GREAT EASTERN
GENERAL INSURANCE
(MALAYSIA) BERHAD

GREAT
is for everyone

Great Eastern
A member of the OCBC Group

ANNUAL REPORT 2023

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Norman Ka Cheung Ip (Chairman)

Mr Khor Hock Seng

Mdm Tan Fong Sang

Mr Lai Chin Tak

Mr Tong Hon Keong

SENIOR MANAGEMENT TEAM

Chief Executive Officer
Ng Kok Kheng

Chief Financial Officer
Khoo Sook Hooi

Division Head, Corporate Distribution
Steven Tai Miow Chong

Division Head, Claims Management
Eileen Yap Ai Ling

Division Head, Agency Distribution
William Tan Wee Leng

Division Head, Underwriting & Policy Processing Management
Jarron Khoo Eng Siong

Appointed Actuary
Chew Han Wah

COMPANY SECRETARY

Liza Hanim Binti Zainal Abidin

REGISTERED OFFICE

Level 20, Menara Great Eastern,
303 Jalan Ampang, 50450 Kuala Lumpur

AUDITORS

Messrs PricewaterhouseCoopers PLT

DIRECTORS' REPORT

MR NORMAN KA CHEUNG IP
Chairman
Board Member

Mr Norman Ip was appointed to the Board of Directors ("Board") on 8 August 2014 as an Independent Director and Chairman of the Board. He was re-elected as Director on 18 April 2024. He is also the Chairman of various Great Eastern subsidiaries in Malaysia. On 8 August 2023, he was redesignated as Non- Independent Non-Executive Director.

Mr Norman Ip is currently a Director of QAF Limited and a Member of Securities Industry Council.

Mr Norman Ip was previously the Group Managing Director of United Engineers Limited, Deputy Chairman of Building and Construction Authority, Chairman of Malaysia Smelting Corporation Bhd, UE E&C Ltd, WBL Corporation Limited and Director of Australia Oriental Minerals NL, Great Eastern Holdings Limited, The Great Eastern Life Assurance Company Limited and Great Eastern General Insurance Limited. He is a Chartered Accountant by training and has over 40 years of commercial experience in finance and investments, real estate and managing companies. From 2000 to 2009, he was President and Group CEO of The Straits Trading Company Limited ("STC"), the main activities of which are in real estate, mining and hospitality. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP).

Shareholding in the Company

Nil

Current Directorships (and Appointments)

1.	Great Eastern Capital (Malaysia) Sdn Bhd	Chairman
2.	Great Eastern Life Assurance (Malaysia) Berhad	Chairman
3.	Great Eastern Takaful Berhad	Chairman
4.	I Great Capital Holdings Sdn Bhd	Chairman
5.	Overseas Assurance Corporation (Holdings) Berhad	Chairman
6.	QAF Limited*	Director
7.	Securities Industry Council	Member

** Listed Company*

Academic and Professional Qualifications

Bachelor of Science (Economics), London School of Economics and Political Science
Fellow of the Institute Chartered Accountants in England and Wales
Fellow of the Institute of Singapore Chartered Accountants

Board Committees Served on

Member, Board Nominations and Remuneration Committee
Member, Board Audit Committee
Member, Board Risk Management Committee

DIRECTORS' REPORT

MR KHOR HOCK SENG
Board Member

Mr Khor was appointed to the Board on 1 March 2016 as a Non-Independent Non-Executive Director. He was redesignated as an Executive Director on 3 August 2016. He was re-elected as Director on 12 April 2023. Mr Khor is also a Director of various Great Eastern subsidiaries in Malaysia.

Mr Khor presently sits on the Board of several companies within the Great Eastern Group in Singapore, Malaysia and Indonesia.

Shareholding in the Company

Nil

Current Directorships (and Appointments)

1.	Great Eastern Financial Advisers Private Limited	Chairman
2.	Lion Global Investors Limited	Chairman
3.	PT Great Eastern Life Indonesia	President Commissioner
4.	PT Great Eastern General Insurance Indonesia	President Commissioner
5.	Great Eastern Capital (Malaysia) Sdn Bhd	Director
6.	Great Eastern Life Assurance (Malaysia) Berhad	Director
7.	Great Eastern International Private Limited	Director
8.	I Great Capital Holdings Sdn Bhd	Director
9.	Overseas Assurance Corporation (Holdings) Berhad	Director
10.	The Great Eastern Trust Private Limited	Director
11.	218 Orchard Private Limited	Director
12.	Financial Industry Disputes Resolution Centre Ltd	Director
13.	Life Insurance Association Singapore	Member

Academic and Professional Qualifications

Bachelor of Art (Majoring in Actuarial Science and Statistics), Macquarie University Sydney, Australia
Certificate of Actuarial Techniques, Institute of Actuaries, London

Board Committee Served on

Nil

DIRECTORS' REPORT

MDM TAN FONG SANG
Board Member

Mdm Tan was appointed to the Board on 10 March 2017 as an Independent Director. She was re-elected as Director on 13 April 2022. She was also a Director of Great Eastern Life Assurance (Malaysia) Berhad from March 2017 until July 2019.

Mdm Tan is currently a Director of Fraser & Neave Holdings Berhad, OCBC Al-Amin Bank Berhad and Crystal Coast Sdn Bhd. She was previously a Director in several subsidiaries of Oversea-Chinese Banking Corporation Limited ("OCBC"), namely e2 Power Sdn Bhd, OCBC Credit Berhad, OCBC Capital (Malaysia) Sdn Bhd and OCBC Advisers (M) Sdn Bhd. She held various executive positions in OCBC Bank (Malaysia) Berhad, including the Chief Financial Officer, a position which she held until her retirement in 2012.

Shareholding in the Company
Nil

Current Directorships (and Appointments)

1.	Fraser & Neave Holdings Berhad*	Director
2.	OCBC Al-Amin Bank Berhad	Director
3.	Crystal Coast Sdn Bhd	Director

** Listed Company*

Academic and Professional Qualifications
Bachelor of Accounting, National University of Malaysia
Chartered Accountant registered with the Malaysian Institute of Accountants

Board Committee Served on
Chairman, Board Audit Committee
Member, Board Nominations and Remuneration Committee

DIRECTORS' REPORT

MR LAI CHIN TAK
Board Member

Mr Lai was appointed to the Board on 1 November 2019 as an Independent Director. He was re-elected as Director on 13 April 2022.

Mr Lai was previously a Director of G3 Global Berhad. He held various leadership roles in Malaysia and the region, moving from a marketing role with Oracle Malaysia before joining mobile telecommunications provider Celcom (now known as Celcom Axiata) as its Senior Vice President in 2002 to 2005. Subsequently, he went on to head TM Net Sdn Bhd as its Chief Executive Officer ("CEO") from 2005 to 2006. He then assumed the post of CEO of Packet One Networks (Malaysia) Sdn Bhd (P1) from 2007 to 2013. From 2013 to 2015, he was the President Director/CEO of Innovate Indonesia (now known as MyRepublic Indonesia) and assumed the post of Group Director of Singapore-based MyRepublic Group from 2015 to 2017.

Shareholding in the Company
Nil

Current Directorships (and Appointments)
Nil

Academic and Professional Qualifications
Master of Business Administration, Oklahoma State University, United States of America.
Bachelor of Electrical Engineering, Queen's University, Canada

Board Committee Served on
Chairman, Board Nominations and Remuneration Committee
Member, Board Risk Management Committee
Member, Board Audit Committee

DIRECTORS' REPORT

MR TONG HON KEONG
Board Member

Mr Tong was appointed to the Board on 1 July 2023 as an Independent Director. He was re-appointed as the Director on 18 April 2024. Mr Tong is currently a Director of Great Eastern Takaful Berhad and Chairman of BOS Wealth Management Malaysia Berhad.

Previously, Mr Tong was a Director of OCBC Bank (Malaysia) Berhad where he served as the Chairman of the Risk Management Committee and Member of the Board Audit Committee. He was also a Director of OCBC Al-Amin Bank Berhad.

Mr Tong built his career at Maybank over a span of more than 30 years, where he led various functional areas, including Planning, Information Systems, Central Operations and Management Information Services. He served as Senior Executive Vice President of Strategy and Transformation, for Business Banking/SME Banking from 2010 to 2013.

Shareholding in the Company
Nil

Current Directorships (and Appointments)

1.	BOS Wealth Management Malaysia Berhad	Chairman
2.	Great Eastern Takaful Berhad	Director

Academic and Professional Qualifications
Bachelor of Economics (Hons), University of Malaya

Board Committee Served on
Chairman, Board Risk Management Committee

SENIOR MANAGEMENT TEAM

NG KOK KHENG
Chief Executive Officer

KHOO SOOK HOOI
Chief Financial Officer

WILLIAM TAN WEE LENG
Division Head, Agency Distribution

STEVEN TAI MIOW CHONG
Division Head, Corporate Distribution

CHEW HAN WAH
Appointed Actuary

JARRON KHOO ENG SIONG
Division Head, Underwriting
& Policy Processing Management

EILEEN YAP AI LING
Division Head, Claims Management

CEO'S STATEMENT

Looking Back On Our Achievements

Throughout the past year, the Malaysian general insurance industry encountered a complex array of challenges, shaped by a combination of external and internal factors. Externally, persisting global inflation, sluggish growth, and geopolitical tensions in *Europe* and the *Middle East* impacted *Malaysia's* growth with our economy growing 3.7%; below the government's projection of a 3.8% expansion. This slower growth directly impacted the insurance industry due to its significant influence on consumer spending patterns and business activity.

Internally, the industry grappled with heightened competition from *Takaful* players, who have grown by a staggering 17% as compared to conventional general insurers who grew 8% year-on-year. The revision of the *Operating Cost Controls (OCC)* regulation, which allows insurers more flexibility with the spending of intermediary-related expenses, has also increased competition within the industry, as the added flexibility allows insurers to offer more meaningful benefits to their intermediaries.

Amidst the complexities of the operating environment, I am pleased to share that *GEGM* has achieved commendable results for the fiscal year 2023. Our continued pursuit of a balanced growth strategy has served us well as our books remain highly diversified with Motor being our largest class of business followed by Fire, and Engineering.

Before delving into the specifics of our financial performance, I would like to share that the past fiscal year marks a significant milestone as we transition to the new accounting standard, *IFRS17*. This shift fundamentally changes how we account for insurance contracts, requiring comprehensive changes to our financial reporting systems and processes. This offers opportunities to enhance transparency and to provide stakeholders with deeper financial insights.

The company reported better performance with Net Profit After Tax (incl. Shareholder Fund) at RM50.64 million. This represents a 34% growth as compared to the previous year. This growth was mainly driven by lower claims and stronger investment performance. There was also robust top-line growth in line with the full resumption of economic activity, with Insurance Revenue growing to RM621.25 million, up 10% from the previous year. These results are testament to our ability to adapt, innovate, and execute effectively in a dynamic marketplace. Having achieved these commendable results, I would like to extend my heartfelt gratitude to the *GEGM* team for their outstanding contribution and unwavering dedication.

Reflecting on the Past and Looking Towards the Future

As we concluded our three-year strategic plan in 2023, it is crucial to reflect on our journey and the progress made towards our objectives. While we had set ambitious financial targets at the onset of our strategic plan, it is important to acknowledge unforeseen challenges, particularly those stemming from the global *COVID-19* pandemic, which impacted our ability to meet these objectives. As we transition into the next phase of our strategic roadmap, we will leverage the lessons learnt from the past, to recalibrate our strategies in our pursuit of sustainable growth.

CEO'S STATEMENT

As we embark on a new chapter, I am excited to unveil our three-pronged strategy plan for the upcoming years. We plan on leveraging the large agency force of *GELM*. Our unique position of being under the *Great Eastern* umbrella provides us with access to work hand-in-hand with the largest life insurer in Malaysia. While we have previously leveraged this valuable resource in the past, going forward, we will see a renewed and intensified focus.

We also aim to broaden our retail reach. It is imperative that we increase retail-line contribution, as the general insurance industry as a whole is experiencing hardening reinsurance rates as a result of the increase in climate-related disasters. By increasing our retail-line contribution, we will be able to retain a higher proportion of risk and reduce the amount spent on reinsurance. We are fortunate to partner with *AXIATA*, *Boost*, and *Batik Air*, as it enables us to offer tailor-made retail insurance products to a wider audience, thereby expanding our reach and enhancing accessibility to our products. Our *Affinity* team is also actively seeking to on-board new partners that align strategically with our business objectives and values.

We will also shift our focus towards empowering Micro, Small, and Medium enterprises (MSMEs). We cannot understate the importance of MSMEs in driving economic growth. This is especially pronounced in *Malaysia* with MSMEs contributing approximately 38% of total GDP contribution and the employment of over 48% of the *Malaysian* workforce. However, insurance is not widely adopted by micro and small businesses in *Malaysia* despite the increasing need. We view this as our civic duty towards nation building as uninsured businesses are susceptible to unforeseen adversities.

Supporting Our Distribution Channels

Engaging with our intermediaries is paramount in today's complex marketplace as they play a crucial role in facilitating connections to reach new customers. *GEGM* hosts numerous engagement events throughout the year to foster these relationships and to strengthen bonds. We also use them as a platform to brief our intermediaries on business direction, as well to provide updates on products and campaigns.

Apart from engaging with our intermediaries, we understand the importance of recognising and celebrating our top salespeople who play a pivotal role in driving revenue growth. In anticipation of changes to the *OCC* regulation, our Agency Distribution team has worked tirelessly to lay the groundwork for the launch of the *GREAT Achievers* program. This program which will be launched in 2024, aims to reward high performing agents. Members will enjoy exclusive benefits such as sales convention trips, and *Long Service Agency Awards* to name a few. Through this program, we aim to foster a culture of excellence, professionalism, and to inspire healthy competition.

We recognise the immense potential arising from being part of the *Great Eastern Group*, as it allows us to expand our insurance offerings to a broader audience. Leveraging company synergy, we conducted several campaigns aimed at driving the take-up of Motor Insurance, Personal Accident Insurance, and Travel Insurance by the *GELM* customer base. These efforts were driven by data analytics, allowing us to effectively target and engage our customers for maximum impact.

CEO'S STATEMENT

We introduced *Great Majestic*, a high sum insured personal accident product aimed at providing an additional layer of protection to policyholders. This product enables existing life insurance policyholders to enhance their personal accident coverage, while providing agents with the opportunity to reach out and interact with their customers. By leveraging the synergies and complementary offerings across our diverse portfolio, *Great Eastern* has a unique opportunity to expand and provide added value to our collective customer base. This will not only further enhance customer satisfaction and loyalty, but also drive incremental revenue growth and strengthen our competitive position in the market.

We take pride in our Franchise *Car Dealer* network as our year-on-year Gross Written Premiums has seen a notable increase of 47%. Our *Franchise Car Dealer* team also placed as second runner up in the *Top Overall Performer* category by *Perodua*, and achieved first place in the *Highest Renewal* category. The channel has also forged a new partnership with one of the world's leading manufacturer of medium- and heavy- duty vehicles, allowing us access to a network of 40 dealerships. Looking ahead, the team remains dedicated to nurturing and strengthening relationships with *Franchise Car Dealers*, further accelerating our growth trajectory and solidifying our position as a trusted partner in the automotive industry.

Elevating Environmental, Social, and Governance

The rise in natural disasters due to climate change pose significant challenges to the insurance industry, impacting pay-outs for property damage, business interruption, and liability claims. It is therefore important for us to promote climate consciousness. Our *Human Capital* team has organised several reuse, reduce, and recycle campaigns throughout the year such as an *Angpow* recycling campaign and a clothes donation drive. To address environmental threats such as indiscriminate trash disposal which threaten the ecosystem and wildlife alike, I am proud to share that our *Operations and Technology* team has organized and participated in a beach cleaning exercise. Collectively, 26 volunteers collected over 2,000 cigarette butts. By getting our staff involved, we hope that we can ignite a sense of purpose and collective responsibility amongst our employees.

In addition to prioritize sustainability initiatives, we actively engage in meaningful charity work to support communities in need. In the past year, we have focused our charitable efforts on supporting the underprivileged, mentally challenged, and the disabled. We have continued our long-standing support of Hospis Malaysia which provides palliative care for patients with life-limiting illnesses. We have also contributed to various charities that help the blind or visually impaired, special needs students, and abandoned elderly. Our charity work reflects our belief in the importance of giving back and creating a more inclusive and equitable world for all.

Environmental, Social, Governance (ESG) principles are integral to our business ethos, encompassing our commitment of making a positive impact on the world around us. As we uphold these principles, we also recognise the importance of supporting greater diversity, equity, and inclusion (DEI) to drive societal progress. As part of our DEI efforts, we have joined the *30% Club* as a Corporate Advocate. The *30% Club* is dedicated to empowering future female leaders and promoting greater gender diversity in corporate leadership. Through our participation, we are not only contributing towards a more equitable and inclusive society, but we are also unlocking the full potential of our workforce and positioning ourselves for long term success.

CEO'S STATEMENT

Prioritizing Employee Well-being

We recognise the critical importance of a healthy, happy, and motivated workforce in driving organizational success. Through our *LIFE Programme*, we have organized 37 physical and virtual programmes such as a *Health Carnival*, *World Mental Health Day*, and *Movie Nights*, among others. These engagement events help foster camaraderie and a sense of community among employees within the organisation. We have also implemented enhancements to our company benefits, such as additional flexibility when applying for medical leave, and enhanced optical benefits. Moreover, we practice work-life balance by offering flexible working arrangements. This empowers our employees to manage their schedules effectively, promoting well-being and boosting productivity. These improvements are designed to address the evolving needs and expectations of our workforce, ensuring that we remain competitive in attracting and retaining top talent.

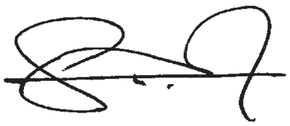
At *GEGM*, we believe that investing in the growth of our employees not only enhances individual career prospects but also drives organizational success. We have continued our commitment of employee development by sponsoring 30 employees for external certifications from the *Malaysian Insurance Institute (MII)*. By fostering a culture of continuous learning and professional development, we ensure that our staff are equipped with the knowledge and skills needed to thrive in a dynamic and ever-changing business environment.

Looking Towards the Future

In the past year, the global landscape witnessed a blend of challenges and opportunities. Elevated global inflation forced central banks across the world to increase interest rates, diminishing the ability of individual and business borrowers to service their debt. On a geopolitical front, we witnessed the continuation of the *Russia-Ukraine* war, and the beginning of armed conflict between Israel and Hamas. On the flipside, there were positive developments such as the easing of supply shocks which have rattled the global economy since the *COVID-19* pandemic. Overall, the global landscape presented both reasons for optimism and caution, highlighting a balanced and proactive approach to navigating the challenges ahead.

We expect the coming year, to remain challenging with heightened market competition for top-line growth from Digital and *Takaful* players. We also foresee the compression of Insurance Service Results, with the normalisation of claims, a hardening reinsurance market, and inflationary pressures causing claims inflation. Nevertheless, our team is prepared to face these challenges head on as we continue with our business philosophy of prioritizing sustainable long term growth. We will continue to remain agile and responsive to new opportunities and challenges to ensure long term success.

Sincerely yours,



NG KOK KHENG
Chief Executive Officer

HEAD OFFICE AND BRANCH NETWORK

HEAD OFFICE

Menara Great Eastern, Level 18, 303, Jalan Ampang, 50450 Kuala Lumpur
Customer Careline: 1300-1300 88 Fax: +603 4813 0055
E-Mail: gicare-my@greateasterngeneral.com Website: www.greateasterngeneral.com

ALOR SETAR

No. 69 & 70, 1st Floor, Jalan Teluk Wanjah
05200 Alor Setar, Kedah
Tel: +604 734 6515 | Fax: +604 734 6516
Manager: Wilson Tan Seang Ping

JOHOR BAHRU

Wisma Great Eastern, 03-01, Blok A
Komersil Southkey Mozek, Persiaran Southkey 1,
Kota Southkey, 80150 Johor Bahru, Johor
Tel: +607 336 9899 | Fax: +607 336 9869
Asst. Vice President: Gan Ai Ling (JB 1)
Asst. Vice President: Daniel Choong Tsern Yii (JB 2)

KOTA BHARU

No. S25/5252-S, Tingkat 1
Jalan Sultan Yahya Petra
15200 Kota Bharu, Kelantan
Tel: +609 748 2698 | Fax: +609 744 8533
Manager: Chun Choom Xian

KUANTAN

1st Floor, No. A25, Jalan Dato' Lim Hoe Lek
25200 Kuantan, Pahang
Tel: +609 516 2849 | Fax: +609 516 2848
Manager: Vivien Kok Yong Wei

KUCHING

No. 51, Level 3, Lot 435, Section 54, KTLD
Travilion Commercial Centre
Jalan Padungan, 93100 Kuching, Sarawak
Tel: +6082 420 197
Manager: Kenny Law Shang Neng

PENANG

Suite 2-3, Level 2
No. 25, Lebuh Light, 10200 Pulau Pinang
Tel: +604 261 9361 | Fax: +604 261 9058
Head, Northern Region: Ewe Joo Beng

SIBU

Wisma Great Eastern, 2nd Floor, No.10 A-F
Persiaran Brooke, 96000 Sibu, Sarawak
Tel: +6084 328 392 | Fax: +6084 326 392
Manager: Steven Ngui Sieng Chong

IPOH

Wisma Great Eastern, 2nd Floor
No. 16, Persiaran Tugu, Greentown Avenue
30450 Ipoh, Perak
Tel: +605 253 6649 | Fax: +605 255 3066
Asst. Vice President: Jade Yeo Jiat Yee

KLANG

3rd Floor, No. 10, Jalan Tiara 2A
Bandar Baru Klang, 41150 Klang, Selangor
Tel: +603 3345 1027 | Fax: +603 3345 1029
Manager: Deva Raj A/L Supiramaniyam

KOTA KINABALU

Wisma Great Eastern, Suite 6.3, Level 6
No. 65, Jalan Gaya, 88000 Kota Kinabalu, Sabah
Tel: +6088 235 636 | Fax: +6088 248 879
Manager: Pauline Leong Chiu Kiak

KUALA LUMPUR

Menara Great Eastern, Level 18
303 Jalan Ampang, 50450 Kuala Lumpur
Tel: +603 4259 8888 | Fax: +603 4813 0088
Asst. Vice President: Eric Chia Heng Soon (KL 1)
Asst. Vice President: Liow Hin Yew (KL 2)

MELAKA

No. 2-23, Jalan PM15
Plaza Mahkota, 75000 Melaka
Tel: +606 284 3297 | Fax: +606 283 5478
Manager: Danny Loh Jui Jong

SEREMBAN

No. 103-2, Jalan Yam Tuan
70000 Seremban, Negeri Sembilan
Tel: +606 764 9082 | Fax: +606 761 6178
Manager: Mavis Lau Wai Mei

SERVICING OFFICE

BATU PAHAT

4th Floor, 109 Jalan Rahmat
83000 Batu Pahat, Johor
Tel: +607 432 2357
Fax: +607 432 2359

MIRI

3rd Floor, Lots 1260 & 1261
Block 10 M.C.L.D, Jalan Melayu
98000 Miri, Sarawak
Tel: +6085 421 299
Fax: +6085 433 276

SANDAKAN

1st Floor, Lot 5 & 6, Block 40
Lorong Indah 15,
Bandar Indah Phase 7,
Mile 4, North Road
90000 Sandakan, Sabah
Tel: +6089 228 769

TAWAU

Wisma Great Eastern
3rd Floor, Jalan Billian
91008 Tawau, Sabah
Tel: +6089 755 882
Fax: +6089 767 013

MENTAKAB

No. 60, 1st Floor, Jalan Okid,
28400 Mentakab,
Pahang.
Tel: +609 270 9358
Fax: +609 270 9359

FINANCIAL HIGHLIGHTS

	RM million					
	2019	2020	2021	2022	2022 (restated)	2023
Gross Premium Income	523.36	527.04	521.86	581.30	581.30	713.55
Insurance service result	N/A	N/A	N/A	N/A	32.55	43.62
Total Assets At Market Value:						
General Insurance	1,070.84	1,115.81	1,586.33	1,630.14	1,496.40	1,492.98
Shareholders' Fund	113.30	116.95	117.93	120.51	120.47	123.74
Total Assets	**1,184**	**1,233**	**1,704**	**1,750**	**1,617**	**1,617**

ABOUT GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD

Great Eastern General Insurance (Malaysia) Berhad (GEGM) started operations in Kuala Lumpur in 1954 as a branch of Great Eastern General Insurance Limited, Singapore. The Company's early focus was in general insurance but it expanded its life insurance business in 1963, making GEGM one of the earliest composite insurers in Malaysia.

In 1998, the branch operations were restructured to become a locally incorporated subsidiary of Great Eastern General Insurance Limited, Singapore to comply with the requirements of the Malaysian Insurance Act 1996.

By 2000, GEGM was one of the largest providers of life, health and general insurance in Malaysia. With the merger of Great Eastern General Insurance Limited, Singapore and Great Eastern Holdings Limited, Singapore in December 2000, GEGM's life insurance business was transferred to Great Eastern Life Assurance (Malaysia) Berhad in September 2001. Arising from this development, GEGM is now a pure general insurance operator that spearheads the Great Eastern Group's development and expansion in the general insurance sector.

GEGM had officially acquired the general insurance business of Tahan Insurance Malaysia Berhad ("Tahan") with effect from 1 January 2011. Following the acquisition, Tahan's entire general insurance business was transferred to GEGM.

As at 31 December 2023, GEGM has total assets in excess of RM 1,617 million with a paid-up capital of RM 100 million and a network of 13 branches with more than 3,000 agents.

BUILDING CONFIDENCE AND TRUST

At GEGM, building confidence and trust has always been the core. We put customers first by treating them as partners, fostering trust and respect through our unwavering commitment and uncompromising quality of service.

Trust comes with confidence. Our clients enjoy this confidence through our established corporate reputation and our affiliation with the Great Eastern and OCBC Group. With a legacy of integrity and professionalism, as well as the financial security and stability of the Group, GEGM is well positioned to continue its growth and expansion in years to come.

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITY

The principal activity of the Company is underwriting of all classes of general insurance business.

RESULTS

	RM
Net profit for the financial year	50,636,719

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

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

DIVIDENDS

The amounts of dividend paid by the Company since 31 December 2022 were as follows:

In respect of the financial year ended 31 December 2022 as reported in the Directors' report of that year:

	RM
Final single-tier dividend of RM0.36 per ordinary share on 100,000,000 ordinary shares paid on 27 April 2023	36,000,000

DIRECTORS' REPORT

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Mr Norman Ka Cheung Ip (Chairman)
Mr Khor Hock Seng
Y Bhg Datuk Kamaruddin bin Taib
Mdm Tan Fong Sang
Mr Lai Chin Tak
Mr Tong Hon Keong (Appointed on 1 July 2023)
Mr Koh Poh Tiong (Stepped down on 15 May 2023)
Ms Mimi Sze Ho (Stepped down on 31 December 2023)

In accordance with Clause 74 of the Company's Constitution, Mr Norman Ka Cheung Ip will retire at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Datuk Kamaruddin bin Taib will also retire in accordance with Clause 74 of the Company's Constitution at the forthcoming Annual General Meeting but will not be offering himself for re-election.

In accordance with Clause 78 of the Company's Constitution, Mr Tong Hon Keong will retire at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the options over shares in the Company's ultimate holding company as disclosed in this report.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Notes 13(b) and 21(b) to the financial statements amounted to RM1,045,273) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest required to be disclosed under Fifth Schedule, Part 1 Section 3 of the Companies Act 2016.

A Director and Officer's Liability Insurance has been entered into by the Company for the financial year ended 31 December 2023 pursuant to Section 289 of the Companies Act 2016. The cost of insurance effected for the Directors and officers of the Company amounted to RM36,507.

DIRECTORS' REPORT

ULTIMATE HOLDING COMPANY

The Directors regard Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), a public-listed company incorporated in the Republic of Singapore, as the ultimate holding company of the Company.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of the Directors in office at the end of the financial year in shares and options over shares in the Company's ultimate holding company, OCBC Bank during the financial year were as follows:

	Shareholdings in which Directors have a direct interest			
	1.1.2023	Acquired	Disposed	31.12.2023
a) Ordinary shares of OCBC Bank				
Mr Norman Ka Cheung Ip	4,614	-	-	4,614
Ms Mimi Sze Ho	2,756	-	-	2,756
Mr Khor Hock Seng	560,976	115,035	-	676,011
Mdm Tan Fong Sang	71,352	-	-	71,352

	Shareholdings in which Directors are deemed to have an interest			
	1.1.2023	Acquired	Disposed	31.12.2023
a) Ordinary shares of OCBC Bank (cont'd)				
Mr Norman Ka Cheung Ip	10,340	-	-	10,340 (2)
Ms Mimi Sze Ho	11,357	-	-	11,357
Mr Khor Hock Seng	280,067	113,971	(115,035)	279,003 (1)

Notes:

(1) Deemed interest arising from OCBC Deferred Share Plan.
(2) Deemed interest arising from shareholdings by spouse.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

	Options held by Directors in their own name			
	1.1.2023	Granted	Exercised	31.12.2023
b) Options to subscribe for ordinary shares of OCBC Bank				
Mr Khor Hock Seng	272,135	-	(150,000)	122,135

Other than as disclosed above, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

CORPORATE GOVERNANCE DISCLOSURES

The Company has taken concerted steps to comply with Bank Negara Malaysia ("BNM") Policy Document on Corporate Governance issued on 3 August 2016 (the "CG PD"). The Company is committed to the standards and practices prescribed in this policy document.

OTHER STATUTORY INFORMATION

(a) Before the statement of financial position and statement of profit or loss of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

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

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

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

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

OTHER STATUTORY INFORMATION (CONT'D.)

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

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

(ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

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

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

(g) Before the statement of financial position and statement of profit or loss of the Company were made out, the Directors took reasonable steps to ascertain that there was adequate provision for its insurance contract liabilities in accordance with the valuation method under MFRS17 basis.

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

SUBSEQUENT EVENT

There were no subsequent events after the financial year.

DIRECTORS' REPORT

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office. Auditors' remuneration of the Company for the financial year ended 31 December 2023 amounted to RM1,269,186 are set out in Note 13 to the financial statements.

There was no indemnity given to, or insurance effected for auditors of the Company in respect of the liability for any act or omission in their capacity as auditors of the Company during the financial year.

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

Tan Fong Sang
Director

Datuk Kamaruddin bin Taib
Director

DIRECTORS' REPORT

CORPORATE GOVERNANCE DISCLOSURES *(as referred to in the Directors' Report)*

The Board of Directors (the "Board") of Great Eastern General Insurance (Malaysia) Berhad (the "Company") together with the Management places great importance on high standards of corporate governance and are committed to upholding values of integrity, honesty and proper corporate conduct at all times in the business operations and dealings of the Company.

The Company adopts corporate governance practices as guided by the Bank Negara Malaysia ("BNM") Policy Document on Corporate Governance issued on 3 August 2016 (the "CG PD") and continues to enhance its standards of the overall governance.

BOARD MATTERS

The Board's Conduct of Affairs

The prime stewardship responsibility of the Board is to ensure the viability and sustainability of the Company and to ensure that it is managed in the best interests of the Company as a whole while taking into account the interests of the shareholders and other stakeholders. The Company has a Board Charter approved by the Board.

The Board provides strategic directions to, and oversight of the operations of the Company. The principal roles and functions of the Board, as set out in the Board Charter include the following:

(a) providing leadership, reviewing, approving and overseeing the implementation of the Company's strategic direction and overall business objectives as well as the organisational structure of the Company as developed and recommended by the Management;

(b) ensuring that the decisions and investments are consistent with the long-term strategic goals of the Company and reasonable standards of fair dealing with all stakeholders;

(c) ensuring that obligations to shareholders, customers, policyholders and other stakeholders are understood and met;

(d) ensuring that the necessary resources are in place for the Company to achieve its objectives;

(e) ensuring that the Company operates in accordance with the relevant laws and regulations, as well as policies, processes and guidelines approved by the Board, so as to preserve its financial integrity;

(f) reviewing and approving any transaction for the acquisition or disposal of assets that is material to the Company;

DIRECTORS' REPORT

BOARD MATTERS (CONT'D.)

The Board's Conduct of Affairs (cont'd.)

(g) meeting regularly with Management, including key persons in control job functions, discussing and reviewing critically the decisions made, information provided and any explanations given by Management and key persons in control job functions, relating to the business and operations of the Company;

(h) overseeing and approving of the Company's risk appetite to be consistent with the strategic intent, operating and regulatory environment, effective internal controls, capital sufficiency and regulatory standards;

(i) overseeing through the Board Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures, and system of internal controls, and the review of all material related party transactions;

(j) overseeing, through the Board Risk Management Committee, the management of the risks of the Company, the establishment and operation of an independent and adequate risk management function, supported by a system of sound internal controls, for identifying, measuring, monitoring, controlling and reporting risks on an enterprise-wide basis, the adequacy of the risk management function (including ensuring that it is sufficiently resourced to monitor risk by the various risk categories and that it has appropriate independent reporting lines), and the capital management strategy, including the optimal allocation of capital resources, and the quality of the risk management processes and reporting;

(k) overseeing through the Board Nominations and Remuneration Committee, the selection, performance, remuneration and succession planning of the Senior Officers[1] and Non-Senior Officers[2] , such that the Board is satisfied with their collective competence to effectively lead the operations of the Company;

(l) establishing corporate values and standards, emphasizing integrity, honesty and proper conduct at all times, with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;

(m) overseeing, through the Board Nominations and Remuneration Committee, the design and operation of an appropriate remuneration framework and ensuring that the remuneration practices are aligned with the remuneration framework;

(n) reviewing Management's performance and ensuring that Management formulates policies and processes to promote fair practices and high standards of business conduct by staff;

[1] Senior Officers of the Company referred throughout this Corporate Governance Disclosures are the Senior Management Team and such other executives as the Board and/or regulator should determine.

[2] Non-Senior Officers of the Company referred throughout this Corporate Governance Disclosures are officers with rank of Senior Vice Presidents and above who are not members of the Senior Management Team, and officers who are categorised as Other Material Risk Takers.

BOARD MATTERS (CONT'D.)

The Board's Conduct of Affairs (cont'd.)

(o) maintaining records of all meetings of the Board and Board Committees, especially with regards to records of discussions on key deliberations and decisions taken;

(p) overseeing the implementation of the Company's governance and internal control frameworks, and periodically reviewing the frameworks to ensure they remain appropriate in light of material changes to the size, nature and complexity of the Company's operations;

(q) promoting sustainability through appropriate environmental, social and governance considerations in the Company's business strategies;

(r) overseeing and approving of the recovery and resolution as well as business continuity plans for the Company to restore its financial strength, and to maintain or preserve critical operations and services when they come under stress; and

(s) promoting timely and effective communications between the Company and BNM on matters affecting or that may affect the safety and soundness of the Company.

Conflicts of Interest

The Company has implemented a Directors' Conflict of Interest ("COI") Guide which sets out the procedures to address actual or potential conflicts of interest of the Directors. The COI Guide serves to safeguard against the risk that a Director's decision may be unduly influenced by other secondary interests, instead of the interests of the Company. Pursuant to the COI Guide, the Directors of the Company shall disclose to the Board the nature and extent of their interest whether directly or indirectly, in a material transaction or material arrangement with the Company.

Directors with conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Board Approval

The Company has adopted internal guidelines on matters that require Board approval. Matters requiring Board approval include but are not limited to the overall business strategy and direction, significant policies governing the operations of the Company, strategic or significant acquisitions or disposal of assets by the Company, corporate restructuring, major corporate initiatives and other activities of a significant nature, dividend policy and dividend declaration, all material related party transactions, authority levels for the Company's core functions and outsourcing of core business functions.

The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below the threshold limits to the Board Committees and Management to optimise operational efficiency.

DIRECTORS' REPORT

BOARD MATTERS (CONT'D.)

Board Committees

While the Board has ultimate responsibility for the affairs of the Company, it has established a number of Board Committees to assist it in carrying out more effective oversight of the operations and business affairs of the Company. These Board Committees consist of the Board Audit Committee, Board Nominations and Remuneration Committee and Board Risk Management Committee. All the Board Committees have been constituted with clear Board-approved written terms of reference setting out their compositions, authorities and duties, and any changes thereto also require the Board's approval.

The Board Committees, in carrying out their responsibilities in accordance with their respective terms of reference, are also actively involved in assisting the Board to ensure compliance with good corporate governance practices by the Company. Minutes of the Board Committees' meetings, which provide a fair and accurate record of the discussions, key deliberations and decisions taken during the meetings, are maintained and circulated to the Board. The composition and details of principal roles and responsibilities of the Board Committees are set out below.

Under the CG PD, the Board Committees are required to comprise at least three Non-Executive Directors, with a majority of them being Independent Directors. The Board Committees must be chaired by an Independent Director who is not the Chairman of the Company.

Board Audit Committee

The Board Audit Committee comprises the following Directors:
- Mdm Tan Fong Sang, Chairman
- Mr Norman Ka Cheung Ip, Member
- Mr Lai Chin Tak, Member (Appointed on 1 January 2024)

Majority of the Members (including the Chairman) are Independent Directors.

The Board Audit Committee has explicit authority to investigate any matter within its terms of reference and has the full co-operation of and access to Management. The Board Audit Committee has full discretion to invite any Director or Senior Officer to attend its meetings. It has resources to enable it to discharge its functions properly.

The Company utilises the services of the Internal Audit Department ("Internal Audit") of Great Eastern Life Assurance (Malaysia) Berhad ("GELM"), via an outsourcing arrangement. Internal Audit assists the Board Audit Committee in discharging its duties and responsibilities. It serves to provide the Board and Management with independent and objective assessments of the adequacy and effectiveness of the governance, risk management and internal control processes as designed and implemented by Management. The Internal Audit Charter is approved by the Board.

DIRECTORS' REPORT

BOARD MATTERS (CONT'D.)

Board Audit Committee (cont'd.)

The functions performed by the Board Audit Committee and details of the Board Audit Committee's activities during 2023 included the following:

(a) Reviewed with the Internal Auditors –

(i) their audit plan, evaluation of the system of internal controls and audit reports;
(ii) the scope and results of the internal audits; and
(iii) the assistance given by the officers of the Company to the internal auditors.

(b) Reviewed with the External Auditors –

(i) their audit plan prior to the commencement of the annual audit;
(ii) the interim financial statements and the audited financial statements of the Company for the financial year and the auditors' report thereon for submission to the Board for consideration and approval thereafter;
(iii) the scope and results of the audit procedures and cost effectiveness, and their independence and objectivity taking into consideration factors including the nature and extent of non-audit services provided by them (if any);
(iv) the implications and impact of new or proposed changes in financial reporting standards, accounting policies and regulatory requirements on the financial statements together with the Senior Officers;
(v) any significant financial reporting issues, to ensure the integrity of the financial statements of the Company; and
(vi) the assistance given by the officers of the Company, including the internal auditors, to the external auditors.

(c) Reviewed the adequacy, independence and effectiveness of the outsourced internal audit function.

(d) Maintained an appropriate relationship with both the internal and external auditors.

(e) Recommended the re-appointment of the external auditors to the Board.

(f) Recommended the remuneration and terms of engagement of the external auditors to the Board.

(g) Reviewed and updated the Board on all related-party transactions.

(h) Monitored compliance with the COI Guide.

The Board Audit Committee, in performing its functions, meets at least once annually with the internal and external auditors in separate sessions without the presence of Management, to consider any other matters which may be raised privately.

The Board Audit Committee held a total of six meetings (comprising four scheduled and two ad hoc meetings) in 2023. By invitation, the Board Audit Committee meetings were also attended by the internal and external auditors, Executive Director, Group Chief Financial Officer, Group Chief Internal Auditor and relevant Senior Officers.

DIRECTORS' REPORT

BOARD MATTERS (CONT'D.)

Board Nominations and Remuneration Committee

The Board Nominations and Remuneration Committee comprises the following Directors:
- Y Bhg Datuk Kamaruddin bin Taib, Chairman
- Mr Norman Ka Cheung Ip, Member
- Mdm Tan Fong Sang, Member

Majority of the members (including the Chairman) are Independent Directors.

The responsibilities of the Board Nominations and Remuneration Committee are set out in its Board-approved terms of reference. The Board Nominations and Remuneration Committee reviews the Board and Board Committee compositions annually. It is responsible for identifying candidates for directorship, reviewing and recommending nominations and re-nominations of Directors on the Board and Board Committees. It also reviews nominations and dismissals or resignations of Senior Officer and Non-Senior Officer positions in the Company.

The Board Nominations and Remuneration Committee is also responsible to recommend to the Board for endorsement a framework of Directors' fees, as well as remuneration of the Senior Officers and Non-Senior Officers. For Senior Officers and Non-Senior Officers, the framework covers all aspects of total compensation packages including basic salary, various performance bonus, allowances, deferred share awards and benefits. The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the Board Nominations and Remuneration Committee and the Board. The Board Nominations and Remuneration Committee also ensures that the Company's remuneration policies and practices are aligned with the approved framework and that remuneration packages are appropriate to attract, retain and motivate the Senior Officers and Non-Senior Officers without being excessive.

The Board Nominations and Remuneration Committee held a total of eight meetings (comprising six scheduled and two ad hoc meetings) in 2023.

Board Risk Management Committee

The Board Risk Management Committee comprises the following Directors:
- Y Bhg Datuk Kamaruddin bin Taib, Chairman
- Mr Lai Chin Tak, Member
- Mr Tong Hon Keong, Member

All the Members (including the Chairman) are Independent Directors.

The Board Risk Management Committee is responsible for overseeing all risk management and compliance matters which the Company is or may be exposed to (including strategic, market, credit, liquidity, insurance, operational, technology, cyber security, information/data loss, regulatory and compliance, sustainability and any other category of risks); as well as technology-related matters as delegated by the Board or as deemed necessary by the Board Risk Management Committee.

BOARD MATTERS (CONT'D.)

Board Risk Management Committee (cont'd.)

It reviews the overall risk management philosophy, including the risk profile, risk appetite and tolerance level, and risk and capital management strategy, guided by the overall corporate strategy and risk appetite approved by the Board. The Board Risk Management Committee also assists the Board in monitoring the effectiveness and adequacy of the risk management processes and systems set up by the Company. It oversees the cultivation of a strong risk culture that promotes risk awareness and sound risk taking.

The Board Risk Management Committee performs its functions pursuant to its Board-approved terms of reference. The terms of reference include endorsement or approval of (where applicable) frameworks, policies, charters and strategies for effective risk management of various risk exposures including those arising from investment management and asset-liability management; as well as review of other financial transactions that exceed the authority limits of the Management Committees. Material investment-related activities and transactions are reviewed by the Board Risk Management Committee and recommended to the Board for information or approval, as applicable.

In discharging its duties and responsibilities, the Company engages the services of the Risk Management and Compliance Departments of GELM, which are adequately resourced with experienced and qualified personnel who are sufficiently independent to perform their duties objectively. The Risk Management regularly engages Senior Officers to develop enterprise-wide risk controls and risk mitigation procedures. The Board Risk Management Committee reviews the performance of the outsourced services and its servicing fees annually.

The Board Risk Management Committee meets with the Division Head, Risk Management and the Division Head, Compliance at least once a year without the presence of Management to discuss matters which may be raised privately.

The Board Risk Management Committee held a total of six meetings in 2023 (comprising five scheduled and one ad hoc meeting) in 2023.

The Company's enterprise risk governance and management objectives and policies and other pertinent details are disclosed in Note 23 of the Notes to the Financial Statements.

DIRECTORS' REPORT

BOARD MATTERS (CONT'D.)

Meetings and Directors' Attendance

The Board meets regularly during the year to review the business performance and key activities of the Company, and to consider significant business proposals presented by the Management. All members of the Board participate actively in Board discussions and decisions are taken objectively in the interests of the Company. The Board guides Management with strategic directions to achieve its stated goals and Management remains accountable to the Board. Where warranted by particular circumstances, ad hoc Board or Board Committee meetings will be convened. In 2023, the Board convened six scheduled and one ad hoc Board meetings.

The contributions of the Directors go beyond attendance at meetings. They individually or collectively engage with other Directors and Management outside formal meetings in their oversight of the affairs of the Company.

Meetings of the Board and Board Committees via telephone, video conference, or any other similar communications equipment are permitted by the Company's Constitution. If a Director is unable to attend a Board or Board Committee meeting, he will still be able to access all the papers and materials to be tabled for discussion at that meeting. Directors are provided with complete, adequate and timely information related to agenda items before each meeting. Directors are also equipped with electronic tablets that allow secured access to Board and Board Committee meeting materials.

All Directors have complied with the minimum requirement of 75% attendance at Board meetings as stipulated in the CG PD and Board Charter.

The number of meetings of the Board and Board Committees held in 2023 and the attendance of the Directors at those meetings are tabulated in the following table:

DIRECTORS' REPORT

BOARD MATTERS (CONT'D.)

Meetings and Directors' Attendance (cont'd.)

Directors' attendance at Board and Board Committee meetings in 2023

Director	Board	Board Audit Committee	Board Nominations and Remuneration Committee	Board Risk Management Committee	Annual General Meeting
	Number of meetings held in 2023				
	7	6	9	6	
Mr Normal Ka Cheung Ip	7	6	9	-	√
Mr Koh Poh Tiong[1]	4	-	5	-	√
Ms Mimi Sze Ho[2]	7	6	-	6	√
Mr Khor Hock Seng	7	-	-	-	√
Y Bhg Datuk Kamaruddin bin Taib[3]	7	-	9	5	√
Mdm Tan Fong Sang[4]	7	6	4	-	√
Mr Lai Chin Tak	7	-	-	6	√
Mr Tong Hon Keong[5]	2	-	-	2	-

Notes:
(1) Stepped down as Director and relinquished his position as Chairman of the Board Nominations and Remuneration Committee on 15 May 2023.
(2) Stepped down as Director and relinquished her position as Member of the Board Audit Committee and Board Risk Management Committee on 31 December 2023.
(3) Appointed as Chairman of the Board Nominations and Remuneration Committee on 16 May 2023.
(4) Appointed as Member of the Board Nominations and Remuneration Committee on 16 May 2023.
(5) Appointed as Director and Member of the Board Risk Management Committee on 1 July 2023.
(-) Not applicable to the Non-Member of the respective Board Committees.

Two Joint Board Audit Committee – Board Risk Management Committee meetings held in 2023. Directors' attendance at these meetings is not included in the above table.

DIRECTORS' REPORT

BOARD MATTERS (CONT'D.)

Access to Information

The Directors are provided with relevant and timely information by Management on matters to be discussed or considered at meetings of the Board and Board Committees. For matters requiring approval, information furnished by Management usually includes background explanatory information, relevant facts and/or analysis to support the proposal, implications or merits of the case, risk analysis and mitigating strategies, the budget (if applicable) and Management's recommendation. The Senior Officers who are responsible to provide additional information and insight or provide clarifications to queries raised are usually invited to the meeting for discussion on such matters. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board or Board Committees, where relevant. All Board and Board Committees' members have unfettered access to information, which the Company is in possession of or has access to, for the purpose of carrying out their responsibilities.

Directors have separate and independent access to the Company Secretary and Senior Officers at all times. The Company Secretary attends all Board meetings and prepares minutes of Board proceedings. She assists the Chairman to ensure that appropriate Board procedures are followed and that applicable regulations are complied with. Under the direction of the Chairman, she ensures good information flows within the Board and Board Committees, and between Senior Officers and Directors. The Company Secretary also facilitates the orientation of new Directors and professional development of Directors, as required. The appointment and removal of the Company Secretary is considered to be a matter for the Board as a whole.

The Directors may take independent professional advice as and when necessary to enable them to discharge their duties effectively. Similarly, the Board and Board Committees may obtain professional advice, whenever necessary and appropriate, so as to effectively discharge their roles and responsibilities. All engagements of external advisers are at the Company's expense.

BOARD MATTERS (CONT'D.)

Board Orientation and Development

A formal appointment letter will be issued to a newly appointed Director, together with a Director's orientation kit which will include key information of the Company, the terms of reference of the Board and Board Committees, duties and obligations of Directors as well as relevant rules and regulations. As part of the induction programme for new Directors, the Senior Officers will conduct briefing sessions on the Company's principal activities, business operations, staff strengths, and applicable rules and regulations. The Company constantly reviews and improves on the contents of such briefings to new Directors to take into account any new legislative changes which affect the Directors and to enable them to have a more comprehensive understanding of the Company, the insurance business and practices, and the Company's financial position.

The Board Nominations and Remuneration Committee ensures that there is a continuous professional development programme for all Directors, to ensure that they are equipped with the appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively. The Company arranges for new Directors to be briefed on areas such as accounting, risk management, insurance, cybersecurity and Environmental, Social and Governance matters; and facilitates their attendance at the mandatory "Financial Institutions Directors' Education ("FIDE") Core Programme within one year from their date of appointment. Industry-related and topical articles are regularly circulated to Directors as part of the Directors' continuous development programme. The Board Nominations and Remuneration Committee also encourages the Directors to be continually updated on developments affecting the insurance industry by offering them attendance at appropriate courses, conferences and seminars conducted by professional bodies within the industry or other professional organisations including programmes conducted by the FIDE FORUM, at their convenience. The Company has dedicated sufficient resources towards the on-going development of its Directors. The Company arranges for and funds the training and development programmes for existing and new Directors. The Company also maintains formal records of the training and development received by its Directors.

From time to time, in collaboration with the Board Nominations and Remuneration Committee, the Board Risk Management Committee organises Board Educational Series, with briefings or presentations by external professionals, consultants or Management staff on topics relevant to the insurance industry and provides updates on developments in the industry locally.

DIRECTORS' REPORT

BOARD MATTERS (CONT'D.)

Board Orientation and Development (cont'd.)

Professional development programmes arranged by the Company for Directors in 2023 included the following topics:

- Board Educational Series:
  i) Cybersecurity for the Cloud
  ii) Fiduciary Duty on Climate Risk Management
  iii) Great Eastern Cloud Journey & Cyber Defense Roadmap
  iv) Navigating MFRS 17: Transition, Parallel Runs, and Other Updates
  v) Owners and Ownership: Beneficial Ownership – Who is Behind that Legal Person
  vi) Private Market Investments
  vii) Standing Limits in Managing Financial Risk
- BNM-FIDE FORUM Roundtable on Licensing and Regulatory Framework for DITO Exposure Draft
- BNM-FIDE FORUM Virtual Dialogue
- Board Oversight of Climate Risks and Opportunities
- (CG) The Wirecard Scandal – A Whistleblower's Perspective
- FIDE FORUM AI and Financial Institutions: Friend or Foe?
- FIDE FORUM Can America Stop China's Rise? Will ASEAN Be Damaged?
- FIDE FORUM Distinguished Board Leadership Series 2023 - Empowering Change through Diversity, Equity and Inclusion ("DEI")
- FIDE FORUM Operationalising Resolution Planning – A Perspective from the Trenches
- FIDE FORUM Special Interest Group Discussion on BNM's Licensing & Regulatory Framework for DITO Exposure Draft
- FIDE FORUM-ICA Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know
- How to Manage Compliance and Ethics in a Changing World?
- National Climate Governance Submit
- The Future Managing of the Workplace and People

DIRECTORS' REPORT

BOARD COMPOSITION AND GUIDANCE

Board Membership

"The Company's present Board of six Directors comprises a Non-Executive Chairman, Mr Norman Ka Cheung Ip, four Non-Executive Directors and one Executive Director. The four Non-Executive Directors are Y Bhg Datuk Kamaruddin bin Taib, Mdm Tan Fong Sang, Mr Lai Chin Tak and Mr Tong Hon Keong. Mr Khor Hock Seng is the Executive Director.

Mr Koh Poh Tiong and Ms Mimi Sze Ho stepped down from the Board on 15 May 2023 and 31 December 2023 respectively.

All appointments and re-appointments of Directors of the Company are subject to the approval of BNM.

Key Information on Directors

Key information on the Director's qualifications, background, directorships and appointments are provided under the section "Board of Directors" of the Company's Annual Report[3] . The Directors' membership in various Board Committees is also set out therein. Information on their shareholdings in the Company's ultimate holding company, Oversea-Chinese Banking Corporation Limited ("OCBC Bank") are disclosed in the Directors' Report that accompanies the Company's Financial Statements for the financial year ended 31 December 2023 ("FY2023"). The Directors do not hold any shares in the Company or its penultimate holding company, Great Eastern Holdings Limited ("GEH").

Board Composition and Independence

An Independent Director of the Company is one who is independent in character and judgement, and free from associations or circumstances that may impair the exercise of his or her independent judgement. He/She or any person linked to him/her is also independent from management, substantial shareholder business or other contractual relationships with the Company or any of its affiliates within the last two years and has not served for more than nine years on the Board. Each Director is required to abstain from the Board Nominations and Remuneration Committee and the Board deliberations respectively on his/her own independence.

The Company's Board comprises a majority of Independent Directors. The Board Nominations and Remuneration Committee determines annually whether a Director is independent. The Board Nominations and Remuneration Committee has determined that four out of six Directors of the Company are independent and they are Y Bhg Datuk Kamaruddin bin Taib, Mdm Tan Fong Sang, Mr Lai Chin Tak and Mr Tong Hon Keong.

Mr Norman Ka Cheung Ip is deemed as non-independent as he has served for more than nine years on the Board. Mr Norman Ka Cheung Ip is independent from management and business or contractual relationships with the Company or any of its affiliates.

[3] Available at the Company's website at https://www.greateasterngeneral.com/my/en/index.html.

DIRECTORS' REPORT

BOARD COMPOSITION AND GUIDANCE (CONT'D.)

Board Composition and Independence (cont'd.)

Mr Khor Hock Seng is an Executive Director as he is the Group Chief Executive Officer of GEH.

The Board, through its Board Nominations and Remuneration Committee, is of the view that the current Board and Board Committees are of an appropriate size to facilitate effective decision making, taking into account the scope and nature of the operations of the Company.

Further, the Board Nominations and Remuneration Committee also annually assesses the diversity of its members' competency profiles, and determines the collective skills required to discharge its responsibilities effectively.

The Company's Directors have diverse backgrounds, experience 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 core competencies to the Company, including industry knowledge in insurance and actuarial science, investment and asset management, banking, accounting, finance, strategy formulation, information technology, management experience, risk management, familiarity with regulatory requirements and knowledge of cybersecurity risks. The diversity of experience and competencies of the Directors enhance the effectiveness of the Board in discharging its responsibilities. Directors who serve on Board Committees have an appropriate mix of skills and capabilities, taking into account the skill set required for Board Committees to perform their respective roles and responsibilities.

The Company's Directors have a sound understanding of the business strategy, nature of the business activities of the Company and their associated risks. With the knowledge, objectivity and balance contributed by its members, the Board constructively challenges and enhances proposals on strategy, reviews the performance of Management against agreed goals and objectives, and monitors the reporting of performances.

DIRECTORS' REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman and the Chief Executive Officer ("CEO") are not related to each other. The roles of the Chairman, Mr Norman Ka Cheung Ip, and the CEO, Mr Ng Kok Kheng, are distinct and separate, with clear division of responsibilities between them to ensure an appropriate balance of power, increased accountability and greater independence in decision making.

The principal responsibilities of the Chairman include leading the Board to ensure it effectively discharges its roles and responsibilities, approving agendas of Board meetings, monitoring the quality and timeliness of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between the Board and Management, and promotes high standards of corporate governance with the full support of other Directors, the Company Secretary and Management.

The CEO manages the Company and oversees the Company's operations and implementation of its strategies, plans and policies to achieve planned corporate performance and financial goals. His management of the Company's businesses, including implementing the Board's decisions, is carried out with the assistance of the Senior Officers of the Company. Collectively, they are responsible for the day-to-day operations and administration of the Company, ensuring, inter alia, operational and organisational efficiency, profitable performance, regulatory compliance, good corporate governance and effective risk management. The Board reviews the CEO's performance against his performance targets annually.

BOARD MEMBERSHIP

Process for Appointment of New Directors and Re-appointment of Existing Directors

The Board Nominations and Remuneration Committee has a key role in carrying out the formal and transparent process established for the appointment and re-appointment of Directors to the Board. Proposals for the appointment of new Directors and re-appointment of existing Directors are reviewed by the Board Nominations and Remuneration Committee. For appointment of new Directors, the Board Nominations and Remuneration Committee meets with the candidates to assess their suitability and commitment. Amongst others, the Board Nominations and Remuneration Committee takes into consideration the candidate's professional qualifications, integrity, prior experience as a director, other directorships and principal commitments, relationships (if any) with other members of the Board, the Company or the substantial shareholder of the Company, financial and commercial business experience, and field of expertise relevant to the Company, as well as his or her potential to contribute to the effectiveness of the Board and to complement the skills, knowledge and expertise of the Board. Competent individuals are nominated for the Board's consideration, before submitting the application to BNM for approval.

DIRECTORS' REPORT

BOARD MEMBERSHIP (CONT'D.)

Process for Appointment of New Directors and Re-appointment of Existing Directors (cont'd.)

The proposed candidate is required to confirm that he or she is not an active politician as defined in the CG PD. Further, he or she must not have prior involvement as an external auditor for the Company either in the capacity of an officer who is directly involved in the Company's engagement or partner of the external auditor firm; until at least two years after he or she ceases to be an officer or partner of the external auditor firm or the firm last served as an auditor of the Company. The proposed candidate expected to provide such confirmation to BNM prior to his or her respective appointment and re-appointment as Director.

In addition, the Board Nominations and Remuneration Committee further determines the proposed candidate's independence status under the CG PD and ensures that the proposed candidate will satisfy the criteria under the CG PD in that his or her appointment or re-appointment will not result in non-compliance with any of the composition requirements for the Board and Board Committees, and that he or she is a fit and proper person for the office, taking into account his or her track record, age, experience, capabilities, skills and other relevant factors as may be determined by the Board Nominations and Remuneration Committee. Such reviews are also conducted on an annual basis to ensure that each Director remains qualified for the office based on the above criteria.

Re-election and Re-appointment of Directors at Annual General Meeting

All Directors of the Company are required to retire from office at regular intervals, at least once every three years. At each Annual General Meeting of the Company, one-third of the Directors, being those who have served longest in office since their first re-election, are required to retire by rotation in accordance with the Company's Constitution. Pursuant to the Company's Constitution, newly appointed Directors will hold office until the next Annual General Meeting and, if eligible, can stand for re-appointment. Retiring Directors are eligible for re-election when re-nominated by the Board Nominations and Remuneration Committee, taking into account their expertise, knowledge and commitment, and their contributions to Board discussions and to the effectiveness of the Board.

The Director who is retiring by rotation under Clause 74 of the Company's Constitution and standing for re-election at the 2024 Annual General Meeting is Mr Norman Ka Cheung Ip. Y Bhg Datuk Kamaruddin bin Taib will also be retiring by rotation under Clause 74 of Company's Constitution at the 2024 Annual General Meeting, however will not be offering himself for re-election.

Mr Tong Hon Keong was appointed to the Board on 1 July 2023. He will retire pursuant to Clause 78 of the Company's Constitution and is eligible to be re-appointed to the Board at the Company's Annual General Meeting to be convened on 18 April 2024.

DIRECTORS' REPORT

BOARD MEMBERSHIP (CONT'D.)

Re-election and Re-appointment of Directors at Annual General Meeting (cont'd.)

Directors are expected to set aside adequate time for their oversight of matters relating to the Company. The Directors provide declarations of changes on their other appointments which are disseminated to all Directors. The Company has established guidelines on meeting attendance and the extent of other appointments outside of the Company that a Director may assume. Each of the Directors' listed company directorships and principal commitments are provided under the section "Board of Directors" of this Annual Report[3]. The Board Nominations and Remuneration Committee annually assesses each Director's attendance record and meeting participation to determine if a Director is able to and has been diligently discharging his or her duties as a Director of the Company.

Board Performance

The Board has an annual performance evaluation process, carried out by the Board Nominations and Remuneration Committee, to assess the effectiveness of the Board, Board Committees and each Director's contributions. This annual assessment process consists principally of evaluation by and feedback from each Director. Each Director evaluates the performance of the Board and Board Committees. The assessment of the contributions of individual Directors to the effectiveness of the Board is also performed annually. Such assessments are made against established performance criteria consistent with those approved by the Board and used in the previous year. A member of the Board Nominations and Remuneration Committee will abstain from participating in the Board Nominations and Remuneration Committee discussion upon his/her performance to avoid conflicts of interest.

An external party is engaged once every three years to facilitate the Board Evaluation process and to provide the Board with an independent perspective of the Board's performance, including benchmarks against peer boards and industry best practices.

The Board Evaluation questionnaire focused on areas such as competency and independence, information quality and timeliness, conduct of meetings, environmental, social and corporate governance, managing performance, succession planning, Directors' development, internal controls and risk management as well as culture and conduct. With regard to the individual Director's assessment criteria, this would include attributes such as each Director's contribution, integrity, knowledge and abilities.

The purpose of the evaluation is to improve the overall effectiveness of the Board. The Board has found the evaluation process useful and constructive since its implementation. This collective process has also provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and the Board Committees.

[3] Available at the Company's website at https://www.greateasterngeneral.com/my/en/index.html.

DIRECTORS' REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure on Remuneration

The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality personnel.

In considering its recommendations to the Board and in approving remuneration, the Board Nominations and Remuneration Committee ensures that remuneration policies are in line with the relevant regulations and guidelines, the strategic objectives of the Company, as well as the Company's Code of Conduct and ethics, and do not give rise to conflicts between objectives of the Company and interests of individual Directors and employees. Remuneration is aligned to specific job functions undertaken and where the employee undertakes any control job functions, the performance and remuneration package of that employee is determined independently of the business functions of the Company, and is further aligned to the risks that the Company undertakes in its operations that is relevant to the specific job function. The Board Nominations and Remuneration Committee also considers inputs from relevant control job functions on performance evaluation and remuneration outcomes, seeks input from the Board Risk Management Committee and Board Audit Committee to ensure that remuneration practices do not create incentives for excessive or inappropriate risk-taking behaviour.

The Board Nominations and Remuneration Committee is tasked to review and recommend to the Board, the general remuneration policy framework as well as the specific remuneration of each Director and for each Senior Officers and Non-Senior Officers. No Director is involved in the deliberations regarding any remuneration, compensation or any form of benefits to be granted to himself or herself.

Level and Mix of Remuneration

Remuneration of Non-Executive Directors

The Non-Executive Directors are paid Directors' fees, which take into account factors such as the Directors' contributions, effort and time spent, attendance at and frequency of meetings, the respective responsibilities of Directors including the Board Committees on which they serve, market practices and the need to pay competitive fees to attract, retain and motivate Directors.

The Board Nominations and Remuneration Committee performs an annual review of the Directors' fee structure and of the computation of the aggregate Directors' fees based on the earlier Board-approved fee structure, before recommending any proposed changes to the Board for endorsement. The Directors' fees proposed by the Board each year are subject to the shareholders' approval at the Company's Annual General Meeting.

The Board Nominations and Remuneration Committee has considered the market practices for Non-Executive Director remuneration, and on its recommendation, the Board has decided to use the same fee structure for computing the fee for each Non-Executive Director for financial year ending 31 December 2023 as that used in the previous financial year (in the following table):

REMUNERATION MATTERS (CONT'D.)

Level and Mix of Remuneration (cont'd.)

Remuneration of Non-Executive Directors

		Annual Retainer
Board	Chairman	RM130,000*
	Member	RM65,000*
Board Committees	Chairman: • Board Audit Committee • Board Risk Management Committee	RM50,900*
	Member: • Board Audit Committee • Board Risk Management Committee	RM25,400*
	Chairman: • Board Nominations and Remuneration Committee	RM45,000*
	Member: • Board Nominations and Remuneration Committee	RM27,000*
Attendance fees per Board or Board Committee meeting		RM2,600

* *Common Directors who serve on the board of the licensed affiliated companies in Malaysia will be remunerated at one-third of the Company's annual retainer fee basis.*

Attendance fees are paid to Non-Executive Directors to recognise their contributions and time spent in attending meetings.

Remuneration policy in respect of Senior Officers and Non-Senior Officers

The remuneration policy is approved by the Board and is subject to annual review taking into account changes in the remuneration practices and/or regulator's requirements from time to time.

The remuneration of the CEO, the Senior Officers and Non-Senior Officers of the Company are reviewed annually by the Board Nominations and Remuneration Committee, based on the overall remuneration framework approved by the Board. Currently, there are seven identified Senior Officers and no identified Non-Senior Officer under the purview of the Board Nominations and Remuneration Committee.

Staff engaged in all control functions including Compliance, Risk Management, Actuarial Valuation, Audit and others do not carry business profit targets in their goal sheets, and hence are compensated independently of the business profit achievements. Their compensation is dependent on the achievement of key results in their respective domain.

Pursuant to the CG PD, Other Material Risk Takers is defined to include an officer who can materially commit or control significant amounts of the Company's resources or whose actions are likely to have a significant impact on the Company's risk profile. There are no identified Other Material Risk Takers for financial year 2023.

DIRECTORS' REPORT

REMUNERATION MATTERS (CONT'D.)

Level and Mix of Remuneration (cont'd.)

Remuneration policy in respect of Senior Officers and Non-Senior Officers (cont'd.)

In such annual reviews, the Board Nominations and Remuneration Committee takes into consideration factors such as market competitiveness and market benchmark, and that the remuneration is commensurate with specific job function undertaken, individual performance and contribution and the overall performance of the organisation. The Board Nominations and Remuneration Committee also takes into account the time horizon of risks that the organisation is exposed to, including ensuring that all variable compensation payments shall not be fully paid over short periods when risks are released over longer periods.

As part of the Company's continuous efforts to create sustainable value for stakeholders through broad-based growth across its core markets, delivering sustained earnings, driving core competencies of disciplined risk management, prudent investment and continued upgrading of technology and people, and ensuring sustainable business practices, the performance measures set for each business unit embeds these objectives, which match their functions and are consistent with the Company's risk appetite. In determining the remuneration of Senior Officers and Non-Senior Officers, risk and control indicators as well as audit findings and compliance issues are taken into account when assessing their overall performance, in addition to their achievement in business and operation performance. Senior Officers and Non-Senior Officers are remunerated based on the achievements of their own performance measures which are in turn determined in accordance with their roles, and the demonstration of core values and competencies, while taking into account market compensation data for their respective job roles.

Disclosure on Remuneration

To ensure that its remuneration packages are competitive, the Company regularly reviews salary levels and benefits packages based on market data provided by recognised consultants who conduct surveys on comparative groups in the financial sector. The determination of the Company's variable compensation pool is fully discretionary and the factors taken into consideration include financial and non-financial metrics such as the Company's performance, audit ratings, risk indicators and compliance issues, market condition and competitive market practices.

The total compensation packages for Senior Officers and Non-Senior Officers comprise basic salary, various performance-related variable compensation, allowances, deferred share awards and benefits.

The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company, and approved by the Board Nominations and Remuneration Committee and the Board. Senior Officers are subject to an additional performance measurement approach by embedding a set of corporate governance indicators for more prudent risk taking.

REMUNERATION MATTERS (CONT'D.)

Level and Mix of Remuneration (cont'd.)

Disclosure on Remuneration (cont'd.)

The annual budget for salary increment and performance-related variable compensation are reviewed and endorsed by the Board Nominations and Remuneration Committee and is submitted to the Board for approval.

As a consequence of the financial crisis in recent years, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking. While the Company has adopted compensation practices that take into account the principles and implementation standards issued by the Financial Stability Forum for Sound Compensation Practices, it also continues to review its compensation practices on an on-going basis to further ensure that decisions made are conducive for sustained business performance. In its deliberations, the Board Nominations and Remuneration Committee also takes into account both financial and non-financial factors that are consistent with the long-term objectives and financial soundness of the Company, the remuneration principles, practices and standards issued by the regulator from time to time.

Senior Officers and Non-Senior Officers through annual self-declaration commit not to undertake activities (such as personal hedging strategies and liability-related insurance) that will undermine the risk alignment effects embedded in their remuneration.

In collaboration with the Board Nominations and Remuneration Committee, the Company has designed and developed its Performance Assessment and Remuneration Framework, which takes into consideration the prevailing regulatory requirements, and with the inputs from the Senior Officers. The Performance Assessment and Remuneration Framework is independently reviewed by the Joint Board Audit Committee and Board Risk Management Committee. The Board Risk Management Committee may with the assistance of Risk Management Department assess how the Performance Assessment and Remuneration Framework affects the Company's risk profile.

The Company's variable compensation varies in line with its financial performance and corporate governance requirements.

Share-based incentives

The Company does not have any share option scheme or share plan in place. Instead, the Company's ultimate holding company, OCBC Bank, grants share awards pursuant to the OCBC Deferred Share Plan to selected senior executives of the Company, based on recommendations of the Board Nominations and Remuneration Committee. All grants and awards are subject to cancellation and clawback if it is determined that they were made on the basis of materially inaccurate financial statements and/or the employee has engaged in conduct that results in financial loss, reputational harm, restatement of financial results and/or adverse changes of the Company's risk profile/rating, which takes into consideration the risks that could have a long-term negative impact to the Company.

DIRECTORS' REPORT

REMUNERATION MATTERS (CONT'D.)

Level and Mix of Remuneration (cont'd.)

Disclosure of Directors' and CEO Remuneration

The total Directors' and CEO's Remuneration in respect of financial year 2023 is shown under Note 13 of the Notes to the Financial Statements. Non-Executive Directors will be paid Directors' Fees totaling RM1,045,273 in respect of financial year 2023, subject to shareholders' approval at the 2024 Annual General Meeting.

Disclosure of Senior Officers and Non-Senior Officers

The details of the remuneration granted to the eligible Senior Officers and Non-Senior Officers are disclosed in the table below:

Total value of remuneration awards for financial year 2023:

	Unrestricted		Deferred	
	No. of pax	RM	No. of pax	Units
Fixed remuneration				
- Cash-based*	7	3,334,964.51	-	-
- Other*	1	24,600.00	-	-
Variable remuneration				
- Cash-based*	7	905,600.00		
- Share and share-linked instruments*	2	337,563.23	3	8,966 units (Deferred Share, Share Option and Employee Share Purchase Plan)
- Other*	7	850,036.66	-	-

* The headcount included the cessation of a Senior Officers during the year.

INTERNAL CONTROL FRAMEWORK

The internal control framework comprises among others, the infrastructure in the form of risk oversight committees at the Board and Management level; frameworks, policies and procedures; risk and compliance self-assessment processes for all business units to assess and manage the adequacy and effectiveness of their systems of internal controls and their level of compliance with applicable rules and regulations; and a monitoring and reporting process.

Risk Management

The Board is responsible for the governance of risk. It sets the tone for the Company's risks culture and monitors, through the Board Risk Management Committee, the effectiveness and adequacy of the risk management processes and systems of the Company. The Board approves the Company's risk appetite and has oversight of the risk activities to ensure that the Company's strategic intent, operating environment, internal control mechanisms and capital sufficiency are consistent with the Company's risk appetite and regulatory standards. Further details of the Enterprise Risk Management Framework implemented by the Company are set out in Note 23 of the Notes to the Financial Statements.

The Board emphasises the importance of institutionalising a strong risk culture within the Company. As a subset of the broader organisational culture, a strong risk culture supports appropriate risk awareness, bolsters effective risk management and promotes sound risk taking to ensure the Company's risk profile remains within its risk appetite. The Board also approves the risk culture principles and, along with it, the set of desired risk culture behaviours to support the target risk culture throughout the Company.

An Annual Enterprise Risk report is submitted to apprise the Board Risk Management Committee and the Board of the Company's risk profile, the manner in which the Company determines its solvency and the various measures put in place to ensure that the solvency requirements are met at all times.

Internal Controls

The Board is responsible for ensuring that the Company's internal controls is adequate to safeguard stakeholders' interests and the Company's assets. The Company has in place, self-assessment processes for all business units to assess the adequacy and effectiveness of their internal controls, and level of compliance with applicable rules and regulations. The results of evaluation are reviewed by the Senior Officers, who in turn would provide an annual assurance to the CEO on the adequacy and effectiveness of the Company's operational risk management and internal control systems and compliance with the relevant statutory and regulatory requirements. This self-assessment process is further supplemented by an annual assurance report on risk management and internal controls, submitted by Risk Management and tabled to the Board Audit Committee, the Board Risk Management Committee and the Board for notation.

DIRECTORS' REPORT

INTERNAL CONTROL FRAMEWORK (CONT'D.)

Internal Controls (cont'd.)

The system of internal controls provides reasonable but not absolute assurance that the Company would not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. Therefore, the Board notes that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Infrastructure

While the Board is ultimately responsible for the management of risks within the Company, there are risk oversight committees that facilitate in depth review of the risks associated with specific aspects of the business such as the Board Risk Management Committee, the Board Audit Committee, the Senior Management Team, the Asset Liability Committee, the Information Technology Steering Committee and the Product Development Committee. The duties and scope of work of these committees are documented in their respective Board-approved terms of reference.

The authority delegated by the Board to the Board Committees and the CEO are formalised in the Company's Authority Grid. Other documents that guide on the delegation of the CEO's authority include underwriting limits, claim limits and investment limits.

The segregation of duties is paramount in ensuring that members of staff are not assigned potential conflicting responsibilities that relate to matters such as approvals, disbursements and administration of policies, execution and recording of investments, operational and internal audit/compliance functions, underwriting and credit controls.

Frameworks, Policies and Procedures

The Company has established risk management frameworks and policies that set forth the means by which the Company shall evaluate and manage the risks inherent in the business. The frameworks outline the common risk management process across all risk types within the Company.

DIRECTORS' REPORT

INTERNAL CONTROL FRAMEWORK (CONT'D.)

Frameworks, Policies and Procedures (cont'd.)

A number of policies and procedures have also been put in place to guide and facilitate consistency in application across the Board. These cover key risk areas such as:

- Investments
- Operations
- Technology information and cyber
- Fraud and market conduct
- Money laundering and the financing of terrorism
- Capital management, capital contingency and stress testing
- Related party and interested party transactions
- Third party service providers
- Reinsurance
- Business continuity
- Bribery and corruption
- Personal data
- Sustainability (including climate)

The frameworks, policies and procedures are reviewed regularly to ensure continued relevance and to capture the latest regulatory, statutory and Group requirements. They are then approved by the Board, or the relevant Board Committee or Management Committee.

Monitoring and Reporting

An Enterprise Risk Dashboard that features the Company's risk profile from various perspectives namely strategic risk, financial risk, operational risk, technology risk, market conduct and compliance risk as well as sustainability risk is submitted to the Board, Board Risk Management Committee and Senior Management Team for notation.

Regulatory breaches, risk concerns and operational/data/technology incidents are reported in the Enterprise Risk Dashboard while investment breaches are reported via the limits report and compliance assurance reports. The respective business units are required to provide action plans once a regulatory breach or operational incident is discovered. The Company has a process to collate statistics for a number of Key Risk Indicators for reporting internally as well as to BNM on a regular basis.

Stress test scenarios and the corresponding stress factors are developed and reviewed by the Board annually and thereafter, the scenarios and factors are used to stress the financial positions.

DIRECTORS' REPORT

INTERNAL CONTROL FRAMEWORK (CONT'D.)

Whistleblowing Policy

The Company has a whistleblowing policy in place whereby employees of the Company and external parties may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence. The whistleblowing policy and procedures for raising such concerns are clearly communicated to employees. All whistleblowing incidents are reported to the Board Audit Committee. Concerns expressed anonymously are considered and investigated on the basis of their merits. The Board Audit Committee ensures that arrangements are in place for the independent investigation of such matters and appropriate follow-up actions. If fraud is determined, appropriate remedial actions are taken and the Board Audit Committee is updated regularly on their status. The whistleblower has protection against reprisals provided he/she has acted in good faith. The Board Audit Committee Chairman is responsible for the effective implementation of the whistleblowing policy, which includes evaluating periodic reports that monitor and assess how concerns are escalated and dealt with, and overseeing the periodic review of the effectiveness of the policy.

Internal Audit

As stated aforesaid, the Company utilises the services of the Internal Audit of GELM, via an outsourcing arrangement. Internal Audit, which is independent of the activities it audits, is staffed by executives with relevant qualifications and experience, and the Board Audit Committee ensures that the Internal Audit is adequately resourced. The Chief Internal Auditor reports to the Chairman of the Board Audit Committee.

The work undertaken by Internal Audit involves the assessment of the adequacy and effectiveness of the Company's risk management and internal control environment, including ascertaining if the internal controls are sufficient in ensuring that significant financial, managerial and operating information is accurate, reliable and timely, operations and programs are effective and efficient, and assets are safeguarded. Internal Audit has unrestricted access to the Board, Board Audit Committee, and all functions, records, property and personnel of the Company. Internal Audit meets the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

The Company has implemented policies and procedures on related party transactions covering the definitions of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving, monitoring whenever necessary, and writing-off of such transactions. All related party transactions are conducted on reasonable commercial terms and in the ordinary course of business. The terms and conditions of such transactions are carried out on an arm's length basis. Directors with conflict of interest are excluded from the approval process of granting and managing related party transactions. Material related party transactions and the write-off of material related party transactions are reported to the Board Audit Committee for review and to the Board for approval.

Details of the Company's related party transactions during financial year 2023 are set out in Note 21 of the Notes to the Financial Statements.

ETHICAL STANDARDS

The Directors and Management are committed to promoting and maintaining values which emphasise integrity, honesty and proper conduct at all times in the business operations and dealings of the Company. The Company has adopted a Code of Conduct that sets out the guiding principles and minimum standards expected of its employees. The Code of Conduct also provides guidance on areas such as responsible stewardship of the Company's resources, the Company's position against fraudulent conduct, conflicts of interests and the appropriate disclosures to be made, and maintaining confidentiality of information. The Code of Conduct is available on the Company's staff intranet.

The Company has a suite of policies in place for proper governance and management that staff has to comply with. All policies are prepared and aligned with the Company's risk management and internal control systems and processes, including Management's self-assessment and independent audits.

The Company treats feedback and complaints from its customers seriously, and has instituted channels whereby customers may provide feedback or complaints. The Company aims to resolve feedback and complaints professionally and fairly in accordance with the service standards indicated on its website.

STATEMENT BY DIRECTORS

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

We, Tan Fong Sang and Datuk Kamaruddin bin Taib, being two of the Directors of Great Eastern General Insurance (Malaysia) Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 54 to 195 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and the cash flows for the year then ended.

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

Tan Fong Sang
Director

Datuk Kamaruddin bin Taib
Director

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

I, Khoo Sook Hooi (CA 28215), being the officer primarily responsible for the financial management of Great Eastern General Insurance (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 54 to 195 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Khoo Sook Hooi at
Kuala Lumpur in the Federal Territory
on 29 March 2024

Khoo Sook Hooi

Before me,

PESURUHJAYA SUMPAH
W 919
THANGAPERUMAL
A/L ANDIMUTHU
01.02.2022-31.12.2024
MALAYSIA
220, JALAN TUN SAMBANTHAN,
50470 KUALA LUMPUR.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)
Registration No. 198301007025 (102249-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Great Eastern General Insurance (Malaysia) Berhad ("the Company") give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its 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 Company, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 54 to 195.

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 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)
Registration No. 198301007025 (102249-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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, which we obtained prior to the date of this auditors' report, and Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Company and our auditors' report thereon.

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

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

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

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

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)
Registration No. 198301007025 (102249-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF GREAT EASTERN GENERAL INSURANCE (MALAYSIA) BERHAD
(Incorporated in Malaysia)
Registration No. 198301007025 (102249-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

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

OTHER MATTERS

This report is made solely to the 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.

PRICEWATERHOUSECOOPERS PLT	LIEW CHI MIN
LLP0014401-LCA & AF 1146	03529/09/2024 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
29 March 2024

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 December 2023 RM	Restated 31 December 2022 RM	Restated 1 January 2022 RM
Assets				
Intangible assets	3	53,848,112	58,260,893	54,297,014
Property and equipment				
- Owned	4(a)	2,581,966	3,336,107	3,953,017
- Right-of-use assets	4(b)	14,294,313	14,141,800	13,423,409
Investments	5	773,210,128	731,234,396	731,891,678
Reinsurance contract assets	6	646,999,132	705,815,014	705,647,336
Insurance contract assets	6	4,179,463	13,977,948	1,399,533
Other receivables	7	60,027,157	59,902,297	61,919,187
Deferred tax assets	8	-	4,442,422	5,628,383
Tax recoverable		18,464,773	7,298,595	3,234,175
Cash and bank balances		43,110,786	18,463,356	46,630,299
Total Assets		1,616,715,830	1,616,872,828	1,628,024,031
Equity				
Share capital	9	100,000,000	100,000,000	100,000,000
Retained earnings	10	355,199,643	340,652,742	348,057,131
Fair value reserves		4,397,891	(1,534,216)	2,601,576
Total Equity		459,597,534	439,118,526	450,658,707
Liabilities				
Insurance contract liabilities	6	993,867,456	1,025,187,780	1,080,983,936
Reinsurance contract liabilities	6	73,351,803	30,351,392	13,135,727
Lease liabilities		14,245,581	14,012,242	13,474,112
Other payables	11	64,607,457	108,202,888	69,771,549
Deferred tax liabilities	8	11,045,999	-	-
Total Liabilities		1,157,118,296	1,177,754,302	1,177,365,324
Total Equity and Liabilities		**1,616,715,830**	**1,616,872,828**	**1,628,024,031**

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

STATEMENT OF PROFIT OR LOSS

STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM	Restated 2022 RM
Insurance revenue		621,253,272	566,631,387
Insurance service expenses		(425,651,024)	(524,248,219)
Net expenses from reinsurance contracts held		(151,986,436)	(9,831,599)
Insurance Service Results	12	43,615,812	32,551,569
Net investment income		33,005,157	26,132,040
Losses on exchange differences		(5,182)	-
Realised gains		915,601	1,116,863
Fair value gains/(losses)		3,994,553	(3,771,252)
Changes in allowance for expected credit losses ("ECL") on investment assets		(89,267)	1,431,231
Net Investment Income	14	37,820,862	24,908,882
Finance expenses from insurance contracts issued		(35,754,840)	(16,735,915)
Finance income from reinsurance contracts held		18,921,024	10,473,629
Net Insurance Financial Result	14	(16,833,816)	(6,262,286)
Net Insurance and Investment Result		64,602,858	51,198,165
Other Operating Income/(Expenses)	13	864,652	(439,975)
Profit Before Taxation		**65,467,510**	**50,758,190**
Taxation	15	(14,830,791)	(13,010,589)
Net Profit for the Financial Year		**50,636,719**	**37,747,601**
Earnings per Share (Sen)			
Basic and diluted	16	50.64	37.75

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

STATEMENT OF COMPREHENSIVE INCOME

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

	Note	2023 RM	Restated 2022 RM
Net profit for the financial year		**50,636,719**	**37,747,601**
Other Comprehensive Income:			
Items that may be reclassified to statement of profit or loss in subsequent periods:			
Fair value through other comprehensive income			
Net losses on fair value changes		8,312,418	(3,479,536)
Realised gains transferred to statement of profit or loss		(714,467)	(731,049)
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities		118,186	199,988
Changes in allowance for ECL		89,267	(1,431,231)
		7,805,404	(5,441,828)
Tax effect	8	(1,873,297)	1,306,039
		5,932,107	(4,135,789)
Total Comprehensive Income for The Financial Year		**56,568,826**	**33,611,812**

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

STATEMENT OF CHANGES IN EQUITY

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

	Non-distributable		Distributable	
	Share capital RM	FVOCI reserves RM	Retained earnings RM	Total equity RM
At 1 January 2022				
as previously reported	100,000,000	2,601,576	354,078,733	456,680,309
Adoption of MFRS 17			(6,021,602)	(6,021,602)
At 1 January 2022, restated	100,000,000	2,601,576	348,057,131	450,658,707
Total comprehensive income for the financial year	-	(4,287,782)	37,747,601	33,459,819
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities	-	151,990	(151,990)	-
Dividend paid during the financial year (Note 17)	-	-	(45,000,000)	(45,000,000)
At 31 December 2022, restated	**100,000,000**	**(1,534,216)**	**340,652,742**	**439,118,526**
Total comprehensive income for the financial year	-	5,842,289	50,636,719	56,479,008
Reclassification from FVOCI reserves to retained earnings arising from realised losses on disposal of FVOCI equities	-	89,818	(89,818)	-
Dividend paid during the financial year (Note 17)	-	-	(36,000,000)	(36,000,000)
At 31 December 2023	**100,000,000**	**4,397,891**	**355,199,643**	**459,597,534**

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

STATEMENT OF CASH FLOWS

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

	Note	2023 RM	Restated 2022 RM
Operating Activities			
Cash generated from operating activities	18	47,820,521	18,656,238
Dividend income received		6,761,689	6,590,905
Interest income received		26,095,791	21,910,956
Interest paid		(8,370)	(2,906)
Income tax paid		(12,353,484)	(14,535,011)
Net Cash Flows Generated from Operating Activities		68,316,147	32,620,182
Investing Activities			
Proceeds from disposal of property and equipment		300	3,999
Purchase of equipment	4(a)	(1,033,494)	(1,660,282)
Purchase of intangible assets	3	(3,243,900)	(10,665,397)
Net Cash Flows Used In Investing Activities		(4,277,094)	(12,321,680)
Financing Activities			
Payment of lease liabilities		(3,391,623)	(3,465,445)
Dividend paid	17	(36,000,000)	(45,000,000)
Net Cash Flows Used in Financing Activities		(39,391,623)	(48,465,445)
Net Increase/(Decrease) in Cash and Cash Equivalents		24,647,430	(28,166,943)
Cash and Cash Equivalents at beginning of Financial Year		18,463,356	46,630,299
Cash and Cash Equivalents at end of Financial Year		**43,110,786**	**18,463,356**
Cash And Cash Equivalents Comprises:			
Cash and bank balances		43,110,786	18,463,356
		43,110,786	**18,463,356**
Reconciliation of liabilities arising from financing activities.			
Lease liabilities			
As at 1 January		14,012,242	13,474,112
Additions		6,530,231	8,963,860
Lease expiration		(3,495,623)	(5,402,952)
Interest charge		590,354	442,667
Cash Flows		(3,391,623)	(3,465,445)
As at 31 December		**14,245,581**	**14,012,242**

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 20, Menara Great Eastern, 303 Jalan Ampang, 50450 Kuala Lumpur.

The principal activity of the Company is underwriting of all classes of general insurance business.

There has been no significant change in the nature of the principal activity during the financial year.

The immediate holding company is Overseas Assurance Corporation (Holdings) Berhad ("OACH"), which is incorporated in Malaysia. The intermediate holding company is Great Eastern General Insurance Limited, a company incorporated in the Republic of Singapore. The ultimate holding company is OCBC Bank, a public-listed company incorporated in the Republic of Singapore.

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. MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

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

At the beginning of the current financial year, the Company had adopted the amended MFRSs and new MFRSs as described fully in Note 2.3.

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

The financial statements of the Company have been prepared under the historical cost convention, unless stated otherwise in the accounting policies. The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies

(a) Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. The initial cost of property and equipment comprises its purchase price, including non-refundable taxes and any costs to enhance the working condition of the asset for its intended use.

Expenditure incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is charged to the statement of profit or loss in the period in which the costs are incurred. Where the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property and equipment.

Depreciation of property and equipment is calculated on a straight-line basis to reduce the cost of each amount to its residual value over its estimated useful life. No depreciation is provided for capital work in progress as it is not ready for active use. The useful life of an asset is as follows:

Category Of Asset	Useful Life
Office Equipment	5 years
Office Furniture and Fittings	10 years
Renovation	3 to 5 years
Computer Equipment	3 years
Motor Vehicles	5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposal are determined by comparing proceeds with the carrying amounts and are included in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(b) Financial Assets

(i) Initial Recognition and Measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial assets. The Company determines the classification of its financial assets and liabilities at initial recognition.

At initial recognition, the Company measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs for financial assets carried at fair value through profit or loss are recognised as expense in the statement of profit or loss.

Classification

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

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

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

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(b) Financial Assets (cont'd.)

(i) Initial Recognition and Measurement (cont'd.)

Classification **(cont'd.)**

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

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

An equity security that is not held for trading may, by irrevocable election, be designated and measured at FVOCI. This election is made on an investment-by-investment basis. The Company has designated certain equity securities held for strategic purposes as measured at FVOCI.

A financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI may, by irrevocable election, be designated and measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Company has designated certain debt securities which are held with the intent to hold to collect contractual cash flows and sell to be measured at FVTPL.

All other financial assets are measured as FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(b) Financial Assets (cont'd.)

(i) Initial Recognition and Measurement (cont'd.)

Business Model Assessment

The Company assesses the objective of the business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis, are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell.

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If the cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(b) Financial Assets (cont'd.)

(i) Initial Recognition and Measurement (cont'd.)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers 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 the assessment, the Company considers the following key aspects:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Company's claim to cash flows from specified assets; and
- Features that modify consideration of the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

(ii) Subsequent measurement

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(b) Financial Assets (cont'd.)

(ii) Subsequent Measurement (cont'd.)

Debt Instruments (cont'd.)

(a) Amortised Cost

Debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss. Gains or losses are also recognised in statement of profit or loss when the assets are derecognised.

(b) FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Any gains or losses from changes in fair value are recognised in other comprehensive income and accumulated in fair value reserve. Impairment, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in statement of profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to statement of profit or loss when the financial asset is derecognised.

(c) FVTPL

Debt instruments that do not meet the criteria for classification as amortised cost or FVOCI are measured at FVTPL. Any gains or losses from changes in fair value and interest are recognised in statement of profit or loss.

Equity Instruments

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

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(b) Financial Assets (cont'd.)

(ii) Subsequent Measurement (cont'd.)

Equity Instruments (cont'd.)

Dividends, when representing a return from such investments are to be recognised in the statement of profit or loss when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in the statement of profit or loss.

Financial Assets at Amortised Cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

These investments are initially recognised at cost. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

Subsequent to initial recognition, financial assets at amortised cost are measured at amortised cost, using the effective yield method, less allowance for impairment. Gains and losses are recognised in the statement of profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Reclassifications

Financial assets are not reclassified subsequently to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

(c) Financial Liabilities

Financial liabilities within the scope of MFRS 9 are recognised on the statement of financial position when the Company becomes a party to the contractual obligations of the financial instruments.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Financial Liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading ("HFT") and financial liabilities designated upon initial recognition as at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(c) Financial Liabilities (cont'd.)

(i) Financial Liabilities at FVTPL (cont'd.)

Financial liabilities HFT include derivatives entered into by the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in the statement of profit or loss. Net gains or losses on derivatives include exchange differences.

The Company has not designated any financial liabilities at FVTPL.

(ii) Other Financial Liabilities

Other financial liabilities are recognised when due and measured on initial recognition at the fair value of the consideration received plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Gains or losses are recognised in the statement of profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(d) Fair Value Measurement

The Company measures certain financial instruments as disclosed in Note 22 at fair value at each financial position.

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(d) Fair Value Measurement (cont'd.)

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when the pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable including quotes from brokers and market makers, discounted cash flows and other valuation techniques commonly used by market participants; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

At each financial position, Finance Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(d) Fair Value Measurement (cont'd.)

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

(e) Impairment of Assets

(i) Impairment of Non-Financial Assets

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

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

(ii) Impairment of Financial Assets

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

(a) Debt instruments measured at FVOCI; and
(b) Debt instruments measured at amortised cost.

The Company assesses on a forward looking basis the ECL associated with its loans and debt instruments carried at amortised cost and FVOCI. For insurance receivables, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses. The Company recognises a loss allowance for ECL at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(e) Impairment of Assets (cont'd.)

(ii) Impairment of Financial Assets (cont'd.)

The measurement of ECL reflects:

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

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

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

Not Credit-Impaired Financial Assets

For financial assets that are not credit-impaired at the reporting date, the ECL is 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 Company expects to receive).

Modified Financial Assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected modification will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(e) Impairment of Assets (cont'd.)

(ii) Impairment of Financial Assets (cont'd.)

Credit-Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets measured at amortised cost and debt financial assets measured at FVOCI are credit-impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company considers factors as evidence that a financial instrument is credit impaired;

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

For financial assets that are credit-impaired at the reporting date: the ECL is the difference between the gross carrying amount and the present value of estimated future cash flows.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(e) Impairment of Assets (cont'd.)

(ii) Impairment of Financial Assets (cont'd.)

Write-off

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(f) Derecognition

A financial asset is derecognised when:

- The contractual right to receive cash flows from the asset has expired; or
- The Company has transferred its rights to receive cash flows from the assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement: and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(f) Derecognition (cont'd.)

On derecognition of a financial asset except for equity securities measured at FVOCI, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the statement of profit or loss.

On derecognition of equity securities measured at FVOCI, any cumulative gain/loss recognised in other comprehensive income is not recognised in statement of profit or loss.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

Regular Way Purchase or Sale of A Financial Asset

All regular way purchases and sales of financial assets are recognised or derecognised on trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(g) Offsetting of Financial Assets and Liabilities

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

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(h) Intangible Assets

(i) Business Combination and Goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognising identifiable assets and liabilities including contingent liabilities but excluding future restructuring liabilities of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets (net fair value of identifiable assets, liabilities and contingent liabilities) acquired is recognised as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the statement of profit or loss in the year of acquisition.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Company's CGU that are expected to benefit from the synergies of the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the statement of profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative fair values of the operations disposed and the portion of the CGU retained.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(h) Intangible Assets (cont'd.)

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

No amortisation is provided on capital works in progress as the assets are not yet available for use. Amortisation of an asset begins when it is available for use and calculated on a straight-line basis over the estimated useful life of an asset. The useful lives are as follows:

Category Of Asset	Useful Life
Computer software and software development costs	3 to 10 years
Distribution platform	6.5 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(i) Shareholders' Equity

Shareholders' equity is defined as the residual interest in the assets of an entity after deducting all its liabilities. The following outlines the various types of equity and reserves of the Company.

Ordinary Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Retained Earnings

A portion of the retained earnings has been set aside to meet risk-based capital requirements for regulatory reporting purposes. These reserves are deemed statutory reserves and are not available for distribution to shareholders. These statutory reserves are measured according to the regulatory prescriptions and are subject to changes in line with the underlying risks underwritten.

Fair Value Reserve

Fair value reserve comprises the cumulative net change in fair value of financial assets measured at FVOCI and the related loss allowance recognised in profit or loss until the assets are derecognised, net of tax. Any cumulative gain or loss on disposal (net of tax) for equities measured at FVOCI will be reclassified from fair value reserve to retained earnings.

(j) Insurance and Reinsurance Contracts

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

Insurance contracts may be issued and reinsurance contracts may be initiated by 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' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts, and they follow financial instruments accounting under MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(k) Separating Components from Insurance and Reinsurance Contracts

The Company assesses its insurance and reinsurance contracts to determine whether they contain components which must be accounted for under another MFRS rather than MFRS 17 (distinct non insurance components). After separating any distinct components, the Company applies MFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's contracts do not include distinct components that require separation.

MFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance service expenses.

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. For profit commission components which are not subject to any conditions in the contracts, these have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(l) Level of Aggregation

(i) Insurance Contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohort (by year of issuance), into three groups based on the expected profitability of the contracts:

(a) Contracts that are onerous at initial recognition, if any;
(b) Contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; or
(c) Remaining group of contracts, if any.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. The profitability groupings are not reassessed under subsequent remeasurement.

Level of aggregation is also affected by law or regulation which specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics.

The Company broadly groups its insurance contracts by how the contracts are managed, product type, currency, measurement model and insurance risks. Group of contracts usually correspond to the risk class or product type.

An assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contacts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at the product type level.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(l) Level of Aggregation (cont'd.)

(ii) Reinsurance Contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts into each annual cohort (by year of issuance) into groups of:

(a) Contracts for which there is a net gain at initial recognition, if any;
(b) Contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(c) Remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual reinsurance treaty basis.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(m) Recognition

A group of insurance contracts issued by the Company is recognised from the earliest of:

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

The Company recognises a group of reinsurance contracts held from the earliest of the following:

(a) The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
(b) The date the Company recognises and onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract in the group of reinsurance contracts held at or before that date.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Composition of the groups is not reassessed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(n) Contract Boundary

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

(a) The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
(b) Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Fulfilment cash flows outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer. A substantive right to receive services from the reinsurer ends either when the reinsurer can reprice the contract to fully reflect the reinsured risk, or when the reinsurer has a substantive right to terminate coverage.

The Company reassesses contract boundary of each group at the end of each reporting period.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(o) Measurement

(i) Measurement – contracts not measured under the PAA

On initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 2.5.(b)(i).

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the Statement of Financial Position on initial recognition, and a loss component is established in the amount of loss recognised (refer to the Onerous contracts – Loss component section in Note 2.2.(o)(iv).

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(o) Measurement (cont'd.)

(ii) Fulfilment Cash Flows ("FCF")

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:
(a) are based on a probability-weighted mean of the full range of possible outcomes;
(b) are determined from the perspective of the Company, provided that the estimates are consistent with observable market prices for market variables; and
(c) reflect conditions existing at the measurement date.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation. Refer to Note 2.5.(b)(i).

(iii) Contractual Service Margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

(a) The initial recognition of the FCF;
(b) Cash flows arising from the contracts in the group at that date;
(c) The derecognition of any insurance acquisition cash flows asset; and
(d) The derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(o) Measurement (cont'd.)

(iii) Contractual Service Margin (cont'd.)

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

(a) The initial recognition of the FCF;
(b) Cash flows arising from the contracts in the group at that date;
(c) The amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
(d) Any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

(iv) Subsequent Measurement – contracts not measured under the PAA

Subsequently, the carrying amount of a group of insurance contracts at each reporting date is the sum of the LRC and the liability for incurred claims ("LIC"). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

(a) The FCF of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in FCF are recognised as follows:

Changes relating to future service	Adjusted against CSM (or recognised in the insurance service result in profit or loss if the group is onerous).
Changes relating to current or past services	Recognised in the insurance service result in profit or loss.
Effects of the time value of money, financial risk and changes therein on estimated cash flows	Recognised as insurance finance income or expenses in profit or loss, except for certain portfolios measured using the GMM where the Other Comprehensive Income ("OCI") option is applied.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(o) Measurement (cont'd.)

(iv) Subsequent Measurement – contracts not measured under the PAA (cont'd.)

(b) The CSM is adjusted subsequently only for changes in FCF that relate to future services and other specified amounts and is recognised in profit or loss as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss because it relates to future services.

The Company reports its financial results on a quarterly basis. The Company has elected to treat every quarter as a discrete interim reporting period, and estimates made by the Company in previous interim financial results are not changed when applying MFRS 17 in subsequent interim periods or in the annual financial statements.

Onerous contracts – Loss Component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

(a) Expected incurred claims and other directly attributable expenses for the period;
(b) Changes in the risk adjustment for non-financial risk for the risk expired; and
(c) Finance income (expenses) from insurance contracts issued.

The amounts of the loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(o) Measurement (cont'd.)

(v) Reinsurance Contracts

The Company will apply the same accounting policies to measure a group of reinsurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage ("ARC") and the asset for incurred claims ("AIC"). The AIC comprises (a) the FCF that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company will measure the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance income or expenses as it receives insurance contract services from the reinsurer in the future.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(o) Measurement (cont'd.)

(vi) Insurance Acquisition Cash Flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group; and to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

The insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and tested for recoverability, whereas other insurance acquisition cash flows are included in the estimates of the present value of future cash flows as part of the measurement of the related insurance contracts.

The Company assesses at each reporting date whether facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company:

(a) Recognises an impairment in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
(b) If the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under item (a)

The Company reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions no longer exist or have improved.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(p) Measurement – contracts measured under the PAA

The PAA is an optional simplified measurement model in MFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. This approach is used for contracts have a coverage period of one year or less, or meets the eligibility criteria.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows. The LRC is discounted to reflect the time value of money and the effect of financial risk.

The Company estimates the LIC as the fulfilment cash flows related to incurred claims. The FCF incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company adjusts the future cash flows for the time value of money and the effect of financial risk for the measurement of LIC, unless when they are expected to be paid within one year or less from the date of which the claims are incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the FCF. A loss component is established by the Company for the LRC for such onerous group depicting the losses recognised.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid net of commission, plus broker fees paid to a party other than the reinsurer.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of the LRC and the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of the ARC and the AIC, comprising the FCF related to past service allocated to the group at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(p) Measurement – contracts measured under the PAA (cont'd.)

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

(i) Increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
(ii) Decreased for insurance acquisition cash flows paid in the period;
(iii) Decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;
(iv) Increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
(v) Increased for net insurance finance expenses recognised during the period.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(i) Increased for ceding premiums, net of commission, paid in the period;
(ii) Increased for broker fees paid in the period;
(iii) Decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period; and
(iv) Increased for net reinsurance finance income recognised during the period.

(q) Derecognition and Contract Modification

An insurance contract is derecognised when it is:

(i) Extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
(ii) The contract is modified and certain additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(q) Derecognition and contract modification (cont'd.)

(i) If the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
  (a) Is not within the scope of MFRS 17;
  (b) Results in different separable components;
  (c) Results in a different contract boundary; or
  (d) Belongs to a different group of contracts;

(ii) The original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of MFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification and contract aggregation requirements.

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Company:

(i) Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;

(ii) Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
  (a) If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;
  (b) If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or
  (c) If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium that the Company would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification; when recognising the new contract in this case, the Company assumes such a hypothetical premium as actually received.

(iii) Adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(q) Derecognition and contract modification (cont'd.)

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

(i) If the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;

(ii) If the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

(iii) If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(r) Presentation and Disclosure

The Company aggregates portfolios of insurance and reinsurance contracts held and present separately in the Statement of Financial Position:

(i) Portfolios of insurance contracts that are assets;
(ii) Portfolios of reinsurance contracts held that are assets;
(iii) Portfolios of insurance contracts that are liabilities; and
(iv) Portfolios of reinsurance contracts held that are liabilities.

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

In the consolidated profit or loss statement, the following are presented separately:

(i) Insurance revenue;
(ii) Insurance service expense;
(iii) Insurance finance income or expense; and
(iv) Income or expenses from reinsurance contracts held.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(r) Presentation and Disclosure (cont'd.)

The Company will provide disaggregated qualitative and quantitative information in the notes to the financial statements about:

(i) The amounts recognised in its financial statements from insurance contracts and reinsurance contracts; and
(ii) Significant judgments, and changes in those judgments made when applying the standard.

Insurance service result comprises insurance revenue and insurance service expenses. 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' in the insurance service result.

(s) Recognition of Income and Expenses

(i) Insurance Service Result from Insurance Contracts issued

Insurance Revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

(a) Amounts relating to the changes in the LRC:
- (i) Claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  - (a) amounts allocated to the loss component;
  - (b) repayments of investment components and policyholder rights to withdraw an amount;
  - (c) amounts of transaction-based taxes collected in a fiduciary capacity;
  - (d) insurance acquisition expenses; and
  - (e) amounts related to the risk adjustment for non-financial risk (see (ii)).

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(s) Recognition of Income and Expenses (cont'd.)

(i) Insurance Service Result from Insurance Contracts issued (cont'd.)

Insurance Revenue (cont'd.)

(ii) Changes in the risk adjustment for non-financial risk, excluding:at the amounts expected at the beginning of the period, excluding:
  (a) Changes included in insurance finance income (expenses);
  (b) Changes that relate to future coverage (which adjust the CSM); and
  (c) Amounts allocated to the loss component.

(iii) Amounts of the CSM recognised for the services provided in the period;

(iv) Experience adjustments – arising from premiums received in the period other than those that relate to future service; and

(v) Other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

(b) Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Company recognises revenue based on the passage of time over the coverage period of a groups of contracts.

Insurance Service Expenses

Insurance service expenses include the following:

(a) Incurred claims and benefits, excluding investment components reduced by loss component allocations;
(b) Other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
(c) Insurance acquisition cash flows amortisation;
(d) Changes that relate to past service – changes in the FCF relating to the LIC; and
(e) Changes that relate to future service – changes in the FCF that results in onerous contract losses or reversals of those losses; and
(f) Insurance acquisition cash flows assets impairment.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(s) Recognition of Income and Expenses (cont'd.)

(i) Insurance Service Result from Insurance Contracts issued (cont'd.)

Insurance Service Expenses (cont'd.)

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

(ii) Insurance Service Result from Reinsurance Contracts held

Net income (expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held , comprising the following amounts:
(a) Reinsurance expenses;
(b) For groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses;
(c) Incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
(d) Other incurred directly attributable expenses;
(e) Changes that relate to past service – changes in the FCF relating to incurred claims recovery;
(f) Effect of changes in the risk of reinsurers' non-performance; and
(g) Amounts relating to accounting for onerous Company of underlying insurance contracts issued:
    (i) Income on initial recognition of onerous underlying contracts;
    (ii) Reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
    (iii) Reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(s) Recognition of Income and Expenses (cont'd.)

(ii) Insurance Service Result from Reinsurance Contracts held (cont'd.)

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those services. Additionally, for reinsurance contracts held measured under the PAA, broker fees are included in reinsurance expenses.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

(a) Claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
   (i) Amounts allocated to the loss-recovery component;
   (ii) Repayments of investment components; and
   (iii) Amounts related to the risk adjustment for non-financial risk (see (b));

(b) Changes in the risk adjustment for non-financial risk, excluding:
   (i) Changes included in finance income (expenses) from reinsurance contracts held;
   (ii) Changes that relate to future coverage (which adjust the CSM); and
   (iii) Amounts allocated to the loss-recovery component.

(c) Amounts of the CSM recognised for the services received in the period; and

(d) Experience adjustments – arising from premiums paid in the period other than those that relate to future service.

For groups of reinsurance contracts held measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(s) Recognition of Income and Expenses (cont'd.)

(iii) Insurance Finance Income or Expenses

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

(a) The effect of the time value of money and changes in the time value of money; and
(b) The effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

(a) Interest accreted on the FCF and the CSM;
(b) The effect of changes in interest rates and other financial assumptions, and
(c) Foreign exchange differences.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

(a) Interest accreted on the FCF; and
(b) The effect of changes in interest rates and other financial assumptions.

For non-life insurance, the entire change in the risk adjustment for non-financial risk is included in insurance service result.

In the event of transfer of a group of insurance contracts or derecognition of an insurance contract, the Company reclassifies the insurance finance income or expenses to profit or loss as a reclassification adjustment to any remaining amounts.

The groups of insurance contracts, including the CSM , that generate cash flows in a foreign currency are treated as monetary items.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(t) Other Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

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

Dividend is recognised when the right to receive payment is established.

All sales of investments are recognised on their trade dates i.e., the date the Company commits to sell the assets. Gains or losses arising from the sale of investments are calculated as the difference between net sales proceeds and the original or carrying amount and are credited or charged to the statement of profit or loss.

(u) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the financial position.

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

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax is recognised in the statement of profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(v) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each financial position and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risk specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(w) Contingent Liabilities

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

(ii) a present obligation that arises from past events but is not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the statement of financial position of the Company, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(x) Employee Benefits

Defined Contribution Plans under Statutory Regulations

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the statement of profit or loss as incurred.

Employee Leave Entitlements

An employee's entitlement to annual leave is estimated and accrued according to the Company's Human Resource policy.

Share Options

Senior executives of the Company are granted share options in the OCBC Bank's Share Option Scheme as consideration for services rendered. Options granted generally vest in one-third increments over a 3-year period and expire between 5 and 10 years from date of grant. The cost of these equity-settled share based payment transactions with the senior executives is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. The cost is recognised in the statement of profit or loss of the general insurance funds over the vesting period of the grant, with a corresponding increase in liabilities.

The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as a result of a failure to meet a non-vesting condition that is within the control of the Company or the senior executives, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the statement of profit or loss upon cancellation.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(x) Employee Benefits (cont'd.)

Deferred Share Plan

In addition to the OCBC Bank's Share Option Scheme, certain employees within the Company are granted OCBC shares under the OCBC Deferred Share Plan ("DSP"). There are 2 types of deferred share awards. Deferred share awards granted as part of long term incentive compensation will vest three years from the grant date and will lapse if the staff ceases employment during the vesting period. For deferred share awards granted as part of variable performance bonus, half of the share awards will vest two years from the grant date and the remaining half will vest at the end of three years from the grant date. The cost of the DSP is recognised in the statement of profit or loss on a straight-line basis over the vesting period of the DSP.

At each financial position, the cumulative expense is adjusted for the estimated number of shares granted under the DSP that have vested and/or lapsed.

The Company has ceased granting OCBC share options to eligible executives with effect from financial year 2019.

(y) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments with original maturity of three months or less from the date of acquisition, or are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

(z) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves the use of an identified asset and conveys the right to control the use of the asset for a period of time in exchange for consideration – i.e. the customer has the right to:

- obtain substantially all of the economic benefits from using the asset; and
- direct the use of the asset.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(z) Leases (cont'd.)

The Company recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made or before the commencement date, any indirect costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate will be used as the discount rate. The Company generally uses its incremental borrowing rate as the discount rate.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the carrying amount of the right-of-use asset is reduced by any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is subsequently measured at amortised cost using the effect interest method. It is remeasured to reflect any lease modifications or reassessments.

The Company presents its right-of-use assets in ‘property, plant and equipment' and lease liabilities in the statement of financial position.

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(z) Leases (cont'd.)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(aa) Sales Tax Act 2018 and Service Tax Act 2018 ("SST")

Effective from 1 September 2018, Sales Tax Act 2018 and Service Tax Act 2018 ("SST") are introduced to replace the GST Act 2014. Service Tax is charged and levied on any provision of taxable services made in the furtherance of business by a taxable person and in Malaysia. Service tax is not chargeable on imported and exported services.

The provision of all types of general insurance contracts to cover any risk incurred in Malaysia is a taxable service and subject to service tax at prevailing tax rate.

The amount of Service Tax payable to the tax authority is included as part of the payables in the statement of financial position.

(ab) Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family who:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel which includes the Directors, Chief Executive Officer and Senior Management Team of the Company or parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Material Accounting Policies (cont'd.)

(ab) Related parties (cont'd.)

(b) An entity is related to the Company where any of the following condition applies:

(i) the entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) the entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);
(iii) both the entities are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or parent of the entity); or
(viii) the entity, or any member of a Company of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Related party transactions are reported in the Company's financial statement in accordance with requirements of MFRS 124 Related Party Disclosures, Companies Act 2016 and Financial Services Act 2013 and Guidelines on Financial Reporting.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Changes in Accounting Policies and Disclosures

New and Amended Standards and IC Interpretations

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

On 1 January 2023, the Company adopted the following amendments to MFRSs mandatory for annual financial periods beginning on or after 1 January 2023.

- Amendments to MFRS 101 *Presentation of Financial Statements* , MFRS Practice Statement 2 and MFRS 108 on *Accounting Policies,Changes in Accounting Estimates and Errors* - Disclosure of Accounting Policies and Definition of Accounting Estimates
- Amendments to MFRS 112 *Income Taxes* - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- MFRS 17 *Insurance Contracts* - Insurance Contracts and its amendments
- Amendment to MFRS 17 *Insurance Contracts* - Initial Application of MFRS 17 *Insurance Contracts* and MFRS 9 *Financial Instruments* Comparative Information

The adoption of the new standards did not have any material impact on the financial performance or position of the Company except for MFRS 17. MFRS 17 replaces MFRS 4 Insurance Contracts for annual periods beginning on or after 1 January 2023.

The Company has restated comparative information for the financial year 2022 applying the transitional provisions. The nature and effects of the material changes in the Company's accounting policies are summarised below.

Changes to Classification and Measurement

The adoption of MFRS 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 Premium Application Approach ("PAA"). The PAA simplifies the measurement of insurance contracts in comparison with the general model in MFRS 17.

MFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Changes in Accounting Policies and Disclosures (cont'd.)

Changes to Classification and Measurement (cont'd.)

The key principles of MFRS 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct non-insurance goods or services from insurance contracts and accounts for them in accordance with other standards;
- Divides the insurance and reinsurance contracts into groups it will recognise and measure;
- Recognises and measures groups of insurance contracts at:
  - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information.
- Recognises profit from a group of insurance contracts over the period the Company provides insurance coverage, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately.

The Company's classification and measurement of insurance and reinsurance contracts are explained in Note 2.2.

Transition

The Company has restated the comparative information based on the transition approaches taken on adoption of MFRS 17.

Changes in accounting policies resulting from the adoption of MFRS 17 were applied using the fully retrospective approach to insurance contracts that were originated prior to the transition date.

On transition date, at 1 January 2022, the Company:

- Identified, recognised and measured each group of insurance and reinsurance contracts as if MFRS 17 had always been applied to the extent practicable;
- Derecognised previously reported balances that would not have existed if MFRS 17 had always been applied; and
- Recognised any resulting net difference in equity.

The Company has applied the transition provisions in MFRS 17 and has not disclosed the impact of the adoption of MFRS 17 on each financial statement line item. The effects of adopting MFRS 17 on the financial statements at 1 January 2022 are presented in the statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.3 Changes in Accounting Policies and Disclosures (cont'd.)

Impact on Transition

The effects from applying MFRS 17 resulted in an decrease of total equity of RM 6.02 million, net of tax, as at 1 January 2022. The net transition impact to equity consisted of the following effects.

Measurement adjustments	Description of impact
Contract Measurement	Other components of insurance contracts are remeasured: • Risk adjustment: The risk adjustment is now measured at the 85th percentile under MFRS 17 as compared to the provision for adverse deviation used under MFRS 4 which was measured at the 75th percentile. • Discounting future cash flows: Under MFRS 17, the Company discounts the future cash flows when measuring liabilities for incurred claims. The Company previously did not discount such future cash flows. • Deferred acquisition costs: Under MFRS 17, the Company now recognises separately eligible insurance acquisition cash flows when they are incurred. • The Company will immediately recognise losses on onerous groups of contracts rather than at a fund level under MRFS 4. As a result, there will no longer be cross-subsidisation of losses.

Besides the impact to equity upon transition, there are also other changes in the balance sheet mainly resulting from insurance related receivables and payables now included within fulfilment cash flows instead of being presented separately.

<u>Redesignation of Financial Assets and Classification Overlay</u>

MFRS 17 allows for entities that had applied MFRS 9 to annual periods before the initial application of MFRS 17, to redesignate its financial assets to address possible accounting mismatches between financial assets and insurance contract liabilities. A transition option can be elected to apply a classification overlay for the financial assets as if the classification and measurement requirements of MFRS 9 had been applied to that financial asset during the comparative period. At the transition date, the Company had not elected the option to redesignate financial assets.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.4 Standards Issued But Not Yet Effective

As at the date of authorisation of these financial statements, the following Standards, IC Interpretations and Amendments to Standards and improvements to published standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Company.

Effective for the financial periods beginning on or after 1 January 2024

- Amendments to MFRS 101 Presentation of Financial Statements - Classification of liabilities as current or non-current" ('2020 amendments') and "Non-current Liabilities with Covenants" ('2022 amendments')
- Amendments to MFRS 16 *Leases* - Lease Liability in a Sale and Leaseback

Effective for the financial periods beginning on or after 1 January 2025

- Amendments to MFRS 121 "Lack of Exchangeability"

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

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.5 Critical Accounting Judgements, Estimates and Assumptions

(a) Critical judgements made in applying accounting policies

In the preparation of the Company's financial statements, management makes estimates, assumptions and judgements that affect the reported amounts of revenues, expenses, assets and liabilities at reporting date. Estimates, assumptions and judgements are continually evaluated and based on internal studies of actual historical experience and other factors. Best estimates and assumptions are constantly reviewed to ensure that they remain relevant and valid. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

(i) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Key sources of estimation uncertainty and assumptions

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

(i) Insurance Business

The Company makes estimates, assumptions and judgments in its estimates of FCF, discount rates used, risk adjustments for non-financial risk, and CSM.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.5 Critical Accounting Judgements, Estimates and Assumptions (cont'd.)

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

(i) Insurance Business (cont'd.)

Discount rates
Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the observable market yields of Government Securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

The Company adopts a bottom-up approach in which discount rates are based on risk-free yield curve and an adjustment for illiquidity premium.

- Risk-free yield curves are derived in a consistent approach as that taken by the International Associations of Insurance Supervisors ("IAIS") on the design of the global insurance capital standards ("ICS"), with the rates for the first 15 years being referenced to Bank Negara Malaysia Risk Based Capital Framework ("BNM RBC"). Similarly, Ultimate Forward Rate ("UFR") references are made to the approach taken by the International Associations of Insurance Supervisors ("IAIS") on the design of the global insurance capital standards ("ICS').

- For illiquidity premium, illiquidity buckets ("illiquidity application ratio") are assigned using an objective scoring system that is based on illiquidity characteristics of products on each portfolio. Market observable illiquidity premium levels are derived every month-end based on a credit-risk adjusted market spread of reference assets for each currency. Non-life insurance liabilities are generally short-term, hence illiquidity premium is not required.

The adjustment of illiquidity premium in (b) is added as a layer in addition to the risk-free yield curve in (a) based on the illiquidity application ratio of each portfolio.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.5 Critical Accounting Judgements, Estimates and Assumptions (cont'd.)

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

(i) Insurance Business (cont'd.)

Discount rates (cont'd.)
The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

2023	1 year	5 years	10 years	15 years	20 years	30 years
Fire	3.30%	3.65%	3.74%	4.05%	4.22%	4.43%
Motor	3.30%	3.65%	3.74%	4.05%	4.22%	4.43%
Marine & aviation	3.30%	3.65%	3.74%	4.05%	4.22%	4.43%
Workmen's compensation	3.30%	3.65%	3.74%	4.05%	4.22%	4.43%
Personal accident & health	3.30%	3.65%	3.74%	4.05%	4.22%	4.43%
Miscellaneous	3.30%	3.65%	3.74%	4.05%	4.22%	4.43%

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.5 Critical Accounting Judgements, Estimates and Assumptions (cont'd.)

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

(i) Insurance Business (cont'd.)

Discount rates (cont'd.)

2022	1 year	5 years	10 years	15 years	20 years	30 years
Fire	3.25%	3.88%	4.09%	4.36%	4.53%	5.03%
Motor	3.25%	3.88%	4.09%	4.36%	4.53%	5.03%
Marine & aviation	3.25%	3.88%	4.09%	4.36%	4.53%	5.03%
Workmen's compensation	3.25%	3.88%	4.09%	4.36%	4.53%	5.03%
Personal accident & health	3.25%	3.88%	4.09%	4.36%	4.53%	5.03%
Miscellaneous	3.25%	3.88%	4.09%	4.36%	4.53%	5.03%

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.5 Critical Accounting Judgements, Estimates and Assumptions (cont'd.)

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

(i) Insurance Business (cont'd.)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates.

The confidence level technique is used to derive the overall risk adjustment for non-financial risk. Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from the contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associate risks over all future years. The target confidence level will be at 85th percentile.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.5 Critical Accounting Judgements, Estimates and Assumptions (cont'd.)

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

(i) Insurance Business (cont'd.)

Estimates of future cash flows (cont'd.)

When estimating future cash flows, the Company takes into account current expectations of future events that might affect cash flows. Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows will be attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities will be allocated to groups of contracts using methods that are systematic and rational and will be consistently applied to all costs that have similar characteristics.

Coverage units

The number of coverage units in a group is the quantity of coverage provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage duration. The coverage units are assessed at each reporting period-end prospectively by considering:

- The quantity of benefits provided by contracts in the group;
- The expected coverage period of contracts in the group; and
- The likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Company uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (CONT'D.)

2.5 Critical Accounting Judgements, Estimates and Assumptions (cont'd.)

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

(ii) Impairment of Goodwill

The Company assesses goodwill annually to determine if any impairment exists by measuring the recoverable amount of the goodwill based on the value-in-use method, which requires the use of estimates of cash flow projections, growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal value, may affect the results of the impairment assessment. The assumptions applied to estimate the value-in-use computations are as described in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3. INTANGIBLE ASSETS

	Goodwill RM	Distribution platform RM	Software RM	Capital work-in-progress RM	Total RM
Cost					
At 1 January 2022	**18,182,598**	**4,372,500**	**26,688,975**	**26,636,372**	**75,880,445**
Additions	-	-	3,494,119	7,171,278	10,665,397
Reclassification	-	-	30,661,410	(30,661,410)	-
At 31 December 2022	**18,182,598**	**4,372,500**	**60,844,504**	**3,146,240**	**86,545,842**
Additions	-	-	2,316,586	927,314	3,243,900
Impairment	-	(811,516)	-	-	(811,516)
At 31 December 2023	**18,182,598**	**3,560,984**	**63,161,090**	**4,073,554**	**88,978,226**
Accumulated Amortisation					
At 1 January 2022	**-**	**1,401,442**	**20,181,989**	**-**	**21,583,431**
Amortisation for the financial year	-	672,692	6,028,826	-	6,701,518
At 31 December 2022	**-**	**2,074,134**	**26,210,815**	**-**	**28,284,949**
Amortisation for the financial year	-	672,692	6,172,473	-	6,845,165
At 31 December 2023	**-**	**2,746,826**	**32,383,288**	**-**	**35,130,114**
Net Carrying Amount					
At 31 December 2022	**18,182,598**	**2,298,366**	**34,633,689**	**3,146,240**	**58,260,893**
At 31 December 2023	**18,182,598**	**814,158**	**30,777,802**	**4,073,554**	**53,848,112**

NOTES TO THE FINANCIAL STATEMENTS

3. INTANGIBLE ASSETS (CONT'D.)

3.1 GOODWILL

The goodwill above arose from the acquisition of certain assets and liabilities of the general insurance business of Tahan Insurance Malaysia Berhad ("Tahan") (now known as IUB Greengold Berhad) on 1 January 2011.

Goodwill is allocated to the Company's CGU which is expected to benefit from the synergies of the acquisition. The recoverable amount of the CGU is assessed based on its value-in-use and compared to the carrying value of the CGU to determine whether any impairment exists. Impairment is recognised in the statement of profit or loss if the carrying amount of the CGU exceeds its recoverable amount.

Goodwill is allocated to the Company's business as a whole, which is defined as a single CGU. The value-in-use calculations apply discounted cash flow projections prepared and approved by management, covering a five-year period.

The other key assumptions for the computation of value-in-use are as follows:

(i) The expected growth rate of the Company is on the average of 11.2% per annum (2022: 11.5%);

(ii) The discount rate applied is the internal weighted average cost of capital of the Company at the time of the assessment, which is estimated to be 8.9% per annum (2022: 8.1%), pre-tax discount rate of 10.3% per annum (2022: 8.6%); and

(iii) Terminal value cash flow growth rate of 4.5% (2022: 6.0%), which is consistent with the Gross Domestic Product rate.

The management of the Company believes that any reasonably possible changes in any of the above key assumptions would not cause the carrying value of the CGU to exceed its recoverable amount. Accordingly, there is no evidence of impairment of goodwill as at the financial year-end.

NOTES TO THE FINANCIAL STATEMENTS

3. INTANGIBLE ASSETS (CONT'D.)

3.2 DISTRIBUTION PLATFORM

The distibution platform cost are in relation to micro insurance provided by Axiata Digital Capital Sdn Bhd ("ADC"). It is a joint collaboration to distribute the general insurance offerred by the Company to access customer who can be reached through ADC, the ADC Partners and Channels in order to be referred to the Company for cross-selling and up-selling purposes.

The fee for this exclusive right is amortised over its useful life of 6.5 years using the straight-line method. The Company conducts impairment assessment when there is an indication of impairment in accordance with its accounting policies in Note 2.2(h)(ii). In the impairment assessment conducted by the Company, the future economic benefits that are attributable to the Axiata platform was valued at the present value of projected future cash flows of 5 years using the discounted cash flow model.

The following key assumptions have been used in cash flow projections in respect of of the Axiata platform:

Key assumptions	**2023**	**2022**
Average Growth rate	12%	12%
Discount rate (pre-tax)	8.6%	11.3%

Sensitivity to changes in key assumptions
Management considers that it is reasonably for the abovementioned key assumptions to change that would resulted in impairment of the Axiata platform.

As of 31 December 2023, the platform's recoverable amount of RM814,158 is less than its carrying amount of RM1,625,674 which requires an impairment of RM811,516.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY AND EQUIPMENT

(a) Owned

	Office equipment, renovation, furniture & fittings RM	Motor vehicles RM	Computer equipment RM	Capital work-in-progress RM	Total RM
Cost					
At 1 January 2022	**6,472,613**	**427,423**	**4,023,084**	**901,837**	**11,824,957**
Additions	150,966	-	1,405,023	104,293	1,660,282
Reclassification	-	-	1,004,630	(1,004,630)	-
Disposal	(20,000)	-	-	-	(20,000)
Write-off	(78,230)	-	(62,446)	-	(140,676)
At 31 December 2022	**6,525,349**	**427,423**	**6,370,291**	**1,500**	**13,324,563**
Additions	92,745	-	800,717	140,032	1,033,494
Reclassification	-	-	-	-	-
Disposal	(765)	-	-	-	(765)
Write-off	(10,230)	-	-	-	(10,230)
At 31 December 2023	**6,607,099**	**427,423**	**7,171,008**	**141,532**	**14,347,062**
Accumulated Depreciation					
At 1 January 2022	**5,011,791**	**118,512**	**2,741,637**	**-**	**7,871,940**
Depreciation charge for the financial year (Note 13)	780,325	66,241	1,413,264	-	2,259,830
Disposal	(10,000)	-	-	-	(10,000)
Write-off	(70,889)	-	(62,425)	-	(133,314)
At 31 December 2022	**5,711,227**	**184,753**	**4,092,476**	**-**	**9,988,456**
Depreciation charge for the financial year (Note 13)	399,797	66,242	1,321,103	-	1,787,142
Disposal	(573)	-	-	-	(573)
Write-off	(9,929)	-	-	-	(9,929)
At 31 December 2023	**6,100,522**	**250,995**	**5,413,579**	**-**	**11,765,096**
Net Carrying Amount					
At 31 December 2022	**814,122**	**242,670**	**2,277,815**	**1,500**	**3,336,107**
At 31 December 2023	**506,577**	**176,428**	**1,757,429**	**141,532**	**2,581,966**

Included in the cost of property and equipment of the Company are the costs of fully depreciated assets which are still in use amounting to RM9,108,528 (2022: RM7,087,467).

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY AND EQUIPMENT (CONT'D.)

(b) Right-of-use Assets

	Properties RM	Other Right-Of-Use Assets RM	Total RM
Cost			
At 1 January 2022	**18,723,832**	**702,782**	**19,426,614**
Additions	9,036,757	151,035	9,187,792
Lease expiration	(10,229,831)	(150,401)	(10,380,232)
At 31 December 2022	**17,530,758**	**703,416**	**18,234,174**
Additions	6,691,489	-	6,691,489
Lease expiration	(6,862,392)	-	(6,862,392)
At 31 December 2023	**17,359,855**	**703,416**	**18,063,271**
Accumulated Depreciation			
At 1 January 2022	**5,546,054**	**457,151**	**6,003,205**
Depreciation charge for the financial year (Note 13)	3,025,106	185,967	3,211,073
Lease expiration	(4,971,503)	(150,401)	(5,121,904)
At 31 December 2022	**3,599,657**	**492,717**	**4,092,374**
Depreciation charge for the financial year (Note 13)	2,921,786	185,994	3,107,780
Lease expiration	(3,431,196)	-	(3,431,196)
At 31 December 2023	**3,090,247**	**678,711**	**3,768,958**
Net Carrying Amount			
At 31 December 2022	**13,931,101**	**210,699**	**14,141,800**
At 31 December 2023	**14,269,608**	**24,705**	**14,294,313**

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS

	2023 RM	2022 RM
Malaysian government securities	134,391,845	122,532,450
Debt securities	478,882,542	471,960,663
Equity securities	58,020,430	41,075,678
Collective investment schemes	101,235,487	95,036,933
Loans	679,824	628,672
	773,210,128	**731,234,396**

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

	2023 RM	2022 RM
Financial assets at amortised cost	679,824	628,672
Financial assets at FVOCI	624,897,976	605,660,019
Financial assets at FVTPL	147,632,328	124,945,705
	773,210,128	**731,234,396**

The following investments mature after 12 months:

	2023 RM	2022 RM
Financial assets at amortised cost	666,262	618,301
Financial assets at FVOCI	573,207,347	568,447,191
Financial assets at FVTPL	147,627,555	124,945,705
	721,501,164	**694,011,197**

Included in financial assets at FVOCI are quoted equity securities of RM48,159,113 (2022: RM31,765,377) with no maturity date.

Included in financial assets at FVTPL are collective investment schemes of RM101,235,487 (2022: RM95,036,933) with no maturity date.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS (CONT'D.)

(a) Financial Assets Measured at Amortised Cost

	2023 RM	2022 RM
Vehicle loans	679,824	628,672
	679,824	**628,672**

The carrying value of financial assets measured at amortised cost are reasonable approximations of fair values due to the insignificant impact of discounting.

(b) Financial Assets Measured at FVOCI

	2023 RM	2022 RM
Malaysian government securities	134,391,845	122,532,450
Unquoted debt securities in Malaysia	442,347,019	451,362,193
Quoted equity securities in Malaysia	48,159,112	31,765,376
	624,897,976	**605,660,019**

Allowance for ECL has been provided for Malaysian government securities and unquoted debt securities measured at FVOCI amount to RM1,820,469 (2022: RM1,731,203). The movement of allowance for ECL is detailed in Note 23(vii).

Quoted equities securities measured at FVOCI are not subject to impairment assessment.

During the financial year ended 31 December 2023, the Company sold listed equity securities due to portfolio rebalancing activities. These investments had a fair value of RM5,443,219 (2022: RM981,451) at the date of disposal. The cumulative loss on disposal (net of tax) of RM89,818 (2022: RM151,990) was reclassified from fair value reserve to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS (CONT'D.)

(c) Financial Assets Measured at FVTPL

	2023 RM	2022 RM
Unquoted debt securities in Malaysia	36,535,523	20,598,470
Quoted equity securities in Malaysia	4,772	4,772
Unquoted equity securities in Malaysia	9,420,870	9,305,530
Unquoted equity securities outside Malaysia	435,676	-
Collective investment schemes	101,235,487	95,036,933
	147,632,328	**124,945,705**

(d) Carrying Values of Investments

	Amortised Cost RM	FVOCI RM	FVTPL RM	Total RM
At 1 January 2022	**544,219**	**504,216,269**	**227,131,190**	**731,891,678**
Purchases (Note 18)	315,000	732,123,180	20,193,955	752,632,135
Maturities/disposals	(230,547)	(625,005,901)	(118,608,188)	(743,844,636)
Fair value losses recorded in other comprehensive income	-	(4,010,597)	-	(4,010,597)
Fair value losses recorded in statement of profit or loss	-	-	(3,771,252)	(3,771,252)
Amortisation	-	(1,662,932)	-	(1,662,932)
At 31 December 2022	**628,672**	**605,660,019**	**124,945,705**	**731,234,396**

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENTS (CONT'D.)

(d) Carrying Values of Investments (cont'd.)

	Amortised Cost RM	FVOCI RM	FVTPL RM	Total RM
At 1 January 2023	**628,672**	**605,660,019**	**124,945,705**	**731,234,396**
Purchases (Note 18)	301,234	158,104,247	30,495,491	188,900,972
Maturities/disposals	(250,082)	(145,745,473)	(11,798,973)	(157,794,528)
Fair value gain recorded in other comprehensive income	-	7,716,137	-	7,716,137
Fair value gain recorded in statement of profit or loss	-	-	3,990,105	3,990,105
Amortisation	-	(836,954)	-	(836,954)
At 31 December 2023	**679,824**	**624,897,976**	**147,632,328**	**773,210,128**

NOTES TO THE FINANCIAL STATEMENTS

6. INSURANCE AND REINSURANCE CONTRACTS

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

	2023 RM	Restated 2022 RM
Insurance contracts issued		
Insurance contract liabilities	993,867,456	1,025,187,780
Insurance contract assets	(4,179,463)	(13,977,948)
Total Insurance contracts issued	**989,687,993**	**1,011,209,832**
Reinsurance contracts held		
Reinsurance contract assets	646,999,132	705,815,014
Reinsurance contract liabilities	(73,351,803)	(30,351,392)
Total reinsurance contracts held	**573,647,329**	**675,463,622**

As at 31 December 2023, the insurance contract liabilities above includes the Company's share of MMIP's liabilites for incurred claim and remaining coverage amounting to RM12,541,069 (2022: RM14,327,571) and RM709,962 (2022: RM673,139). The Company's net exposure arising from its participation in MMIP is detailed in Note 23 (vi).

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	2023					Restated 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
			Contracts under PAA					Contracts under PAA		
	Excluding loss component RM	Loss component RM	Estimates of the present value of future cash flows RM	Risk adjustment RM	Total RM	Excluding loss component RM	Loss component RM	Estimates of the present value of future cash flows RM	Risk adjustment RM	Total RM
Insurance contract liabilities as at 1 January	117,131,772	31,410,156	788,196,183	88,449,669	1,025,187,780	147,335,743	33,490,641	815,321,878	84,835,674	1,080,983,936
Insurance contract assets as at 1 January	(13,977,948)	-	-	-	(13,977,948)	(1,399,533)	-	-	-	(1,399,533)
Net insurance contract liabilities/(assets) as at 1 January	**103,153,824**	**31,410,156**	**788,196,183**	**88,449,669**	**1,011,209,832**	**145,936,210**	**33,490,641**	**815,321,878**	**84,835,674**	**1,079,584,403**
Insurance revenue	(621,253,272)	-	-	-	(621,253,272)	(566,631,387)	-	-	-	(566,631,387)
Insurance service expenses										
Incurred claims and other expenses	-	-	387,188,111	-	387,188,111	-	-	418,795,840	-	418,795,840
Amortisation of insurance acquisition cash flows	135,889,500	-	-	-	135,889,500	142,683,295	-	-	-	142,683,295
Losses on onerous contracts and reversals of those losses	-	(8,575,167)	-	-	(8,575,167)	-	(3,044,291)	-	-	(3,044,291)
Changes to liabilities for incurred claims	-	-	(70,430,124)	(18,421,296)	(88,851,420)	-	-	(36,944,222)	2,757,597	(34,186,625)
Insurance service result	**(485,363,772)**	**(8,575,167)**	**316,757,987**	**(18,421,296)**	**(195,602,248)**	**(423,948,092)**	**(3,044,291)**	**381,851,618**	**2,757,597**	**(42,383,168)**
Insurance finance expenses	6,978,208	1,209,647	25,102,896	2,464,089	35,754,840	5,097,184	963,806	9,818,527	856,398	16,735,915
Total changes in the statement of profit or loss and OCI	**(478,385,564)**	**(7,365,520)**	**341,860,883**	**(15,957,207)**	**(159,847,408)**	**(418,850,908)**	**(2,080,485)**	**391,670,145**	**3,613,995**	**(25,647,253)**
Cash flows										
Premiums received	656,946,017	-	-	-	656,946,017	517,334,970	-	-	-	517,334,970
Claims and other expenses paid	-	-	(387,188,111)	-	(387,188,111)	-	-	(418,795,840)	-	(418,795,840)
Insurance acquisition cash flows	(131,432,337)	-	-	-	(131,432,337)	(141,266,448)	-	-	-	(141,266,448)
Total cash flows	**525,513,680**	**-**	**(387,188,111)**	**-**	**138,325,569**	**376,068,522**	**-**	**(418,795,840)**	**-**	**(42,727,318)**
Net insurance contract liabilities/(assets) as at 31 December	**150,281,940**	**24,044,636**	**742,868,955**	**72,492,462**	**989,687,993**	**103,153,824**	**31,410,156**	**788,196,183**	**88,449,669**	**1,011,209,832**
Insurance contract liabilities as at 31 December	154,461,403	24,044,636	742,868,955	72,492,462	993,867,456	117,131,772	31,410,156	788,196,183	88,449,669	1,025,187,780
Insurance contract assets as at 31 December	(4,179,463)	-	-	-	(4,179,463)	(13,977,948)	-	-	-	(13,977,948)
Net insurance contract liabilities/(assets) as at 31 December	**150,281,940**	**24,044,636**	**742,868,955**	**72,492,462**	**989,687,993**	**103,153,824**	**31,410,156**	**788,196,183**	**88,449,669**	**1,011,209,832**

6. INSURANCE AND REINSURANCE CONTRACTS (CONT'D.)

Reconciliation of the liability for remaining coverage and the liability for incurred claims (cont'd.)

	2023					Restated 2022				
	Assets for remaining coverage		Assets for incurred claims			Assets for remaining coverage		Assets for incurred claims		
	Excluding loss component RM	Loss component RM	Estimates of the present value of future cash flows RM	Risk adjustment for non-financial risk RM	Total RM	Excluding loss component RM	Loss component RM	Estimates of the present value of future cash flows RM	Risk adjustment for non-financial risk RM	Total RM
Reinsurance contract assets as at 1 January	29,697,289	6,900,928	617,602,216	51,614,581	705,815,014	23,255,938	5,048,667	628,128,492	49,214,239	705,647,336
Reinsurance contract liabilities as at 1 January	(30,793,177)	441,785	-	-	(30,351,392)	(13,552,240)	416,513	-	-	(13,135,727)
Net reinsurance contract assets/(liabilities) as at 1 January	**(1,095,888)**	**7,342,713**	**617,602,216**	**51,614,581**	**675,463,622**	**9,703,698**	**5,465,180**	**628,128,492**	**49,214,239**	**692,511,609**
Allocation of reinsurance premiums	(183,519,823)	-	-	-	(183,519,823)	(141,547,537)	-	-	-	(141,547,537)
Amounts recoverable from reinsurers										
Recoveries of incurred claims and other insurance service expenses	-	-	108,605,683	-	108,605,683	-	-	191,419,401	-	191,419,401
Incomes on onerous contracts and reversals of those incomes	-	(6,592,121)	-	-	(6,592,121)	-	1,699,886	-	-	1,699,886
Adjustments to assets for incurred claims	-	-	(70,862,487)	382,312	(70,480,175)	-	-	(63,228,890)	1,825,541	(61,403,349)
Net income or expense from reinsurance contracts held	**(183,519,823)**	**(6,592,121)**	**37,743,196**	**382,312**	**(151,986,436)**	**(141,547,537)**	**1,699,886**	**128,190,511**	**1,825,541**	**(9,831,599)**
Reinsurance finance income	2,131,651	242,513	15,011,823	1,535,037	18,921,024	1,470,630	177,647	8,250,551	574,801	10,473,629
Total changes in the statement of profit or loss and OCI	**(181,388,172)**	**(6,349,608)**	**52,755,019**	**1,917,349**	**(133,065,412)**	**(140,076,907)**	**1,877,533**	**136,441,062**	**2,400,342**	**642,030**
Cash flows										
Premiums paid	169,230,713	-	-	-	169,230,713	129,277,321	-	-	-	129,277,321
Amounts received	-	-	(137,981,594)	-	(137,981,594)	-	-	(146,967,338)	-	(146,967,338)
Total cash flows	**169,230,713**	**-**	**(137,981,594)**	**-**	**31,249,119**	**129,277,321**	**-**	**(146,967,338)**	**-**	**(17,690,017)**
Net reinsurance contract assets/(liabilities) as at 31 December	**(13,253,347)**	**993,105**	**532,375,641**	**53,531,930**	**573,647,329**	**(1,095,888)**	**7,342,713**	**617,602,216**	**51,614,581**	**675,463,622**
Reinsurance contract assets as at 31 December	60,957,804	133,757	532,375,641	53,531,930	646,999,132	29,697,289	6,900,928	617,602,216	51,614,581	705,815,014
Reinsurance contract liabilities as at 31 December	(74,211,151)	859,348	-	-	(73,351,803)	(30,793,177)	441,785	-	-	(30,351,392)
Net reinsurance contract assets/(liabilities) as at 31 December	**(13,253,347)**	**993,105**	**532,375,641**	**53,531,930**	**573,647,329**	**(1,095,888)**	**7,342,713**	**617,602,216**	**51,614,581**	**675,463,622**

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER RECEIVABLES

	2023 RM	2022 RM
Amount due from related companies (Note 21(a))	2,806,094	2,350,848
Income due and accrued	7,644,473	7,713,664
Assets held under the Malaysian Motor Insurance Pool ("MMIP") (Note 23(vi))*	38,832,066	41,007,509
Collateral fixed deposits	8,246,584	6,637,228
Deposits and prepayments	2,467,843	1,993,947
Other receivables	30,097	199,101
	60,027,157	**59,902,297**

The carrying amounts of other receivables (not including assets held under the MMIP) approximate fair values due to the relatively short-term maturity of these balances.

* As a participating member of MMIP ("Pool"), the Company shares a proportion of the Pool's assets/liabilities. At each reporting date, the Company accounts for its share of the assets, liabilities and performance of the Pool. The assets held under the MMIP represents the Company's share of the Pool's assets, before insurance contract liabilities and other liabilities. The Company's share of the Pool's insurance contract liabilities, other liabilities and net exposure arising from its participation in the Pool are disclosed in Notes 6, 11 and 23 (vi) respectively.

Assets held under the MMIP includes net cash contribution of RM5,849,491 (2022: RM10,849,491) made to MMIP. The accumulated net cash contributions were made in respect of the Company's share of MMIP's accumulated losses/surplus up to 31 December 2023.

The amounts due from immediate holding company and related companies are unsecured, interest free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED TAX

	2023 RM	Restated 2022 RM
At beginning of financial year		
As previously reported	(4,442,422)	(3,726,860)
Adoption of MFRS 17	-	(1,901,523)
Balance at the beginning of the year, restated	**(4,442,422)**	**(5,628,383)**
Recognised in:		
Statement of profit or loss (Note 15)	13,615,124	2,492,000
Other comprehensive income	1,873,297	(1,306,039)
At end of financial year	**11,045,999**	**(4,442,422)**

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.

	2023 RM	Restated 2022 RM
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	14,292,669	1,298,095
Deferred tax assets	(3,246,670)	(5,740,517)
	11,045,999	**(4,442,422)**

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

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED TAX (CONT'D.)

Deferred Tax Liabilities:

	Investments RM	Accelerated capital allowance on property and equipment RM	Change in accounting basis* RM	Total RM
At 1 January 2023	**(1,672,747)**	**2,970,842**	**-**	**1,298,095**
Recognised in:				
Statement of profit or loss	701,292	768,466	-	1,469,758
Other comprehensive income	1,873,297	-	-	1,873,297
Transfer from deferred tax assets			9,651,519	9,651,519
At 31 December 2023	**901,842**	**3,739,308**	**9,651,519**	**14,292,669**

	Investments RM	Accelerated capital allowance on property and equipment RM	Total RM
At 1 January 2022			
Balance at the beginning of the period	72,184	592,708	664,892
Recognised in:			
Statement of profit or loss	(438,892)	2,378,134	1,939,242
Other comprehensive income	(1,306,039)	-	(1,306,039)
At 31 December 2022	**(1,672,747)**	**2,970,842**	**1,298,095**

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED TAX (CONT'D.)

Deferred Tax Assets:

	Provisions RM	Leases RM	Insurance/ Reinsurance contract liabilities RM	Provision for ECL RM	Change in accounting basis* RM	Total RM
At 1 January 2023	**(2,961,634)**	**(92,368)**	**(709,873)**	**(442,316)**	**(1,534,326)**	**(5,740,517)**
Recognised in						
Statement of profit or loss	459,624	(16,982)	497,859	19,020	11,185,845	12,145,366
Transfer to deferred tax liabilities	-	-	-	-	(9,651,519)	(9,651,519)
At 31 December 2023	**(2,502,010)**	**(109,350)**	**(212,014)**	**(423,296)**	**-**	**(3,246,670)**
At 1 January 2022						
As previously reported	(2,692,729)	(156,203)	(938,238)	(604,582)	-	(4,391,752)
Adoption of MFRS17	-	-	-	-	(1,901,523)	(1,901,523)
Recognised in						
Statement of profit or loss	(268,905)	63,835	228,365	162,266	367,197	552,758
At 31 December 2022	**(2,961,634)**	**(92,368)**	**(709,873)**	**(442,316)**	**(1,534,326)**	**(5,740,517)**

* With effect from 1 January 2023, Malaysia insurers will use the insurance returns filed with BNM for regulatory purposes (" Insurance Companies Statistical System ") as the basis for preparing tax computations instead of financial statements prepared in accordance with the MFRS17. With the change in accounting basis effective 1 January 2023, a one-time adjustment of RM11.19 million of deferred tax liabilities was recognized in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS

9. SHARE CAPITAL

	2023 No. of Shares	2023 RM	2022 No. of Shares	2022 RM
Issued and paid-up:				
Ordinary shares				
At beginning and end of financial year	100,000,000	100,000,000	100,000,000	100,000,000

The shares issued by the Company do not have par value.

10. RETAINED EARNINGS

The Company may distribute dividends out of its retained earnings as at 31 December 2023 and 31 December 2022 under the single-tier system.

11. OTHER PAYABLES

	2023 RM	Restated 2022 RM
Amount due to related companies (Note 21(a))	3,930,515	15,384,379
Liabilities held under the MMIP (Note 23(vi))	321,331	911,508
Cash collateral held on behalf of insureds	8,244,888	6,635,532
Accrual for staff bonus	8,600,000	9,550,000
Other accrued expenses	12,082,097	21,320,968
Provision for reinstatement cost on lease properties	504,359	514,426
Other payables	30,924,267	53,886,075
	64,607,457	**108,202,888**

The carrying amounts disclosed above approximate fair values at the financial position date as the other payables (not including liabilities held under the MMIP) are due within one year.

The amounts due to related companies are trade in nature, unsecured, interest free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

12. INSURANCE SERVICE RESULTS

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held is included in the following tables.

	2023 RM	Restated 2022 RM
Insurance Revenue		
Insurance revenue from contracts measured under PAA	621,253,272	566,631,387
Total Revenue	**621,253,272**	**566,631,387**
Insurance Service Expenses		
Actual claims	(239,657,794)	(333,233,108)
Actual attributable expenses	(58,678,897)	(51,376,107)
Allocation of deferred acquisition cost (DAC)(Note 13)	(135,889,500)	(142,683,295)
Loss on onerous contract	8,575,167	3,044,291
Total Insurance Service Expenses	**(425,651,024)**	**(524,248,219)**
Net income/ (expenses) from reinsurance contracts held		
Allocation of reinsurance premiums	(183,519,823)	(141,547,537)
Amounts recoverable from reinsureres for incurred claims	38,125,508	130,016,052
Loss on RI onerous contract	(6,592,121)	1,699,886
Total net expenses from reinsurance contracts held	**(151,986,436)**	**(9,831,599)**
Total Insurance service results	**43,615,812**	**32,551,569**

NOTES TO THE FINANCIAL STATEMENTS

13. EXPENSES

	2023 RM	Restated 2022 RM
Employee benefits expense (Note 13(a))	62,599,002	58,396,410
Director's remuneration (Note 13(b))	1,045,273	982,050
Fees paid to auditors		
Audit fees paid to Auditor of the Company	1,269,186	441,270
Non-audit fees paid to Auditor of the Company	47,200	570,920
Depreciation of property and equipment (Note 4(a))	1,787,142	2,259,830
Depreciation of right of use assets (Note 4(b))	3,107,780	3,211,073
Amortisation of intangible asset (Note 3)	6,845,165	6,701,518
Impairment of Intangible asset (Note 3)	811,516	-
Commissions and distribution expenses	72,727,465	89,648,024
Other expenses	39,017,782	30,836,525
	189,257,511	**193,047,620**
Amounts attributed to insurance acquisition cash flows incurred during the year	(131,443,266)	(141,231,538)
Amortisation of insurance acquisition cash flows (Note 12)	135,889,500	142,683,295
Other operating (income)/expenses	864,652	(439,975)
	194,568,397	**194,059,402**

(a) Employee benefits expense

	2023 RM	Restated 2022 RM
Wages and salaries	51,353,419	47,834,783
Social security contributions	452,118	363,757
Contributions to defined contribution plan - EPF	7,803,747	7,206,379
Other benefits	2,849,202	2,318,424
Share based payments	(67,804)	303,706
Human Resource Development ("HRD") Levy	208,320	369,361
	62,599,002	**58,396,410**

Included in employee benefits expense is CEO's remuneration of RM1,510,223 (2022: RM1,266,230) as detailed in Note 13(c).

NOTES TO THE FINANCIAL STATEMENTS

13. EXPENSES (CONT'D.)

(b) Directors' remuneration

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

	2023 RM	Restated 2022 RM
Non-executive Directors' fees	**1,045,273**	**982,050**
Name		
Mr Norman Ka Cheung Ip	137,190	136,990
Mr Koh Poh Tiong	48,498	89,660
Y Bhg Datuk Kamaruddin bin Taib	225,574	219,900
Mdm Tan Fong Sang	206,811	182,700
Ms Mimi Sze Ho	202,600	191,000
Mr Lai Chin Tak	159,200	161,800
Mr Tong Hon Keong	65,400	-
	1,045,273	**982,050**

The other Directors in office during the year and as at the financial year did not receive any remuneration from the Company.

The Directors' fees are subject to the recommendation by the Board Nominations and Remuneration Committee ("BNRC") to the Board for endorsement and approval by the shareholder at the Annual General Meeting ("AGM") of the Company.

(c) CEO's remuneration

The details of remuneration received by the CEO during the year are as follows:

	2023 RM	Restated 2022 RM
Salaries and other remuneration	1,302,623	1,057,850
Bonus	183,000	183,780
Total remuneration excluding benefits in kind	1,485,623	1,241,630
Estimated money value of benefits in kind	24,600	24,600
Total remuneration (Note 13(a))	**1,510,223**	**1,266,230**
Share-based payment (in units)	**6,003**	**6,526**

NOTES TO THE FINANCIAL STATEMENTS

14. NET INVESTMENT AND INSURANCE FINANCIAL RESULT

The table below presents an analysis of net investment income and net insurance financial result recognised in profit or loss and OCI in the period:

	2023 RM	Restated 2022 RM
Investment income		
Interest income (Note 14 (i))	26,138,972	23,408,797
Other investment income/(expenses) (Note 14 (ii))	11,771,157	68,854
Changes in allowance for ECL on investment assets (Note 14 (iii))	(89,267)	1,431,231
Amounts recognised at OCI (Note 14 (iv))	7,805,404	(5,441,828)
Total investment income	**45,626,266**	**19,467,054**
Finance expenses from insurance contracts issued		
Interest accreted to insurance contracts using current financial assumptions	(8,187,856)	(6,060,989)
Effect of changes in interest rates and other financial assumptions	(27,566,984)	(10,674,926)
Total finance expenses from insurance contracts issued	**(35,754,840)**	**(16,735,915)**
Represented by:		
Amounts recognised in profit or loss	**(35,754,840)**	**(16,735,915)**
Finance income from reinsurance contracts held		
Interest accreted to reinsurance contracts using locked-in rate	2,374,165	1,648,277
Effect of changes in interest rates and other financial assumptions	19,193,956	8,122,524
Changes in non-performance risk of reinsurer	(2,647,097)	702,828
Total finance income from reinsurance contracts held	**18,921,024**	**10,473,629**
Represented by:		
Amounts recognised in profit or loss	**18,921,024**	**10,473,629**
Total net investment and insurance financial result		
Represented by:		
Amounts recognised in profit or loss	20,987,046	18,646,596
Amounts recognised in OCI	7,805,404	(5,441,828)
	28,792,450	**13,204,768**

NOTES TO THE FINANCIAL STATEMENTS

14. NET INVESTMENT AND INSURANCE FINANCIAL RESULT (CONT'D.)

	2023 RM	Restated 2022 RM
(i) Interest income		
Financial assets measured at FVOCI	24,783,936	21,289,130
Financial assets measured at FVTPL	869,396	1,571,971
Financial assets measured at amortised cost	485,640	547,696
Total interest income	**26,138,972**	**23,408,797**
(ii) Other investment income/(expenses)		
Dividend income		
- Financial assets measured at FVOCI	2,971,736	1,607,395
- Financial assets measured at FVTPL	3,677,582	4,717,193
Realised gains		
- Net gain on sale of financial asset measured at FVOCI	714,467	731,049
- Net gain on sale of financial asset measured at FVTPL	201,027	391,813
- Net gains/(losses) on sale of PPE	107	(6,001)
Fair value gains/(losses)		
- Financial assets measured at FVTPL	3,994,553	(3,771,252)
Amortisation	(836,954)	(1,662,932)
Realised losses on exchange differences	(678)	-
Unrealised losses on exchange differences	(4,504)	-
Investment Expenses	(1,388,943)	(1,189,571)
Other Income/(Expenses)	2,442,764	(748,840)
Total Other investment income/(expenses)	**11,771,157**	**68,854**
(iii) Changes in allowance for ECL on investment assets	**(89,267)**	**1,431,231**
(iv) Fair value gains/(losses)		
- Financial assets measured at FVOCI	**7,805,404**	**(5,441,828)**
Total amounts recognised in the profit or loss	37,820,862	24,908,882
Amounts recognised in OCI	7,805,404	(5,441,828)
Net investment income/(expenses)	**45,626,266**	**19,467,054**

NOTES TO THE FINANCIAL STATEMENTS

15. TAXATION

The major components of income tax expense for the periods ended 31 December 2023 and 31 December 2022 are:

	2023 RM	Restated 2022 RM
Current income tax:		
Malaysian income tax	1,112,773	10,180,355
Under provision of income tax	102,894	338,234
	1,215,667	10,518,589
Deferred tax (Note 8):		
Relating to origination and reversal of temporary differences	13,545,686	2,483,173
Under/(Over) provision in prior financial year	69,438	8,827
	13,615,124	2,492,000
Income tax expense recognised in the Profit & Loss Statements	**14,830,791**	**13,010,589**

Income tax is based on the statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year.

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

	2023 RM	Restated 2022 RM
Profit before taxation	**65,467,510**	**50,758,190**
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	15,712,202	12,181,965
Income not subject to tax	(1,832,103)	(1,684,246)
Expenses not deductible for tax purposes	778,360	2,165,809
Under provision of prior year income tax	102,894	338,234
Under/(Over) provision of deferred tax in prior financial year	69,438	8,827
Tax expense for the financial year	**14,830,791**	**13,010,589**

NOTES TO THE FINANCIAL STATEMENTS

16. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial year.

	2023 RM	2022 RM
Profit attributable to ordinary equity holder	50,636,719	37,747,601
Number of ordinary shares in issue during the year	100,000,000	100,000,000
Basic earnings per share (sen)	**50.64**	**37.75**

There were no dilutive potential ordinary shares as at the reporting date. There have been no other transactions involving ordinary shares between the reporting date and the date of completion of the financial statements.

17. DIVIDENDS

Recognised during the financial year:

	2023 RM	2022 RM
Final single tier dividend of RM0.45 per ordinary share on 100,000,000 ordinary shares paid on 28 April 2022	**-**	**45,000,000**
Final single tier dividend of RM0.36 per ordinary share on 100,000,000 ordinary shares paid on 27 April 2023	**36,000,000**	**-**

NOTES TO THE FINANCIAL STATEMENTS

18. CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES

	Note	2023 RM	Restated 2022 RM
Profit before taxation		65,467,510	50,758,190
Investment income		(32,788,290)	(29,733,385)
Realised gains on financial assets at FVOCI and FVTPL	14	(915,494)	(1,122,862)
Fair value (gains)/losses recorded in statement of profit or loss		(3,990,105)	3,771,252
Purchases of financial assets at FVTPL	5(d)	(30,495,491)	(20,193,955)
Purchases of financial assets at FVOCI	5(d)	(158,104,247)	(732,123,180)
Proceeds from maturities/disposals of financial assets at FVOCI		146,341,754	625,536,962
Proceeds from maturities/disposals of financial assets at FVTPL		12,000,000	119,000,001
Increase in financial assets at amortised cost		(51,152)	(84,453)
Non-cash items:			
Depreciation of property and equipment	4(a)	1,787,142	2,259,830
Depreciation of right-of-use assets	4(b)	3,107,780	3,211,073
Amortisation on intangible assets	3	6,845,165	6,701,518
Impairment on intangible assets	3	811,516	-
(Gains)/Losses on disposal of property and equipment	14	(107)	6,001
Changes in allowance for ECL on investment assets	14	89,267	(1,431,231)
Change in non performance risk of reinsurer	14	2,647,097	(702,828)
Property and equipment written off		301	7,362
Release provision on reinstatement cost		(191,370)	(329,635)
Finance cost		554,342	320,935
Net amortisation of discounts	14	836,954	1,662,932
Changes in working capital:			
Reinsurance assets		56,168,785	535,150
Insurance contract assets		9,798,485	(12,578,415)
Other receivables		(194,048)	3,248,418
Insurance contract liabilities		(31,320,324)	(55,796,155)
Reinsurance liabilities		43,000,411	17,215,664
Other payables		(43,585,360)	38,517,049
Cash generated from operating activities		**47,820,521**	**18,656,238**

NOTES TO THE FINANCIAL STATEMENTS

18. CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES (CONT'D.)

The Company classifies the cash flows from the acquisition and disposal of financial assets as operating cash flows, as the purchases are funded from cash flows associated with the origination of insurance contracts, net of the cash flows for payments of claims incurred for insurance contracts, which are classified under operating activities.

19. CAPITAL COMMITMENTS

The capital commitments of the Company as at the financial year-end are as follows:

	2023 RM	2022 RM
Capital expenditure:		
Approved and contracted for:		
Property and equipment	2,189,957	2,196,199
Approved but not contracted for:		
Property and equipment	11,431,999	3,855,409
	13,621,956	**6,051,608**

20. OPERATING LEASE ARRANGEMENTS

The Company as Lessee

The Company has entered into lease agreements for rental of equipment and office premises.

From 1 January 2019, the Company has recognised right-of-use assets for these leases, except for short term and low-value leases, see Note 4 for further information. During the year, there is no short term and low-value leases.

NOTES TO THE FINANCIAL STATEMENTS

21. RELATED PARTY DISCLOSURES

(a) Related Party Transactions and Balances

In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions and balances with related parties during and at the end of the financial year:

Significant transactions with related parties during the year:

	2023 RM	2022 RM
Expense/(Income):		
Premium paid (i)		
-Great Eastern Life Assurance (Malaysia) Berhad	1,439,923	1,214,689
Premium (received)/refund (i)		
-Great Eastern Life Assurance (Malaysia) Berhad	(2,004,721)	(2,014,862)
-OCBC Bank (Malaysia) Berhad	(5,660,270)	(5,316,729)
-OCBC Al-Amin Bank Berhad	(78,290)	(14,907)
-OCBC Properties (M) Sdn Bhd	(11,437)	-
-BOS Wealth Management Malaysia Berhad	(7,762)	-
-E2 Power Sdn Bhd	(626,548)	(598,920)
-Pac Lease Berhad	(8,792)	(2,764)
-Great Eastern Capital (Malaysia) Sdn Bhd	(193,000)	(193,000)
-Axiata Digital Capital Sdn Bhd	(16,803)	(71,958)
-Oversea-Chinese Banking Corporation Limited	386	(12,782)
-Apigate Sdn Bhd	2,198	(2,141)
-Boost Holdings Sdn Bhd	(99,996)	(78,906)
-Key Management Personnel	(68,788)	(49,582)
Property rentals paid (ii)		
-Great Eastern Life Assurance (Malaysia) Berhad	3,117,116	3,072,343
Service charges paid/(received) (iii)		
-Great Eastern Life Assurance (Malaysia) Berhad	8,144,434	7,667,299
-Great Eastern Life Assurance (Singapore) Co Ltd	1,698,129	1,472,774
-Great Eastern General Insurance Limited	(19,437)	(100,470)
Bank charges and custodian fees paid (iii)		
-OCBC Bank (Malaysia) Berhad	2,417,729	2,124,324
-OCBC Al-Amin Bank Berhad	-	30

NOTES TO THE FINANCIAL STATEMENTS

21. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related Party Transactions and Balances (cont'd.)

Significant transactions with related parties during the year: (cont'd.)

	2023 RM	2022 RM
Expense/(Income): (cont'd.)		
Interest received (iv)		
-OCBC Bank (Malaysia) Berhad	(249,192)	(348,697)
-OCBC Al-Amin Bank Berhad	(25,973)	-
Commission fees paid		
-Great Eastern Life Assurance (Malaysia) Berhad	-	288,400
-OCBC Bank (Malaysia) Berhad	2,451,800	2,601,132
-OCBC Al-Amin Bank Berhad	853	853
-Pac Lease Berhad	4,138,347	3,117,840
-Axiata Digital Capital Sdn Bhd	141,396	85,371
Employee Share Purchase Plan		
-Oversea-Chinese Banking Corporation Limited	(183,169)	239,046
Deferred Share Plan		
-Oversea-Chinese Banking Corporation Limited	115,366	64,660
Disposal of investments to		
-Great Eastern Life Assurance (Malaysia) Berhad	(3,508,775)	-
Investment in corporate bond		
-Pac Lease Berhad	-	47,893,708
Repayment in corporate bond		
-Pac Lease Berhad	-	(48,000,000)
Investment in collective investment scheme		
-Affin Hwang Wholesale Income Fund	1,217,803	1,014,651
Investment in collective investment scheme		
-Aminstitutional Income Bond Fund	12,039,104	3,179,304
Redemption of collective investment scheme		
-Affin Hwang Wholesale Income Fund	(10,000,000)	(26,000,000)

NOTES TO THE FINANCIAL STATEMENTS

21. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related Party Transactions and Balances (cont'd.)

Significant transactions with related parties during the year: (cont'd.)

	2023 RM	2022 RM
Expense/(Income): (cont'd.)		
Redemption of collective investment scheme		
- Aminstitutional Income Bond Fund	-	(66,000,000)
Dividend received from collective investment scheme		
- Affin Hwang Wholesale Income Fund	(1,217,803)	(1,014,651)
Dividend received from collective investment scheme		
- Aminstitutional Income Bond Fund	(1,916,279)	(3,018,395)
Balances with related parties at year-end:		
Cash and bank balances		
- OCBC Bank (Malaysia) Berhad	15,049,170	8,654,224
- OCBC Al-Amin Bank Berhad	35,236	3,927
Fixed deposits and structured deposits		
- OCBC Bank (Malaysia) Berhad	5,995,044	5,659,407
- OCBC Al-Amin Bank Berhad	10,000,000	-
Amount due to subsidiaries of penultimate holding company (Note 11):		
- Great Eastern Life Assurance (Singapore) Co Ltd	3,659,960	14,677,709
- Oversea-Chinese Banking Corporation Limited	78,342	667,293
- PT Great Eastern General Insurance Indonesia	192,213	39,377
- Great Eastern Takaful Bhd	-	-
	3,930,515	15,384,379
Amount due from subsidiaries of penultimate holding company (Note 7):		
- Great Eastern Life Assurance (Malaysia) Berhad	(2,790,311)	(2,058,828)
- Great Eastern General Insurance Limited	(15,783)	(292,020)
	(2,806,094)	(2,350,848)

NOTES TO THE FINANCIAL STATEMENTS

21. RELATED PARTY DISCLOSURES (CONT'D.)

(a) Related Party Transactions and Balances (cont'd.)

Significant transactions with related parties during the year: (cont'd.)

The related companies disclosed above are companies within the Oversea-Chinese Banking Corporation Group. Notes on transactions with related parties:

(i) The sale and purchase of insurance policies to/from related companies are made according to normal market prices and at terms and conditions no more favourable than those to other customers and employees.

(ii) Rental of property from related parties are made according to normal market prices, terms and conditions.

(iii) Payment of banking and trading service charges to related parties are made according to normal market prices.

(iv) The interest income arose mainly from investment in fixed deposits and structured deposits which are made according to prevailing market rates, terms and conditions.

(v) General terms for balances with related companies are disclosed in Note 11.

(vi) Payment of Group function costs based on allocation rates governed by corporate service agreement and in line with Malaysian Transfer Pricing Guidelines and Organisation for Economic Co-operation and Development ("OECD") Transfer Pricing Guidelines. Group function services are derived from immediate parent company in Singapore.

The table below shows the breakdown by type of services received and geographical location for inter company charges:

Geographical Location	Type of Services	2023 RM	2022 RM
Singapore	Group service charges for services rendered, which include those in respect of finance, legal, actuarial, support, human resources, operations, investment management, IT, internal audit and risk management services	1,698,129	1,472,774
		1,698,129	**1,472,774**

NOTES TO THE FINANCIAL STATEMENTS

21. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel of the Company includes the Directors, Chief Executive Officer and Senior Management Team.

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

	2023 RM	2022 RM
Short-term employee benefits	4,473,725	3,715,926
Post-employment benefits	641,476	469,712
Share based payment	337,563	311,177
	5,452,764	4,496,815
Non Executive Directors' remuneration (Note 13(b))	1,045,273	982,050
	6,498,037	**5,478,865**
Share-based payment (in units)	**8,966**	**9,329**

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS BY CATEGORY

	Amortised cost RM	FVOCI RM	FVTPL RM	Other financial liabilities RM	Total RM
2023					
Assets					
Investments	679,824	624,897,976	147,632,328	-	773,210,128
Reinsurance contract assets	22,646,224	-	-	-	22,646,224
Insurance contract assets	64,018,726	-	-	-	64,018,726
Other receivables	58,435,288	-	-	-	58,435,288
Cash and bank balances	43,110,786	-	-	-	43,110,786
Total Financial Assets	**188,890,848**	**624,897,976**	**147,632,328**	**-**	**961,421,152**
Liabilities					
Insurance contract liabilities	-	-	-	(103,188,992)	(103,188,992)
Reinsurance contract liabilities	-	-	-	199,189,945	199,189,945
Lease liabilities	-	-	-	14,245,581	14,245,581
Other payables	-	-	-	64,607,457	64,607,457
Total Financial Liabilities	**-**	**-**	**-**	**174,853,991**	**174,853,991**

	Amortised cost RM	FVOCI RM	FVTPL RM	Other financial liabilities RM	Total RM
2022					
Assets					
Investments	628,672	605,660,019	124,945,705	-	731,234,396
Reinsurance contract assets	11,777,928	-	-	-	11,777,928
Insurance contract assets	89,450,309	-	-	-	89,450,309
Other receivables	58,855,653	-	-	-	58,855,653
Cash and bank balances	18,463,356	-	-	-	18,463,356
Total Financial Assets	**179,175,918**	**605,660,019**	**124,945,705**	**-**	**909,781,642**
Liabilities					
Insurance contract liabilities	-	-	-	(21,116,881)	(21,116,881)
Reinsurance contract liabilities	-	-	-	81,417,822	81,417,822
Lease liabilities	-	-	-	14,012,242	14,012,242
Other payables	-	-	-	108,202,888	108,202,888
Total Financial Liabilities	**-**	**-**	**-**	**182,516,071**	**182,516,071**

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES

Governance Framework

Managing risk is an integral part of the Company's core business. As stated in the Enterprise Risk Management ("ERM") Framework, the Company shall:

- Operate within parameters and limits that have been set based on the risk appetite approved by the Board; and
- Pursue appropriate risk-adjusted returns.

Risk Management Department spearheads the development and implementation of the ERM Framework for the Company.

The Board Risk Management Committee ("BRMC"), constituted in 2003, provides the oversight on the risk management initiatives. Detailed risk management and oversight activities are undertaken by the following Management Committees comprising the CEO and key Senior Management Executives:

- Senior Management Team ("SMT")
- Asset Liability Committee ("ALC")
- Product Development Committee ("PDC")
- IT Steering Committee ("ITSC")
- Financial Crime Committee ("FCC")

The SMT is responsible for providing leadership, direction and functional oversight with regards to all matters of the Company. The SMT is also responsible for ensuring compliance and alignment with governance and oversight frameworks, i.e. standards and guidelines, and ensuring the business operates within the risk appetite in delivering annual business targets.

The ALC is responsible for balance sheet management. Specifically, the ALC reviews and formulates technical frameworks, policies and methodologies relating to balance sheet management.

The PDC oversees the product development and launch process. In addition, the PDC regularly reviews and monitors the performance of new and existing products, ensuring the business operates within the risk appetite in delivering annual business targets.

The ITSC is responsible for providing the overall strategic direction and approval of all IT related initiatives to support the Company's strategic growth into the future.

The FCC provides an independent oversight of fraud investigation and anti-money laundering/counter financing of terrorism ("AML/CFT") review, and ensures that investigations and reviews are conducted in a manner that is fair, consistent and transparent.

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Regulatory Framework

As set out in its Compliance Risk Management Framework, the Company operates its business on a sound and responsible basis, which entails compliance with the applicable laws, regulations, rules and standards.

Insurers are regulated by the Financial Services Act 2013 ("FSA") which came into force on 30 June 2013, and other relevant regulations issued by regulators from time to time.

Capital Management Framework

The Company's capital management policy is to create shareholders' value, deliver sustainable returns to the shareholder, maintain a strong capital position with sufficient buffer to meet obligations to policyholders and regulatory requirements and to make strategic investments for business growth. The Company has had no significant changes in the policies and processes relating to its capital structure during the year.

Under the Risk-Based Capital ("RBC") Framework, the insurer has to maintain a capital adequacy level that is commensurate with its risk profiles. The Capital Adequacy Ratio of the Company remained well at above the minimum capital requirement of 130% under the RBC Framework regulated by BNM.

The Internal Capital Adequacy Assessment Process ("ICAAP") Framework came into effect on 1 September 2012. Under this Framework, the Company has to ensure adequate capital to meet its capital requirements on an ongoing basis. The key elements supporting the Framework include Board and Senior Management oversight, comprehensive risk assessment, individual target capital level and stress testing, sound capital management as well as ongoing monitoring, reporting and review of capital position.

Capital management and contingency policies have been further developed and refined under the Framework to outline the approaches and principles under which the Company's capital will be monitored and managed, as well as the corrective actions to be implemented at various critical capital levels. In addition, a risk appetite statement has been established to outline the Company's capacity to take on risks to achieve its business objectives while managing the expectations of key stakeholders.

The following sections provide details regarding the exposure to the key risks faced by the Company and the objectives, policies and processes for the management of these risks. There has been no major change to the Company's exposure to these key risks or the manner in which it manages and measures these risks.

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk

The principal activity of the Company is underwriting of all classes of general insurance business.

The Company's underwriting strategy is designed to ensure that these risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification of insurance contracts across industry sectors and geography, regular review of the actual claims experience, as well as detailed claims handling procedures. Underwriting limits are also set in place to enforce appropriate risk selection criteria.

Insurance risk comprises both actuarial and underwriting risks resulting from the pricing and acceptance of insurance contracts. Should the actual claims experience be worse than the assumptions used in pricing the products and establishing the provisions and liabilities for claims, there may be potential shortfalls in provision for future claims and expenses. Assumptions that may cause insurance risks to be underestimated include assumptions on policy claims frequency and policy claims severity.

The Company works closely with reinsurers to put in place a prudent underwriting policy to ensure appropriate risk classification and premium levels. The Company's reinsurance management strategy and policy are reviewed annually by the SMT, BRMC, and the Board as appropriate. Reinsurance structures are set based on the type of risk. Catastrophe reinsurance is procured to limit catastrophic losses.

Only foreign reinsurers meeting a minimum credit rating of Standard & Poor's "A-", or its equivalent, or legally set up local reinsurers are considered. The Company limits its risk to any one reinsurer by ceding different risks to different reinsurers or to a panel of reinsurers.

The SMT reviews the claims trends and experience, as well as expenses to ensure that the policies, guidelines and limits put in place to manage these risks remain adequate and appropriate.

Stress Testing ("ST") is performed in accordance with BNM requirements. The purpose of the ST is to test the solvency of the general insurance funds under the various scenarios (i.e. U.S. Interest Rate Hike Leading to Global Recession, Uncertainty to Local Economic Agenda, and Unusual Weather Phenomena) according to regulatory guidelines on stress testing, simulating drastic changes in major parameters such as new business volume, market volatilities, reinsurance recoveries and loss ratios.

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk (cont'd.)

Risks under general insurance policies usually cover a twelve-month duration. The risk inherent in general insurance contracts is reflected in the insurance contract liabilities which include the Liabilities for Remaining Coverage and Liabilities for Incurred Claim, as set out under Note 6 of the financial statements.

Table 23(A1): The table below sets out the concentration of the risk as at the balance sheet date:

	Gross insurance contract liabilities RM	Reinsurance contract assets RM	Net RM
2023			
Fire	169,410,276	(175,341,355)	(5,931,079)
Motor	175,239,460	(2,563,251)	172,676,209
Marine, Aviation and Transit	40,672,426	54,347	40,726,773
Workmen's Compensation	6,750,073	(120,246)	6,629,827
Personal Accident and Health	124,342,535	(28,218,662)	96,123,873
Others	473,273,223	(367,458,162)	105,815,061
	989,687,993	**(573,647,329)**	**416,040,664**
Restated			
2022			
Fire	178,885,878	(159,510,103)	19,375,775
Motor	171,543,452	(6,568,066)	164,975,386
Marine, Aviation and Transit	38,579,038	(20,619,781)	17,959,257
Workmen's Compensation	5,992,652	5,024	5,997,676
Personal Accident and Health	96,073,910	(15,488,757)	80,585,153
Others	520,134,902	(473,281,939)	46,852,963
	1,011,209,832	**(675,463,622)**	**335,746,210**

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk (cont'd.)

Table 23(A2): The sensitivity analysis below shows the impact of changes in key parameters on the value of insurance contract liabilities, and hence on the Profit or Loss Statement and Shareholders' Equity.

		Impact on Profit/(Loss) After Tax		Impact on Equity	
	Parameters	Gross RM'000	Net RM'000	Gross RM'000	Net RM'000
2023					
Scenario					
Health & Disability	+ 25% for all future years	(7,977)	(7,750)	(7,977)	(7,750)
Health & Disability	- 25% for all future years	7,606	7,389	7,606	7,389
Expenses	+ 30% for all future years	(4,739)	(4,573)	(4,739)	(4,573)

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk (cont'd.)

Table 23(A2): The sensitivity analysis below shows the impact of changes in key parameters on the value of insurance contract liabilities, and hence on the Profit or Loss Statement and Shareholders' Equity. (cont'd.)

		Impact on Profit/(Loss) After Tax		Impact on Equity	
	Parameters	Gross RM'000	Net RM'000	Gross RM'000	Net RM'000
2022					
Scenario					
Health & Disability	+ 25% for all future years	(9,684)	(9,316)	(9,684)	(9,316)
Health & Disability	- 25% for all future years	8,005	7,784	8,005	7,784
Expenses	+ 30% for all future years	(5,702)	(4,921)	(5,702)	(4,921)

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk (cont'd.)

The general insurance contract liabilities are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the general insurance contract liabilities are therefore sensitive to various factors and uncertainties. The actual liabilities for remaining coverage and incurred claim will not develop exactly as projected and may vary from initial estimates.

Insurance risk of general insurance contracts is mitigated by emphasising diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, e.g. flood damages.

The sensitivity analysis below shows the impact of changes in key assumptions on gross and net liabilities, profit before taxation and shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk (cont'd.)

Table 23(A3): The sensitivity analysis below shows the impact of changes in key assumptions on profit/(loss) after tax and equity:

	Changes in Assumptions	Impact on Profit/(Loss) After Tax		Impact on Equity	
		Gross RM'000	Net RM'000	Gross RM'000	Net RM'000
2023					
Risk Adjustments	+ 20%	(12,646)	(4,373)	(12,646)	(4,373)
	-20%	12,646	4,376	12,646	4,376
Loss ratio	+ 20%	(67,844)	(56,539)	(67,844)	(56,539)
	-20%	60,172	49,597	60,172	49,597

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk (cont'd.)

Table 23(A3): The sensitivity analysis below shows the impact of changes in key assumptions on profit/(loss) after tax and equity: (cont'd)

	Changes in Assumptions	Impact on Profit/(Loss) After Tax		Impact on Equity	
		Gross RM'000	Net RM'000	Gross RM'000	Net RM'000
2022					
Risk Adjustments	+ 20%	(16,393)	(7,568)	(16,393)	(7,568)
	-20%	16,174	7,420	16,174	7,420
Loss ratio	+ 20%	(72,150)	(56,946)	(72,150)	(56,946)
	-20%	64,296	49,783	64,296	49,783

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk (cont'd.)

Claims Development Table

Table 23(A4): Table below shows the cumulative claims estimates, at each balance sheet date, together with cumulative payments to date:

Gross General Insurance Contract Liabilities For 2023:

Accident year	Note	2016 RM	2017 RM	2018 RM	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM	Total RM
At the end of accident year		244,944,261	220,434,948	263,133,992	302,295,744	262,897,336	464,103,570	347,425,859	343,835,814	
One year later		229,858,691	228,879,596	247,811,868	285,450,963	238,661,168	485,601,809	328,338,505		
Two years later		226,244,170	238,983,783	243,757,789	286,443,691	240,102,976	467,141,138			
Three years later		228,459,320	272,243,416	535,032,737	290,406,375	240,743,161				
Four years later		228,901,380	276,834,341	534,997,364	293,220,058					
Five years later		230,833,673	276,322,390	533,706,950						
Six years later		215,869,063	256,955,127							
Seven years later		210,862,446								
Current estimate of cumulative claims incurred		**210,862,446**	**256,955,127**	**533,706,950**	**293,220,058**	**240,743,161**	**467,141,138**	**328,338,505**	**343,835,814**	**2,674,803,199**
Cumulative Payments		**209,555,827**	**237,747,215**	**227,014,765**	**261,398,418**	**212,584,265**	**371,585,377**	**254,123,023**	**138,296,947**	**1,912,305,837**
Total gross claim liabilities		**1,306,619**	**19,207,912**	**306,692,185**	**31,821,640**	**28,158,896**	**95,555,761**	**74,215,482**	**205,538,867**	**762,497,362**
Gross claim liabilities - prior years										**13,975,615**
Effect of discounting										**(28,742,422)**
Effect of the risk adjustment margin for non-financial risk										**67,630,861**
Insurance Contract Liabilities, gross										**815,361,416**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk (cont'd.)

Claims Development Table

Table 23(A4): Table below shows the cumulative claims estimates, at each balance sheet date, together with cumulative payments to date: (cont'd.)

Net of reinsurance contract liabilities for 2023:

Accident year	Note	2016 RM	2017 RM	2018 RM	2019 RM	2020 RM	2021 RM	2022 RM	2023 RM	Total RM
At the end of accident year		164,310,995	168,782,123	208,637,451	217,229,839	192,153,763	185,643,316	233,829,601	251,182,410	
One year later		160,906,549	172,414,958	197,438,226	207,982,435	171,262,273	167,091,565	214,931,771		
Two years later		159,487,672	176,502,389	198,819,079	210,021,493	174,265,540	165,347,404			
Three years later		160,753,065	180,357,404	202,080,192	213,963,670	175,501,937				
Four years later		161,269,856	180,492,148	202,337,455	214,119,943					
Five years later		162,222,690	179,158,214	201,808,670						
Six years later		153,525,888	172,342,616							
Seven years later		150,238,245								
Current estimate of cumulative claims incurred		**150,238,245**	**172,342,616**	**201,808,670**	**214,119,943**	**175,501,937**	**165,347,404**	**214,931,771**	**251,182,410**	**1,545,472,996**
Cumulative Payments		**149,748,627**	**166,440,508**	**189,739,452**	**200,280,633**	**162,898,015**	**150,363,759**	**172,360,337**	**121,692,768**	**1,313,524,099**
Total net liabilities		**489,618**	**5,902,108**	**12,069,218**	**13,839,310**	**12,603,922**	**14,983,645**	**42,571,434**	**129,489,642**	**231,948,897**
Net liabilities - prior years										**13,617,096**
Non-performing risk										**3,938,737**
Effect of discounting										**(8,435,891)**
Effect of the risk adjustment margin for non-financial risk										**12,080,110**
Others										**(23,695,104)**
Net of reinsurance contract liabilities										**229,453,845**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk (cont'd.)

Claims Development Table

Table 23(A4): Table below shows the cumulative claims estimates, at each balance sheet date, together with cumulative payments to date: (cont'd.)

Gross general insurance contract liabilities for 2022:

Accident year	Note	2015 RM	2016 RM	2017 RM	2018 RM	2019 RM	2020 RM	2021 RM	2022 RM	Total RM
At the end of accident year		254,527,484	244,944,261	220,434,948	263,133,992	302,295,744	262,897,336	464,103,570	347,425,858	
One year later		264,247,614	229,858,691	228,879,596	247,811,868	285,450,963	238,661,168	485,601,810		
Two years later		225,205,818	226,244,170	238,983,783	243,757,789	286,443,691	240,102,977			
Three years later		252,842,885	228,459,320	272,243,416	535,032,737	290,406,376				
Four years later		257,998,309	228,901,380	276,834,341	534,997,365					
Five years later		257,997,199	230,833,673	276,322,390						
Six years later		248,622,058	215,869,063							
Seven years later		243,539,482								
Current estimate of cumulative claims incurred		**243,539,482**	**215,869,063**	**276,322,390**	**534,997,365**	**290,406,376**	**240,102,977**	**485,601,810**	**347,425,858**	**2,634,265,321**
Cumulative Payments		**240,637,191**	**209,042,975**	**237,283,002**	**224,814,525**	**257,896,850**	**203,311,742**	**320,493,875**	**132,185,623**	**1,825,665,783**
Total gross claim liabilities		**2,902,291**	**6,826,088**	**39,039,388**	**310,182,840**	**32,509,526**	**36,791,235**	**165,107,935**	**215,240,235**	**808,599,538**
Gross claim liabilities - prior years										**17,539,580**
Effect of discounting										**(31,616,416)**
Effect of the risk adjustment margin for non-financial risk										**82,123,150**
Insurance Contract Liabilities, gross										**876,645,852**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Insurance Risk (cont'd.)

Claims Development Table

Table 23(A4): Table below shows the cumulative claims estimates, at each balance sheet date, together with cumulative payments to date: (cont'd.)

Net of reinsurance contract liabilities for 2022:

Accident year	*Note*	2015 RM	2016 RM	2017 RM	2018 RM	2019 RM	2020 RM	2021 RM	2022 RM	Total RM
At the end of accident year		134,859,494	164,310,995	168,782,123	208,637,451	217,229,839	192,153,763	185,643,316	233,829,600	
One year later		134,258,701	160,906,549	172,414,958	197,438,226	207,982,435	171,262,273	167,091,565		
Two years later		136,737,402	159,487,672	176,502,389	198,819,079	210,021,493	174,265,540			
Three years later		133,488,953	160,753,065	180,357,404	202,080,192	213,963,670				
Four years later		136,053,683	161,269,856	180,492,148	202,337,455					
Five years later		136,033,178	162,222,690	179,158,214						
Six years later		129,722,338	153,525,888							
Seven years later		126,567,873								
Current estimate of cumulative claims incurred		**126,567,873**	**153,525,888**	**179,158,214**	**202,337,455**	**213,963,670**	**174,265,540**	**167,091,565**	**233,829,600**	**1,450,739,805**
Cumulative Payments		**124,978,739**	**149,652,195**	**166,105,241**	**187,691,810**	**197,721,585**	**158,116,195**	**139,595,034**	**103,653,715**	**1,227,514,514**
Total net liabilities		**1,589,134**	**3,873,693**	**13,052,973**	**14,645,645**	**16,242,085**	**16,149,345**	**27,496,531**	**130,175,885**	**223,225,291**
Net liabilities - prior years										**16,141,491**
Non-performing risk										**1,291,640**
Effect of discounting										**(8,740,132)**
Effect of the risk adjustment margin for										**28,529,296**
Others										**(53,018,531)**
Net of reinsurance contract liabilities										**207,429,055**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks

Market risk arises when the market values of assets are adversely affected by changes in financial markets. Changes in interest rates, foreign exchange rates and equity prices can impact present and future investment earnings of the insurance operations as well as shareholder's equity.

The Company is exposed to market risk in the Shareholder's Fund and the General Insurance Fund. The ALC actively manages market risk through setting and monitoring of the investment policy, asset allocation, portfolio construction, risk measurement and approving hedging strategies. Investment limits are monitored at various levels to ensure that all investment activities are conducted within the Company's risk appetite and in line with the Company's risk management principles and philosophies. Compliance with established limits forms an integral part of the risk governance and financial reporting framework. The approach adopted by the Company in managing the various types of risk, including interest rate risk, foreign exchange risk, equity price risk, credit spread risk, liquidity risk, credit risk and concentration risk, is briefly described as follows:

(i) Interest Rate Risk

The Company is exposed to interest rate risk through investments in fixed income instruments. Since the Shareholder's Fund and General Insurance Fund have exposure to investments in fixed income instruments, it will incur an economic loss when interest rates rise.

(ii) Foreign Currency Risk

Investments denominated in foreign currencies are limited to 10% of individual funds regardless of country, subject to the foreign investments being in jurisdictions with sovereign ratings at least equivalent to that of Malaysia, as prescribed by the regulator. In addition, net foreign currency exposure at the Company level is limited to 10% of the total invested assets. The Company does not have exposure to foreign currency risk via direct investments. However, foreign currency risk exists in some insurance policies of which premiums and/or claims are billed and paid in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(ii) Foreign Currency Risk (cont'd.)

Table 23(B): The table below shows the foreign exchange position of the entity's financial assets and liabilities by major currencies:

	RM	USD	Total
2023			
Financial and insurance related assets			
Financial assets at amortised cost:			
Loans	679,824	-	679,824
Financial assets at FVOCI:			
Malaysian government securities	134,391,845	-	134,391,845
Debt securities	442,347,019	-	442,347,019
Equity securities	48,159,112	-	48,159,112
Financial assets at FVTPL:			
Debt securities	36,535,523	-	36,535,523
Equity securities	9,425,642	435,676	9,861,318
Collective investment schemes	101,235,487	-	101,235,487
Other Receivable	60,027,157	-	60,027,157
Cash and bank balances	43,108,541	2,245	43,110,786
Reinsurance contract assets	646,999,132	-	646,999,132
Insurance contract assets	4,179,463	-	4,179,463
	1,527,088,745	**437,921**	**1,527,526,666**
Financial and insurance related liabilities			
Other payables	64,607,457	-	64,607,457
Insurance contract liabilities	993,867,456	-	993,867,456
Reinsurance contract liabilities	73,351,803	-	73,351,803
	1,131,826,716	**-**	**1,131,826,716**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(ii) Foreign Currency Risk (cont'd.)

Table 23(B): The table below shows the foreign exchange position of the entity's financial assets and liabilities by major currencies: (cont'd.)

	RM	USD	Total
2022			
Financial and insurance related assets			
Financial assets at amortised cost:			
Loans	628,672	-	628,672
Financial assets at FVOCI:			
Malaysian government securities	122,532,450	-	122,532,450
Debt securities	451,362,193	-	451,362,193
Equity securities	31,765,376	-	31,765,376
Financial assets at FVTPL:			
Debt securities	20,598,470	-	20,598,470
Equity securities	9,310,302	-	9,310,302
Collective investment schemes	95,036,933	-	95,036,933
Other Receivable	59,902,297	-	59,902,297
Cash and bank balances	18,463,356	-	18,463,356
Reinsurance contract assets	705,815,014	-	705,815,014
Insurance contract assets	13,977,948	-	13,977,948
	1,529,393,011	**-**	**1,529,393,011**
Financial and insurance related liabilities			
Other payables	108,202,888	-	108,202,888
Insurance contract liabilities	1,025,187,780	-	1,025,187,780
Reinsurance contract liabilities	30,351,392	-	30,351,392
	1,163,742,060	**-**	**1,163,742,060**

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(iii) Equity Price Risk

Exposure to equity price risk exists in investment assets through equity, where the Company bears the volatility in returns and investment performance risk.

A robust monitoring process is in place to manage equity risk by having appropriate risk management strategies to limit the downside risk at certain pre-determined levels. Limits are set for single security holdings as a percentage of equity holdings.

(iv) Credit Spread Risk

Exposure to credit spread risk exists in the Company's investments in corporate bonds. Credit spread is the difference between the corporate yields against the risk-free rate of similar tenure. When spreads widen, it generally implies that the market is factoring a deterioration in the creditworthiness of the bonds. A widening in credit spreads will generally result in a fall in the value of the Company's bond portfolio.

(v) Alternative Investment Risk

The Company is exposed to alternative investment risk through investments in private equities. Transactions for private equity may be subject to review by the BRMC and approval by the Board in accordance with the Authority Grid. The relevant Management Committees assist in deliberating matters relating to private equity, including risk management, performance, and operations management.

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vi) Liquidity Risks

Liquidity risks arise when a company is unable to meet the cash flow needs of its financial liabilities, or if the assets backing the liabilities cannot be sold quickly enough to meet its financial obigations without incurring significant losses. For an insurance company, the greatest liquidity needs typically arise from its insurance liabilities. Demands for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by mass surrender of insurance policies due to negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times.

The Company is exposed to liquidity risk from its insurance contract liabilities when actual claims development deviates from estimated liabilities for incurred claim. This is mitigated to some extent through the Company's periodic liability adequacy tests.

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vi) Liquidity Risks (cont'd.)

Maturity Profiles

Table 23(C1): The following tables show the expected recovery or settlement of financial assets and maturity profile of the Company's financial liabilities which are presented based on contractual undiscounted cash flows.

	Carrying value RM	Less than 1 year RM	Over 1-5 years RM	Over 5 years RM	No maturity date RM	Total RM
2023						
Financial and insurance related assets						
Investments:						
Amortised cost	679,824	33,749	551,101	174,609	-	759,459
FVOCI	624,897,976	75,331,198	374,689,786	216,368,170	48,159,113	714,548,267
FVTPL	147,632,328	1,597,777	37,461,270	-	118,683,408	157,742,455
Other receivables	58,761,023	19,928,957	-	38,832,066	-	58,761,023
Cash and bank balances	43,110,786	43,110,786	-	-	-	43,110,786
	875,081,937	**140,002,467**	**412,702,157**	**255,374,845**	**166,842,521**	**974,921,990**
2023						
Financial and insurance related liabilities						
Lease liabilities	14,245,581	3,241,839	11,974,388	665,168	-	15,881,395
Other Payable	64,607,457	63,781,767	422,857	511,844	-	64,716,468
	78,853,038	**67,023,606**	**12,397,245**	**1,177,012**	**-**	**80,597,863**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vi) Liquidity Risks (cont'd.)

Maturity Profiles (cont'd.)

Table 23(C1): The following tables show the expected recovery or settlement of financial assets and maturity profile of the Company's financial liabilities which are presented based on contractual undiscounted cash flows. (cont'd.)

	Carrying value RM	Less than 1 year RM	Over 1-5 years RM	Over 5 years RM	No maturity date RM	Total RM
2022						
Financial and insurance related assets						
Investments:						
Amortised cost	628,672	29,049	560,821	108,727	-	698,597
FVOCI	605,660,019	60,910,166	420,503,437	198,175,257	31,765,377	711,354,237
FVTPL	124,945,705	1,123,005	27,097,741	-	106,448,773	134,669,519
Other receivables	58,933,858	17,926,349	-	41,007,509	-	58,933,858
Cash and bank balances	18,463,356	18,463,356	-	-	-	18,463,356
	808,631,610	**98,451,925**	**448,161,999**	**239,291,493**	**138,214,150**	**924,119,567**
2022						
Financial and insurance related liabilities						
Lease liabilities	14,012,242	3,404,502	10,730,714	1,354,558	-	15,489,774
Other Payable	108,202,888	106,776,954	337,428	1,130,623	-	108,245,005
	122,215,130	**110,181,456**	**11,068,142**	**2,485,181**	**-**	**123,734,779**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vi) Liquidity Risks (cont'd.)

Maturity Profiles

Table 23(C2): The following tables show the maturity profile of insurance contracts issued and reinsurance contracts held that are liabilities of the Company based on the estimates of present value of the future cash flows expected to be paid out in the periods presented.

	Up to 1 year RM	1-2 year RM	2-3 year RM	3-4 year RM	4-5 year RM	> 5 years RM	Total RM
2023							
Insurance contract liabilities	523,018,301	272,452,209	120,196,091	45,441,036	16,181,892	12,398,464	989,687,993
Reinsurance contract Held	(357,129,821)	(148,529,212)	(54,630,000)	(11,736,368)	5,989,017	(7,610,945)	(573,647,329)
	165,888,480	**123,922,997**	**65,566,091**	**33,704,668**	**22,170,909**	**4,787,519**	**416,040,664**
Restated							
2022							
Insurance contract liabilities	553,907,589	279,586,463	113,774,631	42,084,026	12,507,575	9,349,548	1,011,209,832
Reinsurance contract Held	(402,984,268)	(166,561,565)	(68,033,521)	(24,898,254)	(7,432,529)	(5,553,485)	(675,463,622)
	150,923,321	**113,024,898**	**45,741,110**	**17,185,772**	**5,075,046**	**3,796,063**	**335,746,210**

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vi) Liquidity Risks (cont'd.)

Included in other receivables and other payables is the Company's share in the assets and liabilities held under MMIP as disclosed in Note 7 and Note 11. The Company's share of insurance contract liabilities from MMIP are disclosed in Note 6 of the financial statements. These balances have not been offset in the financial statements of the Company as it is the view of the Directors and Management that no legal right of set-off exists. The assets have been contributed in line with the Company's obligations under the Collective Agreement signed on 16 November 1992 and the insurance contract liabilities represent the Company's share of the Pool's insurance contract liabilities arising from insurance contracts underwritten in respect of third party policyholders collectively, under the name of MMIP. Presented below is the Company's net position of its share in the net asset held under MMIP as at year end:

	2023 RM	2022 RM
Assets/(Liabilities):		
Assets:		
- Accumulated net cash contributions to MMIP	5,849,491	10,849,491
- Other assets	32,982,575	30,158,018
Total Assets (Note 7)	38,832,066	41,007,509
Liabilities:		
- Other payables and provisions	(321,331)	(911,508)
Total Liabilities (Note 11)	(321,331)	(911,508)
Net assets held under MMIP	38,510,735	40,096,001
Insurance contract liabilities (Note 6)		
- Liabilities for incurred claim	(12,541,069)	(14,327,571)
- Liabilities for remaining coverage	(709,962)	(673,139)
	(13,251,031)	(15,000,710)
Net position	**25,259,704**	**25,095,291**

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vi) Liquidity Risks (cont'd.)

Table 23(C3): The following table shows the current and non current classification of assets and liabilities:

	Current* RM	Non-Current** RM	Total RM
2023			
Assets			
Intangible assets	-	53,848,112	53,848,112
Property and equipment:			
Owned	-	2,581,966	2,581,966
Right-of-use assets	-	14,294,313	14,294,313
Investments:			
Amortised cost	13,562	666,262	679,824
FVOCI	51,690,629	573,207,347	624,897,976
FVTPL	4,773	147,627,555	147,632,328
Insurance contract assets	33,732,333	(29,552,870)	4,179,463
Reinsurance contract receivables	422,384,737	224,614,395	646,999,132
Other receivables	21,195,091	38,832,066	60,027,157
Tax recoverable	18,464,773	-	18,464,773
Cash and bank balances	43,110,786	-	43,110,786
Total assets	**590,596,684**	**1,026,119,146**	**1,616,715,830**

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vi) Liquidity Risks (cont'd.)

Table 23(C3): The following table shows the current and non current classification of assets and liabilities:

	Current* RM	Non-Current** RM	Total RM
2023			
Liabilities			
Insurance contract liabilities	556,750,634	437,116,822	993,867,456
Reinsurance contract liabilities	65,254,916	8,096,887	73,351,803
Lease liabilities	3,241,839	11,003,742	14,245,581
Other payables	63,781,767	825,690	64,607,457
Deferred tax liabilities	-	11,045,999	11,045,999
Total liabilities	**689,029,156**	**468,089,140**	**1,157,118,296**

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

** *Included in non-current FVOCI financial assets are quoted equity securities of RM48,159,113 with no maturity date.*

** *Included in non-current FVTPL financial assets are collective investment schemes RM101,235,487 with no maturity date.*

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vi) Liquidity Risks (cont'd.)

Table 23(C3): The following table shows the current and non current classification of assets and liabilities: (cont'd.)

	Current* RM	Non-Current** RM	Total RM
2022			
Assets			
Intangible assets	-	58,260,893	58,260,893
Property and equipment:			
Owned	-	3,336,107	3,336,107
Right-of-use assets	-	14,141,800	14,141,800
Investments:			
Amortised cost	10,371	618,301	628,672
FVOCI	37,212,828	568,447,191	605,660,019
FVTPL	-	124,945,705	124,945,705
Insurance contract assets	52,430,103	(38,452,155)	13,977,948
Reinsurance contract assets	459,353,321	246,461,693	705,815,014
Other receivables	18,894,788	41,007,509	59,902,297
Deferred tax assets	-	4,442,422	4,442,422
Tax recoverable	7,298,595	-	7,298,595
Cash and bank balances	18,463,356	-	18,463,356
Total assets	**593,663,362**	**1,023,209,466**	**1,616,872,828**
Liabilities			
Insurance contract liabilities	606,337,692	418,850,088	1,025,187,780
Reinsurance contract liabilities	56,369,053	(26,017,661)	30,351,392
Lease liabilities	3,404,502	10,607,740	14,012,242
Other payables	106,776,954	1,425,934	108,202,888
Total liabilities	**772,888,201**	**404,866,101**	**1,177,754,302**

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

** *Included in non-current FVOCI financial assets are quoted equity securities of RM31,765,377 with no maturity date.*

** *Included in non-current FVTPL financial assets are collective investment schemes RM95,036,933 with no maturity date.*

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk

Credit risk is the risk that one party to a financial contract will cause financial loss to the other party by failing to discharge an obligation. The Company is exposed to credit risk mainly through (i) investment in cash, deposits and bonds, (ii) staff lending activities, (iii) exposure to counterparty's credit in reinsurance contracts and (iv) non-payment of premiums. For investment in bonds, financial loss may materialise as a result of the widening credit spread or downgrade of credit rating. For all four types of exposures, financial loss may materialise as a result of credit default by the borrower or counterparty.

The task of evaluating and monitoring credit risk arising from finacial instruments is undertaken by the ALC. The Company has internal limits by issuer and counterparty according to their investment credit rating, which are actively monitored to manage the credit and concentration risk, and are being reviewed on a regular basis. The creditworthiness of reinsurers, issuers and banks is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

Treaty reinsurance is placed with counterparties that have good rating while facultative reinsurance is placed with counterparties that have been carefully selected via internal guidelines to minimise the credit risk.

Credit risk in respect of non-payment of premiums past the grace period is being actively monitored and guided by strict credit control guideline.

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

For staff lending, the amount and type of collateral required depends on the assessment of the credit risk of the counterparty. Credit risk is mitigated by entering into collateral agreements and collaterals are revalued on a periodic basis. The Company monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation, whenever applicable. The fair value of collateral, held by the Company as a lender, for which it is entitled to sell or pledge in the event of default is as follows:

	Type of Collateral	Carrying Amount of Loans RM	Fair Value of Collateral RM
2023			
Secured loans			
- Vehicle loans	Vehicle	679,824	679,824
		679,824	**679,824**
2022			
Secured loans			
- Vehicle loans	Vehicle	628,672	628,672
		628,672	**628,672**

Transactions are conducted under terms and conditions that are usual and customary to standard securities borrowing and lending activities.

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

Table 23(C4): The table below shows the maximum exposure to credit risk for the components of the Statement of Financial Position and items such as future commitments by funds.

	Insurance Fund RM	Shareholder's Fund RM	Total RM
2023			
Financial assets at amortised cost:			
Loans	679,824	-	679,824
Financial assets at FVOCI:			
Malaysian government securities	130,951,351	3,440,494	134,391,845
Debt securities	410,471,721	31,875,298	442,347,019
Financial assets at FVTPL:			
Debt securities	32,699,571	3,835,952	36,535,523
Insurance contract assets	4,179,463	-	4,179,463
Reinsurance contract assets	646,999,13	-	646,999,132
Other receivables	56,636,877	3,390,280	60,027,157
Cash and bank balances	42,646,160	464,626	43,110,786
	1,325,264,099	**43,006,650**	**1,368,270,749**
2022			
Financial assets at amortised cost:			
Loans	628,672	-	628,672
Financial assets at FVOCI:			
Malaysian government securities	121,031,995	1,500,455	122,532,450
Debt securities	418,069,359	33,292,834	451,362,193
Financial assets at FVTPL:			
Debt securities	17,854,856	2,743,614	20,598,470
Insurance contract assets	13,977,948	-	13,977,948
Reinsurance contract assets	705,815,014	-	705,815,014
Other receivables	56,961,511	2,940,786	59,902,297
Cash and bank balances	18,096,319	367,037	18,463,356
	1,352,435,674	**40,844,726**	**1,393,280,400**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

Table 23(C5): The following table sets out information about the credit quality of financial assets measured at amortised cost and debt securities at FVOCI. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives. For loan commitments, the amounts in the table represent the amounts committed.

For explanation of the terms: "12-month ECL", "lifetime ECL" and "credit-impaired", refer to Note 23(vi).

	2023			
	12-month ECL (Stage 1) RM	Lifetime ECL not credit impaired (Stage 2) RM	Lifetime ECL credit impaired (Stage 3) RM	Total RM
Loans at amortised cost				
Government guaranteed and low risk bonds	-	-	-	-
Not rated	679,824	-	-	679,824
	679,824	-	-	679,824
Loss allowance	-	-	-	-
Carrying amount	**679,824**	**-**	**-**	**679,824**
Debt securities at FVOCI				
Government guaranteed and low risk bonds	239,106,855	-	-	239,106,855
Investment grade (BBB to AAA)	335,188,258	2,019,741	-	337,207,999
Not rated	-	424,011	-	424,011
	574,295,113	**2,443,752**	**-**	**576,738,865**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

Table 23(C5): The following table sets out information about the credit quality of financial assets measured at amortised cost and debt securities at FVOCI. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives. For loan commitments, the amounts in the table represent the amounts committed. (cont'd.)

For explanation of the terms: "12-month ECL", "lifetime ECL" and "credit-impaired", refer to Note 23(vi).

	2022			
	12-month ECL (Stage 1) RM	Lifetime ECL not credit impaired (Stage 2) RM	Lifetime ECL credit impaired (Stage 3) RM	Total RM
Loans at amortised cost				
Government guaranteed and low risk bonds	-	-	-	-
Not rated	628,672	-	-	628,672
	628,672	-	-	628,672
Loss allowance	-	-	-	-
Carrying amount	**628,672**	**-**	**-**	**628,672**
Debt securities at FVOCI				
Government guaranteed and low risk bonds	239,522,686	-	-	239,522,686
Investment grade (BBB to AAA)	333,984,124	-	-	333,984,124
Not rated	-	387,833	-	387,833
	573,506,810	**387,833**	**-**	**573,894,643**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

Credit exposure by credit rating

Table 23(C6): The table below provides information regarding the credit risk exposures of the Company by classifying assets according to the credit ratings of counterparties:

	Neither past-due nor impaired					
	Government guaranteed/ Investment grade* (BBB - AAA) RM	Non-investment grade* (C to BB) RM	Not rated RM	Not subject to credit risk RM	Past-due** RM	Total RM
2023						
Financial assets at amortised cost:						
Loans	-	-	679,824	-	-	679,824
Financial assets at FVOCI:						
Malaysian government securities	134,391,845	-	-	-	-	134,391,845
Debt securities	441,923,008	-	424,011	-	-	442,347,019
Financial assets at FVTPL:						
Debt securities	36,535,523	-	-	-	-	36,535,523
Other Receivable	15,891,057	-	44,136,100	-	-	60,027,157
Cash and cash equivalents	43,110,786	-	-	-	-	43,110,786
Reinsurance contract assets	572,884,057	-	74,115,075	-	-	646,999,132
Insurance contract assets	-	-	4,179,463	-	-	4,179,463
	1,244,736,276	**-**	**123,534,473**	**-**	**-**	**1,368,270,749**

* *Based on internal ratings grades which are equivalent to grades of external rating agencies*

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

Credit exposure by credit rating (cont;d.)

Table 23(C6): The table below provides information regarding the credit risk exposures of the Company by classifying assets according to the credit ratings of counterparties: (cont'd.)

	Neither past-due nor impaired					
	Government guaranteed/ Investment grade* (BBB - AAA) RM	Non-investment grade* (C to BB) RM	Not rated RM	Not subject to credit risk RM	Past-due** RM	Total RM
Restated 2022						
Financial assets at amortised cost:						
Loans	-	-	628,672	-	-	628,672
Financial assets at FVOCI:						
Malaysian government securities	122,532,450	-	-	-	-	122,532,450
Debt securities	450,974,360	-	387,833	-	-	451,362,193
Financial assets at FVTPL:						
Debt securities	20,598,470	-	-	-	-	20,598,470
Other Receivable	14,350,892	-	45,551,405	-	-	59,902,297
Cash and cash equivalents	18,463,356	-	-	-	-	18,463,356
Reinsurance contract assets	643,473,043	-	62,341,971	-	-	705,815,014
Insurance contract assets	-	-	13,977,948	-	-	13,977,948
	1,270,392,571	**-**	**122,887,829**	**-**	**-**	**1,393,280,400**

* *Based on internal ratings grades which are equivalent to grades of external rating agencies*

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

This disclosure below relates to MFRS 9 which came into effect in 2018.

Amounts arising from Expected Credit Losses ("ECL")

Measurement of ECL - Explanation of inputs, assumptions and estimation techniques

The key inputs into the measurement of ECL are the term structure of the following variables:
- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

These parameters are derived from the statistical models which are internally developed by the Company based on the historical data. They are adjusted to reflect forward-looking information.

PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months ("12M PD"), or over the remaining lifetime ("Lifetime PD") of the obligation. They are estimates at a certain date, which are calculated based on the statistical rating models. These statistical models are based on internally and externally compiled data comprising both quantitative and qualitative factors.

If a counterparty or exposure migrates between rating classes, this will lead to a change in the estimate of the associated PD. The ECL considers the contractual maturities of exposures.

LGD is the magnitude of the likely loss if there is a default. LGD is expressed as a percentage of loss per unit of exposure at the time of default and varies by type and seniority of claims, availability and quality of collateral, legal enforceability of processes in the jusridiction and industry of borrower and existing market conditions. They are estimates at a certain date, which are calculated based on the statistical rating models. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current and potential future exposure to the counterparty. The EAD of a financial asset is its gross carrying amount.

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

Amounts arising from ECL (cont'd.)

Measurement of ECL - Explanation of inputs, assumptions and estimation techniques (cont'd.)

The ECL is determined by projecting PD, LGD and EAD for each individual exposure. These three components are multiplied together and adjusted for forward looking information. This is then discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The trade and lease receivables are in scope for ECL impairment provisions using the simplified assumption of lifetime ECL.

Significant increase in credit risk

To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

A movement of an instrument's credit rating along the rating scale will represent changes in credit risk, measured by the change in PD.

The criteria for assessing whether credit risk has increased significantly will be determined by both quantitative changes in 12M PDs and qualitative factors. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative model, the 12M PD is determined to have increased by more than 100% since origination. The criteria as described above would only apply if the financial instrument does not have an investment grade rating.

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

Significant increase in credit (cont'd.)

Using its experienced credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative factors that are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. The Company uses the watch-list as an additional trigger for the identification of significant increase in credit risk.

The Company considers "low credit risk" to be an investment grade credit rating using a combination of internal and external credit rating models.

Definition of default

The Company considers a financial asset to be in default by assessing the following criteria:

Quantitative criteria

For insurance receivables, the counterparty fails to make a contractual payment 6 months after it falls due (i.e. after expiration of the maximum granted credit terms). For bonds and loans, the instrument is in overdue status and there are non-payments on another debt obligation of the same issuer to the Company.

Qualitative criteria

The counterparty is either bankrupt or has indications of potentially significant financial difficulty such as lawsuits or similar actions that threaten the financial viability of the counterparty; distressed exchange, merger or amalgamation without assumption, restructuring with expected principal haircut or a breach in material loan covenant that is not rectified within a given timeframe.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD throughout the Company's expected loss calculations.

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

Incorporating of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Experienced judgement has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are obtained from publicly available economic databases published on a quarterly basis and provide the best estimate view of the economy over the next four to five years, and based on such information, to project the economic variables for the full remaining lifetime of each instrument, a mean reversion approach is used. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and the components of LGD and EAD.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and the actual outcomes may be significantly different from those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The sensitivity of the ECL to the economic variable assumptions affecting the calculation of ECL was not material to the Company for the year ended 31 December 2023.

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

Loss Allowance - Provision for ECL

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments.

	2023				2022			
	12-month ECL (Stage 1) RM	Lifetime ECL not credit impaired (Stage 2) RM	Lifetime ECL credit impaired (Stage 3) RM	Total RM	12-month ECL (Stage 1) RM	Lifetime ECL not credit impaired (Stage 2) RM	Lifetime ECL credit impaired (Stage 3) RM	Total RM
Loans at amortised cost								
Opening balance	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
New financial assets purchased	-	-	-	-	-	-	-	-
Financial assets that have been derecognised	-	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	
Debt securities at FVOCI								
Opening balance	760,683	970,520	-	1,731,203	881,193	2,281,241	-	3,162,434
Transfer to 12-month ECL	-	-	-	-	17,957	(17,957)	-	-
Transfer to lifetime ECL not credit-impaired	(5,347)	5,347	-	-	-	-	-	-
Additional loss allowance due to transfer	-	3,865	-	3,865	(13,769)	-	-	(13,769)
Net remeasurement of loss allowance	4,786	(9,032)	-	(4,246)	18,039	(8,238)	-	9,801
New financial assets purchased	216,845	-	-	216,845	433,427	-	-	433,427
Financial assets that have been derecognised	(157,183)	-	-	(157,183)	(210,877)	(878,209)	-	(1,089,086)
Changes in models/risk parameters	28,838	1,147	-	29,985	(365,287)	(406,317)	-	(771,604)
Closing balance	**848,622**	**971,847**	**-**	**1,820,469**	**760,683**	**970,520**	**-**	**1,731,203**

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(vii) Credit Risk (cont'd.)

Loss Allowance - Provision for ECL (cont'd.)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instruments. (cont'd.)

	2023				2022			
	12-month ECL (Stage 1) RM	Lifetime ECL not credit impaired (Stage 2) RM	Lifetime ECL credit impaired (Stage 3) RM	Total RM	12-month ECL (Stage 1) RM	Lifetime ECL not credit impaired (Stage 2) RM	Lifetime ECL credit impaired (Stage 3) RM	Total RM
Other receivables								
Opening balance	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-	-	-	-	-
Changes in models/risk parameters	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(viii) Concentration Risk

An important element of managing both Market and Credit Risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage this risk. These limits are reviewed on a regular basis by the ALC. The Company's exposures are within the concentration limits set by the regulator. The Company actively manages its asset mix to ensure that there is no significant concentration of credit risk.

(ix) Sensitivity Analysis on Financial Risks

The sensitivity analysis below shows the impact on the Company's net profit after taxation by applying possible shocks to each key variable with all other variables held constant. While the co-movement of key variables can significantly affect the fair values and/or amortised cost of financial assets, to demonstrate the impact due to changes in each key variable, the variables are changed individually.

The impact on net profit after taxation represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the statement of profit or loss, and changes in valuation of insurance contract liabilities. The impact on equity represents the impact on net profit after taxation and the effect on changes in fair value of financial assets measured at FVOCI.

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(ix) Sensitivity Analysis on Financial Risks (cont'd.)

The sensitivity analysis below shows the impact on the Company's net profit after tax by applying possible shocks to each key variables, with all other variables constant. Co-movement of key variables can significantly affect the fair values and/or amortised cost of financial assets. To demonstrate the impact due to changes in each key variable, the variables are changed individually.

The impact on net profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the Profit or Loss Statement, and changes in valuation of insurance and reinsurance contract liabilities/assets. The equity sensitivity represents the impact on net profit after tax and the effect on changes in fair value of financial assets measured at FVOCI.

		Impact on Profit After Tax		Impact on Equity	
	Changes in variable	Impact arising from Financial Assets RM'000	Impact arising from Insurance & Reinsurance Contracts RM'000	Impact arising from Financial Assets RM'000	Impact arising from Insurance & Reinsurance Contracts RM'000
2023					
Equity (KLCI)	+20%	0.1	-	7,319.3	-
	-20%	(0.1)	-	(7,319.3)	-
Alternative Investment[1]	+10%	-	-	33.1	-
	-10%	-	-	(33.1)	-
Foreign Currency (USD)	+5%	16.7	-	16.7	-
	-5%	(16.7)	-	(16.7)	-
Interest rate	Yield curve +100 bps	(523.5)	2,472.7	(22,908.8)	2,472.7
	Yield curve -100 bps	523.5	(2,548.0)	23,787.7	(2,548.0)
Credit spread	Spread +100 bps	-	-	(17,352.3)	-
	Spread -100 bps	-	-	17,890.3	-

(1) Alternative Investments comprise investments in private equity.

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Market and Credit Risks (cont'd.)

(ix) Sensitivity Analysis on Financial Risks (cont'd.)

		Impact on Profit After Tax		Impact on Equity	
	Changes in variable	Impact arising from Financial Assets RM'000	Impact arising from Insurance & Reinsurance Contracts RM'000	Impact arising from Financial Assets RM'000	Impact arising from Insurance & Reinsurance Contracts RM'000
2022					
Equity (KLCI)	+20%	0.1	-	4,828.4	-
	-20%	(0.1)	-	(4,828.4)	-
Interest rate	Yield curve +100 bps	(764.7)	1,750.6	(23,535.7)	1,750.6
	Yield curve -100 bps	764.7	(1,803.7)	24,445.3	(1,803.7)
Credit spread	Spread +100 bps	-	-	(17,720.6)	-
	Spread -100 bps	-	-	18,288.5	-

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Operational, Market Conduct and Compliance Risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the Company's objectives resulting from inadequate or failed internal processes and systems, human factors or external events.

Market conduct risk is an event or action that may potentially impact partly or completely the achievement of the Company's objectives arising from its personnel and intermediaries not conducting themselves in accordance with the ethical standards and in compliance with the relevant laws and regulations governing insurance product for pre-sales, during sales and after sales process. It is synonymous with professional behaviour and customer's protection. There are four areas in which the Company continuously strengthens:

- Fit and Proper
- Sales Advisory Process
- Training and Competency
- Business Conduct

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the Company's objectives, as a result of its failure to comply with the following applicable laws, regulations and standards:

- Laws, regulations and rules governing insurance business and regulated financial licensed activities undertaken by the Company;
- Codes of practice promoted by industry associations of which the Company is a member of; and
- Any other applicable regulations which do not specifically govern the licensed activities undertaken by the Company but can expose the organisation to legal, regulatory or reputational loss.

The day-to-day management of operational, market conduct and compliance risks is effected through the maintenance of comprehensive internal controls, supported by an infrastructure of systems and procedures to monitor processes and transactions. The SMT regularly reviews and monitors these issues at its monthly meetings. The Internal Audit team regularly reviews the systems of internal control to assess their ongoing relevance and effectiveness , and reports at least quarterly to the Board Audit Committee. As an added measure, the risk appetite statement explicitly sets the Company's tolerance level to financial loss arising from operational, market conduct and compliance risks.

NOTES TO THE FINANCIAL STATEMENTS

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Technology, Information and Cyber Risks

Technology risk is defined as risk related to any potential adverse outcome, damage, loss, disruption, violation, system/hardware failure and capacity deficiency arising from the use of technologies such as electronic hardware/devices, software, online networks and telecomunication systems.

Information risk is defined as risk related to confidentiality, integrity and availability of information (in physical or digital form).

Cyber risk is defined as risk related to acts perpetrated by malicious threat actors including internal sabotage, espionage, malicious attacks, hacking incidents, fraudulent conduct using information and communication technologies.

The Company adopts a risk based approach in managing technology, risks relating to IT disruption, cyber threats, data loss and third parties. The Company has put in place technological and procedural risk controls to defend against external and internal threats. Key risk indicators related to technology, information and cyber risks are reported to the Board on a regular basis. Independent assessment is performed by the Internal Audit team on the adequacy and effectiveness of the processes to manage technology, information and cyber risks. The risk appetite statement also explicitly sets the Company's tolerance level to financial loss arising from technology risks.

Sustainability Risk

Sustainability risk is defined as any environmental, social or governance ("ESG") event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment and enterprise value. The Company has integrated ESG considerations into the investment, underwriting and its own operational activities.

At present, the Company manages social and governance-related risk through existing frameworks and policies. In order to build resilience as the world transits to a low-carbon economy, the Company has formalised the Environmental Risk Management Policy which sets forth guiding principles and minimum standards in managing environmental risk within the Company. Environmental risk arises from the potential adverse impact to the Company's business, operations and balance sheet due to changes in the environment that impact economic activities and human well-being. Environmental issues that are of concern include climate change, loss of biodiversity, pollution and changes in land use. Environmental risk can manifest in three dimensions of risk as follows:

- Physical risk – impact of weather events and long-term or widespread environmental changes. It arises from acute (event-driven) and chronic (long term shift) climate-related events that damage property, reduce productivity and disrupt trade.

23. ENTERPRISE RISK GOVERNANCE AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Sustainability Risk (cont'd.)

- Transition risk – arises from the process of adjustment to an environmentally sustainable economy, including change in public policies, disruptive technological developments, and shifts in consumer and investor preferences.

- Liability risk – arises from legal risk and claims on damages and losses incurred from inaction or lack of action that results in the effects of physical and transition risks.

The Company's risk assessment considers the financial and non-financial impacts from physical and transition risks arising from climate change. With this, the organisation has put in place processes, methodology, and both qualitative and quantitative tools to identify and assess environmental risk for investment portfolios. For investment portfolio, the objective is to build resilient investment portfolios whilst striking a balance between ESG considerations, impact and financial returns. For underwriting portfolio, risk transfer tool such as reinsurance is used to assist in managing environmental risk.

NOTES TO THE FINANCIAL STATEMENTS

24. FAIR VALUES OF ASSETS AND LIABILITIES

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Fair Values Hierarchy

	Quoted market price (Level 1) RM	Valuation technique using observable inputs (Level 2) RM	Total RM
31 December 2023			
Assets measured at fair value on a recurring basis:			
Financial assets at FVOCI:			
Malaysian government securities	-	134,391,845	134,391,845
Debt securities	-	442,347,019	442,347,019
Quoted equity securities	48,159,112	-	48,159,112
Financial assets at FVTPL:			
Debt securities	-	36,535,523	36,535,523
Quoted equity securities	4,772	-	4,772
Unquoted equity securities	-	9,856,546	9,856,546
Collective investment schemes	-	101,235,487	101,235,487
	48,163,884	**724,366,420**	**772,530,304**

NOTES TO THE FINANCIAL STATEMENTS

24. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Fair Values Hierarchy (cont'd.)

	Quoted market price (Level 1) RM	Valuation technique using observable inputs (Level 2) RM	Total RM
31 December 2022			
Assets measured at fair value on a recurring basis:			
Financial assets at FVOCI:			
Malaysian government securities	-	122,532,450	122,532,450
Debt securities	-	451,362,193	451,362,193
Quoted equity securities	31,765,376	-	31,765,376
Financial assets at FVTPL:			
Debt securities	-	20,598,470	20,598,470
Quoted equity securities	4,772	-	4,772
Unquoted equity securities	-	9,305,530	9,305,530
Collective investment schemes	-	95,036,933	95,036,933
	31,770,148	**698,835,576**	**730,605,724**

NOTES TO THE FINANCIAL STATEMENTS

24. FAIR VALUES OF ASSETS AND LIABILITIES (CONT'D.)

Valuation Techniques

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

The following is a description of the method by which the fair values of financial instruments which are recorded at fair value are determined using valuation techniques. These incorporate the Company's estimate of assumptions that a market participant would make when valuing the instruments:

FVOCI /FVTPL financial assets

The fair value of financial assets that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets at the close of business on the financial position date.

Investments in financial instruments with embedded derivatives consist of investments in structured deposits. The fair values of structured deposits are determined by reference to banks' valuation at the close of business on the financial position date.

For investment in Collective Investment Schemes, fair values are determined by reference to published net asset values.

NOTES TO THE FINANCIAL STATEMENTS

25. REGULATORY CAPITAL REQUIREMENTS

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

	2023 RM	2022 RM
Eligible Tier 1 Capital:		
Share capital (paid up)	100,000,000	100,000,000
Reserves, including retained earnings	324,636,609	345,511,552
	424,636,609	445,511,552
Tier 2 Capital:		
Eligible Reserves	4,397,891	(1,534,216)
Deductions	(53,848,112)	(61,168,987)
Total Capital Available	**375,186,388**	**382,808,349**

NOTES TO THE FINANCIAL STATEMENTS

26. UPDATE ON THE MALAYSIAN COMPETITION COMMISSION'S ("MYCC") CASE AGAINST 22 GENERAL INSURERS AND PIAM

On 22 February 2017, the Malaysian Competition Commission ("MyCC") issued its Proposed Decision on an alleged infringement by the General Insurance Association of Malaysia ("PIAM") and its 22 members under the Section 4(2)(a) of the Competition Act 2010 ("the Act"). MyCC's Proposed Decision is with respect to the agreement reached between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia ("FAWOAM") in respect to the trade discount rates for parts of certain vehicle makes and labour rates for workshops under the PIAM Approved Repairers Scheme.

A final decision dated 14 September 2020 was issued by the MyCC with a finding of infringement and the general insurance industry was imposed a financial penalty of about RM130 million. For GEGM, specifically, the financial penalty imposed is in the sum of RM1.9mil. The Company has filed its appeal against the MyCC's final decision on 13 October 2020 and a stay application (pending disposal of the appeal) on 6 November 2020. The Competition Appeal Tribunal ("Tribunal") delivered its decision with regard to the stay application on 23 March 2021, unanimously deciding to allow the insurers' respective stay applications and ordered that the Cease and Desist order and financial penalty imposed on all insurers be stayed pending disposal of the appeal before the Tribunal. Counsels for PIAM and the 22 insurers have completed their respective submissions before the Tribunal.

On 2 September 2022, the Tribunal issued the decision and grounds of the decision on the case, which was to allow the appeals by PIAM & the general insurers and the Final Decision of MyCC dated 14.09.2020 to be set aside, while at the same time dismissing Bank Negara Malaysia ("BNM")'s appeal.

On 1 December 2022, MyCC filed an application for leave for judicial review of the Tribunal's decision dated 2 September 2022 ("Leave Application"). On 4 January 2023, PIAM's legal counsel was informed by the High Court that PIAM's request for leave to appear in MyCC's Leave Application has been allowed by the High Court Judge.

The hearing on the judicial review application took place on 30 November 2023. After hearing the oral submissions of all parties, the learned Judged fixed the matter for decision (by way of Zoom) on 16 January 2024.

On 16 January 2024, the learned Judge dismissed the above matter. The learned Judge's main ground of decision is that MyCC does not have the locus standi to commence judicial review proceedings against the Respondents, as MyCC is not a person adversely affected by the decision of the Tribunal.

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