompo International Holdings Ltd		
Other income	28	—
Expenses net of recoveries	465	—

23. RELATED PARTY DISCLOSURES (CONT'D)

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

Group and Company	2024 RM'000	2023 RM'000
Sompo Holdings, Inc. Expenses	(68)	—
Berjaya Corporation Berhad and its related companies		
Premiums received	21,390	17,073
Claims paid	(7,574)	(11,741)
Commissions paid	(1,820)	(1,370)
Dividend income	—	1,275
Dividend paid	(44,073)	(8,850)
Payables		
Sompo Japan Insurance Inc.	(12,237)	(23,924)
Sompo Holdings (Asia) Pte. Ltd.	(1,219)	(630)
Sompo Insurance Singapore Pte. Ltd.	(2,539)	—
Sompo Insurance (Hong Kong) Co., Ltd.	(334)	(1,346)
Endurance Worldwide Insurance Ltd	—	(32)
Receivables		
Sompo Japan Insurance Inc.	968	2,401
Sompo Holdings (Asia) Pte. Ltd.	182	55
Sompo Insurance Singapore Pte. Ltd.	—	2
Sompo International Holdings Ltd.	11	12
Sompo Insurance (Hong Kong) Co., Ltd.	84	—
Berjaya Corporation Berhad and its related companies	1,811	1,202

The above balances are included as part of Note 9 Other Receivables and Note 13 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.

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24. 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
2024			
Final dividend in respect of financial year ended 31 December 2023			
Sompo Holdings (Asia) Pte. Ltd.	125	102,837	1 July 2024
Berjaya Capital Berhad	125	44,073	1 July 2024
		<u>146,910</u>	
2023			
Final dividend in respect of financial year ended 31 December 2022			
Sompo Holdings (Asia) Pte. Ltd.	25	20,650	15 September 2023
Berjaya Capital Berhad	25	8,850	15 September 2023
		<u>29,500</u>	

25. RISK MANAGEMENT FRAMEWORK**(a) Risk Management Framework and Policy**

The Board is committed to the development of an effective enterprise-wide risk management and business continuity management related frameworks/policies, such as Enterprise Risk Management ("ERM") Framework, Technology Risk Management Framework, Cyber Resilience Framework, Cloud Risk Management Framework and Business Continuity Management ("BCM") 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 ERM Framework is established to provide guiding principles on the risk management approach, risk governance structure, roles and responsibilities, methodology used for risk assessment, risk monitoring and risk reporting.

Under the ERM Framework, 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 and business continuity management activities of the Group and the Company. This is to ensure appropriate risk management and business continuity management are in place and functioning effectively as well as to endorse appropriate frameworks, policies and measurement methodologies for the organisation.

25. RISK MANAGEMENT FRAMEWORK (CONT'D)

(b) Risk Governance Structure (Cont'd)

The RMC has a mandate to ensure the effective implementation of the objectives outlined in the risk management and business continuity management frameworks/policies 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 is established to serve as a medium between the RMC and the Management. The RMWC will oversee the day-to-day risk management and business continuity 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 ERM Framework and that all personnel adhere to its requirements.

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 CMP outlines the description of triggers and action plans established as part of the Capital Adequacy Ratio ("CAR") monitoring. The objective of the CMP is to implement a corrective measure as and when required. This 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 ICAAP Policy, 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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26. 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**

Insurance Revenue by product line:

	2024		2023	
	RM'000	%	RM'000	%
Motor	653,654	51.4 %	534,533	48.7 %
Fire	269,624	21.3 %	286,307	26.1 %
Marine, Aviation & Transit	46,223	3.6 %	36,744	3.3 %
Miscellaneous	301,458	23.7 %	241,156	21.9 %
	<u>1,270,959</u>	<u>100.0 %</u>	<u>1,098,740</u>	<u>100.0 %</u>

26. INSURANCE RISK (CONT'D)

Group and Company (Cont'd)

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

Total Net Insurance Contract Liabilities by product line:

	2024			2023		
	Insurance	Reinsurance held	Net	Insurance	Reinsurance held	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Motor	988,803	(63,914)	924,889	837,643	(52,925)	784,718
Fire	341,300	(139,014)	202,286	419,040	(173,044)	245,996
Marine, Aviation & Transit	47,423	(18,573)	28,851	43,199	(16,899)	26,300
Miscellaneous	986,112	(799,929)	186,183	891,634	(751,926)	139,708
	<u>2,363,638</u>	<u>(1,021,430)</u>	<u>1,342,208</u>	<u>2,191,516</u>	<u>(994,794)</u>	<u>1,196,722</u>

26. INSURANCE RISK (CONT'D)

(b) Sensitivity analysis

Reserve risk

The actuarial function maintains a best estimate reserving process that integrates planning, pricing and exposure information to establish a feedback loop between the reserving and underwriting processes. At least annually, each class of business is subject to a detailed reserve review where actuarial and statistical techniques are used to derive loss reserve estimates from the most recently available data, as well as current information on future trends in claims severity and frequency, judicial theories of liability and other factors.

The results of the actuarial reserve reviews are discussed regularly with underwriting leaders for each product line and are monitored against the booked reserve estimates to ensure that in the aggregate, across all classes, booked reserves are considered adequate, as defined in the approved risk appetite. Additionally, the best estimates are compared against experience each quarter by undertaking an analysis of actual versus expected experience as well as other appropriate validations of assumptions, methodology, and results. The quarterly reserve analysis is reviewed by and discussed with underwriters, actuaries, claims, finance and senior management prior to submission to the Reserving Committee.

The Reserving Committee reviews the sufficiency of the estimated loss reserves and appraises the adequacy and effectiveness of the loss reserving practices of the Company.

Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

26. INSURANCE RISK (CONT'D)

(b) Sensitivity analysis (Cont'd)

Sensitivities (Cont'd)

		2024		2023	
	Change in assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on gross liabilities	Impact on net liabilities
		RM'000	RM'000	RM'000	RM'000
		< ----- Increase/(Decrease) ----- >			
Expected Loss	+10%	72,125	65,483	114,311	57,457
Inflation Rate	+0.5%	11,671	6,133	10,130	5,316
Expected Loss	-10%	(72,125)	(65,483)	(114,311)	(57,457)
Inflation Rate	-0.5%	(11,671)	(6,133)	(10,130)	(5,316)

(c) Claim 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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26. INSURANCE RISK (CONT'D)
(c) Claim Development Tables (Cont'd)

Estimate of gross undiscounted liability for the year ended 31 December 2024 (RM '000) - Group and Company

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Accident Year	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	600,496	504,739	580,792	567,720	691,810	608,880	870,908	705,931	799,217	900,095	
One year later	531,144	445,703	552,327	503,670	596,733	449,063	728,454	844,195	655,660		
Two years later	522,985	432,007	545,465	486,817	531,522	427,129	644,391	797,448			
Three years later	481,664	428,902	539,719	479,421	521,503	730,363	623,994				
Four years later	481,526	426,157	538,242	482,910	515,742	726,543					
Five years later	480,199	434,321	536,132	483,758	515,006						
Six years later	481,590	434,450	522,633	476,228							
Seven years later	473,760	409,393	510,897								
Eight years later	460,976	408,057									
Nine years later	461,140										
Estimate of Incurred Claims	461,140	408,057	510,897	476,228	515,006	726,543	623,994	797,448	655,660	900,095	6,075,068
At end of accident year	182,354	215,810	235,212	220,261	224,416	164,948	138,162	182,939	246,096	271,082	
One year later	420,405	352,578	401,295	361,939	362,906	279,719	386,594	346,250	418,059		
Two years later	467,097	376,463	469,279	395,230	399,374	319,411	503,810	388,993			
Three years later	443,668	386,778	483,321	410,202	428,349	340,605	530,595				
Four years later	448,499	389,471	489,749	420,051	449,241	348,899					
Five years later	449,627	392,952	493,390	434,752	455,339						
Six years later	454,902	395,345	498,045	439,509							
Seven years later	455,426	400,590	499,673								
Eight years later	457,714	400,809									
Nine years later	458,736										
Cumulative Gross Payments	458,736	400,809	499,673	439,509	455,339	348,899	530,595	388,993	418,059	271,082	4,211,694

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26. INSURANCE RISK (CONT'D)

(c) Claim Development Tables (Cont'd)

Estimate of gross undiscounted liability for the year ended 31 December 2024 (RM '000) - Group and Company (Cont'd)

	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	Total RM'000
Gross liabilities – accident years from 2015 - 2024	2,404	7,248	11,224	36,719	59,667	377,644	93,399	408,455	237,601	629,013	1,863,374
Gross liabilities – accident years before 2015											9,253
Treaty Inwards											1,361
MMIP claim liabilities											11,233
Loss adjustment expense											20,359
Effect of discounting											(95,802)
Other											63,049
Effect of the risk adjustment margin from on- financial risk											105,245
Total liability for incurred claims as at 31 December 2024											1,978,072

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26. INSURANCE RISK (CONT'D)
(c) Claim Development Tables (Cont'd)

Estimate of gross undiscounted liability for the year ended 31 December 2023 (RM '000) - Group and Company

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Accident Year	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	390,854	600,496	504,739	580,792	567,720	691,810	608,880	870,908	705,931	799,217	
One year later	379,357	531,144	445,703	552,327	503,670	596,733	449,063	728,454	844,195		
Two years later	378,327	522,985	432,007	545,465	486,817	531,522	427,129	644,391			
Three years later	375,216	481,664	428,902	539,719	479,421	521,503	730,363				
Four years later	374,805	481,526	426,157	538,242	482,910	515,742					
Five years later	368,699	480,199	434,321	536,132	483,758						
Six years later	360,268	481,590	434,450	522,633							
Seven years later	354,870	473,760	409,393								
Eight years later	353,796	460,976									
Nine years later	350,101										
Estimate of Incurred Claims	350,101	460,976	409,393	522,633	483,758	515,742	730,363	644,391	844,195	799,217	5,760,769
At end of accident year	144,585	182,354	215,810	235,212	220,261	224,416	164,948	138,162	182,939	246,096	
One year later	256,421	420,405	352,578	401,295	361,939	362,906	279,719	386,594	346,250		
Two years later	327,972	467,097	376,463	469,279	395,230	399,374	319,411	503,810			
Three years later	340,876	443,668	386,778	483,321	410,202	428,349	340,605				
Four years later	344,916	448,499	389,471	489,749	420,051	449,241					
Five years later	346,670	449,627	392,952	493,390	434,752						
Six years later	347,174	454,902	395,345	498,045							
Seven years later	347,282	455,426	400,590								
Eight years later	347,653	457,714									
Nine years later	348,114										
Cumulative Gross Payments	348,114	457,714	400,590	498,045	434,752	449,241	340,605	503,810	346,250	246,096	4,025,217

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26. INSURANCE RISK (CONT'D)

(c) Claim Development Tables (Cont'd)

Estimate of gross undiscounted liability for the year ended 31 December 2023 (RM '000) - Group and Company (Cont'd)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross liabilities – accident years from 2014 - 2023	1,987	3,262	8,803	24,588	49,006	66,501	389,758	140,581	497,945	553,121	1,735,552
Gross liabilities – accident years before 2014											10,666
Treaty Inwards											1,266
MMIP claim liabilities											14,389
Loss adjustment expense											18,608
Effect of discounting											(85,960)
Other											51,978
Effect of the risk adjustment margin from on- financial risk											80,693
Total liability for incurred claims as at 31 December 2023											1,827,192

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26. INSURANCE RISK (CONT'D)
(c) Claim Development Tables (Cont'd)

Estimate of net undiscounted liability for the year ended 31 December 2024 (RM '000) - Group and Company

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Accident Year	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	305,055	364,968	418,060	449,265	479,024	533,003	461,359	412,991	485,269	687,712	
One year later	291,453	342,568	383,558	423,221	429,207	470,435	348,971	311,210	541,155		
Two years later	275,397	335,878	379,902	420,088	419,274	443,257	328,706	403,213			
Three years later	270,563	333,517	380,123	417,963	411,514	434,975	290,606				
Four years later	270,008	334,394	377,967	418,323	410,928	319,002					
Five years later	269,161	333,391	378,136	417,013	429,534						
Six years later	263,441	332,813	377,807	404,384							
Seven years later	259,120	326,378	397,628								
Eight years later	258,427	360,861									
Nine years later	319,466										
Estimate of Incurred Claims	319,466	360,861	397,628	404,384	429,534	319,002	290,606	403,213	541,155	687,712	4,153,561
At end of accident year	120,388	132,711	166,472	201,116	215,190	207,364	210,555	150,616	124,791	254,682	
One year later	199,109	221,752	276,416	316,592	336,578	328,183	318,069	236,172	376,955		
Two years later	215,797	243,209	302,396	340,989	369,598	352,541	343,991	321,181			
Three years later	222,501	250,341	311,761	350,325	380,067	363,010	243,660				
Four years later	225,875	252,528	315,591	352,794	384,792	283,168					
Five years later	226,541	254,482	316,469	355,308	388,086						
Six years later	226,857	254,811	317,617	383,620							
Seven years later	227,024	254,947	391,164								
Eight years later	227,107	358,696									
Nine years later	318,713										
Cumulative Gross Payments	318,713	358,696	391,164	383,620	388,086	283,168	243,660	321,181	376,955	254,682	3,319,925

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26. INSURANCE RISK (CONT'D)

(c) Claim Development Tables (Cont'd)

Estimate of net undiscounted liability for the year ended 31 December 2024 (RM '000) - Group and Company (Cont'd)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net liabilities - accident years from 2015 to 2024	753	2,165	6,464	20,764	41,448	35,834	46,946	82,032	164,200	433,030	833,636
Net liabilities - accident years before 2015											1,955
Treaty Inwards											1,361
MMIP claim liabilities											11,233
Additional provision											408
Loss adjustment expense											20,359
Effect of discounting											(41,876)
Other											62,050
Effect of the risk adjustment margin from on-financial risk											47,235
Total liability for incurred claims as at 31 December 2024											936,361

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26. INSURANCE RISK (CONT'D)
(c) Claim Development Tables (Cont'd)

Estimate of net undiscounted liability for the year ended 31 December 2023 (RM '000) - Group and Company

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Accident Year	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	305,055	364,968	418,060	449,265	479,024	533,003	461,359	412,991	485,269	614,924	
One year later	291,453	342,568	383,558	423,221	429,207	470,435	348,971	311,210	421,021		
Two years later	275,397	335,878	379,902	420,088	419,274	443,257	328,706	299,458			
Three years later	270,563	333,517	380,123	417,963	411,514	434,975	320,663				
Four years later	270,008	334,394	377,967	418,323	410,928	430,928					
Five years later	269,161	333,391	378,136	417,013	412,486						
Six years later	263,441	332,813	377,807	406,603							
Seven years later	259,120	326,378	361,339								
Eight years later	258,427	319,072									
Nine years later	255,581										
Estimate of Incurred Claims	255,581	319,072	361,339	406,603	412,486	430,928	320,663	299,458	421,021	614,924	3,842,075
At end of accident year	120,388	132,711	166,472	201,116	215,190	207,364	210,555	150,616	124,791	226,188	
One year later	199,109	221,752	276,416	316,592	336,578	328,183	318,069	236,172	289,775		
Two years later	215,797	243,209	302,396	340,989	369,598	352,541	343,991	231,916			
Three years later	222,501	250,341	311,761	350,325	380,067	363,010	275,630				
Four years later	225,875	252,528	315,591	352,794	384,792	382,879					
Five years later	226,541	254,482	316,469	355,308	379,529						
Six years later	226,857	254,811	317,617	390,755							
Seven years later	227,024	254,947	358,655								
Eight years later	227,107	318,167									
Nine years later	255,241										
Cumulative Gross Payments	255,241	318,167	358,655	390,755	379,529	382,879	275,630	231,916	289,775	226,188	3,108,735

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26. INSURANCE RISK (CONT'D)

(c) Claim Development Tables (Cont'd)

Estimate of net undiscounted liability for the year ended 31 December 2023 (RM '000) - Group and Company (Cont'd)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net liabilities - accident years from 2014 to 2023	340	905	2,684	15,848	32,957	48,049	45,033	67,542	131,246	388,736	733,340
Net liabilities - accident years before 2014											2,158
Treaty Inwards											1,266
MMIP claim liabilities											14,389
Additional provision											408
Loss adjustment expense											18,608
Effect of discounting											(44,099)
Other											55,719
Effect of the risk adjustment margin from on-financial risk											34,132
Total liability for incurred claims as at 31 December 2023											815,921

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27. 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.

27. 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	*AA	*A	*BBB - B	Not Rated	Total
31 December 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FVTPL financial assets:						
MGS/GII**	—	—	—	—	348,715	348,715
Corporate Bonds	468,962	1,352,412	30,147	58	4,962	1,856,541
Equity Securities	—	—	—	—	56,618	56,618
Amortised cost:						
Fixed and call deposits	98,060	—	—	—	—	98,060
Reinsurance contract assets	—	—	768,276	—	253,154	1,021,430
Insurance receivables ***/**	—	—	—	—	172,948	172,948
Other receivables****	—	—	—	—	98,813	98,813
Cash and cash equivalents	206,612	21,453	39,706	—	95	267,866
	773,634	1,373,865	838,129	58	935,305	3,920,991

* 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.

**** Insurance receivables are part of the liabilities for remaining coverage.

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

27. 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	*AA	*A	*BBB - B	Not Rated	Total
31 December 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FVTPL financial assets:						
MGS/GII**	—	—	—	—	124,373	124,373
Corporate Bonds	362,508	890,004	25,069	58	4,942	1,282,581
Equity Securities	—	—	—	—	61,156	61,156
Unit Trust Funds	275,489	251,637	25,600	—	113,428	666,154
Amortised cost:						
Fixed and call deposits	59,400	2,300	16,000	30,000	—	107,700
Reinsurance contract assets	—	—	720,886	9,836	264,072	994,794
Insurance receivables ***/*	—	—	—	—	149,459	149,459
Other receivables****	—	—	—	—	37,634	37,634
Cash and cash equivalents	191,303	24,116	45,128	6	54	260,607
	888,700	1,168,057	832,683	39,900	755,118	3,684,458

* 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.

**** Insurance receivables are part of the liabilities for remaining coverage.

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

27. 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.

Company	*AAA	*AA	*A	*BBB - B	Not Rated	Total
31 December 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FVTPL financial assets:						
Equity Securities	—	—	—	—	56,618	56,618
Unit Trust Funds	802,732	1,317,650	29,137	64	348,319	2,497,902
Amortised cost:						
Fixed and call deposits	3,060	—	—	—	—	3,060
Reinsurance contract assets	—	—	768,276	—	253,154	1,021,430
Insurance receivables *** / ****	—	—	—	—	172,948	172,948
Other receivables *****	—	—	—	—	15,417	15,417
Cash and cash equivalents	23,830	11,453	39,706	—	95	75,084
	829,622	1,329,103	837,119	64	846,551	3,842,459

* 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.

**** Insurance receivables are part of the liabilities for remaining coverage.

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

27. 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.

Company	*AAA	*AA	*A	*BBB - B	Not Rated	Total
31 December 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
FVTPL financial assets:						
Equity Securities	—	—	—	—	61,156	61,156
Unit Trust Funds	797,884	1,095,069	47,404	119	299,390	2,239,866
Amortised cost:						
Fixed and call deposits	34,400	2,300	16,000	30,000	—	82,700
Reinsurance contract assets	—	—	720,886	9,836	264,072	994,794
Insurance receivables *** / ****	—	—	—	—	149,459	149,459
Other receivables *****	—	—	—	—	13,543	13,543
Cash and cash equivalents	29,822	12,961	45,128	6	53	87,970
	862,106	1,110,330	829,418	39,961	787,673	3,629,488

* 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.

**** Insurance receivables are part of the liabilities for remaining coverage.

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

27. 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.

27. 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 2024						
Financial assets:						
FVTPL - MGS/GII*	348,715	12,359	233,266	166,610	–	412,235
FVTPL - Corporate Bonds	1,856,541	202,545	1,373,788	622,727	–	2,199,060
FVTPL - Equity Securities	56,618	–	–	–	56,618	56,618
Amortised cost - Deposits with licensed financial institutions	98,060	99,846	–	–	–	99,846
Reinsurance contract assets**	1,021,430	243,205	742,056	36,169	–	1,021,430
Insurance receivables	172,948	172,948	–	–	–	172,948
Other receivables***	98,813	98,177	–	–	636	98,813
Cash and cash equivalents	267,866	268,532	–	–	–	268,532
Total Assets	3,920,991	1,097,612	2,349,110	825,506	57,254	4,329,482
Insurance contract liabilities**/****	2,363,638	855,822	1,407,356	86,389	14,072	2,363,639
Other payables	93,481	93,369	–	–	112	93,481
Lease liabilities	1,061	298	819	–	–	1,117
Total Liabilities	2,458,180	949,489	1,408,175	86,389	14,184	2,458,237

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

** The disclosure above only includes liabilities for incurred claims.

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

**** Insurance contract liabilities is computed under discounting cash flows.

27. 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 2023						
Financial assets:						
FVTPL - MGS/GII*	124,373	4,842	92,196	48,356	—	145,394
FVTPL - Corporate Bonds	1,282,581	75,382	815,306	681,478	—	1,572,166
FVTPL - Equity Securities	61,156	—	—	—	61,156	61,156
FVTPL - Unit Trust Funds	666,154	152,044	347,164	166,946	—	666,154
Amortised cost - Deposits with licensed financial institutions	107,700	109,769	—	—	—	109,769
Reinsurance contract assets**	994,794	227,711	739,809	27,274	—	994,794
Insurance receivables	149,459	149,459	—	—	—	149,459
Other receivables***	37,634	36,993	—	—	652	37,645
Cash and cash equivalents	260,607	261,382	—	—	—	261,382
Total Assets	3,684,458	1,017,582	1,994,475	924,054	61,808	3,997,919
Insurance contract liabilities**/****	2,191,516	774,930	1,337,536	61,772	17,278	2,191,516
Other payables	85,153	85,017	—	—	136	85,153
Lease liabilities	902	289	649	—	—	938
Total Liabilities	2,277,571	860,236	1,338,185	61,772	17,414	2,277,607

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

** The disclosure above only includes liabilities for incurred claims.

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

**** Insurance contract liabilities is computed under discounting cash flows.

27. FINANCIAL RISKS (CONT'D)

(b) Liquidity Risk (Cont'd)

Maturity Profiles (Cont'd)

Company	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 2024						
Financial assets:						
FVTPL - Equity Securities	56,618	—	—	—	56,618	56,618
FVTPL - Unit Trust Funds	2,497,902	347,173	1,445,940	704,789	—	2,497,902
Amortised cost - Deposits with licensed financial institutions	3,060	3,175	—	—	—	3,175
Reinsurance contract assets*	1,021,430	243,205	742,056	36,169	—	1,021,430
Insurance receivables	172,948	172,948	—	—	—	172,948
Other receivables**	15,417	14,781	—	—	636	15,417
Cash and cash equivalents	75,084	75,295	—	—	—	75,295
Total Assets	3,842,459	856,577	2,187,996	740,958	57,254	3,842,785
Insurance contract liabilities*	2,363,638	855,822	1,407,356	86,389	14,072	2,363,639
Other payables	83,480	83,368	—	—	112	83,480
Lease liabilities	1,061	298	819	—	—	1,117
Total Liabilities	2,448,179	939,488	1,408,175	86,389	14,184	2,448,236

* The disclosure above only includes liabilities for incurred claims.

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

27. FINANCIAL RISKS (CONT'D)

(b) Liquidity Risk (Cont'd)

Maturity Profiles (Cont'd)

Company	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 2023						
Financial assets:						
FVTPL - Equity Securities	61,156	—	—	—	61,156	61,156
FVTPL - Unit Trust Funds	2,239,866	364,422	1,054,403	821,041	—	2,239,866
Amortised cost - Deposits with licensed financial institutions	82,700	84,231	—	—	—	84,231
Reinsurance contract assets*	994,794	227,711	739,809	27,274	—	994,794
Insurance receivables	149,459	149,459	—	—	—	149,459
Other receivables**	13,543	12,902	—	—	652	13,554
Cash and cash equivalents	87,970	88,276	—	—	—	88,276
Total Assets	3,629,488	927,001	1,794,212	848,315	61,808	3,631,336
Insurance contract liabilities*	2,191,516	774,930	1,337,536	61,772	17,278	2,191,516
Other payables	84,706	84,570	—	—	136	84,706
Lease liabilities	902	289	649	—	—	938
Total Liabilities	2,277,124	859,789	1,338,185	61,772	17,414	2,277,160

* The disclosure above only includes liabilities for incurred claims.

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

27. 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.

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.

27. FINANCIAL RISKS (CONT'D)

(e) Interest Rate/Profit Yield Risk (CONT'D)

Interest Rate/Profit Yield

Group	Change in variables	Impact on Profit after Tax
31 December 2024		
	+ 50 basis points	(8,296)
	+ 25 basis points	(4,159)
	- 25 basis points	4,179
	- 50 basis points	8,380
31 December 2023		
	+ 50 basis points	(7,705)
	+ 25 basis points	(3,862)
	- 25 basis points	3,882
	- 50 basis points	7,783

Company	Change in variables	Impact on Profit after Tax
31 December 2024		
	+ 50 basis points	(9,428)
	+ 25 basis points	(4,726)
	- 25 basis points	4,749
	- 50 basis points	9,522
31 December 2023		
	+ 50 basis points	(8,335)
	+ 25 basis points	(4,178)
	- 25 basis points	4,199
	- 50 basis points	8,420

(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.

27. FINANCIAL RISKS (CONT'D)

(f) Price Risk (Cont'd)

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	
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Change in variable		< ----- Increase/(Decrease) ----- >			
Equity prices*	+10%	5,662	6,116	5,662	6,116
Equity prices*	-10%	(5,662)	(6,116)	(5,662)	(6,116)
Unit Trust NAV	+10%	—	66,397	249,790	223,987
Unit Trust NAV	-10%	—	(66,397)	(249,790)	(223,987)

* 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.

(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 and responsibilities;
- Internal policies and procedures on access controls, authorisation and reconciliation;
- Automation of processes where possible;
- Training and awareness for staff; and
- Evaluation procedures such as by respective control functions.

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.

27. FINANCIAL RISKS (CONT'D)

(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.

28. 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

28. 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.

		2024				2023			
		Fair value measurement using:				Fair value measurement using:			
Group	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets measured at fair value on a recurring basis:									
Investment properties	5	–	–	13,950	13,950	–	–	16,180	16,180
FVTPL - MGS/GII	7 (a)	348,715	–	–	348,715	124,373	–	–	124,373
FVTPL - Corporate Bonds	7 (a)	1,856,541	–	–	1,856,541	1,282,581	–	–	1,282,581
FVTPL - Equity Securities	7 (a)	56,500	–	118	56,618	61,038	–	118	61,156
FVTPL - Unit Trust Funds	7 (a)	–	–	–	–	666,154	–	–	666,154
		2,261,756	–	14,068	2,275,824	2,134,146	–	16,298	2,150,444

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 - RM2,522 (2023: RM299 - RM2,404). The fair value would increase/(decrease) if the value per square foot used is higher/(lower).

Unquoted equities are valued using adjusted net asset value. The adjusted net asset value of unquoted equities as at the reporting period is an unobservable input as it is not published. Accordingly, these investments are classified as Level 3 investment within the fair value hierarchy. Changing unobservable inputs to reasonable possible alternative assumptions would not have a significant impact on profit for the year.

28. 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	2024				2023			
		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	–	–	13,950	13,950	–	–	16,180	16,180
FVTPL - Equity Securities	7 (a)	56,500	–	118	56,618	61,038	–	118	61,156
FVTPL - Unit Trust Funds	7 (a)	2,497,902	–	–	2,497,902	2,239,866	–	–	2,239,866
		2,554,402	–	14,068	2,568,470	2,300,904	–	16,298	2,317,202

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 - RM2,522 (2023: RM299 - RM2,404). The fair value would increase/(decrease) if the value per square foot used is higher/(lower).

Unquoted equities are valued using adjusted net asset value. The adjusted net asset value of unquoted equities as at the reporting period is an unobservable input as it is not published. Accordingly, these investments are classified as Level 3 investment within the fair value hierarchy. Changing unobservable inputs to reasonable possible alternative assumptions would not have a significant impact on profit for the year.

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29. 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 is measured based on the requirements prescribed under the Framework by BNM and differs from the measurement basis reported in the statutory financial statements prepared in accordance with MFRS Accounting Standards.

The total capital available of the Company as at 31 December 2024, as prescribed under the RBC Framework is provided below:

	2024 RM'000	2023 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	118,000	118,000
Retained earnings	1,152,030	1,135,992
	<u>1,270,030</u>	<u>1,253,992</u>
Deductions		
Intangible assets	24,297	27,267
Deferred tax income / (expense)	1,082	(14,431)
Deferred tax liabilities	8,007	6,926
	<u>33,386</u>	<u>19,762</u>
Total capital available	<u>1,236,644</u>	<u>1,234,230</u>

The total capital available is measured based on the requirements prescribed under the Framework by BNM and differs from the measurement basis reported in the statutory financial statements prepared in accordance with MFRS Accounting Standards.

30. CAPITAL COMMITMENTS

	2024 RM'000	2023 RM'000
Capital Expenditure approved and contracted for:		
Property, plant and equipment	1,821	677
Intangible assets	4,075	3,832
	<u>5,896</u>	<u>4,509</u>

BERJAYA SOMPO INSURANCE BERHAD

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31. 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.

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 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.

On 30 November 2023, all parties' counsels completed oral submissions and the High Court Judge reserved his decision and fixed 16 January 2024 for delivery of decision.

On 16 January 2024, the High Court dismissed MyCC's Leave for Judicial Review (JR) application and ordered MyCC to pay costs of RM10,000.00 to each insurer. Subsequently, on 15 February 2024, MyCC filed a Notice of Appeal against the Leave Decision at the Court of Appeal. The Court of Appeal has scheduled the hearing of the appeal for 22 May 2025.

Given the ongoing legal proceedings and the uncertainty surrounding the final outcome, the Group and the Company have made a provision of RM8,088,367 in the financial statements, as disclosed in Note 13.

32. INTERNATIONAL TAX REFORM - PILLAR TWO MODEL RULES

In December 2021, the Organisation for Economic Co-operation and Development (OECD) issued model rules for a new global minimum tax framework (Pillar Two). Under this framework, entities must separately disclose their current tax expense (or income) related to Pillar Two income taxes in periods when the legislation is effective. This disclosure enhances the transparency of financial statements, allowing users to better understand the relative impact of these taxes.

32. INTERNATIONAL TAX REFORM - PILLAR TWO MODEL RULES (CONT'D)

The amendments require entities to disclose known or reasonably estimable information in periods when Pillar Two legislation is (substantively) enacted but not yet effective. This disclosure helps users of financial statements understand the entity's exposure to Pillar Two income taxes. To comply with these requirements, entities must provide both qualitative and quantitative information about their exposure to Pillar Two income taxes at the end of the reporting period.

The temporary exception from recognizing and disclosing deferred tax information, along with the requirement to disclose the application of this exception, applies immediately and retrospectively upon the issuance of the amendments.

Entities must disclose current tax expenses related to Pillar Two income taxes and provide relevant disclosures for periods before the legislation becomes effective. These requirements apply to annual reporting periods beginning on or after 1 January 2023, but are not mandatory for any interim period ending on or before 31 December 2023.

The Group falls within the scope of the OECD Pillar Two model rules. Pillar Two legislation has been enacted in the United Kingdom and Vietnam. However, since the legislation was not effective as of the reporting date, the Group has no related current tax exposure. Additionally, the Group applies the exception to recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.