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

Directors' Report and Audited Financial Statements
31 December 2023

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

The Board of Directors (“the Board”) of Berjaya Sompo 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 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”)
Yasuhiro Sasanuma	Non-Independent Executive Director (“NIED”) #1
Daniel Neo	Non-Independent Executive Director (“NIED”) #2
Tan Chong Liong	Non-Independent Non-Executive Director ("NINED") #3
Tan Nyat Chuan	Non-Independent Non-Executive Director (“NINED”) #4
Dato’ Loh Lye Ngok	Non-Independent Non-Executive Director ("NINED")
Tan Chuan Lye	Independent Non-Executive Director ("INED")
Tan Sek Kee	Chief Executive Officer ("CEO")

Composition of the Board (Cont'd)

#1 Resigned on 14 February 2023
#2 Appointed since 14 February 2023
#3 Ceased on 20 July 2023
#4 Appointed since 20 July 2023

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.

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. Can America Stops China's Rise? Will ASEAN be Damaged?
2. Representation of the World Development Report 2022: Finance for Equitable Recovery
3. Sustainability Series - (Re)Building the Board for Innovation
4. FIDE Forum Business Lunch Engagement: Mr Rohit Talwar on opportunities & impact of Artificial Intelligence & Metaverse for financial services industry
5. Embracing ESG as a Corporate Objective in Malaysia
6. BNM Annual Report 2022, Economic & Monetary Review and Financial Stability Review 2H 2022
7. BNM-FIDE Forum Roundtable on Licensing & Regulatory Framework for DITO Exposure Draft

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. BSIB Board Overseas Training in Japan
9. Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know
10. MFRS 17 Briefing by EY
11. Generative AI – An Opportunity or Risk?
12. SHDA Cyber Security Training Modules
13. Operationalising Resolution Planning-A Perspective from the Trenches
14. Governance Training
15. Competition Law
16. Breakfast Talk on AI with Professor Sanjay Sarma
17. AI and Financial Institutions: Friend or Foe?
18. RMiT Training: Cyber Security

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. Can America Stops China's Rise? Will ASEAN be Damaged?
2. BNM-FIDE Forum Rountable on Licensing & Regulatory Framework for DITO Exposure Draft
3. BSIB Board Overseas Training in Japan
4. MFRS 17 Briefing by EY
5. SHDA Cyber Security Training Modules
6. Governance Training
7. Competition Law
8. Breakfast Talk on AI with Professor Sanjay Sarma
9. 2nd Joint Committee on Climate Change (JC3) Outreach Session
10. RMiT Training: Cyber Security

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

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

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

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

Directorship in other companies
1. Gaushala Sdn Bhd
2. Timewaver SEA Sdn Bhd
3. Pheim Asset Management Sdn Bhd
4. Malaysian Life Reinsurance Group Berhad
5. Smithe Capital Pte Ltd
6. Damai Akasia Sdn Bhd
7. Betamek Berhad

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

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

DANIEL NEO
NON-INDEPENDENT EXECUTIVE DIRECTOR

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

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

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

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

Directorship in other companies
1. Sompo Holdings (Asia) Pte Ltd
2. Sompo Insurance Singapore Pte Ltd
3. Universal Sompo General Insurance Company Limited
4. Sompo Consulting Korea Inc
5. Nipponkoa Insurance Company (China) Ltd
6. Sompo International Holdings (Singapoe) Pte Ltd
7. SOMPO Taiwan Brokers Co Ltd
8. Sompo Insurance (Hong Kong) Co., Ltd.
9. PT Indomobil Sompo Japan
10. PT Sompo Insurance Indonesia

Trainings attended during the financial year
1. BSIB Board Overseas Training in Japan
2. MFRS 17 Briefing by EY
3. Governance Training
4. Competition Law
5. RMiT Training: Cyber Security

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 became the first Malaysian to be appointed to manage East West Insurance (UK) Ltd in 1984.

Trainings attended during the financial year
1. BSIB Board Overseas Training in Japan
2. MFRS 17 Briefing by EY
3. Governance Training
4. RMiT Training: Cyber Security

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. Since retirement, he has been an Adjunct Associate Professor with the University of Singapore and 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. First REIT Management Limited
2. Isetan (Singapore) Limited
3. Heeton Holdings Limited
4. Sompo Insurance Singapore Limited Pte Ltd
5. Synapxe Pte Ltd
6. All Saints Home
7. The Brash Trust
8. Science Centre Singapore (Statutory Board of the Ministry of Education)
9. Meranti Power Pte Ltd

Trainings attended during the financial year
1. BSIB Board Overseas Training in Japan
2. Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know
3. MFRS 17 Briefing by EY
4. SHDA Cyber Security Training Modules
5. Managing Board Challenges, Governance and ESG Training
6. FIDE Core Program-Module B Insurance
7. BNM-FIDE Forum Virtual Dialogue-Cloud Requirement in RMiT PD and AI and Machine Learning Adoption Landscape in the Industry
8. Audit Committee Seminar 2023: Sustainability: Opportunities, Risk and Governance
9. Board Oversight of Climate Risks and Opportunities
10. Global and regional trends affecting insurance companies (EY Singapore)
11. RMiT Training: Cyber Security

TAN NYAT CHUAN
NON-INDEPENDENT NON-EXECUTIVE

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) and a member of the ARC in Malaysian Rating Corporation Berhad (MARC) from 2021 to 2023. He is currently an INED in MARC Data Sdn Bhd, MARC Learning Sdn Bhd and MARC Ratings Berhad and also serves as a member of the ARC.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

TAN NYAT CHUAN (CONT'D)
NON-INDEPENDENT NON-EXECUTIVE (CONT'D)

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. Malaysian Rating Corporation Berhad
2. MARC Data Sdn Bhd
3. MARC Learning Sdn Bhd

Trainings attended during the financial year
1. MFRS 17 Briefing by EY
2. Induction Program of BSIB
3. SHDA Cyber Security Training Modules
4. Governance Training
5. Introduction to General Insurance
6. Corporate Liability (Section 17A of the MACC)
7. RMiT Training: Cyber Security

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

TAN SEK KEE
CHIEF EXECUTIVE OFFICER

Tan Sek Kee joined the Company on 1 January 2017 as Deputy Chief Executive Officer and he was appointed as the Chief Executive Officer of the Company 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. BSIB Board Overseas Training in Japan
2. MFRS 17 Briefing by EY
3. SHDA Cyber Security Training Modules
4. Governance Training by MIM
5. Virtual Cloud Training by SIH
6. E-learning Competition Law
7. RMiT Training: Cyber Security

The Board had convened seven (7) meetings for the financial year ended 31 December 2023. 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%
Yasuhiro Sasanuma (NIED) #1	1/1	100%
Tan Chong Liong (NINED) #2	3/3	100%
Dato' Loh Lye Ngok (NINED)	8/8	100%
Tan Chuan Lye (INED)	7/7	100%
Daniel Neo (NIED) #3	6/6	100%
Tan Nyat Chuan (NINED) #4	4/4	100%

#1 Ceased as NIED on 14 February 2023
#2 Ceased as NINED on 20 July 2023
#3 Appointed as NIED on 14 February 2023
#4 Appointed as NINED on 20 July 2023

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 six (6) meetings were held during the financial year ended 31 December 2023. 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)	6/6	100%
Datuk Yong Bun Fou	6/6	100%
Tan Sri Dr Ong Hong Peng	6/6	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)

- 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 five (5) meetings were held during the financial year ended 31 December 2023. 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)	5/5	100%
Tan Sri Dr. Ong Hong Peng	5/5	100%
Tan Chong Liong #1	2/2	100%
Dato' Loh Lye Ngok	5/5	100%
Datuk Yong Bun Fou	5/5	100%
Tan Chuan Lye	5/5	100%
Tan Nyat Chuan #2	3/3	100%

#1 Ceased as Director on 20 July 2023
#2 Appointed as RMC member since 20 July 2023

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;

BOARD COMMITTEE (CONT'D)

2. RISK MANAGEMENT COMMITTEE (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 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

BOARD COMMITTEE (CONT'D)

2. RISK MANAGEMENT COMMITTEE (CONT'D)

- To support the BOD in demonstrating the Company's commitment to the anti-corruption programme, by providing:

  (a) Oversight to ensure the Company:

    (i) practices the highest level of integrity and ethics;

    (ii) complies with applicable laws and regulatory requirements on anti-corruption;

    (iii) effectively manages the key corruption risks of the company; and

    (iv) provides assurance on the effectiveness of the anti-corruption programme.

  (b) Oversight of the corruption risk assessment;

  (c) Oversight of implementing and managing control measures for corruption prevention;

  (d) Oversight of the systematic review, monitoring and enforcement of the anti-corruption programme; and

  (e) Oversight of the training and communication regarding integrity and ethics.

3. REMUNERATION COMMITTEE

The Remuneration Committee ("RC") comprises of three (3) INEDs and two (2) NINEDs, and Chairman is an INED. A total of three (3) meetings were held during the financial year ended 31 December 2023. 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)	2/2	100%
Ahmad Subri Bin Abdullah	2/2	100%
Tan Chong Liong #1	1/1	100%
Dato' Loh Lye Ngok	2/2	100%
Tan Chuan Lye	2/2	100%
Tan Nyat Chuan #2	1/1	100%

#1 Ceased as Director on 20 July 2023
#2 Appointed as RC member since 20 July 2023

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. NOMINATION 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 one (1) meetings were held during the financial year ended 31 December 2023. 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)	1/1	100%
Ahmad Subri Bin Abdullah	1/1	100%
Dato’ Loh Lye Ngok	1/1	100%
Yasuhiro Sasanuma #1	0/0	0%
Daniel Neo #2	1/1	100%
Tan Chuan Lye	1/1	100%

#1 Ceased as NC member on 14 February 2023
#2 Appointed as NC member since 14 February 2023

BOARD COMMITTEE (CONT'D)

4. NOMINATION COMMITTEE (CONT'D)

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

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

5. INVESTMENT COMMITTEE

The Investment Committee ("IC") comprises of two (2) INEDs, two (2) NINEDs and one (1) NIED, and Chairman is a NINED. A total of four (4) meetings were held during the financial year ended 31 December 2023. 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) #1	2/2	100%
Tan Chong Liong #2	2/2	100%
Tan Sri Dr. Ong Hong Peng	4/4	100%
Dato' Loh Lye Ngok	4/4	100%
Yasuhiro Sasanuma #3	0/0	0%
Ahmad Subri Bin Abdullah	3/4	100%
Daniel Neo #4	4/4	100%

#1 Appointed as IC Chairman since 20 July 2023
#2 Ceased as IC Chairman on 20 July 2023
#3 Ceased as IC member on 14 February 2023
#4 Appointed as IC Member since 14 February 2023

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 Tier 1 Risks and to ensure that risk management, compliance and information technology processes and procedures are in place and functioning effectively.

- **Risk Management Working Committee ("RMWC")**

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

- **Risk Management Department**

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

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

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

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

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

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 Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS"), the requirements of the CA 2016, FSA 2013 and relevant Guidelines/Circulars issued by BNM.

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.

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

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

REMUNERATION POLICY

Objectives

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

Pillars of Remuneration Policy

The Remuneration Policy is driven by 2 pillars:

1. Grading for the job whereby all jobs are graded and paid based on job complexity, skills required, job size, etc., which allow employees to enjoy pay equity.

2. Merit-based system which is a fair and impartial basis to pay and reward employees.

Strategic Orientation

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

Review of Remuneration Policy

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

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

Performance Management System

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

Composition of Remuneration

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

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

3. Other Benefits

Other monetary and non-monetary benefits are provided under the Company's Human 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 materials risk takers, ie. KRPs are reviewed and approved by the Remuneration Committee and Board annually. The Committee maintains and regularly reviews the list of senior management team who fall within the definition of "other material risk takers".

CORPORATE GOVERNANCE STATEMENT (CONT'D)

REMUNERATION POLICY

Key Responsible Persons (Cont'd)

The list of KRPs is as below:-

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

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

Total value of remuneration awards for the financial year	**KRPs**	
	Unrestricted (RM)	**Deferred (RM)**
Fixed Remuneration		
• Cash-Based	4,690,850	–
• Shares and share-linked instruments	–	–
• Other	–	–
Variable Remuneration		
• Cash-Based	1,162,169	224,709
• Shares and share-linked instruments	–	–
• Other	1,200	–

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

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of Berjaya Sompo Insurance Berhad and its subsidiaries ("the Group") and separate financial statements of Berjaya Sompo Insurance Berhad ("the Company") for the financial year ended 31 December 2023.

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 three 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	190,040	187,141
Profit attributable to:		
Equity holder of the Company	187,340	
Non-controlling interests	2,700	
	190,040	

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 2022 was as follows:

	RM'000
In respect of the financial year ended 31 December 2022, a final single-tier tax exempt dividend of RM0.25 per share on 118,000,000 ordinary shares	29,500

The final dividend was paid on 15 September 2023.

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

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
Yasuhiro Sasanuma #1	NIED
Daniel Neo #2	NIED
Tan Chong Liong #3	NINED
Tan Nyat Chuan #4	NINED
Dato' Loh Lye Ngok	NINED
Tan Chuan Lye	INED

#1 Resigned on 14 February 2023
#2 Appointed since 14 February 2023
#3 Ceased on 20 July 2023
#4 Appointed since 20 July 2023

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	
	2023	2022
	RM'000	RM'000
Directors' fee	1,188	1,186
Meeting allowances	204	181
	1,392	1,367

DIRECTORS' INTERESTS

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

DIRECTORS' INDEMNIFICATION

The Group and the Company have maintained a Directors' and Officers' Liability ("D&O") Insurance up to an aggregate limit of 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 RM1,083,495 and RM1,051,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 March 2024.

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 Sompo Insurance Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 33 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 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 27 March 2024.

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 Sompo Insurance Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 151 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 27 March 2024.

Tan Sek Kee

Before me,

PESURUHJAYA SUMPAH
W 639
PHANG SWEET LEE
1.1.2022 - 31.12.2024
MALAYSIA

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

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Building a better working world

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198001008821 (62605-U)

INDEPENDENT AUDITORS' REPORT
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 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 33 to 151.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

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

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198001008821 (62605-U)

INDEPENDENT AUDITORS' REPORT
BERJAYA SOMPO INSURANCE BERHAD (CONT'D.)
(INCORPORATED IN MALAYSIA)

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

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

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

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT
BERJAYA SOMPO INSURANCE BERHAD (CONT'D.)
(INCORPORATED IN MALAYSIA)

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

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

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

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

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

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

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

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

198001008821 (62605-U)

INDEPENDENT AUDITORS' REPORT
BERJAYA SOMPO INSURANCE BERHAD (CONT'D.)
(INCORPORATED IN MALAYSIA)

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

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

Report on other legal and regulatory requirements

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

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

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

Kuala Lumpur, Malaysia
27 March 2024

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

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Group 31.12.2023 RM'000	Group 31.12.2022 RM'000 Restated	Group 01.01.2022 RM'000 Restated	Company 31.12.2023 RM'000	Company 31.12.2022 RM'000 Restated	Company 01.01.2022 RM'000 Restated
Assets							
Property and equipment	3	82,452	84,687	87,488	82,452	84,687	87,488
Intangible assets	4	27,267	31,542	35,957	27,267	31,542	35,957
Investment properties	5	16,180	16,180	20,900	16,180	16,180	20,900
Right-of-use assets	6	906	1,370	626	906	1,370	626
Investments	7	2,241,964	1,986,664	1,952,996	2,383,722	2,061,529	2,001,919
Reinsurance contract assets	8	994,794	441,224	328,147	994,794	441,224	328,147
Other receivables	9	75,742	67,585	75,023	51,651	58,431	67,417
Cash and cash equivalents	11	260,607	153,954	142,922	87,970	84,708	97,996
Total Assets		3,699,912	2,783,206	2,644,059	3,644,942	2,779,671	2,640,450
Equity							
Share capital	12	118,000	118,000	118,000	118,000	118,000	118,000
Retained profits		1,215,919	1,066,726	1,029,515	1,215,720	1,066,726	1,029,609
Equity attributable to owner of the Company		1,333,919	1,184,726	1,147,515	1,333,720	1,184,726	1,147,609
Non-controlling interests		54,324	3,252	3,428	–	–	–
Total Equity		1,388,243	1,187,978	1,150,943	1,333,720	1,184,726	1,147,609
Liabilities							
Insurance contract liabilities	8	2,191,516	1,494,524	1,369,340	2,191,516	1,494,524	1,369,340
Lease liabilities	6	902	1,343	627	902	1,343	627
Tax payable		14,472	5,665	15,916	14,472	5,665	15,916
Deferred tax liabilities	10	19,626	6,908	8,706	19,626	6,908	8,611
Other payables	13	85,153	86,788	98,527	84,706	86,505	98,347
Total Liabilities		2,311,669	1,595,228	1,493,116	2,311,222	1,594,945	1,492,841
Total Equity and Liabilities		3,699,912	2,783,206	2,644,059	3,644,942	2,779,671	2,640,450

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 2023

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000 Restated
Insurance revenue	14	1,098,740	963,720	1,098,740	963,720
Insurance service expense	14	(1,330,676)	(790,055)	(1,330,676)	(790,055)
Insurance service result before reinsurance contracts held		(231,936)	173,665	(231,936)	173,665
Allocation of reinsurance premiums	14	(194,863)	(177,938)	(194,863)	(177,938)
Amount recoverable from reinsurers for incurred claims	14	568,536	149,830	568,536	149,830
Net income/(expense) from reinsurance contracts held		373,673	(28,108)	373,673	(28,108)
Insurance service result	14	141,737	145,557	141,737	145,557
Interest revenue calculated using the effective interest method	15	58,906	39,171	5,374	2,175
Other investment revenue	16	76,645	8,211	123,780	42,939
Net foreign exchange revenue		494	341	494	341
Total investment income		136,045	47,723	129,648	45,455
Insurance finance expenses for insurance contracts issued	17	(80,734)	(23,020)	(80,734)	(23,020)
Reinsurance finance income for reinsurance contracts held	18	31,132	8,643	31,132	8,643
Net insurance financial result		(49,602)	(14,377)	(49,602)	(14,377)
Other operating income	19	17,079	18,475	17,079	18,475
Other operating expenses	20	(3,650)	(8,734)	(152)	(6,434)
Total other income and expenses		13,429	9,741	16,927	12,041
Profit before taxation		241,609	188,644	238,710	188,676
Income tax expense	21	(51,569)	(27,659)	(51,569)	(27,659)
Net profit for the year, representing total comprehensive income for the year		190,040	160,985	187,141	161,017
Earning per share (sen)					
-Basic and Diluted	22	161	136	159	137
Profit attributable to:					
Equity holder of the Company		187,340	161,111	187,141	161,017
Non-controlling interests		2,700	(126)	–	–
		190,040	160,985	187,141	161,017

The accompanying notes form an integral part of the financial statements

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to the owner of the Group					
Group	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	Total Equity RM'000
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	**118,000**	**–**	**1,215,919**	**1,333,919**	**54,324**	**1,388,243**
At 1 January 2022, as previously reported	**118,000**	**11,277**	**961,294**	**1,090,571**	**3,428**	**1,093,999**
Effect of adopting MFRS 17	–	–	56,944	56,944	–	56,944
Effect of adopting MFRS 9	–	(11,277)	11,277	–	–	–
At 1 January 2022, as restated	**118,000**	**–**	**1,029,515**	**1,147,515**	**3,428**	**1,150,943**
Net redemption of units in subsidiaries	–	–	–	–	(50)	(50)
Net profit/(loss) for the year	–	–	161,111	161,111	(126)	160,985
Dividend paid (Note 24)	–	–	(123,900)	(123,900)	–	(123,900)
At 31 December 2022, as restated	**118,000**	**–**	**1,066,726**	**1,184,726**	**3,252**	**1,187,978**

STATEMENTS OF CHANGES IN EQUITY (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to the owner of the Company			
		Non-distributable		
	Share capital	Available-for-sale fair value reserve	Distributable Retained Profits	Total Equity
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**
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	**118,000**	**–**	**1,215,720**	**1,333,720**
At 1 January 2022, as previously reported	**118,000**	**10,979**	**961,686**	**1,090,665**
Effect of adopting MFRS 17	–	–	56,944	56,944
Effect of adopting MFRS 9	–	(10,979)	10,979	–
At 1 January 2022, as restated	**118,000**	**–**	**1,029,609**	**1,147,609**
Net profit for the year	–	–	161,017	161,017
Dividend paid (Note 24)	–	–	(123,900)	(123,900)
At 31 December 2022, as restated	**118,000**	**–**	**1,066,726**	**1,184,726**

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 2023

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000 Restated
Operating activities					
Profit before taxation		241,609	188,644	238,710	188,676
Adjustment for :					
Investment income		(61,392)	(75,316)	(80,108)	(56,646)
Amortisation of premium		2,133	2,700	–	–
Sundry income	19	(1,638)	(8,180)	(1,638)	(8,180)
Gain on disposal of property and equipment	16	(69)	(614)	(69)	(614)
Gain on disposal of investment properties	16	–	(835)	–	(835)
Loss on disposal of FVTPL financial assets	16	14,948	15,561	14,493	11,531
Fair value (gain)/loss on FVTPL financial assets recorded in profit or loss	16	(91,241)	9,672	(63,539)	–
Fair value loss on investment properties	16	–	90	–	90
Impairment allowance on insurance receivables		3,555	657	3,555	657
Property and equipment written off	20	12	2	12	2
Bad debts written off	20	103	191	103	191
Depreciation of property and equipment	20	4,631	4,598	4,631	4,598
Depreciation of right-of-use assets	20	321	331	321	331
Lease interest expenses	20	36	45	36	45
Lease termination	6	(3)	(96)	(3)	(96)
Adjustment/rent concessions	6	–	34	–	34
Amortisation of intangible assets	20	7,411	7,886	7,411	7,886
Operating cash flows before working capital changes		120,416	145,370	123,915	147,670
Decrease in other assets		(8,046)	7,194	(8,046)	7,194
Increase in reinsurance assets		(553,570)	(113,077)	(553,570)	(113,077)
Increase in insurance contract liabilities		681,954	124,336	681,954	124,336
Decrease in other liabilities		(2,024)	(11,677)	(2,188)	(11,842)

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

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000 Restated
Operating activities (Cont'd)					
Dividend/distribution income received		26,492	24,762	75,160	53,215
Interest income received		53,218	37,551	5,252	2,103
Rental income received	16	720	482	720	482
Other Income received	19	15,441	10,295	15,441	10,295
Income tax paid		(26,923)	(39,090)	(26,923)	(39,090)
Net cash flows generated from operating activities		307,678	186,146	311,715	181,286
Investing activities					
Purchase of property and equipment	3	(2,414)	(1,805)	(2,414)	(1,805)
Purchase of intangible assets	4	(3,136)	(3,471)	(3,136)	(3,471)
Proceeds from sale of property and equipment		75	620	75	620
Proceeds from sale of investment property		–	5,465	–	5,465
Placements of fixed deposits		(40,690)	(61,061)	(42,690)	(34,010)
Purchase of financial assets		(769,394)	(549,765)	(528,738)	(356,196)
Proceeds from sale of financial assets		642,404	587,646	298,281	319,065
Net cash flows used in investing activities		(173,155)	(22,371)	(278,622)	(70,332)
Financing activities					
Dividend paid	24	(29,500)	(123,900)	(29,500)	(123,900)
Cash proceeds from units created		8,691	(27,276)	–	–
Payment for cancellation of units		(6,730)	(1,225)	–	–
Lease interest paid	6	(36)	(45)	(36)	(45)
Payment of lease liabilities	6	(295)	(297)	(295)	(297)
Net cash flows used in financing activities		(27,870)	(152,743)	(29,831)	(124,242)
Net increase/(decrease) in cash and cash equivalents		106,653	11,032	3,262	(13,288)
Cash and cash equivalents at beginning of the year	11	153,954	142,922	84,708	97,996
Cash and cash equivalents at end of year	11	260,607	153,954	87,970	84,708

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

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 27 March 2024.

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 ("CA 2016") in Malaysia.

The accounting policies and presentation adopted by the Group and the Company for the Consolidated Financial Statements are consistent with those used in the financial year ended 31 December 2022, except for the adoption of MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments, effective 1 January 2023, as described below in Note 2.3, 'Changes in Accounting Policies and Disclosure'.

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.

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.

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 2023, the Group and the Company adopted the following amendments for annual periods beginning on or after 1 January 2023.

Description	Effective date
• MFRS 17 Insurance Contracts and Amendments to MFRS 17	1 January 2023
• Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 Comparative Information	1 January 2023
• International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112)	2 June 2023

The adoption of the above amendments to MFRSs does not have any significant financial impact on the financial statements of the Group and the Company, except as described in Note 2.3.1 for MFRS 17 Insurance Contracts, Note 2.3.2 for MFRS 9 Financial Instruments, and Note 2.3.3 for the combined financial impact.

The amendments to MFRS 101, Presentation of Financial Statement and MFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. The amendments did not result in any changes to the Group's and the Company' accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the Note 2.4.

2.3.1 MFRS 17 Insurance Contracts

The Group and the Company initially applied MFRS 17, including any consequential amendments to the other standards, from 1 January 2023. This standard has brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group and the Company have restated certain comparative amounts.

The nature and effects of the key changes in the Group’s and the Company’s accounting policies resulting from its adoption of MFRS 17 are summarised below:

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.1 MFRS 17 Insurance Contracts (Cont'd)

(a) Changes to classification and measurement

MFRS 17 introduces two new measurement models for calculating insurance and reinsurance contract liabilities, reflecting different extents of the overall Group's and Company's performance.

The General Measurement Model ("GMM"), also known as the building block approach, is the default model. The GMM consists of the fulfilment cash flow and the Contractual Service Margin ("CSM"). The fulfilment cash flow refers to the risk-adjusted present value of the entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting, and an explicit risk adjustment for non-financial risk. The CSM represents the unearned profit from the in-force contracts that the entity will recognize over the coverage period.

The Premium Allocation Approach ("PAA") is a simplified approach for measuring the Liability for Remaining Coverage ("LRC") that an entity may choose to use when the PAA provides a measurement that does not materially differ from that under the GMM, or if the coverage period of each contract in the group of insurance contracts is one year or less.

Under MFRS 17, all the Group's and the Company's issued insurance contracts and reinsurance contracts held, are eligible for measurement by applying the PAA. Consequently, the Group and the Company use the PAA for measurement of their insurance and reinsurance contracts.

The measurement principles of the PAA differ from the 'earned premium approach' previously used by the Group and the Company under MFRS 4 in the following key areas:

- The LRC reflects premiums received net of deferred insurance acquisition cash flows and amounts recognised in the profit or loss for insurance services provided over the coverage period;
- Measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision);
- Measurement of the liability for incurred claims ("LIC") (previously claims outstanding and incurred-but-not reported ("IBNR") claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses; and
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.1 MFRS 17 Insurance Contracts (Cont'd)

(a) Changes to classification and measurement (Cont'd)

MFRS 17 requires expected losses of the contracts be reflected at the initial recognition in the statements of profit or loss as a loss component. Any offsetting of onerous groups of contracts with the profitable groups of insurance contracts is not allowed.

For presentation in the statements of financial position, the Group and the Company aggregates insurance and reinsurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the MFRS 17 requirements. The line-item descriptions in the Statements of Profit or loss has been changed significantly compared with last year. Previously, the Group and the Company reported the following line items:

- Gross earned premiums
- Earned premiums ceded to reinsurers
- Gross claims paid
- Claims ceded to reinsurers
- Gross change in contract liabilities
- Change in contract liabilities ceded to reinsurers

Instead, MFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amount recoverable from reinsurers for incurred claims
- Insurance finance expenses for insurance contracts issued
- Reinsurance finance income for reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognized in its financial statements from insurance contracts; and
- Significant judgements, and changes in those judgements, when applying the standard.

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.1 MFRS 17 Insurance Contracts (Cont'd)

(b) Transition

The Group and the Company adopted MFRS 17 for their financial statements for the year ended 31 December 2023 and applied the requirements retrospectively from the transition date of 1 January 2022 (the 'Transition Date'). The Group and the Company have assessed the practicability of applying the full retrospective approach (“FRA”) to all groups of insurance contracts that had unexpired risk prior to the Transition Date.

Based on the assessment, the FRA was applied to insurance contracts in the 2021 and 2020 cohorts. Accordingly, the Group and the Company have recognized and measured each group of insurance contracts in this category as if MFRS 17 had always been applied; derecognized any existing balances that would not exist had MFRS 17 always been in effect; and recognized any resulting net difference in equity.

For cohort 2019 and prior, the application of FRA was impracticable, and the Group and the Company applied the Modified Retrospective Approach ("MRA"). In applying the MRA, the Group and the Company have leveraged certain modifications allowed under the standard to determine the profitability grouping based on reasonable and supportable information at the transition date.

2.3.2 MFRS 9 Financial Instruments

MFRS 9 ‘Financial Instruments’, which replaces MFRS 139 ‘Financial Instruments: Recognition and Measurement’, became effective for the annual period beginning on or after 1 January 2018. However, the Group and the Company elected, under the amendments to MFRS 4, to apply a temporary exemption from MFRS 9, thereby deferring its initial application date to align with the initial application of MFRS 17.

The Group and the Company have applied MFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of MFRS 9. Differences arising from the adoption of MFRS 9 were recognised in retained earnings as of 1 January 2022 and are disclosed in Note 2.3.2 (vi) 'Effects of Adoption of MFRS 9'.

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.2 MFRS 9 Financial Instruments (Cont'd)

(a) Changes to classification and measurement

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

(i) Financial assets

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

The Group and the Company classifies its financial assets into the following measurement categories:

- Those to be measured at amortised cost (“AC”); and
- Those to be measured at fair value through profit or loss (“FVTPL”).

The classification above depends on the Group's and the Company's business model for managing the financial assets and the terms of contractual cash flows.

The following summarises the key changes:

- A new financial asset category measured at AC was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows only.
- Investment in equity securities and collective investment scheme previously classified as Available for Sale (“AFS”) financial assets are now classified and measured as financial assets at FVTPL.

(ii) Financial liabilities

There is no impact on the classification and measurement of the Group's and the Company's financial liabilities.

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.2 MFRS 9 Financial Instruments (Cont'd)

(a) Changes to classification and measurement (Cont'd)

(iii) Impairment of financial assets

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model. The key changes in the Group's and Company's accounting policies are the adoption of a simplified approach to ECL.

The Group and the Company apply the simplified approach prescribed by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade and other receivables, which are financial assets measured at amortised cost.

For individual impairment assessment, the amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset, discounted at its original effective interest rate. The cash shortfall is the difference between the contractual cash flows due to the Group and the Company, and the cash flows that they expect to receive.

At each reporting date, the Group and the Company assess the allowance for ECL for the amount due from reinsurers and cedants, based on available external credit ratings for the probability of default and external information for loss given default.

For collective impairment assessment, the Group and the Company have established a matrix based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(iv) Changes in disclosure – MFRS 7

To reflect the differences between MFRS 9 and MFRS 139, MFRS 7 'Financial Instruments: Disclosures' was also amended. The Group and the Company applied the amended disclosure requirements of MFRS 7, together with MFRS 9, for the year beginning 1 January 2023. Changes include transition disclosures as shown in Note 2.3.2 (vi) 'Effects of Adoption of MFRS 9'.

Reconciliations from opening to closing ECL allowances are presented in Notes 2.3.2 (vi) 'Effects of Adoption of MFRS 9'.

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.2 MFRS 9 Financial Instruments (Cont'd)

(a) Changes to classification and measurement (Cont'd)

(v) Transition

Changes in accounting policies resulting from the adoption of MFRS 9 have been applied retrospectively, except as described below.

As permitted by MFRS 7, the Group and the Company have not disclosed information about the line item amounts referred to in MFRS 108.28(b) and (d), which are reported in accordance with the classification and measurement (including impairment) requirements of MFRS 9 for 2022, and those that would have been reported under the classification and measurement requirements of MFRS 139 for 2023.

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.2 MFRS 9 Financial Instruments (Cont'd)

(a) Changes to classification and measurements (Cont'd)

(vi) Effect of adoption of MFRS 9

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's and the Company's financial asset as at 1 January 2022.

	Original classification under MFRS 139			New Classification and measurement under MFRS 9	
As at 1 January 2022	**AFS**	**FVTPL**	**LAR**	**Amortised cost**	**FVTPL**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Investment					
- Financial assets at FVTPL	–	738,943	–	–	1,946,996
- AFS financial assets	1,208,053	–	–	–	–
- Deposits with financial institutions	–	–	6,000	6,000	–
Other receivables	–	–	56,752	56,752	–
Cash and cash equivalents	–	–	142,922	142,922	–
	1,208,053	738,943	205,674	205,674	1,946,996
Company					
Investment					
- Financial assets at FVTPL	–	–	–	–	1,995,919
- AFS financial assets	1,995,919	–	–	–	–
- Deposits with financial institutions	–	–	6,000	6,000	–
Other receivables	–	–	49,146	49,146	–
Cash and cash equivalents	–	–	97,996	97,996	–
	1,995,919	–	153,142	153,142	1,995,919

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.2 MFRS 9 Financial Instruments (Cont'd)

(a) Changes to classification and measurements (Cont'd)

(vi) Effect of adoption of MFRS 9 (Cont'd)

The following table shows the original measurement categories in accordance with MFRS 139 and the new measurement categories under MFRS 9 for the Group's and the Company's financial asset as at 1 January 2023.

	Original classification under MFRS 139			New Classification and measurement under MFRS9	
As at 1 January 2023	**AFS**	**FVTPL**	**LAR**	**Amortised cost**	**FVTPL**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Investment					
- Financial assets at FVTPL	–	969,092	–	–	1,919,603
- AFS financial assets	950,511	–	–	–	–
- Deposits with financial institutions	–	–	67,061	67,061	–
Other receivables	–	–	60,060	60,060	–
Cash and cash equivalents	–	–	153,954	153,954	–
	950,511	969,092	281,075	281,075	1,919,603
Company					
Investment					
- Financial assets at FVTPL	–	–	–	–	2,021,519
- AFS financial assets	2,021,519	–	–	–	–
- Deposits with financial institutions	–	–	40,010	40,010	–
Other receivables	–	–	50,906	50,906	–
Cash and cash equivalents	–	–	84,708	84,708	–
	2,021,519	–	175,624	175,624	2,021,519

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments

Effect of adoption of MFRS 9 and MFRS 17

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of financial position of the Group and the Company at 31 December 2021.

STATEMENTS OF FINANCIAL POSITION

Group	31.12.2021 As previously stated RM'000	MFRS 17 Impact RM'000	MFRS 9 Impact RM'000	Tax impact RM'000	31.12.2021 As restated RM'000
Assets					
Property and equipment	87,488	–	–	–	87,488
Intangible assets	35,957	–	–	–	35,957
Investment properties	20,900	–	–	–	20,900
Right-of-use assets	626	–	–	–	626
Investments	1,952,996	–	–	–	1,952,996
Reinsurance assets	748,811	(748,811)	–	–	–
Insurance receivables	83,546	(83,546)	–	–	–
Reinsurance contract assets	–	328,147	–	–	328,147
Other receivables	56,752	18,271	–	–	75,023
Deferred tax assets	11,831	–	–	(11,831)	–
Cash and cash equivalents	142,922	–	–	–	142,922
Total Assets	3,141,829	(485,939)	–	(11,831)	2,644,059

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of financial position of the Group and the Company at 31 December 2021 (Cont'd).

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Group (Cont'd)	31.12.2021 As previously stated RM'000	MFRS 17 Impact RM'000	MFRS 9 Impact RM'000	Tax impact RM'000	31.12.2021 As restated RM'000
Equity					
Share capital	118,000	–	–	–	118,000
Available-for-sale fair value reserve	11,277	–	(11,277)	–	–
Retained profits	961,294	79,144	11,277	(22,200)	1,029,515
Equity attributable to owner of the Company	1,090,571	79,144	–	(22,200)	1,147,515
Non-controlling interests	3,428	–	–	–	3,428
Total Equity	1,093,999	79,144	–	(22,200)	1,150,943
Liabilities					
Insurance contract liabilities	1,831,905	(462,565)	–	–	1,369,340
Lease liabilities	627	–	–	–	627
Tax payable	15,916	–	–	–	15,916
Insurance payables	79,775	(79,775)	–	–	–
Deferred tax liabilities	–	(1,663)	–	10,369	8,706
Other payables	119,607	(21,080)	–	–	98,527
Total Liabilities	2,047,830	(565,083)	–	10,369	1,493,116
TOTAL Equity and Liabilities	3,141,829	(485,939)	–	(11,831)	2,644,059

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of financial position of the Group and the Company at 31 December 2021 (Cont'd).

STATEMENTS OF FINANCIAL POSITION

Company	31.12.2021 As previously stated RM'000	MFRS 17 Impact RM'000	MFRS 9 Impact RM'000	Tax impact RM'000	31.12.2021 As restated RM'000
Assets					
Property and equipment	87,488	–	–	–	87,488
Intangible assets	35,957	–	–	–	35,957
Investment properties	20,900	–	–	–	20,900
Right-of-use assets	626	–	–	–	626
Investments	2,001,919	–	–	–	2,001,919
Reinsurance assets	748,811	(748,811)	–	–	–
Insurance receivables	83,546	(83,546)	–	–	–
Reinsurance contract assets	–	328,147	–	–	328,147
Other receivables	49,146	18,271	–	–	67,417
Deferred tax assets	11,926	–	–	(11,926)	–
Cash and cash equivalents	97,996	–	–	–	97,996
Total Assets	3,138,315	(485,939)	–	(11,926)	2,640,450

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of financial position of the Group and the Company at 31 December 2021 (Cont'd).

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Company (Cont'd)	31.12.2021 As previously stated RM'000	MFRS 17 Impact RM'000	MFRS 9 Impact RM'000	Tax impact RM'000	31.12.2021 As restated RM'000
Equity					
Share capital	118,000	–	–	–	118,000
Available-for-sale fair value reserve	10,979	–	(10,979)	–	–
Retained profits	961,686	79,144	10,979	(22,200)	1,029,609
Equity attributable to owner of the Company	1,090,665	79,144	–	(22,200)	1,147,609
Non-controlling interests	–	–	–	–	–
Total Equity	1,090,665	79,144	–	(22,200)	1,147,609
Liabilities					
Insurance contract liabilities	1,831,905	(462,565)	–	–	1,369,340
Lease liabilities	627	–	–	–	627
Tax payable	15,916	–	–	–	15,916
Insurance payables	79,775	(79,775)	–	–	–
Deferred tax liabilities	–	(1,663)	–	10,274	8,611
Other payables	119,427	(21,080)	–	–	98,347
Total Liabilities	2,047,650	(565,083)	–	10,274	1,492,841
Total Equity and Liabilities	3,138,315	(485,939)	–	(11,926)	2,640,450

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of financial position of the Group and the Company at 31 December 2022.

STATEMENTS OF FINANCIAL POSITION

Group	31.12.2022 As previously stated RM'000	MFRS 17 Impact RM'000	MFRS 9 Impact RM'000	Tax impact RM'000	31.12.2022 As restated RM'000	Expected credit losses RM'000	01.01.2023 As restated RM'000
Assets							
Property and equipment	84,687	–	–	–	84,687	–	84,687
Intangible assets	31,542	–	–	–	31,542	–	31,542
Investment properties	16,180	–	–	–	16,180	–	16,180
Right-of-use assets	1,370	–	–	–	1,370	–	1,370
Investments	1,986,664	–	–	–	1,986,664	–	1,986,664
Reinsurance assets	745,073	(745,073)	–	–	–	–	–
Insurance receivables	144,147	(144,147)	–	–	–	–	–
Reinsurance contract assets	–	441,224	–	–	441,224	–	441,224
Other receivables	60,060	7,525	–	–	67,585	–	67,585
Deferred tax assets	16,744	–	–	(16,744)	–	–	–
Cash and cash equivalents	153,954	–	–	–	153,954	–	153,954
Total Assets	3,240,421	(440,471)	–	(16,744)	2,783,206	–	2,783,206

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of financial position of the Group and the Company at 31 December 2022 (Cont'd).

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Group (Cont'd)	31.12.2022 As previously stated RM'000	MFRS 17 Impact RM'000	MFRS 9 Impact RM'000	Tax impact RM'000	31.12.2022 As restated RM'000	Expected credit losses RM'000	01.01.2023 As restated RM'000
Equity							
Share capital	118,000	–	–	–	118,000	–	118,000
Available-for-sale fair value reserve	7,117	–	(7,117)	–	–	–	–
Retained profits	945,193	141,435	7,117	(27,019)	1,066,726	(8,647)	1,058,079
Equity attributable to owner of the Company	1,070,310	141,435	–	(27,019)	1,184,726	(8,647)	1,176,079
Non-controlling interests	3,252	–	–	–	3,252	–	3,252
Total Equity	1,073,562	141,435	–	(27,019)	1,187,978	(8,647)	1,179,331
Liabilities							
Insurance contract liabilities	1,940,377	(445,853)	–	–	1,494,524	11,379	1,505,903
Lease liabilities	1,343	–	–	–	1,343	–	1,343
Tax payable	5,665	–	–	–	5,665	–	5,665
Insurance payables	45,903	(45,903)	–	–	–	–	–
Deferred tax liabilities	–	(3,366)	–	10,275	6,908	(2,732)	4,176
Other payables	173,571	(86,784)	–	–	86,788	–	86,788
Total Liabilities	2,166,859	(581,906)	–	10,275	1,595,228	8,647	1,603,875
Total Equity and Liabilities	3,240,421	(440,471)	–	(16,744)	2,783,206	–	2,783,206

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of financial position of the Group and the Company at 31 December 2022 (Cont'd).

STATEMENTS OF FINANCIAL POSITION

Company	31.12.2022 As previously stated RM'000	MFRS 17 Impact RM'000	MFRS 9 Impact RM'000	Tax impact RM'000	31.12.2022 As restated RM'000	Expected credit losses RM'000	01.01.2023 As restated RM'000
Assets							
Property and equipment	84,687	–	–	–	84,687	–	84,687
Intangible assets	31,542	–	–	–	31,542	–	31,542
Investment properties	16,180	–	–	–	16,180	–	16,180
Right-of-use assets	1,370	–	–	–	1,370	–	1,370
Investments	2,061,529	–	–	–	2,061,529	–	2,061,529
Reinsurance assets	745,073	(745,073)	–	–	–	–	–
Insurance receivables	144,147	(144,147)	–	–	–	–	–
Reinsurance contract assets	–	441,224	–	–	441,224	–	441,224
Other receivables	50,906	7,525	–	–	58,431	–	58,431
Deferred tax assets	19,246	–	–	(19,246)	–	–	–
Cash and cash equivalents	84,708	–	–	–	84,708	–	84,708
Total Assets	3,239,388	(440,471)	–	(19,246)	2,779,671	–	2,779,671

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of financial position of the Group and the Company at 31 December 2022 (Cont'd).

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Company (Cont'd)	31.12.2022 As previously stated RM'000	MFRS 17 Impact RM'000	MFRS 9 Impact RM'000	Tax impact RM'000	31.12.2022 As restated RM'000	Expected credit losses RM'000	01.01.2023 As restated RM'000
Equity							
Share capital	118,000	–	–	–	118,000	–	118,000
Available-for-sale fair value reserve	(807)	–	807	–	–	–	–
Retained profits	955,618	141,435	(807)	(29,520)	1,066,726	(8,647)	1,058,079
Equity attributable to owner of the Company	1,072,811	141,435	–	(29,520)	1,184,726	(8,647)	1,176,079
Non-controlling interests	–	–	–	–	–	–	–
Total Equity	1,072,811	141,435	–	(29,520)	1,184,726	(8,647)	1,176,079
Liabilities							
Insurance contract liabilities	1,940,377	(445,853)	–	–	1,494,524	11,379	1,505,903
Lease liabilities	1,343	–	–	–	1,343	–	1,343
Tax payable	5,665	–	–	–	5,665	–	5,665
Insurance payables	45,903	(45,903)	–	–	–	–	–
Deferred tax liabilities	–	(3,366)	–	10,274	6,908	(2,732)	4,176
Other payables	173,289	(86,784)	–	–	86,505	–	86,505
Total Liabilities	2,166,577	(581,906)	–	10,274	1,594,945	8,647	1,603,592
Total Equity and Liabilities	3,239,388	(440,471)	–	(19,246)	2,779,671	–	2,779,671

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of profit or loss and statements of comprehensive income of the Group and the Company at 31 December 2022.

STATEMENTS OF PROFIT OR LOSS

Group	MFRS 4 RM'000	Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 9 RM'000	MFRS 17 PAA RM'000	Tax effect RM'000	MFRS 17 RM'000
Gross earned premiums	936,087	(936,087)	–	–	–	–
Earned premiums ceded to reinsurers	(221,751)	221,751	–	–	–	–
Investment income	62,487	(62,487)	–	–	–	–
Net realised gains	1,396	(1,396)	–	–	–	–
Fair value losses	(9,762)	9,762	–	–	–	–
Commission income	43,212	(43,212)	–	–	–	–
Other operating income	10,344	(10,344)	–	–	–	–
Gross claims paid	(520,122)	520,122	–	–	–	–
Claims ceded to reinsurers	212,925	(212,925)	–	–	–	–
Gross change in contract liabilities	1,111	(1,111)	–	–	–	–
Change in contract liabilities ceded to reinsurers	(36,273)	36,273	–	–	–	–
Commission expenses	(129,671)	129,671	–	–	–	–
Management expenses	(217,069)	217,069	–	–	–	–

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of profit or loss and statements of comprehensive income of the Group and the Company at 31 December 2022 (Cont'd).

STATEMENTS OF PROFIT OR LOSS (CONT'D)

Group (Cont'd)	MFRS 4 RM'000	Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 9 RM'000	MFRS 17 PAA RM'000	Tax effect RM'000	MFRS 17 RM'000
Insurance revenue	–	–	–	963,720	–	963,720
Insurance service expense	–	–	–	(790,055)	–	(790,055)
Allocation of reinsurance premiums	–	–	–	(177,938)	–	(177,938)
Amount recoverable from reinsurers for incurred claims	–	–	–	150,130	–	150,130
Interest revenue calculated using the effective interest method	–	–	39,171	–	–	39,171
Other investment revenue	–	–	8,211	–	–	8,211
Net foreign exchange income	–	–	341	–	–	341
Insurance finance expenses	–	–	–	(23,020)	–	(23,020)
Reinsurance finance income	–	–	–	8,343	–	8,343
Other operating income	–	–	–	18,475	–	18,475
Other operating expenses	–	–	–	(8,734)	–	(8,734)
Profit before taxation	132,914	(132,914)	47,723	140,921	–	188,644
Tax expense	(25,241)	–	–	–	(2,418)	(27,659)
Profit for the year	107,673	(132,914)	47,723	140,921	(2,418)	160,985

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of profit or loss and statements of comprehensive income of the Group and the Company at 31 December 2022 (Cont'd).

STATEMENTS OF COMPREHENSIVE INCOME

Group	MFRS 4 RM'000	Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 9 RM'000	MFRS 17 PAA RM'000	Tax effect RM'000	MFRS 17 RM'000
Net profit for the year	107,673	(132,914)	47,723	140,921	(2,418)	160,985
Other comprehensive income:						
Items that may be reclassified to profit or loss in subsequent periods:						
Available-for-sale fair value reserves :						
Net losses on fair value changes	(1,498)	1,498	–	–	–	–
Net realized gains transferred to profit or loss	(3,977)	3,977	–	–	–	–
	(5,475)	5,475	–	–	–	–
Tax effect	1,315	(1,315)	–	–	–	–
	(4,160)	4,160	–	–	–	–
Total comprehensive income for the financial year	103,513	(128,754)	47,723	140,921	(2,418)	160,985

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of profit or loss and statements of comprehensive income of the Group and the Company at 31 December 2022 (Cont'd).

STATEMENTS OF PROFIT OR LOSS

Company	MFRS 4 RM'000	Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 9 RM'000	MFRS 17 PAA RM'000	Tax effect RM'000	MFRS 17 RM'000
Gross earned premiums	936,087	(936,087)	–	–	–	–
Earned premiums ceded to reinsurers	(221,751)	221,751	–	–	–	–
Investment income	56,644	(56,644)	–	–	–	–
Net realised gains	5,426	(5,426)	–	–	–	–
Fair value losses	(90)	90	–	–	–	–
Commission income	43,212	(43,212)	–	–	–	–
Other operating income	10,344	(10,344)	–	–	–	–
Gross claims paid	(520,122)	520,122	–	–	–	–
Claims ceded to reinsurers	212,925	(212,925)	–	–	–	–
Gross change in contract liabilities	1,111	(1,111)	–	–	–	–
Change in contract liabilities ceded to reinsurers	(36,273)	36,273	–	–	–	–
Commission expenses	(129,671)	129,671	–	–	–	–
Management expenses	(214,769)	214,769	–	–	–	–

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of profit or loss and statements of comprehensive income of the Group and the Company at 31 December 2022 (Cont'd).

STATEMENTS OF PROFIT OR LOSS (CONT'D)

Company (Cont'd)	MFRS 4 RM'000	Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 9 RM'000	MFRS 17 PAA RM'000	Tax effect RM'000	MFRS 17 RM'000
Insurance revenue	–	–	–	963,720	–	963,720
Insurance service expense	–	–	–	(790,055)	–	(790,055)
Allocation of reinsurance premiums	–	–	–	(177,938)	–	(177,938)
Amount recoverable from reinsurers for incurred claims	–	–	–	150,130	–	150,130
Interest revenue calculated using the effective interest method	–	–	2,175	–	–	2,175
Other investment revenue	–	–	42,939	–	–	42,939
Net foreign exchange income	–	–	341	–	–	341
Insurance finance expenses	–	–	–	(23,020)	–	(23,020)
Reinsurance finance income	–	–	–	8,343	–	8,343
Other operating income	–	–	–	18,475	–	18,475
Other operating expenses	–	–	–	(6,434)	–	(6,434)
Profit before taxation	143,073	(143,073)	45,455	143,221	–	188,676
Tax expense	(25,241)	–	–	–	(2,418)	(27,659)
Profit for the year	117,832	(143,073)	45,455	143,221	(2,418)	161,017

2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

2.3.3 MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments (Cont'd)

Effect of adoption of MFRS 9 and MFRS 17 (Cont'd)

The adoption of MFRS 9 and MFRS 17 resulted in the following effects to the statements of profit or loss and statements of comprehensive income of the Group and the Company at 31 December 2022 (Cont'd).

STATEMENTS OF COMPREHENSIVE INCOME

Company	MFRS 4 RM'000	Removal of MFRS 4 RM'000	Remeasurement effect of MFRS 9 RM'000	MFRS 17 PAA RM'000	Tax effect RM'000	MFRS 17 RM'000
Net profit for the year	117,832	(143,073)	45,455	143,221	(2,418)	161,017
Other comprehensive income:						
Items that may be reclassified to profit or loss in subsequent periods:						
Available-for-sale fair value reserves :						
Net losses on fair value changes	(11,531)	11,531	–	–	–	–
Net realized gains transferred to profit or loss	(3,977)	3,977	–	–	–	–
	(15,508)	15,508	–	–	–	–
Tax effect	3,722	(3,722)	–	–	–	–
	(11,786)	11,786	–	–	–	–
Total comprehensive income for the financial year	106,046	(131,287)	45,455	143,221	(2,418)	161,017

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 (Cont'd)

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 SPPI, and that are not designated at fair value through profit or loss, are measured at amortised cost using the effective interest method. The Group and Company only measures deposit with financial institutions, insurance receivables, other receivables and cash and cash equivalents as described in Note 7(b) at amortised cost if both of the following conditions are met:

- 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 solely payments of principal and interest (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 occuring 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.

<u>Write-off</u>

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)

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 2023, deferred tax assets recognised by the Group and the Company amounted to RM29,752,811 (2022: RM32,440,489) as disclosed in Note 10.

(iii) Provision for financial penalty

The management has considered a provision of RM8,088,367 (2022: 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, IBNER, 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 Bank Negara Malaysia. 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 Bank Negara Malaysia. 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
• Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2024
• Amendments to MFRS 101 Presentation of Financial Statements – Non-Current Liabilities with Covenants	1 January 2024
• Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures	1 January 2024
• Amendments to MFRS 121 Lack of Exchangeability	1 January 2025
• 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

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 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)

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

3. PROPERTY AND EQUIPMENT (CONT'D)

***Land and buildings**

Group and Company	Freehold properties RM'000	Long-term leasehold properties RM'000	Total RM'000
Cost			
At 1 January 2022/2023 and 31 December 2022/2023	86,265	3,920	90,185
Accumulated depreciation			
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
At 1 January 2022	11,892	1,062	12,954
Charge for the year	1,726	79	1,805
At 31 December 2022	13,618	1,141	14,759
Net carrying amount			
At 31 December 2023	70,921	2,700	73,621
At 31 December 2022	72,647	2,779	75,426

4. INTANGIBLE ASSETS

Group and Company	Club membership RM'000	Computer software RM'000	Total RM'000
Cost			
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
At 1 January 2022	939	65,106	66,045
Additions	–	3,471	3,471
At 31 December 2022	939	68,577	69,516

4. INTANGIBLE ASSETS (CONT'D)

Group and Company	Club membership RM'000	Computer software RM'000	Total RM'000
Accumulated amortisation			
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
At 1 January 2022	–	30,088	30,088
Charge for the year	–	7,886	7,886
At 31 December 2022	–	37,974	37,974
Net carrying amount			
At 31 December 2023	939	26,328	27,267
At 31 December 2022	939	30,603	31,542

5. INVESTMENT PROPERTIES

	2023 RM'000	2022 RM'000
Group and Company		
At 1 January	16,180	20,900
Fair value adjustment	–	680
Disposal	–	(5,400)
At 31 December	16,180	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.

5. INVESTMENT PROPERTIES (CONT'D)

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

	2023 RM'000	2022 RM'000
Rental income derived from investment properties	551	405
Direct operating expenses (including repairs and maintenance) which generate rental income	(72)	(57)
Direct operating expenses (including repairs and maintenance) which do not generate rental income	(159)	(96)
Net income from investment properties	320	252

6. LEASES

Group and Company	Right-of-use assets RM'000	Lease liabilities RM'000
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	906	902
At 1 January 2022	626	627
Additions	1,741	1,741
Terminations	(505)	(601)
Accretion of interest (Note 20)	–	45
Depreciation charge (Note 20)	(331)	–
Rental paid	–	(297)
Interest paid	–	(45)
Adjustment/Rent concessions	(161)	(127)
At 31 December 2022	1,370	1,343

6. LEASES (CONT'D)

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

	2023 RM'000	2022 RM'000
Lease liabilities		
- Current	268	308
- Non-current	634	1,035
	902	1,343

7. INVESTMENT

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
MGS/GII*	124,373	64,274	–	–
Corporate Bonds	1,282,581	904,818	–	–
Equity Securities	61,156	71,169	61,156	71,169
Unit Trust Funds/Wholesale Funds	666,154	879,342	2,239,866	1,950,350
Deposits with financial institutions	107,700	67,061	82,700	40,010
	2,241,964	1,986,664	2,383,722	2,061,529

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

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

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Financial assets at fair value through profit or loss ("FVTPL")	2,134,264	1,919,603	2,301,022	2,021,519
Amortised cost ("AC")	107,700	67,061	82,700	40,010
	2,241,964	1,986,664	2,383,722	2,061,529

7. INVESTMENT (CONT'D)

(a) Financial asset at FVTPL

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
MGS/GII*	124,373	64,274	–	–
Corporate Bonds	1,282,581	904,818	–	–
Fair Value				
Unit Trust Funds	666,154	879,342	2,239,866	1,950,350
Equities:				
- Quoted in Malaysia	61,038	71,051	61,038	71,051
- Unquoted in Malaysia**	118	118	118	118
	727,310	950,511	2,301,022	2,021,519
	2,134,264	1,919,603	2,301,022	2,021,519

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

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

(b) Amortised cost

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed financial institutions	107,700	67,061	82,700	40,010

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

	% of ownership interest held by the Group		% of ownership held by non-controlling interest	
	2023	**2022**	**2023**	**2022**
Name of the subsidiaries	**%**	**%**	**%**	**%**
Nomura Ringgit Bond Fund 1	91.787	99.387	8.213	0.613
Affin Hwang Income Fund 3 *	99.998	99.999	0.002	0.001
Eastspring Investments Wholesale Bond Fund*	99.729	99.747	0.271	0.253

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

Material partly-owned subsidiaries

	2023	**2022**
	RM'000	**RM'000**
Accumulated balances of material non-controlling interests:		
Nomura Ringgit Bond Fund 1	53,269	2,934
Affin Hwang Income Fund 3	14	2
Eastspring Investments Wholesale Bond Fund	1,041	316
	54,324	3,252
Profit/(loss) allocated to material non-controlling interests:		
Nomura Ringgit Bond Fund 1	2,673	(128)
Affin Hwang Income Fund 3	1	(13)
Eastspring Investments Wholesale Bond Fund	26	15
	2,700	(126)

7. INVESTMENT (CONT'D)

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

Material partly-owned subsidiaries (Cont'd)

	Nomura Ringgit Bond Fund 1		Affin Hwang Income Fund 3		Eastspring Investments Wholesale Bond Fund	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Summarised statements of financial position as at 31 December:						
Investments	543,682	452,434	568,930	426,625	319,342	117,084
Other receivables	14,644	4,466	5,554	3,992	3,893	696
Cash and cash equivalents	90,422	22,001	20,936	40,236	61,279	7,009
Other payables	(125)	(96)	(130)	(109)	(192)	(78)
Net assets	648,623	478,805	595,290	470,744	384,322	124,711
Attributable to:						
Equity holders of the parents	595,354	475,871	595,276	470,742	383,281	124,395
Non-controlling interest	53,269	2,934	14	2	1,041	316
	648,623	478,805	595,290	470,744	384,322	124,711

7. INVESTMENT (CONT'D)

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

Material partly-owned subsidiaries (Cont'd)

	Nomura Ringgit Bond Fund 1		Affin Hwang Income Fund 3		Eastspring Investments Wholesale Bond Fund	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Summarised statements of profit or loss for the year ended 31 December:						
Interest revenue calculated using the effective interest method	23,423	18,962	20,947	14,886	9,162	3,148
Other investment revenue	10,188	(8,746)	13,237	(7,709)	1,688	53
Other expense	(1,060)	(893)	(1,138)	(877)	(1,301)	(530)
Net profit/(loss) for the year	32,551	9,323	33,046	6,300	9,549	2,671
Attributable to:						
Equity holders of the parents	29,878	9,451	33,045	6,313	9,523	2,656
Non-controlling interest	2,673	(128)	1	(13)	26	15
	32,551	9,323	33,046	6,300	9,549	2,671
Summarised statements of cash flows for the year ended 31 December:						
Operating activities	21,535	17,757	18,268	13,556	4,828	2,000
Investing activities	(90,381)	(49,135)	(129,068)	(107,501)	(200,621)	(117,031)
Financing activities	137,267	39,397	91,500	103,237	250,063	122,040
Net increase/(decrease) in cash and cash equivalents	68,421	8,019	(19,300)	9,292	54,270	7,009

8. INSURANCE AND REINSURANCE CONTRACTS

The breakdown of groups of insurance and reinsurance 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:

	31.12.2023			31.12.2022 (Restated)		
Group and Company	**Assets RM'000**	**Liabilities RM'000**	**Net RM'000**	**Assets RM'000**	**Liabilities RM'000**	**Net RM'000**
Insurance contracts issued						
Motor insurance	–	(837,643)	(837,643)	–	(652,567)	(652,567)
Fire insurance	–	(419,040)	(419,040)	–	(472,778)	(472,778)
Marine, Aviation & Transit insurance	–	(43,199)	(43,199)	–	(58,717)	(58,717)
Miscellaneous	–	(891,634)	(891,634)	–	(310,462)	(310,462)
Total insurance contracts issued	–	(2,191,516)	(2,191,516)	–	(1,494,524)	(1,494,524)
Reinsurance contracts held						
Motor insurance	52,925	–	52,925	47,877	–	47,877
Fire insurance	173,044	–	173,044	184,081	–	184,081
Marine, Aviation & Transit insurance	16,899	–	16,899	33,517	–	33,517
Miscellaneous	751,926	–	751,926	175,749	–	175,749
Total reinsurance contracts held	994,794	–	994,794	441,224	–	441,224

8. INSURANCE AND REINSURANCE CONTRACTS (CONT'D)

8.1 Roll-forward of net asset held or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

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

	Liabilities for remaining coverage		Liabilities for incurred claims		
Group and Company 31 December 2023	**Excluding loss component RM'000**	**Loss components RM'000**	**Estimates of the present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Total 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	–	–	(560,956)	–	(560,956)
Insurance acquisition cash flows	(198,019)	–	–	–	(198,019)
Total cash flows	**945,278**	**–**	**(560,956)**	**–**	**384,322**
Net insurance contract liabilities as at 31 December 2023	**363,390**	**934**	**1,746,499**	**80,693**	**2,191,516**
Insurance contract liabilities as at 31 December 2023	363,390	934	1,746,499	80,693	2,191,516
Net insurance contract liabilities as at 31 December 2023	**363,390**	**934**	**1,746,499**	**80,693**	**2,191,516**

8. INSURANCE AND REINSURANCE CONTRACTS (CONT'D)

8.1 Roll-forward of net asset held or 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 asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

	Liabilities for remaining coverage		Liabilities for incurred claims		
Group and Company 31 December 2022	**Excluding loss component RM'000**	**Loss components RM'000**	**Estimates of the present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Total RM'000**
Insurance contract liabilities as at 1 January 2022	**264,138**	**78**	**1,035,699**	**69,425**	**1,369,340**
Insurance revenue	(963,720)	–	–	–	(963,720)
Insurance service expenses	197,229	718	594,368	(2,260)	790,055
Incurred claims and other expenses	–	(10)	805,848	28,213	834,051
Amortisation of insurance acquisition cash flows	197,229	–	–	–	197,229
Losses on onerous contracts and reversals of those losses	–	728	–	–	728
Changes to liabilities for incurred claims	–	–	(211,480)	(30,473)	(241,953)
Insurance service result	(766,491)	718	594,368	(2,260)	(173,665)
Insurance finance expense	–	(189)	22,160	1,049	23,020
Total changes in the statements of comprehensive income	**(766,491)**	**529**	**616,528**	**(1,211)**	**(150,645)**
Cash flows					
Premium received	1,027,539	–	–	–	1,027,539
Claim and other expenses paid	–	–	(555,805)	–	(555,805)
Insurance acquisition cash flows	(195,905)	–	–	–	(195,905)
Total cash flows	**831,634**	**–**	**(555,805)**	**–**	**275,829**
Net insurance contract liabilities as at 31 December 2022	**329,281**	**607**	**1,096,422**	**68,214**	**1,494,524**
Insurance contract liabilities as at 31 December 2022	329,281	607	1,096,422	68,214	1,494,524
Net insurance contract liabilities as at 31 December 2022	**329,281**	**607**	**1,096,422**	**68,214**	**1,494,524**

8. INSURANCE AND REINSURANCE CONTRACTS (CONT'D)

8.2 Roll-forward of net asset or liability for reinsurance contracts issued showing the asset for remaining coverage and the asset for incurred claims

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

	Assets for remaining coverage		**Assets for incurred claims**		
Group and Company **31 December 2023**	**Excluding loss recovery component** **RM'000**	**Loss recovery components** **RM'000**	**Estimates of the present value of future cash flows** **RM'000**	**Risk adjustment** **RM'000**	**Total** **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 income or expense from reinsurance contracts held	(194,863)	77	556,857	11,602	373,673
Reinsurance finance 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	–	–	17,087	–	17,087
Total cash flows	**131,678**	**–**	**17,087**	**–**	**148,765**
Net reinsurance contract assets as at 31 December 2023	**(16,764)**	**287**	**964,710**	**46,561**	**994,794**
Reinsurance contract assets as at 31 December 2023	(16,764)	287	964,710	46,561	994,794
Net reinsurance contract assets as at 31 December 2023	**(16,764)**	**287**	**964,710**	**46,561**	**994,794**

8. INSURANCE AND REINSURANCE CONTRACTS (CONT'D)

8.2 Roll-forward of net asset or liability for reinsurance contracts issued showing the asset for remaining coverage and the asset for incurred claims (Cont'd)

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

	Assets for remaining coverage		Assets for incurred claims		
Group and Company 31 December 2022	**Excluding loss recovery component RM'000**	**Loss recovery components RM'000**	**Estimates of the present value of future cash flows RM'000**	**Risk adjustment RM'000**	**Total RM'000**
Reinsurance contract assets as at 1 January 2022	**(21,252)**	**55**	**314,185**	**35,159**	**328,147**
An allocation of reinsurance premiums	(177,938)	–	–	–	(177,938)
Amounts recoverable from reinsurers for incurred claims	–	503	151,597	(2,270)	149,830
Amount recoverable for incurred claims and other expenses	–	(7)	194,722	13,647	208,362
Loss-recovery on onerous underlying contracts and adjustments	–	510	–	–	510
Changes to amount recoverable for incurred claims	–	–	(43,125)	(15,917)	(59,042)
Net income or expense from reinsurance contracts held	(177,938)	503	151,597	(2,270)	(28,108)
Reinsurance finance income	–	(132)	7,950	525	8,343
Effect of changes in non-performance risk of reinsurers	–	–	300	–	300
Total changes in the statements of comprehensive income	**(177,938)**	**371**	**159,847**	**(1,745)**	**(19,465)**
Cash flows					
Premium paid	245,611	–	–	–	245,611
Amount received	–	–	(113,069)	–	(113,069)
Total cash flows	**245,611**	**–**	**(113,069)**	**–**	**132,542**
Net reinsurance contract assets as at 31 December 2022	**46,421**	**426**	**360,963**	**33,414**	**441,224**
Reinsurance contract liabilities as at 31 December 2022	46,421	426	360,963	33,414	441,224
Net reinsurance contract assets as at 31 December 2022	**46,421**	**426**	**360,963**	**33,414**	**441,224**

9. OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Other receivables and deposits	9,675	12,414	9,675	12,414
Staff loans*	4	3	4	3
Interest income due and accrued	27,451	11,344	3,360	2,190
Amount due from related parties (Note 23)**	504	1,117	504	1,117
Share of net assets held under Malaysian Motor Insurance Pool ("MMIP")***	38,108	42,707	38,108	42,707
	75,742	67,585	51,651	58,431

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 RM5,859,477 (2022: RM10,859,477), after a refund from MMIP of RM5,000,000 in the current financial year.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
At beginning of year	(6,908)	(8,706)	(6,908)	(8,611)
Recognised in profit or loss	(12,718)	1,798	(12,718)	1,703
At end of year	(19,626)	(6,908)	(19,626)	(6,908)
Presented after appropriate offsetting as follows:				
Deferred tax assets	29,753	32,185	29,753	32,185
Deferred tax liabilities	(49,379)	(39,093)	(49,379)	(39,093)
	(19,626)	(6,908)	(19,626)	(6,908)

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

Deferred tax assets

	Premium liabilities RM'000	Other provision RM'000	Provision for Impairment of investments RM'000	Total RM'000
At 1 January 2022, as previously reported	412	20,646	5,881	26,939
Recognised in profit or loss	382	4,864	–	5,246
At 31 December 2022/1 January 2023	794	25,510	5,881	32,185
Effect of adopting MFRS 9	–	2,732	–	2,732
Recognised in profit or loss	(546)	1,264	(5,881)	(5,164)
At 31 December 2023	248	29,506	–	29,753

Group

Deferred tax liabilities

	Insurance and reinsurance RM'000	Others RM'000	Available-for-sale fair value reserve RM'000	Fair value of financial assets	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2022, as previously reported	–	(1,643)	(3,562)	–	(9,903)	(15,108)
Effect of adopting MFRS 17	(20,537)	–	–	–	–	(20,537)
At 1 January 2022, restated	(20,537)	(1,643)	(3,562)	–	(9,903)	(35,645)
Recognised in profit or loss	(5,617)	28	3,817	–	(1,676)	(3,448)
At 31 December 2022/1 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)

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

Company

Deferred tax assets

	Premium liabilities RM'000	Other provision RM'000	Provision for Impairment of investments RM'000	Total RM'000
At 1 January 2022, as previously reported	412	20,646	5,881	26,939
Recognised in profit or loss	382	4,864	–	5,246
At 31 December 2022/1 January 2023	794	25,510	5,881	32,185
Effect of adopting MFRS 9	–	2,732	–	2,732
Recognised in profit or loss	(546)	1,264	(5,881)	(5,164)
At 31 December 2023	248	29,506	–	29,753

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 2022, as previously reported	–	(1,643)	(3,467)	–	(9,903)	(15,013)
Effect of adopting MFRS 17	(20,537)	–	–	–	–	(20,537)
At 1 January 2022, restated	(20,537)	(1,643)	(3,467)	–	(9,903)	(35,550)
Recognised in profit or loss	(5,617)	28	3,722	–	(1,676)	(3,543)
At 31 December 2022/1 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	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed and call deposits with licensed financial institutions*	74,161	70,746	74,161	70,746
Cash and bank balances	186,446	83,208	13,809	13,962
	260,607	153,954	87,970	84,708

* with original maturity of three months or less

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed and call deposits were placed with:				
- Investment banks	56,161	36,746	56,161	36,746
- Commercial banks	18,000	34,000	18,000	34,000
	74,161	70,746	74,161	70,746

12. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023	**2022**	**2023**	**2022**
Group and Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Issued and fully paid:				
At beginning/end of year	118,000	118,000	118,000	118,000

13. OTHER PAYABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
Accrued liabilities	49,066	50,855	49,066	50,572
Other payables	11,315	6,135	10,868	6,135
Provision of financial penalty (Note 31)	8,088	8,088	8,088	8,088
Amount due to related parties (Note 23(d))	16,684	21,710	16,684	21,710
	85,153	86,788	84,706	86,505

14. INSURANCE SERVICE RESULT

	Group and Company	
	2023	**2022**
	RM'000	**RM'000**
		Restated
Insurance revenue:		
- Contracts measured under the PAA	1,098,740	963,720
Insurance service expenses:		
- Incurred claims and other expenses	(931,738)	(834,051)
- Amortisation of insurance acquisition cash flows	(187,571)	(197,229)
- Losses on onerous contracts and reversal of those losses	(1,641)	(728)
- Changes to liabilities for incurred claims	(209,726)	241,953
	(1,330,676)	(790,055)
Allocation of reinsurance premium:	(194,863)	(177,938)
Amounts recoverable from reinsurers for incurred claims:		
- Amounts recoverable for incurred claims	167,335	208,362
- Changes to amounts recoverable for incurred claims	400,706	(59,042)
- Loss-recovery on onerous underlying contracts	495	510
	568,536	149,830
Insurance service result	141,737	145,557

15. INTEREST REVENUE CALCULATED USING THE EFFECTIVE INTEREST METHOD

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets measured at amortised cost:				
Cash and cash equivalents	1,790	858	1,790	858
Deposits with financial institutions	7,447	3,651	3,584	1,317
MGS/GII	2,781	2,791	–	–
Corporate Bonds	46,888	31,871	–	–
	58,906	39,171	5,374	2,175

16. INVESTMENT REVENUE

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Property and equipment				
Realised gain	69	614	69	614
Investment properties				
Realised gain	–	835	–	835
Rental income	720	482	720	482
Fair value adjustment on investment properties (Note 5)	–	680	–	680
Reversal of fair value adjustment on investment properties	–	(770)	–	(770)
	–	(90)	–	(90)
	720	1,227	720	1,227
FVTPL Financial assets:				
Realised losses:				
MGS/GII*	(421)	(3,345)	–	–
Corporate Bonds	(34)	(685)	–	–
Unit Trust Funds	(14,493)	(11,531)	(14,493)	(11,531)
	(14,948)	(15,561)	(14,493)	(11,531)
Unrealised gains/(losses):				
Equity	19,613	–	19,613	–
Unit trust	43,926	–	43,926	–
MGS/GII*	1,300	1,239	–	–
Corporate Bonds	26,402	(10,911)	–	–
	91,241	(9,672)	63,539	—
	76,293	(25,233)	49,046	(11,531)
Investment income:				
Dividend/distribution income	28,664	29,300	80,266	59,649
Other investment (loss)/income, net of investment expenses	(29,101)	2,303	(6,321)	(7,020)
	(437)	31,603	73,945	52,629
	76,645	8,211	123,780	42,939

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

17. INSURANCE FINANCE EXPENSES FOR INSURANCE CONTRACTS ISSUED

	Group and Company	
	2023	2022
	RM'000	RM'000
Interest accreted to insurance contracts using current financial assumption	(68,153)	(33,908)
Effect of changes in interest rates and other financial assumptions	(12,581)	10,888
Total insurance finance expenses for insurance contracts issued	(80,734)	(23,020)

18. REINSURANCE FINANCE INCOME FOR REINSURANCE CONTRACTS HELD

	Group and Company	
	2023	2022
	RM'000	RM'000
Interest accreted to insurance contracts using current financial assumptions	22,724	12,936
Effect of changes in interest rates and other financial assumptions	6,443	(4,593)
Effect of changes in non-performance risk of reinsurers	1,965	300
Total reinsurance financial income for reinsurance contract held	31,132	8,643

19. OTHER OPERATING INCOME

	Group and Company	
	2023	2022
	RM'000	RM'000
Commission income	15,441	10,295
Other sundry income	1,638	8,180
	17,079	18,475

20. EXPENSES

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Employee benefits expenses (Note20 (a))	84,535	86,826	84,535	86,826
Non-Executive Directors' fees and allowances (Note20 (c))	1,392	1,367	1,392	1,367
Auditors' remuneration:				
- statutory audits	931	463	931	452
- regulatory related fees	60	40	60	40
- other services	60	40	60	40
- other auditors	32	16	–	–
Lease expense of low-value assets	182	249	182	249
Depreciation of property and equipment	4,631	4,598	4,631	4,598
Property and equipment written-off	12	2	12	2
Amortisation of intangible assets	7,411	7,886	7,411	7,886
Allowance of impairment/(Write back of) on insurance receivables	3,555	657	3,555	657
Bad debts written-off	103	191	103	191
Computer service charges	20,143	25,566	20,143	25,566
Depreciation of right-of-use assets (Note 6)	321	331	321	331
Lease interest expenses (Note 6)	36	45	36	45
Advertisement and promotion	6,115	5,847	6,115	5,847
Other expenses	84,105	82,945	80,638	80,672
	213,624	217,069	210,125	214769
Amount attributed to insurance acquisition cash flows incurred during the year	(187,571)	(197,229)	(187,571)	(197,229)
Amortisation of insurance acquisition cash flows	187,571	197,229	187,571	197,229
	213,624	217,069	210,125	214,769
Represented by:				
- Insurance service expense	209,974	208,335	209,973	208,335
- Other operating expenses	3,650	8,734	152	6,434
	213,624	217,069	210,125	214,769

20. EXPENSES (CONT'D)

(a) Employee benefits expenses

Group and Company	**2023 RM'000**	**2022 RM'000**
Wages, salaries and bonus	70,281	72,778
Social security contributions	668	594
Contributions to defined contribution plan, EPF	10,243	10,484
Other benefits	3,343	2,970
	84,535	86,826

(b) Key management personnel

Group and Company	**2023 RM'000**	**2022 RM'000**
Chief Executive Officer		
Tan Sek Kee		
- Salaries and bonus	1,579	1,605
- Contribution to defined contribution plan and others	247	232
- Deferred Compensation	78	–
- Benefits-in-kind	35	35
Total remuneration for CEO	1,939	1,872
Deputy Chief Executive Officer		
Tsuyoshi Seto		
- Salaries and bonus	365	352
- Contribution to defined contribution plan and others	1	1
- Benefits-in-kind	131	127
Total remuneration for DCEO	497	480
Total remuneration for key management personnel	2,436	2,352

20. EXPENSES (CONT'D)

(c) Directors' fees and allowances

	Group and Company 2023 RM'000	Group and Company 2022 RM'000
Non-Executive Directors		
Directors' fee		
- Azhar Bin Mohamad	–	37
- Datuk Yong Bun Fou	98	98
- Ahmad Subri Bin Abdullah	98	98
- Tan Sri Dr. Ong Hong Peng	137	127
- Tan Chong Liong	70	94
- Dato' Loh Lye Ngok	663	660
- Tan Chuan Lye	98	72
- Tan Nyat Chuan	24	–
	1,188	1,186
Meeting allowances		
- Azhar Bin Mohamad	–	16
- Datuk Yong Bun Fou	36	30
- Ahmad Subri Bin Abdullah	32	32
- Tan Sri Dr. Ong Hong Peng	35	32
- Tan Chong Liong	18	26
- Dato' Loh Lye Ngok	34	32
- Tan Chuan Lye	36	13
- Tan Nyat Chuan	13	–
	204	181
Total fees and allowances for Non-Executive Directors	1,392	1,367

21. INCOME TAX EXPENSE

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Income tax:				
- Current income tax	35,295	28,391	35,295	28,391
- Under provision in prior years	435	448	435	448
	35,730	28,839	35,730	28,839
Deferred tax (Note 10):				
- Relating to origination and reversal of temporary differences	16,198	(1,106)	16,198	(1,106)
- Under/(Over) provision in prior years	(359)	(74)	(359)	(74)
	15,839	(1,180)	15,839	(1,180)
Tax expense for the year	51,569	27,659	51,569	27,659

Current income tax is calculated at the Malaysian tax rate of 24% on the estimated assessable profit for the year. In 2022, any excess of the first RM100 million will be taxed at a rate of 33% based on a one-off tax (Prosperity Tax) on the estimated assessable profit for the year.

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 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Profit before tax	241,609	188,644	238,710	188,676
Taxation at Malaysian statutory tax rate of 24%	57,986	45,274	57,290	45,282
Effect of one-off tax (Prosperity Tax)	–	1,434	–	1,434
Effect of income not subject to tax	(19,568)	(13,791)	(18,872)	(13,799)
Effect of income subject to RPGT rate	–	5	–	5
Effect of expenses not deductible for tax purposes	3,995	2,872	3,995	2,872
Effect of adoption of MFRS 17	6,604	(8,526)	6,604	(8,526)
Effect of adoption of MFRS 9	2,476	–	2,476	–
Deferred tax recognised at different rate	–	17	–	17
Under/(Over) provision of deferred tax in prior years	(359)	(74)	(359)	(74)
Under provision of income tax in prior years	435	448	435	448
Tax expense for the year	51,569	27,659	51,569	27,659

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	
	2023	2022 Restated	2023	2022 Restated
Net profit for the year (RM'000)	190,040	160,985	187,141	161,017
Weighted average number of ordinary shares issue ('000)	118,000	118,000	118,000	118,000
Basic and diluted earnings per share (sen)	161	136	159	137

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.

23. RELATED PARTY DISCLOSURES (CONT'D)

(c) Wholesale funds distributions

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

	Company 2023 RM'000	Company 2022 RM'000
Distribution income:		
- Affin Hwang Income Fund 3	20,277	11,455
- Nomura Ringgit Bond Fund 1	20,631	15,257
- Eastspring Investments Wholesale Bond Fund	7,761	1,741
	48,669	28,453

(d) Related party transactions

Group and Company	2023 RM'000	2022 RM'000
Sompo Japan Insurance Inc.		
Premiums ceded	(20,196)	(26,965)
Claims recovery	26,468	22,642
Commissions received	4,213	7,162
Other income	400	230
Expenses net of recoveries	(16,178)	(15,007)
Sompo Holdings (Asia) Pte. Ltd.		
Expenses net of recoveries	(1,482)	(6,732)
Sompo Insurance Singapore Pte Ltd		
Premiums received	(50)	1
Claims recovery	29	–
Commissions paid	13	–
Expenses net of recoveries	(38)	(26)
Sompo Insurance (Hong Kong) Co., Ltd.		
Premiums ceded	(10,960)	(11,170)
Claims recovery	7,806	2,063
Commissions received	3,562	3,627
Endurance Worldwide Insurance Limited		
Premiums ceded	(347)	(23)
Claims recovery	642	54
Commissions received	31	22

23. RELATED PARTY DISCLOSURES (CONT'D)

(d) Related party transactions
(Expenses)/Income

Group and Company	2023 RM'000	2022 RM'000
Endurance Specialty Insurance Limited		
Premiums ceded	(11,573)	–
Claims recovery	14	–
Commissions received	3,074	–
Berjaya Corporation Berhad and its related companies		
Premiums received	17,073	7,961
Claims paid	(11,741)	(3,154)
Commissions paid	(1,370)	(1,370)
Dividend income	1,275	1,275

Group and Company	2023 RM'000	2022 RM'000
Payables		
Sompo Japan Insurance Inc.	(23,924)	(17,235)
Sompo Holdings (Asia) Pte. Ltd.	(630)	(6,470)
Sompo Insurance Singapore Pte. Ltd.	–	(22)
Sompo Insurance (Hong Kong) Co., Ltd.	(1,346)	(510)
Endurance Worldwide Insurance Ltd	(32)	–
Receivables		
Sompo Japan Insurance Inc.	2,401	6,298
Sompo Holdings (Asia) Pte. Ltd.	55	2
Sompo Insurance Singapore Pte. Ltd.	2	3
Sompo International Holdings Ltd.	12	12
Sompo Insurance (Hong Kong) Co., Ltd.	–	124
Endurance Worldwide Insurance Ltd.	–	54
Berjaya Corporation Berhad and its related companies	1,202	3,565
Other related companies	–	39

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.

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
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
		29,500	
2022			
Final dividend in respect of financial year ended 31 December 2021			
Sompo Holdings (Asia) Pte. Ltd.	105	86,730	1 July 2022
Berjaya Capital Berhad	105	37,170	1 July 2022
		123,900	

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

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

(b) Risk Governance Structure

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

The Group and the Company's CMP is driven by the business strategies and takes into consideration the impact of business and the regulatory environment in which the Group and the Company operates in. To comply with the 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.

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:

	2023		2022 (Restated)	
	RM'000	**%**	**RM'000**	**%**
Motor	534,533	48.7 %	428,716	44.5 %
Fire	286,307	26.1 %	298,810	31.0 %
Marine, Aviation & Transit	36,744	3.3 %	28,534	3.0 %
Miscellaneous	241,156	21.9 %	207,660	21.5 %
	1,098,740	100.0 %	963,720	100.0 %

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:

	2023			2022 (Restated)		
	Insurance	Reinsurance held	Net	Insurance	Reinsurance held	Net
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Motor	837,643	(52,925)	784,718	652,567	(47,877)	604,690
Fire	419,040	(173,044)	245,996	472,778	(184,081)	288,697
Marine, Aviation & Transit	43,199	(16,899)	26,300	58,717	(33,517)	25,200
Miscellaneous	891,634	(751,926)	139,708	310,462	(175,749)	134,712
	2,191,516	(994,794)	1,196,722	1,494,524	(441,224)	1,053,299

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)

		2023		2022	
	Change in assumptions	Impact on gross liabilities RM'000	Impact on net liabilities RM'000	Impact on gross liabilities RM'000	Impact on net liabilities RM'000
		< ------------------ Increase/(Decrease)		----------------------- >	
Expected Loss	+10%	114,311	57,457	59,283	44,300
Inflation Rate	+0.5%	(10,130)	(5,316)	(6,085)	(4,450)
Expected Loss	-10.0%	(114,311)	(57,457)	(59,283)	(44,300)
Inflation Rate	-0.5%	10,130	5,316	6,085	4,450

(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.

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

Accident Year	2014 RM'000	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	Total 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**

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 RM'000	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	Total 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**

26. INSURANCE RISK (CONT'D)

(c) Claim Development Tables (Cont'd)

Estimate of gross undiscounted liability for the year ended 31 December 2022 (RM '000) - Group and Company

Accident Year	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year	338,905	390,854	600,496	504,739	580,792	567,720	691,810	608,880	870,908	705,931	
One year later	325,678	379,357	531,144	445,703	552,327	503,670	596,733	449,063	728,454	–	
Two years later	309,973	378,327	522,985	432,007	545,465	486,817	531,522	427,129	–	–	
Three years later	298,660	375,216	481,664	428,902	539,719	479,421	521,503	–	–	–	
Four years later	298,929	374,805	481,526	426,157	538,242	482,910	–	–	–	–	
Five years later	288,071	368,699	480,199	434,321	536,132	–	–	–	–	–	
Six years later	281,328	360,268	481,590	434,450	–	–	–	–	–	–	
Seven years later	275,023	354,870	473,760	–	–	–	–	–	–	–	
Eight years later	273,289	353,796	–	–	–	–	–	–	–	–	
Nine years later	273,104	–	–	–	–	–	–	–	–	–	
Estimate of Incurred Claims	273,104	353,796	473,760	434,450	536,132	482,910	521,503	427,129	728,454	705,931	**4,937,169**
At end of accident year	136,400	144,585	182,354	215,810	235,212	220,261	224,416	164,948	138,162	182,939	
One year later	232,463	256,421	420,405	352,578	401,295	361,939	362,906	279,719	386,594	–	
Two years later	254,181	327,972	467,097	376,463	469,279	395,230	399,374	319,411	–	–	
Three years later	266,728	340,876	443,668	386,778	483,321	410,202	428,349	–	–	–	
Four years later	271,026	344,916	448,499	389,471	489,749	420,051	–	–	–	–	
Five years later	265,315	346,670	449,627	392,952	493,390	–	–	–	–	–	
Six years later	265,038	347,174	454,902	395,345	–	–	–	–	–	–	
Seven years later	265,632	347,282	455,426	–	–	–	–	–	–	–	
Eight years later	265,776	347,653	–	–	–	–	–	–	–	–	
Nine years later	265,774	–	–	–	–	–	–	–	–	–	
Cumulative Gross Payments	265,774	347,653	455,426	395,345	493,390	420,051	428,349	319,411	386,594	182,939	**3,694,932**

26. INSURANCE RISK (CONT'D)

(c) Claim Development Tables (Cont'd)

Estimate of gross undiscounted liability for the year ended 31 December 2022 (RM '000) - Group and Company (Cont'd)

	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
Gross liabilities – accident years from 2013 – 2022	7,330	6,143	18,334	39,105	42,742	62,859	93,154	107,718	341,860	522,992	**1,242,237**
Gross liabilities – accident years before 2013											**9,788**
Treaty Inwards											**426**
MMIP claim liabilities											**16,758**
Loss adjustment expense											**21,775**
Effect of discounting											**(61,371)**
Other											**(133,191)**
Effect of the risk adjustment margin from on-financial risk											**68,214**
Total liability for incurred claims as at 31 December 2022											**1,164,636**

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

Accident Year	2014 RM'000	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	Total 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 Net Payments	255,241	318,167	358,655	390,755	379,529	382,879	275,630	231,916	289,775	226,188	**3,108,735**

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 RM'000	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	Total 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**

26. INSURANCE RISK (CONT'D)

(c) Claim Development Tables (Cont'd)

Estimate of net undiscounted liability for the year ended 31 December 2022 (RM '000) - Group and Company

Accident Year	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
At end of accident year	267,467	305,055	364,968	418,060	449,265	479,024	533,003	461,359	412,991	485,269	
One year later	252,739	291,453	342,568	383,558	423,221	429,207	470,435	348,971	311,210	–	
Two years later	240,713	275,397	335,878	379,902	420,088	419,274	443,257	328,706	–	–	
Three years later	235,173	270,563	333,517	380,123	417,963	411,514	434,975	–	–	–	
Four years later	235,892	270,008	334,394	377,967	418,323	410,928	–	–	–	–	
Five years later	235,532	269,161	333,391	378,136	417,013	–	–	–	–	–	
Six years later	233,032	263,441	332,813	377,807	–	–	–	–	–	–	
Seven years later	230,634	259,120	326,378	–	–	–	–	–	–	–	
Eight years later	229,290	258,427	–	–	–	–	–	–	–	–	
Nine years later	229,167	–	–	–	–	–	–	–	–	–	
Estimate of Incurred Claims	229,167	258,427	326,378	377,807	417,013	410,928	434,975	328,706	311,210	485,269	**3,579,880**
At end of accident year	120,388	132,711	166,472	201,116	215,190	207,364	210,555	150,616	124,791	166,094	
One year later	199,109	221,752	276,416	316,592	336,578	328,183	318,069	236,172	205,029	–	
Two years later	215,797	243,209	302,396	340,989	369,598	352,541	343,991	260,158	–	–	
Three years later	222,501	250,341	311,761	350,325	380,067	363,010	365,816	–	–	–	
Four years later	225,875	252,528	315,591	352,794	384,792	370,642	–	–	–	–	
Five years later	226,541	254,482	316,469	355,308	387,686	–	–	–	–	–	
Six years later	226,857	254,811	317,617	356,940	–	–	–	–	–	–	
Seven years later	227,024	254,947	317,855	–	–	–	–	–	–	–	
Eight years later	227,107	254,970	–	–	–	–	–	–	–	–	
Nine years later	227,105	–	–	–	–	–	–	–	–	–	
Cumulative Net Payments	227,105	254,970	317,855	356,940	387,686	370,642	365,816	260,158	205,029	166,094	**2,912,295**

26. INSURANCE RISK (CONT'D)

(c) Claim Development Tables (Cont'd)

Estimate of net undiscounted liability for the year ended 31 December 2022 (RM '000) - Group and Company (Cont'd)

	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Total RM'000
Net liabilities - accident years from 2014 to 2023	2,062	3,457	8,523	20,867	29,327	40,286	69,159	68,548	106,181	319,175	**667,585**
Net liabilities - accident years before 2014											**2,373**
Treaty Inwards											**426**
MMIP claim liabilities											**16,758**
Additional provision											**408**
Loss adjustment expense											**21,775**
Effect of discounting											**(28,182)**
Other											**54,316**
Effect of the risk adjustment margin from on-financial risk											**34,800**
Total liability for incurred claims as at 31 December 2022											**770,259**

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 **31 December 2023**	***AAA** **RM'000**	***AA** **RM'000**	***A** **RM'000**	***BBB - B** **RM'000**	**Not Rated** **RM'000**	**Total** **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.
*** The disclosure above only includes liabilities for incurred claims.
**** 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 (Cont'd)

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

Group **31 December 2022 (Restated)**	***AAA** **RM'000**	***AA** **RM'000**	***A** **RM'000**	***BBB - B** **RM'000**	**Not Rated** **RM'000**	**Total** **RM'000**
FVTPL financial assets:						
MGS/GII**	–	–	–	–	64,274	64,274
Corporate Bonds	281,627	582,822	5,022	–	35,347	904,818
Equity Securities	–	–	–	–	71,169	71,169
Unit Trust Funds	246,571	186,844	46,312	–	399,615	879,342
Amortised cost:						
Fixed and call deposits	27,051	1,600	–	38,410	–	67,061
Reinsurance contract assets***	–	1,534	392,370	19,741	27,579	441,224
Insurance receivables ****/*****	–	–	–	–	144,147	144,147
Other receivables******	–	–	–	–	24,878	24,878
Cash and cash equivalents	82,839	1,565	42,470	27,007	73	153,954
	638,088	774,365	486,174	85,158	767,082	2,750,867

* Based on public ratings assigned by reputable rating agencies.
** Malaysian Government Securities (MGS)/Government Investment Issues (GII), sovereign bonds.
*** The disclosure above only includes liabilities for incurred claims.
**** 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 (Cont'd)

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

Company **31 December 2023**	***AAA** **RM'000**	***AA** **RM'000**	***A** **RM'000**	***BBB - B** **RM'000**	**Not Rated** **RM'000**	**Total** **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.
** The disclosure above only includes liabilities for incurred claims.
*** The disclosure above only includes liabilities for incurred claims.
**** 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 (Cont'd)

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

Company

31 December 2022 (Restated)	***AAA**	***AA**	***A**	***BBB - B**	**Not Rated**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
FVTPL financial assets:						
Equity Securities	–	–	–	–	71,169	71,169
Unit Trust Funds	600,653	770,836	56,276	–	522,585	1,950,350
Amortised cost:						
Fixed and call deposits	–	1,600	–	38,410	–	40,010
Reinsurance contract assets ***	–	1,534	392,370	19,741	27,579	441,224
Insurance receivables ****/*****	–	–	–	–	144,147	144,147
Other receivables******	–	–	–	–	15,724	15,724
Cash and cash equivalents	13,594	1,565	42,470	27,006	73	84,708
	614,247	775,535	491,116	85,157	781,277	2,747,332

* Based on public ratings assigned by reputable rating agencies.
** The disclosure above only includes liabilities for incurred claims.
*** The disclosure above only includes liabilities for incurred claims.
**** 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)

		Undiscounted Contractual Cash Flow				
Group	**Carrying value RM'000**	**Less than 1 year RM'000**	**1 - 5 years RM'000**	**Over 5 years RM'000**	**No maturity date RM'000**	**Total 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)

		Undiscounted Contractual Cash Flow				
Group	**Carrying value RM'000**	**Less than 1 year RM'000**	**1 - 5 years RM'000**	**Over 5 years RM'000**	**No maturity date RM'000**	**Total RM'000**
31 December 2022 (Restated)						
Financial assets:						
FVTPL - MGS/GII*	64,274	2,307	31,690	49,153	–	83,150
FVTPL - Corporate Bonds	904,818	102,913	574,181	454,105	–	1,131,199
FVTPL - Equity Securities	71,169	–	–	–	71,169	71,169
FVTPL - Unit Trust Funds	879,342	151,014	610,628	117,700	–	879,342
Amortised cost - Deposits with licensed financial institutions	67,061	68,143	–	–	–	68,143
Reinsurance contract assets**	441,224	177,253	231,435	32,536	–	441,224
Insurance receivables	144,147	142,749	1,398	–	–	144,147
Other receivables***	24,878	24,767	–	–	1,022	25,789
Cash and cash equivalents	153,954	139,780	–	–	14,571	154,351
Total Assets	2,750,867	808,926	1,449,332	653,494	86,762	2,998,514
Insurance contract liabilities**/****	1,494,524	654,531	728,434	92,895	18,664	1,494,524
Other payables	86,788	86,175	–	–	613	86,788
Lease liabilities	1,343	342	1,076	–	–	1,418
Total Liabilities	1,582,655	741,048	729,510	92,895	19,277	1,582,730

* 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 flow.

27. FINANCIAL RISKS (CONT'D)

(b) Liquidity Risk (Cont'd)

Maturity Profiles (Cont'd)

		Undiscounted Contractual Cash Flow				
	Carrying value	**Less than 1 year**	**1 - 5 years**	**Over 5 years**	**No maturity date**	**Total**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**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)

(b) Liquidity Risk (Cont'd)

Maturity Profiles (Cont'd)

		Undiscounted Contractual Cash Flow				
	Carrying value	**Less than 1 year**	**1 - 5 years**	**Over 5 years**	**No maturity date**	**Total**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
31 December 2022 (Restated)						
Financial assets:						
FVTPL - Equity Securities	71,169	–	–	–	71,169	71,169
FVTPL - Unit Trust Funds	1,950,350	255,932	961,941	732,477	–	1,950,350
Amortised cost - Deposits with licensed financial institutions	40,010	40,545	–	–	–	40,545
Reinsurance contract assets*	441,224	177,253	231,435	32,536	–	441,224
Insurance receivables	144,147	142,749	1,398	–	–	144,147
Other receivables**	15,724	15,613	–	–	1,022	16,635
Cash and cash equivalents	84,708	71,057	–	–	13,962	85,019
Total Assets	2,747,332	703,149	1,194,774	765,013	86,153	2,749,089
Insurance contract liabilities*	1,494,524	654,531	728,434	92,895	18,664	1,494,524
Other payables	86,505	85,892	–	–	613	86,505
Lease liabilities	1,343	342	1,076	–	–	1,418
Total Liabilities	1,582,372	740,765	729,510	92,895	19,277	1,582,447

* 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

Interest Rate/Profit Yield

Group	Change in variables	Impact on Profit after Tax RM'000
31 December 2023		
	+ 50 basis points	(7,705)
	+ 25 basis points	(3,862)
	- 25 basis points	3,882
	- 50 basis points	7,783
31 December 2022 (Restated)		
	+ 50 basis points	(6,943)
	+ 25 basis points	(3,480)
	- 25 basis points	3,498
	- 50 basis points	7,013

Interest Rate/Profit Yield

Company	Change in variables	Impact on Profit after Tax RM'000
31 December 2023		
	+ 50 basis points	(8,335)
	+ 25 basis points	(4,178)
	- 25 basis points	4,199
	- 50 basis points	8,420
31 December 2022		
	+ 50 basis points	(7,328)
	+ 25 basis points	(3,673)
	- 25 basis points	3,692
	- 50 basis points	7,402

(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	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Change in variable		< ----------------------- Increase/(Decrease)		------------------->	
Equity prices*	+10%	6,116	7,117	6,116	7,117
Equity prices*	-10%	(6,116)	(7,117)	(6,116)	(7,117)
Unit Trust NAV	+10%	66,397	87,934	223,987	195,035
Unit Trust NAV	-10%	(66,397)	(87,934)	(223,987)	(195,035)

* 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.

(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.

		2023				2022			
		Fair value measurement using:				Fair value measurement using:			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets measured at fair value on a recurring basis:									
Investment properties	5	–	–	16,180	16,180	–	–	16,180	16,180
FVTPL - MGS/GII	7 (a)	124,373	–	–	124,373	64,274	–	–	64,274
FVTPL - Corporate Bonds	7 (a)	1,282,581	–	–	1,282,581	904,818	–	–	904,818
FVTPL - Equity Securities	7 (a)	61,038	–	118	61,156	71,051	–	118	71,169
FVTPL - Unit Trust Funds	7 (a)	666,154	–	–	666,154	879,342	–	–	879,342
		2,134,146	–	16,298	2,150,444	1,919,485	–	16,298	1,935,783

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 RM299 - RM2,404 (2022: RM286 - RM2,280). 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.

		2023				2022			
		Fair value measurement using:				Fair value measurement using:			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Company	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Assets measured at fair value on a recurring basis:									
Investment properties	5	–	–	16,180	16,180	–	–	16,180	16,180
FVTPL - Equity Securities	7 (a)	61,038	–	118	61,156	71,051	–	118	71,169
FVTPL - Unit Trust Funds	7 (a)	2,239,866	–	–	2,239,866	1,950,350	–	–	1,950,350
		2,300,904	–	16,298	2,317,202	2,021,401	–	16,298	2,037,699

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 RM299 - RM2,404 (2022: RM286-RM2,280). 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.

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 Malaysian Financial Reporting Standards.

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

	2023 RM'000	2022 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	118,000	118,000
Retained earnings	1,135,992	955,618
	1,253,992	1,073,618
Deductions		
Intangible assets	27,267	31,542
Deferred tax income / (expense)	(14,431)	3,598
Deferred tax liabilities	6,926	19,246
	19,762	54,386
Total capital available	1,234,230	1,019,232

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 Malaysian Financial Reporting Standards.

30. CAPITAL COMMITMENTS

	2023 RM'000	2022 RM'000
Capital Expenditure approved and contracted for:		
Property, plant and equipment	677	901
Intangible assets	3,832	4,690
	4,509	5,591

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 JR application. The High Court also ordered MyCC to pay costs of RM10,000.00 to each insurer. MyCC has since filed a Notice of Appeal dated 15 February, 2024. Considering the development and progress, coupled with the uncertainty over the final outcome, the Group and the Company have made a provision of RM8,088,367 in the financial statements as disclosed in Note 13 to the financial statements.

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). An entity is required to separately disclose its current tax expense (income) related to Pillar Two Income taxes, In the periods when the legislation Is effective, as this helps users of financial statements understand the relative level of those taxes.

The Amendments require, for periods in which Pillar Two legislation Is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two Income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

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

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply Immediately and retrospectively upon issue of the Amendments.

The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in United Kingdom and Vietnam. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The Group applies the exception to recognising and disclosing Information about deferred tax assets and liabilities related to Pillar Two income taxes.