Registration No.
198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2023

Registration No.

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CONTENTS

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TOKIO MARINE INSURANS (MALAYSIA) BERHAD

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DIRECTORS' REPORT

The Directors are pleased to submit their report to the member together with the audited financial statements of the Group and Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITY

The Group and the Company are principally engaged in the underwriting of all classes of general insurance business. There have been no significant changes in the nature of this activity during the financial year.

FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Profit for the financial year attributable to		
- Owner of the Company	162,740	184,834

DIVIDEND

The amount of dividend declared and paid by the Company since the end of the previous financial year was as follows:

	RM'000
In respect of the financial year ended 31 December 2022:	
Final dividend paid on 30 June 2023	92,659

The Directors have not recommended the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

INSURANCE LIABILITIES

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps to ascertain that there was adequate provision for insurance liabilities in accordance with the valuation methods specified in the Malaysian Financial Reporting Standard ("MFRS") 17 Insurance Contracts.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the full impairment of bad debts and the making of allowance for impairment and satisfied themselves that all known bad debts had been fully impaired and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts impaired for bad debts or the amounts of allowance for impairment in the financial statements of the Group and the Company inadequate to any substantial extent.

CURRENT ASSETS

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

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

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or

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

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

For the purpose of this paragraph, contingent liability 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.

DIRECTORS' REPORT (CONTINUED)

CHANGE OF CIRCUMSTANCES

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.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

SHARE CAPITAL

There were no new shares issued by the Group and the Company during the financial year.

CORPORATE GOVERNANCE

The Company has in place corporate governance framework and practices which are consistent with the requirement of the policy document on Corporate Governance ("Policy Document"), issued by BNM on 3 August 2016 and are continually enhancing the standards of the overall governance of the Company.

1. Board Responsibilities

The Board of Directors ("Board") has the overall responsibility for promoting sustainable growth and financial soundness of the Company, and for ensuring reasonable standards of fair dealing, without undue influence from any party.

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:

a) approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Company's risk profile;

b) oversee the selection, performance, remuneration and succession plans of the Chief Executive Officer ("CEO"), control function heads 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;

CORPORATE GOVERNANCE (CONTINUED)

1. Board Responsibilities (continued)

c) 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;

d) promote, together with Senior Management, a sound corporate culture within the Company which reinforces ethical, prudent and professional behaviour;

e) promote sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;

f) 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

g) promote timely and effective communication between the Company and relevant regulatory bodies on matters affecting or that may affect the safety and soundness of the Company.

2. Board Composition

The Board comprises four (4) Independent Directors and one (1) Executive Director, each from diverse backgrounds and qualifications and bring a wide range of financial and commercial experience to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and competencies to the Company.

None of the Directors hold any share in the Company.

Independent Directors will serve a tenure of not exceeding nine (9) years.

Members of the Board	Status of Directorship
Dato' Zainal Abidin bin Putih	Chairman, Independent Director
Yeoh Chong Keng	Independent Director
Datin Hayati Aman Binti Hashim	Independent Director
Dang Kok Heng*	Independent Director
Vezio Philippe Guy Stephane**	Executive Director^

* Mr. Dang Kok Heng was appointed to the Board on 1 March 2023.

** Mr. Vezio Philippe Guy Stephane was appointed to the Board on 1 June 2023.

^ By virtue of his management position at the Company's immediate holding company, Tokio Marine Asia Pte Ltd, ("TM Asia"), the directorship of Mr. Vezio Philippe Guy Stephane is regarded as an Executive Director in accordance with the Policy Document.

CORPORATE GOVERNANCE (CONTINUED)

3. Directors' Profiles and Training

Newly appointed Directors will be apprised of their statutory duties and obligations and will receive an In-House Orientation and Education Programme which includes presentations by the members of the senior management. On an on-going basis, the Company organised in-house trainings for the Directors to share the latest developments affecting the general insurance industry and the Company, amongst others, topics related to new legislations.

The Company encourages continuous professional development for the benefit of the Directors. Directors are also updated with any policy issues, administrative changes and new regulatory developments as appropriate. The Company had made available resources for Directors to receive knowledge in any area of interest.

Dato' Zainal Abidin Bin Putih
Chairman, Independent Director
78 Male, Malaysian

Date of First Appointment: 7 March 2017

Membership of Board Committee:
- Member of Audit Committee
- Member of Nomination Committee
- Member of Remuneration Committee
- Member of Risk Management Committee

Dato' Zainal Abidin Putih, is a qualified Chartered Accountant from the Institute of Chartered Accountants in England and Wales (ICAEW). He is a member of Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

Dato' Zainal has extensive experience in audit, having worked as a practicing accountant throughout his career covering many principal industries including banks, insurance, energy, transport, manufacturing, government agencies, plantations, properties, hotels, investment companies and unit trusts. He also has a good working knowledge of taxation matters and management consultancy, especially in the areas of acquisitions, takeovers, amalgamations, restructuring and public listing of companies.

Dato' Zainal plays an active role in the community and the corporate world being a past President of the Malaysian Institute of Certified Public Accountants and was Chairman of the Malaysian Accounting Standards Board (MASB). He was a member of the Malaysian Communication & Multimedia Commission, a body set up by the Malaysian Government to oversee the orderly development of the multimedia and telecommunication industry in Malaysia and also was Chairman of Pengurusan Danaharta Nasional Berhad.

Dato' Zainal is currently Chairman of Land & General Berhad, Telekom Malaysia Berhad and Mobile Money International Sdn Bhd as well as an Adviser to the Board of Petron Malaysia Refining and Marketing Berhad. He is a Trustee of the National Heart Institute Foundation, MICPA Education Trust Fund and Chairman of the Board of Trustees of Yayasan Telekom Malaysia. Dato' Zainal is a member and Chairman of the Financial Reporting Foundation (FRF), an appointment by the Finance Minister of Malaysia.

CORPORATE GOVERNANCE (CONTINUED)

3. Directors' Profiles and Training (continued)

Dato' Zainal Abidin Bin Putih (continued)

Training(s) and Conferences attended during the financial year:

Date of Training	Training / Conferences	Organiser of Training Programs / Conferences
11 January 2023	CIMB-CISL Sustainability Leadership Programme Module 1 Global Pressures & Trends	CIMB Group / Cambridge University Institute for Sustainability Leadership (CISL)
25 July 2023	TNGSB – Awareness Session on Corporate Liability Provision Under Section 17A MACC Act 3009 – Why it Matters to you.	Touch 'n Go Sdn Bhd / MACC
22 August 2023	Khazanah Nasional Berhad – Board Continuous Development Programme (BCDP) Series #9 SSA Review 2023 Co-Creation Session	Khazanah Nasional Berhad
15 September 2023	A Session with Sir Geoffrey Charles VOS (Master of the Rolls and The Head of Civil Justice in the Court System of England and Wales) (Talk on : A Judge's Journey)	Yayasan Multimedia Universiti (YUM)
28 September 2023	2023 Independent Directors / Commissioners Conference in Singapore	TM Asia
2 & 3 October 2023	Khazanah Megatrends Forum 2023 Orchestrating a Development Bargain for Sustainable Growth	Khazanah Nasional Berhad
26 October 2023	Khazanah"s Board Continuous Development Programme Series #10 Exploring AI	Khazanah Nasional Berhad / Asia School of Business
29 November 2023	Cyber Security Incident Management Training	Tokio Marine Insurans (Malaysia) Berhad / Ernst and Young PLT (EY)

CORPORATE GOVERNANCE (CONTINUED)

3. Directors' Profiles and Training (continued)

Yeoh Chong Keng
Independent Director
72 Male, Malaysian

Date of First Appointment: 7 March 2017

Membership of Board Committee:
- Chairman of Nomination Committee
- Chairman of Risk Management Committee
- Member of Audit Committee
- Member of Remuneration Committee

Mr. Yeoh Chong Keng is the Managing Partner of a legal firm in Kuala Lumpur since it was established in 1992. He was admitted in 1980 as an Utter Barrister, Lincoln's Inn, Bar of England and Wales. The following year, he was admitted as an Advocate & Solicitor of the High Court of Malaya. Prior to studying law, he served with distinction as a senior officer in the Royal Malaysian Police Force from 1970 to 1979.

Mr. Yeoh is an experienced lawyer and has represented corporations and financial institutions in the High Court, Court of Appeal and Federal Court. He has also acted as counsel for the Government of Hong Kong in several cases in Malaysia. In corporate work, he is well versed in the field of mergers and acquisitions.

Currently, Mr. Yeoh is an independent Non-Executive Director of Land & General Berhad. He chairs the Remuneration Committee and is also a member of the Audit Committee of Land & General Berhad.

Mr. Yeoh was also appointed to the Board of Yoong Onn Corporation Berhad on 28 September 2009. He resigned as an Independent Non-Executive Director of the Company on 31 May 2023 and was re-appointed as Non-Independent Non-Executive Director of the Company on 24 August 2023. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee of Yoong Onn Corporation Berhad.

Mr. Yeoh is a Notary Public and a qualified mediator on the panel of the Malaysian Mediation Centre, Bar Council Malaysia. Apart from these two positions, he is an appointed member of the Disciplinary Committee under the Disciplinary Board, Bar Council Malaysia.

CORPORATE GOVERNANCE (CONTINUED)

3. Directors' Profiles and Training (continued)

Yeoh Chong Keng (continued)

Training(s) and Conferences attended during the financial year:

Date of Training	**Training / Conferences**	**Organiser of Training Programs / Conferences**
28 March 2023	Cybersecurity – A Boardroom Agenda (Land & General Bhd)	Lee Han Ter ICDM Facilitator & APAC Chief Technology Officer, Ridge Security
11 May 2023	Understanding Economic Environment & Social (EEC), ESG & Sustainability (YOCB)	Tricor Axcelasia Sdn Bhd
28 September 2023	2023 Independent Directors / Commissioners Conference in Singapore	TM Asia
29 November 2023	Cyber Security Incident Management Training	Tokio Marine Insurans (Malaysia) Berhad / EY

CORPORATE GOVERNANCE (CONTINUED)

3. Directors' Profiles and Training (continued)

Datin Hayati Aman Binti Hashim
Independent Director
57 Female, Malaysian

Date of First Appointment: 3 January 2022

Membership of Board Committee:
- Chairman of Audit Committee
- Chairman of Remuneration Committee
- Member of Nomination Committee
- Member of Risk Management Committee

Datin Hayati Aman has 30 years of experience in Accounting, Audit, Financial Reporting, Regulations & Policies and Project Management. She holds a Bachelor of Science degree in Accounting and a Master in Business Administration specialising in Finance, both from Northern Illinois University, United States of America ("USA"). She qualified as a Certified Public Accountant in the USA (passed the American Institute of Certified Public Accountants examinations in 1988) and in Malaysia (passed the Malaysian Institute of Certified Public Accountants examinations in 1995).

Datin Hayati Aman started her career in the Audit department of Pricewaterhouse Kuala Lumpur in 1990. She then joined KPMG Malaysia's Corporate Finance department in 1994 and subsequently moved to KPMG Houston where she was an Assurance Manager. After two years, she rejoined KPMG Malaysia in the Corporate Restructuring department and was involved in corporate restructurings, winding ups and liquidations including several Danaharta cases. Subsequently in 1999, Datin Hayati joined Land & General Berhad, a public listed company on the Main Market of Bursa Malaysia, and was responsible for all aspects of Finance, Accounting, Treasury and Taxation for the group of companies.

Datin Hayati Aman then joined the Securities Commission Malaysia ("SC") in 2010 as Head of the Equities Department in the Corporate Finance & Investments Division. Throughout her close to 10 years of service at the statutory body, among others, she oversaw the evaluation of initial public offerings and reverse takeover applications and the relevant disclosure documents and provided recommendations to the authorised committee. In this role, she was also instrumental in formulating various regulations, strategic initiatives, policies and guidelines concerning the capital market.

Since leaving the SC in 2020, Datin Hayati Aman created and developed a series of capital market courses, specifically on securities law, requirements and conduct in submission of applications for initial public offerings and has been engaged to provide relevant training to corporate finance professionals. She was also co-opted as member of MICPA's Commerce, Industry and Public Sector Committee effective 1 August 2020.

Currently, she also serves on the boards of AmInvestment Bank Berhad and Cement Industries of Malaysia Berhad.

CORPORATE GOVERNANCE (CONTINUED)

3. Directors' Profiles and Training (continued)

Datin Hayati Aman Binti Hashim (continued)

Training(s) and Conferences attended during the financial year:

Date of Training	**Training / Conferences**	**Organiser of Training Programs / Conferences**
10 January 2023	BNM Climate Risk Management and Scenario Analysis – Policy Document	AmBank Group / Moody's Analytics Inc.
2 February 2023	Sustainability Awareness Programme	AmBank Group / Moody's Analytics Learning Solutions
30 March 2023	Role of Islamic Banking in Supporting Sustainable Development	Islamic Banking & Finance Institute Malaysia (IBFIM)
4 April 2023	Insights from COP 27 & COP 15 and its implications for the Board	Climate Governance Singapore
18 April 2023	How Detecting a Cyber Breach could Save your Business.	EY ASEAN Forensic & Integrity Services.
26 May 2023	How to Develop Operational Resilience in Your Oganisation.	Institute of Enterprise Risk Practioners
8 June 2023	Updates on Indirect Taxes.	Malaysian Institute of Accountants
9 June 2023	Version 2.0 of the ASEAN Taxanomy for Sustainable Finance	ASEAN Taxanomy Board / SC Malaysia
21 July 2023	Introduction to first ISSB Standards	Klynveld Peat Marwick Goerdeler International (KPMG)
29 August 2023	2nd Asian Economy Impact – Climate Change Risk	AmBank Group / Moody's Analytics Singapore
4 September 2023	New Transfer Pricing Horizon: Transition or Transformation?	KPMG Malaysia
28 September 2023	2023 Independent Directors / Commissioners Conference in Singapore	TM Asia

CORPORATE GOVERNANCE (CONTINUED)

3. Directors' Profiles and Training (continued)

Datin Hayati Aman Binti Hashim (continued)

Date of Training	**Training / Conferences**	**Organiser of Training Programs / Conferences**
5 - 6 October 2023	FIDE Module (A) Insurance	Asia School of Business / The Financing Institutions Directors' Education (FIDE) Forum
3 November 2023	Tax and Business Seminar 2024	KPMG Malaysia
8 November 2023	Cybersecurity Update	AmBank Group / LGMS Berhad
9 November 2023	Talk by Prof Sanjay Sarma on AI and Financial Institutions Friend or Foe?	FIDE Forum
14 November 2023	Integration of Corporate Social Due Diligence Directive	KPMG Malaysia
22 November 2023	Dialogue: Cloud Requirement in RMiT Policy Document Ai and Machine Learning Adoption Landscape	Bank Negara Malaysia (BNM) and FIDE Forum
29 November 2023	Cyber Security Incident Management Training	Tokio Marine Insurans (Malaysia) Berhad / EY Malaysia
4 December 2023	Webinar: ESG Confidence in Sustainability Reporting	EY Malaysia
7 December 2023	Webinar: MFRS Updated 2023	KPMG Malaysia
7 December 2023	Webinar: Developing a Robust Whistleblowing Programme	EY Malaysia

CORPORATE GOVERNANCE (CONTINUED)

3. Directors’ Profiles and Training (continued)

Dang Kok Heng
Independent Director
63 Male, Malaysian

Date of First Appointment: 1 March 2023

Membership of Board Committee:
- Member of Audit Committee
- Member of Risk Management Committee

Mr. Dang graduated from University of Guelph, Ontario, Canada with a Bachelor of Science (Honours) major in Comp & Infor Science minor in Mathematics in 1983 and holds a Diploma in TQM (Total Quality Management) from Newport University USA in 1999. He also attended numerous courses such as Digital Transformation conducted by Boston Consulting Group and University of Virginia, Managing the Company of the Future conducted by London Business School and University of London during his career in IT.

Mr. Dang was appointed Chief Information Officer (“CIO”) of Sun Life Malaysia Assurance Berhad between 2013 to 2021 and subsequently appointed as Technical Advisor and acted as a mentor for the incoming CIO and supported management in advisory and direction on technology aspirations in relation to business strategies especially the Digital Enterprise until he retired in January 2022.

He has more than 30 years of experience in Information Technology (IT) in insurance industry, including role of a Vice President of IT at American International Assurance besides been appointed as its Head of Integration to lead and manage the integration of all aspects of IT in tandem with the amalgamation of business from the acquisition of another composite life insurer including its family takaful entity. Prior to that, he was the Head of Information Technology of Allianz General Insurance Company (Malaysia) Berhad.

Training(s) and Conferences attended during the financial year:

Date of Training	**Training / Conferences**	**Organiser of Training Programs / Conferences**
13 March 2023	Orientation Program	Tokio Marine Insurans (Malaysia) Berhad
28 September 2023	2023 Independent Directors / Commissioners Conference in Singapore	TM Asia
3 - 6 October 2023	The Financial Institutions Directors’ Education (FIDE) Core Program Module A	Asia School of Business
17 - 20 October 2023	FIDE Core Program Module B	Asia School of Business
29 November 2023	Cyber Security Incident Management Training	Tokio Marine Insurans (Malaysia) Berhad / E&Y Malaysia

3. Directors’ Profiles and Training (continued)

Vezio Philippe Guy Stephane
Executive Director *
57 Male, France

Date of First Appointment: 1 June 2023

Membership of Board Committee:
- Member of Nomination Committee

* By virtue of his management position at the Company’s immediate holding company, TM Asia, the directorship of Mr. Philippe Vezio is regarded as an Executive Director in accordance with the Policy Document.

Mr. Vezio, graduated in Corporate Law from Jean Moulin University - Lyon III in 1993, earning a Master's degree in Tax and Business Law in the same year, and later obtaining a Master's degree in IT Law in 1995. In 2014, he had completed an Advanced Management Program at IESE Business School. In 2023, he had completed an Online Certificate in Digital Transformation at INSEAD Business School.

He was a Board member of HCC Europe Seguros y Reaseguros (Spain) from 2011 to 2015, Tokio Marine Insurance Singapore (TMiS) and Tokio Marine Indonesia (TMI) in 2019. At present, he is a Member of the Audit Committee and Nomination Remuneration Committee in both TMiS and TMI. Accredited by MAS (Singapore) and OJK (Indonesia).

He joined TMA in April 2019. He has extensive exposure and experience in the insurance business both in operational and senior management roles. He was the Managing Director at Tokio Marine HCC leading the Financial Lines division until 30 March 2019. As Chief Technical Officer, he is overseeing Underwriting, Risk Management and property-casualty (“P&C”) Claims operations in the region.

CORPORATE GOVERNANCE (CONTINUED)

3. Directors' Profiles and Training (continued)

Vezio Philippe Guy Stephane (continued)

Training(s) and Conferences attended during the financial year:

Date of Training	**Training / Conferences**	**Organiser of Training Programs / Conferences**
29 May 2023	Conference: Speed, Solutions, Success	Willis Towers Watson
31 May 2023	Conference (as a speaker) • How embedded Insurance is helping Reach APAC's Underinsured • Forward 50 Asia Report Launch	ICT Singapore (Insuretech Connect Asia)
8 June 2023	Conference : Financing Asia Transition	BlackRock, Monetary Authority of Singapore and Temasek
15 and 16 June 2023	Orientation Program	Tokio Marine Insurans (Malaysia) Berhad
18 June 2023	Conference : Sustainability reporting in APAC	PricewaterhouseCoopers PLT (PWC)
14 and 15 September 2023	Conference : Yearly Underwriting conference	TM Asia
28 September 2023	2023 Independent Directors / Commissioners Conference in Singapore	TM Asia
23 to 27 October 2023	Conference : Risk Management and Motor Center of Excellence	TM Asia
30 October to 2 November 2023	Conference : 19th Singapore International Reinsurance Conference 2023	Singapore Reinsurers' Association
9 November 2023	Conference : P&C claims	TM Asia

CORPORATE GOVERNANCE (CONTINUED)

4. Board meetings

During the financial year, the Board met six (6) times to deliberate and consider a variety of significant matters that required its guidance and approval. The attendance of the Directors for the financial year was as follows:

Name of Directors	No. of Board Meetings Held	No. of Board Meetings Attended
Dato' Zainal Abidin bin Putih	6	6
Yeoh Chong Keng	6	6
Datin Hayati Aman Binti Hashim	6	6
Dang Kok Heng	6	6*
Vezio Philippe Guy Stephane	6	4**
Yukio Arita	6	1***

* Mr. Dang Kok Heng was appointed to the Board on 1 March 2023 and he had attended all meetings held during the year.

** Mr. Vezio Philippe Guy Stephane was appointed to the Board on 1 June 2023 and he attended all meetings held after his appointment.

*** Mr. Yukio Arita resigned on 1 June 2023 and he attended 1 out of 2 meetings held prior to his resignation.

CORPORATE GOVERNANCE (CONTINUED)

5. Board Committees

In compliance with the Policy Document, the Board established four (4) Board Committees operating on the terms of reference approved by the Board, to assist the Board in the execution of its responsibilities.

These Board Committees shall have the authorities to examine particular issues and report to the Board with their observations and recommendations. The ultimate responsibility for the decision on all matters, however, lies with the entire Board.

a) Risk Management Committee (“RMC”)

The RMC supports the Board in the overall risk management oversight of the Company in ensuring the effectiveness and adequacy of the risk management processes and practices put in place by the Company. In addition, RMC also supports the Board in providing oversight over technology-related matters.

The main responsibilities of the RMC are to recommend a robust risk management framework in terms of strategies, policies and risk tolerance including the technology risk appetite and technology-related framework, for the Board’s approval as well as to provide an overall assessment on the adequacy of the Company’s risk reporting infrastructure, which includes resources and support system, in promoting a pro-active risk management culture.

The RMC comprises the following Independent Directors. Four (4) RMC meetings were held during the financial year with attendance of the RMC Members as follows:

Name of Directors	No. of RMC Meetings Held	No. of RMC Meetings Attended
Yeoh Chong Keng - RMC Chairman	4	4
Dato’ Zainal Abidin bin Putih	4	4
Datin Hayati Aman Binti Hashim	4	4
Dang Kok Heng	4	4*

* Mr. Dang Kok Heng was appointed to the RMC on 1 March 2023 and he had attended all meetings held during the year.

CORPORATE GOVERNANCE (CONTINUED)

5. Board Committees (continued)

b) Audit Committee ("AC")

The main responsibility of the AC is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company as well as ensuring the effectiveness of the internal controls instituted by the Management. The AC functions on a Terms of Reference approved by the Board of Directors, with the following principal duties and responsibilities:

i. to review and approve the external and internal auditors' audit plan, scope and audit report on their evaluation of the system of internal controls of the Company;
ii. to review the results of the audit and whether or not appropriate action has been taken on the recommendations given by the external and internal auditors;
iii. to evaluate the quality of the audits performed by the external auditors and make recommendations concerning their appointments, termination and remuneration, and to consider the nomination of a person or persons as external auditors;
iv. to provide assurance that the financial information presented by management is relevant, reliable and timely;
v. to oversee compliance with relevant laws and regulations and observance of a proper code of conduct and
vi. to determine the quality, adequacy and effectiveness of the Company's internal control environment.

The AC comprises the following Independent Directors. Five (5) AC meetings were held during the financial year with attendance of the AC Members as follows:

Name of Directors	No. of AC Meetings Held	No. of AC Meetings Attended
Datin Hayati Aman Binti Hashim – AC Chairman	5	5
Dato' Zainal Abidin bin Putih	5	5
Yeoh Chong Keng	5	5
Dang Kok Heng	5	5*

* Mr. Dang Kok Heng was appointed to the AC on 1 March 2023 and he had attended all meetings held during the year.

CORPORATE GOVERNANCE (CONTINUED)

5. Board Committees (continued)

c) Nomination Committee ("NC")

The NC is entrusted with the responsibility of proposing new nominees for appointment to the Board to ensure that nominations of new Directors are made in the best interest of the Company and its shareholders. It assesses the suitability of the new nominees, by taking into consideration their professional qualifications, integrity, financial and commercial business experience and expertise relevant to the Company with potential to complement the skills, knowledge and expertise of the Board.

The NC also makes recommendations to the Board on nominations to fill up Board Committees and the re-appointment of Directors to the Board. In considering the re-appointment, the NC will take into account the director's attendance and participation at meetings, their expertise and commitment, as well as their contributions at Board discussions and effectiveness of the Board.

Apart from recommending the appointment/re-appointment of new/existing Directors, the NC is also responsible to recommend and assess the nominee for the position of CEO and the re-appointment of CEO. The NC also oversees the appointment and management succession planning of the Executive Committee of the Company.

The NC is responsible to oversee performance evaluation of the CEO and Key Responsible Persons ("KRPs"). Whenever applicable and consistent with the Policy Document, the NC's recommendations on the CEO and KRPs would be made in consultation with the input from the Chairman of the AC and RMC.

The NC is also responsible to ensure all KRPs fulfil the fit and proper requirements in line with the KRP policy.

The NC comprises three (3) Independent Directors and one (1) Executive Director. Five (5) NC meetings were held during the financial year with attendance of the NC Members as follows:

Name of Directors	No. of NC Meetings Held	No. of NC Meetings Attended
Yeoh Chong Keng - NC Chairman, Independent Director	5	5
Datin Hayati Aman Binti Hashim – Independent Director	5	5
Dato' Zainal Abidin Bin Putih - Independent Director	5	5
Vezio Philippe Guy Stephane – Executive Director	5	3*
Yukio Arita - Executive Director	5	1**

* Mr. Vezio Philippe Guy Stephane was appointed to the NC on 1 June 2023 and he had attended all the meetings held after his appointment as the NC member.

**Mr. Yukio Arita resigned on 1 June 2023 and he attended 1 out of 2 meetings held prior to his resignation.

CORPORATE GOVERNANCE (CONTINUED)

5. Board Committees (continued)

d) Remuneration Committee ("RC")

The main responsibilities of the RC are to establish and recommend to the Board, the remuneration structure and policy, including the terms of employment or contract of service for Executive Directors, Chief Executive Officer and key responsible persons to ensure a strong link is maintained between the level of remuneration and individual performance against agreed targets on total remuneration package.

The Remuneration Committee conducts periodic review of the Directors' fees and submits its recommendations for the Board's consideration. No Director was involved in deciding his own remuneration.

Independent Directors are paid Directors' fees which are recommended by the Board for shareholders' approval at the Company's Annual General Meeting.

The RC comprises the following Independent Directors. Four (4) RC meetings were held during the financial year with attendance of the RC members as follows:

Name of Directors	No. of RC Meetings Held	No. of RC Meetings Attended
Datin Hayati Aman Binti Hashim – RC Chairman	4	4
Dato' Zainal Abidin Bin Putih	4	4
Yeoh Chong Keng	4	4

CORPORATE GOVERNANCE (CONTINUED)

5. Board Committees (continued)

d) Remuneration Committee (continued)

Remuneration Policy

Objective and Key Features

The objective of the Remuneration Policy is to facilitate the attraction, engagement and retention of Directors, CEO and senior officers of relevant capabilities as to provide the necessary skills and experience as required and commensurate with the responsibilities for the effective management and operations of the Company. In addition, it seeks to be balanced to ensure the proper management of the Company's funds and is not excessive nor create incentive for imprudent, unsustainable or unethical behaviour in managing the Company. It considers the Company's corporate culture and values, business objective and strategy as well as its long-term interests.

Remuneration is focused on being competitive in the insurance industry and will reinforce desired characteristics in the Company. The remuneration has a fixed component and a variable component. The fixed component consists of fixed basic salaries, allowances and other benefits which commensurate with the employee's position and scope of responsibilities while the variable component considers the performance of the Company against the criteria set, the performance of each functional group and the individual performance. In addition, the variable component has a direct link to the tenure of the majority of risks underwritten by the business of the Company. The Company's remuneration policy is reviewed periodically and revised when necessary, to ensure its continued relevance and objectivity.

Scope

The scope of Remuneration Policy applies to the Company, which operates its business only in Malaysia.

The Company categorises its senior officers into two; senior officers who are appointed to the Executive Committee (referred to as "EXCO Members"), the highest decision making committee at management level and the other category is on those senior officers, though not EXCO Members, can materially commit or control significant amount of the Company's resources or whose actions may have an impact to its risk profile (collectively referred to as "Key Responsible Persons").

Officers with control functions are measured differently in determining their remuneration. Their measurements do not take into account revenue or financial measures. Depending on their roles, they may be measured on the effectiveness of the control measures they are responsible for.

CORPORATE GOVERNANCE (CONTINUED)

5. Board Committees (continued)

d) Remuneration Committee (continued)

Remuneration Policy (continued)

EXCO Members
- Chief Executive Officer ("CEO")
- Deputy Chief Executive Officer ("DCEO")
- Chief Operating Officer
- Chief Distribution Officer
- Deputy Chief Distribution Officer
- Chief Financial Officer
- Chief Underwriting Officer
- Chief Claims Officer
- Chief Information Officer
- Head, Human Resource

Other Key Responsible Persons
- Chief Internal Auditor ("CIA")
- Head, Legal & Compliance
- Head, Enterprise Risk Management ("HERM")
- Appointed Actuary
- Chief Information Security Officer

Risks

Key risks that are taken into consideration when determining compensation measures include:

Manpower Risk: Attraction, engagement and retention of required human capital
In order to ensure the attraction, engagement and retention of required human capital, the level of remuneration is designed to be competitive. As such, remuneration levels will move with conditions in the labour market.

Insurance Risk: Performance of Insurance Risks
Remuneration takes into account the carrying degrees of risk of loss from insurance risk that is underwritten by the Company, tying the Company's performance and variable components to performance to the realisation of this risk over the period taken. Remuneration levels will decrease when these risks increase within the financial year and vice versa.

CORPORATE GOVERNANCE (CONTINUED)

5. Board Committees (continued)

d) Remuneration Committee (continued)

Remuneration Policy (continued)

Performance and Remuneration

The remuneration practices for employees are linked to the Company's performance.

Our remuneration practices are aligned to the Company's overall performance; the risk appetite as part of risk management framework; and the Company's long-term strategy. Meanwhile, the remuneration for individuals within the Company are inclusive of performance measures in prudent risk-taking and appropriate market risk adjustment.

The Board sets the Company's target metrics for the year and the corresponding impact on remuneration in relation to performance. These metrics are used to determine the Company's performance, as to whether it is strong, acceptable or weak as well as the corresponding impact on variable remuneration for executives. Variable remuneration is influenced significantly by the Company's performance metrics. As such, should the Company perform well, variable remuneration will increase and vice versa.

In addition to the performance of the Company, variable remuneration is determined by the performance of an individual's functional group and personal performance and overall contribution to the Company. This is to encourage collaboration and teamwork between the employees and across the Company in delivering the Company's functional priorities in addition to personal performance and contribution.

The Company generally uses:

I. Annual variable cash bonuses for its senior officers, of which the quantum is determined by the Company's performance relative to the performance metrics set. The ratio of variable pay to fixed pay is generally similar for employees across the organization, except for the CEO where a higher variable pay component is targeted, subject to the performance of the Company.

II. Claw back and deferred performance bonus for its senior officers, of which the quantum is determined by the Company's stretch target. This is in consideration of the time horizon of risks and considering the potential for financial risks to crystalize over a longer period of time. The KPIs and stretch target for deferred performance bonus should be reviewed annually to assess the appropriateness and drive the desired behaviours. If the employee commits fraud, theft, embezzlement, serious misconduct, or is in breach or has breached any or his or her obligations to the Company, the Board of Directors, can at its discretion, cancel some or all of his or her vested or unvested deferred bonus, and require repayment of deferred bonus that have already been paid.

DIRECTORS' REPORT (CONTINUED)

CORPORATE GOVERNANCE (CONTINUED)

5. Board Committees (continued)

d) Remuneration Committee (continued)

Remuneration Policy (continued)

Variable Components of Remuneration (continued)

The remuneration paid and accrued to the Board members, CEO, EXCO Members and other Key Responsible Persons during the financial year ended 31 December 2023 are shown in the following tables.

Name	Directorship / Designation	Fixed Remuneration Cash-based RM'000	Fixed Remuneration Shares and share-linked instrument RM'000	Fixed Remuneration Others RM'000	Variable Remuneration Cash-based RM'000	Variable Remuneration Shares and share-linked instrument RM'000	Variable Remuneration Others RM'000	Total value of remuneration awards for the financial year RM'000
Dato' Zainal Abidin Bin Putih	Chairman / Director	204	-	-	24	-	1	229
Yeoh Chong Keng	Director	150	-	-	24	-	1	175
Datin Hayati Aman Binti Hashim	Director	150	-	-	24	-	1	175
Dang Kok Heng	Director	90	-	-	15	-	-	105
Ng Hang Ming	Chief Executive Officer	1,442	-	18	680	-	-	2,140

Category	No of Headcount	Fixed Remuneration Cash-based RM'000	Fixed Remuneration Shares and share-linked instrument RM'000	Fixed Remuneration Others RM'000	Variable Remuneration Cash-based RM'000	Variable Remuneration Shares and share-linked instrument RM'000	Variable Remuneration Others RM'000	Total value of remuneration awards for the financial year RM'000
EXCO	9	6,193	-	273	2,321	-	7	8,794
Other Key Responsible Persons	5	1,955	-	-	599	-	4	2,558

The remuneration of the EXCO members and other key responsible persons above have been prorated based on the respective dates of their appointment to/withdrawal from the EXCO or when they are categorised/de-categorised as Key Responsible Persons.

No deferred fixed remuneration, shares and share-linked instrument was paid and accrued to the Board members, CEO, EXCO Members and other Key Responsible Persons during the financial year ended 31 December 2023.

CORPORATE GOVERNANCE (CONTINUED)

5. Board Committees (continued)

d) Remuneration Committee (continued)

Remuneration Policy (continued)

Indemnity to Directors and Officers

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM20 million and RM43,248 respectively.

6. Risk Management and Internal Control Framework

The Risk Management framework of the Company comprises an ongoing process for identifying, evaluating and measuring the significant risks faced by the Company through designated management functions and internal control, which covers all levels of personnel and business processes to ensure that the Company's operations are run in an effective and efficient manner. This is supported by the maintenance of a reliable information system that covers all significant business activities.

Management is responsible for the continuous assessment of the effectiveness and adequacy of internal controls, while the internal audit function conducts independent examination of key controls to provide assurance on the effectiveness of the control environment.

Board responsibilities

The Board recognises the importance of a sound risk management and internal control framework as part of good corporate governance and to safeguard the Company's asset and shareholder's interest. The Board committees, namely the Risk Management Committee and Audit Committee have been delegated with the responsibilities to set the direction and ensure that senior management has all the necessary systems, processes and resources in place to ensure the effectiveness, adequacy and integrity of the Company's overall control environment.

The scope of responsibilities of the Risk Management Committee and Audit Committee are embedded in their respective charters; the Board as a whole, however remains ultimately responsible for the Company's system of risk management and internal control.

The Board also acknowledges that whilst control systems are designed to identify and mitigate business and other associated key risks, they cannot totally eliminate all risks and cannot provide absolute assurance against material misstatements or losses, fraud or breaches of laws or regulations.

Internal Audit

The Internal Audit ("IA") Department, led by CIA, has been established to provide assessment of effectiveness and adequacy of internal controls, which include independent examination of controls and ensure corrective actions, where necessary are taken in a timely manner.

The HERM and CIA also participated in the monthly Executive Committee meetings to keep themselves updated of the Company's latest business activities and provide relevant input on areas concerning business risks and internal control where necessary.

DIRECTORS AND THEIR INTERESTS IN SHARES

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

Dato' Zainal Abidin bin Putih
Yeoh Chong Keng
Datin Hayati Aman Binti Hashim
Dang Kok Heng (appointed on 1 March 2023)
Vezio Philippe Guy Stephane (appointed on 1 June 2023)
Yukio Arita (resigned on 1 June 2023)

In accordance with the Company's Constitution, Datin Hayati Aman Binti Hashim shall retire at the forthcoming Annual General Meeting, and being eligible, offers herself for re-election.

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company, except as follows:

	Number of ordinary shares of SGD1 each			
	At 1.1.2023	Acquired	Disposed	At 31.12.2023
Holdings registered in name of Director				
Subsidiaries of ultimate holding corporation - Asia General Holdings Ltd				
Yukio Arita	1	-	(1)	-

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director of the Group and the Company have received or become entitled to receive any benefit (other than Directors' remuneration and benefits-in-kind shown in page 23 of the Directors' Report) by reason of a contract made by the Group and the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a corporation in which the Director has a substantial financial interest.

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

ULTIMATE HOLDING CORPORATION

The Directors regard Tokio Marine Holdings Inc., a corporation incorporated in Japan, as the ultimate holding corporation of the Group and the Company.

AUDITORS

The auditors' remuneration for the financial year is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Statutory audit	630	423	607	401
Other services	61	775	61	775

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

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 29 March 2024.

SIGNED

DATIN HAYATI AMAN BINTI HASHIM
DIRECTOR

SIGNED

YEOH CHONG KENG
DIRECTOR

Kuala Lumpur

Registration No.

198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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

We, Datin Hayati Aman Binti Hashim and Yeoh Chong Keng, two of the Directors of Tokio Marine Insurans (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 33 to 160 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2023 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 March 2024.

SIGNED

DATIN HAYATI AMAN BINTI HASHIM
DIRECTOR

SIGNED

YEOH CHONG KENG
DIRECTOR

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

I, Ng Hang Ming, the Chief Executive Officer primarily responsible for the financial management of Tokio Marine Insurans (Malaysia) Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 33 to 160 are, to the best of my knowledge and belief, 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.

SIGNED

NG HANG MING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur on 29 March 2024.

Before me,

SIGNED

COMMISSIONER FOR OATHS

pwc

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)
Registration No. 198601000381 (149520-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 33 to 160.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Information other than the financial statements and auditors' report thereon

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

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Responsibilities of the Directors for the financial statements

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

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

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
TO THE MEMBER OF TOKIO MARINE INSURANS (MALAYSIA) BERHAD (CONTINUED)
(Incorporated in Malaysia)
Registration No. 198601000381 (149520-U)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the 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.

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(CONTINUED)
(Incorporated in Malaysia)
Registration No. 198601000381 (149520-U)

OTHER MATTERS

This report is made solely to the member 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.

SIGNED	SIGNED
PRICEWATERHOUSECOOPERS PLT LLP0014401-LCA & AF 1146 Chartered Accountants	CHAN SUET LYE 03603/10/2025 J Chartered Accountant

Kuala Lumpur
29 March 2024

Registration No.
198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		Group			Company		
	Note	31.12.2023 RM'000	Restated 31.12.2022 RM'000	Restated 1.1.2022 RM'000	31.12.2023 RM'000	Restated 31.12.2022 RM'000	Restated 1.1.2022 RM'000
ASSETS							
Property, plant and equipment	4	52,086	47,061	52,101	52,086	47,061	52,101
Intangible assets	5	179,943	179,943	179,943	179,943	179,943	179,943
Financial assets: Fair value through profit or loss	6	80,062	-	-	2,050,641	-	-
Financial assets: Fair value through other comprehensive income	7	1,923,078	-	-	-	-	-
Financial assets: Available-for-sale	8	-	1,744,097	1,325,866	-	1,809,056	1,496,868
Reinsurance contract assets	10	500,740	425,386	570,251	500,740	425,386	570,251
Financial assets at amortised cost	11	642,426	574,407	813,620	590,166	509,591	642,386
Other receivables	11	51,610	47,039	49,861	51,610	47,039	49,861
Income tax recoverable		-	2,833	-	-	2,833	-
Cash and bank balances		60,237	57,591	49,572	59,534	57,088	49,514
Total Assets		3,490,182	3,078,357	3,041,214	3,484,720	3,077,997	3,040,924
EQUITY AND LIABILITIES							
Share capital	12	403,471	403,471	403,471	403,471	403,471	403,471
Retained earnings	13	1,036,175	966,390	888,995	1,024,807	942,844	856,301
Other reserves	14	(6,695)	(27,032)	(11,557)	4,673	(3,486)	21,137
Total Equity		1,432,951	1,342,829	1,280,909	1,432,951	1,342,829	1,280,909
Deferred tax liabilities	15	19,465	8,548	10,478	19,465	8,548	10,478
Insurance contract liabilities	16	1,913,510	1,636,180	1,655,562	1,913,510	1,636,180	1,655,562
Provision for taxation		5,570	-	155	5,570	-	155
Third party interests in consolidated fund		5,087	-	-	-	-	-
Other payables	17	113,599	90,800	94,110	113,224	90,440	93,820
Total Liabilities		2,057,231	1,735,528	1,760,305	2,051,769	1,735,168	1,760,015
Total Equity and Liabilities		3,490,182	3,078,357	3,041,214	3,484,720	3,077,997	3,040,924

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

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group		Company	
			Restated		Restated
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Insurance revenue		1,256,599	1,034,758	1,256,599	1,034,758
Insurance service expenses		(1,126,715)	(909,189)	(1,126,715)	(909,189)
Net income from reinsurance contracts held		22,487	6,899	22,487	6,899
Insurance service result	18	152,371	132,468	152,371	132,468
Interest revenue calculated using the effective interest method	19	98,556	78,325	22,806	11,110
Investment income	19	3,149	1,760	67,136	63,588
Realised gain/(loss)	20	1,594	(8,719)	(123)	2,050
Unrealised gain	21	481	-	41,808	-
Net credit impairment loss on financial assets		(114)	-	-	-
Net Investment income	22	103,666	71,366	131,627	76,748
Finance expenses from insurance contracts	22	(46,849)	(35,712)	(46,849)	(35,712)
Finance income from reinsurance contracts held	22	11,697	13,969	11,697	13,969
Net insurance finance expenses		(35,152)	(21,743)	(35,152)	(21,743)
Net insurance and investment result		220,885	182,091	248,846	187,473
Other operating income	23	3,964	1,033	3,964	1,033
Other operating expenses	23	(32,241)	(30,693)	(28,164)	(26,927)
Finance costs	25	(1,206)	(902)	(1,206)	(902)
		(29,483)	(30,562)	(25,406)	(26,796)
PROFIT BEFORE TAXATION		191,402	151,529	223,440	160,677
Taxation	26	(28,662)	(24,134)	(38,606)	(24,134)
PROFIT FOR THE FINANCIAL YEAR		162,740	127,395	184,834	136,543
Attributable to:					
- Owner of the Company		162,740	127,395	184,834	136,543
BASIC EARNINGS PER SHARE (SEN)	27	40	32	46	34

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

Registration No.
198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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

	Note	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company Restated 2022 RM'000
Profit for the financial year		162,740	127,395	184,834	136,543
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to income statements					
Available-for-sale reserve	22				
- Net loss on fair value arising during the financial year and allowance for impairment transferred to income statements		-	(34,996)	-	(33,375)
- Net realised loss/(gain) transferred to income statements		-	8,719	-	(2,050)
Fair value through other comprehensive income ("FVOCI") reserve	22				
- Net gain on fair value arising during the financial year		33,642	-	-	-
- Allowance for credit impairment transferred to income statements		114	-	-	-
- Net realised gain transferred to income statements		(1,717)	-	-	-
Insurance finance reserve	22				
- Finance expenses from insurance contracts		(4,304)	5,527	(4,304)	5,527
- Finance income from reinsurance contracts held		1,602	(2,500)	1,602	(2,500)
		29,337	(23,250)	(2,702)	(32,398)
Tax effects	15	(9,296)	7,775	649	7,775
		20,041	(15,475)	(2,053)	(24,623)
Total comprehensive income for the financial year		182,781	111,920	182,781	111,920
Total comprehensive income attributable:					
- Owner of the Company		182,781	111,920	182,781	111,920

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

Registration No.
198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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

						Non-distributable	Distributable	
	Note	Share capital RM'000	Revaluation reserve RM'000	Insurance finance reserve RM'000	FVOCI reserve RM'000	Available for sale reserve RM'000	Retained earnings RM'000	Total Equity RM'000
Group								
At 1 January 2022, as previously reported		403,471	7,196	-	-	(15,983)	845,676	1,240,360
Adjustment on initial application of MFRS 17	34	-	-	(2,770)	-	-	43,319	40,549
At 1 January 2022, restated		403,471	7,196	(2,770)	-	(15,983)	888,995	1,280,909
Profit for the financial year		-	-	-		-	127,395	127,395
Other comprehensive income/(loss) for the financial year		-	-	2,300	-	(17,775)	-	(15,475)
Dividend paid	28	-	-	-		-	(50,000)	(50,000)
At 31 December 2022, restated		403,471	7,196	(470)	-	(33,758)	966,390	1,342,829
At 1 January 2023, as previously reported		403,471	7,196	-	-	(33,758)	902,351	1,279,260
Adjustment on initial application of MFRS 17	34	-	-	(470)	-	-	64,039	63,569
Adjustment on initial application of MFRS 9	34	-	-	-	(33,462)	33,758	(296)	-
At 1 January 2023, restated		403,471	7,196	(470)	(33,462)	-	966,094	1,342,829
Profit for the financial year		-	-	-	-	-	162,740	162,740
Other comprehensive (loss)/income for the financial year		-	-	(2,053)	22,094	-	-	20,041
Dividend paid	28	-	-	-	-	-	(92,659)	(92,659)
At 31 December 2023		403,471	7,196	(2,523)	(11,368)	-	1,036,175	1,432,951

Registration No.
198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Note	Share capital RM'000	Revaluation reserve RM'000	Insurance finance reserve RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000	Total equity RM'000
		Non-distributable				Distributable	
Company							
At 1 January 2022, as previously reported		403,471	7,196	-	16,711	812,982	1,240,360
Adjustment on initial application of MFRS 17	34	-	-	(2,770)	-	43,319	40,549
At 1 January 2022, restated		403,471	7,196	(2,770)	16,711	856,301	1,280,909
Profit for the financial year		-	-	-	-	136,543	136,543
Other comprehensive income/(loss) for the financial year		-	-	2,300	(26,923)	-	(24,623)
Dividend paid	28	-	-		-	(50,000)	(50,000)
At 31 December 2022, restated		403,471	7,196	(470)	(10,212)	942,844	1,342,829
At 1 January 2023, as previously reported		403,471	7,196	-	(10,212)	878,805	1,279,260
Adjustment on initial application of MFRS 17	34	-	-	(470)	-	64,039	63,569
Adjustment on initial application of MFRS 9	34	-	-	-	10,212	(10,212)	-
At 1 January 2023, restated		403,471	7,196	(470)	-	932,632	1,342,829
Profit for the financial year		-	-	-	-	184,834	184,834
Other comprehensive loss for the financial year		-	-	(2,053)	-	-	(2,053)
Dividend paid	28	-	-	-	-	(92,659)	(92,659)
At 31 December 2023		403,471	7,196	(2,523)	-	1,024,807	1,432,951

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

Registration No.
198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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

	Group		Company	
		Restated		Restated
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the financial year	162,740	127,395	184,834	136,543
Adjustment of:				
Property, plant and equipment				
- depreciation	8,523	7,423	8,523	7,423
- gain on disposal	(42)	(62)	(42)	(62)
Depreciation for right-of-use (“ROU”) assets	6,573	7,105	6,573	7,105
Amortisation of asset restoration	95	93	95	93
Interest on lease liability	1,206	902	1,206	902
Unrealised gain on fair value through profit or loss (“FVTPL”) financial assets	(481)	-	(41,808)	-
Loss on disposal of FVTPL financial assets	123	-	123	-
Gains on disposal of FVOCI financial assets	(1,717)	-	-	-
Loss/(gain) on disposal of available-for-sale financial assets	-	8,719	-	(2,050)
Interest revenue calculated using the effective interest method	(98,556)	(78,325)	(22,806)	(11,110)
Investment income	(3,149)	(1,760)	(67,136)	(63,588)
Allowance for credit impairment loss of investments	114	-	-	-
Write-back of allowance for credit impairment loss of other receivables	(4)	(32)	(4)	(32)
Tax expense	28,662	24,134	38,606	24,134
	104,087	95,592	108,164	99,358
Purchases of investments	(620,313)	(1,244,988)	(300,000)	(520,473)
Proceeds from disposal of investments	394,687	782,993	100,100	174,910
(Increase)/decrease in reinsurance contract assets	(73,751)	142,365	(73,751)	142,365
(Increase)/decrease in financial assets at amortised cost	(58,288)	236,893	(70,279)	130,463
(Increase)/decrease in other receivables	(4,571)	2,822	(4,571)	2,822
Increase/(decrease) in insurance contract liabilities	273,024	(13,854)	273,024	(13,854)
Increase in other payables	16,865	614	16,852	543
	31,740	2,437	49,539	16,134

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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

	Group		Company	
		Restated		Restated
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Tax paid	(18,637)	(21,278)	(18,637)	(21,278)
Investment income received:				
- Interest	89,412	89,444	12,513	13,474
- Dividend	3,149	1,760	67,136	63,588
Interest paid on lease liabilities	(1,206)	(902)	(1,206)	(902)
Net cash generated from operating activities	104,458	71,461	109,345	71,016
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(9,190)	(7,735)	(9,190)	(7,735)
Proceeds from disposal of property, plant and equipment	45	62	45	62
Net cash used in investing activities	(9,145)	(7,673)	(9,145)	(7,673)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of lease liabilities	(5,095)	(5,769)	(5,095)	(5,769)
Dividend paid	(92,659)	(50,000)	(92,659)	(50,000)
Third party interests in consolidated fund	5,087	-	-	-
Net cash used in financing activities	(92,667)	(55,769)	(97,754)	(55,769)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	2,646	8,019	2,446	7,574
CASH AND CASH EQUIVALENTS AT 1 JANUARY	57,591	49,572	57,088	49,514
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	60,237	57,591	59,534	57,088
Cash and bank balances	60,237	57,591	59,534	57,088

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

Reconciliation of liabilities arising from financing activities

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Lease liabilities				
At 1 January	20,259	24,277	20,259	24,277
Cash flows	(6,301)	(6,671)	(6,301)	(6,671)
Interest charge	1,206	902	1,206	902
Lease addition	10,922	1,751	10,922	1,751
At 31 December	26,086	20,259	26,086	20,259
Third party interests in consolidated fund				
At 1 January	-	-	-	-
Cash flows	5,087	-	-	-
At 31 December	5,087	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

1 PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The Group and the Company are principally engaged in the underwriting of all classes of general insurance business. There has been no significant change in the nature of this activity during the year.

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

The registered office of the Company is located at:

Level 23, Menara Tokio Marine Life,
189, Jalan Tun Razak,
50400 Kuala Lumpur

The principal place of business of the Company is located at:

Level 20, Menara Hap Seng 3, Plaza Hap Seng
No 1 Jalan P Ramlee
50250 Kuala Lumpur

The Directors regard Tokio Marine Holdings Inc. a corporation incorporated in Japan, as the Company's ultimate holding corporation.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 March 2024.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation of the financial statements

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

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of leasehold land and buildings, fair value through profit & loss financial assets and fair value through other comprehensive income financial assets.

The preparation of financial statements in conformity with MFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from estimates.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation of the financial statements (continued)

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

The financial statements are presented in Ringgit Malaysia (“RM”).

The Group and the Company have applied the following standards for the first time in the financial year beginning on 1 January 2023.

- MFRS 17 Insurance Contracts, and its amendments
- MFRS 9 Financial Instruments
- Amendments to MFRS 17 Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 – Disclosures of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The Group and the Company have initially applied MFRS 17 and MFRS 9, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Group and the Company have restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022. The detailed impact of the changes in accounting policies are set out in Note 34.

Other than that, the adoption of amendments to standards effective for the financial year beginning on or after 1 January 2023 are not expected to have any material financial impact to the current or future periods.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation of the financial statements (continued)

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning after 1 January 2023:

(i) Financial year beginning on or after 1 January 2024

Amendments to MFRS 101 “Presentation of Financial Statements”

There are two amendments to MFRS 101 “Presentation of Financial Statements”. The first amendment, “Classification of liabilities as current or non-current” clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity’s expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant.

The second amendments, “Non-current Liabilities with Covenants” specifies that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

The amendments shall be applied retrospectively.

Amendments to MFRS 16 “Lease Liability in a Sale and Leaseback’

The amendments specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 “Revenue from Contracts with Customers” to be accounted for as a sale. In accordance with the amendments, the seller-lesser shall determine the “lease payments” or “revised lease payments” in a way that it does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the Group and the Company initially applied MFRS 16.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation of the financial statements (continued)

(i) Financial year beginning on or after 1 January 2024 (continued)

Amendments to MFRS 107 and MFRS 7 "Supplier Finance Arrangements"

The amendments require entities to disclose information about the supplier finance arrangements ("SFA") that enable the users to understand the effects of SFA on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments require the following information about SFA to be disclosed in the annual period in which the amendments are first applied:
(a) The terms and conditions of SFAs;
(b) The carrying amount of financial liabilities that are part of SFAs and the line items in which those liabilities are presented;
(c) The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers;
(d) The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements;
(e) The type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of SFAs; and
(f) Liquidity risk information (e.g. concentration of risks; access to SFA facilities for liquidity requirement).

(ii) Financial year beginning on or after 1 January 2025

Amendments to MFRS 121 "Lack of Exchangeability"

The amendments clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

The amendments do not specify how an entity estimates the spot exchange rate but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

The amendments to standards or interpretations effective for the financial years beginning on or after 1 January 2024 are not expected to have any material financial impact to the financial statements of the Group and the Company in the period when effective.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

(i) Subsidiaries

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

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

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

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

(iii) Disposal of subsidiaries

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

(c) Investment in subsidiaries

In the Company’s separate financial statements, investments in subsidiaries (including structured entities) are carried at fair value in accordance with MFRS 9 “Financial Instruments”. On disposal of investment in subsidiaries, the difference between the disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Business combination

The purchase method of accounting is used to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. See accounting policy Note 2(e) to the financial statements on goodwill. If the cost of acquisition is less than fair value of the acquired net assets, the difference is recognised directly in profit or loss.

(e) Intangible assets - Goodwill

Goodwill represents the excess of purchase consideration and related costs of acquisition over the aggregate of the fair value of the net assets of the business acquired at the date of acquisition. See accounting policy Note 2(j) to the financial statements on impairment of non-financial assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose, identified according to operating segment.

The Group and the Company allocate goodwill to the combined general insurance business as a whole, which has been identified as a cash-generating unit.

(f) Property, plant and equipment

Property, plant and equipment are initially stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

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. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (continued)

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

Furniture and fittings	3 - 7 years
Motor vehicles	4 - 5 years
Office equipment and computers	3 - 6 years

Residual values and useful lives of assets are reviewed and adjusted, if appropriate, at each statement of financial position date.

At each date of the statement of financial position, the Group and the Company also assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(j) to the financial statements on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are credited or charged to profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets

The Group and/or the Company classify its financial assets, at initial recognition, into the following measurement categories.

(i) Classification

The Group's and/or the Company's financial assets are classified into one of the following measurement models:

- at amortised cost (AC);
- at fair value through other comprehensive income (FVOCI) or
- at fair value through profit or loss (FVTPL).

The classification adopted for each financial asset is based on how the Group and/or the Company manage the respective financial asset (i.e business model) and the contractual cashflow characteristics of the financial asset (collectively referred to as "mandatory classification").

A financial asset is measured at AC if the financial asset is held for the purpose of collecting contractual cashflows whereby the contractual terms of the financial asset give rise, on specific dates, to cashflows that are solely payments of principal and interest on principal outstanding.

A financial asset is measured at FVOCI if the financial asset is held for the purpose of both collecting the contractual cashflows and selling the financial asset whereby the contractual terms of the financial asset give rise, on specific dates, to cashflows that are solely payments of principal and interest on principal outstanding (SPPI).

A financial asset is measured at FVTPL if it does not meet the conditions for the classifications under AC or FVOCI.

Business model assessment

The Group and/or the Company make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way that the business is managed and information is provided to management.

- The stated policies and objectives for the portfolio and operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flow through the sales of assets.
- how the performance of the portfolio is evaluated and reported to the Group's and/or the Company's management.
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed.
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

(i) Classification (continued)

Assessment on whether contractual cash flows are SPPI.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and/or the Company consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and/or the Company consider:

- contingent events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable-rate features.
- prepayment and extension features.
- terms that limit the Group's and/or the Company's claim to cash flows from specified assets - e.g. non-recourse features; and
- features that modify consideration of the time value of money- e.g. periodic reset of interest rates.

At 31 December 2023, the Group's and/or the Company's financial assets were classified as below.

Asset type	Group Classification*	Company Classification*
Malaysian Government Securities	FVOCI	-
Government Investment Issues	FVOCI	-
Corporate debt securities	FVOCI	-
Unit trusts	FVTPL	FVTPL
Controlled structured entities	-	FVTPL
Fixed and call deposits	AC	AC
Staff Loans	AC	AC
Other receivables**	AC	AC
Cash and bank balances	AC	AC

* mandatory classification. The Group and/or the Company did not designate any financial asset at FVTPL or FVOCI.

**excluding Prepayments and Malaysian Motor Insurance Pool (MMIP) balances.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and/or the Company commit to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and/or the Company have transferred substantially all the risk and rewards of ownership.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

(iii) Measurement

At initial recognition, the Group and/or the Company measure a financial asset at its fair value plus, in the case of a financial asset at AC or FVOCI, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. After initial recognition, the Group and/or the Company measure the financial asset in accordance with the measurement model applied at:

- Amortised cost (AC)

  The amortised cost of a financial asset is the amount measured at initial recognition minus principal repayment, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any allowance for impairment or uncollectability. Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset and will be allocated over the relevant period of the financial asset in profit or loss.

  On derecognition, the difference between the carrying amount (measured at the date of the derecognition) and the consideration received (net of costs to sell) shall be recognised in the profit or loss.

- Fair value through other comprehensive income (“FVOCI”)

  The measurement for financial assets at FVOCI consists of hybrid treatment for fair value changes whereby interest income, impairment losses and foreign exchange gains or losses are recognised in profit or loss whilst all other gains or losses, including fair value gains or losses arising from changes in market interest rate shall be recognised in other comprehensive income (OCI).

  Interest income and impairment losses are computed and recognised in the same manner as financial assets measured at AC.

  On derecognition, the cumulative gain or loss previously recognised in OCI shall be reclassified to profit or loss.

- Fair value through profit or loss (“FVTPL”)

  Under the FVTPL model, the Group and/or the Company recognise changes in fair value of a financial asset as gains and losses in profit or loss. Interest income for debt instrument is recognised based on effective interest whilst the dividend distribution from the unit trusts is recognised as income when the unitholder’s right to receive the dividend is established, which is usually the date when the dividend distribution has been appropriately authorised.

  On derecognition, the fair value measurement is recognised up to the date of derecognition. There will be no loss or gain if the financial asset is sold at fair value except that the transaction costs of selling, such as the brokers’ commissions, duties and charges will be recognised as expenses in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

(iii) Measurement (continued)

<u>Accounting policies applied for the comparative year ended 31 December 2022</u>

- Loans and receivables ("LAR")

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

- Available-for-sale ("AFS")

  Financial assets at AFS are those that are not classified as FVTPL or Held-To-Maturity ("HTM") or LAR and are measured at fair value. AFS financial assets are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. After initial measurement, AFS financial assets are subsequently measured at fair value. Any gain or loss arising from a change in fair value, net of income tax, is reported separately in the statement of comprehensive income and reported as a separate component of equity until the financial asset is derecognised or is determined to be impaired. When the financial assets are derecognised or impaired, the cumulative gains or losses previously recognised in equity shall be transferred through the statement of comprehensive income to profit or loss.

- Impairment of financial assets

  The Group and the Company assess at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial Liabilities

At initial recognition, the Group and/or the Company recognise its financial liabilities at fair value when the Group and/or the Company become a party to the contractual provisions of the instrument. Financial liabilities are subsequently measured at amortised cost and is derecognised when the obligation is discharged, cancelled or has expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and/or the Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

Income and expenses are presented on a net basis only when it is required or permitted by a standard - e.g. gains and losses arising from a group of similar transactions such as the gains and losses on financial assets measured at FVTPL.

Fair value estimation

The Group's and/or the Company's basis of estimation of fair values for financial instruments is as follows:

- the fair values of Malaysian Government Securities and unquoted corporate debt securities are based on the indicative market prices;
- the fair values of unit trusts are based on quoted market prices; and
- the carrying amounts for other financial assets and liabilities with a maturity period of less than one year are assumed to approximate their fair values.

The Group and/or the Company subscribed to the Rated Bond Pricing Service of the Bond Pricing Agency Malaysia Sdn. Bhd. ("BPAM") for the fair values of the unquoted corporate debt securities.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of financial assets

The Group and/or the Company use the “expected loss model” for all financial assets that are subject to impairment whereby a loss allowance for expected credit losses will be recognised on financial assets measured at AC and FVOCI.

Expected credit losses (ECL) are an estimate of losses that the Group and/or the Company expect from a credit event, such as payment default and of which will be recognised from the point at which the financial assets are originated or purchased.

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and/or the Company expect to receive) over the remaining life of the financial asset. ECLs are discounted at the effective interest rate of the financial asset.

There are 3 stages under the ECL model:

Stage 1: a 12-month loss allowance at initial recognition of the financial asset is recognised in profit or loss. This serves as a proxy for the initial expectations of credit losses. For financial assets that have not deteriorated significantly in credit quality since initial recognition, the loss allowance for 12-month ECL is maintained but updated for changes in amount at the reporting date.

Stage 2: If the credit risk increases significantly from when the Group and/or the Company originate or purchase the financial asset but do not have objective evidence of a credit loss event and the resulting credit quality is not considered to be low credit risk, full lifetime ECL are recognised. Lifetime credit losses are the ECL that result from all possible events over the life of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and/or the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s and/or the Company’s historical experience and informed credit assessment and including forward-looking information, where available.

The Group and/or the Company consider debt instruments which are downgraded to below investment grade i.e. below BBB are considered to have a significant increase in credit risk.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of financial assets (continued)

The Group and the Company compute ECL using the formula below:

Probability of Default (PD) x Loss Given Default (LGD) x Exposure at Default (ED)

Where,
PD is the likelihood of the obligator will default on the obligation within 12 months.
LGD is the estimation of the extent of the loss if the obligation is defaulted.
ED is the expected amount of exposure at the point of default.

The Group and the Company subscribed to the MFRS 9 SaaS (“Software as a service”) solution developed by BPAM in determining the Stage 1 and Stage 2 ECL.

Stage 3: If the credit risk of a financial asset increases to the point that is considered credit-impaired (that have objective evidence of impairment at the reporting date in which one or more events that have detrimental impact on the estimated future cashflows have occurred), lifetime ECL will continue to be recognised.

The Group and the Company may consider any of the following events as objective evidence of impairment:

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract, such as default or past due event.
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisations.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

ECL may be individually and/or collectively assessed. Financial assets in Stage 3 will generally be individually assessed.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

An impairment loss is recognised for the amount by which the carrying value of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss immediately unless it reverses the previous valuation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(k) Insurance contracts issued and reinsurance contracts held

(i) Classification

Contracts under which the Group and the Company accept significant insurance risk are classified as insurance contracts. Contracts held by the Group and the Company under which they transfer significant insurance risk related to insurance contracts are classified as reinsurance contracts held. Insurance contracts issued and reinsurance contracts held also expose the Group and the Company to financial risk.

Insurance contracts may be issued and reinsurance contracts held may be initiated by the Group and the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts held' include contracts issued, initiated or acquired by the Group and the Company, unless otherwise stated.

(ii) Separating components from insurance and reinsurance contracts held

The Group and the Company do not have insurance and reinsurance contracts held with embedded derivatives component, distinct investment component and distinct non-insurance services.

Packaged product issued as a single contract and comprising multiple risks or coverages is unbundled on risk level if there is no interdependency between the underlying risks (i.e. termination of one risk will not imply an auto termination of another risk) or if the components can be priced or sold separately. Any add-on coverage attached to base policy is not to be separated out as standalone contracts from principal policy.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Insurance contracts issued and reinsurance contracts held (continued)

(ii) Separating components from insurance and reinsurance contracts held (continued)

The non-distinct investment components are not separated from the measurement of the liabilities for insurance contracts but are excluded from insurance revenue and insurance service expenses in the statement of profit or loss.

(iii) Aggregation and recognition of insurance and reinsurance contracts held

Insurance contracts

Insurance contracts are aggregated into groups for measurement purpose. Groups of insurance contracts are determined by identifying portfolio of insurance contracts, each comprising contracts subject to similar risk and managed together, and dividing each portfolio into annual cohorts 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
- any remaining contracts in the annual cohort.

In determining the cohort time period, the Group and the Company define the cohort in accordance with the financial reporting year from 1 January to 31 December based on the policy effective date.

The Company’s policy to assess the facts and circumstances of profitability groupings is to leverage on the expected combined ratio (consisting of risk adjustments) based on historical experience, pricing information and market environment factors. This assessment is performed at the initial recognition on annual basis. If the facts and circumstances indicate that a group is expected to be onerous, a loss component should be recognised in the statement of financial position and the corresponding loss should be recognised in profit or loss accordingly.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Group's and Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

Insurance contracts - initial recognition

An insurance contract issued by the Group and the Company are recognised from the earliest of:

- the beginning of its coverage period (i.e. period during which the Group and the Company provide services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is first received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous

An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Insurance contracts issued and reinsurance contracts held (continued)

(iii) Aggregation and recognition of insurance and reinsurance contracts held (continued)

When the contract is recognised, it is added to an existing group of contracts, or if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Reinsurance contracts held

The Group and the Company classify the reinsurance contracts held portfolio based on the way it is managed or arranged, i.e. per risk or per group, as well as similar reinsurance type risk characteristics, i.e. proportional or non-proportional. Similar to the aggregation of insurance contracts, the reinsurance contracts held are classified into 3 groups: net gain, net loss or remaining contracts at initial recognition.

For per risk reinsurance contract (i.e. facultative reinsurance), the reinsurance contracts held are grouped consistently in the structure similar to the underlying direct insurance contracts cohort grouping.

In contrary, a reinsurance treaty contract may cover a single line of business or many different underlying classes of business. As the reinsurance contract is recognised as the lowest level of aggregation, the grouping of reinsurance treaty held is driven by type of reinsurance contract rather than underlying class of business exposure. Each reinsurance cohort group consists of one reinsurance contract.

Voluntary cession and auto facultative arrangement with Malaysian Reinsurance Berhad are regulated by Bank Negara Malaysia (“BNM”). The arrangement is based on underlying individual direct insurance contracts. Hence, they are grouped consistently in a structure similar to the underlying direct insurance contracts cohort grouping.

In determining the cohort time period, the Group and the Company define the cohort in accordance with the financial reporting year from 1 January to 31 December.

Reinsurance contracts held - initial recognition

A group of reinsurance contracts held is recognised on the following date:

- Reinsurance contracts held initiated by the Group and the Company that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Group and Company's quota share, voluntary cession and facultative reinsurance contracts held.
- Other reinsurance contracts held initiated by the Group and the Company: The beginning of the coverage period of the group of reinsurance contracts held. However, if the Group and the Company recognise an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contracts held was entered into before that earlier date, then the group of reinsurance contracts held is recognised on that earlier date (see 'Reinsurance of onerous underlying insurance contracts' under 2(k)(v)). This applies to the Group and the Company's excess of loss and stop loss reinsurance contracts held.
- Reinsurance contracts held acquired: The date of acquisition.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Insurance contracts issued and reinsurance contracts held (continued)

(iv) Contract boundaries

Insurance contracts

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

A substantive obligation to provide services ends when:
- the Group and the Company have the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group and the Company have the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to the Group and Company, which may include both insurance and finance risks.

Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group and Company are compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:
- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has substantive right to terminate the coverage

The contract boundary is reassessed at each reporting date to include any effect of changes in circumstances on the Group and Company's substantive rights and obligations and, therefore, may change over time.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Insurance contracts issued and reinsurance contracts held (continued)

(v) Measurement - Contracts measured under Premium Allocation approach ("PAA")

Group of contracts measured under PAA contains short term contracts with coverage period of one or less than one year.

The Group and the Company generally use the PAA to simplify the measurement of groups of contracts on the following bases:

- insurance contracts: the coverage period of each contract in the group of contracts is one year or less;
- Loss occurring reinsurance contracts held: the coverage period of each contract in the group is one year or less; and
- Longer term insurance contracts and risk attaching reinsurance contracts held: the Group and the Company reasonably expect that the resulting measurement would not differ materially from the result of applying General Measurement model ("GMM").

The Group and the Company adopt PAA for the insurance contracts issued and reinsurance contracts held that meet the eligibility criteria above.

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Group and Company have chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for coverage provided based on passage of time (see 2(k)(viii)) and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Group and the Company expect that the time between providing each part of the coverage and the related premium due date is no more than a year. Accordingly, the Group and the Company do not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

The Group and the Company considered impairment of insurance receivables in the liability for remaining coverage based on the ageing of the debtors.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group and the Company recognise a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustments for non-financial risk) exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk (see below).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Insurance contracts issued and reinsurance contracts held (continued)

(v) Measurement - Contracts measured under PAA (continued)

The Group and the Company recognise the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows include risk adjustments for non-financial risk and they are discounted using current rates.

Risk adjustments for non-financial risk are determined based on confidence level method. The confidence level method involves estimation of probability distribution of the expected value of the future cash flows at each reporting date and calculates the risk adjustments for non-financial risk as the excess of the value at risk at the target confidence level over the expected value of the future cash flows. The target confidence level is set at 75^{th} percentile.

The discount rates are determined using bottom-up approach. The Group and the Company generally determine the risk-free rates with reference to the Malaysian Government bond risk free yield curve and do not adjust for the illiquidity premium in view of the liquid nature of the insurance cash flows.

<u>Reinsurance contracts held</u>

The Group and the Company apply the same accounting policies to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts.

On initial recognition of each group of reinsurance contracts held, the carrying amount of the asset for remaining coverage is measured at the premiums paid on initial recognition, adjusted for ceding commissions that are not contingent on claims.

Subsequently, the carrying amount of the asset for remaining coverage is increased by any premiums paid (net of ceding commissions) and decreased by the amount recognised as cost of reinsurance for services received based on passage of time. On initial recognition of each group of contracts, the Group and the Company expect that the time between providing each part of the coverage and the related reinsurance premium due date is no more than a year. Accordingly, the Group and the Company do not adjust the asset for remaining coverage to reflect the time value of money and the effect of financial risk.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Insurance contracts issued and reinsurance contracts held (continued)

(v) Measurement - Contracts measured under PAA (continued)

Reinsurance contracts held (continued)

At the initial recognition of the onerous component of the underlying insurance contracts, the Group and the Company recognise the reinsurance recovery of losses. The recognition of the loss recovery component is based on the reinsurance cession percentage. At the subsequent measurement, the loss recovery component will be adjusted to reflect changes in the loss component for the underlying onerous group of contracts.

The Group and the Company recognise the asset for incurred claims of a group of reinsurance contracts held at the amount of the fulfilment cash flows relating to incurred claims, adjusted for non-performance risk by reinsurers. The fulfilment cash flows include risk adjustments for non-financial risk, and they are discounted using current rates. The approach in determining the risk adjustments and discount rates is the same as the insurance contract groups.

(vi) Insurance contracts - modification and derecognition

The Group and the Company derecognise a contract when it is extinguished- i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Group and the Company also derecognise a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group and the Company treat the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

(vii) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts. The Group and Company expect to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Group and Company expect to recover those cash flows.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

The Group and Company currently do not have any assets for insurance acquisition cash flows arising before the recognition of the related group of contracts.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Insurance contracts issued and reinsurance contracts held (continued)

(viii) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the statement of financial position.

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

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts held' in the insurance service result.

The Group and the Company disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

Insurance revenue and insurance service expenses excludes any investment components and is measured as follows:

<u>Insurance revenue - Contracts measured under the PAA</u>
For contracts measured under PAA, the insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The Group and the Company allocate the expected premium receipts to each period based on passage of time.

<u>Insurance service expenses</u>

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They comprise the following items:
- incurred claims and other insurance service expenses;
- amortisation of insurance acquisition cash flows: the Group and the Company amortise insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- losses on onerous contracts and reversals of such losses; and
- adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein

<u>Net expenses from reinsurance contracts held</u>

Net expenses from reinsurance contracts held comprise reinsurance service expenses less amounts recovered from reinsurers.

The Group and the Company recognise reinsurance service expenses as it receives coverage or other services under groups of reinsurance contracts held.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Insurance contracts issued and reinsurance contracts held (continued)

(viii) Presentation (continued)

For contracts measured under the PAA, the reinsurance service expenses for each period are the amount of expected premium payments for receiving coverage in the period.

For a group of reinsurance contracts held covering onerous underlying contracts, the Group and Company establish a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract held covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group and Company expect to recover from the reinsurance contracts held.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts held arising from the effects of the time value of money, financial risk and changes therein, are allocated to a loss component and included in insurance service expenses (see 2(k)(viii)).

The Group and the Company disaggregate the recognition of insurance finance income and expenses for all contracts between the profit or loss and other comprehensive income. Insurance finance income and expenses recognised in profit or loss is computed based on locked in curve determined at initial recognition, except for PAA LIC where the yield curve at the end of each accident month is applied.

(ix) Transition

At transition on 1 January 2022, the Group and Company applied the full retrospective approach to measure its groups of insurance and reinsurance contracts held to the extent practicable and have applied the modified retrospective approach to those groups of contracts with insufficient historical data. The detailed impact are set out in Note 34.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Insurance contracts issued and reinsurance contracts held (continued)

(ix) Transition (continued)

Generally, the Standard requires a full retrospective approach to be applied on transition but in the event that this is impractical due to, for example, insufficient historical data, problems in making a segmentation of insurance groups or to run models at initial recognition, a modified retrospective approach is allowable. A modified retrospective approach is an approximation to retrospective application, with prescribed modifications to address some of the challenges of retrospective application.

At 1 January 2022, the Group and the Company applied modified and full retrospective approach as follows:

- Groups of contracts with available historical information applied full retrospective approach. This is applicable for groups of contracts with cohort year 2021 and onwards; and
- Groups of contracts which did not have the full information required applied the modified retrospective approach. The modification was applied to groups of contracts with cohort years prior to 2021 where the acquisition expense is assumed to be expensed immediately for financial year 2020 and prior. The liability for incurred claims for cohort 2020 and prior is aggregated into one cohort.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits

(i) Short term employee benefits

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

(ii) Post-employment benefits

The Group and the Company's contributions to the Employees' Provident Fund, the national defined contribution plan, are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(m) Income taxes

Current tax expense is determined according to the tax laws of the jurisdiction in which the Group and the Company operate and includes all taxes based upon the taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amount in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised.

Tax rates enacted or substantially enacted by the date of the statement of financial position are used to determine deferred tax and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Contingent liabilities and contingent assets

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

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

(o) Dividends

Dividends are recognised as liabilities when the obligation to pay is established.

(p) Leases

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

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

<u>Lease term</u>

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

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

Leasehold land and building are subsequently shown at revalued amount, based on periodic valuation of at least once in every 5 years by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Leasehold land and building are depreciated on a straight-line basis over the lease period of 42 years.

Surpluses arising from revaluation are credited to revaluation reserve via the statement of other comprehensive income. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to profit or loss during the period in which they incur. On disposal of revalued assets, amounts in the revaluation reserve relating to the assets are transferred to retained earnings.

The Group and Company present ROU assets under property, plant and equipment in the statement of financial position.

Lease liabilities

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

- Fixed payment (including in substance fixed payments), less any lease incentive receivable; and
- The exercise price of a purchase and extension options if the Group and the Company are reasonably certain to exercise that option.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

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

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

The Group and the Company present the lease liabilities under other payable in the statement of financial position. Interest expense on the lease liability is presented within finance costs in the income statement.

<u>Short term leases and leases of low value assets</u>

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

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 financial year in which the event or condition that triggers the reduced payment occurs.

(q) Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(r) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents consist of cash in hand, deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. It excludes deposits which are held for investment purpose.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements and estimates in applying the Group's and the Company's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where choice of specific policy could materially affect the reported results and financial position of the Group and the Company. Critical judgements applied in the Group's and Company's accounting policies are outlined below.

Insurance contract issued and reinsurance contracts held

Insurance risk is significant:

- only if there is a scenario that has commercial substance in which, on a present value basis, there is a possibility that an issuer could:
  - suffer a loss caused by the insured event; and
  - pay significant additional amounts beyond what would be paid if the insured event had not occurred.
- if the insured event is extremely unlikely to occur or even the expected probability-weighted present value of the contingent cash flows is a small proportion of the expected probability-weighted present value of the remaining cash flows from the insurance contract.
- only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis. However, even if a reinsurance contracts held does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

Level of aggregation and onerous contracts

All insurance contracts are required to group according to three criterias which are portfolio, group and cohort. Certain extent of judgements and assumptions are required to determine portfolio and degree of profitability.

- Portfolio
  Insurance contracts that are subject to similar risk and managed together are included within a portfolio. Generally, contracts in the same product line are included within same portfolio if they are managed together, and contracts in different product lines with dissimilar risks are included in different portfolios. Portfolios are identified according to appropriate aggregation keys:
  - major line of business;
  - risk exposure;
  - individual/group contracts; or
  - contracts that are managed together.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical estimates and judgements in applying the Group's and the Company's accounting policies (continued)

Insurance contract issued and reinsurance contracts held (continued)

- Group
  A portfolio of insurance contracts issued is divided into a minimum of:
  - a group of contracts that are onerous at initial recognition, if any;
  - a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
  - a group of the remaining contracts in the portfolio, if any.

The Group and Company determine the group of contracts by using reasonable and supportable information deriving from:
  - the likelihood of changes in assumptions which, if they occurred, would result in the contracts becoming onerous
  - estimates from internal reportings

Measurement model

All the contract groups with coverage period of one year or less are automatically eligible for PAA. For contract groups with coverage period of more than one year, the Group and Company will perform an assessment to determine whether each of these contract groups are eligible for PAA. This PAA eligibility assessment is performed annually for the groups of insurance contract and reinsurance contracts held.

The PAA eligibility assessment is performed at initial recognition using best estimate assumptions, i.e. base scenario. In addition, various stress scenarios are tested such as change in yield curve, expected loss ratio and expense ratio.

If the contract group's liability for remaining coverage ("LRC") difference between GMM and PAA at initial measurement under all these scenarios is below the materiality threshold, the contract group is deemed eligible for PAA measurement. That is, if the absolute difference in LRC between GMM and PAA as a % of total expected written premium is the accounting policy's threshold at the initial recognition, under both base and stress scenarios, then the contract group is deemed eligible for PAA.

For existing groups of contracts that have more than one year contract boundary, the Group and Company have carried out the PAA eligibility assessment and have concluded that the LRC produced using PAA is not materially different from that using GMM. As such, the Group and Company have opted to measure all contracts using PAA.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Critical estimates and judgements in applying the Group's and the Company's accounting policies (continued)

Insurance contract issued and reinsurance contracts held (continued)

Liability for incurred claims

The Group and Company estimate the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques, generally based on a statistical analysis of historical experience which assumes an underlying pattern of claims development and payment.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Due to the fact that the ultimate cost of settling claims is dependent upon the outcome of future events such as the size of court awards, the attitudes of claimants towards settlement of their claims, and social and economic inflation, there is an inherent uncertainty in any estimate of ultimate cost estimates. As such, there is a limitation to the accuracy of those estimates. In fact, it is certain the actual future losses and loss adjustment expenses will not develop exactly as projected and may vary from the projections.

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined based on confidence level method. The confidence level method involves estimation of probability distribution of the expected value of the future cash flows at each reporting date and calculates the risk adjustments for non-financial risk as the excess of the value at risk at the target confidence level over the expected value of the future cash flows. The target confidence as at 31 December 2023 level is set at 75^{th} percentile (2022:75^{th} percentile).

Discount rates

The discount rates are determined using bottom-up approach. The Group and the Company generally determine the risk-free rates with reference to the Malaysian Government bond risk free yield curve and do not adjust for the illiquidity premium in view of the liquid nature of the insurance cash flows.

The yield curves that were used to discount the fulfilment cash flows for insurance contracts and reinsurance contracts held are as follow:

	1 Year	5 Years	10 Years
Current rates as at 31.12.2023	3.30%	3.57%	3.73%
Current rates as at 31.12.2022	3.25%	3.86%	4.09%

4 PROPERTY, PLANT AND EQUIPMENT

The Group's and the Company's property, plant and equipment comprise owned and leased assets.

	Group / Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Property, plant and equipment owned	19,496	18,832
Right-of-use ("ROU") assets	32,590	28,229
	52,086	47,061

Property, plant and equipment owned

	Furniture and fittings	Motor vehicles	Office equipment and computers	Total
	RM'000	RM'000	RM'000	RM'000
Group / Company				
Cost				
At 1 January 2023	13,834	2,922	60,647	77,403
Additions	1,769	47	7,374	9,190
Disposals	(10)	(5)	(624)	(639)
Write-offs	(149)	-	(36)	(185)
At 31 December 2023	15,444	2,964	67,361	85,769
Accumulated depreciation				
At 1 January 2023	9,411	2,230	46,930	58,571
Charge for the financial year	1,549	232	6,742	8,523
Disposals	(10)	(4)	(622)	(636)
Write-offs	(149)	-	(36)	(185)
At 31 December 2023	10,801	2,458	53,014	66,273
Net book value				
At 31 December 2023	4,643	506	14,347	19,496

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant and equipment owned (continued)

	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment and computers RM'000	Total RM'000
Group / Company				
Cost				
At 1 January 2022	13,782	2,606	54,333	70,721
Additions	53	316	7,366	7,735
Disposals	-	-	(981)	(981)
Write-offs	(1)	-	(71)	(72)
At 31 December 2022	13,834	2,922	60,647	77,403
Accumulated depreciation				
At 1 January 2022	7,887	1,770	42,544	52,201
Charge for the financial year	1,525	460	5,438	7,423
Disposals	-	-	(981)	(981)
Write-offs	(1)	-	(71)	(72)
At 31 December 2022	9,411	2,230	46,930	58,571
Net book value				
At 31 December 2022	4,423	692	13,717	18,832

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use ("ROU") assets

	Leasehold land and building RM'000	Properties RM'000	Total RM'000
Group / Company			
Valuation / Cost			
At 1 January 2023	12,000	40,053	52,053
Additions	-	11,690	11,690
Termination / expiry	-	(2,301)	(2,301)
At 31 December 2023	12,000	49,442	61,442
Accumulated depreciation			
At 1 January 2023	2,915	20,909	23,824
Charge for the financial year	350	6,223	6,573
Termination / expiry	-	(1,545)	(1,545)
At 31 December 2023	3,265	25,587	28,852
Net book value			
At 31 December 2023	8,735	23,855	32,590
Group / Company			
Valuation / Cost			
At 1 January 2022	12,000	39,177	51,177
Additions	-	1,835	1,835
Termination / expiry	-	(959)	(959)
At 31 December 2022	12,000	40,053	52,053
Accumulated depreciation			
At 1 January 2022	2,566	15,030	17,596
Charge for the financial year	349	6,756	7,105
Termination / expiry	-	(877)	(877)
At 31 December 2022	2,915	20,909	23,824
Net book value			
At 31 December 2022	9,085	19,144	28,229

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use ("ROU") assets (continued)

	Group / Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Interest expense	1,206	902
Total cash outflow for leases	6,301	6,671

The Group and the Company leased various offices and premises. Rental contracts are typically made for fixed periods of 2 to 5 years (2022: 2 to 5 years) but may have extension options.

The Company has included the extension options in the measurement of the ROU assets and lease liabilities. These terms are used to maximise operational flexibility in terms of managing contracts.

5 INTANGIBLE ASSETS

	Group / Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Cost:		
At 1 January / 31 December	179,943	179,943

Goodwill of the Group and Company arose from the business acquisitions of Amanah General Insurance (M) Bhd ("AGIB"), Asia Insurance (M) Bhd ("AIMB") and MUI Continental Insurance Berhad ("MUI") in 2002, 2007 and 2012 respectively. As at 31 December 2023, the carrying amount of goodwill arising from the business acquisitions of AGIB, AIMB and MUI remained at RM13,666,666 (2022: RM13,666,666), RM13,263,065 (2022: RM13,263,065) and RM153,013,485 (2022: RM153,013,485) respectively.

Goodwill has been allocated to the cash generating unit ("CGU"), being the combined general insurance business as a whole. The recoverable amount of the CGU is determined using value-in-use calculation. This calculation uses pre-tax cashflow projections derived from approved financial budgets covering a period of three (3) years from 2024 to 2026. The financial budgets have been prepared based on reasonable and supportable assumptions, which include the considerations of historical performance, market developments as well as the Group's and Company's own future business strategies. The calculation of the value-in-use has been probability-weighted, which takes into account the possible variations in the amount and timing of the future cashflows. Cashflows beyond 3-year period are extrapolated using estimated perpetual growth rate considering the long term Gross Domestic Product growth outlook for the country.

5 INTANGIBLE ASSETS (CONTINUED)

The key assumptions used in the value-in-use calculation are as follows:

(a) Average premium growth rate of 6.5% (2022: 4.7%) per annum has been projected on the basis of management's expectations of market developments taking into account the business plan which reflect synergies arising from integration of the business acquired with existing business of the Group and the Company. The weighted average growth rates are consistent with the forecasts included in industry reports, adjusted with the trends and expectations of the Group's and Company's business.

(b) Loss ratios of 53.4%* (2022: 59.1%) per annum have been projected having considered management's strategy for premium growth as well as past developments with respect to loss development patterns. The loss ratios are expected to remain at the existing levels.

(c) A discount rate of 10% (2022: 10%) used is pre-tax and reflects the general insurance industry's overall weighted average cost of capital.

(d) Terminal value is estimated based on perpetual margin growth rate of 3.0% (2022: 3.5%) per annum.

The loss ratios for 2024 – 2026 and the recoverable amount of the CGU are calculated based on the measurement models under MFRS 17.

The recoverable amount of the CGU is estimated to be RM2,744,000,000 (2022: RM2,116,000,000).

The Group and the Company have performed a sensitivity analysis on the key assumptions and believe that there is no reasonably possible change in the key assumptions that could cause the recoverable amount to be below its carrying amount.

6 FINANCIAL ASSETS: FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company invested in Nomura i-Income Fund 2 ("the Fund") on 15 October 2021 with an amount of RM40 million and holding 52.8% as at the date of the financial position (2022: 48.5%) of the Fund.

According to MFRS 10 – Consolidated Financial Statements, an investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

a) Power over the investee;
b) Exposure, or rights, to variable returns from its involvement with the investee; and
c) The ability to use its power over the investee to affect the amount of the investors' returns.

The Group does not fulfill these criteria based on their assessment of the Fund, hence do not consolidate Nomura i-Income Fund 2 in the Group's financial statements as at 31 December 2023.

According to MFRS 128 – Investment in Associates and Joint Ventures, associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

The Group does not have significant influence and thus not apply equity method for its interest in Nomura i-Income Fund 2 as an associate.

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Fair value				
Unit trusts	80,062	-	80,062	-
Controlled structured entities (Note 9)	-	-	1,970,579	-
	80,062	-	2,050,641	-
Non-current	80,062	-	2,050,641	-

Carrying values of financial assets

	Group	Company
	RM'000	RM'000
At 1 January 2023	-	-
Adjustment on initial application of MFRS 9	79,804	1,809,056
At 1 January 2023, restated	79,804	1,809,056
Purchases	100,000	300,000
Disposals	(100,100)	(100,100)
Realised loss	(123)	(123)
Fair value gains recorded in income statements	481	41,808
At 31 December 2023	80,062	2,050,641

6 FINANCIAL ASSETS: FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Fair value of financial assets

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group 31 December 2023			
Unit trusts	80,062	-	80,062
Company 31 December 2023			
Unit trusts	80,062	-	80,062
Controlled structured entities	1,970,579	-	1,970,579
	2,050,641	-	2,050,641

7 FINANCIAL ASSETS: FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Fair value				
Malaysian Government Securities	131,355	-	-	-
Government Investment Issues	152,923	-	-	-
Corporate debt securities: Unquoted	1,619,915	-	-	-
	1,904,193	-	-	-
Accrued interest income				
Malaysian Government Securities	601	-	-	-
Government Investment Issues	1,303	-	-	-
Corporate debt securities: Unquoted	16,981	-	-	-
	18,885	-	-	-
	1,923,078	-	-	-
Current	246,602	-	-	-
Non-current	1,676,476	-	-	-
	1,923,078	-	-	-

Carrying values of financial assets

	Group	Company
	RM'000	RM'000
At 1 January 2023	-	-
Adjustment on initial application of MFRS 9	1,664,293	-
At 1 January 2023, restated	1,664,293	-
Purchases	520,313	-
Disposals	(294,587)	-
Accretion/(amortisation) of Bonds	(401)	-
Fair value gains recorded in:		
Other comprehensive income	33,642	-
Movement in investment income due and accrued	(182)	-
At 31 December 2023	1,923,078	-

Fair value of financial assets

	Level 1	Level 2	Total
	RM'000	RM'000	RM'000
Group			
31 December 2023			
Malaysian Government Securities	-	131,956	131,956
Government Investment Issues	-	154,226	154,226
Corporate debt securities	-	1,636,896	1,636,896
	-	1,923,078	1,923,078

8 FINANCIAL ASSETS: AVAILABLE-FOR-SALE

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Fair value				
Malaysian Government Securities	-	148,874	-	-
Government Investment Issues	-	146,136	-	-
Corporate debt securities: Unquoted	-	1,353,969	-	-
	-	1,648,979	-	-
Unit trusts	-	79,804	-	79,804
Controlled structured entities (Note 9)	-	-	-	1,729,252
	-	1,728,783	-	1,809,056
Accrued interest income				
Malaysian Government Securities	-	898	-	-
Government Investment Issues	-	1,184	-	-
Corporate debt securities: Unquoted	-	13,232	-	-
	-	15,314	-	-
	-	1,744,097	-	1,809,056
Current	-	96,165	-	-
Non-current	-	1,647,932	-	1,809,056
	-	1,744,097	-	1,809,056

Carrying values of financial assets

	Group	Company
	RM'000	RM'000
At 1 January 2022	1,325,866	1,496,868
Purchases	1,244,988	520,473
Disposals	(791,712)	(172,860)
Amortisation	(1,157)	-
Fair value losses recorded in:		
Other comprehensive income	(26,277)	(35,425)
Movement in investment income due and accrued	(7,611)	-
At 31 December 2022	1,744,097	1,809,056
At 1 January 2023	1,744,097	1,809,056
Adjustment on initial application of MFRS 9	(1,744,097)	(1,809,056)
At 1 January 2023, restated	-	-
At 31 December 2023	-	-

8 FINANCIAL ASSETS: AVAILABLE-FOR-SALE (CONTINUED)

Fair value of financial assets

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group			
31 December 2022			
Malaysian Government Securities	-	149,772	149,772
Government Investment Issues	-	147,320	147,320
Corporate debt securities	-	1,367,201	1,367,201
Unit trusts	79,804	-	79,804
	79,804	1,664,293	1,744,097
Company			
31 December 2022			
Unit trusts	79,804	-	79,804
Controlled structured entities	1,729,252	-	1,729,252
	1,809,056	-	1,809,056

There were no investments held by the Group and the Company that were classified under Level 3 as at 31 December 2023 (2022: Nil).

Level 1
Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include collective investment scheme. The Group and the Company do not adjust the quoted prices for these instruments.

Level 2

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include unquoted fixed income securities.

Level 3

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private non-quoted securities. As observables prices are not available for those securities, valuation techniques are used to derive the fair value. There were no investments valued using this basis during the year.

There were no transfers of financial assets between levels during the year.

9 CONTROLLED STRUCTURED ENTITIES

The Company has determined that its investment in wholesale unit trust funds amounting to RM1,970,579,000 (2022: RM1,729,252,000) as investment in structured entities ("investee funds"). The Company invests in the investee funds whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The investee funds are managed by Opus Asset Management Sdn Bhd and AHAM Capital Asset Management Berhad. The investee funds apply various investment strategies to accomplish their respective investment objectives. The investee funds finance their operations through the creation of investee fund units which entitles the holder to variable returns and fair values in the respective investee fund's net assets.

The Company holds 100% of Opus Income Fund, 99.23% of Opus Low Risk Asset Fund and 100% of AHAM Income Fund 6 (2022: 100% of Opus Income Fund, 100% of Opus Low Risk Fund and 100% of AHAM Income Fund). All funds were established in Malaysia, and the Company has control over these investee funds.

The Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All funds are audited by PricewaterhouseCoopers PLT.

These investee funds are classified as FVTPL financial assets under MFRS 9 (2022: available-for-sale investments under MFRS 139) and the change in fair value of each investee fund is included in the income statement (2022: other comprehensive income) in the Company's separate financial statements.

The Group consider the total expected cash flows from the unit trust funds injected by non-controlling interest will not be substantially affect the profit or loss or change in net assets of the whole group, but rather will be a subset of the group. Cash flows attributable to the non-controlling interest are based on percentage of their unit holdings of the unit trust funds. The non-controlling interest will not have the effect of substantially restricting or fixing the residual return attributable to the Group.

9 CONTROLLED STRUCTURED ENTITIES (CONTINUED)

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

	2023 RM	2022 RM
Number of wholesale unit trust fund	3	3
Average net asset value per unit of wholesale unit trust funds:		
Opus Income Fund	1.0127	0.9911
Opus Low Risk Asset Fund	1.0161	0.9980
AHAM Income Fund 6	1.0312	0.9991
Fair value of underlying net assets:		
Corporate debt securities	1,923,077,606	1,664,293,083
Deposits with licenseds financial institutions	52,259,538	64,815,934
Cash equivalents	703,332	502,971
Payables	(374,583)	(360,557)
Capital commitment from non-controlling interest	(5,087,225)	-
	1,970,578,668	1,729,251,431
Total fair value gains/(loss) incurred for the financial year	41,327,422	(26,277,182)

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

As the Company has control over these investee funds which are considered controlled structured entities, these structured entities are consolidated at Group level. The underlying assets of these structured entities have taken duly consolidated as shown in Note 6, 7 and 8 to the financial statements.

10 REINSURANCE CONTRACT ASSETS

	Group / Company	
	31.12.2023 RM'000	31.12.2022 RM'000
Voluntary Cession and Auto Facultative	65,687	57,708
Facultative	227,227	151,238
Proportional Treaty	162,255	123,806
Non-Proportional Treaty	45,571	92,634
	500,740	425,386
Current	285,937	267,419
Non-current	214,803	157,967
	500,740	425,386

10 REINSURANCE CONTRACT ASSETS (CONTINUED)

The following reconciliations show how the carrying amounts of reinsurance contracts changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss.

Voluntary Cession and Auto Facultative

Reconciliation of the remaining coverage and incurred claims components

					31.12.2023
	Asset for remaining coverage		Asset for incurred claims ("AIC")		
Group / Company	Excluding loss recovery component	Loss recovery component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	**5,511**	**1,961**	**44,392**	**5,844**	**57,708**
Changes in the statements of income and OCI					
Allocation of reinsurance premium paid	(26,378)	-	-	-	(26,378)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	29,164	2,548	31,712
Income on initial recognition of onerous underlying contracts and reversal of loss recovery component	-	(363)	-	-	(363)
Adjustments to assets for incurred claims	-	-	(3,775)	(2,510)	(6,285)
Effect of changes in non-performance risk of reinsurers	-	-	(11)	-	(11)
	-	(363)	25,378	38	25,053
Investment components	-	-	-	-	-
Net expenses from reinsurance contracts	(26,378)	(363)	25,378	38	(1,325)
Net finance income from reinsurance contracts	-	344	1,127	159	1,630
Total changes in the statement of profit or loss and OCI	**(26,378)**	**(19)**	**26,505**	**197**	**305**
Cash flows					
Premium paid net of ceding commissions	26,981	-	-	-	26,981
Claims recoveries received	-	-	(19,307)	-	(19,307)
Total cash flows	**26,981**	**-**	**(19,307)**	**-**	**7,674**
Closing assets	**6,114**	**1,942**	**51,590**	**6,041**	**65,687**

10 REINSURANCE CONTRACT ASSETS (CONTINUED)

Facultative

Reconciliation of the remaining coverage and incurred claims components

					31.12.2023
	Asset for remaining coverage		Asset for incurred claims		
Group / Company	Excluding loss recovery component	Loss recovery component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	**(8,926)**	**4,826**	**128,183**	**27,155**	**151,238**
Changes in the statements of income and OCI					
Allocation of reinsurance premium paid	(49,126)	-	-	-	(49,126)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	74,693	8,896	83,589
Income on initial recognition of onerous underlying contracts and reversal of loss recovery component	-	(1,011)	-	-	(1,011)
Adjustments to assets for incurred claims	-	-	40,276	(12,713)	27,563
Effect of changes in non-performance risk of reinsurers	-	-	(156)	-	(156)
	-	(1,011)	114,813	(3,817)	109,985
Investment components	-	-	-	-	-
Net expenses from reinsurance contracts	(49,126)	(1,011)	114,813	(3,817)	60,859
Net finance income from reinsurance contracts	-	1,104	3,358	671	5,133
Total changes in the statement of profit or loss and OCI	**(49,126)**	**93**	**118,171**	**(3,146)**	**65,992**
Cash flows					
Premium paid net of ceding commissions	68,932	-	-	-	68,932
Claims recoveries received	-	-	(58,935)	-	(58,935)
Total cash flows	**68,932**	**-**	**(58,935)**	**-**	**9,997**
Closing assets	**10,880**	**4,919**	**187,419**	**24,009**	**227,227**

10 REINSURANCE CONTRACT ASSETS (CONTINUED)

Proportional Treaty

Reconciliation of the remaining coverage and incurred claims components

					31.12.2023
	Asset for remaining coverage		Asset for incurred claims		
Group / Company	Excluding loss recovery component	Loss recovery component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	**(17,074)**	**2,342**	**115,974**	**22,564**	**123,806**
Changes in the statements of income and OCI					
Allocation of reinsurance premium paid	(84,498)	-	-	-	(84,498)
Amounts recoverable from Reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	93,758	11,323	105,081
Income on initial recognition of onerous underlying contracts and reversal of loss recovery component	-	(425)	-	-	(425)
Adjustments to assets for incurred claims	-	-	(8,964)	(13,549)	(22,513)
Effect of changes in non-performance risk of reinsurers	-	-	232	-	232
	-	(425)	85,026	(2,226)	82,375
Investment components	(213)	-	213	-	-
Net expenses from reinsurance contracts	(84,711)	(425)	85,239	(2,226)	(2,123)
Net finance income from reinsurance contracts	-	373	3,541	654	4,568
Total changes in the statement of profit or loss and OCI	**(84,711)**	**(52)**	**88,780**	**(1,572)**	**2,445**
Cash flows					
Premium paid net of ceding commissions	76,466	-	-	-	76,466
Claims recoveries received	-	-	(40,462)	-	(40,462)
Total cash flows	**76,466**	**-**	**(40,462)**	**-**	**36,004**
Closing assets	**(25,319)**	**2,290**	**164,292**	**20,992**	**162,255**

10 REINSURANCE CONTRACT ASSETS (CONTINUED)

Non-Proportional Treaty

Reconciliation of the remaining coverage and incurred claims components

					31.12.2023
	Asset for remaining coverage		Asset for incurred claims		
Group / Company	Excluding loss recovery component	Loss recovery component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	**(10,191)**	**-**	**93,899**	**8,926**	**92,634**
Changes in the statements of income and OCI					
Allocation of reinsurance premium paid	(42,201)	-	-	-	(42,201)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	27,964	2,451	30,415
Income on initial recognition of onerous underlying contracts and reversal of loss recovery component	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	(16,716)	(6,403)	(23,119)
Effect of changes in non-performance risk of reinsurers	-	-	(19)	-	(19)
	-	-	11,229	(3,952)	7,277
Investment components	-	-	-	-	-
Net expenses from reinsurance contracts	(42,201)	-	11,229	(3,952)	(34,924)
Net finance income from reinsurance contracts	-	-	1,722	246	1,968
Total changes in the statement of profit or loss and OCI	**(42,201)**	**-**	**12,951**	**(3,706)**	**(32,956)**
Cash flows					
Premium paid net of ceding commissions	40,025	-	-	-	40,025
Claims recoveries received	-	-	(54,132)	-	(54,132)
Total cash flows	**40,025**	**-**	**(54,132)**	**-**	**(14,107)**
Closing assets	**(12,367)**	**-**	**52,718**	**5,220**	**45,571**

10 REINSURANCE CONTRACT ASSETS (CONTINUED)

Voluntary Cession and Auto Facultative

Reconciliation of the remaining coverage and incurred claims components

	Restated 31.12.2022				
	Asset for remaining coverage		Asset for incurred claims		
Group / Company	Excluding loss recovery component	Loss recovery component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	**3,468**	**1,710**	**48,773**	**7,388**	**61,339**
Changes in the statements of income and OCI					
Allocation of reinsurance premium paid	(22,052)	-	-	-	(22,052)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	25,350	2,616	27,966
Income on initial recognition of onerous underlying contracts and reversal of loss recovery component	-	72	-	-	72
Adjustments to assets for incurred claims	-	-	(14,495)	(4,278)	(18,773)
Effect of changes in non-performance risk of reinsurers	-	-	(8)	-	(8)
	-	72	10,847	(1,662)	9,257
Investment components	-	-	-	-	-
Net expenses from reinsurance contracts	(22,052)	72	10,847	(1,662)	(12,795)
Net finance income from reinsurance contracts	-	179	777	118	1,074
Total changes in the statement of profit or loss and OCI	**(22,052)**	**251**	**11,624**	**(1,544)**	**(11,721)**
Cash flows					
Premium paid net of ceding commissions	24,095	-	-	-	24,095
Claims recoveries received	-	-	(16,005)	-	(16,005)
Total cash flows	**24,095**	**-**	**(16,005)**	**-**	**8,090**
Closing assets	**5,511**	**1,961**	**44,392**	**5,844**	**57,708**

10 REINSURANCE CONTRACT ASSETS (CONTINUED)

Facultative

Reconciliation of the remaining coverage and incurred claims components

	Restated 31.12.2022				
	Asset for remaining coverage		Asset for incurred claims		
Group / Company	Excluding loss recovery component	Loss recovery component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	**2,475**	**8,221**	**112,634**	**23,758**	**147,088**
Changes in the statements of income and OCI					
Allocation of reinsurance premium paid	(37,415)	-	-	-	(37,415)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	143,843	16,905	160,748
Income on initial recognition of onerous underlying contracts and reversal of loss recovery component	-	(3,573)	-	-	(3,573)
Adjustments to assets for incurred claims	-	-	(29,833)	(13,978)	(43,811)
Effect of changes in non-performance risk of reinsurers	-	-	(242)	-	(242)
	-	(3,573)	113,768	2,927	113,122
Investment components	-	-	-	-	-
Net expenses from reinsurance contracts	(37,415)	(3,573)	113,768	2,927	75,707
Net finance income from reinsurance contracts	-	178	3,090	470	3,738
Total changes in the statement of profit or loss and OCI	**(37,415)**	**(3,395)**	**116,858**	**3,397**	**79,445**
Cash flows					
Premium paid net of ceding commissions	26,014	-	-	-	26,014
Claims recoveries received	-	-	(101,309)	-	(101,309)
Total cash flows	**26,014**	**-**	**(101,309)**	**-**	**(75,295)**
Closing assets	**(8,926)**	**4,826**	**128,183**	**27,155**	**151,238**

10 REINSURANCE CONTRACT ASSETS (CONTINUED)

Proportional Treaty

Reconciliation of the remaining coverage and incurred claims components

	Restated 31.12.2022				
	Asset for remaining coverage		Asset for incurred claims		
Group / Company	Excluding loss recovery component	Loss recovery component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	**(12,666)**	**1,713**	**147,865**	**30,697**	**167,609**
Changes in the statements of income and OCI					
Allocation of reinsurance premium paid	(70,811)	-	-	-	(70,811)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	73,779	12,008	85,787
Income on initial recognition of onerous underlying contracts and reversal of loss recovery component	-	524	-	-	524
Adjustments to assets for incurred claims	-	-	(29,869)	(20,699)	(50,568)
Effect of changes in non-performance risk of reinsurers	-	-	(145)	-	(145)
	-	524	43,765	(8,691)	35,598
Investment components	(252)	-	252	-	-
Net expenses from reinsurance contracts	(71,063)	524	44,017	(8,691)	(35,213)
Net finance income from reinsurance contracts	-	105	2,764	558	3,427
Total changes in the statement of profit or loss and OCI	**(71,063)**	**629**	**46,781**	**(8,133)**	**(31,786)**
Cash flows					
Premium paid net of ceding commissions	66,655	-	-	-	66,655
Claims recoveries received	-	-	(78,672)	-	(78,672)
Total cash flows	**66,655**	**-**	**(78,672)**	**-**	**(12,017)**
Closing assets	**(17,074)**	**2,342**	**115,974**	**22,564**	**123,806**

10 REINSURANCE CONTRACT ASSETS (CONTINUED)

Non-Proportional Treaty

Reconciliation of the remaining coverage and incurred claims components

	Restated 31.12.2022				
	Asset for remaining coverage		Asset for incurred claims		
Group / Company	Excluding loss recovery component	Loss recovery component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening assets	**(7,883)**	**-**	**169,040**	**33,058**	**194,215**
Changes in the statements of income and OCI					
Allocation of reinsurance premium paid	(28,878)	-	-	-	(28,878)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	-	-	27,306	1,782	29,088
Income on initial recognition of onerous underlying contracts and reversal of loss recovery component	-	-	-	-	-
Adjustments to assets for incurred claims	-	-	5,149	(26,434)	(21,285)
Effect of changes in non-performance risk of reinsurers	-	-	275	-	275
	-	-	32,730	(24,652)	8,078
Investment components	-	-	-	-	-
Net expenses from reinsurance contracts	(28,878)	-	32,730	(24,652)	(20,800)
Net finance income from reinsurance contracts	-	-	2,710	520	3,230
Total changes in the statement of profit or loss and OCI	**(28,878)**	**-**	**35,440**	**(24,132)**	**(17,570)**
Cash flows					
Premium paid net of ceding commissions	26,570	-	-	-	26,570
Claims recoveries received	-	-	(110,581)	-	(110,581)
Total cash flows	**26,570**	**-**	**(110,581)**	**-**	**(84,011)**
Closing assets	**(10,191)**	**-**	**93,899**	**8,926**	**92,634**

11 FINANCIAL ASSETS AT AMORTISED COST AND OTHER RECEIVABLES

	Group		Company	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
i) Amortised cost				
Fixed and call deposit with licensed financial institutions	638,166	570,211	585,906	505,395
Staff loans	240	398	240	398
Knock-for-knock claims recoveries	580	224	580	224
Other receivables	3,440	3,574	3,440	3,574
	642,426	574,407	590,166	509,591
ii) Prepayments	8,471	6,288	8,471	6,288
iii) Assets held under the Malaysian Motor Insurance Pool (MMIP)*	43,139	40,751	43,139	40,751
	51,610	47,039	51,610	47,039
	694,036	621,446	641,776	556,630

The fair values of deposits approximate their carrying amounts due to their relatively short maturity period.

The fair values of staff loans are established by comparing current market interest rates for similar financial instruments to the rates offered when the loans were first recognised together with appropriate market credits adjustments.

The fair values of other receivables approximate their carrying amounts.

* MMIP as at 31 December 2023 is a net receivable of RM28,309,000 (2022: RM24,347,000) after setting off the amounts receivable from MMIP against the Company's share of MMIP's insurance contract liabilities included in Note 16 to the financial statements.

12 SHARE CAPITAL

	Group / Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Ordinary share issued and fully paid:		
At 1 January / 31 December	403,471	403,471

13 RETAINED EARNINGS

Pursuant to Section 51(1) of the Financial Services Act, 2013, the Company is required to obtain Bank Negara Malaysia's written approval prior to declaring or paying any dividend. Pursuant to the Risk Based Capital framework ("RBC") for Insurers, the Company shall not pay dividends if its Capital Adequacy Ratio position is less than its internal target capital level or if the payment of dividends would impair its Capital Adequacy Ratio position to below its internal target.

14 OTHER RESERVES

	Group		Company	
		Restated		Restated
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revaluation reserve				
At 1 January / 31 December	7,196	7,196	7,196	7,196
Insurance finance reserve				
At 1 January, as previously reported	-	-	-	-
Adjustment on initial application of MFRS 17	(470)	(2,770)	(470)	(2,770)
At 1 January, restated	(470)	(2,770)	(470)	(2,770)
Movement during the financial year	(2,053)	2,300	(2,053)	2,300
At 31 December	(2,523)	(470)	(2,523)	(470)
FVOCI reserve				
At 1 January	-	-	-	-
Adjustment on initial application of MFRS 9	(33,462)	-	-	-
At 1 January, restated	(33,462)	-	-	-
Fair value gains arising during the financial year	33,642	-	-	-
Tax impact on fair value gains	(9,945)	-	-	-
Allowance for impairment transferred to income statements	114	-	-	-
Transfer to income statements	(1,717)	-	-	-
At 31 December	(11,368)	-	-	-
Available-for-sale reserve				
At 1 January	(33,758)	(15,983)	(10,212)	16,711
Adjustment on initial application of MFRS 9	33,758	-	10,212	-
At 1 January, restated	-	(15,983)	-	16,711
Fair value loss arising during the financial year	-	(26,986)	-	(25,365)
Allowance for impairment transferred to income statements	-	-	-	-
Transfer to income statements	-	9,211	-	(1,558)
At 31 December	-	(33,758)	-	(10,212)
Total	(6,695)	(27,032)	4,673	(3,486)

15 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The deferred tax balances of the Group and the Company after appropriate offsetting are as follows:

	Group	
		Restated
	31.12.2023	31.12.2022
	RM'000	RM'000
Deferred tax liabilities	(19,465)	(8,548)
Subject to income tax		
Deferred tax assets (before offsetting)		
- Right-of-use assets	3,583	2,441
- Financial assets at AFS	-	3,225
- Other receivables	3	4
- Other payables	3,598	3,134
	7,184	8,804
Offsetting	(7,184)	(8,804)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting)		
- Property, plant and equipment	1,271	1,783
- Financial assets at FVTPL	63	-
- Financial assets at FVOCI	6,746	-
- Reinsurance contract assets	7,629	6,201
- Insurance contract liabilities	10,940	9,368
	26,649	17,352
Offsetting	(7,184)	(8,804)
Deferred tax liabilities (after offsetting)	19,465	8,548

15 DEFERRED TAX LIABILITIES (CONTINUED)

	Company	
		Restated
	31.12.2023	31.12.2022
	RM'000	RM'000
Deferred tax liabilities	(19,465)	(8,548)
Subject to income tax		
Deferred tax assets (before offsetting)		
- Right-of-use assets	3,583	2,441
- Financial assets at AFS	-	3,225
- Other receivables	3	4
- Other payables	3,598	3,134
	7,184	8,804
Offsetting	(7,184)	(8,804)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting)		
- Property, plant and equipment	1,271	1,783
- Financial assets at FVTPL	6,809	-
- Reinsurance contract assets	7,629	6,201
- Insurance contract liabilities	10,940	9,368
	26,649	17,352
Offsetting	(7,184)	(8,804)
Deferred tax liabilities (after offsetting)	19,465	8,548

15 DEFERRED TAX LIABILITIES (CONTINUED)

The movements in deferred tax balances during the year are as follows:

	Group		Company	
		Restated		Restated
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At 1 January, as previously reported	11,527	2,327	11,527	2,327
Reclassification from AFS to retained earning / FVOCI				
- Derecognition of deferred tax assets on financial assets at AFS	(3,225)	-	(3,225)	-
- Recognition of deferred tax assets on financial assets at FVTPL	-	-	3,225	-
- Recognition of deferred tax assets on financial assets at FVOCI	3,225	-	-	-
Adjustment on initial application of MFRS 17	(20,075)	(12,805)	(20,075)	(12,805)
At 1 January, restated	(8,548)	(10,478)	(8,548)	(10,478)
(Charged)/credited to income statements (Note 26)				
- Property, plant and Equipment	512	(291)	512	(291)
- Right-of-use assets	1,142	1,445	1,142	1,445
- Financial assets at FVTPL	(63)	-	(10,034)	-
- Financial assets at FVOCI	(26)	-	-	-
- Reinsurance contract assets	(1,044)	(3,647)	(1,044)	(3,647)
- Insurance contract liabilities	(2,605)	(2,876)	(2,605)	(2,876)
- Other receivables	(1)	(8)	(1)	(8)
- Other payables	464	(468)	464	(468)
	(1,621)	(5,845)	(11,566)	(5,845)
(Charged)/credited to equity:				
- Financial assets at FVOCI	(9,945)	-	-	-
- Financial assets at AFS	-	8,502	-	8,502
- Reinsurance contract assets	(384)	600	(384)	600
- Insurance contract liabilities	1,033	(1,327)	1,033	(1,327)
	(9,296)	7,775	649	7,775
At 31 December	(19,465)	(8,548)	(19,465)	(8,548)

16 INSURANCE CONTRACT LIABILITIES

	Group / Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Fire	435,491	327,586
Motor	1,063,527	925,492
Marine	56,562	58,033
Others	357,930	325,069
	1,913,510	1,636,180
Current	1,345,253	1,187,568
Non-current	568,257	448,612
	1,913,510	1,636,180

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

The following reconciliations show how the carrying amounts of insurance contracts changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss.

Fire

Reconciliation of the remaining coverage and incurred claims components

					31.12.2023
	LRC		LIC		
Group / Company	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening liabilities	**49,423**	**-**	**229,413**	**48,750**	**327,586**
Changes in the statements of income and OCI					
Insurance revenue	(264,977)	-	-	-	(264,977)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	271,867	26,517	298,384
Amortisation of insurance acquisition cash flows	46,726	-	-	-	46,726
Losses and reversal of losses on onerous contracts	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	(4,285)	(32,991)	(37,276)
	46,726	-	267,582	(6,474)	307,834
Investment components	-	-	-	-	-
Insurance service result	(218,251)	-	267,582	(6,474)	42,857
Net finance expenses from insurance contracts	-	-	7,614	1,352	8,966
Total changes in the statement of profit or loss and OCI	**(218,251)**	**-**	**275,196**	**(5,122)**	**51,823**
Cash flows					
Premium received	265,647	-	-	-	265,647
Claims and other insurance service expenses paid	-	-	(161,969)	-	(161,969)
Insurance acquisition cash flows	(47,135)	-	-	-	(47,135)
Total cash flows	**218,512**	**-**	**(161,969)**	**-**	**56,543**
Transfer to other payables in the statement of financial position	-	-	(461)	-	(461)
Closing liabilities	**49,684**	**-**	**342,179**	**43,628**	**435,491**

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Motor

Reconciliation of the remaining coverage and incurred claims components

	31.12.2023				
	LRC		LIC		
Group / Company	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening liabilities	**280,284**	**65,102**	**523,181**	**56,925**	**925,492**
Changes in the statements of income and OCI					
Insurance revenue	(626,734)	-	-	-	(626,734)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	538,152	29,389	567,541
Amortisation of insurance acquisition cash flows	99,240	-	-	-	99,240
Losses and reversal of losses on onerous contracts	-	(9,960)	-	-	(9,960)
Adjustments to liabilities for incurred claims	-	-	(87,258)	(23,081)	(110,339)
	99,240	(9,960)	450,894	6,308	546,482
Investment components	-	-	-	-	-
Insurance service result	(527,494)	(9,960)	450,894	6,308	(80,252)
Net finance expenses from insurance contracts	-	12,422	17,126	1,805	31,353
Total changes in the statement of profit or loss and OCI	**(527,494)**	**2,462**	**468,020**	**8,113**	**(48,899)**
Cash flows					
Premium received	691,460	-	-	-	691,460
Claims and other insurance service expenses paid	-	-	(394,961)	-	(394,961)
Insurance acquisition cash flows	(108,343)	-	-	-	(108,343)
Total cash flows	**583,117**	**-**	**(394,961)**	**-**	**188,156**
Transfer to other payables in the statement of financial position	-	-	(1,222)	-	(1,222)
Closing liabilities	**335,907**	**67,564**	**595,018**	**65,038**	**1,063,527**

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Marine

Reconciliation of the remaining coverage and incurred claims components

					31.12.2023
	LRC		LIC		
Group / Company	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening liabilities	**3,081**	**-**	**46,968**	**7,984**	**58,033**
Changes in the statements of income and OCI					
Insurance revenue	(79,359)	-	-	-	(79,359)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	39,843	3,488	43,331
Amortisation of insurance acquisition cash flows	11,908	-	-	-	11,908
Losses and reversal of losses on onerous contracts	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	(7,983)	(3,773)	(11,756)
	11,908	-	31,860	(285)	43,483
Investment components	-	-	-	-	-
Insurance service result	(67,451)	-	31,860	(285)	(35,876)
Net finance expenses from insurance contracts	-	-	1,515	231	1,746
Total changes in the statement of profit or loss and OCI	**(67,451)**	**-**	**33,375**	**(54)**	**(34,130)**
Cash flows					
Premium received	78,023	-	-	-	78,023
Claims and other insurance service expenses paid	-	-	(33,568)	-	(33,568)
Insurance acquisition cash flows	(11,707)	-	-	-	(11,707)
Total cash flows	**66,316**	**-**	**(33,568)**	**-**	**32,748**
Transfer to other payables in the statement of financial position	-	-	(89)	-	(89)
Closing liabilities	**1,946**	**-**	**46,686**	**7,930**	**56,562**

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Others

Reconciliation of the remaining coverage and incurred claims components

					31.12.2023
	LRC		LIC		
Group / Company	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening liabilities	**68,597**	**15,313**	**208,619**	**32,540**	**325,069**
Changes in the statements of income and OCI					
Insurance revenue	(285,529)	-	-	-	(285,529)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	183,261	11,365	194,626
Amortisation of insurance acquisition cash flows	71,112	-	-	-	71,112
Losses and reversal of losses on onerous contracts	-	(4,722)	-	-	(4,722)
Adjustments to liabilities for incurred claims	-	-	(19,400)	(12,700)	(32,100)
	71,112	(4,722)	163,861	(1,335)	228,916
Investment components	(1,115)	-	1,115	-	-
Insurance service result	(215,532)	(4,722)	164,976	(1,335)	(56,613)
Net finance expenses from insurance contracts	22	2,381	5,845	840	9,088
Total changes in the statement of profit or loss and OCI	**(215,510)**	**(2,341)**	**170,821**	**(495)**	**(47,252)**
Cash flows					
Premium received	294,649	-	-	-	294,649
Claims and other insurance service expenses paid	-	-	(141,029)	-	(141,029)
Insurance acquisition cash flows	(72,733)	-	-	-	(72,733)
Total cash flows	**221,916**	**-**	**(141,029)**	**-**	**80,887**
Transfer to other payables in the statement of financial position	-	-	(501)	-	(501)
Closing liabilities	**75,003**	**12,972**	**237,910**	**32,045**	**357,930**

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Fire

Reconciliation of the remaining coverage and incurred claims components

	Restated 31.12.2022				
	LRC		LIC		
Group / Company	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening liabilities	**43,312**	**-**	**347,892**	**73,927**	**465,131**
Changes in the statements of income and OCI					
Insurance revenue	(221,148)	-	-	-	(221,148)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	275,434	30,685	306,119
Amortisation of insurance acquisition cash flows	40,460	-	-	-	40,460
Losses and reversal of losses on onerous contracts	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	(47,228)	(57,273)	(104,501)
	40,460	-	228,206	(26,588)	242,078
Investment components	-	-	-	-	-
Insurance service result	(180,688)	-	228,206	(26,588)	20,930
Net finance expenses from insurance contracts	2	-	7,985	1,411	9,398
Total changes in the statement of profit or loss and OCI	**(180,686)**	**-**	**236,191**	**(25,177)**	**30,328**
Cash flows					
Premium received	227,755	-	-	-	227,755
Claims and other insurance service expenses paid	-	-	(354,253)	-	(354,253)
Insurance acquisition cash flows	(40,958)	-	-	-	(40,958)
Total cash flows	**186,797**	**-**	**(354,253)**	**-**	**(167,456)**
Transfer to other payables in the statement of financial position	-	-	(417)	-	(417)
Closing liabilities	**49,423**	**-**	**229,413**	**48,750**	**327,586**

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Motor

Reconciliation of the remaining coverage and incurred claims components

	Restated 31.12.2022				
	LRC		LIC		
Group / Company	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening liabilities	**221,576**	**64,995**	**487,289**	**52,958**	**826,818**
Changes in the statements of income and OCI					
Insurance revenue	(501,226)	-	-	-	(501,226)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	421,496	23,585	445,081
Amortisation of insurance acquisition cash flows	83,495	-	-	-	83,495
Losses and reversal of losses on onerous contracts	-	(6,235)	-	-	(6,235)
Adjustments to liabilities for incurred claims	-	-	(80,102)	(20,423)	(100,525)
	83,495	(6,235)	341,394	3,162	421,816
Investment components	-	-	-	-	-
Insurance service result	(417,731)	(6,235)	341,394	3,162	(79,410)
Net finance expenses from insurance contracts	2	6,342	7,779	805	14,928
Total changes in the statement of profit or loss and OCI	**(417,729)**	**107**	**349,173**	**3,967**	**(64,482)**
Cash flows					
Premium received	564,826	-	-	-	564,826
Claims and other insurance service expenses paid	-	-	(312,762)	-	(312,762)
Insurance acquisition cash flows	(88,389)	-	-	-	(88,389)
Total cash flows	**476,437**	**-**	**(312,762)**	**-**	**163,675**
Transfer to other payables in the statement of financial position	-	-	(519)	-	(519)
Closing liabilities	**280,284**	**65,102**	**523,181**	**56,925**	**925,492**

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Marine

Reconciliation of the remaining coverage and incurred claims components

					Restated 31.12.2022
	LRC		LIC		
Group / Company	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening liabilities	**4,223**	**-**	**59,346**	**10,086**	**73,655**
Changes in the statements of income and OCI					
Insurance revenue	(73,036)	-	-	-	(73,036)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	58,483	4,101	62,584
Amortisation of insurance acquisition cash flows	10,850	-	-	-	10,850
Losses and reversal of losses on onerous contracts	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	(14,915)	(6,384)	(21,299)
	10,850	-	43,568	(2,283)	52,135
Investment components	-	-	-	-	-
Insurance service result	(62,186)	-	43,568	(2,283)	(20,901)
Net finance expenses from insurance contracts	2	-	1,319	181	1,502
Total changes in the statement of profit or loss and OCI	**(62,184)**	**-**	**44,887**	**(2,102)**	**(19,399)**
Cash flows					
Premium received	72,016	-	-	-	72,016
Claims and other insurance service expenses paid	-	-	(56,962)	-	(56,962)
Insurance acquisition cash flows	(10,974)	-	-	-	(10,974)
Total cash flows	**61,042**	**-**	**(57,265)**	**-**	**4,080**
Transfer to other payables in the statement of financial position	-	-	(303)	-	(303)
Closing liabilities	**3,081**	**-**	**46,968**	**7,984**	**58,033**

16 INSURANCE CONTRACT LIABILITIES (CONTINUED)

Others

Reconciliation of the remaining coverage and incurred claims components

	Restated 31.12.2022				
	LRC		LIC		
Group / Company	Excluding loss component	Loss component	Estimate of the present value of future cash flows	Risk adjustment for non-financial risk	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Opening liabilities	**55,497**	**10,531**	**192,960**	**30,970**	**289,958**
Changes in the statements of income and OCI					
Insurance revenue	(239,348)	-	-	-	(239,348)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	171,560	12,905	184,465
Amortisation of insurance acquisition cash flows	55,360	-	-	-	55,360
Losses and reversal of losses on onerous contracts	-	3,784	-	-	3,784
Adjustments to liabilities for incurred claims	-	-	(38,678)	(11,771)	(50,449)
	55,360	3,784	132,882	1,134	193,160
Investment components	(789)	-	789	-	-
Insurance service result	(184,777)	3,784	133,671	1,134	(46,188)
Net finance expenses from insurance contracts	14	998	2,917	436	4,365
Total changes in the statement of profit or loss and OCI	**(184,763)**	**4,782**	**136,588**	**1,570**	**(41,823)**
Cash flows					
Premium received	262,872	-	-	-	262,872
Claims and other insurance service expenses paid	-	-	(119,274)	-	(119,274)
Insurance acquisition cash flows	(65,009)	-	-	-	(65,009)
Total cash flows	**197,863**	**-**	**(119,274)**	**-**	**78,589**
Transfer to other payables in the statement of financial position	-	-	(1,655)	-	(1,655)
Closing liabilities	**68,597**	**15,313**	**208,619**	**32,540**	**325,069**

17 OTHER PAYABLES

	Group		Company	
		Restated		Restated
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Lease liabilities	26,086	20,259	26,086	20,259
Asset restoration	3,252	3,188	3,252	3,188
Payroll liabilities	22,828	22,533	22,828	22,533
Service tax payable	12,500	11,634	12,500	11,634
Provision of financial penalty*	14,669	14,669	14,669	14,669
Accrued expenses	17,623	15,975	17,623	15,975
Other payables	16,641	2,542	16,266	2,182
	113,599	90,800	113,224	90,440

The carrying amounts disclosed above approximate their fair values at the date of statements of financial position.

*In the financial year ended 31 December 2020, the Group and the Company made a provision of RM14.7 million for a proposed financial penalty by the Malaysia Competition Commission ("MyCC") in relation to an agreement to fix parts trade discount and labour rates for 6 vehicle makes which allegedly infringed Section 4(2)(a) of the Competition Act 2010. This is part of the collective penalty of RM213.5 million imposed on the general insurance industry.

The matter is currently undergoing a legal process and has not been concluded as at 31 December 2023.

The significant related party balance at the end of the financial year between the Company and its related parties on the other payables is RM1,286,000 (2022: RM1,351,000) as disclosed in Note 30 (a) to the financial statements.

All amounts are payable within one year except lease liabilities and asset restoration as shown below:

	Group / Company	
	31.12.2023	31.12.2022
	RM'000	RM'000
Lease liabilities and asset restoration		
Current	5,446	5,634
Non-current	23,892	17,813
	29,338	23,447

18 INSURANCE SERVICE RESULT

	Group / Company	
		Restated
	2023	2022
	RM'000	RM'000
Insurance Revenue		
Contracts measured under PAA	1,256,599	1,034,758
Insurance Service Expenses		
Incurred claims and other insurance service expenses	(1,103,882)	(998,249)
Amortisation of insurance acquisition cash flows	(228,986)	(190,165)
Losses and reversal of losses on onerous contracts	14,682	2,451
Adjustments to liabilities for incurred claims	191,471	276,774
	(1,126,715)	(909,189)
Net income from reinsurance contracts held		
Allocation of reinsurance premium paid	(202,203)	(159,156)
Recoveries of incurred claims and other insurance service expenses	250,797	303,589
Income on initial recognition of onerous underlying contracts and reversal of loss recovery component	(1,799)	(2,977)
Adjustments to assets for incurred claims	(24,354)	(134,437)
Effect of changes in non-performance risk of reinsurers	46	(120)
Total	22,487	6,899
	152,371	132,468

19 INTEREST REVENUE CALCULATED THE EFFECTIVE INTEREST METHOD AND INVESTMENT INCOME

Interest revenue calculated the effective interest method

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial assets at amortised cost:				
Interest revenue	24,925	13,425	22,793	11,077
Amortisation of staff loans	13	33	13	33
FVOCI financial assets:				
Interest revenue	74,019	66,024	-	-
Amortisation of bonds	(401)	(1,157)	-	-
	98,556	78,325	22,806	11,110

Investment Income	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
AFS financial assets:				
Dividend income				
- Controlled structured entities	-	-	-	61,828
- Unit trusts	-	1,760	-	1,760
FVTPL financial assets:				
Dividend income				
- Controlled structured entities	-	-	63,987	-
- Unit trusts	3,149	-	3,149	-
	3,149	1,760	67,136	63,588

20 REALISED (LOSS)/GAIN

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
AFS financial assets:				
Realised (loss)/gain:				
Corporate debt securities – unquoted in Malaysia	-	(8,740)	-	-
Unit trusts	-	21	-	2,050
FVTPL financial assets:				
Realised (loss)/gain:	-	-	-	-
Unit trusts	(123)	-	(123)	-
FVOCI financial assets				
Realised (loss)/gain:				
Corporate debt securities - unquoted in Malaysia	1,717	-	-	-
	1,594	(8,719)	(123)	2,050

21 UNREALISED GAIN

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
FVTPL financial assets:				
Controlled structured entities	-	-	41,327	-
Unit trusts	481	-	481	-
	481	-	41,808	-

22 NET INVESTMENT INCOME AND NET INSURANCE FINANCE EXPENSES

	Group		Company	
		Restated		Restated
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net investment income				
Amounts recognised in the profit or loss				
- Interest revenue calculated using the effective interest method	98,556	78,325	22,806	11,110
- Investment income	3,149	1,760	67,136	63,588
- Realised gain/(loss)	1,594	(8,719)	(123)	2,050
- Unrealised gain	481	-	41,808	-
- Net credit impairment loss on financial assets	(114)	-	-	-
	103,666	71,366	131,627	76,748
Amounts recognised in OCI	32,039	(26,277)	-	(35,425)
	135,705	45,089	131,627	41,323
Finance expenses from insurance contracts				
Interest accreted to insurance contracts using locked-in rate	(46,849)	(35,712)	(46,849)	(35,712)
Due to changes in interest rates and other financial assumptions	(4,304)	5,527	(4,304)	5,527
	(51,153)	(30,185)	(51,153)	(30,185)
Represented by:				
Amounts recognised in profit or loss	(46,849)	(35,712)	(46,849)	(35,712)
Amounts recognised in OCI	(4,304)	5,527	(4,304)	5,527

22 NET INVESTMENT INCOME AND NET INSURANCE FINANCE EXPENSES (CONTINUED)

	Group		Company	
		Restated		Restated
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Finance income from reinsurance contracts held				
Interest accreted to reinsurance contracts using current financial assumptions	11,697	13,969	11,697	13,969
Due to changes in interest rates and other financial assumptions	1,602	(2,500)	1,602	(2,500)
	13,299	11,469	13,299	11,469
Represented by:				
Amounts recognised in profit or loss	11,697	13,969	11,697	13,969
Amounts recognised in OCI	1,602	(2,500)	1,602	(2,500)
Total net investment income, Insurance finance expenses and reinsurances finance income	97,851	26,373	93,773	22,607
Represented by:				
Amounts recognised in profit or loss	68,514	49,623	96,475	55,005
Amounts recognised in OCI	29,337	(23,250)	(2,702)	(32,398)

23 OTHER OPERATING INCOME/(EXPENSES)

	Group		Company	
		Restated		Restated
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Other operating income				
Agency fees received	1,197	932	1,197	932
Rental income received	161	149	161	149
Write-back of allowance for impairment of staff loans	4	32	4	32
Others income/(expense) from MMIP	2,482	(339)	2,482	(339)
Others	120	259	120	259
	3,964	1,033	3,964	1,033
Other operating expenses				
Others (Note 24)	32,241	30,693	28,164	26,927
	32,241	30,693	28,164	26,927

24 EXPENSES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense (Note (a))	147,044	137,428	147,044	137,428
Directors' remuneration (Note (b))	681	455	681	455
Auditors' remuneration:				
- statutory audit	630	423	607	401
- other services	61	775	61	775
Depreciation of property, plant and equipment	8,523	7,423	8,523	7,423
Depreciation of ROU assets	6,573	7,105	6,573	7,105
Rental of office premises	1,405	1,210	1,405	1,210
Entertainment	5,926	5,127	5,926	5,127
Training expenses	2,917	2,182	2,917	2,182
Management fees*	4,612	4,773	4,612	4,773
Repairs and maintenance	820	786	820	786
Motor vehicle expenses	3,598	3,304	3,598	3,304
Travelling	943	488	943	488
Advertising	1,724	2,382	1,724	2,382
Printing and stationery	7,203	6,227	7,203	6,227
Postage and telephone	1,977	2,229	1,977	2,229
Electronic data processing expenses	22,355	20,606	22,355	20,606
Bank collection charges	7,932	7,080	7,932	7,080
Other expenses	16,194	12,998	12,140	9,254
	241,118	223,001	237,041	219,235
Amounts attributable to insurance acquisition cash flows incurred during the year	(98,681)	(88,738)	(98,681)	(88,738)
Amortisation of insurance acquisition cash flows	95,261	80,220	95,261	80,220
	237,698	214,483	233,621	210,717
Represented by:				
Insurance service expenses	205,457	183,790	205,457	183,790
Other operating expenses	32,241	30,693	28,164	26,927
	237,698	214,483	233,621	210,717

24 EXPENSES (CONTINUED)

* Included in management fees are management fees payable/paid to related parties of RM1,315,249 (2022: RM1,869,481) as disclosed in Note 30 (a) to the financial statements.

(a) Employee benefits expense

	Group / Company	
	2023	2022
	RM'000	RM'000
Staff salary and bonus	124,023	116,494
Social security contributions	841	736
Contributions to Employees' Provident Fund	16,482	15,687
Other benefits	5,698	4,511
	147,044	137,428

(b) Directors' remuneration

The details of remuneration receivable by Directors during the year are as follows:

	Group / Company	
	2023	2022
	RM'000	RM'000
Executive:		
Fees	-	-
Other benefits	-	-
	-	-
Non-Executive:		
Fees	594	430
Other benefits	87	25
	681	455
	681	455
Represented by:		
Directors' fees	594	430
Amount included in employee benefits expense	87	25
	681	455

The estimated cash value of benefits-in-kind provided to the Directors of the Group and the Company amounted to RM2,400 (2022: RM 2,551).

The remuneration, including benefits-in-kind, attributable to the Chief Executive Officer of the Group and the Company included in employee benefits expense during the financial year amounted to RM2,140,000 (2022: RM2,145,000).

The number of executive and non-executive Directors whose total remuneration received during the financial year falls within the following band is:

	Number of Directors	
Group / Company	2023	2022
Non-Executive Directors		
Below RM50,000	-	1

24 EXPENSES (CONTINUED)

(a) Key management personnel's remuneration

The remuneration of key management personnel during the financial year are as follows:

	Group / Company	
	2023	2022
	RM'000	RM'000
Salary	8,147	7,749
Bonus	3,175	2,809
Defined contribution plan	1,401	1,311
Other benefits	769	835
	13,492	12,704

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The key management personnel of the Group and the Company include the Chief Executive Officer, Deputy Chief Executive Officer, members of the Executive Committee and other key responsible persons of the Group and the Company.

24 EXPENSES (CONTINUED)

The total remuneration (including benefits-in-kind) of the Chief Executive Officer and Directors are as follows:

2023	Fee RM'000	Salaries RM'000	Bonus RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
Chief Executive Officer						
- Ng Hang Ming	-	1,242	591	275	32	2,140
Non-Executive Directors						
- Dato' Zainal Abidin Bin Putih	204	-	-	24	1	229
- Yeoh Chong Keng	150	-	-	24	1	175
- Dang Kok Heng	90	-	-	15	-	105
- Datin Hayati Aman Binti Hashim	150	-	-	24	1	175
	594	1,242	591	362	35	2,824
2022						
Chief Executive Officer						
- Ng Hang Ming	-	1,242	576	273	54	2,145
Non-Executive Directors						
- Dato' Zainal Abidin Bin Putih	170	-	-	8	-	178
- Yeoh Chong Keng	125	-	-	8	-	133
- Yip Jian Lee	21	-	-	2	3	26
- Datin Hayati Aman Binti Hashim	114	-	-	7	-	121
	430	1,242	576	298	57	2,603

25 FINANCE COSTS

	Group / Company	
	2023 RM'000	2022 RM'000
Interest on lease liabilities	1,206	902

26 TAXATION

	Group		Company	
	2023 RM'000	Restated 2022 RM'000	2023 RM'000	Restated 2022 RM'000
Current income tax:				
Current financial year	26,571	18,705	26,571	18,705
Under/(over) provision in prior financial years	470	(416)	470	(416)
Deferred tax:				
Relating to origination and reversal of temporary differences (Note 15)	1,621	5,845	11,565	5,845
	28,662	24,134	38,606	24,134

The income taxes for the Group and the Company are calculated based on the tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

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

	Group		Company	
	2023 RM'000	Restated 2022 RM'000	2023 RM'000	Restated 2022 RM'000
Profit before tax	191,402	151,529	223,440	160,677
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	45,936	36,367	53,625	38,562
Income not subject to tax	(18,809)	(13,104)	(16,554)	(15,299)
Expenses not deductible for tax purposes	1,065	1,287	1,065	1,287
Under/(over) provision in prior years	470	(416)	470	(416)
Tax expense for the year	28,662	24,134	38,606	24,134

27 BASIC EARNINGS PER SHARE (SEN)

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

	Group		Company	
		Restated		Restated
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders	162,740	127,395	184,834	136,543
Weighted average number of shares in issue	403,471	403,471	403,471	403,471
Basic earnings per share (sen)	40	32	46	34

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

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

28 DIVIDENDS

	Group / Company	
	2023	2022
	RM'000	RM'000
Interim and final single-tier dividend paid	92,659	50,000
Dividend rate (%)	22.97	12.39
Dividend per share (sen)	0.2297	0.1239

The Directors have not recommended any dividend for the current financial year.

29 CAPITAL COMMITMENTS

	Group / Company	
	2023	2022
	RM'000	RM'000
Capital expenditure		
Approved and contracted for	679	2,500
	679	2,500

30 SIGNIFICANT RELATED PARTY DISCLOSURES

The related parties of, and their relationship with the Group and the Company as at 31 December 2023, are as follows:

Related parties	Country of incorporation	Relationship
Tokio Marine Holdings Inc. ("TMH")	Japan	Ultimate holding corporation
Tokio Marine & Nichido Fire Insurance Co. Ltd. ("TMNF")	Japan	Penultimate holding corporation
Tokio Marine Asia Pte. Ltd. ("TM Asia")	Singapore	Immediate holding corporation
Tokio Marine Insurance Singapore Ltd	Singapore	Related corporation
Tokio Marine Life Insurance Malaysia Bhd	Malaysia	Related corporation

In the normal course of business, the Group and the Company undertake at agreed terms and prices, various transactions with their holding corporation and other corporations deemed related parties by virtue of being subsidiaries of its holding corporations.

(a) The significant related party transactions during the year and balances at the end of the financial year between the Group and the Company, and their related parties are set out below:

Significant related party transactions

Income/(Expenses)	Group / Company	
	2023	2022
	RM'000	RM'000
Transactions with immediate holding corporation:		
Expenses recharge*	(467)	(920)
Risk management fees paid*	(369)	(653)
Expatriates' remuneration	(989)	(919)
Others	(925)	(536)

30 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) The significant related party transactions during the year and balances at the end of the year between the Group and the Company, and their related parties are set out below (continued):

Significant related party transactions (continued)

Income/(Expenses)	Group / Company 2023 RM'000	Group / Company 2022 RM'000
Transactions with penultimate holding corporation:		
Premium ceded	(51,156)	(40,149)
Claims recoveries and paid	16,996	23,129
Commission received	8,690	7,545
Risk management fee paid*	(10)	(3)
Agency fees received	1,118	842
Expatriates' remuneration	(2,125)	(2,367)
Interest expenses on treaty withheld	(199)	(173)
Others	(866)	(769)

Transactions with other related corporations:

Group / Company 2023	Asia RM'000	Europe RM'000	North America RM'000	Middle East RM'000	Total RM'000
Premium ceded	(38,416)	(226)	-	-	(38,642)
Claims recoveries and paid	11,275	-	-	-	11,275
Commission received	6,771	17	-	-	6,788
Agency fees received	77	-	2	1	80
Rental paid	(344)	-	-	-	(344)
Risk management fees paid*	(326)	-	-	-	(326)
Secretarial fee paid*	(194)	-	-	-	(194)
Others	(465)	-	-	-	(465)
Interest expenses on treaty withheld	(218)	-	-	-	(218)

Group / Company 2022	Asia RM'000	Europe RM'000	North America RM'000	Middle East RM'000	Total RM'000
Premium ceded	(33,910)	(199)	-	-	(34,109)
Claims recoveries and paid	38,766	-	-	-	38,766
Commission received	4,989	15	-	-	5,004
Agency fees received	87	-	4	-	91
Rental paid	(450)	-	-	-	(450)
Risk management fees paid*	(108)	-	-	-	(108)
Secretarial fee paid*	(185)			-	(185)
Others	(381)	-	-	-	(381)
Interest expenses on treaty withheld	(165)	-	-	-	(165)

30 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) The significant related party transactions during the year and balances at the end of the year between the Group and the Company, and their related parties are set out below (continued):

	Group / Company	
	2023	2022
	RM'000	RM'000
Insurance receivables		
Claim recoveries due from related corporations	74	109
Insurance payables		
Reinsurance premiums due to penultimate holding corporation	(35,067)	(40,818)
Reinsurance premiums due to related corporations	(25,796)	(18,353)
Other payable due to immediate holding corporation	(1,199)	(1,307)
Other receivable due from penultimate holding	3	-
Other payable due to related corporation	(87)	(44)
Other receivables due from related corporation	104	177

31 INSURANCE RISK

Insurance risk includes the risk of incurring higher claims costs than expected owing to the unpredictable nature of claims, especially in terms of frequency, severity and the risk of change in economic and legal conditions or behavioural patterns affecting insurance pricing and conditions of insurance or reinsurance cover. This may result in the insurer receiving too little or insufficient premium for the risks it underwrites and insufficient liquidity to pay claims, which are higher than expected. The Group and the Company seek to minimise insurance risks with a balanced mix of business portfolio and by strictly observing the underwriting guidelines and limits, prudent estimation of claims reserving and high standard of security vetting of all its reinsurers.

The table below sets out the concentration of LIC and the corresponding AIC on these LIC by portfolio grouping:

			31.12.2023			31.12.2022
Group / Company	Insurance contracts	Reinsurance contracts	Total	Insurance contracts	Reinsurance contracts	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fire	385,807	(293,026)	92,781	278,163	(216,392)	61,771
Motor	660,056	(60,960)	599,096	580,106	(41,489)	538,617
Marine	54,616	(16,774)	37,842	54,952	(19,695)	35,257
Others	269,955	(116,259)	153,696	241,159	(103,014)	138,145
	1,370,434	(487,019)	883,415	1,154,380	(380,590)	773,790

For reinsurance contracts, the AIC excludes claim recoveries receivable.

31 INSURANCE RISK (CONTINUED)

Key assumptions

The principal assumption underlying the estimation of liabilities is that the Group's and Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of initial expected loss ratio ("IELR") in the last accident year, first incurred development factor, claim handling expenses, and risk adjustment.

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

The Company measures all the contracts under Premium Allocation Approach ("PAA"). Discounting is applied to the liability for incurred claims ("LIC") and loss component from onerous contracts, based on the risk-free discount rates derived from zero-coupon spot yield curve of Malaysian Government Securities ("MGS").

Sensitivity analysis

The LIC is sensitive to the key assumptions shown below. It has not been possible to quantify the sensitivity of certain assumptions, such as, legislative changes or uncertainty in the estimation process.

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

Group / Company	Change in assumptions	Impact on LIC	Impact on profit after tax	Impact on equity
		RM'000	RM'000	RM'000
31 December 2023				
IELR in the last accident year	+10%			
Insurance contract liabilities		81,110	(61,644)	(61,644)
Reinsurance contract assets		(24,944)	18,957	18,957
Net insurance contract liabilities		56,166	(42,687)	(42,687)
IELR in the last accident year	-10%			
Insurance contract liabilities		(81,105)	61,640	61,640
Reinsurance contract assets		24,946	(18,959)	(18,959)
Net insurance contract liabilities		(56,159)	42,681	42,681

31 INSURANCE RISK (CONTINUED)

Sensitivity analysis (continued)

Group / Company	Change in assumptions	Impact on LIC RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
31 December 2023				
First incurred development factor	+10%			
Insurance contract liabilities		21,516	(16,352)	(16,352)
Reinsurance contract assets		(532)	404	404
Net insurance contract liabilities		20,984	(15,948)	(15,948)
First incurred development factor	-10%			
Insurance contract liabilities		(21,516)	16,352	16,352
Reinsurance contract assets		532	(404)	(404)
Net insurance contract liabilities		(20,984)	15,948	15,948
Claim handling expenses	+1%			
Insurance contract liabilities		13,219	(10,046)	(10,046)
Reinsurance contract assets		-	-	-
Net insurance contract liabilities		13,219	(10,046)	(10,046)
Claim handling expenses	-1%			
Insurance contract liabilities		(13,219)	10,046	10,046
Reinsurance contract assets		-	-	-
Net insurance contract liabilities		(13,219)	10,046	10,046
Risk adjustment (before diversification)	+5%			
Insurance contract liabilities		51,319	(39,002)	(39,002)
Reinsurance contract assets		(18,221)	13,848	13,848
Net insurance contract liabilities		33,098	(25,154)	(25,154)
Risk adjustment (before diversification)	-5%			
Insurance contract liabilities		(51,319)	39,002	39,002
Reinsurance contract assets		18,221	(13,848)	(13,848)
Net insurance contract liabilities		(33,098)	25,154	25,154
Interest rates	+1%			
Insurance contract liabilities		(14,115)	1,335	10,727
Reinsurance contract assets		5,150	(974)	(3,914)
Net insurance contract liabilities		(8,965)	362	6,813
Interest rates	-1%			
Insurance contract liabilities		14,534	(1,375)	(11,046)
Reinsurance contract assets		(5,298)	1,003	4,027
Net insurance contract liabilities		9,235	(372)	(7,019)

31 INSURANCE RISK (CONTINUED)

Sensitivity analysis (continued)

Group / Company	Change in assumptions	Impact on LIC RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
31 December 2022				
IELR in the last accident year	+10%			
Insurance contract liabilities		77,504	(58,903)	(58,903)
Reinsurance contract assets		(31,875)	24,225	24,225
Net insurance contract liabilities		45,629	(34,678)	(34,678)
IELR in the last accident year	-10%			
Insurance contract liabilities		(77,500)	58,900	58,900
Reinsurance contract assets		31,875	(24,225)	(24,225)
Net insurance contract liabilities		(45,625)	34,675	34,675
First incurred development factor	+10%			
Insurance contract liabilities		16,707	(12,698)	(12,698)
Reinsurance contract assets		(407)	310	310
Net insurance contract liabilities		16,300	(12,388)	(12,388)
First incurred development factor	-10%			
Insurance contract liabilities		(16,707)	12,698	12,698
Reinsurance contract assets		407	(310)	(310)
Net insurance contract liabilities		(16,300)	12,388	12,388
Claim handling expenses	+1%			
Insurance contract liabilities		11,065	(8,409)	(8,409)
Reinsurance contract assets		-	-	-
Net insurance contract liabilities		11,065	(8,409)	(8,409)
Claim handling expenses	-1%			
Insurance contract liabilities		(11,065)	8,409	8,409
Reinsurance contract assets		-	-	-
Net insurance contract liabilities		(11,065)	8,409	8,409
Risk adjustment (before diversification)	+5%			
Insurance contract liabilities		42,166	(32,046)	(32,046)
Reinsurance contract assets		(13,340)	10,139	10,139
Net insurance contract liabilities		28,826	(21,907)	(21,907)
Risk adjustment (before diversification)	-5%			
Insurance contract liabilities		(42,166)	32,046	32,046
Reinsurance contract assets		13,340	(10,139)	(10,139)
Net insurance contract liabilities		(28,826)	21,907	21,907

31 INSURANCE RISK (CONTINUED)

Sensitivity analysis (continued)

Group / Company	Change in assumptions	Impact on LIC RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
31 December 2022				
Interest rates	+1%			
Insurance contract liabilities		(11,364)	382	8,637
Reinsurance contract assets		3,932	(107)	(2,988)
Net insurance contract liabilities		(7,432)	274	5,649
Interest rates	-1%			
Insurance contract liabilities		11,697	(393)	(8,889)
Reinsurance contract assets		(4,045)	110	3,074
Net insurance contract liabilities		7,652	(283)	(5,815)

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and incurred but not reported ("IBNR") for each successive accident year at each date of the statement of financial position, together with cumulative payments to-date.

In setting provisions for claims, the Group and the Company consider 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 and the margin necessary to provide the necessary confidence in adequacy of provision is relatively at its highest. As claims develop and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease.

31 INSURANCE RISK (CONTINUED)

Gross Claims Development as at 31 December 2023:

Group / Company	Prior 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
Accident year									
At end of accident year		814,626	655,991	587,431	514,209	798,394	829,249	929,969	
One year later		775,203	598,624	553,704	446,167	693,013	832,831		
Two years later		771,843	584,165	547,341	432,052	650,631			
Three years later		764,147	585,933	535,722	419,333				
Four years later		752,476	571,633	505,914					
Five years later		749,420	564,278						
Six years later		736,524							
Current estimate of cumulative claims incurred		736,524	564,278	505,914	419,333	650,631	832,831	929,969	4,639,480
At end of accident year		379,658	305,656	251,841	191,058	173,016	338,309	317,227	
One year later		608,006	457,665	387,014	299,613	483,176	535,140		
Two years later		670,140	496,903	428,150	334,865	529,521			
Three years later		697,881	513,276	448,546	349,532				
Four years later		710,152	526,472	460,223					
Five years later		718,501	532,811						
Six years later		720,105							
Current payments to-date		720,105	532,811	460,223	349,532	529,521	535,140	317,227	3,444,559
Direct and facultative inwards	23,128	16,419	31,467	45,691	69,801	121,110	297,691	612,742	1,218,049
Treaty Inwards									2,852
MMIP									14,069
		Best estimate of claim liabilities							1,234,971
		Claim handling expenses and other cash flow							31,906
		Effect of discounting							(45,084)
		Effect of the risk adjustment for non-finance risk							148,642
		Gross liability for incurred claims							1,370,435

31 INSURANCE RISK (CONTINUED)

Gross Claims Development as at 31 December 2022:

Group / Company	Prior 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
Accident year									
At end of accident year		700,637	814,626	655,991	587,431	514,209	798,394	829,249	
One year later		656,424	775,203	598,624	553,704	446,167	693,013		
Two years later		637,667	771,843	584,165	547,341	432,052			
Three years later		633,502	764,147	585,933	535,722				
Four years later		628,402	752,476	571,633					
Five years later		621,664	749,420						
Six years later		612,752							
Current estimate of cumulative claims incurred		612,752	749,420	571,633	535,722	432,052	693,013	829,249	4,423,841
At end of accident year		322,983	379,658	305,656	251,841	191,058	173,016	338,309	
One year later		518,943	608,006	457,665	387,014	299,613	483,176		
Two years later		567,346	670,140	496,903	428,150	334,865			
Three years later		588,332	697,881	513,276	448,546				
Four years later		601,238	710,152	526,472					
Five years later		605,185	718,501						
Six years later		606,315							
Current payments to-date		606,315	718,501	526,472	448,546	334,865	483,176	338,309	3,456,184
Direct and facultative Inwards	29,111	6,437	30,919	45,161	87,176	97,187	209,837	490,940	996,768
Treaty Inwards									2,827
MMIP									15,612
Best estimate of claim liabilities									1,015,207
Claim handling expenses and other cash flow									29,285
Effect of discounting									(36,312)
Fund of the risk adjustment for non-financial risk									146,200
Gross liability for incurred claims									1,154,380

31 INSURANCE RISK (CONTINUED)

Net Claims Development as at 31 December 2023:

Group / Company	Prior 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
Accident year									
At end of accident year		684,740	567,787	481,878	430,252	427,113	548,980	693,095	
One year later		668,677	538,261	455,322	378,645	376,140	518,706		
Two years later		661,317	534,314	452,552	369,769	354,276			
Three years later		659,239	535,570	450,619	355,768				
Four years later		648,492	523,804	430,190					
Five years later		645,670	516,511						
Six years later		631,893							
Current estimate of cumulative claims incurred		631,893	516,511	430,190	355,768	354,276	518,706	693,095	3,500,439
At end of accident year		353,509	289,635	232,048	174,369	157,547	224,744	287,463	
One year later		532,026	424,422	345,140	263,750	251,698	365,718		
Two years later		582,893	458,860	372,695	290,137	272,522			
Three years later		604,838	474,419	384,867	301,839				
Four years later		613,108	485,881	393,737					
Five years later		619,261	491,228						
Six years later		620,708							
Current payments to-date		620,708	491,228	393,737	301,839	272,522	365,718	287,463	2,733,215
Direct and facultative Inward	4,123	11,185	25,283	36,453	53,929	81,754	152,989	405,632	771,348
Treaty Inwards									2,852
MMIP									14,069
		Best estimate of claim liabilities							788,269
		Claim handling expenses and other cash flow							31,490
		Effect of discounting							(28,722)
		Effect of the risk adjustment for non-financial risk							92,379
		Net liability for incurred claims							883,416

31 INSURANCE RISK (CONTINUED)

Net Claims Development as at 31 December 2022:

Group / Company	Prior	2016	2017	2018	2019	2020	2021	2022	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accident year									
At end of accident year		612,038	684,740	567,787	481,878	430,252	427,113	548,980	
One year later		594,500	668,677	538,261	455,322	378,645	376,140		
Two years later		581,096	661,317	534,314	452,552	369,769			
Three years later		576,520	659,239	535,570	450,619				
Four years later		571,886	648,492	523,804					
Five years later		566,048	645,670						
Six years later		557,762							
Current estimate of cumulative claims incurred		557,762	645,670	523,804	450,619	369,769	376,140	548,980	3,472,744
At end of accident year		307,481	353,509	289,635	232,048	174,369	157,547	224,744	
One year later		480,254	532,026	424,422	345,140	263,750	251,698		
Two years later		523,678	582,893	458,860	372,695	290,137			
Three years later		541,878	604,838	474,419	384,867				
Four years later		550,000	613,108	485,881					
Five years later		550,986	619,261						
Six years later		552,088							
Current payments to-date		552,088	619,261	485,881	384,867	290,137	251,698	224,744	2,808,676
Direct and facultative Inward	5,260	5,674	26,409	37,923	65,752	79,632	124,442	324,236	669,328
Treaty Inwards									2,827
MMIP									15,612
		Best estimate of claim liabilities							687,767
		Claim handling expenses and other cash flow							28,584
		Effect of discounting							(24,273)
		Effect of the risk adjustment for non-financial risk							81,712
		Net liability for incurred claims							773,790

32 FINANCIAL RISK

The Group and the Company are exposed to financial risks including credit, interest rate, currency risks and market risk during the normal course of its business. The Group and the Company have, in place, established procedures and guidelines to monitor the risks on an on-going basis.

Credit risk

Credit risk represents the loss that would be recognised if counterparties to insurance, reinsurance and investment transactions fail to perform as contracted. Management has a credit policy in place and the exposure to these credit risks is monitored consistently.

At the date of the statement of financial position, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group and the Company consider ratings of BBB and above as investment grades. Non-investment grades include those investment with ratings below BBB or non-rated investment or non-investment items. Assets which are not rated by rating agencies are classified as non-rated.

The maximum exposure to credit risk for the components in the financial statements is shown below:

		Group		Company	
			Restated		Restated
	Note	31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
FVTPL financial assets	6				
- Unit Trust		80,062	-	2,050,641	-
FVOCI financial assets	7				
- Malaysian Government Securities		131,956	-	-	-
- Government Investment Issues		154,226	-	-	-
- Corporate debt securities		1,636,896	-	-	-
AFS financial assets	8				
- Malaysian Government Securities		-	149,772	-	-
- Government Investment Issues		-	147,320	-	-
- Corporate debt securities		-	1,367,201	-	-
- Equity securities		-	-	-	-
- Unit trusts		-	79,804	-	1,809,056
Reinsurance contract assets^		512,281	446,938	512,281	446,938
Financial assets at amortised cost	11				
- Staff loans		240	398	240	398
- Fixed and call deposits		638,166	570,211	585,906	505,395
Other receivables*		4,020	3,797	4,020	3,797
Cash and bank balances		60,237	57,591	59,534	57,088
		3,218,084	2,823,032	3,212,622	2,822,672

* Excluding balance with prepayments & MMIP
^ Reinsurance contract assets only include AIC

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Group's and the Company's credit ratings of counterparties.

Group	Stage 1 Investment grade RM'000	Stage 1 Non-investment grade RM'000	Stage 2 Investment grade RM'000	Stage 2 Non-investment grade RM'000	Stage 3 Default RM'000	Total RM'000
31 December 2023						
FVOCI financial assets#						
- Malaysian Government Securities	-	131,956	-	-	-	131,956
- Government Investment Issues	-	154,226	-	-	-	154,226
- Corporate debt securities	1,266,163	359,135	-	11,598	-	1,636,896
Gross carrying amount	1,266,163	645,317	-	11,598	-	1,923,078
ECL	169	-	-	115	17,876	18,160
Financial assets at amortised cost						
- Staff loans	-	240	-	-	-	240
- Fixed and call deposits	638,166	-	-	-	-	638,166
- Other receivables*	-	4,020	-	-	-	4,020
Reinsurance contract assets^	411,976	100,305	-	-	-	512,281
Cash and bank balances	59,508	729	-	-	-	60,237
Gross carrying amount	1,109,650	105,294	-	-	-	1,214,944
ECL	-	501	-	-	-	501
Net carrying amount	1,109,650	104,793	-	-	-	1,214,443

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating (continue)

	Neither past-due nor impaired				
	Investment grade RM'000	Non-Investment grade: Satisfactory RM'000	Past-due but not impaired RM'000	Impaired RM'000	Total RM'000
31 December 2022, restated					
AFS financial assets					
- Malaysian Government Securities	-	149,772	-	-	149,772
- Government Investment Issues	-	147,320	-	-	147,320
- Corporate debt securities	1,042,926	324,275		17,876	1,385,077
- Unit trust funds	-	79,804	-	-	79,804
Reinsurance contract assets^	362,552	84,386	-	-	446,938
Financial assets at amortised cost					
- Staff loans	-	398	-	17	415
- Fixed and call deposits	570,211	-	-	-	570,211
Other receivables*	-	3,797	-	-	3,797
Cash and bank balances	57,062	529	-	-	57,591
Allowance for impairment	-	-	-	(17,893)	(17,893)
	2,032,751	790,281	-	-	2,823,032

* Excluding balance with prepayments & MMIP
[#] Fair value of securities
^ Reinsurance contract assets only include AIC

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating (continued)

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

Company	Stage 1 Investment grade RM'000	Stage 1 Non-investment grade RM'000	Stage 2 Investment grade RM'000	Stage 2 Non-investment grade RM'000	Total RM'000
31 December 2023					
Reinsurance contract assets^	411,976	100,305	-	-	512,281
Financial assets at amortised cost					
- Staff loans	-	240	-	-	240
- Fixed and call deposits	585,906	-	-	-	585,906
- Other receivables*	-	4,020	-	-	4,020
- Cash and bank balances	59,508	26	-	-	59,534
Gross carrying amount, restated	1,057,390	104,591	-	-	1,161,981
ECL	-	501	-	-	501
Net carrying amount, restated	1,057,390	104,090	-	-	1,161,480

	Neither past-due nor impaired: Investment grade RM'000	Neither past-due nor impaired: Non-Investment grade satisfactory RM'000	Past-due but not impaired RM'000	Impaired RM'000	Total RM'000
31 December 2022, restated					
AFS financial assets					
- Unit trust funds	-	1,809,056	-	-	1,809,056
Reinsurance contract assets^	362,552	84,386	-	-	446,938
Financial assets at amortised cost					
- Staff loans	-	398	-	17	415
- Fixed and call deposits	505,395	-	-	-	505,395
Other receivables	-	3,797	-	-	3,797
Cash and bank balances	57,062	26	-	-	57,088
Allowance for impairment	-	-	-	(17)	(17)
	925,009	1,897,663	-	-	2,822,672

* Excluding balance with prepayments & MMIP
^ Reinsurance contract assets only include AIC

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default experience.

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Rating Agency of Malaysia's ("RAM") or Malaysian Rating Corporation Berhad's ("MARC") credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

Group	AAA	AA	A	BBB	B1	Not rated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023							
FVTPL financial assets							
Unit trust funds	-	-	-	-	-	80,062	80,062
FVOCI financial assets							
Malaysian Government Securities	-	-	-	-	-	131,956	131,956
Government Investment Issues	-	-	-	-	-	154,226	154,226
Corporate debt securities	509,511	756,652	-	-	11,599	359,134	1,636,896
Reinsurance contract assets^	-	75,756	336,215	5	-	100,305	512,281
Financial assets at amortised cost							
Staff loans	-	-	-	-	-	240	240
Fixed and call deposits	336,915	166,149	12,497	122,605	-	-	638,166
Other receivables*	-	-	-	-	-	4,020	4,020
Cash and bank balances	38,004	20,842	662	-	-	729	60,237
	884,430	1,019,399	349,374	122,610	11,599	830,672	3,218,084

* Excluding balance with prepayments & MMIP
^ Reinsurance contract assets only include AIC

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Rating Agency of Malaysia's ("RAM") or Malaysian Rating Corporation Berhad's ("MARC") credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade. (continued)

Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Not rated RM'000	Total RM'000
31 December 2022, restated						
AFS financial assets						
Malaysian Government Securities	-	-	-	-	149,772	149,772
Government Investment Issues	-	-	-	-	147,320	147,320
Corporate debt securities	436,841	593,684	-	12,401	324,275	1,367,201
Unit trust funds	-	-	-	-	79,804	79,804
Reinsurance contract assets^	-	44,390	318,162	-	84,386	446,938
Financial assets at amortised cost						
Staff loans	-	-	-	-	398	398
Fixed and call deposits	231,487	243,426	-	95,298	-	570,211
Other receivables*	-	-	-	-	3,797	3,797
Cash and bank balances	20,980	35,364	718	-	529	57,591
	689,308	916,864	318,880	107,699	790,281	2,823,032

* Excluding balance with prepayments & MMIP
^ Reinsurance contract assets only include AIC

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Rating Agency of Malaysia's ("RAM") or Malaysian Rating Corporation Berhad's ("MARC") credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade. (continued)

Company	AAA	AA	A	BBB	Not rated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023						
FVTPL financial assets						
Unit trust funds	-	-	-	-	2,050,641	2,050,641
Reinsurance contract assets^	-	75,756	336,215	5	100,305	512,281
Financial assets at amortised cost						
Staff loans	-	-	-	-	240	240
Fixed and call deposits	297,152	166,149	-	122,605	-	585,906
Other receivables*	-	-	-	-	4,020	4,020
Cash and bank balances	38,004	20,842	662	-	26	59,534
	335,156	262,747	336,877	122,610	2,155,232	3,212,622

* Excluding balance with prepayments & MMIP
^ Reinsurance contract assets only include AIC

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group and the Company by classifying assets according to the Rating Agency of Malaysia's ("RAM") or Malaysian Rating Corporation Berhad's ("MARC") credit ratings of counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade. (continued)

Company	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Not rated RM'000	Total RM'000
31 December 2022, restated						
AFS financial assets						
Unit trust funds	-	-	-	-	1,809,056	1,809,056
Reinsurance contract assets^	-	44,390	318,162	-	84,386	446,938
Financial assets at amortised cost						
Staff loans	-	-	-	-	398	398
Fixed and call deposits	166,671	243,426	-	95,298	-	505,395
Other receivables*	-	-	-	-	3,797	3,797
Cash and bank balances	20,980	35,364	718	-	26	57,088
	187,651	323,180	318,880	95,298	1,897,663	2,822,672

* Excluding balance with prepayments & MMIP
^ Reinsurance contract assets only include AIC

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group and the Company according to the Group's and Company's categorisation of counter-parties by RAM's credit rating.

Group	AAA	AA	A	BBB	B1	Not rated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023							
Investment grade	884,430	1,019,399	349,375	122,609	-	-	2,375,813
Non-investment grade:							
Satisfactory	-	-	-	-	11,599	830,672	842,271
	884,430	1,019,399	349,375	122,609	11,599	830,672	3,218,084
31 December 2022, restated							
Investment grade	689,308	916,865	318,880	107,699	-	-	2,032,752
Non-investment grade:							
Satisfactory	-	-	-	-	-	790,280	790,280
	689,308	916,865	318,880	107,699	-	790,280	2,823,032

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating (continued)

The table below provides information regarding the credit risk exposure of the Group and the Company according to the Group's and the Company's categorisation of counter-parties by RAM's credit rating. (continued)

Company	AAA	AA	A	BBB	Not rated	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2023						
Investment grade	335,156	262,747	336,877	122,610	-	1,057,390
Non-investment grade						
Satisfactory	-	-	-	-	2,155,232	2,155,232
	335,156	262,747	336,877	122,610	2,155,232	3,212,622
31 December 2022, restated						
Investment grade	187,651	323,181	318,880	95,298	-	925,010
Non-investment grade						
Satisfactory	-	-	-	-	1,897,662	1,897,662
	187,651	323,181	318,880	95,298	1,897,662	2,822,672

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating (continued)

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

During the year, no credit exposure limits were exceeded.

The Group and the Company actively manage their product mix to ensure that there is no significant concentration of credit risk.

32 FINANCIAL RISK (CONTINUED)

Credit exposure by credit rating (continued)

The following tables explain the changes in the loss allowance for FVOCI debt securities between the beginning and the end of the annual period:

Corporate debt securities	Stage 1 12-month ECL RM'000	Stage 2 Life Time ECL RM'000	Stage 3 Life Time ECL RM'000	Total RM'000
At 1 January 2023	128	42	17,876	18,046
Movements with P&L Impacts				
Originated or purchased	59	-	-	59
Matured or sold	(18)	-	-	(18)
Changes in PDs/LGDs/EADs	-	73	-	73
At 31 December 2023	169	115	17,876	18,160

Staff Loans	Stage 1 12-month ECL RM'000	Stage 2 Life Time ECL RM'000	Stage 3 Life Time ECL RM'000	Total RM'000
At 1 January 2023	17	-	-	17
Write off	(4)	-	-	(4)
At 31 December 2023	13	-	-	13

Reinsurance contract assets	Stage 1 12-month ECL RM'000	Stage 2 Life Time ECL RM'000	Stage 3 Life Time ECL RM'000	Total RM'000
At 1 January 2023	488	-	-	488
Write off	-	-	-	-
At 31 December 2023	488	-	-	488

32 FINANCIAL RISK (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Group's and Company's policy is to maintain adequate liquidity to meet its liquidity needs under all conditions.

There are guidelines on asset allocation, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding is available to meet insurance and investment contracts obligations.

The Group's and Company's catastrophe excess-of-loss reinsurance contract contains clauses permitting the Group and Company to make cash call claims and receive immediate payment for large loss should claim events exceed a certain amount.

Maturity profiles

The table in the following page summarises the timing of the remaining undiscounted contractual obligation including interest payable and receivable from financial assets and financial liabilities of the Group and Company.

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

32 FINANCIAL RISK (CONTINUED)

Liquidity risk (continued)

Group	Carrying Value RM'000	No maturity Date RM'000	Contractual Cash Flow Up to a year RM'000	2 years RM'000	3 years RM'000	4 years RM'000	5 years RM'000	6 – 15 years RM'000	Total RM'000
31 December 2023									
Financial investments:									
FVTPL	80,062	80,062	-	-	-	-	-	-	80,062
FVOCI	1,923,078	-	246,602	202,591	282,902	426,200	416,695	696,210	2,271,200
Reinsurance contract assets for incurred claims	512,281	-	297,479	149,847	44,367	12,991	5,007	2,590	512,281
Financial assets at amortised cost	642,426	-	642,273	59	35	19	19	21	642,426
Cash and bank balances	60,237	60,237	-	-	-	-	-	-	60,237
Total financial assets	3,218,084	140,299	1,186,354	352,497	327,304	439,210	421,721	698,821	1,297,477
Insurance contract liabilities for incurred claims	1,370,434	-	802,178	366,538	126,801	48,660	18,105	8,152	1,370,434
Other payables	84,261	14,701	69,560	-	-	-	-	-	84,261
Lease liabilities and asset restoration	29,338	-	6,803	5,704	4,603	5,894	6,080	4,533	33,617
Total financial liabilities	1,484,033	14,701	878,541	372,242	131,404	54,554	24,185	12,685	1,488,312

32 FINANCIAL RISK (CONTINUED)

Liquidity risk (continued)

			Contractual Cash Flow						
Group	Carrying Value RM'000	No maturity date RM'000	Up to a year RM'000	2 years RM'000	3 years RM'000	4 years RM'000	5 years RM'000	6 – 15 years RM'000	Total RM'000
31 December 2022, restated									
Financial investments:									
AFS	1,744,097	79,804	96,165	242,550	210,117	304,452	416,110	773,500	2,122,698
Reinsurance contract assets for incurred claims	446,938	-	288,971	106,547	37,037	8,893	3,394	2,096	446,938
Financial assets at amortised cost	574,407	-	574,124	97	73	48	30	35	574,407
Cash and bank balances	57,591	57,591	-	-	-	-	-	-	57,591
Total financial assets	2,823,033	137,395	959,260	349,194	247,227	313,393	419,534	775,631	3,201,634
Insurance contract liabilities for incurred claims	1,154,380	-	705,768	291,117	98,729	37,528	13,980	7,258	1,154,380
Other payables	67,353	14,712	52,641	-	-	-	-	-	67,353
Lease liabilities and asset restoration	23,447	-	6,446	7,737	6,347	4,653	-	-	25,183
Total financial liabilities	1,245,180	14,712	764,855	298,854	105,076	42,181	13,980	7,258	1,246,916

Registration No.
198601000381 (149520-U)

TOKIO MARINE INSURANS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023 (CONTINUED)

32 FINANCIAL RISK (CONTINUED)

Liquidity risk (continued)

Company	Carrying Value RM'000	No maturity date RM'000	Contractual Cash Flow Up to a year RM'000	2 years RM'000	3 years RM'000	4 Years RM'000	5 years RM'000	6 – 15 years RM'000	Total RM'000
31 December 2023									
Financial investments:									
FVTPL	2,050,641	2,050,641	-	-	-	-	-	-	2,050,641
Reinsurance contract assets for incurred claims	512,281	-	297,479	149,847	44,367	12,991	5,007	2,590	512,281
Financial assets at amortised cost	590,166	-	590,013	59	35	19	19	21	590,166
Cash and bank balances	59,534	59,534	-	-	-	-	-	-	59,534
Total financial assets	3,212,622	2,110,175	887,492	149,906	44,402	13,010	5,026	2,611	3,212,622
Insurance contract liabilities for incurred claims	1,370,434	-	802,178	366,538	126,801	48,660	18,105	8,152	1,370,434
Other payables	83,887	14,701	69,186	-	-	-	-	-	83,887
Lease liabilities and asset restoration	29,338	-	6,803	5,704	4,603	5,894	6,080	4,533	33,617
Total financial liabilities	1,483,659	14,701	878,167	372,242	131,404	54,554	24,185	12,685	1,487,938

32 FINANCIAL RISK (CONTINUED)

Liquidity risk (continued)

			Contractual Cash Flow						
Company	Carrying Value RM'000	No maturity date RM'000	Up to a year RM'000	2 years RM'000	3 years RM'000	4 years RM'000	5 years RM'000	6 – 15 years RM'000	Total RM'000
31 December 2022, restated									
Financial investments:									
AFS	1,809,056	1,809,056	-	-	-	-	-	-	1,809,056
Reinsurance contract assets for incurred claims	446,938	-	288,970	106,547	37,037	8,893	3,394	2,097	446,938
Financial assets at amortised cost	509,591	-	509,308	97	73	48	30	35	509,591
Cash and bank balances	57,088	57,088	-		-		-	-	57,088
Total financial assets	2,822,673	1,866,144	798,278	106,644	37,110	8,941	3,424	2,132	2,822,673
Insurance contract liabilities for incurred claims	1,154,380	-	705,768	291,117	98,729	37,528	13,980	7,258	1,154,380
Other payables	66,992	14,712	52,280	-	-	-	-	-	66,992
Lease liabilities and asset restoration	23,447	-	6,446	7,737	6,347	4,653	-	-	25,183
Total financial liabilities	1,244,819	14,712	764,494	298,854	105,076	42,181	13,980	7,258	1,246,555

32 FINANCIAL RISK (CONTINUED)

Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets and liabilities.

Group	Current*	Non-current	Total
	RM'000	RM'000	RM'000
31 December 2023			
Property, plant and equipment	-	52,086	52,086
Intangible assets	-	179,943	179,943
Financial assets - FVTPL	-	80,062	80,062
Financial assets - FVOCI	246,602	1,676,476	1,923,078
Reinsurance contract assets	285,936	214,804	500,740
Financial assets at amortised cost and other receivables	693,883	153	694,036
Cash and bank balances	60,237	-	60,237
Total assets	1,286,658	2,203,524	3,490,182
Deferred tax liabilities	3,705	15,760	19,465
Insurance contract liabilities	1,345,252	568,258	1,913,510
Provision for taxation	5,570	-	5,570
Third party interests in consolidated fund	-	5,087	5,087
Other payables	86,785	26,814	113,599
Total liabilities	1,441,312	615,919	2,057,231
31 December 2022, restated			
Property, plant and equipment	-	47,061	47,061
Intangible assets	-	179,943	179,943
Financial assets - AFS	96,165	1,647,932	1,744,097
Reinsurance contract assets	267,419	157,967	425,386
Financial assets at amortised cost and other receivables	621,163	283	621,446
Income tax recoverable	2,833	-	2,833
Cash and bank balances	57,591	-	57,591
Total assets	1,045,171	2,033,186	3,078,357
Deferred tax liabilities	3,763	4,785	8,548
Insurance contract liabilities	1,187,568	448,612	1,636,180
Other payables	72,063	18,737	90,800
Total liabilities	1,263,394	472,134	1,735,528

* Expected utilisation or settlement within 12 months from the date of the statement of financial position

32 FINANCIAL RISK (CONTINUED)

Liquidity risk (continued)

The table below summarises the expected utilisation or settlement of assets and liabilities. (continued)

Company	Current* RM'000	Non-current RM'000	Total RM'000
31 December 2023			
Property, plant and equipment	-	52,086	52,086
Intangible assets	-	179,943	179,943
Financial assets - FVTPL	-	2,050,641	2,050,641
Reinsurance contract assets	285,936	214,804	500,740
Financial assets at amortised cost and other receivables	641,623	153	641,776
Cash and bank balances	59,534	-	59,534
Total assets	987,093	2,497,627	3,484,720
Deferred tax liabilities	3,705	15,760	19,465
Insurance contract liabilities	1,345,252	568,258	1,913,510
Provision for taxation	5,570	-	5,570
Other payables	86,410	26,814	113,224
Total liabilities	1,440,937	610,832	2,051,769
31 December 2022, restated			
Property, plant and equipment	-	47,061	47,061
Intangible assets	-	179,943	179,943
Financial assets - AFS	-	1,809,056	1,809,056
Reinsurance contract assets	267,419	157,967	425,386
Financial assets at amortised cost and other receivables	556,347	283	556,630
Income tax recoverable	2,833	-	2,833
Cash and bank balances	57,088	-	57,088
Total assets	883,687	2,194,310	3,077,997
Deferred tax liabilities	3,763	4,785	8,548
Insurance contract liabilities	1,187,568	448,612	1,636,180
Other payables	71,703	18,737	90,440
Total liabilities	1,263,034	472,134	1,735,168

* Expected utilisation or settlement within 12 months from the date of the statement of financial position

32 FINANCIAL RISK (CONTINUED)

Market risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of the potential adverse changes in market prices. Market risk comprises three (3) types of risk – market interest rates risk, foreign exchange rates (currency risk), and market prices (price risk).

The Group and the Company invest in unit trusts and fixed income securities either managed internally or outsourced to professional fund managers. To deal with these risks, the Board has formulated investment policies and strategies and meetings were held during the financial year to monitor the performance of the fund managers.

Interest rate risk

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

Floating rate instruments expose the Group and the Company to cash flow interest risk, whereas fixed rate instruments expose the Group and the Company to fair value interest.

Changes in the market interest rates will affect the Group’s and the Company’s investment earnings as the Group and the Company place part of their excess funds in interest bearing instruments and bank deposits. The Group and the Company therefore have set strict investment guidelines in place that provide for careful selection of issuers and financial institutions to ensure that the risks are well spread and the investments generate favourable as well as safe returns for the shareholders.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the deposits and fixed income securities of the Group and the Company:

Group	Impact on profit before tax	Impact on profit after tax/ equity*
	RM’000	RM’000
31 December 2023		
Change in interest rates		
+ 50 basis points	12,040	9,150
- 50 basis points	(12,040)	(9,150)
31 December 2022		
Change in interest rates		
+ 50 basis points	10,823	8,225
- 50 basis points	(10,823)	(8,225)

32 FINANCIAL RISK (CONTINUED)

Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the deposits and fixed income securities of the Group and the Company: (continued)

Company	Impact on profit before tax	Impact on profit after tax/ equity*
	RM'000	RM'000
31 December 2023		
Change in interest rates		
+ 50 basis points	2,691	2,045
- 50 basis points	(2,691)	(2,045)
31 December 2022		
Change in interest rates		
+ 50 basis points	2,840	2,158
- 50 basis points	(2,840)	(2,158)

* Impact on equity reflects adjustments for tax, when applicable

Foreign currency risk

The Group and the Company are exposed to foreign currency risks on transactions that are denominated other than in Ringgit Malaysia. These exposures are monitored on an ongoing basis, and the Group's and the Company's exposure is minimal.

The Group and the Company do not hedge their foreign currency risk.

32 FINANCIAL RISK (CONTINUED)

Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk 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's and the Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

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

There is no significant movement in key variables, thereof having no impact on Profit After Tax (due to changes in fair value of financial assets and liabilities whose changes in fair values are recorded in income statement) and Equity (that reflects adjustments to Profit After Tax and changes in fair value of AFS financial assets) using FBM KLCI or other market indices.

Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks 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 by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group and the Company are able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and evaluation procedures, including the use of Internal Audit.

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

33 REGULATORY CAPITAL REQUIREMENTS

Regulatory capital is the minimum amount of assets that must be held throughout the year to meet statutory solvency requirements governed under the Risk-Based Capital Framework ("Framework"). As part of the statutory requirements, the Company is required to provide a capital position on a quarterly basis to Bank Negara Malaysia.

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

	Note	Company 2023	Company 2022
		RM'000	RM'000
Eligible Tier 1 Capital			
Share capital (paid-up)	12	403,471	403,471
Retained earnings*		950,110	878,805
		1,353,581	1,282,276
Tier 2 Capital			
Available-for-sale reserve	14	-	(10,213)
Revaluation reserve	14	7,196	7,196
		7,196	(3,017)
Amounts deducted from Capital		(183,270)	(191,470)
Total Capital Available		1,177,507	1,087,789

* Retained earnings as computed under the Framework is different from the Retained earnings computed under MFRS 17 and will not agree to the amount stated in the Statement of Financial Position.

The Company has met the minimum capital requirements specified in the Framework for the financial years ended 2023 and 2022.

34 CHANGES IN ACCOUNTING POLICIES UPON ADOPTION OF MFRS 9 AND MFRS 17

(a) Adoption of MFRS 17 “Insurance Contracts”

MFRS 17 "Insurance Contracts" replaces MFRS 4 "Insurance Contracts" for annual periods on or after 1 January 2023.

The Company has restated comparative information for 2022 and the nature of the changes can be summarised as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company’s insurance contracts.

Under MFRS 17, the Company’s insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the ‘earned premium approach’ used by the Company under MFRS 4 and the following key areas resulted in the net increase in total equity of RM40,500,000 as at 1.1.2022 as disclosed in the statements of changes in equity :

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided
- Measurement of the liability for remaining coverage 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 (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. At transition on 1 January 2022, the net effect of discounting approximated RM14 million.
- 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.

Changes to presentation and disclosure

For presentation in the statement of financial position, 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

34 CHANGES IN ACCOUNTING POLICIES UPON ADOPTION OF MFRS 9 AND MFRS 17 (CONTINUED)

(a) Adoption of MFRS 17 “Insurance Contracts” (continued)

The portfolios referred to above are those established at initial recognition in accordance with the MFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

34 CHANGES IN ACCOUNTING POLICIES UPON ADOPTION OF MFRS 9 AND MFRS 17 (CONTINUED)

(a) Adoption of MFRS 17 “Insurance Contracts” (continued)

The Group and the Company adopt the treatment which best minimise the accounting mismatches on the income or expenses on the underlying assets held.

Transition

Generally, the Standard requires a full retrospective approach to be applied on transition but in the event that this is impractical due to, for example, insufficient historical data, problems in making a segmentation of insurance groups or to run models at initial recognition, a modified retrospective approach is allowable. A modified retrospective approach is an approximation to retrospective application, with prescribed modifications to address some of the challenges of retrospective application.

At 1 January 2022, the Group and the Company applied modified and full retrospective approach as follows:

- Groups of contracts with available historical information applied full retrospective approach. This is applicable for groups of contracts with cohort year 2021 and onwards; and
- Groups of contracts which did not have the full information required applied the modified retrospective approach. The modification was applied to groups of contracts with cohort years prior to 2021 where the acquisition expense is assumed to be expensed immediately for financial year 2020 and prior. The liability for incurred claims for cohort 2020 and prior is aggregated into one cohort.

The Group and the Company have applied the transition provisions in MFRS 17 and have not disclosed the impact of the adoption of MFRS 17 on each financial statement line item and EPS. The effects of adopting MFRS 17 on the Group and Company’s financial statements at 1 January 2022 are presented in the statements of changes in equity. The Group and the Company have restated and reclassed certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

34 CHANGES IN ACCOUNTING POLICIES UPON ADOPTION OF MFRS 9 AND MFRS 17 (CONTINUED)

(a) Adoption of MFRS 17 "Insurance Contracts" (continued)

	2023			2022		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the modified retrospective approach at transition	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Insurance revenue	1,247,002	9,597	1,256,599	1,019,499	15,259	1,034,758

34 CHANGES IN ACCOUNTING POLICIES UPON ADOPTION OF MFRS 9 AND MFRS 17 (CONTINUED)

(b) Adoption of MFRS 9 “Financial Instruments”

MFRS 9 replaces the guidance in MFRS 139 “Financial Instruments: Recognition and Measurement” on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value on OCI (provided the instrument is not held for trading). A debt instruments is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

<u>Transition</u>

Changes in accounting policies resulting from the adoption of MFRS 9 will be applied retrospectively.

As permitted by the transitional provisions of MFRS 9, the Group and Company have elected not to restate comparative figures and continued to report these comparative figures under the previous accounting policies governed under MFRS 139. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained profits and other reserves as at 1 January 2023.

34 CHANGES IN ACCOUNTING POLICIES UPON ADOPTION OF MFRS 9 AND MFRS 17 (CONTINUED)

(b) Adoption of MFRS 9 "Financial Instruments" (continued)

The following table explains the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2023.

	Original classification under MFRS 139	New classification under MFRS 9	Original carrying amount under MFRS 139	New carrying amount under MFRS 9
Group				
Financial assets				
Malaysian Government Securities	Available-for-sale	FVOCI	149,772	149,772
Government Investment Issues	Available-for-sale	FVOCI	147,320	147,320
Corporate debt securities	Available-for-sale	FVOCI	1,367,201	1,367,201
Unit trusts	Available-for-sale	FVTPL	79,804	79,804
Fixed and call deposits with licensed financial institutions	Loan and receivables	Amortised cost	570,212	570,212
Staff loans	Loan and receivables	Amortised cost	398	398
Other receivables	Loan and receivables	Amortised cost	3,797	3,797
Cash and bank balances	Loan and receivables	Amortised cost	57,591	57,591
			2,376,095	2,376,095
Financial liabilities				
Other payables	Amortised cost	Amortised cost	90,799	90,799
			90,799	90,799
Company				
Financial assets				
Unit trusts	Available-for-sale	FVTPL	79,804	79,804
Controlled structured entities	Available-for-sale	FVTPL	1,729,252	1,729,252
Fixed and call deposits with licensed financial institutions	Loan and receivables	Amortised cost	505,396	505,396
Staff loans	Loan and receivables	Amortised cost	398	398
Other receivables	Loan and receivables	Amortised cost	3,797	3,797
Cash and bank balances	Loan and receivables	Amortised cost	57,088	57,088
			2,375,735	2,375,735
Financial liabilities				
Other payables	Amortised cost	Amortised cost	90,439	90,439
			90,439	90,439

34 CHANGES IN ACCOUNTING POLICIES UPON ADOPTION OF MFRS 9 AND MFRS 17 (CONTINUED)

(b) Adoption of MFRS 9 "Financial Instruments" (continued)

Summary of the impact on classification and measurement, and a reconciliation of the financial assets of the Group and the Company upon adoption of MFRS 9 are as follows:

Statements of Financial Position as at 1 January 2023.

	Group			Company		
	1.1.2023*	MFRS 9 adjustment	Restated 1.1.2023	1.1.2023*	MFRS 9 adjustment	Restated 1.1.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
Property, plant and equipment	47,061	-	47,061	47,061	-	47,061
Intangible assets	179,943	-	179,943	179,943	-	179,943
Financial assets: Fair value through profit or loss	-	79,804	79,804	-	1,809,056	1,809,056
Financial assets: Fair value through other comprehensive income	-	1,664,293	1,664,293	-	-	-
Financial assets: Available-for-sale	1,744,097	(1,744,097)	-	1,809,056	(1,809,056)	-
Reinsurance contract assets	425,386	-	425,386	425,386	-	425,386
Other receivables	621,446	-	621,446	556,630	-	556,630
Income tax recoverable	2,833	-	2,833	2,833	-	2,833
Cash and bank balances	57,591	-	57,591	57,088	-	57,088
Total Assets	3,078,357	-	3,078,357	3,077,997	-	3,077,997
EQUITY AND LIABILITIES						
Share capital	403,471	-	403,471	403,471	-	403,471
Retained earnings	966,390	(296)	966,094	942,844	(10,212)	932,632
Other reserves	(27,032)	296	(26,736)	(3,486)	10,212	6,726
Total Equity	1,342,829	-	1,342,829	1,342,829	-	1,342,829
Deferred tax liabilities	8,548	-	8,548	8,548	-	8,548
Insurance contract liabilities	1,636,180	-	1,636,180	1,636,180	-	1,636,180
Other payables	90,800	-	90,800	90,440	-	90,440
Total Liabilities	1,735,528	-	1,735,528	1,735,168	-	1,735,168
Total Equity and Liabilities	3,078,357	-	3,078,357	3,077,997	-	3,077,997

* Restated balances due to the adoption of MFRS 17 as disclosed in Note 34(a)

34 CHANGES IN ACCOUNTING POLICIES UPON ADOPTION OF MFRS 9 AND MFRS 17 (CONTINUED)

(b) Adoption of MFRS 9 “Financial Instruments” (continued)

	Group RM’000	Company RM’000
Retained earnings		
Closing balance as at 31 December 2022*	966,390	942,844
Effects of MFRS 9:		
Recognition of ECL	(170)	-
Effect of reclassification of financial investments		
AFS to FVTPL	(221)	(10,212)
Effect of taxation	95	-
Opening balance under MFRS 9 as at 1 January 2023	966,094	932,632

* Restated balances due to the adoption of MFRS 17 as disclosed in Note 34(a)

Financial liabilities

There were no changes to the Group’s and the Company’s classification and measurement of the financial liabilities on the adoption of MFRS 9.

The following table reconciles the aggregate opening loan loss provision allowances under MFRS 139 to the ECL allowances under MFRS 9 at date of initial application.

	Loan loss provision under MFRS 139 at 31 December 2022 RM’000	Re-measurement RM’000	ECLs under MFRS 9 at 1 January 2023 RM’000
Staff loans at amortised cost.	17	-	17
Financial assets at fair value through other comprehensive income	17,876	170	18,046